

To be published in Part-I Section-I of the Gazette of India Extraordinary

**F. No. 7/16/2021-DGTR
Government of India
Ministry of Commerce & Industry
Department of Commerce
Directorate General of Trade Remedies
Jeevan Tara Building, 5, Parliament Street, New Delhi -110001**

Dated 08.10.2021

NOTIFICATION

FINAL FINDINGS

Case No. AD-(SSR)-14/2021

Subject: Sunset review anti-dumping investigation concerning imports of “Colour Coated/Pre-painted flat products of alloy or non-alloy steel” originating in or exported from China PR and European Union.

Having regard to the Customs Tariff Act, 1975 as amended from time to time (hereinafter referred as the “Act”) and the Customs Tariff (Identification, Assessment and Collection of Antidumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 thereof, as amended from time to time (hereinafter referred as the “Anti-Dumping Rules” or “Rules” or “AD Rules”);

A. BACKGROUND OF THE CASE

1. On 29th June 2016, the Designated Authority (hereinafter referred to as the “Designated Authority” or the “Authority”) had initiated an investigation to examine the nature and extent of dumping and its injurious effect on the domestic industry with respect to “Colour coated / pre-painted flat products of alloy or non-alloy steel” (hereinafter referred to as “subject goods” or “product under consideration” or “PUC”) originating in or exported from China PR and the European Union (hereinafter referred to as “subject countries”). The original petition for imposition of anti-dumping duty was filed by M/s. Essar Steel India Limited and M/s. JSW Steel Coated Products Limited.
2. The Authority issued the preliminary findings on 20th October 2016 vide Notification No. No.14/28/2016-DGAD and recommended imposition of provisional anti-dumping duty on the imports of the subject goods from the subject countries in the form of reference price. The Authority issued corrigendum to the aforementioned preliminary findings vide notification dated 30th November 2016. The Central Government imposed the provisional anti-dumping duty on the subject goods on 11th January 2017 vide Notification No. 02/2017-Customs (ADD) for a period of six months.

3. The Authority issued the final findings on 30th August 2017 vide Notification No. 14/28/2017-DGAD and recommended imposition of anti-dumping duty on the imports of the subject goods from the subject countries in the form of reference price for five years. On the basis of the aforesaid findings, the Central Government imposed the definitive anti-dumping duty in the form of reference duty vide Notification No. 49/2017-Customs (ADD) dated 17th October 2017 for a period of five years w.e.f. 11th January 2017.
4. In terms of Section 9A (5) of the Act; anti-dumping duty imposed shall, unless revoked earlier, cease to have effect on expiry of five years from the date of such imposition and the Authority is required to review, whether the expiry of anti-dumping duty is likely to lead to continuation or recurrence of dumping and injury. Further, Rule 23(1B) of the Rules provides as follows:

"any definitive antidumping duty levied under the Act, shall be effective for a period not exceeding five years from the date of its imposition, unless the designated authority comes to a conclusion, on a review initiated before that period on its own initiative or upon a duly substantiated request made by or on behalf of the domestic industry, within a reasonable period of time prior to the expiry of that period, that the expiry of the said anti-dumping duty is likely to lead to continuation or recurrence of dumping and injury to the domestic industry."
5. In accordance with the above, the Authority is required to review, on the basis of a duly substantiated request made by or on behalf of the domestic industry, as to whether the expiry of the anti-dumping duty is likely to lead to continuation or recurrence of dumping and injury.
6. And whereas, in terms of the above provisions, Indian Steel Association, on behalf of JSW Steel Coated Products Limited and ArcelorMittal Nippon Steel India Limited (erstwhile Essar Steel India Limited) (hereinafter also referred to as the "Applicant" or "Applicant companies" or "domestic industry") filed an application before the Designated Authority in accordance with the Customs Tariff Act, 1975 and the Anti-Dumping Rules for initiation of sunset review investigation concerning imports of the subject goods originating in or exported from the subject countries. The request was based on the grounds that the expiry of the measure was likely to result in continuation of dumping of the subject goods and recurrence of material injury to the domestic industry.
7. And whereas, in view of the duly substantiated application filed by the Applicant, the Authority issued a public notice vide Notification No. F. No. 7/16/2021-DGTR dated 26th July 2021, published in the Gazette of India, initiating sunset review investigation on the imports of the product under consideration from China PR and the European Union in accordance with the Anti-Dumping Rules to review the need for continued imposition of the duties in force in respect of the subject goods, originating in or exported from the subject countries and to examine whether the expiry of such duty is likely to lead to continuation or recurrence of dumping and injury to the domestic industry.
8. The scope of the present review covers all aspects of the Final Findings Notification No. 14/28/2017-DGAD dated 30th August 2017 which had recommended the imposition of

