

MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT OF COMMERCE
(DIRECTORATE GENERAL OF ANTI-DUMPING &
ALLIED DUTIES)

NOTIFICATION

NEW DELHI, the 11th December, 2002

PRELIMINARY FINDINGS

Sub: Anti-Dumping Investigation concerning imports of Induction Hardened Forged Steel Rolls from Russia, Ukraine and Korea RP.

No.14/13/2002-DGAD - Having regard to the Customs Tariff Act 1975 as amended in 1995 and the Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995, thereof:

A. PROCEDURE

1. The procedure described below has been followed with regard to the investigation:
 - i. The Designated Authority (hereinafter also referred to as Authority), under the above Rules, received a written application from M/s Gontermann-Piper (India) Ltd. (GPI), West Bengal (hereinafter referred to as petitioner) on behalf of the domestic industry, alleging dumping of Induction Hardened Forged Rolls (hereinafter also referred to as subject goods) originating in or exported from Russia, Ukraine and Korea RP (hereinafter referred to as subject countries). The petition is also supported by M/s Heavy Engineering Corporation (HEC), Ranchi
 - ii. Preliminary scrutiny of the application filed by the petitioner revealed certain deficiencies, which were subsequently rectified by the petitioner. The petition was, therefore, considered as properly documented.
 - iii. The Authority on the basis of sufficient evidence submitted by the petitioner decided to initiate the investigation against imports of the subject goods from the subject countries. The authority notified the Embassies of Russia, Ukraine and Korea RP in New Delhi about the receipt of dumping allegation before proceeding to initiate the investigation in accordance with the sub-Rule 5(5) of the Rules.

- iv. The Authority issued a public notice dated 27.8.2002 published in the Gazette of India, Extraordinary, initiating Anti-Dumping investigations concerning imports of the subject goods classified under custom Code 8455.30.00 of Schedule I of the Customs Tariff Act, 1975 originating in or exported from subject countries.
- v. The Authority forwarded a copy of the public notice to the known exporters (whose details were made available by petitioner) and gave them an opportunity to make their views known in writing within forty days from the date of the letter in accordance with the Rule 6(2):
- vi. The Authority forwarded a copy of the public notice to all the known importers (whose details were made available by petitioner) of subject goods in India and advised them to make their views known in writing within forty days from the date of issue of the letter in accordance with the Rule 6(2).
- vii. Request was made to the Central Board of Excise and Customs (CBEC) to arrange details of imports of subject goods made in India during the past three years, including the period of investigation.
- viii. The Authority provided a copy of the petition to the known exporters and the Embassy of the subject countries in accordance with Rules 6(3) supra. A copy of the non-confidential petition was also provided to other interested parties, wherever requested.
- ix. The Authority sent a questionnaire to elicit relevant information to the following known exporters/producers, in accordance with the Rule 6(4):
 1. M/s Uralmashplant Joint Stock Company, Ekaterinburg Pervoy Pyateletki Sq Russia –620012
 2. M/s Novo-Kramatorsky Mashinostroitelny Zavod(NKMZ) Kramatoorsk City, Ukraine.
 3. M/s Yaralmash 12, pr. Mira, Orsk-462403, Orenburg Region, Russia
 4. M/s Doosan Heavy Industries Co. Ltd., 555, Guigok-Dong, Changwon-City, Kyongsangnam-DO, 641-792, Korea.

The Embassies of the subject countries in New Delhi was informed about the initiation of the investigation in accordance with **Rule 6(2)** with a request to advise all concerned exporters/producers from their country to respond to the questionnaire within the prescribed time. A copy of the letter, petition and questionnaire sent to the known exporters was also sent to the Embassies of the subject countries in accordance with Rule 6(3).

- x. A questionnaire was sent to the following known importers/user associations of the subject goods in accordance with Rule 6(4):
 1. M/s Rourkela Steel Plant, Orissa

2. M/s Bokaro Steel Ltd., Dhanbad
3. M/s Bhushan Steel & Strips Ltd., New Delhi
4. M/s Lloyds Steel Industries Ltd., Wardha
5. M/s Ispat Industries Ltd., Nagpur
6. M/s Hero Cycles Ltd., Ludhiana
7. M/s Jindal Strips Ltd., Hisar
8. M/s Steelco Gujarat Ltd., Bharuch
9. M/s Tinsplate Co. of India Ltd., Jamshedpur
10. M/s ITW Signode India Ltd., Medak, Andhra Pradesh
11. M/s TISCO Ltd., Thane
12. M/s Agarwal Metal Works P. Ltd., Haryana
13. M/s SAIL, Rourkela, Orissa
14. M/s Jindal Iron & Steel Co. Ltd., Maharashtra
15. M/s Bokaro Steel Plant, Bihar
16. M/s Jindal Iron & Steel Co. Ltd., Thane
17. M/s National Steel & Agro Industries Ltd., Indore, MP

Response/information to the questionnaire/notification was filed by the following exporters/producers:-

1. M/s Uralmashplant Joint Stock Company, Ekaterinburg Pervoy Pyateletki Sq Russia –620012
2. M/s Doosan Heavy Industries Co. Ltd., 555, Guigok-Dong, Changwon-City, Kyongsangnam-DO, 641-792, Korea.

