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F. No. 7/34/2023-DGTR
Government of India
Ministry of Commerce & Industry
(Directorate General of Trade Remedies)
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Dated: 26th March 2024

INITIATION NOTIFICATION
(Case No. CVD-SSR- 14/2023)

Subject: Initiation of a sunset review investigation of countervailing duty concerning imports of "Saccharin" originating in or exported from China PR

1. M/s. Swati Petro Products Ltd. and M/s. Blue Jet Healthcare Ltd. (hereinafter collectively referred to as applicants) have filed an application before the Designated Authority (hereinafter referred to as the "Authority") under the provisions of the Customs Tariff Act 1975, as amended from time to time (hereinafter also referred to as the "Act") and the Customs Tariff (Identification, Assessment and Collection of Countervailing Duty on Subsidized Articles and for Determination of Injury) Rules, 1995 thereof, as amended from time to time (hereinafter also referred to as the "CVD Rules" or "Rules") for the initiation of a sunset review investigation of countervailing duties concerning imports of "Saccharin" (hereinafter referred to as the "subject goods" or "product under consideration") originating in or exported from China PR (hereinafter referred to as the "subject country").

A. BACKGROUND

2. The original anti-subsidy investigation was initiated by the Authority on 10th August 2018. The Authority recommended the imposition of definitive anti-subsidy duties on the imports of the subject goods from the subject country vide final finding no. 6/18/2018-DGAD dated 19th June 2019. The definitive measures were imposed by the Ministry of Finance vide Customs Notification No. 02/2019- Cus (CVD) dated 30th August, 2019.
3. Further, the Authority initiated an anti-circumvention investigation vide notification dated 17th March, 2022 for determination of whether existing countervailing duty must be extended to imports of Saccharin from Thailand. The Authority vide Final Finding No. 7/05/2022- DGTR dated 26th July 2022 recommended that the existing measures be extended to imports of Saccharin from Thailand.

B. CONSULTATION

4. In terms of Article 13 of the Agreement on Subsidies and Countervailing Measures, the Authority invited Government of China for pre-initiation consultation. However, the Government of China

did not confirm its participation and disputed the existence of merits and evidence provided in the application. The Authority notes that Article 11.2 of the Agreement on Subsidies and Countervailing Measures provides that “the application shall contain such information as is reasonably available to the applicant”. The Authority considers that the existence of all alleged programs, their countervailability and extent of benefit therein are required to be analysed through an investigation as per the relevant rules.

C. PRODUCT UNDER CONSIDERATION

5. The product under consideration is the same as in the original investigation i.e., “Saccharin”. The present investigation being a sunset review investigation, the scope of the product under consideration remains the same as defined in the original investigation.
6. Saccharin is a non-nutritive sweetener and considered to be low calorie substitute for cane sugar. Primarily there are two types of saccharin i.e. soluble and insoluble. In market parlance soluble saccharin is called sodium saccharin whereas insoluble saccharin is called saccharin or saccharin acid. Saccharin is produced in two physical forms, viz. granular and powder. Sodium saccharin in granular form is used in situations where saccharin will be dissolved, the powder form which has been grounded and spray dried is used in dry mixes and pharmaceuticals. It is slightly soluble in water. Insoluble form of saccharin is used in many pharmaceutical and medical applications. Saccharin is used in a variety of industry such as food and beverage, personal care products, tabletop sweeteners, electroplating brighteners, pharmaceuticals, etc. All forms of saccharin are within the scope of the present investigation.
7. The product under consideration is classified in Chapter 29 of the Customs Tariff Act, 1975 under customs subheading no. 29251100 of the Customs Tariff Act, 1975. However, Customs classifications are indicative only and in no way binding on the scope of this investigation.
8. The applicants have not proposed any PCNs in the present application. The Authority has observed fluctuations in the unit price of the product under consideration. The interested parties may offer their comments/submissions on the PUC/ PCN, if any, within thirty days from the date of date of initiation of this investigation.

