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F. No. 6/26/2020 -DGTR

Government of India

Ministry of Commerce & Industry

Department of Commerce

Directorate General of Trade Remedies

Jeevan Tara Building, 5, Parliament Street, New Delhi

Dated 9th August, 2021

NOTIFICATION

FINAL FINDINGS

Case No. CVD OI- 05/2020

Subject: Anti-subsidy investigation concerning imports of "Viscose Rayon Filament Yarn above 60 deniers" originating in or exported from China PR.

A. BACKGROUND OF THE CASE

Having regard to the Customs Tariff Act 1975 (hereinafter 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, (hereinafter referred as the Anti-Subsidy Rules or Countervailing Rules or Rules) as amended from time to time.

1. Whereas, the Association of Man-Made Fibre Industry of India (AMFII) (hereinafter also 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 Act and the Rules for an anti-subsidy investigation concerning the imports of "Viscose Rayon Filament Yarn above 60 deniers" (hereinafter also referred to as "subject goods" or "product under consideration" or "PUC"), originating in or exported from China PR (hereinafter also referred to as the "subject country").
2. And whereas, in view of the duly substantiated application filed by the applicant, the Authority in accordance with Section 9 of the Act read with the Rule 6 of the Rules, initiated the anti-subsidy investigation vide Notification No. 6/26/2020-DGTR dated 20th July, 2020 published in the Gazette of India, Extraordinary to determine the existence, degree and effect of the alleged subsidization of the subject goods and to recommend the amount of anti-subsidy duty, which if levied, would be adequate to remove the alleged injury to the domestic industry.

B. PROCEDURE

3. The procedure described below has been followed by the Authority with regard to the investigation:
- a. The Authority under the above Rules, received a written application from the applicant on behalf of the domestic industry alleging subsidy on Viscose Rayon Filament Yarn above 60 deniers from China PR.
 - b. The Authority notified the Embassy of the subject country in India about the receipt of the anti-subsidy application before proceeding to initiate the investigation in accordance with Sub-Rule (5) of Rule 6 supra.
 - c. The Authority invited the Government of China (“GOC”) for consultation with the aim of clarifying the situation and arriving at a mutually agreed solution in accordance with Article 13 of the Agreement on Subsidies and Countervailing Measures. The consultation was held on 10th July 2020 and was attended by the official of the Government of China PR. The Government of China PR denied existence/ applicability of certain programs and non-availment of some of the program by producers/exporters of the product under consideration. Accordingly, program nos. 1,2,3,4,6,8 and 21 had been taken out from the purview of the investigation.
 - d. The Authority issued a public notice dated 20th July 2020 published in the Gazette of India Extraordinary, initiating countervailing duty/ anti-subsidy investigation concerning imports of the subject goods.
 - e. The Authority sent a copy of the initiation notification dated 20th July 2020 to the Embassy of the subject country in India, the known producers and exporters from the subject country, known importers/users and other interested parties, as per the available information. The interested parties were advised to provide relevant information in the form and manner prescribed and make their submissions known in writing within the prescribed time-limit.
 - f. The Authority provided a copy of the non-confidential version of the application to the known producers/exporters and to the Embassy of subject country in India in accordance with Rule 7(3) of the Rules supra.
 - g. The Embassy of the subject country in India was also requested to advise the exporters/producers from its country to respond to the questionnaire within the prescribed time limit. A copy of the letter and questionnaire sent to the producers/exporters was also sent along with the names and addresses of the known producers/exporters from the subject country.
 - h. The Authority sent questionnaire to the Government of subject country in order to seek relevant facts/information with regard to various schemes/ programs where countervailable benefits might have been conferred by the Government. Government of China has filed a questionnaire response, which has also been taken into account.
 - i. The Authority forwarded a copy of the public notice initiating anti-subsidy investigation to the following known producers/exporters in the subject country and provided opportunity to make their submissions known in writing within forty days in accordance with the Rules 6(2) and 6(4) of the Rules: -
 - i. Yibin Grace Co. Limited

- ii. Yibin Heist Fibre Co. Limited
 - iii. Xinxiang Bailu Chemical Fibre Group Co. Limited
 - iv. Jilin Chemical Fibre Group Co. Limited.
 - v. HMEI Thread Co. Limited.
- j. In response to the above notification, following exporters/producers have responded to or submitted exporter questionnaire responses:
- i. Xinxiang Chemical Fibre Co., Limited
 - ii. Jilin Chemical Fiber Stock Co., Limited
 - iii. Jilin Enka Viscose Co., Limited
 - iv. Yibin Hiest Fibre Limited Corporation
- k. Authority sent Questionnaires to the following known importers / users of subject goods in India calling for the necessary information in accordance with Rule 6(4) of the Rules.
- i. Tejoday Dyeing & Printing Works
 - ii. Vyapar Com & Industries Limited
 - iii. Doriwala Industries Private Limited
 - iv. Yash Enterprises
 - v. Rajmal Son's and Group
 - vi. Marwadi Brothers,
 - vii. Shanti Textiles Private Limited
 - viii. Chunnilal Kundanmall Yarn Private Limited
 - ix. Krishan Sale's Corporation
 - x. Amrit Rayon Limited
 - xi. Agarwal Fabtex Private Limited
 - xii. AR Corporation
 - xiii. Meenakshi Group Private Limited
 - xiv. Urjaa Exim Private Limited
 - xv. Shri Govindraj Trading Company
 - xvi. Ramchandra Art Silk Yarn Trading Company Limited.
 - xvii. Meher International Marketing Private Limited
 - xviii. Matrix Enterprises Private Limited
 - xix. Bittu Synthetics Private Limited
 - xx. Liberty Trendz Private Limited
 - xxi. Manohar Capital Markets Limited
 - xxii. Bell Textiles Private Limited
 - xxiii. Hardik Fashions Private Limited
 - xxiv. Shah Trading Company Limited
- l. In response to the above, following importers/users filed responses: -
- i. Jalaram Textiles Private Limited
 - ii. Nayana Sarees
 - iii. Reaghan Fashions Private Limited
 - iv. S.K. Weaving Private Limited
 - v. Shri Girnar Fabrics
 - vi. Sonel Silk Corporation

- vii. Supraphat Sizing
- viii. Tejoday Dyeing & Printing Works
- ix. Meher Filaments
- x. Kaizen International
- xi. Kamla Fabrics
- m. Authority also sent copies of the initiation notification to the following Associations and sought their comments: -
 - i. Handloom and Small Users Art Silk Yarn Association
 - ii. Federation of Indian Art Silk Weaving Industry
 - iii. Pandesara Ind Co Operative Society Limited
 - iv. Bhiwandi Textile Manufacturers' Association
 - v. Surat Art Silk Cloth Producers Cooperative Society Limited
 - vi. Surat Rayon Textiles Exporters Cooperative Society Limited
 - vii. Sasme Cooperative Society Limited
 - viii. Surat Vankar Sahakari Sangh Limited
- n. Along with the responding producers, users and importers, the following interested parties filed submissions during the course of the investigation:
 - i. Government of China
 - ii. China Chamber of Commerce for Import and Export of Textile.
- o. The following parties failed to register themselves as interested parties. However, they have filed submissions during the course of the investigation:
 - i. Pandesara Ind Co Operative Society Limited, Surat, Gujarat
 - ii. The Surat Art Silk Cloth Manufacturers Association, Surat, Gujarat
 - iii. Federation of Indian Art Silk Weaving Industry, Worli, Mumbai
 - iv. The Udhna Group Weavers Producers CO-OP. Society Ltd, Udhna, Gujarat
 - v. Ved Road Art Silk Small Scale Co. Op. Federation Limited, Surat, Gujarat
 - vi. Sachin Industrial Co. Op. Society Limited, Sachin, Gujarat.
 - vii. Jay Goga Fabrics, Surat, Gujarat.
 - viii. Mausam Fabrics, Surat, Gujarat.
 - ix. Radhey Fabrics, Surat, Gujarat.
 - x. Shree Fabrics, Surat, Gujarat.
 - xi. Allwin Textiles, Surat, Gujarat.
 - xii. Bharatbhai Chaganlal Patel, Surat, Gujarat.
 - xiii. Hardik Textile, Surat, Gujarat.
 - xiv. Mahalakshmi Enterprise, Surat, Gujarat.
 - xv. Shree Chachret Textiles, Surat, Gujarat.
 - xvi. Siddhi Silk Store, Bapunagar, Gujarat.
 - xvii. RC Fabrics, Surat, Gujarat.
- p. Request was made to the Directorate General of Commercial Intelligence and Statistics (DGCI&S) to provide transaction-wise details of imports of subject goods for the past three years and the period of investigation, which has been received by the Authority. The Authority has relied upon DGCI&S transaction-wise data for the required analysis after due examination of the transactions.

- q. The period of investigation for the purpose of present investigation considered by the Authority is April 2019 to March 2020. The injury period includes 2016-17, 2017-18, 2018-19 and the period of investigation.
- r. Verification of the information provided by the domestic industry and the responding producers/exporters to the extent deemed necessary was carried out by way of desk study. Only such verified information with necessary rectification, wherever applicable, has been relied upon for the purpose of this disclosure statement.
- s. The Authority held oral hearing on 4th June 2021 to provide an opportunity to the interested parties to present the information orally in accordance with Rule 7(6). Oral hearing was held through video conferencing in view of the special circumstances arising out of the COVID-19 pandemic. All the parties who presented their views in the oral hearing were requested to file written submissions in order to enable the opposing interested parties to file rejoinders thereafter.
- t. The submissions made by the interested parties during the course of the investigation and the oral hearing, have been addressed in these final finding, to the extent considered relevant by the Authority.
- u. Information provided by the applicant and other interested parties on confidential basis was examined with regard to the sufficiency of the confidentiality claims. On being satisfied, the Authority has accepted the confidentiality claims, wherever warranted and such information has been considered confidential and not disclosed to the applicants or the other interested parties. The Authority made available non-confidential version of the evidence presented by the various interested parties in the form of a public file kept open for inspection by the interested parties.
- v. The Non-Injurious Price (hereinafter referred to as 'NIP') based on the cost of production and the cost to make and sell the subject goods in India based on the information furnished by the domestic industry on the basis of Generally Accepted Accounting Principles (GAAP) and Annexure III to the Anti-Dumping Rules has been worked out so as to ascertain whether anti-subsidy duty lower than the subsidy margin would be sufficient to remove injury to the domestic industry.
- w. 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 considered such parties as non-cooperative and recorded the present final findings on the basis of the facts available.
- x. In accordance with Rule 18 of the Rules, the essential facts of the investigation were disclosed to the known interested parties vide disclosure statement dated 2nd August 2021 and comments received thereon, considered relevant by the Authority, have been addressed in these final findings. The Authority notes that most of the post disclosure submissions made by the interested parties are mere reiteration of their earlier submissions. However, the post disclosure submissions to the extent considered relevant are being examined in these Final Findings.

- y. *** in these final findings represents information furnished by an interested party on confidential basis and so considered by the Authority under the Rules.
- z. The exchange rate adopted by the Authority for the subject investigation is 1 US \$= Rs 71.65.

C. PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE

C.1 Submissions made by the applicant.

- 4. The submissions made by the applicant with regard to the product under consideration and the like article are as follows:
 - a. Product under consideration in the present investigation is Viscose Rayon Filament Yarn above 60 deniers excluding (a) ready to use yarn/ thread on bobbin for embroidery applications and (b) yarn produced through spool spun technology.
 - b. Applicant requested for the inclusion of ready to use yarn/ thread for embroidery applications because other producers in India are producing the product and the applicant fears that the exporters may export the subject goods as embroidery yarn to avoid duty.
 - c. As per custom notification no. 32/2016 dated 14th July 2016, Yarn/thread for embroidery applications on hank or cone or core wind is not a ready to use article. Two major conditions that are required to be satisfied for a embroidery yarn or thread are (a) the yarn should be ready to use and (b) it should be dyed.
 - d. A typical embroidery machine runs at a speed of 1000-1200 rpm and it is impossible to run a yarn on hank to run at this speed.
 - e. As can be seen in the import data, difference in price of VFY or embroidered yarn is alarming. If these are substitutable products, question arises why prices differ so significantly and whether the difference in price renders them commercially un-substitutable.
 - f. The product that is being imported as yarn in hank, cone or core wind is normally not dyed. Objective of inclusion of the term “yarn of any color” is to avoid anti-dumping duty on imports of undyed yarn in the form of white yarn.
 - g. “White dyed yarn” is very different from “undyed white yarn”. The interested parties are mixing the two in order to create confusion and thereafter take undue advantage of the same.
 - h. The users will claim that a double twisted yarn should be considered as an embroidery yarn. Even a double twisted yarn is also required to be further processed and then used in further applications.
 - i. There is a significant difference between a dyed and undyed yarn. An undyed yarn is not a finished product, and it has to be further processed in the form of dying before it can be further used.
 - j. On the submission that in the previous investigation embroidered yarn regardless of its color was excluded, it is submitted that it is a fresh investigation and therefore previous final findings are not binding on the scope of the product under consideration.

- k. Product under consideration can be produced by three processes, namely, Continuous Spun Yarn (CSY), Pot Spun Yarn (PSY) and Spool Spun Yarn (SSY). Indian domestic industry can produce Viscose Rayon Filament Yarn through all the three processes.
- l. Yarn produced through each process finds different usage in different segment because of the different specifications.
- m. Producers in the subject country are employing only PSY and CSY process and have not yet developed SSY technology for production.
- n. Product under consideration in the present investigation is restricted to the PSY and CSY. SSY is outside the scope of the product under consideration.
- o. SSY yarn would be used by a consumer where CSY and PSY would not work.
- p. On the submission that the yarn below 75 deniers produced by the domestic industry is of poor quality, it is submitted that the yarn is product in 60 and thereafter in 75 deniers. Therefore, yarn below 75 deniers, i.e., 60 and below is already considered NPUC.
- q. Applicant refrains from addressing irrelevant, unsubstantiated and factually incorrect statement concerning yarn below 75 deniers.
- r. On the submission that technology was not considered a relevant parameter in the investigation of Viscose Spun Yarn, it was found that goods produced through air-jet technology and imported from subject country were part of the product under consideration. What was required to be seen is whether the like article is being produced by the domestic industry is similar to the imported product.
- s. It is incorrect to state that customer is only concerned about the specification of the products and do not care about type of technology used. Had specification of the products been the only relevant condition and not the technology used, there would not have been such significant difference in the prices and the consumer would definitely choose the cheaper product.
- t. The applicant has not produced ready to use yarn/thread for embroidery application. Therefore, the data of the domestic industry does not contain any information with regard to the yarn used for embroidery application.
- u. SSY has been removed from the PUC scope because it is not imported from China and because its production by the domestic industry is upto 60 deniers..
- v. On the submission that Indian customers employ yarn on cone directly is factually incorrect. Further it was for the user industry to provide the information if the yarn in hank or cone are same as the yarn on bobbin and whether the consumers can use the yarn on hank in an embroidery application. Yarn in hank has to be first transferred onto a bobbin before being used on an embroidery machine.
- w. There is no evidence that handmade embroidery maker uses yarn on hank. In fact, their entire requirement is far more limited and if they start using yarn on hank, they will not be viable and end up in piling up the yarn more than what they would have earned by doing the embroidery.
- x. Goods produced by the domestic industry are like article to the imported goods as they are comparable in terms of physical and chemical characteristics, manufacturing process & technology, functions & uses, product specifications,

pricing, distribution & marketing and tariff classification, and are technically and commercially substitutable. There is no known significant difference in the technology employed by the domestic industry and the producers in the subject country.

- y. On the submission that the product supplied by the domestic industry is of poor quality, it is submitted that the domestic industry is in the market for decades and holds a significant share. Product supplied by the domestic industry is at par with the imported products.

C.2 Submissions made by other interested parties.

5. The submissions made by the other interested parties with regard to the product under consideration and like article are as follows:
 - a. Ready to use yarn/thread can be wound on not just on bobbin, but also on cone and in looped bundle and can be of any color. Scope of the product under consideration should be modified to exclude bobbin on cone and in looped bundle from the scope of the product under consideration.
 - b. As per the final finding issued in sunset review of Viscose Rayon Filament Yarn up to 150 deniers from China PR, embroidered yarn regardless of its color was excluded from the scope of PUC subject to an anti-dumping duty.
 - c. Yarn in hank is normally transferred onto a bobbin before use on an embroidery machine. But they are also, ready to use for handmade embroidery.
 - d. While a bobbin is smaller than a cone and normally yarn on bobbin is employed on embroidery machines. However, Indian customers also employ yarn on cone directly on embroidery machines to save cost.
 - e. There is no difference between yarn in hank or cone and yarn in bobbins except for the fact that they are packed differently.
 - f. If ready to use yarn/thread for embroidery applications has been excluded, the question of whether such yarn/thread is dyed or undyed is immaterial.
 - g. Indian producers mainly produce coarse denier above 75 deniers.
 - h. Fine denier yarn of below 75 deniers produced by the domestic industry is of poor quality, less variety and in small quantity. The Authority should exclude it from the scope of product under consideration.
 - i. There is no substantial difference in the product manufactured through the different technologies. Subject goods produced through SSY technology is not different from the Viscose Filament Yarn produced by PSY and CSY.
 - j. Yarn produced through SSY technology was not excluded from the scope of the product under consideration in the anti-dumping investigation. The Applicant has not provided any reason for its exclusion.
 - k. Product produced through SSY technology has been excluded to reach an artificial and manipulated injury analysis. The SSY business of the domestic industry have good and healthy operations.
 - l. Domestic industry can only produce a small quantity of the fine deniers via SSY technology. On the other hand, imports from China are mainly fine denier and super

- fine denier.
- m. In the final finding of Viscose Spun Yarn, the other interested parties requested that VSY produced through air-jet technology should be excluded as there are insufficient production capacities. However, it was not excluded from the scope of the product under consideration.
 - n. Yarn produced by SSY is not different from the yarn produced by PSY and CSY. Customer is only concerned about the specification of the products and do not care about the type of technology used to manufacture the product.
 - o. Imported goods are of better quality as compared to the Indian producers. Importers from India are willing to purchase even with higher price from China PR.
 - p. While imported subject goods are available in 3 pulps - cotton/wood mix, bamboo pulp & cotton pulp, domestically produced goods are available in wood pulp only. Quality of fabric made from imported viscose filament yarn is much better than the local yarn.
 - q. Imported yarn is made on good technology machines so weavers can install high speed machines like Airjet & Rapier and are able to export to H&M, Zara etc. Fabric made by local yarn is not accepted for export because of the quality.
 - r. The Authority had not excluded the product on the basis of technology in the final finding concerning imports of Cold Rolled Flat Products of Stainless Steel from China PR, Japan, Korea, European Union, South Africa, Taiwan (Chinese Taipei), Thailand and USA.
 - s. Yibin Heist has stated that two the products exported by it 100% Rayon embroidery thread raw undyed white, on cone 120D/2 and 100% Rayon embroidery thread raw undyed white on hank 120D/2, should be expressly excluded from the scope of the product under consideration.
 - t. The Applicant's apprehension regarding alleged circumvention of the CVD on imports of the PUC by import of ready to use embroidery yarn/thread are unfounded and without any basis.
 - u. Yarn in hank form can be used on an embroidery machine also after being transferred onto a cone. This transfer onto a cone or bobbin is not a significant process that changes the fundamental nature of the yarn on hank; it continues to remain "ready to use" as was before it was transferred onto a cone or bobbin.
 - v. On the submission of price difference, the domestic industry does not manufacture ready to use yarn/ thread for embroidery applications, so all the secondary questions regarding the import data, price differences or commercial substitutability are pointless.
 - w. The evidence provided by the Applicant nowhere states that the yarn used for embroidery machine can only be in bobbin.
 - x. Anti-dumping duty on Viscose Staple Fibre excludes bamboo fibre, therefore, VFY made from Bamboo and Cotton pulp should also be excluded from the scope of the product under consideration.

C.3 Examination by the Authority

6. At the stage of initiation, the product under consideration is defined as under:

"The product under consideration in the present investigation is "Viscose Rayon Filament Yarn above 60 deniers, excluding (a) ready to use yarn/thread on bobbin for embroidery applications and (b) yarn produced through spool spun technology". The product is also known as Viscose Filament Yarn or Rayon Filament Yarn, Art Silk Yarn, Cellulose Yarn or Rayon Yarn in market parlance. The yarn may be single or twisted or double twisted or untwisted. It can be produced through three different technology/processes - Pot Spun Yarn (PSY), Continuous Spun Yarn (CSY) and Spool Spun Yarn (SSY). Yarn produced through each process finds different usage in different segment because of different specifications. The scope of the product under consideration in the present application is restricted to the yarn produced through Pot Spun Yarn and Continuous Spun Yarn technology.

The product resembles silk, cotton and wool in its feel and texture. It is used in making woven fabrics, home furnishings, knitting and others. It is a popular choice for making fabrics such as georgettes, crepes and chiffons.

The product is classified under chapter 54 of the Customs Tariff Act, 1975 under customs heading 540120, 540331, 540332 and 540341. The Applicant has submitted that the product under consideration has been imported under 54012000, 54033100, 54033200, 54034110, 54034120, 54034130, 54034150, 54034170, 54034190, 54034290 and 54034990. The Customs classification is only indicative and not binding on the scope of this investigation."

7. The Authority proposed a PCN methodology vide letter dated 4th September 2020 and invited comments on the same from the interested parties. Based on the comments received, the Authority notified the following PCN methodology for the purpose of the present investigation to the interested parties on 29th September 2020.

