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Government of India
Ministry of Commerce & Industry
Department of Commerce
(Directorate General of Anti-Dumping & Allied Duties)
Udyog Bhawan, New Delhi

Dated the 28th
November, 2008

INITIATION NOTIFICATION

Subject: Initiation of Anti-Dumping investigations concerning imports of Hot Rolled Steel Products originating in or exported from China PR, Indonesia, Iran, Japan, Kazakhstan, Malaysia, Philippines, Romania, Russia, South Africa, Saudi Arabia, Korea ROK, Thailand, Turkey and Ukraine

No.14/23/2008-DGAD, M/s Essar Steels Limited, Ispat Industries Limited, and JSW Steel Limited have filed an application before the Designated Authority (herein after referred to as the Authority) in accordance with the Customs Tariff Act, 1975 as amended in 1995 and Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on dumped articles and for determination of injury) Rules, 1995 (herein after referred to as Rules) for initiation of anti dumping investigation concerning alleged dumping of Hot Rolled Coils, Hot Rolled Sheets, Hot Rolled Plates, Hot Rolled Strips or any other hot rolled flat products of iron or non-alloy steel of a thickness not exceeding 20 mm and of a width of 600mm or more, not clad, plated or coated, classified under Chapter 7208 (hereinafter referred to as subject goods) originating in or exported from China PR, Indonesia, Iran, Japan, Kazakhstan, Malaysia, Philippines, Romania, Russia, South Africa, Saudi Arabia, Korea ROK, Thailand, Turkey and Ukraine (hereinafter referred to as subject countries).

AND WHEREAS, the Authority finds that sufficient prima facie evidence of dumping of subject goods by the subject countries, injury and threat of material injury (hereinafter referred to as 'injury') to the domestic industry and causal links between the dumping and 'injury' exist, the Authority hereby initiates an investigation into the alleged dumping and consequent 'injury' to the domestic industry in terms of the Rules 5 of the said Rules, to determine the existence, degree and effect of alleged dumping and to recommend the amount of antidumping duty, which if levied would be adequate to remove the 'injury' to the domestic industry.

Domestic Industry

2. Application has been filed by M/s Essar Steels Limited, Ispat Industries Limited, and JSW Steel Limited on behalf of the domestic industry (hereinafter referred to as applicants). As per the evidence available, applicants constitute domestic industry as per Rule 2(b) and have the 'standing' to file the application for anti dumping investigation on behalf of domestic industry as per Rule 5(3)(a) of Anti Dumping Rules.

Product Under Consideration

3. The product under consideration Hot Rolled Coils, Hot Rolled Sheets, Hot Rolled Plates, Hot Rolled Strips or any other hot rolled flat products of iron or non-alloy steel of a thickness not exceeding 20 mm and of a width of 600mm or more, not clad, plated or coated, classified under Chapter 7208. The product under consideration is produced and sold in a large number of grades and thickness. All grades and thickness are within the scope of the product under consideration.

4. The product under consideration is classified under Customs Classification 7208.

Like Articles

5. Applicants have claimed that there is no significant difference in the subject goods produced by the domestic industry and the subject goods exported from subject countries. According to the applicants, the subject goods produced by the Indian industry and imported from subject countries are comparable in terms of characteristics such as physical & chemical/mechanical 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 have used the two interchangeably. Therefore, for the purpose of investigation, the subject goods produced by the applicant companies is being treated as like article to the subject goods imported from the subject countries within the meaning of Rule 2(d) of the Rules.

Countries involved

6. The countries involved in the present investigation are China PR, Indonesia, Iran, Japan, Kazakhstan, Malaysia, Philippines, Romania, Russia, South Africa, Saudi Arabia, Korea ROK, Thailand, Turkey and Ukraine.

Normal value

7. The Authority notes that the applicants have requested that China PR, Kazakhstan and Ukraine be treated as non-market economy in accordance with para 8(2) of

Annexure-1 of the Rules. Normal values for these countries have been constructed on the basis of cost of production in Chinese Taipei as reported in 'World Steel Dynamics' (after addition of selling, general & administrative expenses and profit), by considering Chinese Taipei as surrogate country for China PR, Kazakhstan and Ukraine in accordance with Para 7 of Annex-I of Rules. Normal value in case of Indonesia, Iran, Japan, Malaysia, Philippines, Romania, South Africa, Saudi Arabia, Korea ROK and Thailand have been determined on the basis of cost of production of producers in the exporting countries, as reported by 'World Steel Dynamics', 2008. For Russia and Turkey, the normal value has been constructed on the basis of cost of production of the domestic industry. The Authority notes that there is sufficient prima facie evidence of normal values of the subject goods in each of the subject countries.