D. LIKE ARTICLE

9. The applicants have claimed that the goods produced by the domestic industry are like articles to the subject good originating in or exported from China PR. It has been stated that the article produced by the applicants and that imported from China PR are comparable in terms of physical and chemical characteristics, manufacturing process and technology, functions and uses, product specifications of the subject goods. The subject goods and the article manufactured by the applicants are technically and commercially substitutable. The applicants have claimed that consumers are using the subject goods and the article manufactured by the applicants interchangeably. Thus, for the purpose of the present investigation, the subject goods produced by the domestic industry is being treated as ‘like article’ of the subject goods imported

from China.

E. DOMESTIC INDUSTRY AND STANDING

10. The application has been filed by Swati Petro Products Ltd. and Blue Jet Healthcare Ltd. There are two other producers producing subject goods, namely, A.S. Chemopharma Pvt. Ltd. and Shree Vardayini Chemical Industries Pvt. Ltd.
11. As per the evidence available on record, production of the applicants accounts for “major proportion” of total Indian production. Further, the applicants have not imported the subject goods from the subject country nor are they related to any the importer or the exporter of the subject goods. In view of the above, the Authority notes *prima facie* that the applicants constitute an eligible domestic industry in terms of Rule 2 (b), and the application satisfies the criteria of standing in terms of Rule 6(3) of the Rules supra.

F. SUBSIDY PROGRAMS

12. The applicants have alleged that the producers/ exporters of the subject goods in the subject country continue to be benefitted from actionable subsidies provided at various levels by the governments of the subject country, including the provinces and districts in which producers/exporters are located. The applicants have also claimed that there are additional programs or schemes that should be considered and examined in the present investigation.
 - a) **Schemes previously countervailed in the Original Investigation:** The applicants have alleged that the Government in the subject country continues to maintain following schemes that were previously countervailed:
 1. Program No. 2: Famous Brands Program
 2. Program No. 3: Grants for Anti-Dumping Investigations
 3. Program No. 4: Research & Development (R&D) Assistance Grant/Research and development fund for industrial technologies
 4. Program No. 5: Export Assistance Grant
 5. Program No. 6: Grants for Listing Shares
 6. Program No. 7: Funds for Outward Expansion of Industries in Guangdong Province
 7. Program No. 8: Grants provided through the Provincial Fund for Fiscal and Technological Innovation
 8. Program No. 10: International Market Fund for Export Companies
 9. Program No.13: Small and Medium-sized Enterprise Support Funds
 10. Program No. 14: Funds for supporting technological innovation for the technological small and medium-sized enterprises.
 11. Program No. 15: Subsidies Provided in Tianjin Binhai New Area and the Tianjin Economic and Technological Development Area
 12. Program No. 16: State Special Fund for Promoting Key Industries and Innovation Technologies

13. Program No. 17: Enterprise Development Funds
14. Program No. 18: Direct Government Grants given by Jiangsu Province
15. Program No. 19: Grants under the Science and technology Program of Jiangsu Province
16. Program No. 20: Support Funds for Construction of Project Infrastructure
17. Program No. 27: Accelerated Depreciation on Fixed Assets in Binhai New Area of Tianjin

