

To be published in Part-I Section I of the Gazette of India Extraordinary

F. No. 6/38/2019-DGTR  
Government of India  
Ministry of Commerce & Industry  
Department of Commerce  
(Directorate General of Trade Remedies)  
4th Floor, Jeevan Tara Building, 5 Parliament Street, New Delhi – 110001

Dated 02<sup>nd</sup> March, 2020

## **INITIATION NOTIFICATION**

**Case No. OI (CVD) - 10/2019**

**Subject: Initiation of Countervailing Duty/Anti-Subsidy Investigation concerning imports of Soda Ash originating in or exported from Turkey.**

1. M/s DCW Limited, M/s RSPL Limited and M/s GHCL Limited (hereinafter also referred to as “Applicants”) have filed an application before the Designated Authority (hereinafter also 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 also referred to as the “Act”) and the 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 also referred to as the “Rules”) for Original Investigation of Countervailing Duty concerning imports of “Soda Ash” (hereinafter also referred to as “subject goods” or “product under consideration” or “PUC” ), originating in or exported from Turkey (hereinafter also referred to as the “subject country”).
2. The Applicants have alleged that material injury to the Domestic Industry is being caused due to subsidised imports from the subject country and have requested for imposition of Countervailing duty on imports of subsidised subject goods, originating in or exported from the subject country.

### **Product under consideration**

3. The product under consideration is Disodium Carbonate, popularly known as “Soda Ash”, having chemical formula  $\text{Na}_2\text{CO}_3$ .
4. Soda Ash is a white, crystalline, water-soluble material. Soda Ash is produced in two forms by the Indian Producers - Light Soda Ash and Dense Soda Ash. The difference in the two types is bulk density. Further, Soda Ash can be either natural soda ash or synthetic soda ash, both products are essentially the same. Present investigation covers all forms of Soda Ash.
5. Soda Ash is an essential ingredient in the manufacture of detergents, soaps, cleaning compounds, sodium based chemicals, float glass, container and specialty glasses, silicates and other industrial

chemicals. It is also widely used in textiles, paper, metallurgical industries and desalination plants.

6. The product under consideration is classified under Chapter 28 of the Act under customs sub-heading 2836.20. However, the customs classification is indicative only and is not binding on the scope of this investigation.

### **Like Article**

7. The Applicants have claimed that the subject goods, which are subsidised and exported to India, are identical to the goods produced by the domestic industry. There are no known differences either in the technical specifications, quality, functions or end-uses of the subsidised imports and the domestically produced subject goods and the product under consideration manufactured by the Applicants. The two are technically and commercially substitutable and hence, should be treated as 'like article' under the Rules. Therefore, for the purpose of the present investigation, the subject goods produced by the Applicants in India are being treated as 'Like Article' to the subject goods being imported from the subject country.

### **Domestic Industry**

8. The application has been filed by M/s DCW Limited, M/s RSPL Limited and M/s GHCL Limited. The Applicants have neither imported the subject goods from the subject country nor are related to any exporter or producer of subject goods in the subject country or any importer of the PUC in India. On the basis of information available, the Authority has considered the Applicants as Domestic Industry within the meaning of the Rule 2(b) and also satisfying the criteria of standing in terms of Rule 6(3) of the Rules.

### **Basis of Alleged Subsidisation**

9. The Applicants have alleged that producer/exporters of the subject goods in the subject country have benefitted from various actionable subsidies provided by the Government of the subject country. The Applicants have provided a list of various notified schemes/programmes which provide actionable subsidies by the Government of Turkey as available on their website. These schemes have been alleged to be countervailable as they involve financial contribution or income or price support from the Governments and confer a benefit. These are either contingent upon export or require minimum value for export, or benefit production in some specific products by leading to access to inputs at less than adequate remuneration, or encourage use of domestic goods over imported goods, and countervailable within the meaning of the relevant Rules.

The following subsidies/programs have been alleged by the domestic industry:

- i. Programs in the form of Tax Incentives**

- Program No. 1:** VAT Exemption on machinery and equipment to be purchased under RIS

- Program No. 2:** Customs duty exemption for machinery and equipment to be supplied from abroad under RIS

- Program No. 3:** Corporate Tax Deduction under RIS

- Program No. 4:** Inward Processing Certificate Exemption/Duty Drawback

**Program No. 5:** Tax Incentives in form of Research and development

**Program No. 6:** VAT Exemption on machinery and equipment to be purchased under PIS to generate electricity from coal

**Program No. 7:** VAT Exemption on machinery and equipment to be purchased under PIS to Mining Investments

**Program No. 8:** VAT Exemption on machinery and equipment to be purchased under PIS to Investments made to explore mines in permitted fields for Investors holding Mining License and Certificate

