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**Government of India
Department of Commerce
Ministry of Commerce & Industry
Directorate General of Trade Remedies
4th Floor, Jeevan Tara Building, Parliament Street**

Dated: the 27th of August 2018

INITIATION NOTIFICATION

Case No. (CVD)06/2018.

Subject: Initiation of Countervailing Duty/ Anti-subsidy investigation concerning imports of Atrazine Technical originating in or exported from China PR.

F. No.06/19/2018- DGAD: Whereas M/s Meghmani Industries Limited (hereinafter referred to as the applicant or petitioner) has filed an application before the Designated Authority (hereinafter referred to as the “Authority”), on behalf of the domestic industry, in accordance with the Customs Tariff Act 1975, as amended from time to time (hereinafter referred to as the Act) and Customs Tariff (Identification, Assessment and Collection of Countervailing Duty on Subsidized Articles and for Determination of Injury) Rules, 1995, as amended from time to time, (hereinafter referred to as the Rules), alleging subsidization of Atrazine Technical (hereinafter referred to as the subject goods), originating in or exported from People’s Republic of China (hereinafter referred to as the subject country) and requesting for initiation of an anti-subsidy investigation for levy of countervailing duties on the imports of the subject goods, originating in or exported from the subject country.

A. Allegation of Subsidization

1. The applicant has alleged that the producers/exporters of the subject goods in the subject country have benefited from the actionable subsidies provided by various levels in the Government of China (GOC), including the Governments of the different Provinces and Municipalities in which the producers/exporters are located, and other ‘Public Bodies’. The applicants have relied upon the relevant Laws, Rules, Regulations and other Notifications of the relevant Government Agencies and Public Bodies as available in the public domain and in the determinations of other investigating Authorities who have conducted comprehensive investigation of such programs and concluded existence of countervailable subsidy programs.

B. Consultation

2. In terms of Article 13 of ASCM pre-initiation consultations were held with the representatives of the Government of the People’s Republic of China on 11th July, 2018. The comments of the Govt. of People’s Republic of China have been taken on record.

C. Subsidy Programs

3. The prima facie evidence provided by the applicant shows that the producers and exporters of the subject goods in the subject country have benefited from a number of subsidies granted by the Government and/or other public bodies of the subject countries as listed below.

I. Programs Identified in the form of Grants:

1. *Program No.1: The State Key Technology Renovation Projects Fund*
2. *Program No.2: Famous Brands Program/ Incentive fund for famous-brand products*
3. *Program No.3: Grants for Anti-dumping/Anti-subsidy Investigations*
4. *Program No.4: Research & Development (R&D) Assistance Grant*
5. *Program No.5: Export Assistance Grant*
6. *Program No.6: Grants for Listing Shares*
7. *Program No.7: Grants provided through the Provincial Fund for Fiscal and Technological Innovation*
8. *Program No.8: International Market Fund for Export Companies*
9. *Program No.9: Project funds allowance*
10. *Program No.10: Special Fund for Energy Saving Technology Reform*
11. *Program No.11: Funds for supporting technological innovation for the technological small and medium-sized enterprises/ Small and Medium-sized Enterprise Support Funds*
12. *Program No.12: State Special Fund for Promoting Key Industries and Innovation Technologies*
13. *Program No.13: Enterprise Development Funds*
14. *Program No.14: The Clean Production Technology Fund*
15. *Program No.15: Grants for High and new technology industries*
16. *Program No.16: Special fund for the development of foreign trade and economic Cooperation*
17. *Program No.18: Various grants provided to Jiangsu province*
 - a. *Jiangsu Province Finance Supporting Fund*
 - b. *Environment Protection Award (Jiangsu)*
 - c. *Jiangsu City Industrial Economy Performance Award*
 - d. *Changzhou Qishuyan District Environmental Protection Fund*
 - e. *Changzhou Technology Plan*
 - f. *Supportive Fund provided by the Government of Xuyi Country*

g. Enterprise Technology Centers/ Support Funds for Construction of Project infrastructure

