

F. No. 07/05/2022-DGTR
Government of India Department of Commerce
Ministry of Commerce & Industry
(Directorate General of Trade Remedies)
4th Floor, Jeevan Tara Building,
5, Parliament Street, New Delhi – 110001

Dated: 26th July, 2022

NOTIFICATION
(Final Findings)
Case No. CVD-AC - 01/2022

Subject: Final Finding statement in Anti-Circumvention investigation concerning alleged circumvention of countervailing/anti-subsidy duty imposed on imports of “Saccharin” originating in or exported from China PR, by imports of “Saccharin” from Thailand.

1. F.No. **07/05/2022-DGTR** – Having regard to 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 as the "Rules", thereof;
2. Whereas, M/s Swati Petro Products Private Limited (hereinafter referred to as the “applicant” 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 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 referred to as “Rules”) alleging that these anti-subsidy duties imposed on imports of “Saccharin” (hereinafter also referred to as the “product under consideration” or the “PUC” or the “subject goods”), originating in or exported from China (hereinafter also referred to as the “subject country”) are being circumvented by way of; imports of “Sachharin” exported from Thailand [hereinafter also referred to as “Product Under Investigation” or the “PUI”].
3. Whereas, in view of a duly substantiated application filed by the applicant under Rules 26 (1), the Authority initiated the investigation vide Notification No. 07/05/2022-DGTR dated 17th March, 2022 to determine the existence and effect of the alleged circumvention of the CVD levied and to consider recommendation of extension of exiting countervailing duty on imports of “Saccharin” from Thailand, in accordance with the relevant AD Rules.

A. BACKGROUND OF THE CASE

4. The Designated Authority, through countervailing duty investigation and vide final finding Notification F.No. 6/18/2018-DGAD dated 19th June, 2019, (“original investigation”) had earlier recommended imposition of anti-subsidy duty on imports of “Saccharin” originating in or exported from China PR, and the definitive anti-subsidy

duty was imposed by the Ministry of Finance, vide Notification No. 01/2019-Customs (ADD) dated 30th August, 2019.

Present anti-circumvention investigation

5. M/s Swati Petro Products Private Limited (hereinafter referred to as the “applicant”) has filed an application requesting extension of the anti-subsidy duties imposed on the imports of “Saccharin” from China PR to the imports of “Saccharin” produced and exported from Thailand [hereinafter also referred to as the “Product Under Investigation” or the (“PUI”), in accordance with with Section 9(1)(i) of the Act and Rules 25 & 26 of the CVD Rules. The applicant contended that there is circumvention of duties, as evident from the change in pattern of trade which is undermining the remedial effects of duties imposed and requested for extension of the anti-subsidy duty imposed. After *prima facie* examination of facts, the Designated Authority initiated this anti-circumvention investigation vide Notification No. 07/05/2022-DGTR dated 17th March, 2022.

B. PROCEDURE

6. The procedure described herein below has been followed with regard to the subject investigation.

- i. The Authority notified the Embassy of Thailand and China PR about the initiation of anti-circumvention petition in accordance with the Act and the Rules.
- ii. The Authority issued a public notice dated 17th March, 2022, published in the Gazette of India, Extraordinary, initiating the anti-circumvention investigation concerning imports of product under investigation (hereinafter also referred to “PUI” from Thailand (hereinafter also referred to as the circumventing country).
- iii. The Authority forwarded a copy of the initiation notification to the Embassy of Thailand and China PR in India, known exporters of the PUI, importers in India as per the information available in the application.
- iv. The Authority wrote to the known exporters/ producers of the PUC/PUI and requested them to file their responses in the prescribed questionnaire and make their views known in writing within the time limit prescribed. A copy of the letter and questionnaires sent to the exporters were also sent to the Embassy of Thailand along with a list of known exporters/ producers, with a request to advise the exporters/ producers to respond to the Authority within the prescribed time.
- v. A copy of the non-confidential version of the application filed by the petitioner was sent to the producer/exporters of Thailand producer/ exporters, and the Government of Thailand and China PR. A copy of the non-confidential version of the application was also made available to the interested parties, on request, through public file.
- vi. The Authority sent questionnaires to elicit relevant information to the following known producers/exporters in Thailand in accordance with Rule 6(4) of the AD Rules:

1. Waranya Kaewpikul Ltd.
2. Tiannam Chemical industrial trade
3. Royal Commodity Ltd
4. Siam City Chemical Co.,Ltd
5. Bornet Corporation Company Ltd.