Response/information to the questionnaire/notification was filed by the following Importers/user Associations.

1. M/s Tinsplate Co. of India Ltd., Jamshedpur
- xi. The Authority kept available non-confidential version of the evidence presented by various interested parties in the form of a public file maintained by the Authority and kept open for inspection by the interested parties as per Rule 6(7).
- i. Cost investigation was also conducted to work out optimum cost of production and cost to make and sell the subject goods in India on the basis of Generally Accepted Accounting Principles (GAAP) and the information furnished by the petitioner.
 - ii. ****in this notification represents information furnished by an interested party on confidential basis and so considered by the Authority under the Rules.

- iii. Investigation was carried out for the period starting from 1st April, 2001 to 30th June, 2002 i.e. the period of investigation (POI).

B . VIEWS OF THE PETITIONER, EXPORTERS, IMPORTERS AND OTHER INTERESTED PARTIES

1. PETITIONER'S VIEWS

a. PRODUCT UNDER CONSIDERATION

(a) The product being dumped into the Indian market is Induction Hardened Forged Steel Rolls, also known as Forged C.R.M (cold rolling mills) Rolls and also referred to as Forged CRM Rolls in this petition. Forged Rolls are primarily used by steel plants for cold rolling of ferrous and non-ferrous coils obtained from Hot Rolling Mills. These Cold Rolled Coils with fine texture, thin gauge with superior mechanical properties are used for/by: -

- a. Galvanizing Line where Cold Roll Coils are coated with zinc and used as roof sheets for Buildings.
- b. Equipment manufacturers (OEMs) such as Car Bodies, Scooters, Buses, Auto, Fridges, Washing Machines, Utensils, Cigarette Foils, and Bicycles etc.

Forged Rolls are basically made up of vacuum degassed alloy and forged under hydraulic press. The forging is to remove the internal stress and also to refine grains during forging operation. The roll is then spheroidized to the desired microstructure. After machining, the roll is Induction Hardened and also nitrogen quenching is done to achieve maximum hardness. Subsequently the tempered rolls are subjected to final machining. In order to ensure of High Quality Forged Roll, the roll is checked with ultrasonic equipment as also by other quality control equipment at each stage of operations and after final machining before dispatch to customer.

There are many companies in India who have facilities to manufacture and supply "Forged Blanks" suitable for converting into Forged Rolls after special heat treatment and machining. The details about the product and specifications are Steel melting, forging, post forge heat treatment, machining conducted, final heat treatment and final machining.

Forged rolls are produced in many sizes. However, the present petition does not include forged rolls below 300 mm size.

Forged roll can be a work roll or back up roll. Costs of work rolls and back up rolls varies significantly.

(b) Forged Rolls are primarily used by steel plants for cold rolling of ferrous and non-ferrous coils obtained from Hot Rolling Mills. These Cold Rolled Coils with fine texture, thin gauge with superior mechanical properties are used for/by:-

- a. Galvanizing Line where Cold Roll Coils are coated with zinc and used as roof sheets for Buildings.
- b. Equipment manufacturers (OEMs) such as Car Bodies, Scooters, Buses, Auto, Fridges, Washing Machines, Utensils, Cigarette Foils, and Bicycles etc.
- c. Forged Rolls are classified under Chapter 84 of the Customs Tariff Act. Complete description of Chapter 84 is so far it relates to the subject goods under the Custom Tariff Act and as per Indian Trade Classification is as under:-

Chapter/Subheading	Description
Chapter 84	Nuclear Reactors ,Boilers, Machinery and Mechanical Appliances; Parts thereof
Subheading 84.55	Metal-rolling and rolls therefor.
Subheading 8455.30	Rolls for Rolling Mills
Subheading 8455.30.00	Rolls for Rolling Mills

- d. The rates of customs duty as also other special duties and effective duty on Forged Roll is 25% basic in 2001-2002.

There are no restrictions on import of Forged Roll as it falls under "Open General License (OGL)". The subject Good can be imported without any restrictions.

b) DOMESTIC INDUSTRY

- a. The petition is being filed by M/s. Gontermann-Peipers (India) Limited having their registered office at 24 Paragans (S) district of West Bengal. The address is Gontermann-Peipers (India) Limited

Regd Office:

P.O. Pailan,
Diamond Harbour Road,
District – 24 Paragans (S)
West Bangal.-743512

- b. Apart from the petitioner, there is only one other producer in the organized sector in India, namely Heavy Engineering Corporation (HEC), which is a Government of India undertaking. Recently M/S. Tata Yodogawa Ltd. (TAYO), Jamshedpur has entered into an agreement with Union Electric, USA

to do "finish" machining work of their hardened rolls. However, mere final machining of the product does not constitute "production" nor does the company has facilities required for producing forged rolls.

Even though there are a number of small-scale producers in unorganized sector who can produce the forged rolls below 300 mm, these companies can not produce forged rolls of 300 mm and above. Further, the petitioner is the only producer in private sector who can produce "Induction Hardened Steel Rolls". The plant & equipment required for forged rolls of the size used by the steel plants cannot be produced by other producer except HEC, which is a Government of India undertaking. Thus, the petitioner is the sole company in the Private Sector who would be able to produce the forged rolls of size exceeding 300-mm diameter. The other producers in unorganized sector do not have facility to produce forged rolls beyond 300 mm dia.

