

**Ministry of Commerce & Industry**  
**Department of Commerce**  
**(Directorate General of Anti-Dumping and Allied Duties)**

New Delhi, the 31<sup>st</sup> May, 2006

**INITIATION NOTIFICATION**

**Subject: Initiation of anti-dumping investigations concerning imports of Steel Wheels from China PR**

**F.NO.14/8/2005-DGAD: WHEREAS** M/s. Kalyani Lemmerz Limited, Pune and M/s Wheels India Limited, Chennai, (herein after referred to as applicant) have jointly filed an application before the Designated Authority (hereinafter referred to as the Authority), in accordance with the Customs Tariff Act, 1975 as amended in 1995 (herein after referred to as the Act) and Customs Tariff (Identification, Assessment and Collection of Anti Dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 (herein after referred to as the Rules), alleging dumping of flat base steel wheels for commercial vehicles (herein after referred to as subject goods), originating in or exported from the People's Republic of China (herein after referred to as "subject country" or China PR) and requested for initiation of Anti Dumping investigations for levy of anti dumping duties on the subject goods.

AND WHEREAS, the Authority finds that sufficient prima facie evidence of dumping of the subject goods from the subject country, injury to the domestic industry and causal link between the dumping and injury exist, the Authority hereby initiates an investigation into the alleged dumping, and consequent injury to the domestic industry in terms of the Rules 5 of the said Rules, to determine the existence, degree and effect of any alleged dumping and to recommend the amount of antidumping duty which, if levied, would be adequate to remove the injury to the domestic industry.

**1. PRODUCT UNDER CONSIDERATION**

The product under consideration in the present petition is flat base steel wheels of size 16" nominal diameter to 20" nominal diameter used in tubed tyre application in commercial vehicles, originating in or exported from China PR. Wheels are assembly of rim and disc with a demountable ring. Rims and discs are produced in separate lines and welded together to form a wheel, which is

mounted on the axles of vehicles and fitted with tyres to enable vehicle movement. Commercial vehicles comprise of buses, lorries including trucks, trailers and tempos.

Wheels are defined under Chapter 87 of the Customs Tariff Act under the category Vehicles other than railway or tramway rolling stock, and parts and accessories thereof, sub-heading 870870. The Custom classification is, however, indicative only and is in no way binding on the scope of the present investigation.

For the purpose of this investigation the product under consideration shall be described as “Wheels.”

## **2. DOMESTIC INDUSTRY STANDING**

The application has been jointly filed by M/s. Kalyani Lemmerz Limited, Pune and M/s Wheels India Limited, Chennai, who are the sole producers of the subject product in India. The applicant has provided information relevant to the present investigations. The Authority has determined that (a) production of the applicant company constitutes a major proportion in Indian production; (b) domestic producers expressly supporting the application account for more than 50 per cent of total production of the like product produced by the domestic industry; and (c) the application has been made by or on behalf of the domestic industry.

The Authority after examining the above, determines that the applicant constitutes domestic Industry within the meaning of the Rule 2 and the application satisfies the criteria of standing in terms of Rule 5 of the Rules supra.

## **3. COUNTRY INVOLVED**

The country involved in the present investigation is the People’s Republic of China.

## **4. LIKE ARTICLE**

The applicant has claimed that there is no difference in the subject good produced by the domestic industry and the subject product imported from the subject country. The product is being directly imported by the importers and users. The consumers are using the domestic and imported product interchangeably. Applicant has claimed that the two are technically and commercially substitutable.

The products produced by the domestic industry and imported from the subject country are identical in all essential characteristics and therefore, are like articles within the meaning of the terms under the Rules. For the purpose of the present investigation, the product produced by the applicant is being treated as like article to the product imported from the subject country within the meaning of Rules supra.

## **5. NORMAL VALUE**

The applicant has claimed that China PR should be treated as non-market economy and has determined normal value in accordance with Para 7 of Annexure I of the Anti Dumping Rules. Accordingly, the applicant has chosen Germany as an appropriate market economy country for the purpose of establishing normal value in respect of China PR.

In an alternate to the price from a market economy third country, applicant has determined normal value as price payable in India in terms of Para 7 of Annexure I to the Rules. This normal value has been determined considering the cost of production in India, duly adjusted to include selling, general and administrative expenses and reasonable profit.