- vii. None of the producer exporter from Thailand filed exporter questionnaire response.
- viii. Questionnaires were also sent to the following known importers, users and associations of the subject goods in India seeking necessary information in accordance with Rule 6(4) of the AD Rules.
1. Colgate Palmolive India Ltd
 2. Eagle Trading Company
 3. General Import Co. India
 4. Speciality Chemicals
 5. Nandlal Bakatlal Pvt Ltd
 6. Jagmohandas & Sons Sarvotham Care Ltd.
 7. C.J. Shah & Co
 8. Nectar Drugs P Ltd.
 9. Sun-Shine Cosmetics Ltd.
- ix. In response to the initiation notification, none of the above-mentioned importers, users and associations have responded or filed the questionnaire response. However, one of the importer of the PUI from China PR, namely, M/s Sandeep Organics Private Limited has made submissions which have been considered at relevant places in this final finding.
- x. Following companies who are producers of the subject goods have supported the application against circumvention of measures imposed on the PUI:
- a) Shree Vardayini Chemicals Industries Pvt. Ltd.
- xi. The Authority made available non-confidential version of the evidence presented by various interested parties in the form of a public file kept open for inspection by the interested parties. Submissions made by all the interested parties to the extent considered relevant have been taken into account in this final finding.
- xii. Information provided by the interested parties on confidential basis was examined with regard to the sufficiency of the confidentiality claim. On being satisfied, the Authority has accepted the confidentiality claims, wherever warranted and such information has been considered confidential and not disclosed to the other interested parties. Wherever possible, parties providing information on confidential basis were directed to provide sufficient non-confidential version of the information filed on confidential basis.
- xiii. Further information was sought from the applicant and the other interested parties to the extent deemed necessary.
- xiv. Verification of the domestic industry and the supporter was conducted to the extent considered necessary for the purpose of the present investigation.
- xv. Investigation was carried out for the period starting from April 2021 to 31st March 2022 (12 months) (hereinafter referred to as the "period of investigation" or the "POI"). The examination of trends, in the context of injury analysis covered the period from April 2018 – March 2019, April 2019 March 2020, April 2020 - March 2021 and the POI
- xvi. Request was made to the DG Systems to provide the details of imports of the subject goods during the last four years, including the period of investigation, and the same was received by the Authority. The Authority has used the DG system import data for computation of the volume and value of imports and injury analysis.

- xvii. In accordance with Rule 18 of the Anti-Subsidy Rules, the Authority provided opportunity to the interested parties to present their views orally in hearing held on 23rd May, 2022. All the parties were requested to submit their written submissions latest by 30th May, 2021. Since there was no opposition, there was no rejoinder submissions due.
- xviii. Wherever an interested party has refused access to, or has otherwise not provided necessary information during the course of the present investigation, or has significantly impeded the investigation, the Authority has recorded its observation on the basis of the facts available.
- xix. *** in this final finding represents the information furnished by an interested party on confidential basis, and so considered by the Authority under the Rules.
- xx. Exchange rate considered for the POI for conversion of USD to Indian Rupees is 1 USD=Rs. 75.14

C. PRODUCT UNDER CONSIDERATION/ PRODUCT UNDER INVESTIGATION AND LIKE ARTICLE

Product Under Consideration (PUC) and Product Under Investigation (PUI)