- c. The company is in production of rolls for quite some time. The company was earlier producing cast steel rolls. The company has now added facilities for production of forged steel rolls. The following are salient features of the company:
 - First roll foundry in India to receive the ISO 9002 Certificate.
 - A Trading House status holder recognized by the Govt. Of India.
 - Recipient of Certificate of Excellence from Engineering Export Promotion Council, Eastern Region for the last 6 consecutive years for being the largest exporter of roll.
 - Having a Research & Development recognized by the Govt. Of India, Ministry of Science & Technology, New Delhi.
 - Currently exporting around 25% of its total production to over 30 countries around the globe.
 - Recipient of Certificate of Excellence Certificate in Production, Quality, Innovation and Management from the Institute of Economic Studies (India) in December 1995.
 - Recipient of Lakshman Rao Kiroloskar Award for best Foundry of the year 1996 from Indian Institute of Foundry men.
- d. The petitioner has not imported the subject goods.
 - i. The petitioner has commenced commercial production, which is being sold domestically and also exported.
 - ii. The petitioner is related to Ispat Industries Ltd., a consumer of the subject goods. Ispat Industries has imported the subject goods in the past. However, the company has not imported any material in the period April, 01 – June, 02.

e. The production details by the petitioners are as under:-

Indian Production	2001-2002
Production of petitioner	54.56
Production of HEC	45.55
Indian production	100
Share of petitioner	54.46%

c) LIKE ARTICLE

- a. There is no viable substitute for forged steel roll..
- b. There is no known difference in forged steel roll to be produced by the petitioner and exported from subject countries. Goods to be produced by the petitioner and imported from subject countries are comparable in terms of characteristics such as physical characteristics and chemical composition, manufacturing technology, performance, plant & equipment, manufacturing process, functions & uses, marketing & pricing, consumer perception. The two are technically and commercially substitutable. Forged rolls to be produced by the petitioner is a like article to forged rolls imported from the subject country.
- c. There is no known difference in the technology adopted by the Indian industry and the manufacturers in subject countries. The technology adopted by the Indian industry is comparable to the technology adopted by the manufacturers of Forged Steel Rolls in subject countries. However, every manufacturer fine-tunes its production process on the basis of necessities and available facilities.

d. DUMPING

- a. Forged Steel is being dumped by the producers/exporters from Russia, Ukraine and Korea RP. These countries have been referred to as subject countries in this petition.
- b. The producers and exporters from subject countries are dumping the subject goods in the Indian market for quite some time.
- c. The material is being shipped directly from subject countries and is also being transhipped from other countries.
- d. Forged Steel Rolls are classified under Custom Sub-heading no. 8455.30 under the Customs Tariff Act and at no. 84553000 under Indian Trade Classification (Based on Harmonized Commodity Description and Coding System). The imports of the subject goods are required to be reported in terms of "nos". However, the information collected from the Secondary Sources suggest that the imports are being reported in a number of different units – numbers, PCS, weight (kgs./MT) and meters. The information published by the DGCI&S,

therefore, cannot be relied upon for determination of volume of the imports of subject goods in India.

- e. Forged CRM Rolls is produced in various sizes. In fact, these are produced in tailor made sizes as per customers requirement. Therefore, quantity in numbers would not show correct picture about the imports of Forged CRM Rolls in India as 1 piece of largest size and one piece of smallest size would become 2 only, whereas value of these two would be significantly different (the difference may be more than 100%). We, therefore, submit that value can also be a good parameter for determination of total imports in India. Alternatively, the volume of imports in terms of weight can be determined on the basis of average price of known imports, wherein weights are reasonably known.
- f. Import information has been collected from Secondary Sources.
- g. The Anti Dumping Rules clearly give various methods of determination of normal values in case of a non-market economy countries.

The Rules were further amended on 31st May, 2001 with regard to determination of normal value in case of non-market economies and para 7 has been modified and para 8 has been inserted in Annexure I to the Rules in this regard.

- h. The Government of India has further amended para 8 of the Rules on 4th Jan., 2002.
- i. In the instant case, Ukraine and Russia are non-market economies. Ukraine and Russia have been treated as non-market economy by European Commission and United States in the past three years. European Union and United States are members of World Trade Organization. In India also, the Designated Authority has treated Ukraine and Russia non-market economy.
- j. With regard to treatment of Russia as non-market economy by other WTO member's countries, USITC in a number of investigations has treated Russia as a non-market economy.
- k. With regard to treatment of Ukraine as non-market economy by other WTO member's countries, United States in a number of investigations has treated Ukraine as a non-market economy.
- l. Clearly, Ukraine and Russia are "non-market economy" countries. Determination of normal value in these countries is to be done in accordance to the rules relating to non-market economies.
- m. According to these Rules, the normal value in these countries can be determined on the basis of the following:
 - 1. the price in a market economy third country,
 - 2. constructed value in a market economy third country,
 - 3. the price from such a third country to other countries, including India.
 - 4. the price actually paid in India, adjusted to include a reasonable profit margin.