SN	Characteristics	Proposed PCN	Code Sign
1	Production technology	i. Continuous Spun Yarn ii. Pot Spun Yarn	i. "CSY" ii. "PSY"
2	Denier of yarn	Actual Denier	i. "XXX"
3	Number of times the product has been twisted	i. Untwisted ii. One-time twisted iii. Double twisted	i. "UT" ii. "OT" iii. "DT"

8. As regard the exclusion of ready to use yarn/thread on hank and cone form for embroidery applications from the scope of the product under consideration, the Authority notes that the yarn on bobbin is different from the yarn on hank and cone form. A yarn on hank or cone form is not a finished article which is ready to be used and is required to be processed further before it can be used on an embroidery application. It is further noted that no

embroidery yarn user has substantiated and submitted that a yarn on cone or hank form can be used on the embroidery machines.

9. As regards exclusion of ready to use yarn in any color from the ambit of scope of the product under consideration, the Authority notes that the exclusion is adequately defined in the initiation notification.
10. As regards the contention regarding the exclusion of yarn produced through SSY technology from the scope of the product under consideration, the Authority notes that the Chinese producers do not have SSY technology. Production of yarn through this technology requires much higher level of investment and SSY technology would be used by consumers where CSY and PSY technology would not work. Moreover, there is significant difference between the prices of yarn produced from SSY technology and PSY technology. No evidence/material has been provided by the opposing interested parties to show that these products can be substituted with each other. There are no imports of yarn produced through SSY technology.
11. As regard the exclusion of 100% Rayon embroidery thread raw undyed white, on cone 120D/2 and 100% Rayon embroidery thread raw undyed white on hank 120D/2 from the scope of product under consideration, it is noted that 100% Rayon embroidery thread raw undyed white, on cone 120D/2 and 100% Rayon embroidery thread raw undyed white on hank 120D/2 are not ready to use yarn but double twisted yarn. Hence, they are not excluded from the scope of the present investigation.
12. As regards exclusion of VFY made from Bamboo and Cotton pulp, the Authority notes that no justification/ evidence has been given to substantiate that yarn produced from Bamboo and Cotton pulp is different.
13. There is no known difference between the subject goods imported from the subject country and that produced by the Applicant. Viscose Rayon Filament yarn produced by the domestic industry and that imported from the subject country are comparable in terms of characteristics such as physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification of the goods. The two are technically and commercially substitutable and consumers can use them interchangeably. The Authority holds that the goods produced by the domestic industry are like articles to the product under consideration imported from the subject country.
14. On the basis of submissions made by the domestic industry and the interested parties, Authority concludes the product under consideration as follows:

“The product under consideration in the present investigation is “Viscose Rayon Filament Yarn above 60 deniers, excluding (a) ready to use yarn/thread on bobbin for embroidery applications and (b) yarn produced through spool spun technology.”

D. SCOPE OF DOMESTIC INDUSTRY & STANDING

D. 1 Submissions made by the applicant.

15. Following submissions have been made by the applicant with regard to the domestic industry and standing:
- a. The application has been filed by the Association of Man-Made Fibre Industry of India (AMFII) and its member Grasim Industries Limited has provided the information.
 - b. Aditya Birla Nuvo Limited got amalgamated and merged with Grasim Industries Limited pursuant to a scheme of arrangement with effect from 1st July 2017. All rights over the books and accounts of Aditya Birla Nuvo Limited were transferred to Grasim Industries Limited and therefore, data for the entire injury period has been provided by the company.
 - c. Century Textiles and Industries Limited (CTIL) has transferred the right to manage, operate, use and control the Viscose Filament Yarn (VFY) business in 2018 for a duration of 15 (fifteen) years to Grasim Industries Limited. Therefore, Century Textiles and Industries Limited had provided data only for 2 years during which it had exercised the right to manage the business.
 - d. Production of the applicant domestic producer is around 80-90% of the total Indian production.
 - e. Cygnet Industries Limited is another producer but is not participating in the present investigation.
 - f. The Applicant domestic company has not imported the product under consideration from the subject country.
 - g. The domestic industry is neither related to the producers/exporters of the product under consideration in the subject country nor related to any of the importers of the product under consideration in India.
 - h. The application satisfies the requirements of the rules. On the submission that the production and capacity of CTIL included in format IVA, from non-confidential application and updated data. it can be seen that the production details reported in the standing for CTIL for 2018-19 and 2019-20 are nil.
 - i. On participation of AMFII, the Association has been participating as applicant Association of domestic producers for some time and has provided the relevant information to the Authority.
 - j. AMFII has represented VFY industry before several authorities in the country such as DGTR, MOF, DOC, Niti Ayog etc. Rule 2(c) recognizes Association as an interested party.

D. 2 Submissions made by other interested parties.

16. The submissions made by other interested parties in regard to the domestic industry and standing are as follows:

- a. AMFII is an ineligible applicant as it cannot be considered as an interested party as per rule 2 (c) of the Rules.
- b. Association has not provided list of members to show that it has a majority of members who produce like article.
- c. Vide letter F. No. 14/44/2016-DGAD, Authority has stipulated requirements in respect of applications filed by Associations on behalf of its members, however none of the documents have been submitted along with the application.
- d. In past investigations such as sunset review of silk fabrics from China PR, the Authority has not considered Associations as an interested party, where they have not provided the requisite information such as details of members, authorization letter.
- e. In the anti-dumping investigation of black toner from China PR, the Authority noted that only a business association majority of members of which are producers, exporters or importers of the subject goods can be considered as an interested party.
- f. Domestic industry acquired VFY business of Aditya Birla Nuvo Limited in July 2017 but has shown production since production since 2016-17.
- g. With the capacity acquired from ABNL (21 KT) and CTIL (26 KT), Grasim cannot hold 80-90% of the total Indian production.
- h. Century Textiles and Industries Limited is “other producer” till 2017-18 and its capacity and production are included in the capacity and the production of Grasim from 2018-19 onwards.
- i. Authorization letter from Grasim has not been provided in the non-confidential application.

D. 3 Examination by the Authority

17. Rule 2(b) of the Anti-subsidy Rules as amended defines domestic industry as under:

“means the domestic producers as a whole engaged in the manufacture of the like article or those whose collective output of the said article constitutes a major proportion of the total domestic production of that article, except when such producers are related to the exporters or importers of the alleged subsidised article, or like article from other countries or are themselves importers thereof, the term "domestic industry" may be interpreted as referring to the rest of the producers.

18. As regards the contention that the Association is not eligible to be an ‘interested party’ under Rule 2 (c), the Authority notes that in the present case, the application has been filed by the Association of Man-Made Fibre Industry of India (AMFFI) and that this Association has represented the domestic producers in past several investigations and is not participating for the first time. The Association has provided relevant documents to the Authority during the course of the investigation. The Association is therefore considered as an interested party.

19. Grasim Industries Limited has provided the relevant data to the Authority. It is seen that the domestic producer has neither imported the subject goods from the subject country nor is related to any exporter or producer of the subject goods in the subject country. The domestic producer is also not related to any importer in India. From the information on record, it is seen that production of the participating domestic producer accounts for majority of the total Indian production. Accordingly, the Authority holds that Grasim Industries Limited constitutes domestic industry within the meaning of Rule 2(b) of the Rules and that the application satisfies the criteria of standing in terms of Rule 6(3) of the Rules.

E. CONFIDENTIALITY

E.1. Submissions of the domestic industry

20. The following submissions have been made by the applicant with regards to confidentiality:
- i. On excessive confidentiality claimed by the domestic industry, the interested parties should establish what prejudice has been caused by non-disclosure of information such as purchase policy and sales policy.

E.2. Submissions by other interested parties

21. The following submissions have been made by other interested parties with regards to confidentiality:
- i. Applicant domestic company has claimed excessive confidentiality and not followed the principles laid down in Trade Notice No. 10/2018 dated 7th September 2018.
 - ii. Applicant has not provided any information for Section VI in the non-confidential application. Further, economic parameters of individual grades have been kept completely confidential.
 - iii. Applicant has deliberately concealed the information pertaining to cost of sales and selling price relating to exports, cash profit per unit, wages, net fixed assets and working capital in Proforma IVA.

E.3. Examination by the Authority

22. The Authority made available the non-confidential version of the information provided by the various interested parties to all other interested parties as per Rule 7(7).
23. With regard to confidentiality of information, Rule 8 of Anti-dumping Rules provide as follows:

“Confidential information: (1) Notwithstanding anything contained in sub-rules (2), (3) and (7) of rule 6, sub-rule(2) of rule 12, sub-rule(4) of rule 15 and sub-rule

(4) of rule 17, the copies of applications received under sub-rule (1) of rule 5, or any other information provided to the designated authority on a confidential basis by any party in the course of investigation, shall, upon the designated authority being satisfied as to its confidentiality, be treated as such by it and no such information shall be disclosed to any other party without specific authorization of the party providing such information.

(2) The designated authority may require the parties providing information on confidential basis to furnish non-confidential summary thereof and if, in the opinion of a party providing such information, such information is not susceptible of summary, such party may submit to the designated authority a statement of reasons why summarization is not possible.

(3) Notwithstanding anything contained in sub-rule (2), if the designated authority is satisfied that the request for confidentiality is not warranted or the supplier of the information is either unwilling to make the information public or to authorise its disclosure in a generalized or summary form, it may disregard such information."

24. Submissions made by the domestic industry and the other opposing interested parties with regard to confidentiality, to the extent considered relevant, were examined by the Authority and addressed accordingly. The Authority notes that the information provided by the interested parties on confidential basis was duly examined with regard to 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. The Authority also notes that all the interested parties have claimed their business-related sensitive information as confidential.

F. MISCELLANEOUS SUBMISSIONS

F. 1 Submissions made by the applicant.

25. Following miscellaneous submissions have been made by applicant:
- a. Relevance of PCN in a subsidy case is limited to only injury margin determination. Thus, PCN proposed must consider those elements that impact the cost of production.
 - b. Different process, end usage and number of twisting in production of VFY are necessary to consider a product control number (PCN) for the purpose of this investigation in order to ensure a fair comparison.

- c. Grade of VFY cannot be considered as a PCN parameter for the reason that the production cost of the product does not differ based on the grade and therefore NIP cannot be differentiated based on grade.
- d. VFY cannot be made without using dissolving grade wood pulp as one of the raw material. No yarn is made by using only bamboo or only cotton as raw material. After process, VFY does not retain generic properties of its raw material and becomes indistinguishable from each other except through complex laboratory tests.
- e. VFY industry at present provides employment to approximately 50,000 families directly or indirectly. Livelihood of such large number of families is dependent on the existence of the domestic industry.
- f. It is in the larger public interest that there exists a healthy domestic industry which can cater to the demand of the users.
- g. Expression public interest does not limit itself to the consumer industry alone and is in fact a much wider term which covers in its ambit the domestic industry of the product under consideration as well.
- h. Users of VFY in the Indian market are small-scale weavers, who use the subject goods to manufacture clothes and other goods. Users will become completely import dependent.
- i. Some of the weavers are even acting as an agent for the Chinese producers and selling their product. These weavers are thus wearing two hats and pleading consumers interest, when in fact they are looking at foreign producers interests.
- j. Domestic industry provides large support to these weavers which the exporters will not provide. Detailed submissions are provided below. History of the product establishes the same.
- k. Despite duties being imposed in past, there has been no instance where the domestic producers of VFY have abused the duties in force to charge extraordinary prices.
- l. Domestic industry at present provides a continuous support such as technical support to weavers for various fabric development, arranges plant visits to weavers and takes technical sessions, cobranding with weavers to promote their products to the users, channel financing to customers etc. which the imports would not be able to bring in.
- m. On the submission of monopoly, besides the applicant, there is another producer of the subject goods Cygnet Industries Limited and the application has not been filed to ban imports. Product is imported under OGL category and can be freely imported.
- n. On monopolistic position of the domestic industry, duties were levied in the past, domestic industry had never adopted any sort of monopolistic practices in that period nor abused its dominant position in India.
- o. On engagement of technical advisory cell, Designated Authority is a quasi-judicial Authority. Interested parties are free to advance any material before the Designated Authority but have not provided any material on the aspects of the present investigation or market which are relevant, and which needs to be considered by the Designated Authority.

- p. On the policies of Ministry of Textile, plea for non-recommendation of duties cannot be taken under the ground that the textile industry considers that the duties are not desirable. Policy referred by the interested parties nowhere shows how these duties in the past have adversely impacted the consumers.
- q. On the submission that the users will be impacted by additional burden of duties, if users are left at the mercy of the exporters, they ultimately will be exploited. Therefore, imposition of duties may lead to a marginal burden on the users but will be in their long-term interest.
- r. On domestic industry abusing dominant position, already duties were imposed for 12 years on import of the product under consideration. The domestic industry never adopted any sort of monopolistic practices in that period nor abused its dominant position in India.
- s. The order of Competition Commission being talked about by the interested parties has already been stayed by the High Court.

F. 2 Submissions made by other interested parties.

26. Following miscellaneous submissions have been made by other interested parties:
- a. The domestic industry has been protected enough over the past 12 years in the form of anti-dumping duty. As a result, the domestic industry's economic parameter has greatly improved and Grasim's position as the leading VFY manufacturer in India and the 3rd largest globally.
 - b. Order of the Competition Commission of India shows the monopolistic tendencies of the domestic industry in the textile segment. The domestic industry has already absorbed one of its competitor's production facilities and if countervailing duty is imposed, it is likely for the domestic industry to abuse its dominant position.
 - c. Due to supply constraints in India, users are constrained to import VFY from outside India, including China PR. There is only one domestic producer in India and is unwilling to increase its capacity in spite of high demand.
 - d. In the anti-dumping investigation concerning imports of Nylon Filament Yarn from China PR, Korea RP, Taiwan and Thailand, the directorate recommended anti-dumping duties, the Ministry of Finance had refused to impose anti-dumping duty.
 - e. Anti-dumping duty on Nylon Tyre Cord Fabric from China PR was withdrawn by the Ministry of Finance. These decisions have been made out of general economic interest and to ensure the affordable availability of these products as inputs to the downstream user industry.
 - f. Participating producer is the only producer in India and there is a likelihood that it will dominate the market and create barriers for market entry.
 - g. Capacity in India is around 50,000 to 65,000 MT and the Indian producers can fulfill only 60% of the demand. The imports are required to fulfil the demand and supply gap.
 - h. CVD duty if imposed will increase burden on end-users of viscose filament yarn in India, as duty will be paid by importer and accordingly prices will increase which will be burdensome for end-users.

- i. The applicant should be directed to provide a revised application as the product under consideration in the application and in the initiation notification are different.
- j. Difference in the product under consideration in application and the initiation notification has led to huge gap between data reported in response by exporters and the application.
- k. Indian importers import embroidered yarn in significant volume.
- l. Volume of imports increased due to the increase in demand in India which the domestic industry could not meet.
- m. Downstream industry and end users will have no option but to adjust with limited available inferior quality of goods produced in the domestic market.
- n. Growing market share of viscose fabric, which is made from natural fiber, will start shrinking.
- o. Adverse impact on local yarn prices which will touch a new level making weavers, which are uncompetitive in international markets where they enjoy decent share.
- p. Ministry of Textiles has in its draft textile policy 2020 recommended that there should not be any duty imposed on all types of yarns used in the power loom industry and their raw materials.
- q. In the budget speech of 2021-22 custom duty rationalization and various schemes were announced for the growth of textile sector in India.
- r. Competition Commission of India has already slapped penalty on Grasim/ Birla group for adopting their monopolistic practices and abusing its dominant position.
- s. Due to the imported product, overall efficiency of the weavers has improved, wastage and rejection of fabric has reduced.
- t. Import of fabric in India has reduced because good quality and big quantity fabric manufacturing is now possible in the country.
- u. Number of machines operated by a single manpower has increased which has gradually reduced the production cost.
- v. There are around 3,50,000 looms across India which are engaged in producing viscose fabrics which directly employ 2,50,000 people. The total investment made in the sector is Rs 10,000 cr.
- w. Unprecedented crisis of COVID-19 pandemic has threatened to derail the socio-economic life of the people globally as well as trade and commerce for months and years to come and has impacted almost all facets of the Indian textiles industry.
- x. If duties are imposed 150 weaving factories running more than 18000 looms and employing more than 35000 workers will be impacted. It will also impact 1,00,000 employed in Tapela Dyeing Handwork embroidery, 25,000 workers employed by various Embroidery Units Ready for Dyeing Hand Process, Yarn Dyeing etc. and 1,20,000 laborers in more than 100 embroidery units.
- y. Bharatbhai Chhaganlal Patel has submitted that they were not allowed sufficient time to present their submissions in the oral hearing.
- z. Domestic industry has been making unfair use of trade remedial measures since the past 12 years.
- aa. Consumption of the product under consideration by the weavers of Surat and South Gujarat region is around 80% of the total national consumption. The domestic

- producers of the PUC have their major sales i.e. 70% to 75% and even 85-90% of the imports are made in this region.
- bb. Foreign exporters give 55 days interest free credit to weavers to support their survival during pandemic whereas the domestic industry never gave any such support.
 - cc. On the submission that there are weavers in the domestic market who are acting as agents for the Chinese producers, the statement is incorrect. Instead, they are selling the product imported from China PR since it is of supreme quality.
 - dd. Quality of the product such as 120D Dull Centrifugal, 120 D/9F, 120D/12F etc supplied by domestic industry is not good.

F.3 Examination by the Authority

27. As regards the report of the Competition Commission, it is noted that the same pertains to a different product altogether and does not have any bearing on the present investigation. Moreover, if there are any contraventions of the provisions of Competition Act, it is for the appropriate authority to take action thereon.
On the submission made by some of the interested parties that non-imposition of duties by MOF in case of certain textiles products was on account of general economic interests, it is noted that the decision to recommend imposition of duties is taken by the Directorate on the assessment whether or not subsidized imports have caused injury to the domestic industry.
28. On the submission that other interested party was not allowed sufficient time at the time of oral hearing, the Authority notes that CVD investigation are time bound investigation. The Authority granted sufficient time to all the parties to file their submissions in writing pursuant to the hearing conducted in terms of Rule 7(6).

G. DETERMINATION OF SUBSIDY AND SUBSIDY MARGIN

29. The petition filed by the domestic industry provided prima facie evidence of existence of countervailable subsidies in the subject country to initiate the instant investigation. Prior to initiation of the investigation, Government of China was invited for consultation, which was held on 10th July, 2020. After initiation of the investigation, the producers and exporters from China PR and the Government of China were advised to file response to the questionnaire and were given adequate opportunity to provide verifiable evidence on the existence, degree and effect of alleged subsidy programs for making an appropriate determination of the existence and the quantum of such subsidies.
30. The following producers/exporters from China PR including Government of China have filed questionnaire responses:
- i. M/s Xinxiang Chemical Fibre Co., Ltd
 - ii. M/s Jilin Chemical Fiber Stock Co., Ltd
 - iii. M/s Jilin Enka Viscose Co., Ltd

iv. M/s Yibin Hiest Fibre Limited Corporation

General overview of the alleged subsidy programs

Submissions made by domestic industry

31. The following submissions have been made by the domestic industry:
- i. The domestic industry has contended that the Government of China PR (hereinafter referred as "GOC") is providing countervailable subsidies to its producers/exporters of the subject goods and has provided prima facie evidence of existence of such subsidy schemes in terms of legislation and policy documents. Accordingly, the domestic industry identified existence of certain countervailable subsidy schemes in China PR and has contended that the producers/exporters of subject goods in China PR have benefited from such subsidies.
 - ii. The applicant has submitted that the Authority can rely on GOC and exporters' data, provided the information furnished by the interested parties is complete, correct and sufficient. The questionnaire responses have been filed by the responding producers and exporters only to "pretend" that they have cooperated with the Designated Authority. The questionnaire responses are grossly incomplete and inadequate. The GOC and the exporters should be treated as non-cooperative in this investigation. Limited information filed by these exporters also shows contrary claims. The Government of China has denied existence of certain schemes. However, exporters have admitted availment of benefits under certain schemes. Further, exporters have mentioned having availed certain additional subsidy schemes by them, which have not been disclosed by the GOC. As the GOC and the exporters have not provided necessary information within a reasonable period, the Authority may proceed on the basis of facts available.
 - iii. The applicant has submitted that the producers/exporters of subject goods have benefited from actionable subsidies. The Government of China has maintained various programs. The applicant has relied upon documents such as relevant Chinese laws and regulations, WTO reports, media sources, government reports, independent reports analyses & studies, countervailing duty investigations analysis and findings of other authorities to claim existence of subsidy programs in China PR. The applicant has provided elaborate information regarding various subsidy programs. The applicant has listed below programs and incentives which are both generic in nature as well as sector specific that may be available to manufactures/producers of the subject goods from the subject country. The identified schemes named below may/may not have fixed nomenclature and may be available to the producer/exporters in some other alternative names.
 - iv. The applicant has submitted that benefits received by affiliates, including cross owned affiliates, of producers/ exporters are also required to be considered as subsidy.
 - v. The programs of the GOC and other public bodies in China PR constitute a subsidy because of the following reasons:
 - a. There is a financial contribution by the Government or a public body, involving direct transfer of funds (eg. grants, loans, and equity infusion), government

- revenue that is otherwise due is foregone (e.g. fiscal incentives such as tax credits), government provides goods or services other than general infrastructure at less than adequate remuneration, or purchases goods at more than adequate remuneration;
- b. Benefit is thereby conferred on the Chinese producers/ exporters of the PUC; and
 - c. The program is specific within the meaning of Indian Rules and ASCM.
- vi. Relevant Chinese laws and regulations, WTO reports, various Government reports, media reports and independent studies and analysis, findings of other investigating agencies in their ant-subsidy investigations clearly constitute sufficient evidence of the existence of countervailable subsidy programs in China PR. These evidences were made available by the applicant to all interested parties, including the GOC and the known producers and exporters in China PR.
 - vii. For the purpose of this investigation, the "Government of People's Republic of China" covers all levels of government, i.e. Federal, Central, Provincial, Regional or Local Govt. such as Municipal or City or Township Govts. Village or Local legislative, administrative or judicial agencies/bodies; and State-owned enterprises, operating under the direct or indirect control or influence of the GOC which operate as 'public bodies' within the meaning of the term as defined in the ASCM.
 - viii. As per the petition, Chinese producers/exporters of the subject goods have received countervailable subsidies under the following programs of various levels of Governments and they have been classified under 6 broad categories. The various programs classified under these categories are listed below:
 - d. Grants
 - e. Tax Incentives
 - f. Preferential Lending
 - g. Export Financing and Export Credit
 - h. Equity Support
 - i. Provision of Goods and Services
 - ix. Out of the 35 schemes, investigation was initiated only against 28 programs by the Authority.
 - x. Out of 28 initiated programs, 13 programs have benefited responding producers/exporters during the POI.
 - xi. Excessive confidentiality has been claimed by the other interested parties and most of the information has been treated as confidential and no proper summarization has been provided. The Authority should prima facie reject their responses.
 - xii. GOC has restricted its response only to the responding producers/exporters.
 - xiii. Response filed by GOC is contradictory to that of responding exporters regarding availment of following subsidy schemes:
 - (a) Yibin Hiest Fibre Co. Ltd, one of the responding company (ies) from China PR has availed benefit under program number 5, 7, 9, 12, 26, 27 and 29 whereby GOC has simply stated that none of the responding exporters have benefited from the said programs.

