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F No. 7/26/2023 – DGTR

Government of India

Department of Commerce

Ministry of Commerce & Industry

(Directorate General of Trade Remedies)

4<sup>th</sup> Floor, Jeevan Tara Building, Parliament Street, New Delhi – 110001

Case No – CVD (SSR) – 10/2023

### INITIATION NOTIFICATION

Dated: 29<sup>th</sup> December 2023

**Subject: - Initiation of a sunset review of countervailing duty imposed on imports of Atrazine Technical originating in or exported from China PR.**

1. **F No. 7/26/2023-DGTR** - Meghmani Industries Limited (hereinafter referred to as the “applicant”) has filed an application on behalf of the domestic industry before the Designated Authority (hereinafter referred to as the “Authority”) under the provisions of 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 thereof, as amended from time to time (hereinafter also referred to as the “Rules”), for the initiation of sunset review of countervailing duty concerning imports of “Atrazine Technical” (hereinafter referred to as the “subject goods” or “product under consideration”) originating in or exported from China PR (hereinafter referred to as the “subject country”).
2. In terms of section 9(6) of the Act and rule 24(3) of the CVD Rules, the countervailing duties imposed shall, unless revoked earlier, cease to have effect on expiry of five years from the date of such imposition, and the Authority is required to review whether the expiry of the said countervailing duty is likely to lead to continuation or recurrence of subsidisation and injury to the domestic industry. In accordance with the same, the Authority is required to review, based on duly substantiated request made by or on behalf of the domestic industry whether there is a need for the continued imposition of the countervailing duty, and whether the expiry of the duty is likely to lead to continuation or recurrence of subsidisation and injury.

#### **A. Background**

3. The original anti-subsidy investigation was initiated by the Authority on 27<sup>th</sup> August 2018. The Authority recommended the imposition of definitive anti-subsidy duties on imports of the subject goods from the subject country vide Final Findings F. No. 6/19/2018-DGAD dated 22<sup>nd</sup> August 2019. The definitive measures were imposed vide Notification No.

3/2019 - Customs (CVD) dated 17<sup>th</sup> September 2019.

**B. Consultation**

4. In terms of Article 13 of the Agreement on Subsidies and Countervailing Measures, the pre-initiation consultation was scheduled with the representatives of the Government of China PR on 27<sup>th</sup> December 2023. However, the Government of China PR did not attend the consultation meeting. Therefore, the Authority is proceeding with the initiation of the subject sunset review investigation.

**C. Product under consideration**

5. The product under consideration in the present investigation is Atrazine Technical (hereinafter referred to as “Atrazine” or the “product under consideration”).
6. The present investigation being a sunset review investigation, the scope of the product under consideration remains the same as defined in the original investigation.
7. The product under consideration is classified under Chapter 38 of Schedule I to the Customs Tariff Act under the sub-heading 3808 91 99, 3808 93 90, 3808 91 10 and 3808 99 90. The customs classification is only indicative and is not binding on the scope of the present investigation.

**D. Like article**

8. The applicant has claimed that there are no known significant differences in the goods produced by the domestic industry and those exported from the subject country. Both products have comparable characteristics in terms of parameters such as physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification. The applicant has claimed that the two are technically and commercially substitutable. Therefore, for the purpose of the present investigation, the subject goods produced by the domestic industry is being treated as ‘like article’ to the subject goods originating in or exported from the subject country.

**E. Domestic industry and standing**

9. The application has been filed by Meghmani Industries Limited. Apart from the applicant, there are three other producers of the subject goods in India. The applicant has submitted that it is not related to exporters of the subject goods in the subject country or importers of products under consideration in India. Further, the applicant has not imported the product under consideration during the period of investigation.
10. The Authority notes that the applicant accounts for a major proportion of the total

domestic production in India, and the applicant constitutes the domestic industry in terms of Rule 2(b).