anti-dumping duty on imports of subject goods originating in or exported from the subject countries.

B. PROCEDURE

9. The procedure described below has been followed in this sunset review investigation:
 - i. The Authority vide Notification No. 7/16/2021-DGTR dated 26th July 2021, published in the Gazette of India, Extraordinary, initiated sunset review of anti-dumping duty imposed on the imports of the subject goods, originating in or exported from the subject countries.
 - ii. The Authority sent a copy of the initiation notification dated 26th July 2021 to the Embassies of the subject countries in India, the known producers and exporters from the subject countries, the 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.
 - iii. The Authority provided a copy of the non-confidential version of the application to the known producers/exporters and to the Embassies of subject countries in India in accordance with the Rule 6(3) of the Rules.
 - iv. The Embassies of the subject countries in India were also requested to advise the producers/exporters from their countries to respond to the questionnaire within the prescribed time limit. A copy of the letter and questionnaire sent to the producers/exporters was also shared with the Embassies along with the names and addresses of the known producers/exporters from the respective subject countries.
 - v. The Authority sent exporters' questionnaires to the following known producers/exporters in the subject countries in accordance with the Rule 6(4) of the Rules to elicit relevant information:
 - a. ThyssenKrupp Steel Europe AG
 - b. Tata Corus
 - c. SSAB
 - d. Metal Trade Comax
 - e. Voestalpine AG
 - f. Shanghai Metal Corporation
 - g. Baosteel Group Corporation
 - h. Sino East Steel Enterprise Co. Ltd
 - i. Qingdao Sino Steel Co. Ltd
 - j. Shanghai Color Steel Co. Ltd
 - k. Shandong Hwafone Steel Co. Ltd.
 - l. Jiangsu Shagang International Trade Co. Ltd./ Zhangjiagang Shagang Heavy Plate Co. Ltd / Jiangyin Xingcheng Special Steel Works, Co., Ltd, China PR
 - m. Jiangyin Xingcheng Special Steel Works Co. Ltd