- (b) Xinxinang Chemical Fibre Co Ltd, another responding producer/exporter has received benefit under the program no. 3 (funds for supporting technological innovation for the technological small and medium-sized enterprise) as per questionnaire response is enclosed as Annexure-2. GOC has again suppressed the information regarding the benefit received by the producer/exporter under the said program.
- (c) M/s Jilin Chemical Fiber Stock. Ltd has accepted availment of benefit under program number 11, whereas the GOC has not provided any information.
- xiv. For subsidy under Less Than Adequate Renumeration (LTAR) scheme the GOC has stated that “no such program exists” and “no specific raw material program has been alleged”. However, the applicant has provided the raw materials used in the subject good in the subsidy one pager. GOC has cleverly avoided responding to the said scheme. LTAR is a situation and not a defined subsidy program. Provision for goods /service is defined as subsidy under Article 1(1.1) (iii)
- xv. For programs, 15, 18, 19 and 24, the GOC stated that schemes do not constitute subsidy. The Applicant submits that these programs are already held countervailable by the Authority and other investigating authorities.
- xvi. For programs 30,31,33,34 and 35, GOC stated that no such program exists. The applicant submits that these programs are already held countervailable by the Authority and other investigating authorities.
- xvii. For programs 25,26,27 and 29, GOC stated that no sufficient evidence has been provided. The applicant submits that whatever information which is publicly available are submitted in form of one pagers and relevant Annexures 3.1 to 3.4 are also enclosed in the petition.
- xviii. Government of China has not provided any information with regard to Other Subsidies as per the questionnaire instructions. Other subsidies is that which could be other subsidy schemes that are prevalent in China and about which the domestic industry may not have sufficient knowledge. GOC cannot withhold response. GOC is required and obliged to provide details about other subsidy schemes that are operated by the GOC for the manufacturers of the subject goods.
- xix. The responding producers/exporters has completely ignored “Section II program specific question” wherein question 5 clearly stated that “For each program, please reply to all the questions in Standard Question Annexure and all other appendices given in this questionnaire, as applicable, to the respective program.”
- xx. M/s Yibin Hiest Fibre Co. Ltd, responding exporter from China PR, has availed benefit under program number 5, 7, 9, 12, 26, 27 and 29.
- xxi. M/s Xinxinang Chemical Fibre Co Ltd has received benefit under the program no 27, 32, 34 and 35.
- xxii. M/s Jilin Chemical Fiber Stock. Ltd has received benefit under the program number 11.

Submissions made by other interested parties

32. The following submissions have been made by other interested parties:

- i. Government of China PR (“GOC”) submits that as communicated with Xinxing Chemical Fibre Co., Ltd, the serial number was a typo error. Program No. 3, i.e., Funds for supporting technological innovation for the technological small and medium-sized enterprise, is not reported.
- ii. For Program No. 1,2,3,4,6,8 and 21, GOC has communicated with the DGTR regarding evidence for these programs, and the DGTR has finally decided not to investigate these subsidies.
- iii. For Program No. 5, 7 and 9, the replies of the GOC are not contradictory.
- iv. For Program No. 12, the name of the program proposed by the applicant and the allegation is not clear.
- v. For Program No. 26, the loan obtained from the export bank was regarded as an ordinary bank loan and was unified with other ordinary long- and short-term commercial bank loans.
- vi. For Program no. 27, the GOC has responded at page 28 of the corresponding Standard Questions Appendix.
- vii. For Program 29, the GOC has responded at page 36 of the Standard Questions Appendix (g).
- viii. The Respondent have not availed any countervailable subsidies from GOC in the POI.
- ix. The programs alleged to have been provided by the GOC are not countervailable subsidies.
- x. The Authority should outrightly reject attempts by the applicant to suddenly add a new list of subsidies at the fag-end of the investigation.
- xi. The Authority should determine the subsidy margins for producers/exporters only on the basis of its questionnaire response.
- xii. Applicant is wrongly assuming that every benefit that has been or may have been availed is a countervailable subsidy.
- xiii. It is stated clearly in the questionnaire response that there are some programs in respect of which the respondent may have availed certain benefits. However, these programs are not countervailable subsidies.
- xiv. Regarding Program No. 7 and 8, it is stated that in order for an alleged subsidy program to be countervailable, it should be specific.
- xv. M/s Xinxinang Chemical Fibre Co Ltd has received benefit under the program numbers 10
- xvi. As regards, it is submitted that no countervailable subsidy has been availed. Government of China has stated that none of the responding producers/exporters has availed any benefit under Program No. 12 during AUL or the period of investigation.
- xvii. For programs, 15, 18, 19 and 24, the GOC stated that these programs do not constitute a subsidy.
- xviii. Program No. 14 and No. 18 is linked directly or indirectly to the acquisition of fixed assets or capital goods.
- xix. Program No. 15 is not linked to the acquisition of fixed assets or capital goods.
- xx. Government of China has stated that no sufficient evidence has been provided in respect of program numbers 25, 26, 27 and 29

- xxi. Regarding Program No. 24, 25, 26, 27 and 29, the financial contribution needs to be made by the government or public body in order to be a subsidy. Mere alleged presence of government shareholding in an entity does not mean that it is a public body. (DS436 US – Carbon Steel (India) is relied upon.
- xxii. For Program No. 30, it is stated that respondents did not receive any equity infusion from any government owned or controlled entity during the POI.
- xxiii. Regarding Program No. 30, 31, 33, 34 and 35, Government of China has stated that no such program exists and no specific raw material program has been alleged for subsidy under LTAR scheme.
- xxiv. Regarding Program No 32, it is stated that all raw materials purchased by Hiest during the POI for manufacturing of the subject goods has either been imported from outside China PR or sourced locally.
- xxv. Regarding Program No. 33, it is stated that this program is not a subsidy as it is not specific as it is available to any industry which wishes to use land.
- xxvi. Regarding Program No. 34, it is stated that the rates at which electricity is supplied by the suppliers to the respondent are based on commercial, arms-length basis.
- xxvii. Regarding Program No. 35, it is stated that it purchased water from a private entity, which obtains water from the river. Thus, there is no subsidy alleged to have been received by the respondent.
- xxviii. Regarding Program No. 1,2,3,4,6,8,9 and 21, it is stated that the GOI should reject those unfounded programs.
- xxix. Regarding Program No. 5,7,13,14,16,17,18,19,20,23,30,32 and 35, the applicant has failed to provide any evidence regarding the programs. (US-AD and CVD (China), AB Report is relied upon)
- xxx. M/s Yibin Hiest Fibre Co. Ltd, responding exporter from China PR, has availed benefit under program numbers 5, 7, 9, 12, 26, 27 and 29. However, alleged benefits under the aforesaid programs are not specific as they are available to all enterprises that fulfil the applicable criteria.
- xxxi. M/s Yibin Hiest Fibre Co. Ltd submits that the alleged program on tax benefits in respect of wages paid for settlement of disabled employees does not constitute a countervailable subsidy since this is uniformly available to all companies and is hence not specific in nature.
- xxxii. As regards Program No. 28, there is no subsidy program in this regard that can be determined to exist.
- xxxiii. M/s Xinxinang Chemical Fibre Co Ltd has received benefit under the program numbers 27, 32, 34 and 35.
- xxxiv. M/s Jilin Chemical Fiber Stock. Ltd has received benefit under the program number 11.
- xxxv. It appears that the applicant has borrowed the subsidy programs from other investigations and has just transposed the same in the present investigation.

Examination of the Subsidy programs

- 33. At the time of consultation, the Government of China PR denied existence/ applicability of certain programs and non-availment of some of the programs by producers/exporters

of the product under consideration. Accordingly, program nos. 1, 2, 3, 4, 6, 8 and 21 have been taken out from the purview of the investigation. The Authority considers that the existence of other alleged programs, their countervailability and extent of benefit therein are required to be analyzed as per the relevant Rules.

Schemes not used by responding producers/exporters during the present investigation

34. The Authority notes that none of the responding producers/exporters have availed the benefit under program no. 13, 16, 17, 19, 20, 22, 23 and 31 during the AUL or POI. There are no other producers in China PR apart from the responding producers who have exported the subject goods to India during the POI. The domestic industry has further mentioned subsequently that they have not been able to ascertain whether the Chinese producers have availed benefits under these programs. Hence, the Authority is not further examining these programs.

A. Schemes identified as Grants

- 1. Program No 5: Special fund for the development of foreign trade and economic cooperation/ Fund for The Development of International Economic Relations and Trade**

Submissions by Applicant

35. The said program is administered by the Ministry of Finance (MOF) and the Ministry of Commerce (MOFCOM). The purpose of the program is to improve the structure of international trade, promote international investment cooperation, and improve public services for international economic relations and trade. Hence, the scheme is enterprise specific and provides benefit in the form of grant. As per the response, M/s Yibin Hiest Fibre Limited Corporation has stated that they have received benefit during the POI. However, Government of China has stated that none of the responding exporters have applied for, used, or benefited from this program through the AUL period and the POI.

Submissions by the GOC and responding producers/exporters

36. GOC has stated that none of the responding exporters have applied for, used, or benefited from, this program through the AUL period and the POI.
37. One of the responding producers/exporters, M/s Yibin Hiest Fibre Limited Corporation has stated that they have received benefit during the POI.

Examination by the Authority

38. As per the information available, this program is administered by the Ministry of Finance (MOF) and the Ministry of Commerce (MOFCOM) through various provincial

governments. The objective of the program is to improve the structure of international trade, promote international investment cooperation, improve public services for international economic relations and trade and promote international trade development. The fund is provided to the enterprises which 1) are manufacturing for export; 2) undertake research and development of new products and technology; 3) that take the lead in earning foreign exchange through export.

39. The program provides financial contribution in the form of direct transfer of funds and confers benefit to the recipient. The program is specific as it is limited to certain enterprises. Therefore, the Authority holds that the program offers countervailable subsidy.
40. M/s Yibin Hiest Fibre Limited Corporation, one of the responding producers/exporters has availed the benefit under the said scheme. Thus, the Authority holds that countervailing duty should be imposed against this program for M/s Yibin Hiest Fibre Limited Corporation. However, other responding-producers/exporters have not availed the benefit under this program. The Authority further notes that the benefit under this subsidy program can be availed by other producers/exporters of subject product in China PR who have not responded in the present investigation. Therefore, the Authority holds that countervailing duty should be imposed against this program for M/s Yibin Hiest Fibre Limited Corporation and all other producers/exporters from China PR who have not responded in the present investigation.

2. Program No. 7- Research & Development (R&D) Assistance Grant- also known as “Incentive for Enterprise Innovation and R&D”

Submissions by the Applicant

41. The said program is administered by the Ministry of Science & Technology (MOST) through its Local & Municipal Government. The Grant is limited to enterprises that undertake science and technology research and are selected by the local authorities. Hence, the scheme is enterprise specific and provides benefit in the form of revenue conferred.

Submissions by GOC and responding producers/exporters

42. GOC has stated that none of the responding exporters have applied for, used, or benefited from, this program through the AUL period and the POI. Two regulations cited by the applicants pertain to Nanhai District, Foshan city, Guangdong Province. However, none of the respondents are located in this place.
43. M/s Yibin Hiest Fibre Limited Corporation, one of the responding producers/exporters has stated that they have received similar benefit during the POI. However, the program is not specific as it is available to all enterprises that fulfil the applicable criteria.

Examination by the Authority

44. As per the information available, this program, administered by the Ministry of Science & Technology (MOST) and the Local & Municipal governments, provides various grants to certain enterprises who set up new technical industries. The program provides to enhance technological innovation and accelerate the transformation of scientific and technological research. The program supports (a) research projects, which is to address scientific and technological problems; (b) research projects or technology innovation projects; or (c) research projects aimed in science and technology in the agricultural sector (d) some high and new technology industries. The eligible enterprises are provided grants in the form of direct cash transfers that undertake science and technology research and are selected by the local authorities.
45. The legal notifications cited by the applicant only pertains to Nanhai District, Foshan city, Guangdong Province but the Authority notes that the program is in existence in other provinces as well as per various central and provincial notifications such as –(i) Implementation measure to support the acquisition of foreign science & technology type enterprises and the employment of foreign science & technology development team, issued by the Shenyang Economic & Technological Development Area Administration (ii) Law of the People’s Republic of China on Scientific and Technological Progress and the regulation (iii) Notice on the issuance of the Administrative Measures of Jilin Province on the Identification And Management of Jilin University Science Park (Ji Ke Fa Gao [2018] No. 88) (iv) Notice on Issuing Nanhai District Measures on Encouraging and Supporting Innovative Brands’ Leading Role and Companies Going Public (Nanfu [2007], No. 128) (v) Measures of Nanhai District on Encouraging and Supporting Innovative Brands and Companies Going Public (Nanfufa [2009], No. 321).
46. The program provides financial assistance in the form of direct transfer of funds, thereby conferring benefit on the enterprises that have availed the benefit under this program. The subsidies under this program are specific as the support is limited to certain enterprises selected by the local authorities. Therefore, the Authority holds that the program offers countervailable subsidy.
47. The Authority notes that the program has been earlier examined by the Authority in previous investigations and by other investigating authorities in the past.
48. M/s Yibin Hiest Fibre Limited Corporation, one of the responding producers/exporters has availed the benefit under the said scheme. Thus, the Authority holds that countervailing duty should be imposed against this program for M/s Yibin Hiest Fibre Limited Corporation. However, other responding producers/exporters have not availed the benefit under the said scheme. The Authority further notes that the benefit under this subsidy program can be availed by other producers/exporters of subject product in China PR who have not responded in the present investigation. Therefore, the Authority holds

that countervailing duty should be imposed against this program for M/s Yibin Hiest Fibre Limited Corporation and all other producers/exporters from China PR who have not responded in the present investigation.

3. Program No. 9 - Fund for effluent treatment plant

Submissions by the Applicant

49. The said program is administered by National Development Reform Commission (NDRC). Enterprises who are involved in setting up of water sewerage effluent treatment plants are eligible for the said benefit. The scheme is enterprise specific. Benefit is in the form of revenue conferred.

Submissions by the GOC and responding producers/exporters

50. GOC has stated that none of the responding exporters has applied for, used, or benefited from, this program through the AUL period and the POI. The applicant has failed to provide sufficient and relevant evidence for the alleged program.
51. M/s Yibin Hiest Fibre Limited Corporation, one of the responding producers/exporters has stated that they have received similar benefit during the POI.
52. However, program is not specific as it is available to all enterprises that fulfil the applicable criteria.

Examination by the Authority

53. The Authority notes that program is administered by the National Development Reform Commission (NDRC), Ministry of Science & Technology (MOST) through its Local & Municipal Government.
54. The Authority notes that in the 13th Five Year Plan, China aims to spend around RMB 559 billion or 0.75 percent of its GDP on its water treatment industry. This national level spending will account for only about 10-30 percent of the total financing supply in this sector. Apart from the national level funds, China's water treatment industry gets its funding from the provincial/local government funding, domestic banks and the private sector.
55. The grant under the head of effluent treatment is limited to enterprises that have wastewater/effluent treatment facilities and are selected by the local authorities. Enterprises researching, developing and producing advanced energy and water conservation equipment, transforming primary energy-consuming equipment, techniques or reusing projects of recycled water with advanced new technologies and new techniques (products), and obtaining remarkable results in energy and water conservation;

enterprises eliminating old energy-consuming equipment with clean energy or centralized heating; key energy-consuming enterprises passing energy audit and completing rectifications; green enterprises at provincial level; comprehensive utilization projects of new resources that use waste materials, waste water, excess heat and other waste energy resources as the raw materials and energy resources needed for production are eligible to avail the benefit under the scheme.

56. As evidence of existence of the program, the applicant has provided the following notifications or scheme:
- i. Implementing Measures of Beichen District on the Use of Fund for Pollutant Emission Reduction
 - ii. Article 27, 34 of the Law of the People's Republic of China on Enterprise Income Tax (2007)
 - iii. Article 88, 100 of the Regulations for the Implementation of Law of the People's Republic of China on Enterprise Income Tax (2007)
 - iv. MOF Circular Cai Shui No.48 of 2008
 - v. MOF Circular Cai Shui No.10 of 2012
 - vi. MOF Circular Cai Shui No.10 of 2012
 - vii. MOF Circular Cai Shui No.69 of 2009
 - viii. MOF Circular Cai Shui No.131 of 2016
 - ix. MOF Circular Cai Shui No.84 of 2018
57. The Authority notes that the program provides financial contribution in the form of direct transfer of funds and confers benefit to the recipient. The program is specific as it is limited to certain enterprises. Therefore, the Authority holds that the program offers countervailable subsidy.
58. M/s Yibin Hiest Fibre Limited Corporation, one of the responding producers/exporters has availed the benefit under the said scheme. Thus, Authority holds that countervailing duty should be imposed against this program for M/s Yibin Hiest Fibre Limited Corporation. However, other responding producers/exporters have not availed the benefit under the said scheme. The Authority further notes that the benefit under this subsidy program can be availed by other producers/exporters of subject product in China PR who have not responded in the present investigation. Therefore, the Authority holds that countervailing duty should be imposed against this program for M/s Yibin Hiest Fibre Limited Corporation and all other producers/exporters from China PR who have not responded in the present investigation.

4. Program No. 10- Various grants provided by provincial Authority of Henan province-

Submissions by the Applicant

59. The program is administered by the GOC and provincial government. Enterprises located in Henan province are eligible for various grants provided by the provincial government. One of the exporters namely Xingxiang Bailu Chemical Fiber Group Co., Ltd has received various grants as evidenced by its annual report 2019. The scheme is enterprise and region specific. Benefit is in the form of a grant.

Submissions by the GOC and responding producers/exporters

60. The GOC asserts that there are no subsidy programs by the name “various grants provided to Xingxiang Bailu”. The evidence cited in the petition lacks merit and program is inconsistent with the initiation requirement provided in Article 11.2 of the SCM Agreement.
61. As mentioned in the exporter questionnaire response, the responding producer/exporter, M/s Xingxiang Chemical Fiber Company Ltd has received similar benefit during the POI.

Examination by the Authority

62. The said program is administered by the GOC and its provincial authorities. Enterprises located in Henan province are eligible for various grants provided by the provincial government. The Authority has verified the information provided by M/s Xingxiang Chemical Fiber Company Ltd. which is located in Henan Province and has determined subsidy margin for grant programs for which benefit was received or accrued during the POI. The Authority determined that all the grant programs resulted in the provision of financial contribution in the form of direct transfer of funds. As a result, benefit was conferred to M/s Xingxiang Chemical Fiber Company Ltd. as a recipient of this grant. The Authority holds that subsidy programs were also specific because they were limited to certain enterprise located in Henan province including M/s Xingxiang Chemical Fiber Company Ltd. and that the programs confers countervailable benefit.
63. The table below provides the name of the grant programs, and the corresponding subsidy benefit received:

Sl. No.	Program No. Various grants provided by provincial Authority of Henan province Subsidy Name	Describe the accounting treatment given to the benefits received under this program in your financial book of accounts. (Specify the ledgers or journals and financial statements).	The amount of the grant authorized by the government	Allocated subsidy amount during POI
1	2019 Research and development subsidy	Other income-Government subsidy	***	***

2	Foreign economic and trade special development fund subsidy in 2019	Other income-Government subsidy	***	***
3	Job stabilization subsidy	Salary payable	***	***
4	"The three Renovation" complementary rewards	Other income-Government subsidy	***	***
5	Apprenticeship training	Other income-Government subsidy	***	***
6	The municipal science and technology special fund subsidy in 2019	Other income-Government subsidy	***	***
7	The provincial special fund subsidy of advanced manufacturing industry in 2019 (Annual output of 10000 tons of new type of cellulose filament's program subsidy)	Other income-Government subsidy	***	***
8	CW key national research and development program Technology development and demonstration of differential regenerated cellulose fiber high spinning and clean production)	Other income-Government subsidy	***	***
9	Annual output of 10000 tons of new type of cellulose filament program subsidy	Other income-Government subsidy	***	***
10	The provincial special fund subsidy of advanced manufacturing industry New high-speed winder program subsidy)	Other income-Government subsidy	***	***

11	Annual output of 10000 tons of new type of cellulose filament program subsidy	Other income-Government subsidy	***	***
12	Special fund subsidy of atmospheric pollution prevention (Ultra low boiler emission renovation program subsidy)	Other income-Government subsidy	***	***
13	The special funds subsidy of advanced manufacturing industry in 2015 (Boiler denitration renovation program subsidy)	Other income-Government subsidy	***	***
14	Pollution treatment project subsidy of key energy-saving project, circulation economy and key demonstration project of resources-saving (Viscose fiber squeeze liquid waste comprehensive treatment project subsidy)	Other income-Government subsidy	***	***
15	Pollution treatment project subsidy of key energy-saving project, circulation economy and major demonstration project of resources-saving and major industry in 2011 (Annual output of 4.5 million tons of water-saving renovation project subsidy)	Other income-Government subsidy	***	***
16	Energy-saving technology renovation program subsidy (Air	Other income-Government subsidy	***	***

	conditioning and energy renovation program subsidy)			
17	The demonstration program subsidy of CS2 recovery equipment domesticated integration	Other income-Government subsidy	***	***

64. Further, the Authority has also noted from the Annual Report that the company availed further benefits related to income. The Authority has quantified the same as per table below.