**F. Subsidy Programs**

11. The applicant has alleged that the producers/exporters of the subject goods in the subject country continue to benefit from actionable subsidies provided at various levels by the Government of the subject country, including the provinces and districts in which producers/exporters are located. The applicant has also claimed that there are additional programs or schemes that should be considered in the present investigation.
- i. Schemes identified as provision of Goods and Services at less than adequate remuneration
    - a) Program No 1: Provision of Water for less than Adequate Remuneration
    - b) Program no 2: Land use rights provided at less than adequate remuneration
    - c) Program No 3: Land Use Rights for SOEs
    - d) Program No 4: Electricity at LTAR
    - e) Program No 5: Provision of Land-Use Rights for LTAR – Land Use Rights in Certain Industrial and SEZs
    - f) Program No. 6: Land Use rights for FIEs
    - g) Program No. 72: Raw materials at LTAR
  - ii. Programs in the form of Equity Infusion
    - h) Program No 7: Debt for equity swaps
    - i) Program No. 8: Unpaid dividends
    - j) Program No 9: Equity infusions
    - k) Program No 10: Debt Forgiveness
    - l) Program No 11: Deed Tax Exemption for SOEs Undergoing Mergers or Restructuring
    - m) Program No. 12: Dividend exemption between qualified resident enterprises
  - iii. Programs in the form of Export Financing and Export Credit
    - n) Program No 13: Export Seller's Credit
    - o) Program No 14: Export Buyer's Credit
    - p) Program No 15: Export Credit Insurance Subsidies
    - q) Program No 16: Export Credit Guarantee by GOC
    - r) Program No 17: Preferential export financing from the Export-Import Bank of China
  - iv. Programs in the form of Preferential Loans and Lending
    - s) Program No 18: Preferential Lending
    - t) Program No 19: Preferential Loans for SOEs
    - u) Program No. 71: Discounted Loans for Export -Oriented Enterprises and Export Loan Interest Subsidies

- v. Programs in the form of Tax and Vat Incentives
- v) Program no 20: Tax Policies for the deduction of research and development (R&D) expenses
  - w) Program No. 21: Preferential Tax Policies for the Research and Development of FIEs
  - x) Program No. 22: VAT Refunds for FIEs Purchasing Domestically - Produced Equipment
  - y) Program No 23: Preferential tax policies for companies that are recognized as high and new technology companies
  - z) Program No 24: Income tax concessions for the enterprises engaged in comprehensive resource utilisation (special raw materials)
  - aa) Program No 25: Tax credit concerning the purchase of special equipment
  - bb) Program No. 26: Reduced Tax Rate for Productive FIEs Scheduled to operate for a Period not Less than 10 Years
  - cc) Program No. 27: Tax Reductions for Technology or Knowledge-Intensive FIEs
  - dd) Program no 28: Income Tax Reduction for Advanced Technology FIEs
  - ee) Program No 29: Income Tax Refund for Re-investment of FIE Profits by Foreign Investors
  - ff) Program No. 30: Preferential Tax Policies for FIEs Established in the Coastal Economic Open Areas and in the Economic and Technological Development Zones
  - gg) Program No 31: Tax concessions for Central and Western Regions
  - hh) Program No 32: Preferential income tax policy for the enterprises in the Northeast region
  - ii) Program No. 33: Preferential Tax Policies for FIEs and Foreign Enterprises and Certain Domestically- Owned Companies Which Have Establishments or Places in China and are Engaged in Production or Business Operations Purchasing Domestically Produced Equipment's
  - jj) Program No. 34: Shanghai Municipal Tax Refund for High-tech Achievement Commercialization Projects
  - kk) Program No. 35: Local income tax and reduction program for the productive FIEs
  - ll) Program No. 36: Local Income Tax Exemption and/or Reduction in SEZs in Guangdong and Hainan Island
  - mm) Program No. 37: Tariff and Value-added Tax (VAT) Exemptions on Imported Materials and Equipment in SEZs and Other Designated Areas
  - nn) Program No.38: Corporate Income Tax Exemption and/or Reduction in SEZs and Other Designated Areas
  - oo) Program No.39: Preferential Tax Policies for Foreign Invested Export Enterprises

- pp) Program No. 68: Preferential Tax Policies for Enterprises with Foreign Investment (FIEs) Established in Special Economic Zones (excluding Shanghai Pudong Area)
  - qq) Program No. 69: Income Tax credits for domestically owned Companies Purchasing Chinese made Equipment
  - rr) Program No.70: Export tax rebate/Tax Refund on Exports
- vi. Programs in the form of Grants
- ss) Program No 40: Famous Brands Program/ Incentive fund for famous-brand products
  - tt) Program No. 41: Grants for Antidumping Investigations
  - uu) Program No. 42: Research & Development (R&D) Assistance Grant
  - vv) Program No. 43: Export Assistance Grant
  - ww) Program No. 44: Grants for Listing Shares
  - xx) Program No. 45: Grants provided through the Provincial Fund for Fiscal and Technological Innovation.
  - yy) Program No. 46: International Market Fund for Export Companies
  - zz) Program No. 47: Special fund for energy saving technology reform
  - aaa) Program No. 48: State Special Fund for Promoting Key Industries and Innovation Technologies
  - bbb) Program No. 49: Superstar Enterprise Grant
  - ccc) Program No. 50: Funds for Outward Expansion of industries in Guangdong Province
  - ddd) Program No. 51: Grant - Special Funds for Fostering Stable Growth of Foreign Trade
  - eee) Program No. 52: Interim Measures of Fund Management of Allowance for Zhongsham Enterprises to Attend Domestic and Overseas Fair
  - fff) Program No. 53: Treasury Bonds Loans or Grants
  - ggg) Program No. 54: Provincial Government - Equipment Grant
  - hhh) Program No. 55: Various grants provided to Fuyang City and Hangzhou City
    - i. Grant for Enterprises Paying Over RMB 10 Million in Taxes
    - ii. Grants under the Export of Sub-Contract Services Program
    - iii. Grants under Excellent New Products/Technology Award
    - iv. Investment grants from Fuyang City Government for key industries
    - v. Grants for Enterprises Operating Technology and Research and Development Centers
    - vi. Local and Provincial Government Reimbursement Grants on export Credit Insurance Fees
    - vii. Initial Public Offering (IPO) Grants from the Hangzhou Prefecture and the City of Fuyang (Zhejiang Province) & (Anhui Province)
  - iii) Program No. 56: Grants provided by Hebei Province
    - i. Grants under the Science and Technology program of Hebei Province
    - ii. Government of Shijiazhuang City Export Award