C.1 Views of the domestic industry

7. The domestic industry has made the following submissions with regard to the scope of the product under consideration and the like article:
 - i. The product involved in the previous investigations and the present investigation is "*Saccharin in all its forms*".
 - ii. *Saccharin is classified under Chapter 29 of the Customs Tariff Act, 1975 under subheadings No. 29251100. The classification is, however, indicative only and in no way binding on the scope of the present investigation.*
 - iii. There is no known difference in the subject goods produced by the domestic industry and the subject goods imported into India. They are comparable in terms of the technical specifications, quality, functions or end-uses. The two are technically and commercially substitutable. Hence, should be treated as like articles in accordance with the Rules.

C.2 Views of the other interested parties

8. None of the exporters, importers, consumers and other interested parties has filed any comment or submissions with regard to product under consideration and like articles.

C.5 Examination by the Authority

9. The present investigation is an anti-circumvention investigation of duties imposed on the imports of "Saccharin" originating in or exported from China PR. Therefore, the scope of the product under consideration in the present investigation, remains the same as defined in the original Countervailing Duty/ Anti-subsidy investigation, i.e. final findings dated 19.06.2019, which is reproduced herein below:

"The product under consideration in the present investigation is "Saccharin in all its forms". "Saccharin is a non-nutritive sweetener and considered to be low calorie substitute for cane sugar. Primarily there are two types of Saccharin i.e. soluble and insoluble. In market parlance soluble saccharin is called sodium saccharin whereas

insoluble saccharin is called saccharin or saccharin acid. Saccharin is produced in two physical forms, viz. granular and powder. Sodium saccharin in granular form is used in situations where saccharin will be dissolved, the powder form which has been grounded and spray dried is used in dry mixes and pharmaceuticals. It is slightly soluble in water. Insoluble form of saccharin is used in many pharmaceutical and medical applications. Saccharin is used in a variety of industry such as food and beverage, personal care products, table top sweeteners, electroplating brighteners, pharmaceuticals, etc. All forms of Saccharin are within the scope of the present investigation.”

10. The product under consideration (PUC) is “Saccharin” originating in or exported from China PR. The product under investigation (PUI) is “Saccharin” exported from Thailand also referred to as “Product under Investigation” or “PUI” classified under subheadings No. 29251100 of the Customs Tariff Act.
11. The Authority notes from the information on record that the subject goods produced by the domestic industry is “like article” to the goods imported from Thailand. The subject goods produced by the Indian industry and imported from Thailand are comparable in terms of technical specifications, functions or end-uses product specifications, pricing, distribution & marketing and tariff classification of the goods. The two are technically and commercially substitutable. The consumers are using the two interchangeably.
12. The above-stated classification of the product under investigation considered, however, is indicative only and in no way binding on the scope of the present investigation.

D. SCOPE OF DOMESTIC INDUSTRY & STANDING

D.1 Views of the Domestic Industry

13. The domestic industry has made following submissions with regard to the domestic industry and standing:
 - i. M/s. Swati Petro Products Private Limited has filed the application for anti-circumvention investigation. The product under consideration is produced by four producers in India. The application has been supported by M/s. A. S. Chemopharma Pvt. Ltd., and M/s. Shree Vardayini Chemicals Industries Pvt. Ltd.
 - ii. The applicant satisfies the standing requirement and constitutes domestic industry within the meaning of the AD Rules.

D.2 Views of the other interested parties

14. None of the exporters, importers, consumers and any other interested parties has filed any comment or submission with regard to standing of the domestic industry.

D.3 Examination by the Authority

15. The application has been filed by M/s Swati Petro Products Private Limited. The application has been supported by M/s. A. S. Chemopharma Pvt. Ltd., and M/s. Shree Vardayini Chemicals Industries Pvt. Ltd. Shree Vardayini Chemicals Industries Pvt. Ltd. M/s Shree Vardayini Chemicals Industries Pvt. Ltd. have also filed information on capacity, production and sales.