Sl. No.	Debt Items	Opening Balance	New Subsidy Amount for The Current Period	The Amount of Other Income Included In The Current Period	Related to Assets / Related to Income
1.	Water-saving transformation with an annual output of 4.5 million tons Project subsidy	***		***	Related to assets
2.	Subsidy for the demonstration project of localization and integration of CS2 recovery equipment	***		***	Related to assets
3.	60000M3/h Comprehensive treatment project of waste gas from viscose staple fibre process	***		***	Related to assets
4.	Boiler renovation project subsidy	***		***	Related to assets
5.	Air conditioning and ventilation energy- saving renovation project	***		***	Related to assets
6.	Annual output of 12,000 tons of continuously polymerized differential spandex fibre	***		***	Related to assets
7.	Air conditioning and boiler exhaust system section Can retrofit projects	***		***	Related to assets
8.	Comprehensive treatment project of viscose fibre pressing waste liquid	***		***	Related to assets

9.	Localization of 1,000 tons of green fibre Production line project	***		***	Related to assets
10.	An annual output of 2 * 2 Wan Dun ultra soft spandex fibre project	***		***	Related to assets
11.	Comprehensive production of 40,000 tons of high wet modulus viscose staple fibre process waste gas Governance project	***		***	Related to assets
12.	Boiler out of stock retrofit	***		***	Related to assets
13.	Comprehensive treatment of waste gas from filament and spandex production process Project subsidy	***		***	Related to assets
14.	Development and demonstration of high-efficiency spinning and clean production technology of differentiated regenerated cellulose fibre	***	***	***	Related to assets
15.	Boiler ultra- low emission retrofit project Subsidy	***		***	Related to assets
16.	New high- speed winder project subsidy	***		***	Related to assets
17.	Supplement for new cellulose filament project with an annual output of 10,000 tons help	***	***	***	Related to assets
18.	An annual output of 3 * 2 Wan Dun Superfine spandex fibre project Phase I Project	***	***	***	Related to assets
19.	Research, development and industrialization of new fibre ionic liquid spinning process	***		***	Related to income
20.	Annual output of 40,000 tons of new cellulose engineering	***		***	Related to assets
21.	Textile Technology Reform	***		***	Related to assets
	Total	***	***		

5. Program No 11 - Various grants provided by provincial Authority of Jilin-Grants provided to Jilin Chemical Fiber Group

Submissions by the Applicant

65. This program is administered by the GOC and provincial government. Enterprises located in Jilin province are eligible for various grants provided by the provincial government. One of the exporters, Jilin Chemical Fiber Group, has received various grants as evidenced by its Annual Report 2019. The scheme is enterprise and region specific. Benefit is in the form of revenue conferred.

Submissions by the GOC and responding producers/exporters

66. The GOC asserts that there are no subsidy programs by the name “Grants provided by provincial Authority of Jilin-Grants provided to Jilin Chemical Fiber Group”. The evidence cited in the petition lacks merit and program is inconsistent with the initiation requirement provided in Article 11.2 of the SCM Agreement.
67. M/s Jilin Chemical Fiber Stock Limited has stated that they have received the benefit under this program during the POI. The company has registered the subsidy received in the form of deferred incomes allocated to the total value received according to the equipment consumption years. For example, 5000 tons of high-performance fiber equipment can be used for 14 years, the subsidy JILIN got the for the production is 16570000 RMB, so that in each month, JINLIN shall register 16570000/14 years/12 months = 98630.95 RMB for the subsidy.

Examination by the Authority

68. The said program is administered by the Government of China and its provincial authorities. Enterprises located in Jilin province are eligible for various grants provided by the provincial government. The Authority has verified the information provided by M/s Jilin Chemical Fiber Stock Limited and M/s Jilin Enka Viscose Co. Ltd., the two companies that are located in Jilin Province. The Authority has determined subsidy margin for grant programs for which benefit was received during the POI. The Authority determined that all the grant programs resulted in the provision of a financial contribution in the form of direct transfer of funds and thus benefit was conferred on M/s Jilin Chemical Fiber Stock Limited and M/s Jilin Enka Viscose Co. Ltd., as a recipient of this grant. The Authority holds that subsidy programs were also specific because they were limited to enterprises located in Jilin province and that the programs offer countervailable benefit.
69. The table below provides for the name of the grant programs, and the corresponding subsidy benefit received:

No.	Subsidy project	original value	payment received	allocation period (years)	Monthly allocated value
1	5000 tons of high-performance fiber	***	***	***	***

2	Pilot plant transformation	***	***	***	***
3	5000 tons of solvent-processed fiber project	***	***	***	***
4	Glauber's salt project	***	***	***	***
5	10,000 tons of rayon fine denier upgrade project	***	***	***	***
6	10,000 tons of degradable biomass continuous spinning filament project	***	***	***	***
7	Comprehensive energy efficiency improvement project	***	***	***	***
	Subtotal	***	***	***	***
Beside each month's deferred income *** RMB, JILIN also registered following supplementary deferred incomes according to Auditors' Adjustment					
8	Replenishment of corn stalk biomass fiber project	***	***	***	***
9	Amortization of 30,000 tons of tough silk project	***	***	***	***
10	Supplementing the Six Textile Upgrading Project	***	***	***	***
11	Amortization of 10,000 tons of degradable biomass continuous spinning filament project	***	***	***	***
	Subtotal	***			

70. Further, the Authority has also noted from the Annual report that the company availed following benefits related to income. The Authority has quantified the same as provided in the table below

No	Item	Opening balance	increase of subsidy amount in current year	Amount included in current profit and loss in this year	Other decreases	Closing balance	Assets/income s-related
1	Degradable biomass continuous spinning filament project with an		***	***	***	***	Relating to assets

	annual output of 10,000 tons						
2	Comprehensive Energy Efficiency Improvement Project		***	***	***	***	Relating to assets
3	Highly Modified Composite Strong Filament		***			***	Relating to assets
4	Corn straw biomass fiber		***			***	Relating to assets
5	High performance fiber with an output of 5,000 tons	***	***	***	***	***	Relating to assets
6	Solvent fiber project with an output of 5,000 tons	***		***	***	***	Relating to assets
7	Pilot plant transformation	***		***	***	***	Relating to assets
8	Glauber's salt project	***		***	***	***	Relating to assets
9	Rayon fine denier upgrading project with an annual output of 10,000 tons	***		***	***	***	Relating to assets
10	Acetic anhydride industrialization project with an output of 20,000 tons	***		***	***	***	Relating to assets
	Total	***		***	***	***	

6. Program No. 12- Various grants provided by provincial Authority of Sichuan province- M/s Yibin Grace Co Ltd (Grace) and M/s Yibin Heist Co Ltd, (Heist)-

Submissions by the Applicant

71. This program is administered by the GOC and the provincial government. Enterprises located in Sichuan province are eligible for various grants provided by the provincial government. M/s Yibin Grace Co Ltd (Grace) and M/s Yibin Heist Co Ltd, (Heist), have received various grants. The scheme is enterprise and region specific. Benefit is in the form of revenue conferred.

Submission by the GOC and responding producers/exporters

72. The GOC asserts that there are no subsidy programs by the name “Various grants provided by provincial Authority of Sichuan province”. The evidence cited in the petition lacks merit and is inconsistent with the initiation requirement provided in Article 11.2 of the SCM Agreement. The name of the program proposed by the applicant and DGTR, that is, the allegation of the project is not clear. The grant subsidy received by the respondent, please refer to the respondent’s response for details.
73. The responding producer/exporter M/s Yibin Hiest Fibre Limited Corporation has provided detailed list of grants availed by them during the POI.

Examination by the Authority

74. The said program is administered by the Government of China and its provincial authorities. Enterprises located in Sichuan province are eligible for various grants provided by the provincial government. The Authority has verified the information provided by M/s Yibin Hiest Fibre Limited Corporation. The company is located in Sichuan Province. The authority has determined subsidy margin for grant programs for which benefit was received during the POI. The Authority determined that all the grant programs resulted in the provision of financial contribution in the form of direct transfer of funds. As a result, benefit was conferred to M/s Yibin Hiest Fibre Limited Corporation, as a recipient of this grant. The Authority holds that subsidy programs were also specific because they were limited to certain enterprises located in Sichuan province and that the programs offer countervailable benefit.
75. The table below provides for the name of the grant programs, and the corresponding subsidy benefit received:

SN	Name of the Grant	Amount approved	Amount received
1	2018 Central government for Enterprise Development Special Fund	***	***
2	2018 Enterprise development Fund	***	***
3	Viscose fiber waste efficient treatment and resource recovery and reuse project	***	***

4	2018 Special Provincial Funds for Enterprise Development	***	***
5	Received Yibin County Talent Service and Employment Promotion Bureau training, base poverty alleviation subsidy funds	***	***
6	2018 Special Provincial Funds to Advance Foreign Trade and Economic Development	***	***
7	2019 Special Provincial IP Funding	***	***
8	Viscose fiber waste efficient treatment and resource recovery and reuse project	***	***
9	Viscose fiber waste efficient treatment and resource recovery and reuse project	***	***
10	2018 Funding for Industrial Strength and Promoting Innovation and Development of Industrial Parks	***	***
11	Receive the 2019 fourth batch of training grant funds from the Yibin County Talent Services and Employment Promotion Bureau	***	***
12	Received Yibin County Talent Service and Employment Promotion Bureau training, base poverty alleviation subsidy funds	***	***
13	Receive the 2019 fourth batch of training grant funds from the Yibin County Talent Services and Employment Promotion Bureau	***	***
14	2019 Foreign Trade Development Funding	***	***
	Total	***	***

76. Further, the Authority notes that the company has also availed further benefits related to income reported in the Annual Report. The Authority has quantified the same as provided in the table below

Sl. No	ITEM	At the current period 2019	At the Last Period 2018	Relevant to Assets/Income
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1.	Special fund subsidies from central foreign economic and trade development		***	Relevant to Income
2.	Special subsidy funds for intellectual property rights at the provincial level in 2017 appropriated by Municipal Finance Bureau		***	Relevant to Income
3.	Special subsidy funds for the development of foreign trade and economic cooperation at the provincial level appropriated by Municipal Bureau of Commerce		***	Relevant to Income
4.	Income from subsidies for cargo trailers in different places for Chengdu-Europe Railway Express		***	Relevant to Income
5.	Foreign trade containers reached at Yibin Port, customs clearance subsidies, etc.	***	***	Relevant to Income
6.	Patent funding allocated by Provincial Intellectual Property Service Center		***	Relevant to Income
7.	Stable job subsidies allocated by Municipal Bureau of Talent Service and Employment Promotion		***	Relevant to Income
8.	Patent subsidies allocated by Yibin Municipal Intellectual Property Office		***	Relevant to Income
9.	The subsidy for customs declaration and inspection of enterprises registered in 2017 allocated by the Office of the Municipal People's Government of Yibin City		***	Relevant to Income
10.	Project subsidy of viscose fiber hydrogen sulfide waste gas for acid production		***	Relevant to Assets
11.	Funds for Waste viscose recycling and waste water recycling technological transformation project	***		Relevant to Assets
12.	Special funds for technical reform of wastewater treatment	***		Relevant to Assets

13.	Funds for Waste viscose recycling and waste spinning recycling technological transformation project	***		Relevant to Assets
14.	2,400 tons/year fine denier wire technological transformation project	***		Relevant to Assets
15.	Enhance innovation - driven demonstration project by viscose fiber industry reconstruction based on product upgrading and resource recycling	***		Relevant to Assets
16.	Funds for composite silicon-based flame retardant viscose fiber independent innovation outcome industrialization project	***		Relevant to Assets
17.	Processing trade loan subsidy fund	***		Relevant to Assets
18.	Training and employment subsidy funds in Talent Service and Employment Promotion Bureau in Yibin County	***		Relevant to Assets
19.	Utilizing industry to strengthen city and promoting industrial park innovation and development fund in 2018	***		Relevant to Assets
20.	Technology and application of bipolar membrane electro dialysis was for high efficiency recovery and utilization of Sodium Sulfate waste liquid	***		Relevant to Assets
21.	Special funds for technological service platform construction project	***		Relevant to Assets
22.	Funds for technical reformation of efficiency enhancement and discharge reduction by WH-SA	***		Relevant to Assets
23.	25,000 tons / year viscose waste gas acid production project funds	***		Relevant to Assets

24.	Innovation-driven demonstration program funds	***		Relevant to Assets
25.	Industrialization of the independent key technology achievements of modified biomass bamboo carbon fiber	***		Relevant to Assets
26.	Foreign trade export credit guarantee subsidy of Business Bureau	***		Relevant to Assets
27.	Special Funds for Foreign Trade Development	***		Relevant to Assets
28.	Special funds for intellectual property rights in 2019	***		Relevant to Assets
	Total	***		

B. Schemes identified as Tax & VAT Incentives

7. Program No. 14- Exemption or reduction from corporate income tax for the enterprises engaging in environmental protection, energy conservation and water conservation projects that meet the requirements-

Submissions by the Applicant

77. The program is administered by the provincial branch of MOF and MOFCOM. The income tax of an enterprise may be exempted or reduced for enterprises engaged in environmental protection, energy-saving and water-saving projects that meet the requirements. Enterprise shall be exempted for the first to third years and allowed a fifty percent reduction in the fourth to sixth years beginning from the tax year the project derives its first production and operation income. The scheme is enterprise specific. Benefit is in the form of revenue forgone.
78. Annual Reports 2019 of M/s Xinxiang Chemical Fiber co., Ltd and M/s Jilin Chemical Fiber Co Ltd show that the companies have invested in environmental protection, energy-saving and water-saving projects.

Submission by the GOC and responding producers/exporters

79. The GOC has stated that M/s Xinxiang Chemical Fibre used this program during the POI. However, this program is not specific and therefore not countervailable.
80. M/s Xinxiang Chemical Fiber co., Ltd, one of the responding exporters from China PR, has submitted in its questionnaire response that it availed this subsidy and has provided information with regard to the amount of subsidy during the POI.

Examination by the Authority

81. This program is administered by the Ministry of Finance. Policy objective and/or purpose of the subsidy is to protect the environment and encourage the recycling of resources. According to this program, the income of an enterprise engaged in environmental protection, energy-saving and water-saving projects may be exempted or reduced from taxation. The program is governed under Article 27 and 34 of the Enterprise Income Tax Law of the People's Republic of China-Amended tax laws in -2018 and Article 100 of the Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China-2019. The benefit is provided to:
- i. Enterprises whose income is derived from the qualified projects of environmental protection or energy and water conservation such as projects of public sewage treatment, public refuse treatment, comprehensive development and utilization of methane, technological upgrading for energy conservation and discharge reduction, and seawater desalination etc.;
 - ii. Enterprises who purchase and actually use the equipment specially designed for environmental protection, energy and water conservation, safe production etc. as specified in the Catalogue of Special Environmental Protection Equipment for Preferential Enterprise Income Tax Treatment, the Catalogue of Special Energy and Water Conservation Equipment for Preferential Enterprise Income Tax Treatment and the Catalogue of Special Safe Production Equipment for Preferential Enterprise Income Tax Treatment.
82. Enterprise is exempted from income tax for the first three years and allowed a fifty percent reduction in the fourth to sixth years beginning from the tax year the project derives its first production and operation income.
- 1) The income shall, starting from the year receiving the first income from the projects' operation or production, be exempted from enterprise income tax in the first year through the third year and allowed a tax reduction by half in the fourth year through the sixth year;
 - 2) 10% of its investment in the special equipment may be credited against its tax payable for the current year, and any amount that is not credited in that year may be carried forward and credited in the following five tax years.
83. The applicant has provided the following notifications or scheme documents to substantiate that program is in existence: (i) Enterprise Income Tax Law of the People's Republic of China-Amended tax laws in -201(ii) Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China-2019.
84. The program provides for financial contribution in the form of revenue foregone and benefit is thereby conferred. Program is also specific because it is limited to certain enterprises. Therefore, the Authority holds the program as countervailable subsidy.

85. M/s Xinxiang Chemical Fiber co., Ltd one of the responding exporters from China PR has submitted in its questionnaire response that it availed this subsidy and has provided information with regard to the amount of subsidy during the POI. Since the benefit is availed by M/s Xinxiang Chemical fiber co., Ltd during the POI, the Authority holds that countervailing duty should be imposed against this program.

8. Program No. 15- Preferential Tax Policies for the Additional Calculation and Deduction of Research and Development (R&D) Expenses/Preferential Income Tax Benefits for Research and Development investments-

Submissions by the Applicant

86. The Authority notes that MOF, State Administration of Taxation (SAT), MOFCOM and Science and Technology Bureau administer a series of programs which extend certain tax benefits to domestic as well as foreign invested enterprises in China to encourage investment in R&D activities.
87. Benefit of up to 50% reduction in corporate income tax for the companies who carry out R&D projects provided the project is listed in the guide of high-tech industrialization to be eligible. The scheme is enterprise specific. Benefit is in the form of revenue forgone.
88. Annual Report of M/s Xinxiang Chemical fiber co., Ltd. and M/s Jilin Chemical Fibre Group Co. Ltd shows that the companies have invested in research and development projects.

Submission by the GOC and responding producers/exporters

89. The GOC has stated that M/s Xinxiang Chemical Fibre used this program during the POI. However, this program is not specific and therefore not countervailable.
90. M/s Xinxiang Chemical Fiber co., Ltd one of the responding exporters from China PR has submitted in its questionnaire response that it availed this subsidy and has provided information with regard to the amount of subsidy during the POI.

Examination by the Authority

91. This program is administered by the Ministry of Science and Technology, NDRC and Local Science and Technology Bureau of GOC. The program is legislated under Article 30.1 of Enterprise Income Tax law of PRC- 2018 and Article 95 of Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China-2019. Enterprises may deduct "expenses for the research and development of new technologies, new products and new techniques" from the calculation of taxable income.
92. Benefit of up to 50% reduction in corporate income tax can be given for the companies who carry out R&D projects listed in the guide of high-tech industrialization to be

eligible. On approval of the said project, the enterprises are eligible for 50% reduction of those expenses from the taxable income for the purpose of computation of corporate income tax. The additional deduction for research and development expenses referred to in Article 30 (1) of the Enterprise Income Tax Law-2018 refers to the research and development expenses incurred by the enterprise for the development of new technologies, new products, and new processes.

93. The applicant has provided the following notifications or scheme documents to substantiate that program is in existence:(i) Enterprise Income Tax Law of the People's Republic of China-Amended tax laws in -201(ii) Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China-2019(iii) WTO-G/SCM/N/343/CHN, 2019
94. Hence the Authority notes that the assistance is a reduction of taxable income. This income tax deduction is a financial contribution in the form of revenue foregone by the government, and it provides a benefit to the recipients. The income tax deduction allowed by this program is limited to certain enterprises, i.e., those with research and development in eligible high-technology sectors and, thus, is specific. Therefore, the Authority holds the program as a countervailable subsidy.
95. M/s Xinxiang Chemical Fiber co., ltd one of the responding exporters from China PR has submitted in its questionnaire response that it availed this subsidy and has provided information with regard to the amount of subsidy during the POI. Since the benefit is availed by M/s Xinxiang Chemical fiber co., ltd during the POI, the Authority holds that countervailing duty should be imposed against this program

9. Program No. 18- Accelerated Depreciation on Fixed Assets

Submissions by the Applicant

96. The program is administered by the MOF and the State Administration of Taxation (SAT). The program provides that where the method of shortening the depreciation period is adopted, the minimum depreciation period shall not be less than 60% of the depreciation period specified in Article 60 of these regulations; if the accelerated depreciation method is adopted, the double-declining balance method or the sum of years method may be adopted. Enterprises in light industry, textile industries are eligible. The scheme is enterprise specific. Benefit is in the form of revenue forgone.

Submission by the GOC and producers/exporters

97. GOC has stated that none of the respondents applied for, used, or benefited from, this program through the AUL period and the POI.

98. M/s Xinxiang Chemical Fiber co., Ltd, one of the responding exporters from China PR has submitted in its questionnaire response that it availed this subsidy program and has provided information with regard to the amount of subsidy during the POI.

Examination by the Authority

99. This program is Administered by the Ministry of Finance (MOF) and the State Administration of Taxation (SAT). It provides that where the method of shortening the depreciation period is adopted, the minimum depreciation period shall not be less than 60% of the depreciation period specified in Article 60 of these regulations; if the accelerated depreciation method is adopted, the double-declining balance method or the sum of years method may be adopted. Enterprises in light industry and textile industries are eligible for this program.
100. The benefit is provided to selective enterprises in sectors including textile sector as follows:
- a. To allow fixed assets acquired after January 1, 2014 to depreciate in a shorter period or in an expedited manner and
 - b. To allow instruments and equipment acquired after January 1, 2014, worth no more than RMB 1 million yuan per unit and used for both R&D and production purposes to be reckoned into the current cost and expenses deductible from the taxable income and not to be depreciated over years; and allow those with a unit price of more than RMB 1 million yuan to be depreciated in a shorter period or in an expedited manner;
101. The program provides for financial contribution in the form of revenue foregone and benefit is thereby conferred. The program is also specific because it is limited to certain enterprises. Therefore, the Authority holds that the program offers countervailable subsidy.
102. M/s Xinxiang Chemical Fiber co., Ltd, one of the responding exporters from China PR has submitted in its questionnaire response that it availed this subsidy and has provided information with regard to the amount of subsidy during the POI. Since the benefit is availed by M/s Xinxiang Chemical Fiber co., Ltd during the POI, the Authority holds that countervailing duty should be imposed against this program.