5. the price actually payable in India, adjusted to include a reasonable profit margin.
- n. Ukraine and Russia are non-market economy countries. The normal value in these can be determined on any of the above-mentioned basis. The normal value in these countries can thus be determined on the basis of estimates of cost of production in India including selling, general & administrative expenses and profit. The normal value has been determined accordingly.
- o. Forged CRM Rolls are produced in a large number of sizes in fact, these are produced in tailor made sizes. Therefore, it would not be appropriate to determine normal value and export price on the basis of nos. as it would show distorted picture. In case of nos. largest size Forged CRM Rolls and smallest size Forged CRM Rolls would become two only. Therefore, we have determined normal value on weight basis.
- p. The petitioners have determined constructed value by considering cost of production of the petitioners including SGA and reasonable profit margin in accordance to the Rules.
- q. With regard to Korea, efforts were made to get information on prices of the subject goods in the domestic market of Korea. We have also made efforts to get price lists of the exporters or price evidence for their exports to other countries. However, we have not been able to get any evidence either with regard to the prices of subject goods in Korea or price list of the exporters either for sale in that country or for exports to other countries. No information, however, could be traced about the prices of subject goods in the domestic market of Korea RP. The product is directly traded between the producer and the consumers.
- r. The Hon'ble Designated Authority had considered normal value in case of Republic of Korea in the matter of anti-dumping duty on Acrylonitrile Butadiene Rubber (NBR) on the basis of cost of production constructed basis. It is submitted that the constructed normal value in Republic of Korea is a good indicator of the normal value in this country. We have also determined normal value in Korea on the same basis and request the Authority to accept the same at least for the purpose of the initiation.
- s. The imports of the subject goods are required to be reported in terms of "nos". However, the information collected from the Secondary Sources suggest that the imports are being reported in a number of different units – numbers, weight (kgs./MT), PCS and meters. Further, in case of nos., one large size Forged CRM Rolls and one small size Forged CRM Rolls would become two, and, therefore, the average price calculated considering nos. would result in significantly distorted picture. The information published by the DGCI&S,

therefore, cannot be relied upon as it is for determination of volume and value of the imports of subject goods in India.

- t. DGCIS has published imports information upto Jan 2002. We have therefore, converted numbers into weight for calculation of export price.
- u. The export prices basis in case of Russia and Ukraine and CIF in case of Korea RP. According to the GATT Agreement on Anti Dumping, for fair comparison between normal value and export price it is necessary to compare normal value and export price at the same level of trade. The export price being CIF export price should, therefore, be adjusted for the following:-
 - a. Landing charges,
 - b. Ocean Freight,
 - c. Marine Insurance,
 - d. Inland Transportation in the country of export,
 - e. Port handling and port charges.
- v. The export price of Russia, Ukraine, Korea RP comes to 1805.21\$/MT, 1388.57\$/MT and 2207.14\$/MT respectively. The net export price of Russia, Ukraine, Korea RP after appropriate adjustments on marine insurance, FOB export price, inland freight and port expenses comes to 1619.33\$/MT, 1268.06\$/MT and 1938.66 \$/MT respectively. The dumping margin of Russia, Ukraine, Korea RP in percentage comes to 32.96, 69.79 and 38.82 respectively. The landed value of imports from Russia, Ukraine and Korea RP comes to 107573 Rs/MT, 83430 Rs/MT and 127260 Rs/MT respectively.

e) INJURY

- a. The various economic parameters are as under:-

	Unit	1999-00	2000-01	April 01-June 02
Imports				
Russia	MT	549.09	175.88	901.38
Ukraine	MT	78.54	81.69	1262.25
Korea RP	MT	1266.44	1100.48	1367.05
Total subject countries	MT	1894.07	1358.05	3530.68
Other countries	MT	5465.47	5025.42	2253.99
Total imports	MT	7502.28	6568.51	5281.87
Market share in imports				
Russia	%	7.32	2.68	17.07
Ukraine	%	1.05	1.24	23.9
Korea RP	%	16.88	16.75	25.88
Total subject countries	%	25.25	20.68	66.85
Other countries	%	72.85	76.51	42.67

Economic Parameters				
Capacity	MT	1650	1650	2063
Production	MT	100.00	75.47	237.54
Capacity Utilisation	%	100.00	75.47	189.98
Sales Volume	MT	100.00	165.08	371.88
Exports Sales	Rs. in Lacs	100.00	-	98.16
Sales value	Rs. in Lacs	100.00	113.11	265.00
Cost of sales	Rs. in Lacs	100.00	64.52	99.59
Profit/Loss	Rs. in Lacs	(100.00)	(44.37)	(18.72)

- b. It may be seen that the in case of trial production also, the company has produced significant volumes. However, the company has not been able to sell its trial production at reasonable price due to dumping of Forged CRM Rolls from subject countries.
- c. The trial production of the company could be sold with lot of difficulty, as the prices offered to the petitioner were very un-remunerative.
- d. The price at which the company has been forced to sale trial production did not permit recovery of reasonable cost of production, as projected in the Project Report. With the commencement of commercial production, the company could not sell the product at reasonable price and faced severe financial losses. More importantly, the company is not able to increase its plant utilization even after declaring commercial production due to very low prices being offered by the consumers.
- e. Imports from other countries are at higher prices and are, therefore, not causing any injury to the domestic industry at present. With regard to USA, the material imported from USA is not full finished material. The imported material requires further processing after importation.
- f. There are no significant changes in the demand of forged rolls to India. In fact, the demand of forged rolls is increasing. Possible decline in demand is, therefore, not a reason for any injury to the domestic industry.
- g. Material injury is being caused to domestic industry from dumped imports from subject countries. The technology employed by domestic industry is comparable to the technology being adopted by other players. There is no significant difference in the manufacturing process. Availability of dumped imports in the market is the sole reason for the present injury being suffered by the domestic industry.