16. Information on record shows that the production by the applicant constitute 30% of the total Indian production. The applicant, thus, constitutes eligible domestic industry in terms of Rule 2 (b).

E. EVIDENCE OF CIRCUMVENTION

E.1 Views of the domestic industry

17. The following submissions were made by the domestic industry:

- i. The exports from Thailand are not of “saccharin” produced in Thailand. Rather, these products are of Chinese origin which are merely being exported through Thailand, to avoid payment of countervailing duties.
- ii. The subject goods were earlier shipped directly to India from China PR. However, due to the imposition of countervailing duties on imports of saccharin from China PR, the import volumes have declined from China PR and those from Thailand have started in significant volume.
- iii. The exports from China to Thailand have increased significantly in the POI thus showing dependency of that country on imports, rather than manufacturing. Since the imports from Indonesia also declined post imposition of antidumping duty, the exports from Indonesia to Thailand was also analysed. There are no exports of Saccharin from Indonesia to Thailand. These facts clearly show that the Chinese goods that are being circumvented through Thailand.
- iv. None of the exporters have responded to the investigation and thus there is no information or claim of genuine production in Thailand.
- v. Volume of imports into India from China PR has declined since the imposition of countervailing duty on imports of the product under consideration. However, imports from Thailand started and has now intensified.
- vi. Post imposition of duties, the imports from China PR and Indonesia declined significantly. However, the market share vacated by the imports from China PR and Indonesia has been taken away by the imports from Chinese exporters through Thailand. Thus, the domestic industry has been deprived of the legitimate fair share of the market.
- vii. Almost 10% of the domestic market is captured by Thailand. The market share of Chinese originated goods has reached 31% in the POI (along with circumvented imports from Thailand) and the market share of Indian industry as a whole has reduced to 62% in the POI
- viii. The landed price of the imports consigned from Thailand are significantly below the selling price in India, thus significantly undercutting the prices in the domestic market. Price undercutting has increased significantly in the POI, when compared to the previous years
- ix. China’s circumvention has resulted in (a) loss of Indian industry’s market share in demand; (b) significant price undercutting; and (c) Erosion of Duty.
- x. Significant imports consigned from Thailand were cleared by the customs after payment of full customs duty. Under the ASEAN–India Free Trade Area (AIFTA), the product under consideration is exempted from payment of basic custom duties. There is no reason why a genuine producer should export the product with imports attracting full custom duties, when they can easily avail concessional benefits under AIFTA
- xi. The European Commission in numerous decisions have concluded circumvention based on change in trade pattern and undermining the remedial effect on the basis

of import statistics solely. The presence of production facility in the country concerned is not even a question for determination.

E.2 Views of the other interested parties

18. The following submissions were made by the other interested parties:

- i. The regional content value should be checked in imports from Thailand & Cambodia. It should be minimum 35%. Carotar declaration should be scrutinized. Asean-India Free Trade Agreement (AIFTA) Certificate Of Origin should be scrutinized.
- ii. Imports from Thailand & Cambodia primarily looks suspicious. There are strong chances of evasion of duty / misdeclaration which needs to be ascertained. The exporter is from a different country. The financial transactions need to be checked.
- iii. Scrutinize the documents from the exporters & importers involved. Their names are not mentioned in the NCV of domestic industry.
- iv. There is no basic duty & cess on basic duty & no GST on basic duty & no GST on cess on imports from Thailand & Cambodia.
- v. Physical verification of exporter should be done.
- vi. Thailand & Cambodia can buy from any country. So, China should not be cornered.
- vii. Landing cost from China is very high.
- viii. The dumping from Thailand & Cambodia are spoiling the prices locally as China is not competitive.

E.3 Examination by the Authority

19. The Authority notes that the submissions made by various interested parties and the relevant provision of the Act/Rules as under:

Rule 25 of CVD Rules:

Circumvention of countervailing duties. – (1) Circumvention shall be considered as a change in the pattern of trade between any country and India or between individual companies in any other country, subject to measures and India, as a result of a practice, process or work for which there is insufficient cause or economic justification other than the imposition of the duty, and where there is evidence of injury or that the remedial effects of the duty are being undermined in terms of the prices or quantities or both of the like product, and that the imported like product or parts thereof or both still benefit from the subsidy as determined in original or previous determination.