C. Schemes identified as Loans and Export Financing

10. Program No. 24- Preferential Lending

Submissions by the Applicant

103. The program is administered by the Government of China, the Ministry of Agriculture (MOA), MOFCOM, NDRC, SASAC, SEPA (State Environmental Protection

Administration), China Chamber of Commerce for Import and Export of Textiles (CCCT), China National Textile Industry Council (CNTIC), China Petroleum and Chemical Industry Association (CPCIA). In accordance with the State's policy, relevant departments provide loans at subsidised interest rate, with a view to promoting the growth of certain industries and economic development in some areas. In the banking sector in China, the state maintains and exercises effective control over the vast bulk of banking sector assets. The program provides financial contribution in the form of direct transfer of funds. The scheme is enterprise specific.

104. Annual Report of the producers/ exporters show that the companies have received preferential loans. Further, this program has been investigated and countervailed by the Authority in previous investigations.

Submission by the GOC and responding producers/exporters

105. The GOC stated that there is no government "program" consisting of Preferential Loans. No law or regulation directs commercial banks in China to lend on preferential terms, or otherwise support producers in the Viscose Rayon Filament Yarn Industry.
106. The responding producer/exporter M/s Yibin Hiest Fibre Co. Ltd has received ordinary loans from commercial banks during the POI.
107. M/s Jilin Chemical Fiber Stock Ltd has given a list of loans received by the company whereas M/s Xinxiang Chemical Fiber co., Ltd has not provided any information and M/s Jilin Enka Viscose Ltd. has stated that they did not receive any benefit under this program.

Examination by the Authority.

108. The responding producers/exporters have availed loans from both private as well as public banks. The Authority notes that entrustment and direction of all financial institutions (including private financial institutions) operating in China is under the supervision of the China Banking and Regulatory Commission (CBRC), which is a public body. The Bank Law and the various orders of the CBRC cover all Chinese-funded and foreign-invested banks under the management of the CBRC. The private banks applies similar conditions and interest rates as those of the public banks which indicates that private banks follows the government lending policies set forth as per the Bank Law and the various orders of the CBRC. Further, the government uses a private body as a proxy to effectuate a financial contribution in providing preferential loans in China PR.
109. In the 13th Five-Year Plan, the GOC has demonstrated its commitment to improving government services, including through investment and financing, to assist the textile sector to go global. Further, "Decision of the State Council on Promulgating the Interim Provisions Promoting Industrial Structure Adjustment for Implementation (Guo Fa

{2005} No. 40)" (Decision 40) indicates that the "Directory Catalogue for the Readjustment of Industrial Structure" is an important basis for investment guidance and government administration of policies such as public finance, taxation, and credit." Decision 40 indicates that projects in "encouraged" industries, such as high-performance differential fiber which includes chemical fibre industry encompassing yarn industry, shall be provided credit support in compliance with credit principles." These policy documents provide legal basis for preferential lending to encouraged industries like chemical fibres and yarn in the textile sector

110. Such preferential lending results in financial contribution in the form of direct transfer of funds. The program is specific as it is limited to certain enterprises/ sector. Therefore, the Authority holds that countervailing duty should be imposed against this program.
111. The Authority holds that benefit availed against such preferential lending by comparing the interest rate charged by the bank from the exporter receiving loan with the commercial benchmark interest rate.

11. Program No. 25: Loan Guarantee/Credit Loan Guarantee by GOC/Export Credit Guarantees-

12. Program No. 29: Export Credit Insurance Subsidies

Submissions by the Applicant

112. Program no 25 is administered by the Government of China. It directs the China Exim Bank to provide export credit guarantees at low interest rates for export financing. It provides financial contribution in the form of revenue forgone. The scheme is export specific and limited to certain enterprise.
113. Export credit guarantees permit banks to lower the rates charged for export financing A loan guarantee, in finance, is a promise by one party (the guarantor) to assume the debt obligation of a borrower if that borrower defaults. A guarantee can be limited or unlimited, making the guarantor liable for only a portion or all of the debt. As per the Annual Report of Jilin Chemical Fiber Group Co., Ltd, it has received credit guarantee. The company has submitted that the balance of borrowings is *** million yuan, of which *** million yuan is guaranteed by Jilin Chemical Fiber Group Co., Ltd. *** million yuan is guaranteed by Jilin Jiutai Rural Commercial Bank Co., Ltd., *** million yuan is guaranteed by Jilin Branch of Northeast SME Credit Guarantee Co., Ltd., ***million yuan is guaranteed by Jilin Credit Guarantee Investment Group Co., Ltd. and Jilin Bank Co., Ltd. Jilin Branch provides guarantee for RMB *** million.
114. The program has been investigated and countervailed by the Authority in the previous investigations.

115. Program 29 is administered by Sinasure (a state-funded policy-oriented insurance company). It provides short term, medium term and long-term export credit insurance, investment insurance, and bond guarantees, among other services. The premiums on export credit programs reportedly are not even adequate to cover the long-term operating costs of the program. The scheme is enterprise specific and export specific and financial contribution in form of revenue is conferred.

Submission by the GOC and responding producers/exporters

116. The GOC has stated that the petition does not provide any evidence regarding “Loan Guarantee/Credit Loan Guarantee” by the GOC or any public body and the evidences provided in the petition cannot be considered sufficient. The evidence in the petition is not sufficient to support the allegation and the petition fails to establish specificity.
117. The responding producer/exporter M/s Yibin Hiest Fibre Co. Ltd has not purchased any loan or credit guarantee product during the POI and Export Credit Insurance Subsidies.
118. M/s Jilin Chemical Fiber Stock Ltd stated that they have received Export Sellers Credit Loan which was guaranteed by Jilin Province Credit Guarantee Investment Group Co Ltd but not received any loan guarantee from GOC. M/s Jilin Enka Viscose Ltd. has not received any benefit under this program.
119. M/s Xinxiang Chemical fiber co., Ltd has not provided any information.

Examination by the Authority

120. Program no 25 & 29 are administered by the Sinasure (export credit agency), Ministry of Commerce and EXIM bank. China Export & Credit Insurance provides export credit guarantees and promotes export business. Export credit guarantees permit banks to lower the rates charged for export financing. The Authority notes that Sinasure, which is a fully state-owned entity, provides for provision of export guarantee. It is state funded insurance company and provides short term, medium term and long-term export credit insurance, investment insurance, and bond guarantees, among other services. The premiums on export credit programs reportedly are not even adequate to cover the long-term operating costs of the program. Under this program, EXIM Bank provides guarantee to financial institutions against risk of non-payment by their exporters (customers) because of default arising from overseas buyers. The Authority notes that the program is governed by the Ministry of Commerce and China Export & Credit Insurance
121. The program can be said to provide benefit if it is determined that export guarantee is provided by Credit insurance company at less than comparable commercial charges i.e. the fees charges by other domestic private insurance company on comparable commercial export guarantee provision. The program provides for financial contribution in the form of potential direct transfer of funds and benefit is thereby conferred. The benefit conferred

on the recipient is equivalent to (i) the difference between the fee paid by the recipient for availing guarantee from Bank and the fee that would have been paid to any other commercial bank for such guarantee and (ii) the difference between the loan repayment to the lending bank in question (owing to less than normal commercial interest rate because of bank guarantee) and the amount that would have been payable in absence of such guarantee (based on normal commercial interest rate). The subsidy program is also specific because it is contingent on export. Therefore, the Authority holds this program as countervailable.

122. The Authority also notes that M/s Jilin Chemical Fiber Stock Ltd has received Export Sellers Credit Loan which was guaranteed by Jilin Province Credit Guarantee Investment Group Co Ltd. Hence, the Authority holds that countervailing duty should be imposed against this program.
123. The Authority has determined countervailing duty against such Loan Guarantee/Credit Loan Guarantee/Export Credit Guarantees/Export Credit Insurance Subsidies by comparing the interest rate/premium charged by the lending authorities from the exporter receiving Loan Guarantee/Credit Loan Guarantee/Export Credit Guarantees/Export Credit Insurance with the commercial benchmark. Benefit was calculated based on the difference between these two rates.

13. Program No. 26 - Preferential export financing from the Export-Import Bank of China

14. Program No. 27 - Export Seller's Credit

15. Program No. 28 - Export Buyer's Credit

Submissions by the Applicant

124. Program no 26 is administered by the GOC's policy banks and nominally state-owned commercial banks (SOCBs). Chinese exporters are eligible to receive special export financing as textile is one of the encouraged sectors by the GOC. Export oriented loans are provided at a reduced interest rate. The scheme is enterprise specific and export specific. Benefit is in the form of revenue forgone.
125. Program no 27 is administered by the GOC and the China Exim Bank. The China Exim Bank provides support to exporters through a variety of means, including the export seller's credit. The Export Seller's Credit program provides loans to Chinese companies by the China Exim Bank under this program and this constitutes a financial contribution. The loans also confer a benefit and are export specific.
126. Program no 28 is administered by the GOC & EXIM Bank. The GOC provides preferential financing to exporters by offering local and foreign currency loans to overseas borrowers through the Export-Import Bank of China. The program provides credit to foreign borrowers to finance their imports of Chinese goods with an aim to

promote Chinese exports. Export buyers' credits can be offered at modest concessional rates in order to support particular deals of interest to China, and usually have a grace period that goes from 3 to 6 years, with maturities between 8 and 12 years. It provides financial contribution in the form of provision of export buyers credit, and it is specific as it is contingent on exports.

127. The programs have been investigated and countervailed by the Authority in previous investigations.

Submission by the GOC and responding exporters/producers

128. The GOC has stated that the investigation of this program is inconsistent with Articles 11.2 and 11.3 of the SCM Agreement as the evidence provided in the petition cannot be considered sufficient. The loans obtained from the export bank was regarded as an ordinary bank loan, and was unified with other ordinary long and short-term commercial bank loans. The petition does not contain sufficient evidence to support the allegation and fails to establish specificity. None of the companies have received any benefits from the program.
129. M/s Yibin Hiest Fibre Limited Corporation has received benefit during the POI for program no. 26 & 27. M/s Jilin Chemical Fiber Stock Limited has received the benefit during the POI for program no 27.
130. None of the respondents applied for, used, or benefited from, the program no 28 through the AUL period and the POI. No such subsidy program exists.

Examination by the Authority

131. This program is administered by State-Owned Commercial Banks ("SOCBs). Chinese exporters are eligible to receive special export financing as textile is one of the encouraged sectors by the GOC. Export oriented loans are provided at a reduced interest rate. Companies that are exporting the subject goods are eligible.
132. Under this program State-owned Commercial banks and Export-Import Bank of China support development of textile as a key industry.
133. The Authority notes that the program is administered by the GOC and China Exim Bank. EXIM Bank is a government-owned financial institution. As an agency under the purview of the Ministry of Finance, the major role of the Exim Bank is to provide credit facilities to finance and support exports and imports of goods, services and overseas projects with emphasis on non-traditional markets, providing export credit insurance services, export financing insurance, overseas investments insurance and guarantee facilities.

134. The applicant has provided the following notifications or scheme documents to substantiate that program is in existence (i) The Export-Import Bank of China, 2018 Annual Report (ii) The Export-Import Bank of China, 2018, export sellers credit, Annual Report (iii) The Export-Import Bank of China website excerpts Bank of China, Export Supplier's Credit (iv) Circular of the Import and Export Bank of China on supporting the Export of the High-New Technologic products. JinChuYinJiFa (1999) No 210, September 24th 1999 (v) Export Buyer's Crediting website excerpts of Industrial & Commercial Bank of China.
135. It is noted that the EXIM Bank is a public body because it is owned by the Government and is vested with the government authority to carry out governmental functions. Accordingly, the loan provided by EXIM Bank is a financial contribution in the form of direct transfer of funds by a public body. The program is also specific because it is contingent on export. The benefit conferred on the recipient is in the form of difference between the amount of interest charged by the EXIM bank and the amount of interest charged by the comparable commercial bank. Therefore, based on the above facts the Authority holds this program as countervailable.
136. The Authority notes that the responding producer/exporter M/s Yibin Hiest Fibre Co. Ltd has received benefit from preferential export financing from the Export-Import Bank of China and exporters seller's credit during the POI. M/s Jilin Chemical Fiber Stock Limited from China PR has received benefit in the form of exporters seller's credit.
137. The Authority has determined benefit by comparing the interest rate charged by the state-owned bank from the exporter receiving loan with the commercial benchmark interest rate prescribed by the People's Bank of China (Central Bank of China). Benefit was calculated based on the difference between these two rates.

D. Schemes identified as Equity Infusions

16. Program No. 30- Equity infusions

Submissions by the Applicant

138. The program is administered by the Government of China. The Government acquires additional ownership shares in industries without acquiring additional shareholder rights. The GOC, at the same time, provides substantial amounts of cash as equity infusions China International Capital Corporation Limited (CICC) is 51% state-owned and it is ultimately controlled by China's State-Owned Assets Supervision and Administration Commission (SASAC). SASAC performs the responsibilities of the State as an investor and manages the state -owned assets under its supervision. SASAC, authorized by the State Council, appoints and removes the top executives of the supervised enterprises, and evaluates their performances through legal procedures. The financial contribution is in form of direct transfer of funds and enterprise specific. As evidence of existence of the

program, the web page of China International Capital Corporation Ltd. (CICC) is relied upon.

139. Annual Report of the responding exporter shows the equity infusion in the company such as for M/s Xinxiang Chemical Fiber co., Ltd and M/s Yibin Grace Co. Ltd Jilin Chemical Fibre Group Co. Ltd.

Submission by the GOC and responding exporters/producers

140. The GOC has stated that there is no such subsidy program.
141. In 2014, Hiest's original shareholders, Grace Shareholding Co., Ltd. and Grace Group Corporation, increased their investment for CNY [***] Yuan. The capital increase is on account of normal commercial operation. First of all, the increased capital is provided by Hiest's original shareholders, rather than any government authorities or public bodies. Based on the principle of separation of the functions of the government from those of the enterprise, Grace Shareholding Co., Ltd. and Grace Group Corporation, though state-owned, are not public bodies. Therefore, the capital increase does not constitute a subsidy.
142. M/s Xinxiang Chemical Fiber co., Ltd has not received the equity investment from the Government, or anybody owned or controlled by the Government during the POI.
143. M/s Jilin Chemical Fiber Stock Limited from China PR has received benefit under the said program. Jilin City State Owned Capital Development Holding Group acquired ***% shares of Jilin from other investment companies in 2019, spent ***RMB.

Examination by the Authority

144. The said program is administered by the Government of China (GOC), SASAC and CICC. CICC is 51% state-owned and controlled by State-owned Assets Supervision and Administration Commission of the State Council (SASAC), and acts as GOC entity controlling the SOEs. SASAC performs the responsibilities of the State as an investor and manages the state-owned assets under its supervision. SASAC, authorized by the State Council, appoints, and removes the top executives of the supervised enterprises, and evaluates their performances through legal procedures.
145. Since no corroborative evidence has been provided by the domestic industry, the program has not been examined any further.

Schemes identified as Provisions of Goods & Services at LTAR

17. Program No. 32- Raw material at less than adequate remuneration (LTAR)-

Submissions by the Applicant

146. The raw material used in the production of the subject goods are wood pulp, Caustic Soda, Sulphuric Acid, Carbon Di Sulphate. The supply, trading and pricing policy of these raw materials is largely controlled by the Government of China and distorted. Provision of raw materials at LTAR amounts to financial contribution in the form of provision of services and raw materials at less than market rates resulting in conferring benefit. This program is specific because it is product and sector specific.
147. The Chinese government is aggressively promoting development of domestic wood pulp industry, integrated with a plantation-based fiber supply and downstream production. It is doing so by providing discounted loans from state owned banks, fiscal incentives, and capital subsidies for establishment of at least 5.8 million hectares of fast-growing pulpwood plantations.
148. To increase timber supply, in 2001, the Chinese government launched a program to promote the construction of fast-growth-high-yield plantations. It was designed to increase the domestic production of commercial-use timber, especially for wood-pulp production. According to a government plan, a total of 99 plantations, covering an area of 13.33 million ha, was to be developed between 2001 and 2015. The project was estimated to require a total investment of USD \$8.65 billion. The Ministry of Finance (MOF) was expected to provide USD \$1.73 billion or 20 percent of the total estimated investment, primarily through loan interest subsidies. The subsidies are available to state-owned, private, and foreign-invested enterprises. Specifically, the MOF provides funds to commercial banks to cover interest payments for loans extended for the purpose of developing fast-growth-high-yield plantations.

Submissions by the GOC and responding exporters/producers

149. The GOC stated that no specific raw material was alleged in the petition. Evidence provided in the petition is insufficient to support the allegation. The applicant failed to provide any evidence as per Article 11.2 of ASCM to prove that the raw material suppliers are “authority” or “public body”. or that the GOC interferes in or influences pricing in these raw materials markets, or specificity exists in the provision of these raw materials. Raw material is provided at market condition to the Chinese VFY producers with no intervention by the Chinese government.
150. The GOC does not interfere in or influence pricing in this market. Prices fluctuate in accordance with market dynamics and are closely linked to the international futures markets. China’s VFY industry relies largely on the international market for the imports of some raw materials, such as pulp, for its production. And the GOC does not impose any limitation on the import of these raw materials by law or by policy.
151. M/s Yibin Hiest Fibre Limited stated that raw materials purchased by Hiest during the POI for manufacturing of the subject goods i.e., pulp and Sodium Hydroxide has either

been imported from outside China PR or purchased from private suppliers and none of the suppliers are owned or controlled by the government. It was further stated that the prices are determined through negotiation.

152. M/s Xinxiang Chemical Fibre Co., Ltd stated that were not aware of any trade publications which specify the prices of the goods within the PRC and in the world market.
153. M/s. Jilin Chemical Fiber Stock. Ltd and M/s. Jilin Viscose Co Ltd. stated that they have not purchased goods/services at less than adequate remuneration.

Examination by the Authority

A. Caustic Soda at LTAR

154. The Authority notes that the Chemical sector in China is also an encouraged sector. As per 13th Five-year plan- The "Chemical Fiber Industry 13th Five-Year Directive Opinion", government support for the industry, including, but not limited to: (1) implementing preferential fiscal and financial policies; (2) assisting enterprises in increasing direct financing; and (3) encouraging local governments to increase support the transformation and upgrading of enterprises-during the 2016-2020 period, encouraged research and development in the oil and chemical industries
155. Caustic soda is mainly supplied in the country through government-owned enterprises and majority of state-owned enterprises in the China exercise or are vested with governmental authority. The GOC exercises meaningful control over these entities and uses them to accomplish its goals of maintaining the predominant role of the state sector in allocating resources.
156. The Authority notes that there is significant control of the GOC on production distribution and pricing of caustic soda, which keeps the price of the caustic soda artificially low in the domestic market. Thus, the price in domestic market is distorted due to significant interference by the GOC. Neither the GOC nor the responding producers/exporters have shown that the caustic soda prices in China are governed by the market forces without any government intervention. This program is specific because it is product and sector specific that use caustic soda in the production of finished products. These programs have been held countervailable by other Authorities as well. Accordingly, the Authority holds this program countervailable on the basis of facts available.
157. The Authority compared the domestic purchase price of the caustic soda with external benchmark determined on the basis of trade journal since local Chinese prices are distorted. The amount of benefit is equal to difference between the actual purchase price of responding producers/exporters and the price that would have been payable in the absence of market distortion.

158. The subsidy margin derived has been provided in the table below.

B. Pulp at LTAR-

159. The Chinese government promotes development of domestic wood pulp industry. In the manufacture of Viscose filament yarn, also known as regenerated cellulose fiber or rayon, based on natural cellulose (pulp), cotton pulp and wood pulp are mainly used as the basic raw material. The responding companies procure pulp both domestically and through imports.
160. The Authority verified the information provided by the participating exporters from China PR. The Authority first examined whether pulp has been procured by participating producers/exporters from state owned enterprises or private suppliers or through imports. It was noted that pulp is mainly supplied in the country through government-owned enterprises and these enterprises in China are vested with governmental authority.
161. The Authority notes that there is significant control of the GOC on production distribution and pricing of cotton pulp and wood pulp, which keeps the prices of the cotton pulp and wood pulp artificially low in the domestic market. Thus, the price in domestic market is distorted due to significant interference by the GOC. Neither the GOC nor the responding producers/exporters have provided any evidence to demonstrate that cotton pulp and wood pulp prices in China are without any government intervention. The procurement of these inputs at concessional rate amounts to financial contribution conferring benefit. The program is specific too since it is for wood pulp and cotton pulp based downstream industries. These programs have been held countervailable by other investigating Authorities as well. Accordingly, the Authority holds this program countervailable on basis of facts available.
162. The Authority notes that the responding producers/exporters have identified the source of procurement of raw materials, wood pulp & cotton pulp, as domestically procured or imported. M/s. Jilin Chemical Fiber Stock. Ltd and M/s. Jilin Viscose Co Ltd. have utilized wood pulp as well as cotton pulp as their inputs. The cotton pulp has been sourced domestically whereas wood pulp has been imported. The Authority has determined the subsidy margin for domestically procured cotton pulp only by comparing the actual procurement price with the international benchmark i.e global export price excluding China. Countervailability has been restricted to domestically procured inputs/ raw materials only.
163. Further, M/s Yibin Hiest Fibre Limited Corporation & M/s Xinxiang Chemical Fibre Co., Ltd have utilized wood pulp but the companies have not provided the bifurcation of whether the inputs are domestic procured or imported. For the purpose of subsidy calculation, the Authority has considered the average consumption price of M/s Yibin

Hiest Fibre Limited Corporation & M/s Xinxiang Chemical Fibre Co. and compared the same with the import prices of wood pulp by domestic industry.