Programs in the form of Tax and VAT Incentives

18. Program No. 33: Two Free/Three Half Program for Foreign Invested Enterprises
19. Program No. 34: Tax Reductions for Export-Oriented FIEs / Income tax benefit for FIEs based on geographical location
20. Program No. 35: Tax Offsets for Research and Development at FIEs
21. Program No. 37: Preferential tax policies for companies that are recognised as high and new technology companies/enterprise income tax reduction for high and new technology enterprises
22. Program No. 38: Preferential Income Tax Policy for Enterprises in the Northeast Region
23. Program No. 39: Preferential Tax exemptions for Central & Western Regions
24. Program No. 40: Tax Policies for the deduction of Research and Development (R&D) expenses
25. Program No. 41: Tax Preference Available to Companies that Operate at a Small Profit
26. Program No. 42: VAT Refunds for FIEs Purchasing Domestically Produced Equipment
27. Program No. 43: VAT and Tariff Exemptions for Purchases of Fixed Assets
28. Program No. 44: VAT and Tariff Exemptions on Imported Equipment for Favored Industries
29. Program No. 45: Preferential Tax Policies for Enterprises with Foreign Investment (FIEs) Established in Special Economic Zones (excluding Shanghai Pudong Area)
30. Program No. 46: Preferential Tax Policies for FIEs Established in the Coastal Economic Open Areas and in the Economic and Technological Development Zones
31. Program No. 47: Preferential Tax Policies for FIEs Established in the Pudong Area of Shanghai
32. Program No. 48: Corporate Income Tax Exemption and/or Reduction in SEZs and Other Designated Areas
33. Program No. 49: Local Income Tax Exemption and/or Reduction in SEZs and Other Designated Areas
34. Program No. 50: Tariff and Value-added Tax (VAT) Exemptions on Imported Materials and Equipment in SEZs and Other Designated Areas

Programs in the form of Less than Adequate Remuneration

35. Program No. 51: Electricity for Less than Adequate Remuneration/Inputs/ Services
36. Program No. 52: Raw Material for Less than Adequate Remuneration/Inputs/ Services

Programs in the form of Preferential Loans and Lending

37. Program No. 53: Policy Loans

Programs in the form of Export Credit Financing

39. Program No. 56: Export Seller's Credits from Export-Import Bank of China - Credit

Borrowing

40. Program No. 57: Export Buyer's Credit from Export-Import Bank of China
41. Program No. 58: Export Credit Insurance from the China Export and Credit Insurance Corporation
42. Program No. 59: Preferential Export Financing from the Export-Import Bank of China
43. Program No. 60: Provision of Credit Lines
44. Program No. 61: Preferential loans provided by the Export-Import Bank "going out (global)" strategy for outbound investment

Programs in the form of Equity Infusions

45. Program No. 64: Debt for Equity Swaps
46. Program No. 65: Equity Infusions
47. Program No. 66: Unpaid Dividends

- b) **New Subsidy Programs:** The applicants have alleged that the Government in the subject country has introduced following new measures, by virtue of which, the producers of the subject goods have received countervailable subsidies:

Programs in the Form of Grants

1. Program No. 1: Fixed Asset Investment Subsidies
2. Program No. 2: Special fund for economic and trade development
3. Program No. 3: Subsidies for Companies Located in the Hefei Economic and Technology Development Zone
4. Program No. 4: Anhui Province Subsidies for Foreign-Invested Enterprises
5. Program No. 5: Hefei Municipal Export Promotion Policies
6. Program No. 6: Special funds for energy saving technology reform/promotion of circular economy/incentive fund for transformation of energy-saving technology/energy saving conservation and emission grants
7. Program No. 7: Grants for purchase of equipment reported by participating exporters
8. Program No. 8: Grant for Bringing in Foreign Intellectuals
9. Program No. 9: Grants for Employment Stabilization, Graduates Training and recruitment provided by provincial/prefectural/municipal government authorities
10. Program No. 10: Postdoctoral researchers funding
11. Program No. 11: Grants for maintenance and operation of equipments
12. Program No. 12: Relocation Compensation provided by provincial/prefectural/municipal government authorities
13. Program No. 13: Ad-hoc grants for implementing specialized projects/pilot projects provided by provincial/prefectural/municipal government authorities
14. Program No. 14: Talent Introduction Fund
15. Program No. 15: Research report writing expenditure fund
16. Program No. 16: Service industry development fund
17. Program No. 17: Self-owned Brand Development Registration Fee refund
18. Program No. 18: Import Equipment interest subsidy
19. Program No. 19: Export Rewards
20. Program No. 20: Patent Creation and Support Fund