(2) The practice, process or work referred to in the sub-rule (1) includes, inter alia,-

(a) where an article subject to countervailing duty is imported into India from any country including the country of origin or country of export notified for the purposes of levy of countervailing duty, in an unassembled, unfinished or incomplete form and is assembled, finished or completed in India or in any other country, such assembly, finishing or completion shall be considered to circumvent the countervailing in force if,-

(i) the operation started or increased after, or just prior to, the countervailing investigations and the parts and components are imported from the country of origin or country of export notified for purposes of levy of countervailing duty; and

(ii) the value consequent to assembly, finishing or completion operation is less than thirty-five percent of the cost of assembled, finished or complete article.

Explanation I. – ‘Value’ means the cost of assembled, complete or finished article less value of imported parts or components.

Explanation II. - For the purposes of calculating the ‘value’, expenses on account of payments relating to intellectual property rights, royalty, technical know-how fees and consultancy charges, shall not be taken into account.

(b) where an article subject to countervailing duty is imported into India from country of origin or country of export notified for the levy of countervailing duty after being subjected to any process involving alteration of the description, name or composition of an article, such alteration shall be considered to circumvent the countervailing duty in force if the alteration of the description or name or composition of the article subject to countervailing duty results in the article being altered in form or appearance even in minor forms regardless of the variation of tariff classification, if any;

(c) where an article subject to countervailing duty is imported into India through any exporter or producer or country not subject to countervailing duty, such exports shall be considered to circumvent the countervailing duty in force if the exporters or producers notified for the levy of countervailing duty change their trade practice, pattern of trade or channels of sales of the article in order to have their products exported to India through any exporter or producer or country not subject to countervailing duty;

(d) any other manner where the countervailing duty so imposed is rendered ineffective.

20. For the purpose of examination of imports of both the PUC and the PUI, the petitioner provided transaction wise import data from Trade Map in view of non availability of the same by DGCI&S. The Authority, however, has considered transaction wise data provided by the DG systems for analysing the import of the PUI and the PUC in India. For the purpose of analysis of export by Thailand to third countries and import in Thailand by other countries, Trade Map data has been considered.

21. The Authority notes that the CVD measure is producer/exporter specific. The producers/exporters subjected to a CVD investigation need to provide relevant data/information so that the Authority can make a determination. The Authority notes that none of the producer/exporters of PUI have provided any information.

E.3.1 Change in the pattern of trade

22. The Authority has examined the stipulated criteria on shift in trade pattern to PUI from PUC i.e. whether the change in trade pattern is stemmed from an economic justification or is on account of levy of CVD on the PUC, in accordance with Rule 25(1).
23. The change in pattern of trade has been analysed from 2018-19 to the POI, analysing the volume of imports of the PUC and PUI.

Years	Imports of PUI (MT)	Imports of PUC (MT)
2018-19	-	712
2019-20	-	776
2020-21	23	776
2021-22	176	455

Source: DG SYSTEMS

24. It is seen that the imports from Thailand that were otherwise non-existent till 2018-19, started entering the domestic market for the first time in 2020-21. Correspondingly, after the imposition of countervailing duties on China on 30th August, 2019, the volume of imports from China started declining.
25. The Authority has also examined imports of Saccharin into Thailand from various countries globally, and exports of Saccharin from Thailand to other countries.