164. The subsidy margins derived for the responding producers/exporters have been provided in the table below.

18. Program No. 33 - Land /Land Use rights provided for less than adequate remuneration (LTAR)-

Submissions by the Applicant

165. The land use rights in China are administered by the Government of China at National, Provincial, and Local Government levels which are dealt under Land Administration Law of China PR. Land provision and acquisition in China is non-transparent and the prices are often arbitrarily set up by the authorities. Land in China PR is provided far below the normal market rates.

166. Provision of land use rights at less than market rates amounts to financial contribution in the form of provision of services and land use rights at less than adequate remuneration amounting to conferring benefit. This program is specific because it is limited to certain type of enterprises in China PR.

Submissions by GOC and responding exporters/producers

167. The GOC submitted that there is no such program in existence. The Land Administration Law of the PRC (2004) was amended in 2019. Further, Regulation on the Implementation of the Land Administration Law of the PRC (2014 Amendment) and Provisions on the Assignment of State-owned Construction Land Use Right through Bid Invitation Auction and Quotation governs the land use rights. Land in China is either owned by the State or collectively owned, and Industrial users enjoy Land use rights for specified period. As per ASCM, since the benefit is available to all, it is not specific.

168. M/S Yibin Hiest Fiber Co., Ltd submitted that industrial users of land do not own the land on which they operate. Rather, the industrial users are entitled to the land-use rights for a specified period. Hiest obtained land use rights either through bid invitation, auction or quotation. The Land has been purchased from Yibin Land Resources Bureau, now renamed as Yibin Natural Resources and Planning Bureau, which is not controlled by the GOC. The price of the land-use rights identified in response to the question above is determined through evaluation, negotiation and entering into assignment contracts with the government authority.

169. M/s Xinxiang Chemical Fibre Co., Ltd has provided land use right purchase chart.

170. M/s. Jilin Viscose Co Ltd. has stated that they acquired land-use right according to Land Law. As per Chinese Land Law, Land use fee shall be allocated in *** years, during IP, Jilin's accumulated land use fee shall be *** RMB.

Examination by the Authority

171. The Authority notes that the Land in China is either owned by the State or collectively owned, and Industrial users enjoy Land use rights for specified period. Land regulations are governed and administered by the GOC and its provincial governments as per Land Administration Law 2019 and Regulation on the Implementation of the Land Administration Law of the PRC (2014 Amendment).
172. The Authority notes that land use right provisions in China are dealt under Land Administration Law of China PR. Prices paid for land use rights in China PR are not representative of the market price determined by market forces of demand and supply, since the auctioning system is non-transparent and not functioning in practice, and prices are arbitrarily set by the authorities. The authorities set the prices according to the Urban Land Evaluation System which instruct them, among others, to consider and set prices of industrial land in the light of the industrial policy. In the context of preferential access to industrial land for companies belonging to certain industries, the Authority notes that the price set by the local authorities has to take into account the government's industrial policy. Further, Decision No 40 of the State Council requires that public authorities ensure that land is provided to encouraged industries.
173. The GOC is providing land use rights to certain enterprises at less than adequate remuneration, which amounts to financial contribution. It is also noted that land use rights provided at less than market rates amount to conferring of benefit. Through this program the provincial governments provide subsidies through lease arrangements on land to targeted industrial sectors including textile. The benefit is thus sector specific. This program thus is also specific because it is limited to certain enterprises / sectors
174. Therefore, the Authority determines that the provision of land use rights by the GOC is a countervailable subsidy program. The Authority has determined the benefit considering Thailand industrial land prices as benchmark looking at the comparable level of economic development and GDP on purchasing power parity (PPP) criterion. Other investigating authorities have also adopted external benchmark like Thailand and Chinese Taipei prices for land while examining provision of land at LTAR.
175. The subsidy margin as determined is shown in the table below.

19. Program No. 34 - Electricity provided for less than adequate remuneration (LTAR)

Submissions by the Applicant

176. The program is administered by the Government of China and NDRC. They set the prices of electricity which differ across regions and electricity thus is supplied at preferential rates, hence it is region specific and limited to certain enterprise. It provides financial contribution in form of LTAR. The Applicants has relied on legal basis such as:
- Gua Fa 2004 No.20
 - Catalogue –Decision No. 40 (2005)-NDRC
 - Order 35 of the NDRC –Policies for development of Iron and Steel Industry - 2005
 - Article 3,6,35, 37, 38, 39, 41 & 42 of Electricity Law- 1995

Submissions by the GOC and responding exporters/producers

177. The GOC Electricity Law-1995 has been amended in 2018. Provincial governments determine the electricity prices in China PR under the direction of NDRC as per the pricing catalogue. It is based on market principles. There is no such program in China PR.
178. The GOC has stated that “Catalogue of Investment Projects Subject to the Approval of Government” and Gua Fa 2004 No.20 have been abolished and a new catalogue has been published in 2013. “Order 35 of the NDRC” referred in the petition is irrelevant and not a valid evidence. The GOC stated that Electricity Law-1995 has been amended into Electric Power Law of the PRC 2018, and electricity is purchased from the entities. Provincial governments formulate the electricity prices in China PR under the direction of NDRC as per the pricing catalogue It is based on market principles. Further there is no such program in China PR.
179. Since 2015, the GOC has proactively promoted electricity market reform. The main aspects of the reform include the expedited establishment of a competitive and effective structure and system for the electricity market, as well as the formation of market-oriented pricing mechanisms. Due to these reforms, there are various market-oriented means currently available to the industry to purchase electricity in China. As such, the electricity price in China is based on market dynamics and reflects the equilibrium between supply and demand, and as a consequence, the Directorate should not continue relying on an outdated view of the Chinese electricity market and the electricity pricing system.
180. National Development and Reform Commission (“NDRC”), determines the electricity price for different provinces As per the Catalogue of Pricing by the Central Government, the specific sale price of electricity shall be set by provincial pricing departments, which means that since January 1, 2016, all of the provincial governments have been given authority to prepare and publish electricity tariff rates for their own jurisdictions. Correspondingly, notices regarding the adjustment of electricity sale price issued by the NDRC since then has required provincial pricing departments to set specific electricity sale price and report the electricity tariff after adjustment to the NDRC for record (see Article 2 of the Notices of NDRC on Lowering Coal-Fired Electricity On-Grid Price and

General Industrial and Commercial Electricity Price). Notices of NDRC on Lowering Coal-Fired Electricity On-Grid Price and General Industrial and Commercial Electricity Price would reveal that it is the provincial pricing departments that are in charge of setting specific electricity sale price, there is no specificity at the geographic level.

181. Finally, electricity prices are classified by end user categories such as residential, agricultural, large industry, and/or industrial and commercial. Within each category\ for each province in question respectively, the electricity prices are equally applied to all end users. Hence not specific.
182. M/s Yibin Hiest Fiber Co., Ltd has submitted that they produce and purchase, electricity at market price. The price of electricity purchased by Hiest is determined through negotiation with entity which is not owned or controlled by the government of China or Sichuan Province. Hence it is not a subsidy. M/s Jilin Chemical Fiber Stock. Ltd and M/s Jilin Enka Viscose Co., Ltd has purchased electricity from related company M/s Jilin Qifeng Chemical Fiber Co., Ltd. M/s Xinxiang Chemical Fibre Co., Ltd, has stated that they have purchased electricity from a government-controlled company named State Grid Henan Electric Power Company.

Examination by the Authority

183. The program is administered by GOC, NDRC and provincial government and the prices of electricity set by these bodies differ across regions. Provincial governments formulate the electricity prices in China PR under the direction of NDRC.
184. The Authority notes that NDRC plays a vital role in determining, setting and adjusting electricity prices both by establishing electricity pricing formulas and by mandating average price adjustment targets with which the provinces are obliged to comply in setting their own specific prices. The lower electricity rate is set out in the relevant NDRC notice and it is incorporated in the notice issued by the local price bureau, i.e. it is mandated by a central authority and administered at local level. This lower rate is limited to certain enterprises in certain specified sectors (mainly producers of textiles), included in a sub-category of large-scale industrial users. Therefore, this lower rate is limited only to companies falling into these categories and hence, electricity is provided at LTAR at the instance of public body is specific.
185. The Authority thus holds that the Government of China is providing electricity to certain enterprises at less than adequate remuneration and the provision of electricity at less than adequate remuneration amounts to financial contribution conferring benefit. The Authority thus holds this program as countervailable.
186. The Authority has therefore determined countervailing duty against provision of electricity at less than adequate remuneration considering the highest provincial rates of electricity as the benchmark. The subsidy margin determined is shown in the table below.

20. Program No. 35- Water provided for less than adequate remuneration (LTAR)-

Submissions by the Applicant

187. The program is administered by the Ministry of Water Resources, the Ministry of Environment, and the local governments. Price of water supplied in China are not market driven. The NDRC sets the basic price of water, and the municipal price administrative authorities set the price for each municipality based on several parameters. Water laws in China have been administered by NDRC through the Ministry of Water Resources, the Ministry of Environment and the local governments. NDRC sets the basic price of water. The municipal price administrative authorities set the price for each municipality and the Companies located within their jurisdictions are eligible for the preferential water rates.
188. The program is Export oriented and technological advance enterprises specific. Hence, it is region specific and limited to certain enterprises. It provides financial contribution in form of LTAR. The applicant has relied on legal basis such as:
- Gua Fa 2004 No.20
 - Catalogue –Decision No. 40 (2005)-NDRC

Submissions by the GOC and responding exporters/producers

189. The GOC submitted that Gua Fa 2004 No.20 has been abolished and a new catalogue has been published in 2013 “Notice of the State Council on Issuing the Catalogue of Investment Projects Subject to Government Confirmation (2013)”, replaced further in 2014 and amended in 2016. There is no such program in China PR. With respect to eligibility, the petition paper simply claims that “one of exporters Xinxiang Chemical Fiber Co., Ltd is eligible for the said benefit”. However, this statement does not make it clear what the eligibility is. In fact, Water Law of the PRC does not provide any preferential water rate to any designated category of users or designated geographical region.
190. M/s Yibin Hiest Fiber Co., Ltd has submitted that it did not purchase water from any government authority or public body of China. The price of water purchased by Hiest is determined through negotiation which is not owned or controlled by the Government of China or Sichuan Province. Hence it is not subsidy.
191. M/s Xinxiang Chemical Fibre Co., Ltd, has stated that they have purchased water from Limited liability company (invested or controlled by natural person) named Xinxiang Shouchuang Water Supply Co. Ltd. and a government-controlled company named Xinxiang Jinsheng Water Supply Co., Ltd.
192. M/s Jilin Chemical Fiber Stock. Ltd and M/s Jilin Enka Viscose Co., Ltd have purchased Water from related company M/s Jilin Qifeng Chemical Fiber Co., Ltd, Purchase price is in line with province conduct price.

Examination by the Authority

193. The program is administered by the Ministry of Water Resources, the Ministry of Environment, and local governments. The NDRC sets the basic price of water, and the municipal price administrative authorities set the price for each municipality based on several parameters. NDRC plays a vital role in determining and setting the basic price of water. As per Article 48 of Water law, the State Council shall provide the specific measures for implementation of the water collection license system and the levying of water resource fees. Further Article 55 also provides for specific measures that shall be formulated by the price departments of the people's Government of China at or above the provincial level jointly with the water administration department at the corresponding level, or with other departments in charge of water supply according to their respective powers
194. The Authority notes that since the water prices are controlled by the GOC & NDRC, through its implementation by provincial authorities, the water rates are determined by public bodies.
195. The Authority notes that the current pricing in China does not reflect the real cost. The Government of China is providing water at preferential prices to different provinces. Preferential prices of water amount to financial contribution in the form of provision at less than adequate remuneration. This subsidy program is also specific because it is limited to enterprises in China PR located in particular regions. Hence the program is region specific. Therefore, it is holds this program as countervailable.
196. The Authority calculated the benefit by comparing the actual expense incurred by the responding producers/exporters on water consumed with the benchmark i.e industrial water rate prevailing in China PR. The subsidy margin calculated has been provided in the table below.

Subsidy margin determined for M/s Jilin Chemical Fiber Stock Co., Ltd. & M/s Jilin Enka Viscose Co. Ltd.-

197. M/s Jilin Chemical Fiber Stock Co., Ltd. & M/s Jilin Enka Viscose Co. Ltd. are a producer/exporter of subject goods in China PR. Both the companies have filed the questionnaire responses. M/s Jilin Chemical Fiber Stock Co., Ltd. has provided information regarding the subsidy programs availed by them whereas M/s Jilin Enka Viscose Co. Ltd. has stated that they have not availed any benefit under any of the subsidy programs. The Authority examined the response filed by M/s Jilin Chemical Fiber Stock Co., Ltd. & M/s Jilin Enka Viscose Co. Ltd. and upon examination requested information from them and also verified the information provided in the response to the extent deemed necessary and determined subsidy margin for programs for which benefit was received

or accrued during the POI. Wherever the relevant information was not provided by the exporter, the Authority has relied upon facts available to determine the subsidy margin.

198. The table below provides name of the subsidy programs, and the corresponding subsidy margin.

Program No.	Program Name	Subsidy Margin
Program No 11	Various grants provided by provincial Authority of Jilin	0-10%
Program No 24	Preferential lending	0-10%
Program No 27	Export Seller Credit	0-10%
Program No 32	Raw material at less than adequate remuneration (LTAR)	0-10%
Program 32 a	Caustic Soda at LTAR	0-10%
Program 32 b	Pulp at LTAR	0-10%
Program No 33	Land /Land use rights provided for less than adequate remuneration (LTAR)	0-10%
Program No 34	Electricity provided at less than adequate remuneration (LTAR)	0-10%
Program No 35	Water provided for less than adequate remuneration (LTAR)	0-10%
	Total	20-30%

Subsidy margin determined for M/s Xinxiang Chemical Fibre Co., Ltd

199. M/s Xinxiang Chemical Fibre Co., Ltd is a producer/exporter of subject goods in China PR. The company has filed the questionnaire responses. Xinxiang Chemical Fibre Co., Ltd has provided information regarding the subsidy programs availed by them. The Authority examined the response filed by Xinxiang Chemical Fibre Co., Ltd and upon examination requested information from them and also verified the information provided in the response to the extent deemed necessary and determined subsidy margin for programs for which benefit was received or accrued during the POI. Wherever the relevant information was not provided by the exporter, Authority has relied on facts available to determine the subsidy margin. The table below provides name of the subsidy programs, and the corresponding subsidy margin.

Program No.	Program Name	Subsidy Margin
Program No.10	Various grants provided by provincial Authority of Henan province	0-10%
Program No.14	Exemption or reduction from corporate income tax for the enterprises engaging in environmental protection. Energy conservation and water conservation projects that meet the requirements	0-10%

Program No.15	-Preferential tax policies for the additional calculation and deduction of research and development (R&D) expenses/Preferential income tax benefits for research and development investments	0-10%
Program No.18	-Accelerated depreciation on fixed assets	0-10%
Program No 24	Preferential lending	0-10%
Program No 27	Export Seller Credit	0-10%
Program No 32	Raw material at less than adequate remuneration (LTAR)	
Program 32 a	Caustic Soda at LTAR	0-10%
Program 32 b	Pulp at LTAR	0-10%
Program No 33	Land /Land use rights provided for less than adequate remuneration (LTAR)	0-10%
Program No 34	Electricity provided at less than adequate remuneration (LTAR)	0-10%
Program No 35	Water provided for less than adequate remuneration (LTAR)	0-10%
	Total	15-25%

Subsidy margin determined for M/s Yibin Hiest Fibre Corporation Ltd.-

200. The Authority notes that M/s Yibin Hiest Fibre Corporation Ltd. ("Hiest") is producer and exporter of the subject goods. Ms Yibin Hiest Fibre Corporation Ltd. ("Hiest") has exported the subject goods to India directly and also through its affiliated trading company, M/s Grace (Hong Kong) International Trading Company ("Grace HK") and, Sichuan Wellshow International Trade Pte. Ltd. ("Sichuan Wellshow"). It is noted from the questionnaire response filed by Hiest that company has directly exported only ***% and ***% exports are made through its affiliate trading companies i.e M/s Grace (Hong Kong) International Trading Company ("Grace HK") and Sichuan Wellshow International Trade Pte. Ltd. ("Sichuan Wellshow")

Program No.	Program Name	Subsidy Margin
Program No 5	Special fund for the development of foreign trade and economic cooperation/ fund for the development of International Economic Relations and Trade	0-10%
Program No 7	Research & Development (R&D) assistance grant	
Program No 9	Fund for effluent treatment plant	
Program No 12	Various grants provided by provincial Authority of Sichuan province	
Program No 24	Preferential lending	0-10%
Program No 26	Preferential export financing from the Export-Import Bank of China	0-10%
Program No 29	Export credit insurance subsidies	
Program No 32	Raw material at less than adequate remuneration (LTAR)	
Program 32 a	Caustic Soda at LTAR	0-10%
Program No 33	Land /Land use rights provided for less than adequate remuneration (LTAR)	0-10%

Program No 34	Electricity provided at less than adequate remuneration (LTAR)	0-10%
Program No 35	Water provided for less than adequate remuneration (LTAR)	0-10%
	Total	5-15%

All other producers/exporters in China PR-

201. Subsidy margin determined for all producers/exporters is as below –

Program No.	Program Name	Subsidy Margin
Program No 5, 7, 9, 10, 11, 12	Various Grants	0-10%
Program No.14	Exemption or reduction from corporate income tax for the enterprises engaging in environmental protection. Energy conservation and water conservation projects that meet the requirements	0-10%
Program No.15	Preferential tax policies for the additional calculation and deduction of research and development (R&D) expenses/Preferential income tax benefits for research and development investments	0-10%
Program No.18	Accelerated depreciation on fixed assets	0-10%
Program No 24	Preferential lending	0-10%
Program No 26, 27, 28	Preferential export financing from the Export-Import Bank of China/ Export Seller Credit / Export credit insurance subsidies	0-10%
Program No 32	Raw material at less than adequate remuneration (LTAR)	0-10%
Program No 33	Land /Land use rights provided for less than adequate remuneration (LTAR)	0-10%
Program No 34	Electricity provided at less than adequate remuneration (LTAR)	0-10%
Program No 35	Water provided for less than adequate remuneration (LTAR)	0-10%
	Total	20-30%

H. EXAMINATION OF INJURY AND CAUSAL LINK

G.1 Submissions made by the Applicant.

202. The submissions made by the applicant with regard to injury and causal link are as follows:

- a. Demand of the subject goods has increased over the injury period.
- b. Imports from the subject country have increased significantly in absolute term over the injury period and more importantly in the period of investigation.

- c. Share of imports from the subject country has also increased in relation to Indian demand, Indian production and the total imports into India.
- d. On weighted average PCN basis the price undercutting is positive.
- e. Subsidized imports from China PR have had a suppressing effect on the prices of the domestic industry.
- f. Capacity of the domestic industry has increased over the injury period whereas the capacity utilization has declined.
- g. Production and sales of the domestic industry have increased over the injury period but declined in the period of investigation.
- h. Market share of the subject country imports has increased whereas of the domestic Hindustry and Indian producers has declined.
- i. Profits have declined significantly over the injury period, as a result of decline in profits, the profit before interest and tax, cash profits and the return on investment have also declined.
- j. Average inventory has seen a sharp increase over injury period because of increase in subsidized imports.
- k. There is negative growth in all the parameters of the domestic industry.
- l. Domestic industry has been unable to compete with the subsidized imports due to which it is suffering on price parameters.
- m. Considering the impact subsidized imports have had, if any fresh investments are made in such a market the producer would bleed in losses.
- n. No injury in SSY and injury in CSY & PSY shows injury and causal link due to low priced Chinese imports.
- o. There was an anti-dumping duty in place upto 3rd May 2018 which prevented the flood gates for the imports to open.
- p. On 26 August 2017 Pakistani National Tariff Commission imposed a definitive antidumping duty on imports of the subject good from China for 5 years and exports from China to Pakistan declined. Chinese producers started looking alternate market to utilize their surplus capacities.
- q. Large number of subsidy schemes have been provided by the subject country's government and producers in China keep their prices low while managing with low margins. The producers have significantly high capacities and dependent on the exports market.
- r. India is a very lucrative market for the producers in the subject country. India is one of the major markets for the Chinese producers and exports to India account for more than 30% of the total exports from China.
- s. Because of significant subsidies provided by the Chinese Government on capital investment, Xinxiang Chemical Fiber and Jilin Chemical Fibers are expanding their capacity.
- t. Trend of performance parameters of the domestic industry remains same the irrespective of inclusion or exclusion of Century Textiles and Industries Limited for the year 2016-17 and 2017-18.