21. Program No. 21: Subsidies for Listed Companies
22. Program No. 22: Various Government grants- Received by producers/exporters of China PR/ Ad hoc grants provided by central, provincial and municipal/regional authorities
23. Program No. 23: Grants for financing loans and interest
24. Program No. 24: National Award for Green Factory

Programs in the form of Tax and VAT Incentives

25. Program No. 25: Preferential tax policies/Income Tax Reductions for companies that are recognised as high and new technology companies
26. Program No. 26: Refund/Rebate/Remission of taxes and fees by central, provincial, or municipal/regional government authorities
27. Program No. 27: Import Tariff/Charges and VAT Relief for imported inputs

Programs in the form of Less than Adequate Remuneration

28. Program No. 28: Provision of Electricity for Less than Adequate Remuneration
29. Program No. 29: Land Use rights at LTAR in Industrial and Other Special Economic Zone
30. Program No. 30: Provision of Land to State Owned Enterprises at LTAR
31. Program No. 31: Land Use rights at LTAR for Foreign Invested Enterprises
32. Program No. 32: Land Use rights at LTAR in Economic Development Zones
33. Program No. 33: Provision of Caustic Soda for LTAR
34. Program No. 34: Provision of Sulphuric Acid for LTAR

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

G. LIKELIHOOD OF CONTINUATION/RECURRENCE OF SUBSIDY AND INJURY

14. There is *prima facie* evidence of likelihood of continuation of subsidy causing continued/recurrence of injury caused by imports to the domestic industry. The quantity of imports of the subject goods from the subject country has remained high despite the existence of countervailing duties. The applicants have submitted evidence of continuation of subsidy, third country injury margin, capacity additions in the subject country, suppression or depression effect of imports in the absence of duties, and likely adverse impact of cessation of anti-subsidy duty on the performance of the domestic industry.

H. INITIATION OF SUNSET REVIEW INVESTIGATION

15. On the basis of the duly substantiated application by or on behalf of the domestic industry, and having satisfied itself, on the basis of the *prima facie* evidence submitted by the applicants, substantiating likelihood of continuation or recurrence of subsidization and injury to the domestic industry, the Authority hereby initiates a sunset review investigation to review the need for continued imposition of countervailing duty on imports of the subject goods from the subject

country and to examine whether the expiry of the existing countervailing duty is likely to lead to continuation or recurrence of subsidy and consequent injury to the domestic industry, in accordance with Section 9 of the Act, read with Rule 24 of the CVD Rules.

I. SUBJECT COUNTRY

16. The subject country for the present investigation is China PR.

J. PERIOD OF INVESTIGATION

17. The Period of Investigation in the present investigation is October 2022- September 2023 (12 months). The injury investigation period has been considered as the period of investigation and 2020-21, 2021-22, and 2022-23.

K. PROCEDURE

18. The sunset review investigation will cover all aspects of the final findings published vide final finding no. 6/18/2018-DGAD dated 19th June 2019. The Authority will also examine new subsidy schemes introduced after the imposition of the original countervailing duty. The Authority will undertake likelihood analysis of continuation/ recurrence of subsidization and injury in the event of expiry of countervailing duty in force.
19. The provisions of Rules 7, 8, 9, 10, 11,12, 13, 18, 19, 20, 21 and 22 shall apply *mutatis mutandis* in the present investigation.

L. SUBMISSION OF INFORMATION

20. All communication should be sent to the Authority via email at the email addresses adg16-dgtr@gov.in, adv13-dgtr@gov.in, jd16-dgtr@gov.in and dd17-dgtr@gov.in. It should be ensured that the narrative part of the submission is in searchable PDF/MS Word format and data files are in MS Excel format.
21. The known producers/exporters from the subject country, their government through their embassy in India, the importers and users in India known to be concerned with the subject goods and the domestic producers are being informed separately to enable them to file all the relevant information in the form and manner prescribed within the time-limit set out below.
22. Any other interested party may also make its submissions relevant to the investigation in the form and manner prescribed within the time-limit set out below on the email addresses mentioned hereinabove.
23. Any party making any confidential submission before the Authority is required to make a non-confidential version of the same available to the other interested parties.