Particulars	2017	2018	2019	2020	2021
Imports into Thailand (MT)	1,054	1,008	1,044	1,432	1,584
Import price (USD/kg)	7.45	7.95	11.55	7.18	7.13
Exports from Thailand (MT)	0.36	0.78	6.80	157	1,185
Export price (USD/kg)	25.21	23.23	1.76	5.75	6.44

Source: Trade Map

26. The following is observed:
- Thailand has been historically importing saccharin. These imports increased from 1044 MT 2019 to 1432 MT in 2020 and 1584 MT in 2021. There were, however, nil or low exports from Thailand till 2019.
 - Majority of the imports in Thailand (about 95% over the period 2017 to 2021) are from China, while some volumes have been imported from other countries as well, including India, Japan and South Korea.
 - Export price from Thailand to India and other countries is lower than import price into Thailand.
27. The Authority also notes that exporters from Thailand have preferred not to cooperate and have not provided any information whatsoever with regard to the origin of the material exported to India which indicates that there are no genuine producers in Thailand.
28. Further, the domestic industry has provided evidence showing exporters in Thailand are routing the PUI produced in China. Since there is no other evidence given by any party to show domestic production of the product in Thailand, and neither that any of the producers/exporters have cooperated, the Authority holds that the goods exported from

Thailand are of Chinese origin which incorporated the subsidy provided by China PR in this product which has already been quantified in the original investigation.

E.3.2 Justification Economic or otherwise other than imposition of anti-subsidy duty

29. It is noted that the imports from Thailand are attracting concessional customs duty under the ASEAN-India Free Trade Agreement (AIFTA). The present basic customs duty on import of Saccharin is 10% whereas the preferential tariff for import of sachharin from Thailand is 0% under AIFTA. As per the information available in transaction wise import data of DG Systems, it is noted that all imports from Thailand during 2020-21 and the POI have been made after payment of full customs duty whereas all imports from China PR during the same period have been made after payment of customs duty and countervailing duty, as applicable.
30. It is also noted that whereas the applicant has claimed that there is no producer of Sachharin in Thailand, the transaction wise import data indicates that imports from Thailand in India are of Thailand origin. In this regard, the Authority notes that the applicant has submitted evidence indicating that the PUI imported from Thailand are in fact of Chinese origin.
31. Further, in the absence of any cooperation from producer/exporter from Thailand, it appears that while the exporters have undertaken some insignificant activity leading to the change in country of origin, but the same is not enough to avail concessions under either AIFTA, nor sufficient to establish that the exports do not constitute circumvention of duty.
32. The Authority, therefore, holds that imports from Thailand are in fact of Chinese origin and there is no other due cause or economic justification for the transshipment of PUC from PUI other than the avoidance of the payment of the countervailing duty in force on import of Sachharin originating in or exported from China PR.

E.3.3 Assessment of effect of circumvention on existing Anti-subsidy measures and the domestic industry.

33. An essential aspect in an anti-circumvention investigation whether remedial effects of the anti-subsidy duty imposed earlier are being undermined. The Authority therefore examined the manner in which and to the extent the circumvented products are undermining the duty imposed and thereby rendering such duty as redundant. The Authority has examined whether the remedial effects of anti-subsidy duties are undermined in terms of market share and price undercutting due to imports of the product under investigation from Thailand.

F.3.3.1 Market share assessment

34. The Authority has examined market share of imports of the PUI in the demand of the subject goods in India as provided under:

Market Share in Demand	Unit	2018-19	2019-20	2020-21	POI
Sales of Indian industry	%	42	50	55	62
Subject Country - Thailand	%	0	0	1	10

Country attracting CVD-China	%	36	45	39	21
Other Countries	%	22	5	5	7
Total Demand Share	%	100	100	100	100

35. It is seen that there were no imports from Thailand in the domestic market until 2019-20. However with duties imposed on China PR, Thailand captured one percent market in 2020-21 and its share increased to 10% in the POI. Market share of China PR decreased from 39% in 2019-20 to 21% in the POI. The domestic industry had been able to increase some market share post imposition of countervailing duties on China, however, it has been prevented from further increasing its legitimate market share because of Chinese subsidised exports being circumvented through Thailand.