- u. The domestic industry was forced to export in order to prevent pile up of inventories. Had there been demand for its product at the price at which it intended to sell, domestic industry would not have undertaken loss making exports.
- v. The Covid – 19 lockdown impacted the domestic industry in two ways (a) it was forced to incur significant costs on shut down and resumption of plant after lockdown and (b) it was faced with a decline in demand.
- w. While demand for subject goods in the post covid period declined in China as well as other countries, Chinese plants continued to run their plants at optimum level.
- x. As of the end of December 2020, inventory of VFY industry in China was about 110.5 days. Therefore, Chinese producers were faced with (a) declining demand (b) increasing inventory and (c) idle capacities.
- y. Prices of subsidized imports have further declined in the post period of investigation. The domestic industry which was already facing the wrath of declining demand and increase in imports in the post period of investigation.
- z. While the demand of the subject goods has declined from around 48 KT in 2019-20 to 30 KT in 2020-21, share of imports in demand has increased.
- aa. Any fresh investment of even 20,000 MT would require an investment of more than Rs 2,500 cr. and considering the impact the subsidized imports have had on the performance of the domestic industry, any producer would bleed in losses.
- bb. Already Baroda Rayon Limited and NRC Limited had earlier shut down their capacities for production of subject goods due to the presence of low-priced imports from China PR.
- cc. Volume of imports are far beyond the demand-supply gap and actually are being made due to price advantages gained in importing the material.
- dd. While the domestic industry has the capacity to cater significant share in demand, the imports from China have always held a significant share.
- ee. On the submission of Grasim being related to ABNL and CTIL, Grasim is not related to CTIL and was not related to erstwhile ABNL at the time of amalgamation.
- ff. Increase in capacity, production, sale and market share in the data provided for the year 2018-19 was because data for CTIL division of the company was provided for only 2 years.
- gg. On impact of Tyre Cord Yarn, subject goods have no nexus with Tyre Cord Yarn. It is clarified that for the purpose of segment reporting, Tyre Cord Yarn is reported under the Viscose Segment in the annual report.
- hh. On decline in sales due to coarser denier, the product below 75 denier is fine denier. Majority of the imports are of 120 denier. There was no reason for the users to shift to imports due to quality issues. The only reason why the users have imported is due to low price of imports.
- ii. Contrary to the submission that Chinese producers do not have excess capacities, producers in China have set up capacities significantly higher than the demand in the country and therefore the producers are always in hunt for new markets. Excess capacities are more than 40%.
- jj. On the submission that increase in imports is due to increase in demand, had this been the only reason for increase in imports, domestic industry would not have

- faced (a) decline in production and sales (b) decline in capacity utilization (c) increase in inventory and (d) increase in exports at losses.
- kk. On the submission of PCN wise undercutting, as per the consistent practice of the Authority, PCN wise price undercutting is calculated only for the period of investigation. Even other Authorities also calculate undercutting for the period of investigation.
 - ll. On the submission of injury due to acquisition, profits declined in 2018-19, which was partly due to increase in interest and depreciation costs. Even when interest and depreciation cost declined in period of investigation, profits have declined. While decline in profits in 2018-19 was due to take over, the decline in profits in the POI was largely due to imports.

H.2 Submissions made by other interested parties.

203. The submissions made by the interested parties with regard to injury are as follows:
- a. Imports have increased only because of increase in demand.
 - b. Volume of imports for the period 2016-17 reported in the current application and in the last sunset review investigation are different. There is a clear manipulation in the data provided by the applicant.
 - c. There is a difference in the volume of imports reported in total price undercutting table and PCN wise price undercutting table in the updated application.
 - d. PCN wise price undercutting has not been provided for the previous years and interested parties are unable to analyse causal link.
 - e. There is no correlation between price undercutting and profitability of the domestic industry.
 - f. In the concluded sunset review of anti-dumping duty on imports of Digital Offset Printing Plates from China PR. price undercutting was considered as an important parameters and Authority recommended dis-continuance of the duty as price undercutting was negative. Price undercutting in the current investigation is also negative.
 - g. There are discrepancies in the volume of imports provided in the PCN wise undercutting table and average price-undercutting table.
 - h. Landed price of imports have increased over the injury period with a marginal decline in the period of investigation.
 - i. The domestic industry has been able to increase selling price commensurately with the increase in cost of sales. Therefore, there is no price suppression or depression.
 - j. No claim of price underselling has been made which means that landed value of subject goods is well above non-injurious price of the domestic industry.
 - k. Capacity utilization has remained at same level and production increased due to capacity expansion in 2018-19. This shows that domestic industry has not been impacted due to the subject imports.
 - l. Overall production quantity increased by 114 indexed points in 2018-19 but production quantity of subject goods increased by slightly lesser at 105 indexed

- points. This shows that thrust of domestic industry is focused on Spool Spun Yarn technology and Rayon Tyre yarn.
- m. The domestic industry has expanded its capacity. The domestic industry is not able to stabilize its capacity which results into negative impact on higher capital employed, negative return on capital employed and huge losses.
 - n. In case, the applicant had not increased the capacity so frequently, it must be operating on optimum capacity utilization.
 - o. The domestic industry's domestic sales skyrocketed in 2018-19 before reducing slightly in period of investigation. Market share has followed a similar trend.
 - p. Profits from domestic operations significantly increased in 2018-19 and reduced in the period of investigation. However, profits have remained positive throughout.
 - q. Though cash profits have declined in the period of investigation, they are still higher than the remaining years in the injury period, except for 2018-19.
 - r. Losses on account of export performance are not relevant since exports do not compete with the subject imports.
 - s. The profitability of the company has been impacted due to Covid-19 operations.
 - t. Rise in interest and depreciation costs is a result of sudden increase in capacity and capital expenditure which has affected the overall profitability of the domestic industry.
 - u. It is common business practice in textile industry to stock up adequate inventory to meet continuous and increasing demand for the product in the domestic market.
 - v. Return on investment has not been able to catch up with sudden increase in capacity and further declined due to extremely high export losses. Investment of about 800 cr. in CTIL's arrangement and capital expenditures would naturally take some time to give desired returns.
 - w. In the period of investigation demand for VFY was impacted due to lack of demand for tyre cord due to the slowdown in the global automotive market.
 - x. In the domestic industry's earning's conference call, it has been clearly stated that the performance of VFY has been impacted due to performance in Tyre Cord business as well.
 - y. Capacity in China will not increase significantly in the near future due to strict environmental laws, increase in remuneration of workers and requirement of huge capital investment for viscose filament yarn.
 - z. Chinese plants run at 90% capacity utilization per annum and there is no overcapacity in China PR.
 - aa. Domestic industry acquired VFY business of Aditya Birla Nuvo Limited in July 2017 but has shown production since production since 2016-17.
 - bb. Century Textiles and Industries Limited is considered as other producer in standing table but capacity is included in the total capacity in IV A
 - cc. The product under consideration in the application includes embroidered yarn but it has been excluded from the initiation notification. The applicant should be directed to provide revised data.

- dd. 100% Rayon Embroidery Thread Bright Raw White on Hank, Viscose Rayon Filament Yarn has been considered as a part of product under consideration in the import data by the applicant but the same is excluded from the investigation.
- ee. Imports from China are mainly fine denier and super fine denier.
- ff. SSY business of the domestic industry have good and healthy operation and there is no injury to the SSY business.
- gg. Grasim, ABNL and CTIL are related companies which belong to the same group. Transfer of assets has been made at revalued price which has inflated depreciation, net fixed assets and capital employed resulting into inflated losses.
- hh. There is absence of price effects and no material injury suffered by the domestic industry.
- ii. There is no significant price undercutting. It shows that domestic industry's prices were not impacted by the import price.
- jj. Landed prices are not causing significant price suppression or price depression.
- kk. There is no correlation between price undercutting and decline in profitability.
- ll. The domestic industry's economic parameter has greatly improved and Grasim's position as leading VFY manufacturer in India and 3rd largest globally.
- mm. In domestic industry's earning's conference call, it has been clearly stated that performance of VFY has been impacted due to its performance in Tyre Cord business.
- nn. The applicant has tried to manipulate data of demand in order to show the injury as imports and domestic sales have doubled as compared to base year but demand has increased by only 20%
- oo. As per the Annual Report. the domestic industry has marginally expanded its capacity but as per data provided in application, it has doubled the capacity.
- pp. As per the quarterly report of 4th quarter of the domestic industry, its operations was impacted due to Covid 19.
- qq. As per the annual report, VFY profitability was impacted by lower volumes mainly due to lower exports of Tyre Cord Yarn.
- rr. Consumption is gradually shifting from coarser deniers to fine deniers leading to decline in demand. Coarser deniers are facing a risk to be substituted by cheaper polyester.
- ss. Technologies of Indian domestic industry is backward and mainly focus on PSY as well as coarser denier.
- tt. There is negative price undercutting at the weighted average level in the period of investigation.
- uu. Self-inflicted injury due to over-expansion leading to increase in number of employees.
- vv. The Applicant has not provided PCN-wise price undercutting data for the injury period.
- ww. Subject goods are used in the manufacture of tyre cord and other textile products. In the FY 2019-20, the demand for VFY was impacted due to lack of demand for tyre cord due to the slowdown in the global automotive market.

- xx. Production volume and capacity utilization levels have only decreased slightly in the period of investigation.
- yy. In spite of the decline in the domestic sales volumes and market share in the period of investigation, it was still significantly higher than first two years of the injury period, i.e., 2016-17 and 2017-18.
- zz. Profits from the domestic operations significantly increased in 2018-19 and reduced in the period of investigation. However, the profits have remained positive throughout.
- aaa. Even when the import price in previous years was low, they were not impacting the performance of the domestic industry as imports were in low volume and duty paid prices were better.
- bbb. Price of imported yarn was higher than the domestic yarn when the dollar rate was 68-70. Current dollar rate has further increased.
- ccc. Decline in the market share of the applicant was due to increase in Viscose Filament Yarn market growth and not because of imports.
- ddd. The Applicant is trying to mislead the Authority by providing wrong information. Investigation by Pakistan relates imports of Polyester Filament Yarn from China and Malaysia and not Viscose Filament Yarn.
- eee. The statement on domestic industry incurring losses on exports is totally baseless and fallacious.
- fff. Surplus capacities, export orientation and duties imposed by other Authorities are factors seen for likelihood of injury.
- ggg. The Applicant is blaming imports for the decline in the POI in capacity utilisation, production, and sales but it has shifted focus on the NPUC production.
- hhh. Losses in export could be due to could also be for the reason that it did not receive MEIS benefits in the period of investigation, which allow it to sell low-priced exports in foreign markets.
- iii. The domestic industry has itself admitted that the decline in their profitability was caused due to acquiring CTIL as a going concern.
- jjj. Baroda Rayon Limited and NRC Limited were not shut down due to imports but due to their own operational and financial shortcomings.
- kkk. The domestic industry has deliberately concealed decision of the Authority in 2nd Sunset Review of not implementing any Anti- Dumping duty on VFY.
- lll. Neither the import methodology nor the PUC description in the application stated whether the scope of the PUC covered yarn for handmade embroidery or machine-made embroidery. Similarly, no mention was made of colour or dye or the yarn wound on bobbin or cone being included in the scope of the PUC.

H.3 Examination by Authority

- 204. The submissions made by the interested parties have been analyzed to examine the injury to the domestic industry on account of subsidized imports from the subject country.

205. Rule 13 of Subsidy Rules deals with the principles governing the determination of injury which provides as follows:-

“(1) In the case of imports from specified countries, the designated authority shall give a further finding that the import of such article into India causes or threatens material injury to any industry established in India, or materially retards the establishment of an industry in India.

(2) Except when a finding of injury is made under sub-rule (3), the designated authority shall determine the injury, threat of injury, material retardation to the establishment of an industry and the causal link between the subsidised import and the injury, taking into account inter alia, the principle laid down in Annexure I to the rule.

(3) The designated authority may, in exceptional cases, give a finding as to the existence of injury even where a substantial portion of the domestic industry is not injured if –
(i) there is a concentration of subsidised imports into an isolated market, and
(ii) the subsidised imports are causing injury to the producers of almost all of the production within such market.”

206. The Authority has taken note of various submissions made by the domestic industry and the other interested parties on injury and causal link and has analyzed the same considering the facts available on record and the applicable laws. The injury analysis undertaken ipso facto addresses submissions made by the domestic industry and other interested parties.

207. As regards the submission that the performance of the domestic industry has been impacted due to other reasons as highlighted in the Annual Report. It has been clarified by the domestic industry that the statement made in the Annual Report relate to a different product altogether which is also clubbed in the Viscose segment. The Authority notes that injury is required to be seen qua the product under consideration only.

208. Further, it has also been alleged that the domestic industry has manipulated the numbers to show injury. The Authority has examined the data provided by the domestic industry. The data after due verification only has been considered by the domestic industry for the purpose of present final findings.

209. On the submission of the other interested parties on the difference in the volume of imports for the period 2016-17 reported in the current investigation and in the last sunset review investigation, it is noted that the scope of the product under consideration in both the investigations is different. The product in the last investigation included all type of VFY upto 150 deniers whereas the product in the current investigation includes VFY above 60 deniers.

210. On the submission of other interested parties on inclusion of embroidered yarn and 100% Rayon Embroidery Thread Bright Raw White on Hank, Viscose Rayon Filament Yarn in the import data, the Authority has procured the DGCI&S data from the relevant Authority.

Only the product under consideration as per the above description has been considered by the Authority.

211. On the submission of the domestic industry and the other interested parties on the effect of Covid 19 in the post period of investigation, since the present investigation is a fresh investigation, the Authority has as per its consistent practice not considered post period of investigation data.

H.3.1. Volume Effect of Subsidized Imports on Domestic Industry

a. Assessment of Demand / Apparent Consumption

212. The Authority has taken into consideration, for the purpose of the present investigation, demand or apparent consumption of the product in India as the sum of domestic sales of all the Indian Producers and imports from all sources. It is seen that the demand of the subject goods declined in 2017-18 but has increased thereafter. The demand of the subject goods has increased over the injury period.

SN	Particulars	UOM	2016-17	2017-18	2018-19	POI
1	Sales of domestic industry	MT	***	***	***	***
	Trend	Indexed	100	91	217	196
2	Sales of other Indian producers	MT	***	***	***	***
	Trend	Indexed	100	102	37	37
3	Imports from subject country	MT	8,142	6,597	8,344	16,303
4	Import from other countries	MT	68	91	359	284
5	Total Demand/ consumption	MT	***	***	***	***
	Trend	Indexed	100	95	107	120

b. Imports in absolute and relative term

213. With regard to the volume of the subsidized imports, the Authority is required to consider whether there has been a significant increase in the subsidized imports, either in absolute terms or relative to production or consumption in India. For the purpose of injury analysis, the Authority has relied upon the transaction wise import data procured from DGCI&S.

SN	Particulars	UOM	2016-17	2017-18	2018-19	POI
1	Subject country imports	MT	8,142	6,597	8,344	16,303
2	Other country imports	MT	68	91	359	284
3	Total imports	MT	8,210	6,689	8,703	16,587
4	Subject country imports in relation to					
a	Indian production	%	***	***	***	***
		Trend	100	79	100	199

b	Demand/consumption	%	***	***	***	***
		Trend	100	86	96	167
c	Total imports	%	99.17%	98.63%	95.87%	98.29%

214. It is seen that:

- Volume of subject imports declined in 2017-18 with decline in demand but have increased thereafter. The imports from subject country have almost doubled in the period of investigation as compared to 2018-19.
- Imports in relation to production and demand have recorded a significant increase in period of investigation. With a decline in imports in 2017-18, imports declined in relation to Indian production and demand in the year 2017-18 but increased thereafter in 2018-19.
- Imports in relation to total imports declined till 2018-19 but increased in the period of investigation.

H.3.2 Price Effect of the Subsidized Imports on the Domestic Industry

215. With regard to the effect of the subject goods on the prices of the domestic industry, it is required to be examined whether there has been a significant price undercutting by the subsidized imports as compared to the price of the like products in India, or whether the effect of such imports is otherwise to depress prices or prevent price increases, which otherwise would have occurred, to a significant degree.

a. Price undercutting

216. The Authority has done PCN wise price undercutting calculation. For this purpose, PCN wise selling price of the domestic industry has been compared with PCN wise landed value of imports of subject goods from the subject country.

SN	PCN	Landed Price (Rs/MT)	NSR (Rs/MT)	Price undercutting (Rs/MT)	Price undercutting %	Price undercutting (range)
1	PSY120OT	3,42,659	***	***	***	0-10%
2	PSY120DT	3,84,744	***	***	***	0-10%
3	CSY120UT	3,82,070	***	***	***	(5-15)%
4	PSY115OT	3,86,653	***	***	***	60-70%
5	PSY116OT	3,59,704	***	***	***	(0-10)%
6	PSY 075UT	4,88,820	***	***	***	(0-10)%
7	CSY112UT	3,65,788	***	***	***	(0-10)%
8	CSY100UT	3,81,924	***	***	***	(5-15)%
9	CSY115UT	4,16,993	***	***	***	(10-20)%
10	PSY075OT	4,57,948	***	***	***	(0-10)%
11	PSY150OT	3,50,313	***	***	***	(5-15)%
12	PSY100OT	3,88,330	***	***	***	(0-10)%

13	CSY150UT	4,11,805	***	***	***	(25-35)%
14	PSY115DT	3,97,186	***	***	***	(0-10)%
15	CSY1200UT	3,57,780	***	***	***	(0-10)%
	Total	3,75,773		***	***	0-10%

217. It is seen that the price undercutting is positive. As regards the submission of the other interested parties on PCN wise undercutting for the entire injury period, the Authority has as per the consistent practice, calculated PCN wise undercutting for the period of investigation.

b. Price suppression and depression

218. In order to determine whether the subsidized imports are depressing the domestic prices and whether the effect of such imports is to suppress prices to a significant degree or prevent price increases which otherwise would have occurred to a significant degree, the Authority considered the changes in the costs and prices over the injury period as compared to the landed price of imports.

SN	Particulars	UOM	2016-17	2017-18	2018-19	POI
1	Cost of Sales	₹/MT	***	***	***	***
	Trend	Indexed	100	106	121	126
2	Selling Price	₹/MT	***	***	***	***
	Trend	Indexed	100	101	112	113
3	Landed Price	₹/MT	3,52,700	3,34,957	3,88,667	3,75,773
	Trend	Indexed	100	95	110	107

219. The Authority has examined landed price of imports, selling price and cost of the domestic industry. It is seen that while both cost of sales and selling price of the domestic industry have increased over the injury period, the increase in selling price has been less than the increase in cost of production.

H.3.3. Economic Parameters of the Domestic Industry

220. The Rules require that determination of injury shall involve an objective examination of the consequent impact of subsidized imports on domestic producers of such products. With regard to consequent impact of subsidized imports on domestic producers of such products, the Rules further provide that the examination of the impact of the subsidized imports on the domestic industry should include an objective and unbiased evaluation of all relevant economic factors and indices having a bearing on the state of the industry, including actual and potential decline in sales, profits, output, market share, productivity, return on investments or utilization of capacity; factors affecting domestic prices, ; actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital investments. Accordingly, performance of the domestic industry has been examined over the injury period.

a. Production, Capacity, Capacity utilization and Sale

221. The position of the domestic industry over the injury period with regard to capacity, production, capacity utilization and domestic sales is as under: -

SN	Particulars	UOM	2016-17	2017-18	2018-19	POI
1	Capacity	MT	***	***	***	***
	<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>100</i>	<i>223</i>	<i>223</i>
2	Production-Plant	MT	***	***	***	***
	<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>97</i>	<i>211</i>	<i>202</i>
3	Capacity Utilisation	MT	***	***	***	***
	<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>97</i>	<i>95</i>	<i>91</i>
4	Production-PUC	MT	***	***	***	***
	<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>96</i>	<i>201</i>	<i>192</i>
5	Domestic Sales	MT	***	***	***	***
	<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>91</i>	<i>217</i>	<i>196</i>

222. It is seen that -

- a. Capacity of domestic industry has increased over the injury period as the company took over the business of Century Textiles Limited.
- b. Capacity utilization of the domestic industry has declined over the injury period. Domestic industry is operating with idle capacities.
- c. Production of the domestic industry increased till the 2018-19 but declined in the period of investigation.
- d. Domestic sales of the domestic industry have increased over the injury period but declined in the period of investigation as compared to 2018-19.

b. Market Share

223. Market share of the domestic industry over the injury period is shown in table below-

SN	Particulars	UOM	2016-17	2017-18	2018-19	POI
1	Domestic industry	%	***	***	***	***
	<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>97</i>	<i>203</i>	<i>163</i>
2	Other Indian producers	%	***	***	***	***
	<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>108</i>	<i>34</i>	<i>31</i>
3	Subject country imports	%	***	***	***	***
	<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>86</i>	<i>96</i>	<i>167</i>
4	Other countries	%	***	***	***	***
	<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>142</i>	<i>493</i>	<i>348</i>

224. It is seen that -

- a. Market share of the domestic industry increased till the year 2018-19 but have declined in the period of investigation. Market share of other producers in India have also declined.
- b. Market share of subject imports declined in 2017-18, increased in 2018-19 and have increased significantly in period of investigation.

c. Inventories

225. Inventory position with the domestic industry over the injury period is given in the table below:

SN	Particulars	UOM	2016-17	2017-18	2018-19	POI
1	Average Inventory	MT	***	***	***	***
	<i>Trend</i>	<i>Indexed</i>	100	144	303	353

226. It is seen that average inventory with the domestic industry has increased over the injury period.

d. Profitability, return on investment and cash profits.

227. Profitability return on investment and cash profits of the domestic industry over the injury period is given in the table below.

SN	Particulars	UOM	2016-17	2017-18	2018-19	POI
1	Cost of Sales	₹/MT	***	***	***	***
	<i>Trend</i>	<i>Indexed</i>	100	106	121	126
2	Selling Price	₹/MT	***	***	***	***
	<i>Trend</i>	<i>Indexed</i>	100	101	112	113
3	Profit / (Loss)	₹/MT	***	***	***	***
	<i>Trend</i>	<i>Indexed</i>	100	74	57	32
4	Profit / (Loss)	₹ Lacs	***	***	***	***
	<i>Trend</i>	<i>Indexed</i>	100	67	124	63
5	Cash Profit	₹ Lacs	***	***	***	***
	<i>Trend</i>	<i>Indexed</i>	100	72	169	113
6	Profit before Interest & Tax	₹ Lacs	***	***	***	***
	<i>Trend</i>	<i>Indexed</i>	100	61	147	65
7	ROCE	%	***	***	***	***
	<i>Trend</i>	<i>Indexed</i>	100	49	35	13

228. It is seen that-

- a. The profit per unit for the domestic industry has declined over the injury period with a sharp decline in the period of investigation.