- vi. None of the producers/exporters from the subject countries have filed the exporter's questionnaire response with the Authority in the present sunset review investigation.
- vii. The Authority forwarded a copy of the notification to the following known importers/consumers/user associations of the subject goods in India and advised them to make their views known in writing within the prescribed time limit in accordance with the Rule 6(4) of Rules.
 - a. Consumer Electronics and Appliance Manufacturers Association
 - b. Bombay Iron Merchants Association
 - c. Pre-Engineered Structures Society of India
 - d. Sungreen Ventilation Systems Private Limited
 - e. Shree Ram Steel Syndicate
 - f. Indian Pipes Private Limited
 - g. Metal Shine Roofing
 - h. Brijlal & Sons
 - i. Kumar Corporation
 - j. Oriental Metals India Private Limited
 - k. M.K.K Metal Sections Private Limited
 - l. Kusum Metals Private Limited
 - m. Steel Co.
 - n. Shanker Mercantile Private Limited
 - o. GM Traders
 - p. PB Traders Private Limited
 - q. Whirlpool India Limited
 - r. Samsung India Electronics Private Limited
- viii. None of the importers/consumers/user associations have responded and filed the importer/user questionnaire response. One importer, Shanti Iron Traders, registered itself as an interested party with the Authority but did not file any submission during the course of the review investigation.
- ix. The period of investigation for the purpose of the present review is 1st October 2019 to 31st March 2021 (18 months). The injury examination period has been considered as the period 2017-18, 2018-19, 2019-20, and the POI.
- x. Request was made to the Directorate General of Commercial Intelligence and Statistics (DGCI&S) to arrange details of imports of subject goods for the past three years, and the period of investigation, which was received by the Authority. The Authority has relied upon the DGCI&S import data for computation of the volume & value of imports and for injury analysis.
- xi. Verification of the information and the data submitted by the domestic industry was carried out to the extent deemed necessary. Only such verified information with necessary rectification, wherever applicable, has been relied upon for the purpose of this final findings.
- xii. The Non-Injurious Price (hereinafter referred to as 'NIP') as per the cost of production and the cost to make & 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 if anti-dumping duty lower than the dumping margin would be sufficient to remove injury to the domestic industry.

- xiii. The Authority held an oral hearing on 16th September 2021 to provide an opportunity to the interested parties to present information orally in accordance with Rule 6(6) of the AD Rules. The oral hearing was held through video conferencing in view of the special circumstances arising out of the COVID-19 pandemic. The oral hearing was attended by the domestic industry and the European Commission. The interested parties who attended the oral hearing were requested to file written submissions and rejoinders.
- xiv. The submissions made by the interested parties during the course of the investigation and the oral hearing, have been addressed in this final finding, to the extent considered relevant by the Authority.
- xv. As no producer/exporter from the subject countries have come forth and filed any submission or questionnaire response, only the information provided by the domestic industry 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 as confidential and not disclosed in the public record. Wherever possible, parties providing information on confidential basis were directed to provide sufficient non-confidential version of the information filed on confidential basis.
- xvi. In accordance with the Rules, the Authority disclosed the essential facts of the case that would form the basis of its findings in the form of a disclosure statement on 30.09.2021 and the interested parties were allowed time up to 4.10.2021 to comment on the same. The comments of the interested parties, to the extent relevant, have been considered by the Authority and have been addressed in this finding.
- xvii. *** in this final finding represents information furnished by interested parties on confidential basis and so considered by the Authority under the Rules.
- xviii. The exchange rate adopted by the Authority for the subject investigation is US \$1= 74.34 INR.

C. PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE

C.1. Submissions made by the domestic industry and other interested parties

- 10. Domestic industry or any other interested party has not made any submission with regard to the scope of product under consideration in the present review investigation.

C.2. Examination by the Authority

11. The scope of product under consideration in the present sunset review investigation is the same as was decided by the Authority in the final findings of the original investigation dated 30th August 2017.

12. The product under consideration is:

“Pre-painted, painted, colour coated or organic coated flat steels in coils or not in coils, whether or not with metallic coated substrate of zinc, aluminium zinc or any other substrate coating excluding plates of thickness 6 mm or more.

These products are either of alloy or non-alloy steel, whether of prime or non-prime quality, either in form of coils or plain sheets or profiled sheets including but not limited to trapezoidal, sinusoidal, corrugated or any other type of profile. These products are available in various paint qualities and a variety of paint colours, whether or not pre-coated with primer or any other suitable material. These products may either be painted on top surface of the steel sheet or on bottom surface or on both top and bottom surfaces. This product may be supplied with or without guard film/lamination.

13. The PUC offers resistance to corrosion along with barrier protection. The PUC is used in many applications and sectors including but not limited to construction, roofing, walling, panelling, cladding and decking, automotive, white goods & appliances and furniture etc.