2. IMPORTER'S VIEWS

M/s Tinsplate Company of India Ltd., Jamshedpur, the only importer have made the submissions that they are importing the subject material from USA and Europe and

not from the countries coming under purview of the notice on anti dumping investigation.

3. EXPORTER'S VIEWS

1. M/s Doosan Heavy Industries Co. Ltd., 555, Guigok-Dong, Changwon-City, Kyongsangnam-DO, 641-792, Korea.

None of the exporters from South Korea have provided information to the questionnaire in response to the Initiation Notification. M/s Doosan Heavy Industries Co. Ltd, exporter from South Korea have expressed inability to furnish information in view of their company's policy of not sharing the trade secrets.

2. M/s Uralmashplant Joint Stock Company, Ekaterinburg Pervoy Pyateletki Sq Russia –620012
 - a. Uralmashplant Joint Stock Company is guided in its activity by the Federal Joint Stock Companies and that there is no state share in the authorised capital stock of the company. The aim of the exports sales of the equipment is to make profits.
 - b. In the period of investigation, the plant has sold 132 rolls (638 tons) at a sum of ****\$ to India.
 - c. The order for delivery of these rolls was received in the form of an open tender.
 - d. The requirements placed by the Indian authority and that produced by the Joint Stock Company conforms to the requirements.
 - e. In the period of investigation in the home market the company has sold 900 pcs (900 tons) for a sum of ****\$/MT.
 - f. The company has provided during the POI the prices structures for the exporting market and that in the domestic market.
 - g. As regards the cost of production, the company has not provided the same indicating that the content of Form 7 is not clear and that the each roll is an article of individual production and that the company produces a lot of other machines other than cold rolls also.

C. EXAMINATION BY AUTHORITY

The foregoing submissions made by the petitioner, exporters and importers, to the extent these are relevant as per Rules and have a bearing upon the case, have been examined, considered and dealt with at appropriate places in these findings.

1 & 2. PRODUCT UNDER CONSIDERATION & LIKE ARTICLE

The Authority notes that only one exporter from Russia viz. M/s Uralmashplant Joint Stock Company, Russia has cooperated and has indicated that the petitioner M/s GPI was not present at the Indian market of Cold rolls and that M/s GPI do not make the quality of the cold rolls which are produced by the Joint Stock Company. It has also been mentioned that the petitioner cannot deliver the product to the Indian companies as it does not conform to the requirements specified by the Indian market. However the user industry has not made any claims pertaining to the quality of the product sold by the petitioner.

In view of no claims by the user industry and that the claims made by the exporter are unsubstantiated, the Authority confirms the product under consideration being dumped into the Indian market is Induction Hardened Forged Steel Rolls, also known as Forged C.R.M (cold rolling mills) Rolls and also referred to as Forged CRM Rolls.

Forged Rolls are also used by steel plants for cold rolling of ferrous and non-ferrous coils obtained from Hot Rolling Mills. These Cold Rolled Coils with fine texture, thin gauge with superior mechanical properties are used for/by:-

- a. Galvanizing Line where Cold Roll Coils are coated with zinc and used as roof sheets for Buildings.
- b. Equipment manufacturers (OEMs) such as Car Bodies, Scooters, Buses, Auto, Fridges, Washing Machines, Utensils, Cigarette Foils, and Bicycles etc.

Forged rolls are produced in many sizes. There can be work roll or back up roll. The prices of the two rolls vary significantly. However, the present investigation does not include forged rolls below 300 mm size.

- c. Forged Rolls are classified under Chapter 84 of the Customs Tariff Act (Subheading 8455.30.00).

The Basic custom duty on Forged Roll is 25% basic in 2001-2002 and under OGL.

The Authority notes the submissions made by the petitioner regarding the issue of like article. The petitioner has indicated that there is no viable substitute for the subject goods and that there is no known difference in the goods produced by them and that exported from the subject countries and further that the two are comparable in terms of characteristics such as physical characteristics and chemical composition. The two are technically and commercially substitutable. It has also been indicated by the petitioner that there is no known difference in the technology adopted by the Indian industry and the manufacturers in the subject countries. The Authority notes that even though one of the cooperating exporters from Russia have indicated that the domestic industry do not produce the goods of the quality as required by the Indian user

industry, there are no claims to this effect by the user industry and that even such claims have not been substantiated. The Authority also notes that the petitioner has supplied these goods to M/s Rourkela Steel Plant, Katni, M/s Agarwal Metals, Jaipur, M/s Bhusan Steel, M/s Hero Cycles, M/s Ispat Industries Ltd., M/s ITW Signotec India Ltd., M/s Jindal Industries Ltd., M/s JISCO (Tarapur), M/s JISCO(Vasind), M/s Lloyds Steel, M/s Lyka Engg., M/s National Steels, M/s Nezone Strips, M/s Ruchi Strips and Alloys Ltd., M/s Shree Precoates, M/s Steelco Gujarat, M/s Surya Rosini, Indian Melting and Refining Co. Ltd., M/s Tinsplate Co, M/s Uttam Steel, M/s Vallabh Steel and M/s Walzen Strips.