- b. Profits, cash profits and profits before interest and tax of the domestic industry increased in the 2018-19 as the domestic industry's production and sales increased. However, the profits, cash profits and profit before interest and tax have declined in the period of investigation.
- c. The return on capital employed earned by the domestic industry has declined over the injury period with a sharp decline in the period of investigation.

e. Employment, Wages and Productivity

229. The information relating to employment, wages and productivity is as per below table-

SN	Particulars	UOM	2016-17	2017-18	2018-19	POI
1	No of Employees	Nos	***	***	***	***
	<i>Trend</i>	<i>Indexed</i>	100	100	246	248
2	Wages	₹ Lacs	***	***	***	***
	<i>Trend</i>	<i>Indexed</i>	100	92	250	283
3	Productivity per day	MT/Day	***	***	***	***
	<i>Trend</i>	<i>Indexed</i>	100	97	211	202
4	Productivity per Employee	MT/Nos	***	***	***	***
	<i>Trend</i>	<i>Indexed</i>	100	97	86	81

f. Growth

230. The trend of growth parameters of the domestic industry is as per table below-

SN	Particulars	Unit	2017-18	2018-19	POI
1	Production	Y/Y	-3.98%	109.20%	-4.59%
2	Sales	Y/Y	-8.57%	136.91%	-9.61%
3	Profit/(Loss) per unit	Y/Y	-26.21%	-22.68%	-43.87%
4	Inventory	Y/Y	44.43%	109.68%	16.67%
5	Market Share	Y/Y	-3.26%	110.05%	-19.58%
6	Profit before Tax	Y/Y	-32.54%	83.17%	-49.26%
7	Cash Profit	Y/Y	-28.22%	135.50%	-33.39%
8	PBIT	Y/Y	-38.92%	140.05%	-55.46%
9	ROI	Y/Y	-50.66%	-29.74%	-61.32%

g. Ability to raise capital investment.

231. The decline in profitability, cash profit and return on capital employed indicates that the ability of the domestic industry to raise capital investments for the product is hampered due to the subsidized imports from the subject country.

h. Conclusion on injury

232. The volume of subject imports increased significantly in absolute terms and in relation to production, consumption and gross imports into India. There is positive price undercutting and price underselling. The domestic industry's prices are suppressed as domestic industry has not been able to increase its prices in line with the increase in cost. It is noted that the volume parameters such as production, sales, market share of the domestic industry improved in 2018-19 but again declined in the period of investigation. Profits, cash profits and return on capital employed have declined significantly over the injury period. Accordingly, the Authority concludes that the domestic industry has suffered material injury.

i. Injury margin for cooperative producers/exporters

233. The Authority has determined the NIP for the domestic industry on the basis of principles laid down in the Anti-Dumping Rules read with Annexure III, as amended. The NIP of the product under consideration has been determined by adopting the information/data relating to the cost of production provided by the domestic industry and duly certified by the practicing accountant for the period of investigation. The NIP has been considered for comparing the landed price from the subject country for calculating injury margin. For determining the NIP, the best utilisation of the raw materials and utilities has been considered over the injury period. Best utilisation of production capacity over the injury period has been considered. Extraordinary or non-recurring expenses have been excluded from the cost of production. A reasonable return (pre-tax @ 22%) on average capital employed (i.e., average net fixed assets plus average working capital) for the PUC was allowed as pre-tax profit to arrive at the NIP as prescribed in Annexure III of the Rules and being followed.

234. Based on the landed price and NIP determined as above, the injury margin for producers/exporters as determined by the Authority is provided in the table below:

SN	Producer/Exporter	NIP	Landed Price	Injury Margin	Injury Margin	Injury Margin
		Rs/MT	Rs/MT	Rs/MT	%	Range
1	Xinxiang Chemical Fibre Co., Limited	***	***	***	***	30-40%
2	Jilin Chemical Fiber Stock Co., Limited	***	***	***	***	10-20%
3	Jilin Enka Viscose Co., Limited	***	***	***	***	20-30%
4	Jilin Group	***	***	***	***	10-20%
5	Yibin Hiest Fibre Limited Corporation	***	***	***	***	(0-10) %
6	Others	***	***	***	***	40-50%

I. CAUSAL LINK

235. The Authority has examined whether other known factors could have caused injury to the domestic industry as follows-

a. Volume and prices of imports from third countries

236. Imports from countries other than the subject country are below de minimis level in the period of investigation and therefore cannot be a cause of injury to domestic industry.

b. Contraction of demand and changes in the pattern of consumption

237. There have been no material changes in the pattern of consumption of the product under consideration. Hence, changes in the pattern of consumption have not caused injury to the domestic industry.

c. Trade restrictive practices

238. The Authority notes that there is no trade restrictive practice, which could have caused injury to the domestic industry.

d. Change in technology.

239. The Authority notes that technology for production of the product has not undergone any change. Developments in technology are, therefore, not a possible factor of injury.

e. Export performance.

240. Domestic industry has submitted that it was unable to sell its production in the market due to the falling import prices from the subject country and therefore it had to rely on exports at unremunerative price to prevent inventory pile up.

SN	Particulars	UOM	2016-17	2017-18	2018-19	POI
1	Export volume	MT	***	***	***	***
	Trend	Indexed	100	109	173	153
2	Profits	Rs/MT	***	***	***	***
	Trend	Indexed	100	7	-32	-111

241. It is seen that the exports of the domestic industry have increased over the period of investigation. The fact that the domestic industry was forced to export at unremunerative prices due to the subsidized imports, the Authority has considered the performance of domestic industry for the domestic operations only. Any possible deterioration in the export performance of the domestic industry, therefore, cannot be a cause for the injury to the domestic industry.

f. Performance of other products.

242. The Authority has considered the data relating to the performance of the subject goods only. Therefore, performance of other products produced and sold by the domestic industry are not a possible cause of the injury to the domestic industry.

g. Capacity enhancement by Domestic Industry

243. The Authority notes that the capacity of the domestic industry increased significantly during the year 2018-19. The cost of sales of the domestic industry increased significantly

as a result of the capacity expansion undertaken by the domestic industry. The profitability and ROCE of the domestic industry reduced during 2018-19 and POI due to the significant capacity expansion undertaken by the domestic industry. The domestic industry was earning a healthy profits and ROCE prior to the capacity expansion.

Conclusion on causal link

244. The Authority notes that subsidy margin is positive and significant for exports of subject products made from China PR. The volume of subject imports have increased significantly in absolute terms and in relation to production, consumption and gross imports into India. The economic parameters of the domestic industry show that the domestic industry has suffered material injury during the period of investigation. However, the non-attribution analysis shows that the injury being suffered by the domestic industry is attributable to the significant capacity expansion undertaken by the domestic industry during 2018-19. Accordingly, the Authority concludes that there is no causal link between the subsidized imports coming from China PR and the injury suffered by the domestic industry.

J. POST DISCLOSURE COMMENTS

245. The Authority issued a disclosure statement disclosing essential facts of the case and inviting comments from all the interested parties. The post-disclosure submissions have been received from the interested parties. Majority of the issues raised in the post disclosure comments have already been raised earlier and also addressed appropriately. Additional submissions to the extent deemed relevant have been examined as under:

J.1 Submissions made by the domestic industry

246. Following submissions have been made by the domestic industry:
- a) Even when performance of domestic industry is seen for VFY of all deniers (from CSY and PSY) it will show a similar trend. Production, sales and profitability have declined.
 - b) There is significant difference between prices of yarn produced from SSY technology and PSY technology. If performance of domestic industry is seen for VFY of all deniers produced through CSY, SSY and PSY technology, it will show a similar trend.
 - c) Domestic industry has not been disclosed complete workings of NIP including Format B, D, expenses allowed/disallowed, net fixed assets considered and capital employed details.
 - d) There is significant difference in per unit net fixed assets reported by domestic industry and considered by Authority. Net fixed per unit has been reduced by 40-45% but no reason has been provided.
 - e) The Authority has modified the cost of production of Century Rayon considering depreciation per unit of IR unit. NIP has been historically calculated considering actual cost of production and capital employed by respective producer/plant.

- f) In case of Indian Rayon, return on customer relationship has not been allowed and basis of land apportionment has been modified. Domestic industry is unable to understand reasons.
- g) Yibin Grace Co. Ltd. is also engaged in the production of subject goods. However, the producer has not responded. If found that company has not produced VFY in the recent period, but because company has capacity to produce subject goods it should have filed response.
- h) Viability of consumers cannot depend on access to cheap subsidized raw material.
- i) Healthy domestic industry is in interest of users. Baroda Rayon Limited and NRC Limited had earlier shut down their capacities for subject goods due to low-priced imports from China PR.
- j) Public interest does not limit itself to consumer industry's interest alone and is a much wider term, which cover in its ambit the domestic industry and ultimate public at large interests. It is in the interests of all the parties that duties are imposed.
- k) Due to continuous support given by domestic industry to them, even users have also supported imposition of duties.
- l) Users have stated that domestic industry is a reliable supplier, services rendered are far superior as being very close to the market, it has demonstrated fair and transparent policies, provides small lots and hence requirement of low working capital.
- m) Users have also stated that quality of domestic industry supplies is satisfactory and has wide range of product mix.
- n) M/s Jilin Qifeng Chemical Fiber Co Ltd who is an affiliate of the Jilin Group, is supplying goods & services to the responding exporters/producers, has not filed the response. Hence response of Jilin Chemical & Jilin Enka should not be accepted.
- o) Responding producers/exporters have grossly suppressed information regarding benefits received in the form of grant, loan, goods and services at LTAR availed by them in their questionnaire responses.

J.2 Submissions made by other interested parties

247. Following submissions have been made by other interested parties:

- a) Price of imported viscose filament yarn is higher because of good quality. Users are able to make good quality fabric in India from the imported viscose filament yarn at low cost. Because of this, there has been a reduction in import of good quality fabric.
- b) For calculation of NIP, Authority should not permit 22% return on capital employed because it will result in unreasonable profit. If domestic industry is entitled to 22% return on capital employed, then weaving industry will incur losses. Authority should take into account profitability of weaving industry and not domestic industry alone.

- c) Domestic industry has shown improvement in economic parameters like capacity, cash profit, domestic and export sales. In any case, there is no causal link between imports and injury to the domestic industry.
- d) The SSY business of the domestic industry have good and healthy operation. There is no injury to the SSY business. The only reason that SSY is tried to be excluded by the petitioner in the current CVD investigation is to reach an artificial and manipulated injury analysis result, if any, to satisfy the requirements for initiation of the investigation.
- e) AMFII is an ineligible applicant as it cannot be considered as an interested party as per Rule 2(c) of the Anti-Subsidy Rules.
- f) A report has been published in the Hindu Business Line dated March 16, 2020, where it has been stated that a complaint alleging unfair business practices was filed against Association of Man-Made Fibre Industry of India, Grasim Industries, Thai Rayon and Indo Bharat Rayon. The three companies are part of the Aditya Birla Group. Based on the complaint, the Competition Commission (CCI) has slapped a penalty of ₹302 crore on Grasim Industries for abusing its dominant position with respect to supply of a certain staple fibre to spinners. Besides, the company has been directed to “cease and desist” from indulging in anti-competitive practices as well as put in place a transparent “discount policy” for all the market participants.
- g) Regarding Program No. 32- “*Raw material at less than adequate remuneration (LTAR)*”, DGTR completely neglected GOC’s response in this matter. Further, no specific raw material was named in the Petition. Claim regarding interference in the market is not supported by any evidence and there is also no evidence to prove that the raw material suppliers are “public bodies”.
- h) Regarding Program No. 33 – “*Land /Land Use rights provided for less than adequate remuneration (LTAR)*”, the land is provided to targeted industrial sectors including textile. Further, no specific explanation/justification has been provided by the Authority.
- i) In regards to Program No. 34 – “*Electricity provided for less than adequate remuneration (LTAR)*”, the Authority stated that the lower rate is limited to certain enterprises in certain specified sectors, and these specified sectors are mainly producers of textiles. However, no specific justification has been provided by DGTR.
- j) In Program No. 35- “*Water provided for less than adequate remuneration (LTAR)*”, the regulations provided in the Petition has been abolished, and there is a lack of evidence in this program.
- k) Regarding Program No 11 “*Various grants provided by provincial Authority of Jilin*”, all the requisite information has already been provided by Jilin Group in the Questionnaire

Response and as part of verification exhibits and the same should be used for its calculations.

- l) Regarding Program No 24 "*Preferential Lending*", the quantum of subsidy margin worked out is very high and the Authority has arrived at this subsidy margin based on a benchmark interest cost which is made on some hypothetical assumptions and not actual facts. As per Annexure-13 filed as part of Questionnaire Response of Jilin Group, the actual long-term interest rate during the period of investigation varied between 5.2240% to 7.45%. This shows that the company has not been granted any preferential lending by the banks.
- m) With regards to Program No. 27 "*Export Seller's Credit*", Program No. 32(a) "*Caustic Soda at LTAR*", 32(b) "*Pulp at LTAR*", Program No. 33 "*Land /Land use rights provided for less than adequate remuneration (LTAR)*", Program No. 34 "*Electricity provided at less than adequate remuneration (LTAR)*" and Program No. 35 "*Water provided for less than adequate remuneration (LTAR)*", the margins indicated by the Authority are unreasonable and not based on the information provided by us.
- n) Determination of benefit considering Thailand industrial land prices as benchmark is incorrect since the level of economic development and GDP of Thailand and China PR are not at all similar.
- o) The Injury Margin determined for Yibin Heist Fibre Co., Ltd. is (0-10)% whereas for Jilin Group the same is in the range of 10-20% even though the export prices of Jilin Group are much higher than the prices of Yibin.
- p) Separate margins should not be determined for Jilin Chemical Fiber Stock Co., Ltd., Jilin Enka Viscose Co., Ltd. and Jilin Group considering there is no individual producer/exporter named Jilin Group. Therefore, the names of the company "*Jilin Chemical Fiber Stock Co., Ltd.*" and "*Jilin Enka Viscose Co., Ltd.*" should be considered and duly reflected in the Duty Table of final findings.
- q) Non-disclosure of methodology and basis of arriving at the subsidy margins to respective participating producer from China PR has adversely impacted right to defend of the interested parties.
- r) As per available information, the export prices of Xinxiang are much higher than the prices of Yibin then, how the Authority has determined negative injury margin for Yibin but a very high 30-40% for Xinxiang. The same may be reviewed.
- s) Information of the entire value chain of PUC produced and exported by Yibin Hiest has been duly provided to the Hon'ble Authority in the questionnaire response. Yibin Hiest is the only producer of the subject goods within the Grace Group of companies, which is also established from the earlier anti-dumping sunset review final findings issued on the

same product by the Hon'ble Authority in February 2012 and April 2018. The Hon'ble Authority had concluded this after the spot verification. Therefore, it is a settled position that Yibin Hiest is the only producer of the subject goods in the Grace Group of companies and these facts have remained the same after the last anti-dumping sunset review final findings in April 2018.

- t) Embroidery yarn/thread in hank form or cone form can be directly used for handmade embroidery, and therefore it is "ready to use". The phrase "ready to use yarn/thread" should refer to both handmade embroidery and machine-made embroidery. The Hon'ble Authority is requested to reconsider the product exclusion request.
- u) Quality of domestic product is not good. Imported yarn is made on good technology machines so weavers are able to install high speed machines and are able to export fabrics to big brands Fabric made by local yarn is not accepted for export because of quality.

Examination by the Authority

- 248. It is seen that most of the submissions made by the interested parties on the disclosure statement are mere reiteration of their earlier submissions. Authority has already examined the submissions made by other interested parties at the time of issuance of the disclosure statement. The views expressed by the interested parties which are mere repetition of the submissions made before are not being reproduced again. Submissions made by interested parties on the disclosure statement that are not already examined by the Authority have been addressed herein.
- 249. With regard to the submission that complete workings of NIP have not been disclosed, the Authority notes that it has disclosed complete workings of NIP to the domestic industry.
- 250. With regard to the submission that Yibin Grace Co. Ltd. is also engaged in the production of subject goods and therefore they should also have participated in this investigation, the Authority notes that Yibin Hiest is the only producer of the subject goods within the Grace Group of companies and this company has duly participated in the investigation. Accordingly, Authority has determined an individual subsidy margin and injury margin for Yibin Hiest.
- 251. With regard to various submissions made by domestic industry regarding calculation of NIP, the Authority notes that that NIP has been calculated in accordance with Annexure III of Anti-dumping Rules and consistent practice of the Authority.
- 252. With regard to the submission that price of imported viscose filament yarn is higher because of good quality and that users are able to make good quality fabric in India from the imported viscose filament yarn at low cost, the Authority notes that the submission

has inherent contradictions because end product cannot be produced at low cost when raw material is claimed to be imported at higher price.

253. With regard to submissions made by interested parties concerning 22% return on capital employed for calculating NIP, the Authority notes that NIP has been calculated in accordance with Annexure III of Anti-dumping Rules and consistent practice of the Authority.
254. With regard to the submission that domestic industry has shown improvement in economic parameters like capacity, cash profit, domestic and export sales, the Authority notes that it has conducted objective assessment of all relevant economic parameters and non-attribution analysis.
255. With regard to the submission concerning the exclusion of yarn produced through SSY technology from the scope of the product under consideration, the Authority notes that the Chinese producers do not have SSY technology. There are no imports of yarn produced through SSY technology.
256. With regard to the submission that AMFII is not an eligible interested party, the Authority notes that AMFII qualifies as an eligible interested party within the meaning of Rule 2(c) of the Anti-subsidy Rules.
257. With regard to the submission that Grasim is involved in anti-competitive practices as established by the CCI decision, the Authority notes that CCI decision was in context of viscose staple fibre and not in respect of viscose filament yarn, which is the product under consideration in the present case. The Authority further notes that CCI decision has been challenged by the domestic industry before Appellate forum and the matter is sub-judice and has not yet attained any finality. Moreover, if there are any contraventions of the provisions of Competition Act, it is for the concerned authority to take appropriate action thereon.
258. With regard to the submission that there is no interference in the market and there is also no evidence to prove that the raw material suppliers are “public bodies”, the Authority notes that it has already examined these issues in detail in the subsidy examination section.
259. With regard to the submission that the Authority has not provided sufficient explanation for countervailing program nos. 33, 34, & 35, the Authority notes that detailed explanation has been provided for all these programs in the subsidy examination section.
260. With regard to the calculation of subsidies pertaining to grants for Jilin Group, the Authority notes that the subsidy margin has been calculated based on the information provided by Jilin Group in its exporter questionnaire response and in its Annual Report.

261. With regard to the calculation of subsidies pertaining to preferential lending for Jilin Group, the Authority notes that the subsidy margin has been calculated based on the information provided by Jilin Group in its exporter questionnaire response. The benchmark interest rate has been determined by the Authority based on comparable commercial loan from private banks.
262. With regard to the submission that subsidy margins calculated for program nos. 27, 32 (a), 32 (b), 33, 34, & 35 are unreasonable, the Authority notes that subsidy margins have been determined based on information provided in the questionnaire response and in accordance with the Anti-subsidy Rules and the consistent practice of the Authority.
263. With regard to the submission regarding incorrectness of Thailand industrial land prices as benchmark on account of the level of economic development of these two countries being different, the Authority notes that the GDP of Thailand and China on Purchasing Power Parity (PPP) criterion is almost at same level. It is further noted that in various investigations conducted by different investigating Authorities, Thailand land prices have been taken at benchmark for countervailing program relating to Land at LTAR.
264. With regard to the submission that injury margin determined for Yibin Heist Fibre Co., Ltd. is (0-10)% whereas for Jilin Group and Xinxiang the same is in a higher range even though the export prices of Jilin Group and Xinxiang are much higher than the prices of Yibin, the Authority notes that in this particular investigation, PCN wise comparison has been made to carry out a fair comparison and therefore injury margin determination is dependent on the PCNs exported by an individual producer/exporter. Thus, it is not proper to draw any conclusion based on the average export price.
265. Regarding the submission that the names of the companies "Jilin Chemical Fiber Stock Co., Ltd." and "Jilin Enka Viscose Co., Ltd." should be considered and duly reflected in the duty table of final findings, the Authority notes that names of both these companies have been duly considered in the final findings.
266. With regard to the submission regarding non-disclosure of methodology and basis of arriving at the subsidy margins, the Authority notes that it has duly disclosed the methodology used for determining subsidy margin to the interested parties in accordance with its consistent practice.
267. With regard to the submission regarding exclusion of embroidery yarn/thread in hank form or cone form, the Authority notes that this issue has been fully examined in this final findings in the PUC section.
268. With regard to the submission concerning poor quality of domestic product, the Authority notes that domestic industry has been in market for decades and continues to hold a significant share in the Indian market. The Authority therefore hold that the arguments of quality of the product being the reason for increase imports does not sound convincing.

Further, Authority notes that various users have also certified that the quality of the domestic product is proper.

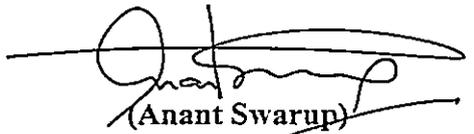
K. CONCLUSION AND RECOMMENDATION

269. Having regard to the contentions raised, information provided, submissions made and the facts available before the Authority as recorded in these findings, the Authority concludes that:

- a. Grasim Industries Limited constitutes domestic industry within the meaning of Rule 2(b) and satisfies the criteria of standing in terms of Rule 6(3) of the CVD Rules.
- b. The product under consideration is Viscose Rayon Filament Yarn above 60 deniers, excluding (a) ready to use yarn/thread on bobbin for embroidery applications and (b) yarn produced through spool spun technology.
- c. The subject goods produced by the domestic industry are like articles to the product under consideration imported from the subject countries within the scope and meaning of Rule 2(d) of the anti-subsidy rules.
- d. The product under consideration has been exported by producers/exporters from China PR at subsidized prices.
- e. Considering the level of subsidies provided by the Government of China PR, the subsidy margin is above de-minimis and significant.
- f. The domestic industry has not suffered material injury due to subsidized imports from China PR.
- g. Causal link between imports from subject country and injury to the domestic industry is not conclusively established.
- h. The Authority in view of the above does not consider it appropriate to recommend levy of countervailing duty on imports of the subject goods from the subject country.

L. FUTRHER PROCEDURE

270. An appeal against the order of the Central Government arising out of these findings shall lie before the Customs, Excise and Service Tax Appellate Tribunal in accordance with the relevant provisions of the Act.


(Anant Swarup)
Designated Authority