14. The PUC is classified under Customs Tariff Headings 72107000, 72124000, 72259900 and 72269990 of the Customs Tariff Act 1975. However, the imports have also been observed in certain other Customs Tariff HS Codes viz. 72082790, 72085430, 72091590, 72091820, 72103090, 72104100, 72104900, 72106100, 72106900, 72107000, 72109010, 72109090, 72112350, 72112330, 72121010, 72123090, 72125090, 72126000, 72131090, 72254013. The customs classification is indicative only and is in no way binding on the scope of product under consideration.

15. It is noted that subject goods exported to India are identical to the goods produced by the domestic industry. The subject goods produced by the domestic industry are comparable to the imported goods from the subject countries in terms of technical specifications, manufacturing process & technology, functions & uses, pricing, distribution & marketing, and tariff classification of the goods. The two are technically and commercially interchangeable. Accordingly, for the purpose of the present investigation, the subject goods produced by the domestic industry are being treated as ‘Like Article’ to the subject goods being imported from the subject countries.

D. DOMESTIC INDUSTRY AND STANDING

16. Rule 2(b) of the Antidumping Rules define domestic industry as under:

“(b) “domestic industry” means the domestic producers as a whole engaged in the manufacture of the like article and any activity connected therewith 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 dumped article or are themselves importers thereof in such case the term, ‘domestic industry’ may be construed as referring to the rest of the producers.”

D.1. Submissions made by the domestic industry

17. The domestic industry submitted that the domestic producers constituting the domestic industry in the present sunset review are the same as in the original investigation. The domestic industry has ***% share in total Indian production of the subject goods during the POI. The share of domestic industry constitutes a major proportion in the total domestic production of subject goods in India in accordance with Rule 2(b) of the AD Rules.

D.2. Submissions made by other interested parties

18. No other interested party has made any submission regarding the standing of the domestic industry.

D.3. Examination by the Authority

19. The Authority notes that the sunset review application has been filed by the Indian Steel Association on behalf of JSW Steel Coated Products Limited and ArcelorMittal Nippon Steel India Limited. All the relevant information and documents have been provided by the Association as prescribed by the Authority.
20. The participating producers have not imported the subject goods from the subject countries and are claimed to be not related to any importer of the subject goods in India. JSW Steel Coated Products Limited is not related to any of the exporters of the subject goods from the subject countries. ArcelorMittal Nippon Steel India Limited is not related to any of the exporters of the subject goods from China PR. ArcelorMittal Nippon Steel India Limited has related companies in the European Union but there is nothing on the record to prove that the related companies have exported the subject goods to India during the POI.
21. As per the evidence available on record, the applicant companies namely, ArcelorMittal Nippon Steel India Limited and JSW Steel Coated Products Limited account for a major proportion in the domestic production of the like article in India. In view of the above, the Authority determines to hold that the applicant producers constitute eligible domestic industry in terms of Rule 2(b), and the application satisfies the criteria of standing in terms of Rule 5(3), of the Rules supra.

E. CONFIDENTIALITY

E.1. Submissions made by the domestic industry

22. The domestic industry has claimed confidentiality with respect to certain information which it considers confidential and business sensitive in nature. Sufficient non-confidential summary of confidential information has been provided at appropriate places to permit reasonable understanding of the substance of information contained therein.

E.2. Submissions made by other interested parties

23. No other interested party has made any submission with respect to the confidentiality claim.

E.3. Examination by the Authority

24. The Authority made available non-confidential version of the information provided by various interested parties to all interested parties as per Rule 6(7).
25. With regard to confidentiality of information, Rule 7 of Anti-dumping Rules provides 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.”

26. 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 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.

27. A list of all the interested parties was uploaded on 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 since the public file was not accessible physically due to ongoing global pandemic.

F. DETERMINATION OF NORMAL VALUE, EXPORT PRICE AND DUMPING MARGIN

F.1. Normal Value

28. Under Section 9A (1)(c) of the Act, 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 to 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 transhipped 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.