F.3.3.2 Effect of circumvention on Net Sales Realization of PUC of the domestic industry during the POI

36. With regard to the effect of imports of the PUI on prices, it is required to be analysed whether there has been a significant price undercutting by the circumvented imports as compared to the price of the like products in India. The Authority has considered the same as under:

Price Undercutting	Unit	2018-19	2019-20	2020-21	POI
Landed price of imports from Thailand	Rs/kg	-	-	474	532
Net sales realization	Rs/kg	-	-	***	***
Net sales realization	Trend			100	103
Price undercutting	Rs/kg	-	-	***	***
Price undercutting	Trend			100	71
Price undercutting	%	-	-	***	***
Price undercutting	% Range	-	-	20-30	10-20

37. It is seen that the landed price of imports from Thailand is below the selling price of the domestic industry since the time it started entering the domestic market in 2018-19.

38. The Authority has examined the undercutting level from China in the table below:

Price Undercutting	Unit	2018-19	2019-20	2020-21	POI
Landed price of imports from China PR	Rs/kg	450	473	668	602
Landed with CVD	Rs/kg	450	473	791	713
Net sales realization	Rs/kg	***	***	***	***
Net sales realization	Trend	100	112	121	126
Price undercutting (without CVD)	Rs/kg	***	***	***	***

Price undercutting (without CVD)	Trend	100	176	-143	46
Price undercutting	%	***	***	***	***
Price undercutting	% Range	0-10	10-20	Negative	0-10
Price undercutting (with CVD)	Rs/kg	***	***	***	***
Price undercutting (with CVD)	Trend	100	176	-411	-196
Price undercutting (with CVD)	%	***	***	***	***
Price undercutting (with CVD)	% Range	0-10	10-20	Negative	Negative

39. The anti-subsidy duties were imposed in August 2019. Thus, the duties were effective in the POI. It is seen that price undercutting on imports of PUC from China PR (with CVD) was negative during the POI.

F.3.3.3 Countervailing benefits are applicable on goods being exported from Thailand

40. Examination of evidence on record evidences that the goods being exported through Thailand are the goods originating in China PR. On account of the fact that none of the producers/exporters from Thailand have participated in the investigation to evidence that the PUI imported in India were produced in Thailand, the Authority holds that the PUI imported in India is of Chinese origin and have thus benefited from the subsidies that were earlier found to have benefited the Chinese manufacturers. This is particularly so when the nature of subsidies earlier determined to have benefited the exports were either linked to the production or exports as such, and were not limited only on direct exports to India only.

F.3.3.4 Erosion of efficacy of existing countervailing duty on PUC during the POI

41. The Authority has determined the quantum of ADD that would have been payable on imports of the product under investigation from Thailand. The Table below quantifies the the amount of erosion of anti-dsubsidy measures on PUC:

Period	Imports-Quantity from Thailand	CIF price	Anti-Subsidy Duty on PUC - China	Anti-Subsidy Duty	Quantum of erosion of Countervailing Duty
	MT	Rs./kg	%	Rs/kg	Rs.Lacs
2018-19	-		20		
2019-20	0		20		
2020-21	23	474	20	94.6	22
2021-22	176	532	20	106.4	187
Total					209

42. It is seen that an amount of Rs.209 lacs was payable on these imports as countervailing duty, if these were declared as of Chinese origin.