In view of the foregoing, the Authority holds the goods exported from the subject countries and those produced by the Domestic Industry, as like article as per Rule 2(d) for the purpose of preliminary determination pending final determination.

3. DOMESTIC INDUSTRY

The Authority notes that the petitioner accounts for more than 50% of the total production of the subject goods during the period of investigation and that even the other producer M/s Heavy Engineering Corporation has also supported the petition. In view of this, the Authority holds that the petitioner has the standing to file the petition on behalf of the domestic industry as per Rule 5 (3) (a) and (b) of the Anti-Dumping Rules and also represents Domestic Industry in terms of Rule 2(b)

4. NORMAL VALUE & EXPORT PRICE

Under Section 9A(1)(c), normal value in relation to an article means:

- i. the comparable price, in the ordinary course of trade, for the like article when meant for consumption in the exporting country or territory as determined in accordance with the rules made under sub-section (6); or
- ii. when there are no sales of the like article in the ordinary course of trade in the domestic market of the exporting country or territory, or when because of the particular market situation or low volume of the sales in the domestic market of the exporting country or territory, such sales do not permit a proper comparison, the normal value shall be either:-
 - a. comparable representative price of the like article when exported from the exporting country or territory or an appropriate third country as determined in accordance with the rules made under sub-section (6); or
 - b. the cost of production of the said article in the country of origin along with reasonable addition for administrative, selling and general costs, and for profits, as determined in accordance with the rules made under sub-section(6);

Provided that in the case of import of the article from a country other than the country of origin and where the article has been merely transshipped through the country of export or such article is not produced in the country of export or there is no comparable price in the country of export, the normal value shall be determined with reference to its price in the country of origin.

The Authority also notes the various Customs Notifications No.44/99(NT) dated 15th July, 1999, No.28/2001(N.T.) dated 31st May, 2001 and No.1/2001(NT) dated 4th January, 2002 on the Anti Dumping in respect of the issue of non-market economy under the Anti-Dumping Rules.

The normal value and ex-factory export price determination is illustrated below.

A. NORMAL VALUE

1. South Korea and Ukraine

The Authority notes that none of the exporters from South Korea or from Ukraine has responded by way of questionnaire response to the Initiation Notification. The Authority in view of non-cooperation and the fact that the petitioner has claimed Ukraine as a non-market economy on it being treated as non-market economy in case of Steel Concrete Reinforcement Bars by USITC has constructed the normal value for all producers/exporters of Ukraine on the basis of the best available information as furnished by the petitioner keeping in view the Anti Dumping Rules for the non-market economy. The Authority has constructed the normal value for all producers and exporters of South Korea also on the basis of the best available information as made available by the petitioner. The cost of production as provided by the petitioner with due adjustments has therefore been referenced for the purpose of determination of normal value of the subject goods in South Korea and Ukraine.

The normal value is therefore referenced as *****/MT and *****/MT for South Korea and Ukraine respectively for the purpose of preliminary determination pending final determination.

B. EXPORT PRICE

As regards the export price of the subject goods in the period of investigation, the Authority notes that in view of no cooperation from any of the exporters/importers, the information on export price as made available from the secondary sources by the petitioner is referenced for the purpose of preliminary determination pending final determination.

2. Russia

M/s Uralmashplant Joint Stock Company, Russia

A. NORMAL VALUE

The Authority notes that only one of the exporters/producers from Russia viz. M/s Uralmashplant Joint Stock Company has cooperated and has provided domestic price and export price of subject goods to India. The Authority however notes that cost of production of the subject goods has not been provided by the exporter in the response. Also the Authority notes that the exporter has not rebutted the claim of non-market economy as was claimed by the petitioner. The Authority notes that the petitioner has claimed Russia as a non-market economy on the basis of findings in case of Structural Steel Bar by USITC. The Authority therefore in view of no rebuttal by the exporter on the issue of non-market economy and the fact that the cost of production of the subject goods has not been made available by the exporter thus not permitting the Authority to apply the ordinary course of trade test, has referenced the normal value as provided by the petitioner on the basis of the constructed cost of production with appropriate adjustments as per the Anti Dumping Rules. The normal value has therefore been referenced as *****/MT for the purpose of preliminary determination pending final determination.

B. EXPORT PRICE

The Authority has referenced the export price with adjustments on packing, inland freight, storage, ocean freight, ocean insurance and documentation costs as provided by the exporter for the subject goods during the period of investigation. The export price is referenced as *****/MT for the purpose of preliminary determination pending final determination.

3. Other exporters/producers from Russia

A. NORMAL VALUE

The Authority notes that none of the exporters other than M/s Uralmashplant Joint Stock Company, Russia has responded to the Initiation Notification. The Authority for such producers/exporters has referenced the best available information as provided by the petitioner. The cost of production duly adjusted as provided by the petitioner has therefore been referenced for the purpose of determination of normal value of the subject goods for such producers/exporters.

The normal value is therefore referenced as ****\$/MT for the purpose of preliminary determination pending final determination.