F.2. Submissions made by the domestic industry

29. The following submissions have been made by the domestic industry during the course of the investigation:
- a. Chinese producers of the subject goods are operating under non-market economy conditions. Normal value for Chinese producers cannot be based on domestic selling

- prices and costs prevailing in China PR unless it is demonstrated that Chinese producers are operating under market economy conditions.
- b. In the original investigation as well, the Authority concluded that producers/exporters of subject product in China PR are operating under non-market economy conditions.
 - c. European Commission (“EC”) in its report has examined the market distortions that exist in specific sectors in China PR. The EC has found that there exist countrywide market distortions related to land, energy, capital, raw materials and other material inputs, and labour in China PR.
 - d. The EC report also examined market distortions that exist in specific sectors including the steel, aluminum, chemical, and ceramics industries. Within these industries, the EC found that market distortions were caused by the Chinese government’s intervention through all levels of government including the national, regional, and municipal levels via various planning and regulatory directives.
 - e. ISA does not have access to accurate information regarding the cost of production and domestic selling price in the European Union for subject goods. Therefore, normal value for the China PR and European Union has been constructed by considering international price of raw material HR Coil. The price of other raw materials has been adopted based on domestic industry’s experience. The raw material consumption has been taken on the basis of domestic industry’s experience. Conversion costs have been considered based on the experience of the domestic industry. SGA costs and Finance costs have been considered based on the experience of the domestic industry. A profit margin of 5% has been considered for working out the normal value.
 - f. Export price has been determined at ex-factory level. From the CIF export price, as per DGCIS import data. Relevant adjustments have been made to arrive at the ex-factory export price.
 - g. The dumping margin so determined based on the comparison of normal value and export price at the ex-factory level is positive and significant both for China PR and European Union.
 - h. It must be noted that the producers/exporters from China PR and European Union have not participated in the present sunset review investigation. Therefore, the Authority should proceed to determine dumping margin for exports from China PR and European Union based on the facts available.

F.3. Submissions made by other interested parties

- 30. None of the producer/exporter from subject countries have participated in the present sunset review investigation. The European Commission has submitted that the dumping calculation made by the domestic industry is flawed. The domestic industry has not presented any evidence that the European Union prices are dumped when exported to India or to any other third country; or that the European Union exports would be dumped in the future.

F.4. Examination by the Authority

31. The Authority sent questionnaires to the known producers/exporters of subject goods in subject countries, advising them to provide information in the form and manner prescribed by the Authority.
32. Since none of the producers/exporters of subject goods from subject countries have filed exporter's questionnaire response, the normal value and the export price for all producers/exporters from the subject countries have been determined based on the facts available.

China PR

F.4.1. Normal Value Determination

33. Article 15 of China's Accession Protocol in WTO provides as follows:

“Article VI of the GATT 1994, the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (“Anti-Dumping Agreement”) and the SCM Agreement shall apply in proceedings involving imports of Chinese origin into a WTO Member consistent with the following:

- a. In determining price comparability under Article VI of the GATT 1994 and the Anti-Dumping Agreement, the importing WTO Member shall use either Chinese prices or costs for the industry under investigation or a methodology that is not based on a strict comparison with domestic prices or costs in China based on the following rules:*
 - i. If the producers under investigation can clearly show that market economy conditions prevail in the industry producing the like product with regard to the manufacture, production and sale of that product, the importing WTO Member shall use Chinese prices or costs for the industry under investigation in determining price comparability;*
 - ii. The importing WTO Member may use a methodology that is not based on a strict comparison with domestic prices or costs in China if the producers under investigation cannot clearly show that market economy conditions prevail in the industry producing the like product with regard to manufacture, production and sale of that product.*
- b. In proceedings under Parts II, III and V of the SCM Agreement, when addressing subsidies described in Articles 14(a), 14(b), 14(c) and 14(d), relevant provisions of the SCM Agreement shall apply; however, if there are special difficulties in that application, the importing WTO Member may then use methodologies for identifying and measuring the subsidy benefit which take into account the possibility that prevailing terms and conditions in China PR may not always be available as appropriate benchmarks. In applying such methodologies, where practicable, the importing WTO Member should adjust such prevailing terms and conditions before considering the use of terms and conditions prevailing outside China PR.*