- jjj) Program No. 57: Various grants provided to Shandong Province
  - i. Shandong Province's Special Fund for the Establishment of Key Enterprise Technology Centers
  - ii. Shandong Province's Award Fund for Industrialization of Key Energy-Saving Technology
  - iii. Shandong Province's Environmental Protection Industry Research and Development Funds
  - iv. Shandong Province's Construction Fund for Promotion of Key Industries
- kkk) Program No. 58: Subsidies Provided in Tianjin Binhai New Area and the Tianjin Economic and Technological Development Area
- lll) Program No. 59: The State Key Technology Renovation Projects Fund
- mmm) Program No. 60: Enterprise Development Funds
- nnn) Program No. 61: The Clean Production Technology Fund
- ooo) Program No. 62: Special fund for the development of foreign trade and economic Cooperation
- ppp) Program No. 63: Grants for High and New Technology Industries
- qqq) Program No. 64: Various grants provided to Guangdong province
  - i. Special fund for developing trade through science and technology of Guangdong Province
  - ii. Guangdong - Hong Kong Technology Cooperation Funding Program
  - iii. Guangdong Supporting Fund
  - iv. Special Fund for Significant Science and Technology by Guangdong Governments
  - v. Provincial Government of Guangdong Science and Technology Bureau Project Fund
  - vi. Provincial Loan Discount Special Fund for SMEs by Guangdong Governments
  - vii. Special Supporting Fund for Key Projects of "500 Strong Enterprises in Contemporary Industries" by Guangdong Governments
  - viii. Fund for Supporting Strategic Emerging Industries by Guangdong Governments
  - ix. Special Fund for Export Credit Insurance by Guangdong Governments
  - x. Patent Award of Guangdong Province
  - xi. Supporting Fund for the Development from Guangzhou Local Governments
- rrr) Program No. 65: Various grants provided to Jiangsu province
  - i. Jiangsu Province Finance Supporting Fund
  - ii. Environment Protection Award (Jiangsu)
  - iii. Jiangsu City Industrial Economy Performance Award
  - iv. Changzhou Qishuyan District Environmental Protection Fund
  - v. Changzhou Technology Plan

- vi. Supportive Fund provided by the Government of Xuyi Country
- vii. Enterprise Technology Centers/ Support Funds for Construction of Project infrastructure
- sss) Program No. 66: Funds for supporting technological innovation for technological small and medium-sized enterprises/ Small and Medium-sized Enterprise Support Funds
- ttt) Program No. 67: Project funds allowance

12. The Designated Authority reserves the right to investigation other subsidies, which may be found to exist and availed by the producers/exporters of the subject goods in the subject country during the course of the investigation.

**G. Likelihood of continuation/recurrence of subsidy and injury**

13. There is *prima facie* evidence of likelihood of continuation/recurrence of subsidization and consequent injury to the domestic industry in the event of cessation of anti-subsidy duty, considering the volume and market share of imports from the subject country, adverse price effect of imports, imports below the cost of sales of the domestic industry, low capacity utilisation of the domestic industry, decline in profitability of the domestic industry, low return on capital employed and likely adverse impact of cessation of anti-subsidy duty on the performance of the domestic industry.

**H. Initiation of sunset review investigation**

14. On the basis of the duly substantiated application by or on behalf of the domestic industry, and having satisfied itself, based on the *prima facie* evidence submitted by the applicant, substantiating likelihood of continuation or recurrence of subsidization and injury to the domestic industry, the Authority hereby initiates a sunset review investigation to review the need for continued imposition of anti-subsidy duty on imports of the subject goods from the subject country and to examine whether the expiry of the existing countervailing duty is likely to lead to continuation or recurrence of subsidy and consequent injury to the domestic industry, in accordance with Section 9 of the Act, read with Rule 24 of the CVD Rules.