However, the individual exporters may rebut this presumption and the Authority shall examine the market economy claims of individual exporters in terms of the relevant Rules.

## **6. EXPORT PRICE**

Export price of the subject goods from the subject country has been determined by considering transaction-wise import data collected from DGCI&S (for the period up to 2004-05) and International Business Information Services (IBIS) (for the period April '05 to Dec 05). Weighted average export price has been determined considering total volume and value of imports for each of the subject countries. Adjustments have been made on account of ocean freight, marine insurance, commission, inland transportation in the exporting country, port handling and port charges, bank charges, credit costs and indirect taxes to arrive at ex-factory export price.

## **7. DUMPING MARGIN**

Normal value and export price have been compared at ex-factory level, which shows significant dumping margin in respect of the subject country. There is sufficient evidence that the normal value of the subject goods in China PR is significantly higher than the ex-factory export price indicating, prima facie, that

the subject goods are being dumped by exporters from the subject country into the Indian market.

## **8. INJURY AND CAUSAL LINK**

The applicant has furnished information on various parameters relating to material injury. Parameters such as decline in market share, decline in sales, significant increase in imports in absolute terms as also relative to product demand in India, significant price undercutting, price under-selling leading to price depression in the market, decline in profits, return on investments and cash flow prima facie collectively indicate that the domestic industry has suffered material injury on account of dumping of subject goods from China PR. Applicants have also claimed threat of material injury on the grounds of increase in the rate of increase in imports, (quarter by quarter), significant surplus unutilized capacities in China, significant price under-cutting by the dumped imports thus leading to possibilities of further increased importation.

## **9. INITIATION OF ANTI DUMPING INVESTIGATIONS**

The Designated Authority, in view of the foregoing paragraphs, initiates anti-dumping investigations into the existence, degree and effect of alleged dumping of the subject goods originating in or exported from the subject country.

## **10. PERIOD OF INVESTIGATION (POI)**

The Period of Investigation for the purpose of the present investigation is 1.1.2005 to 31.12.2005 (12 months). The injury investigation period will, however, cover the period 2002-03 to 2004-05 and the POI.

## **11. SUBMISSION OF INFORMATION**

The exporters in the subject country, their Government through the Embassy, the importers in India known to be concerned with this investigation and the domestic industry are being addressed separately to submit relevant information in the form and manner prescribed and to make their views known to the Designated Authority at the following address:

**The Designated Authority**  
Directorate General of Anti Dumping & Allied Duties,  
Ministry of Commerce & Industry,  
Department of Commerce,  
Government of India,  
Room No. 240,

Udyog Bhavan, New Delhi – 110011.

As per Rule 6(5) of Rule supra, the Designated Authority is also providing opportunity to the industrial users of the article under investigation and to representative consumer organizations who can furnish information relevant to the investigation regarding dumping, injury and causality. Any other interested party may also make its submissions relevant to the investigation within the time limit set out below.

## **12. TIME LIMIT**

### **a) General Time Limits**

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 forty days from the date of publication of this notification. The known exporters and importers, who are being addressed separately, are however required to submit the information within forty days from the date of the letter addressed to them separately. It may be noted that no request, whatsoever, shall be entertained for extension in the prescribed time limit.

### **b) Specific time limit for selection of market economy third country**

Interested parties to the investigation may wish to comment on the appropriateness of Germany which, as mentioned in the Para 5 above of this initiation notification is envisaged as a market economy third country for the purpose of establishing normal value in respect of the China PR. These comments must be submitted within two weeks from the date of publication of this notification.

## **13. SUBMISSION OF INFORMATION**

In terms of Rule 6(7) of the Rules, the interested parties are required to submit non-confidential summary of any confidential information provided to the Authority and if in the opinion of the party providing such information, such information is not susceptible to summarization, a statement of reason thereof, is required to be provided. In case where an interested party refuses access to, or otherwise does not provide necessary information within a reasonable period, or significantly impedes the investigation, the Designated Authority may record findings on the basis of facts available and make such recommendations to the Central Government as deemed fit.

#### **14. INSPECTION OF PUBLIC FILE**

In terms of Rule 6(7), the Designated Authority maintains a public file. Any interested party may inspect the public file containing non-confidential version of the evidence submitted by interested parties.

(Christy L. Fernandez)  
Designated Authority