B. EXPORT PRICE

The export prices as given by the petitioner have been correlated with data given by the cooperating exporter viz. M/s Uralmashplant Joint Stock Company, Russia and the least export price has been referenced for these residual category of exporters/producers. The export price has been referenced as ****\$/MT.

5. DUMPING - Comparison of Normal Value & Export Price

The rules relating to comparison provides as follows:

"While arriving at margin of dumping, the Designated Authority shall make a fair comparison between the export price and the normal value. The comparison shall be made at the same level of trade, normally at ex-works level, and in respect of sales made at as nearly possible the same time. Due allowance shall be made in each case, on its merits, for differences which affect price comparability, including differences in conditions and terms of sale, taxation, levels of trade, quantities, physical characteristics, and any other differences which are demonstrated to affect price comparability."

The authority has carried out weighted average normal value comparison with the weighted average ex-factory export price in Period of Investigation, for evaluation of the dumping margin for all the exporter/producers of the subject country.

The dumping margin for exporter/producers comes as under:

Sl. No.	Exporter/producer	Normal Value(\$/MT)	Ex-factory Export Price (\$/MT)	Dumping margin as % of Export Price
1.	Korea RP All exporters/producers	****	****	11.05
2.	Ukraine All exporters/producers	****	****	31.43
3.	Russia 1. M/s Uralmashplant Joint Stock Company. 2.All other producers/exporters	****	****	79.91 79.91

6. INJURY AND CAUSAL LINK

Under Rule 11 supra, Annexure-II, when a finding of injury is arrived at, such finding shall involve determination of the injury to the domestic industry, ".....taking into account all relevant facts, including the volume of dumped imports, their effect on prices in the domestic market for like articles and the consequent effect of such imports on domestic producers of such articles...." In considering the effect of the dumped imports on prices, it is considered necessary to examine whether there has been a significant price undercutting by the dumped imports as compared with the price of the like article in India, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increases, which otherwise would have occurred, to a significant degree.

For the examination of the impact of the dumped imports on the domestic industry in India, we may consider such indices having a bearing on the state of the industry as production, capacity utilisation, sales quantum, stock, profitability, net sales realisation, the magnitude and margin of dumping, etc. in accordance with Annexure II(iv) of the rules supra.

- i. The Authority notes the following economic parameters in respect of the domestic industry:-

	1999-00	2000-01	April 01-June 02 (POI)	POI Annualized
Imports from Secondary sources viz. Infodrive India Pvt. Ltd., Kolkata and tender information(in MT)				
Russia	549.09	175.88	901.38	721.6
Ukraine	78.54	81.69	1262.25	1010
Korea RP	1266.44	1100.48	1367.05	1095
Total subject countries	1894.07	1358.05	3530.68	2824
Other countries	5465.47	5025.42	2253.99	1803
Total imports	7502.28	6568.51	5281.87	4225.6
Market share in imports (%)				
Russia	7.32	2.68	17.07	17.07
Ukraine	1.05	1.24	23.9	23.9
Korea RP	16.88	16.75	25.88	25.88
Total subject countries	25.25	20.68	66.85	66.85
Other countries	72.85	76.51	42.67	562.4
Economic Parameters				
Capacity (MT)	1650	1650	2063	1650
Production (MT)	318.00	323.00	654.25	524
Capacity Utilisation (%)	19.27	19.58	31.71	31.71%
Sales Volume (MT)	189.00	312.00	702.86	562.4
Number of employees (No.)	11	11	17	17
Production per person (MT/person)	28.91	29.36	30.79	30.79
Targetted production (MT)	2800	2800	3500	2800
Targetted no. of employees (Nos.)	60	60	60	60

Targetted production per employee (MT/person)	46.67	46.67	46.67	46.67
Known demand (MT)	8891	7620	6489	5191
Minimum Market share of the petitioner in the known demand (%)	2.131	4.1	10.83	10.83
Market share of known imports from subject countries in the total known demand (%)	21.3	17.83	54.4	54.4
Sales Value (Rs/Lakhs)	****	****	****	****
Inventories (MT)	106	42	27.92	27.92
Cost of Sales (Rs Lacs)	****	****	****	****
Profit/Loss (Rs. Lacs)	****	****	****	****
Selling Price (Rs/MT)	****	****	****	****
Unit cost of production (Rs/MT)	****	****	****	****
Unit Profit/Loss (Rs/MT)	****	****	****	****
Cash Flow (Rs lacs)	****	****	****	****

- ii. The total imports in absolute term from the subject countries have increased in period of investigation. Also the share of imports from the subject countries have increased in the last two years and also in the period of investigation.
- iii. The selling prices for the subject goods by the petitioner have increased but the Net Sales Realisation during the period of investigation has been lower than the Non-Injurious Price (NIP) determined by the Authority at ****\$/MT
- iv. The minimum demand on the basis of available information on imports shows decline from 1999-2000 to period of investigation. However in view of the significant market share of subject countries' imports in the known demand, the decline in demand cannot be construed as a factor which has caused injury to the petitioner.
 - i. The cash flow for the petitioner has also deteriorated and that as regards ability to raise fresh investments, the petitioner has not been able to fully implement the project on account of dumping.
 - ii. The other producer M/s Heavy Engineering Corporation who has supported the petition has also indicated that their production has decreased from 1200 MT in 1999-2000 to 740 MT in 2000-2001 and further to 404 MT in 2001-2002 and that they have also lost orders to a tune of Rs.****/crores to Rs.****/Crores in 2000-2001 and 2001-2002 respectively. M/s HEC's profitability has also been affected in period of investigation due to fall in sales realisation by them.