**I. Subject country**

15. The subject country for the present sunset review investigation is China PR.

**J. Period of investigation**

16. The period of investigation for the purpose of the present investigation is 1<sup>st</sup> July 2022 to 30<sup>th</sup> June 2023 (12 months). The injury analysis period covers the period of investigation and 2019-20, 2020-21, April 2021 to June 2022.

**K. Procedure**

17. The sunset review will cover all aspects of the Final Findings published vide Notification F. No. 6/19/2018-DGAD dated 27<sup>th</sup> August 2018. The Authority will also undertake likelihood analysis of continuation / recurrence of subsidization and injury in the event of expiry of anti-subsidy duty in force.
18. The provisions of Rule 7, 8, 9, 10, 11, 12, 13, 18, 19, 20, 21 and 22 shall *mutatis mutandis* in the present investigation.

**L. Submission of Information**

19. In view of the special circumstances arising out of COVID-19 pandemic, all communication should be sent to the Authority via email at the email addresses [adg13-dgtr@gov.in](mailto:adg13-dgtr@gov.in), [adv11-dtr@gov.in](mailto:adv11-dtr@gov.in), [jd13-dgtr@gov.in](mailto:jd13-dgtr@gov.in) and [dd15-dgtr@gov.in](mailto:dd15-dgtr@gov.in). It should be ensured that the narrative part of the submission is in searchable PDF/MS Work format and data files are in MS Excel format.
20. The known producers/exporters from the subject country, their Government through its Embassy in India, the importers and users in India known to be concerned with the subject goods and the domestic producers 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.
21. 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 on the email addresses mentioned hereinabove.
22. Any party making any confidential submission before the Authority is required to make a non-confidential version of the same available to the other interested parties.
23. Interested parties are further advised to keep a regular watch on the official website of the Authority <http://www.dgtr.gov.in/> for any updated information with respect to this investigation.

**M. Time Limit**

24. Any information relating to the present investigation should be to the Authority via email at the email addresses [adg13-dgtr@gov.in](mailto:adg13-dgtr@gov.in), [adv11-dtr@gov.in](mailto:adv11-dtr@gov.in), [jd13-dgtr@gov.in](mailto:jd13-dgtr@gov.in) and [dd15-dgtr@gov.in](mailto:dd15-dgtr@gov.in) within thirty days (30 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 be have been received within 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 finding on the basis of the facts available on records in accordance with the Rules.

25. All the interested parties are hereby advised to intimate their interest (including the nature of interest) in the instant investigation and file their questionnaire response/submissions within the above time limit.

**N. Submission of information on a confidential basis**

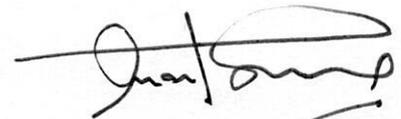
26. Any party making any confidential submission or providing information on a confidential basis before the Authority, is required to simultaneously submit a non-confidential version of the same in terms of Rule 8(2) of the Rules and the Trade Notices issued in this regard. Failure to adhere to the above may lead to rejection of the response/submissions.
27. The parties making any submission (including appendices/annexures attached thereto), before the Authority including questionnaire response, are required to file confidential and non-confidential versions separately.
28. 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.
29. 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.
30. 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 summarized depending upon the information on which confidentiality is claimed.
31. The non-confidential summary must be in sufficient detail to permit a reasonable understanding of the substance of the information furnished on a 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 containing a sufficient and adequate explanation in terms of Rule 8 of the Rules, 1995, and appropriate trade notices issued by the Authority, as to why such summarization is not possible, must be provided to the satisfaction of the Authority.
32. The interested parties can offer their comments on the issues of confidentiality claimed by

the other interested parties within 7 days from the date of receiving the non-confidential version of the documents in terms of paragraph 26 of this initiation notification.

33. Any submission made without a meaningful non-confidential version thereof or a sufficient and adequate cause statement in terms of Rule 8 of the Rules, and appropriate trade notices issued by the Authority, on the confidentiality claim shall not be taken on record by the Authority.
34. The Authority may accept or reject the request for confidentiality on examination of the nature of the information submitted. If the Authority is satisfied the request for confidentiality is not warranted or if the supplier of the information is either unwilling to make the information public or to authorize its disclosure in generalized or in summary form, it may disregard such information.
35. 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 information.
36. A list of registered interested parties will be uploaded on the DGTR's website along with the request therein to all of them to email the non-confidential version of their submissions/response/information to all other interested parties. Failure to circulate non-confidential version of submissions/response/information might lead to consideration of an interested party as non-cooperative.

**O. Non-cooperation**

37. 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.



(Anant Swarup)  
Designated Authority