G. POST DISCLOSURE COMMENTS

G.1 Comments made by the domestic industry

43. The domestic industry has agreed with the observations of the Authority. It is reiterated that:
- i. Volume of imports into India from China has declined since imposition of countervailing duty on imports of the product under consideration. Correspondingly, imports from Thailand started and has now intensified. Thus there is clear change in the pattern of trade.
 - ii. There have been no imports from Thailand earlier and there is no known producer involved in the manufacturing, there can be no other justification, economic or otherwise, apart from imposition of countervailing duty on China PR, for the above change in pattern of trade, as the import price from Thailand is much below the level of import price from China even without adding countervailing duty. The only objective appears to be circumvention of the countervailing duty in place.
 - iii. The landed price of imports consigned from Thailand are significantly below the selling price in India, thus significantly undercutting the prices in the domestic market.
 - iv. The market share of Thailand has increased. The domestic industry had been able to increase some market share post imposition of countervailing duties on China, however, it has been prevented from further increasing its legitimate market share because of Chinese subsidised exports being circumvented through Thailand.
 - v. The Authority has noted that all imports from Thailand during 2020-21 and the POI have been made after payment of full customs duty. Thus despite having a concessional duty under FTA, the exporters are not able to utilize the duty exemption given because the exporters have not been able to fulfil the rules of origin requirements under the FTA. This strengthens the argument that the goods are of Chinese origin.
 - vi. The PUI imported in India is of Chinese origin and have thus benefited from the subsidies that were earlier found to have benefited the Chinese manufacturers. There is no evidence to show that the benefits that were available to the producers in China have ceased to exist.

G.2 Submissions made by other interested parties

44. None of the exporters, importers, consumers, and other interested parties has filed any comment or submissions, post issuance of the disclosure statement.

G.3 Examination by the Authority

45. The Authority notes that most of the submission by the domestic industry and interested parties are repetitive in nature. These submissions have already been examined at appropriate places in this finding.

H. CONCLUSIONS

46. Having examined the contentions of the domestic industry and other interested parties and based on the analysis as above, the Authority concludes that:
- i. The Authority notes that there has been a change in pattern of trade in case of the PUI. It is seen that the imports from Thailand that were otherwise non-existent till 2018-19, started entering the domestic market for the first time in

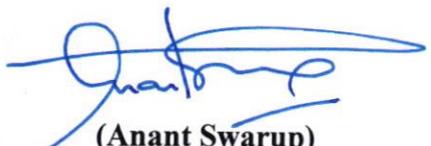
- 2020-21. Correspondingly, after the imposition of countervailing duties on China on 30th August, 2019, the volume of imports from China started declining.
- ii. The goods exported from Thailand are of Chinese origin which incorporated the subsidy provided by China PR in this product which has already been quantified in the original investigation.
 - iii. There is no other due cause or economic justification for the transshipment of the PUC from the PUI other than the avoidance of the payment of the countervailing duty in force on import of Sachharin originating in or exported from China PR.
 - iv. Imports of PUI from Thailand are entering at dumped prices.
 - v. The import of PUI have undermined the remedial effect of existing CVD measure on the PUC imposed vide Custom Notification No. 02/2019 -Cus(CVD) dated 30th August, 2019.
 - vi. The commercial gain due to evasion of countervailing duty on the PUC has benefitted the producers/exporters by exporting the PUI through Thailand.
 - vii. The Authority has also received comments on the investigation from an importer, M/s Sandeep Organics Private Limited. The said importer has stated that the imports from Thailand and Cambodia primarily look suspicious and there are strong chances of evasion of duty / misdeclaration which needs to be ascertained as the the exporter is from a different country. The Authority, noting, the contentions of the importer has considered the same while examining the various aspects of the circumvention phenomena.

I. RECOMMENDATION

47. The Authority keeping in view the aforesaid, recommends extension of the existing countervailing duty on the subject goods originating in or exported from China PR, imposed vide Custom Notification No. 02/2019-Cus (CVD) dated 30th August, 2019, on the import of Saccharin originating in or exported from Thailand.
48. The validity of the countervailing duty on the imports of Saccharin originating in or exported from Thailand would be co-terminus with the countervailing duty on the import of Saccharin originating in or exported from China PR, imposed through Custom Notification No. 02/2019-Cus (CVD) dated 30th August, 2019.

J. FURTHER PROCEDURE

49. An appeal against the order of the Central Government arising out of this final finding shall lie before the Customs, Excise and Service Tax Appellate Tribunal in accordance with the Customs Tariff Act.


(Anant Swarup)
Designated Authority