18. Program No.19: Various grants provided to Guangdong province

- a. Special fund for developing trade through science and technology of Guangdong Province*
- b. Guangdong - Hong Kong Technology Cooperation Funding Program*
- c. Guangdong Supporting Fund*
- d. Special Fund for Significant Science and Technology by Guangdong Governments*
- e. Provincial Government of Guangdong Science and Technology Bureau Project Fund*
- f. Provincial Loan Discount Special Fund for SMEs by Guangdong Governments*
- g. Special Supporting Fund for Key Projects of “500 Strong Enterprises in Contemporary Industries” by Guangdong Governments*
- h. Fund for Supporting Strategic Emerging Industries by Guangdong Governments*
- i. Special Fund for Export Credit Insurance by Guangdong Governments*
- j. Patent Award of Guangdong Province*
- k. Supporting Fund for the Development from Guangzhou Local Governments*

19. Various grants provided to Anuhi Province

- a. Program No.21(a): Initial Public Offering (IPO) Grants from the Hangzhov Prefecture and the City of (Anhui Province)*

II. Programs Identified in form of Tax Incentives and VAT exemption:

20. Program No.22: Export tax rebate/Tax Refund on Exports

21. Program No.23: Tax Policies for the deduction of research and development (R&D) expenses

22. Program No.24: Preferential Tax Policies for the Research and Development of FIEs

23. Program No.25: Tax Offsets for Research and Development by FIEs

24. Program No.25: Income tax credit for the purchase of domestically Produced & manufactured production equipment

25. Program No.27: Preferential tax policies/ Income Tax Reductions for companies that are recognized as high and new technology companies

26. Program No.28: Income tax concessions for the enterprises engaged in comprehensive resource utilization (special raw materials')

27. Program No.29 : Tax credit concerning the purchase of special equipment.

28. Program No.30: Income Tax credits for domestically owned Companies Purchasing Chinese made Equipment

29. *Program No.34: Reduced Tax Rate for Productive FIEs Scheduled to operate for a Period not Less Than 10 Years*
30. *Program No.35: Preferential Tax Policies for Foreign Invested Export Enterprises*
31. *Program No.36: Preferential Tax Policies for FIEs which are Technology Intensive and Knowledge Intensive*
32. *Program No.37: Preferential Tax Policies for FIEs and Foreign Enterprises Which Have Establishments or Places in China and are engaged in Production or Business Operations Purchasing Domestically Produced Equipment's*
33. *Program No.38: Income Tax Refund for Re-investment of FIE Profits by Foreign Investors*
34. *Program No.39: Income Tax Reduction for Advanced Technology FIEs*
35. *Program No.40: Preferential Tax Policies for Enterprises with Foreign Investment (FIEs) Established in Special Economic Zones (excluding Shanghai Pudong Area)*
36. *Program No.41: Preferential Tax Policies for FIEs Established in the Coastal Economic Open Areas and in the Economic and Technological Development Zones*
37. *Program No.42: Local Income Tax Exemption and/or Reduction in SEZs and Other Designated Areas*
38. *Program No.43: Corporate Income Tax Exemption and/or Reduction in SEZs and Other Designated Areas*
39. *Program No.44: Tariff and Value-added Tax (VAT) Exemptions on Imported Materials and Equipment in SEZs and Other Designated Areas*
40. *Program No.45: Preferential income tax policy for the enterprises in the Northeast region*
41. *Program No.46: Tax concessions for Central and Western Regions.*

III. Identified Programs in the Form of Preferential Loans & Lending

42. *Program No.48: Preferential Loans to SOE.*
43. *Program No.49: Discounted Loans for Export-Oriented Enterprises and Export Loan Interest Subsidies.*

IV. Identified Programs in the Form of Export Financing and Export Credit

44. *Program No.50: Export Seller's Credit.*
45. *Program No.51: Export Buyer's Credit.*
46. *Program No.52: Other Export Financing from State-Owned Banks.*
47. *Program No.53 : Export Credit Insurance Subsidies.*
48. *Program No.54 : Export Credit Guarantees.*

V. Identified Programs in the Form of Equity

49. *Program No.55: Equity infusions.*

50. Program No.56: Unpaid dividends.

51. Program No.57: Dividend exemption between qualified resident enterprises.

VI. Identified Programs in the Form of Provision of Goods and Services

52. Program No.58: Provision of Electricity for Less Than Adequate Remuneration.

53. Program No.60: Land Use Rights in Industrial and Other Special Economic Zone.

54. Program No.61: Land Use rights for SOEs.

55. Program No.62: Land Use rights for FIEs.

4. Applicant has also alleged a number of subsidies, not identified above, received by one of the producers of the product, availment of which has been reported by the company in its annual report.
5. It has been alleged that the above programs are subsidies since they involve a financial contribution from the Government of China or other regional or local governments, including public bodies and confer benefit to the recipient(s). They are also alleged to be contingent upon the use of domestic over imported goods and/or contingent upon export performance and/or limited to certain enterprises or groups of enterprises and/or products and/or regions, and therefore, specific and countervailable.
6. The Designated Authority reserves the right to investigate other subsidies, which may be found to exist and availed by the producers and exporters of the subject goods, during the course of the investigation.