**Program No. 9:** Customs duty exemption for machinery and equipment to be supplied from abroad under PIS to generate electricity from coal

**Program No. 10:** Customs duty exemption for machinery and equipment to be supplied from abroad under PIS to Mining Investments

**Program No. 11:** Customs duty exemption for machinery and equipment to be supplied from abroad under PIS to explore mines in permitted fields for Investors holding Mining License and Certificate

**Program No. 12:** Corporate Tax Deduction under PIS to generate electricity from coal

**Program No. 13:** Corporate Tax Deduction under PIS to Mining Investments

**Program No. 14:** Corporate Tax Deduction under PIS to explore mines in permitted fields for Investors holding Mining License and Certificate

ii. **Programs in the form of Support in Social Security Premium and Reduction in Interest Rate**

**Program No. 15:** Government coverage of Employer's share of social security premium under RIS

**Program No. 16:** Bank Interest Rate support from the Government under RIS

**Program No. 17:** Social Security Premium Incentive Under Law 6486

**Program No. 18:** Government coverage of Employer's share of social security premium under PIS to investments made to generate electricity from coal

**Program No. 19:** Government coverage of Employer's share of social security premium under PIS to Mining Investments

**Program No. 20:** Government coverage of Employer's share of social security premium under PIS to Investments made to explore mines in permitted fields for Investors holding Mining License and Certificate

**Program No. 21:** Bank Interest Rate support on loan by the Government under PIS to generate electricity from coal

**Program No. 22:** Bank Interest Rate support from the Government under PIS to Mining Investments

**Program No. 23:** Interest Rate support from the Government under PIS to Investments made to explore mines in permitted fields for Investors holding Mining License and Certificate

iii. **Programs in form of Export Financing and Export Credit**

**Program No. 24:** Deductions from Taxable Income for Export Revenue

**Program No. 25:** Export Financing-Rediscount Program (Short-term Pre-Shipment Rediscount Program)/Export Financing-Pre-Export Credit Program/Preferential Loans and insurance premium support

**Program No. 26:** Export Oriented Working Capital Credit Program

iv. **Programs in the form of Provision of Goods and Services at Less than adequate Remuneration**

**Program No. 27:** Free Land Allocation for Investment under PIS to investments made to generate electricity from coal

**Program No. 28:** Free Land Allocation for Investment under PIS to Mining Investments

**Program No. 29:** Free Land Allocation for Investment under PIS to Investments made to explore mines in permitted fields for Investors holding Mining License and Certificate

**Program No. 30:** Free Land Allocation for Investment under RIS

**Program No. 31:** Deduction in guarantee deposit for Trona under Mining Law

**Program No. 32:** Reduced Royalty Rate for Trona under Mining Law

**Program No. 33:** Additional deduction in royalty rate for Trona ores processed in Turkey, under Mining Law

**Program No. 34:** Additional Discount on royalty for Trona under Mining Law

**Program No. 35:** Deduction in guarantee deposit for Lignite and Asphaltite under Mining Law

**Program No. 36:** Reduced Royalty Rate for Lignite and Asphaltite under Mining Law

**Program No. 37:** Additional deduction in royalty rate for Lignite and Asphaltite ores Processed in Turkey, under Mining Law.

10. 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 in the subject country.

**Consultation**

11. A pre-initiation consultation as per the Article 13.1 of the WTO provisions was held with the Government of Turkey through video conferencing on 11<sup>th</sup> February, 2020. In response to this consultation, Government of Turkey denied existence of certain programs, non-availment of some by producers/exporters, negligible net countervailable subsidy in some schemes and stated further, that in the event India decides to conduct the Anti-subsidy investigation, it should take note of the Article 27.10 of the WTO agreement on subsidy and countervailing measures, before application of a measure. However, the Government of Turkey has not provided any evidence in support of its submissions. Hence, the existence of alleged programmes and quantification of all the countervailable subsidies are required to be analysed through an investigation as per the relevant Rules.

### **Injury and Causal link**

12. Information furnished by the Applicants has been considered for assessment of injury to the domestic industry. The Applicants have furnished evidence regarding the injury having taken place as a result of the alleged subsidisation and resulting in increased volume of subsidised imports in absolute terms and in relation to production and consumption in India, and price suppressing effect on the domestic industry. The Applicants have claimed that their performance has been adversely impacted in respect of production, sales and consequent decline in profits, return on capital employed and cash flow, as a result of subsidised exports from subject country and there is sufficient prima facie evidence of the material injury and threat of material injury being caused to the domestic industry by subsidised exports from the subject country to justify initiation of an countervailing duty investigation.