7. INDIAN INDUSTRY'S INTEREST & OTHER ISSUES

The Authority holds that the purpose of anti-dumping duties, in general, is to eliminate injury caused to the Domestic Industry by the unfair trade practices of

dumping so as to re-establish a situation of open and fair competition in the Indian market, which is in the general interest of the country.

The Authority also recognises that though the imposition of anti-dumping duties might affect the price levels of the products manufactured using the subject goods and consequently might have some influence on relative competitiveness of these products, however, fair competition in the Indian market will not be reduced by these anti-dumping measures. On the contrary, imposition of anti-dumping measures would remove the unfair advantages gained by the dumping practices and would prevent the decline of the domestic industry and help maintain availability of wider choice of the subject goods to the consumers. Imposition of anti-dumping measures would also not restrict imports from the subject country in any way, and, therefore, would not affect the availability of the products to the consumers.

8. LANDED VALUE

The landed value of imports for the purpose shall be the assessable value as determined by the customs under Customs Tariff Act, 1962 and applicable level of custom duties except duties levied under Section 3, 3A, 8B, 9, 9A of the Customs Tariff Act, 1975.

D. CONCLUSIONS:

It is seen, after considering the foregoing, that:

- a. The subject goods in all forms originating in or exported from the subject countries have been exported to India below its normal value
- b. The domestic industry has also suffered material injury by way of financial losses due to depressed Net Sales Realisation (NSR) on account of price depression caused by low landed prices of the dumped subject goods.
- c. The injury has been caused to the domestic industry by dumping of the subject goods originating in or exported from the subject countries.
- d. The Authority recommends anti-dumping duty on imports of subject goods falling under Chapter 84 originating in or exported from the subject countries.
- e. It was considered to recommend the amount of anti-dumping duty equal to the margin of dumping so as to remove the injury to the domestic industry accrued on account of dumping. Accordingly, it is proposed that provisional anti dumping duties equal to the difference between the amount of Column 9 of the Table below and the landed value of subject goods in \$/MT be imposed, from the date of notification to be issued in this regard by the Central Government, on all imports of subject goods originating in or exported from subject

countries under Chapter 84 Customs sub-heading 8455.30.00 of the Customs Tariff, pending final determination .

SI.No	Sub-heading	Description of goods	Specification	Country of origin	Country Of Export	Producer	Exporter	Amount (\$/MT)	Unit of Measurement	Currency
1.	8455.30	Forged Rolls	Induction Hardened Forged Rolls also known as Forged Cold Rolling Mills Rolls including work rolls and back up rolls (Sizes above 300 dia)	Korea RP	All	Korea	Korea	2838.19	Metric Tonne	USD
2.	8455.30	Forged Rolls	Induction Hardened Forged Rolls also known as Forged Cold Rolling Mills Rolls including work rolls and back up rolls (Sizes above 300 dia)	Any country except Ukraine and Russia	Korea RP	Any	Any	2838.19	Metric Tonne	USD
3.	8455.30	Forged Rolls	Induction Hardened Forged Rolls also known as Forged Cold Rolling Mills Rolls including work rolls and back up rolls (Sizes above 300 dia)	Ukraine	All	Any	Any	2152.54	Metric Tonne	USD
4.	8455.30	Forged Rolls	Induction Hardened Forged Rolls also known as Forged Cold Rolling Mills Rolls including work rolls and back up rolls (Sizes above 300 dia)	Any country except Russia and Korea RP	Ukraine	Any	Any	2152.54	Metric Tonne	USD
5.	8455.30	Forged Rolls	Induction Hardened Forged Rolls also known as Forged Cold Rolling Mills Rolls	Russia	All	Any including M/s Uralmash-plant Joint	Any including M/s Uralmash-plant Joint	2760.86	Metric Tonne	USD

			including work rolls and back up rolls (Sizes above 300 dia)			Stock Company	Stock Company			
6.	8455.30	Forged Rolls	Induction Hardened Forged Rolls also known as Forged Cold Rolling Mills Rolls including work rolls and back up rolls (Sizes above 300 dia)	All exporters excluding Korea RP and Ukraine	Russia	Any including M/s Uralmash -plant Joint Stock Company	Any including M/s Uralmash -plant Joint Stock Company	2760.86	Metric Tonne	USD

FURTHER PROCEDURE

The following procedure would be followed subsequent to notifying the preliminary findings:

- a. The Authority invites comments on these findings from all interested parties and the same would be considered in the final findings;
- b. Exporters, Importers, Petitioner and other interested parties known to be concerned are being addressed separately by the Authority, who may make known their views, within forty days from the date of the despatch of the letter. Any other interested party may also make known its views within forty days from the date of publication of these findings;
- c. The Authority would conduct verifications to the extent deemed necessary;
- d. The Authority would provide opportunity to all interested parties for oral submissions, for which the date and time shall be communicated to all known interested parties separately;
- e. The Authority would disclose essential facts before announcing final findings.

(L V SAPTHARISHI),
Designated Authority