Export Price

8. The export prices have been claimed on the basis of data provided by International Business Information Services. Net export price at ex-factory level has also been determined after deducting expenses on account of ocean freight, commission, etc. There is sufficient prima facie evidence of export price of the subject goods in each of the subject countries. For threat of injury, the applicants have provided export prices on the basis the offers that are being made by the producers/exporters in the subject countries for supply of the subject goods. There is sufficient evidence of export prices claimed by the applicant for the subject goods from the subject countries.

Dumping margin

9. The dumping margin has been determined on the basis of weighted average to weighted average methodology. Applicants have requested that the weighted average normal value should be compared with individual export transactions in view of significant difference in the pattern of export prices among different time periods. Applicants have claimed that whereas the pattern of normal value has remained quite static, the export prices have moved very significantly among different time periods, and such differences cannot be taken into account appropriately by the use of a weighted average-to-weighted average comparison methodology. The interested parties may offer their comments on the request of the applicants for using weighted average normal value to individual export transactions comparison for determination of dumping margin.

10. There is sufficient evidence that the normal value of the subject goods in subject countries are significantly higher than net export prices, prima-facie indicating that the subject goods are being dumped by the exporters from the subject countries.

Injury and Causal Link

11. The applicants have furnished evidence regarding the 'injury' in the form of actual and potential fall in market share, price undercutting, decline in sale, rise in inventories as a result of the alleged dumping. The applicants have claimed threat of material injury on the grounds of too significant price difference between the domestic prices and import prices (as evidenced by the offers for supplies being made at present), current and anticipated production cuts by the Foreign Producers. There is sufficient prima-facie evidence of the 'injury' being suffered by the domestic industry caused by dumped imports from subject countries.

Period of investigation

12. The period of investigation for the purpose of present investigation is 1st April 2007 to 30th September 2008. The injury investigation period will however cover the periods April 2004-March 2005, April 2005-March 2006, April 2006-March 2007, the Period of Investigation (POI). For threat of injury, the data beyond the POI would also be examined.

Submission of information

13. The exporters in the subject countries and their Government through their Embassies in India, importers and users in India known to be concerned, domestic industry and other Indian Producers are being informed separately to enable them to file all information relevant in the form and manner prescribed. Any other party interested to participate in the present investigation may write to:

The Designated Authority,
Directorate General of Anti-Dumping & Allied Duties,
Ministry of Commerce & Industry,
Department of Commerce
Room No.240, Udyog Bhavan,
New Delhi-110107.

Time limit

14. Any information relating to this investigation should be sent in writing so as to reach the Authority at the above address not later than 40 days from the date of publication of this notification. If no information is received within the prescribed time limit or the information received is incomplete, the Authority may record their findings on the basis of the facts available on record in accordance with the Rules supra.

Submission of Information on Non-Confidential basis

15. In terms of Rule 7, the interested parties are required to submit non-confidential summary of any confidential information provided to the Authority and if in the opinion of the party providing such information, such information is not susceptible to summarization, a statement of reason thereof, is required to be provided.

Imposition of anti dumping duty on retrospective basis

16. The applicants have requested for retrospective imposition of duty on the grounds that there is history of dumping and the same has been established by the final findings earlier notified by the Authority; the exporters are well aware that they are resorting to dumping; importers are, or should have been, well aware that exporters are practicing dumping; there is massive decline in export prices in a relatively short time; the price difference between the domestic prices and imported product prices is unprecedented. On the basis of evidence submitted, the Authority considers that there is prima facie evidence justifying retrospective imposition of anti dumping duties. The interested parties may make their submissions in this regard.

Inspection Of Public File

17. In terms of rule 6(7) any interested party may inspect the public file containing non-confidential versions of the evidence submitted by other interested parties.

18. In case where an interested party refuses access to or otherwise does not provide necessary information within a reasonable period, or significantly impedes the investigation, the Authority may record its findings on the basis of the facts available to it and make such recommendations to the Central Government as deemed fit.

(R. Gopalan)
The Designated Authority