D. Allegation of Injury and Causal Link

7. The applicant has furnished information on various parameters relating to 'injury' to the domestic industry as prescribed under Rules. The evidence provided by the applicant prima facie shows that the 'injury' to the domestic industry has been caused by subsidized imports from People's Republic of China. Performance of the industry has deteriorated over the injury period, as summarized below:
 - a. Imports from subject country have increased significantly both in absolute terms, and in relation to production and consumption in India.
 - b. Imports are undercutting the prices of the domestic industry and there is price depression.
 - c. The production and sales of the domestic industry have increased, but the market share of the domestic industry has declined.
 - d. The performance of the petitioning domestic industry has witnessed deterioration in terms of profits, cash profits and return on investments.
 - e. While the volume parameters of the petitioning domestic industry have shown growth, the profitability parameters have shown a decline

Apart from claiming material injury, the petitioning domestic industry has also claimed threat of material injury as a result of the subsidized imports.

E. Initiation of the Investigation

8. The Authority finds that there is prima facie evidence of existence of countervailable subsidies on production or export of the subject goods in People's Republic of China and such subsidized imports are causing injury to the domestic industry through their volume and price effects.
9. In view of the above position, the Authority hereby initiates an investigation into the alleged subsidization and consequent injury to the domestic industry in terms of the Rule 6 of the Rules supra, to determine the existence, degree and effect of alleged subsidization and to recommend the amount of countervailing duty which, if levied, would be adequate to remove the injury to the domestic industry.

F. Domestic Industry

10. The application has been filed by M/s Meghmani Industries Limited. The petition has been supported by M/s Insecticides (India) Limited. As per the evidence available on record, the production of applicant accounts for a major proportion of the domestic production. The applicant thus satisfies the requirements of Rule 2(b) and Rule 6(3) of the Rules and constitutes the "domestic industry" within the meaning of Rule 2(b) of Rules supra.

G. Product under consideration

11. The product under consideration is "Atrazine Technical", classifiable under various tariff sub-headings No. 38089199, 38089390 and 38089990. The scientific name for Atrazine is 6-chloro-N-ethyl-N'-(1-methylethyl)-triazine-2,4-diamine. Atrazine technical is a commonly used herbicide. It is a systemic triazine herbicide registered for the control of pre and post-emergence of broadleaf weeds and grassy weeds. Pure atrazine is an odorless white powder, which is not very volatile, reactive, or flammable. It is synthesized in chemical factory made in the laboratory and does not occur naturally. It is used mostly on farms on crops such as sugarcane, corn, pineapples, sorghum, and macadamia nuts and also to prevent weeds from growing on both highway and railroad rights-of-way. It can be sprayed on croplands before crops start growing and after they have emerged from the soil
12. Atrazine Technical is designated as a Restricted-Use Pesticide (RUP), and is not available to the general public. RUP's are, by law, only available for sale to certified applicators or persons under their direct supervision, and only for the purpose covered by the applicator's certification. It is known by various names such as
 - a. 6-Chloro-N-Ethyl-N'-(1-Methylethyl)-Triazine-2,4-Diamine;
 - b. 2-Chloro-4-Ethylamino-6-Isopropylamine-S-Triazine;
 - c. 2-Chloro-4-(Ethylamino)-6-(Isopropylamino)-S-Triazine;
 - d. 2-Chloro-4-(Ethylamino)-6-(Isopropylamino)-Triazine;
 - e. Chloro-4-(Propylamino)-6-Ethylamino-S-Triazine;
 - f. Chloro-4-(Propylamino)-6-Ethylamino-S-Triazine, etc

Scope includes all synonyms of the product under consideration

H. Like Article

13. The applicant has claimed that the goods produced by the domestic industry are like articles to the subject goods originating in or exported from subject country. It has been stated that there is no significant difference in the subject goods produced by the applicant and those exported from subject country. The applicant claims that the two are technically and commercially substitutable. For the purpose of present investigation, the subject goods produced by the domestic industry are being treated as 'like article' of the subject goods imported from subject country.