### **Initiation of Countervailing Duty Investigation**

13. On the basis of the duly substantiated written application by or on behalf of the domestic industry, and having satisfied itself, on the basis of the prima facie evidence submitted by the domestic industry, substantiating subsidisation of the subject goods originating in or exported from the subject country, injury to the domestic industry and causal link between such alleged subsidisation and injury, and in accordance with Section 9 of the Act read with Rule 6 of the Rules, the Authority hereby initiates an investigation to determine the existence, degree and effect of alleged subsidies in respect of the subject goods originating in or exported from the subject country and to recommend the amount of Countervailing duty, which if levied, would be adequate to remove the injury to the domestic industry.

### **Subject Country**

14. The subject country in the present investigation is Turkey.

### **Period of Investigation**

15. The Period of Investigation (hereinafter also referred to as "POI") proposed by the Domestic Industry in the present investigation is 01<sup>st</sup> April, 2019 to 30<sup>th</sup> September, 2019 (6 months). The Authority requested the Applicants to file updated data for a further period of 3 months (01.10.2019 to 31.12.2019) to undertake analysis on the most recent data. The Domestic Industry filed data for the period of 8 months i.e. April, 2019 – November, 2019 which has been used for alleged subsidisation and injury examination. However, Period of Investigation in the present investigation will be 1<sup>st</sup> April 2019 - 31<sup>st</sup> December 2019. The injury investigation period will cover the periods April 2016 - March 2017, April 2017- March 2018, April 2018 - March 2019 and the POI. For threat of injury, the data beyond the POI would also be examined.

### **Procedure**

16. Principles as given in Rule 7 of the Rules shall be followed for the present investigation.

### **Submission of information**

17. The exporters in the subject country and their government through their Embassy in India, 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 the relevant information in the form and manner prescribed within the time-limit set out below.
18. Any other interested party may also make its submissions relevant to the investigation in the form and manner prescribed within the time-limit set out below.
19. The information/ submission may be submitted to:

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

20. Any party making any confidential submission before the Authority is required to make a non-confidential version of the same available to the other parties.

### **Time-Limit**

21. Any information relating to the present investigation should be sent in writing so as to reach the Authority at the address mentioned above within thirty days from the date of receipt of the notice as per Rule 7(4) of the Rules. It may, however, be noted that in terms of explanation of the said Rule, the notice calling for information and other documents shall be deemed to have been received one week from the date on which it was sent by the Designated Authority or transmitted to the appropriate diplomatic representative of the exporting Country. If no information is received within the prescribed time-limit or the information received is incomplete, the Authority may record its findings on the basis of the facts available on record in accordance with the Rules.
22. All the interested parties are hereby advised to intimate their interest (including the nature of interest) in the instant matter and file their questionnaire responses within the above time limit.

### **Submission of information on confidential basis**

23. The parties making any submission (including Appendices/Annexures attached thereto), before the Authority including questionnaire response, are required to file the same in two separate sets, in case "confidentiality" is claimed on any part thereof:

- i. one set marked as Confidential (with title, number of pages, index, etc.), and
- ii. the other set marked as Non-Confidential (with title, number of pages, index, etc.).

24. The “confidential” or “non-confidential” submissions must be clearly marked as “confidential” or “non-confidential” at the top of each page. Any submission made without such marking shall be treated as non-confidential by the Authority, and the Authority shall be at liberty to allow the other interested parties to inspect such submissions. Soft copies of both the versions will also be required to be submitted, along with the hard copies in four (4) sets of each.
25. The confidential version shall contain all information which is by nature confidential and/or other information which the supplier of such information claims as confidential. For information which are claimed to be confidential by nature or the information on which confidentiality is claimed because of other reasons, 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.
26. The non-confidential version is required to be a replica of the confidential version with the confidential information preferably indexed or blanked out (in case indexation is not feasible) and summarised 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, the party submitting the confidential information may indicate that such information is not susceptible to summary, and a statement of reasons why summarisation is not possible must be provided to the satisfaction of the Authority.
27. 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 if the supplier of the information is either unwilling to make the information public or to authorise its disclosure in generalised or summary form, it may disregard such information.
28. Any submission made without a meaningful non-confidential version thereof or without good cause statement on the confidentiality claim shall not be taken on record by the Authority.
29. The Authority on being satisfied and accepting the need for confidentiality of the information provided, shall not disclose it to any party without specific authorisation of the party providing such information.

### **Inspection of Public File**

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

### **Non-cooperation**

31. 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 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.

**(Bhupinder S. Bhalla)**  
**Additional Secretary & Designated Authority**