24. Interested parties are further advised to keep a regular watch on the official website of the Authority <http://www.dgtr.gov.in/> for any updated information with respect to this investigation.

M. TIME LIMIT

25. Any information relating to the present investigation should be sent to the Authority via email at the email addresses adg16-dgtr@gov.in, adv13-dgtr@gov.in, jd16-dgtr@gov.in and dd17-dgtr@gov.in within thirty days (30 days) from the date of receipt of the notice as per Rule 7(4) of the CVD Rules. It may, however, be noted that in terms of explanation of the said Rule, the notice calling for information and other documents shall be deemed to have been received within one week from the date on which it was sent by the Designated Authority or transmitted to the appropriate diplomatic representative of the exporting country. If no information is received within the prescribed time limit or the information received is incomplete, the Authority may record its finding on the basis of the facts available on records in accordance with the Rules.
26. All the interested parties are hereby advised to intimate their interest (including the nature of interest) in the instant investigation and file their questionnaire response/submissions within the above time limit.

N. SUBMISSION OF INFORMATION ON CONFIDENTIAL BASIS

27. Any party making any confidential submission or providing information on confidential basis before the Authority, is required to simultaneously submit a non-confidential version of the same in terms of Rule 8(2) of the Rules and the Trade Notices issued in this regard. Failure to adhere to the above may lead to rejection of the response/ submissions.
28. The parties making any submission (including Appendices/ Annexures attached thereto), before the Authority including questionnaire response, are required to file confidential and non-confidential versions separately.
29. The "confidential" or "non-confidential" submissions must be clearly marked as "confidential" or "non-confidential" at the top of each page. Any submission made without such marking shall be treated as non-confidential by the Authority, and the Authority shall be at liberty to allow the other interested parties to inspect such submissions.
30. The confidential version shall contain all information which is by nature confidential and/or other information which the supplier of such information claims as confidential. For information which is claimed to be confidential by nature or the information on which confidentiality is claimed because of other reasons, the supplier of the information is required to provide a good cause statement along with the supplied information as to why such information cannot be disclosed.
31. The non-confidential version of the information filed by the interested parties should be a replica of the confidential version with the confidential information preferably indexed or blanked out (where indexation is not possible) and such information must be appropriately and adequately

summarized depending upon the information on which confidentiality is claimed.

32. The non-confidential summary must be in sufficient detail to permit a reasonable understanding of the substance of the information furnished on a confidential basis. However, in exceptional circumstances, the party submitting the confidential information may indicate that such information is not susceptible to summary and a statement of reasons containing a sufficient and adequate explanation in terms of Rule 8 of the Rules, 1995, and appropriate trade notices issued by the Authority, as to why such summarization is not possible, must be provided to the satisfaction of the Authority.
33. The interested parties can offer their comments on the aforementioned email addresses on the issues of confidentiality claimed by the interested parties within 7 days from the date of circulation of the non-confidential version of the documents.
34. Any submission made without a meaningful non-confidential version thereof or a sufficient and adequate cause statement in terms of Rule 8 of the Rules, and appropriate trade notices issued by the Authority, on the confidentiality claim shall not be taken on record by the Authority.
35. The Authority may accept or reject the request for confidentiality on examination of the nature of the information submitted. If the Authority is satisfied the request for confidentiality is not warranted or if the supplier of the information is either unwilling to make the information public or to authorize its disclosure in generalized or in summary form, it may disregard such information.

O. INSPECTION OF PUBLIC FILE

36. A list of registered interested parties will be uploaded on the DGTR's website along with the request therein to all of them to email the non-confidential version of their submissions to all other interested parties. Failure to circulate a non-confidential version of submissions/ responses/ information might lead to the consideration of an interested party as non-cooperative.

P. NON- COOPERATION

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


(Anant Swarup)
Designated Authority