I. Country involved

14. The country involved in the present investigation is People's Republic of China (also referred to as "Subject Country").

J. Period of investigation

15. The Period of Investigation (POI) in the present investigation is January, 2017 to December, 2017 (12 Months). The Authority however has considered it appropriate to fix April, 2017 – March, 2018 as the investigation period for the purpose of present investigations. The injury investigation period shall cover the periods 2014-15, 2015-16, 2016-17 and the period of investigation.

K. Procedure & Submission of information

16. The exporters in the subject country, Government of the subject country, importers and users in India known to be concerned with the subject goods and the domestic industry are being informed separately to enable them to file all information relevant in the form and manner prescribed. Any other party interested to participate in the present investigation may also write to:

**The Designated Authority
Directorate General of Trade Remedies
Department of Commerce
Ministry of Commerce & Industry
4th Floor, Jeevan Tara Building,
5 Parliament Street, New Delhi – 110001**

17. As per Rule 7(5) of the Rules supra, the Designated Authority is also providing opportunity to the industrial users of the product under consideration, and to representative consumer organizations who can furnish information which is relevant to the investigation regarding subsidy, injury and causal link. Any other interested party may also make its submissions relevant to the investigation within the time limit set out below.

L. Time limit

18. Any information relating to the present investigation should be sent in writing so as to reach the Authority at the address mentioned above not later than 40 (forty) days from the date of publication of this notification. The Government of China, known exporters and importers, who are being addressed separately, are however required to submit the information within 40 (forty) days from the date of the letter addressed to them separately. If no information is received within the prescribed time limit or the submitted information is incomplete, the Authority may record its findings on the basis of the facts available on record in accordance with the Rules.

M. Submission of Information on Non-Confidential basis

19. In terms of Rule 8 of the Rules, the interested parties are required to submit non confidential version of any confidential information provided to the Authority. In case confidentiality is claimed on any part of the questionnaire's response/submissions, the same must be submitted in two separate sets (a) marked as Confidential (with title, index, number of pages, etc.) and (b) other set marked as Non-Confidential (with title, index, number of pages, etc.). All the information supplied must be clearly marked as either "**confidential**" or "**non- confidential**" at the top of each page.
20. Information supplied without any mark as "Confidential" shall be treated as non- confidential and the Authority shall be at liberty to allow the other interested parties to inspect any such non-confidential information. Two (2) copies each of the confidential version and the non-confidential version must be submitted.
21. For information claimed as confidential; the supplier of the information is required to provide a good cause statement along with the supplied information as to why such information cannot be disclosed and/or why summarization of such information is not possible.
22. The non-confidential version is required to be a replica of the confidential version with the confidential information preferably indexed or blanked-out/summarized depending upon the information on which confidentiality is claimed. The non- confidential summary must be in sufficient detail to permit a reasonable understanding of the substance of the information furnished on confidential basis. However, in exceptional circumstances, party submitting the confidential information may indicate that such information is not susceptible of summary; a statement of reasons why summarization is not possible, must be provided to the satisfaction of the Authority.
23. The Authority may accept or reject the request for confidentiality on examination of the nature of the information submitted. If the Authority is satisfied that the request for confidentiality is not warranted or the supplier of the information is either unwilling to make the information public or to authorize its disclosure in generalized or summary form, it may disregard such information.
24. Any submission made without a meaningful non-confidential version thereof or without a good cause statement on the confidentiality claim may not be taken on record by the Authority. The Authority on being satisfied and accepting the need for confidentiality of the information

provided; shall not disclose it to any party without specific authorization of the party providing such confidential information.

N. Non cooperation

25. In terms of Rule 7(8), in case where an interested party refuses access to or does not provide necessary information within a reasonable period, or significantly impedes the investigation, the Authority may record its findings on the basis of the facts available to it and make such recommendations to the Central Government as deemed fit.

O. Inspection of Public File

26. In terms of Rule 7(7), any interested party may inspect the public file containing non-confidential version of the evidence submitted by other interested parties.

P. Sampling

27. In case a large number of exporting producers in the People's Republic of China are involved in this proceeding, in order to complete the investigation within the stipulated time limits, the Authority may limit the exporter(s)/ producer(s) to be investigated to a reasonable number by selecting a sample. The sampling shall be carried out, if required, in terms of Rule 17(3) of the Rules.

(Sunil Kumar)

Additional Secretary & Director General