- c. *The importing WTO Member shall notify methodologies used in accordance with sub paragraph (a) to the Committee on Anti-Dumping Practices and shall notify methodologies used in accordance with sub paragraph (b) to the Committee on Subsidies and Countervailing Measures.*
- d. *Once China has established, under the national law of the importing WTO Member, that it is a market economy, the provisions of subparagraph (a) shall be terminated provided that the importing Member's national law contains market economy criteria as of the date of accession. In any event, the provisions of subparagraph (a)(ii) shall expire 15 years after the date of accession. In addition, should China establish, pursuant to the national law of the importing WTO Member, that market economy conditions prevail in a particular industry or sector, the nonmarket economy provisions of subparagraph (a) shall no longer apply to that industry or sector.”*

34. It is noted that while the provision contained in Article 15(a)(ii) has expired on 11.12.2016, the provision under Article 2.2.1.1 of WTO read with obligation under 15(a)(i) of the Accession Protocol requires criterion stipulated in para 8 of the Annexure I of the Rules to be satisfied through the information/data to be provided in the supplementary questionnaire on claiming the market economy status. It is noted that since producers/ exporters from China PR have not submitted response to supplementary questionnaire in the form and manner prescribed, the normal value computation is required to be done as per provisions of para. 7 of Annexure I of the Rules.
35. As none of the producers from China PR have filed the questionnaire response, the normal value has been determined in accordance with Para 7 of Annexure I of the Rules. In the absence of sufficient information on record, regarding other methods enshrined in Para 7 of Annexure I of the Rules, the Authority has determined the normal value on "any other reasonable basis". The Authority has, therefore, constructed the normal value for China PR on the basis of international price of raw material HR Coil, conversion costs and selling, general and administrative expenses based on experience of domestic industry and reasonable profit margin. The constructed normal value so determined for Chinese producers/exporters has been mentioned in the dumping margin table.

F.4.2. Determination of Export Price

36. As none of the producers/exporters from China PR have filed questionnaire response, export price from China PR has been determined considering volume and value of imports for the period of investigation as per DGCI&S published data. Adjustments have been made for ocean freight, inland freight, insurance, handling charges, commission, bank charges and non-refundable VAT.

European Union

F.4.3. Determination of Normal Value

37. None of the producers/exporters from the European Union have participated in the present sunset review investigation and filed questionnaire response. In the absence of cooperation from the producers/exporters of product under consideration from the European Union, the Authority is not able to determine individual normal value for producers/exporters and is constrained to proceed with the principles of best available information in terms of Rule 6(8) of the Rules with regard to determination of normal value. The Authority has, therefore, constructed the normal value for the European Union on the basis of international price of raw material HR Coil, conversion costs and selling, general and administrative expenses based on experience of domestic industry and reasonable profit margin. The constructed normal value so determined for producers/exporters from EU is mentioned in the dumping margin table.

F.4.4 Determination of Export Price

38. None of the producers/exporters from the European Union have participated in the present sunset review investigation and filed questionnaire response. In the absence of cooperation from the producers/exporters of product under consideration from the European Union, the Authority has determined export price as per facts available in terms of Rule 6(8) of the Rules considering volume and value of imports for the period of investigation as per DGCI&S published data. Adjustments have been made for ocean freight, inland freight, insurance, handling charges, commission and bank charges. The normal value and export price so determined is mentioned in the dumping margin table.

F.5 Dumping Margin

39. Considering the normal value and the export price determined, as explained above, it is noted that the dumping margin for China PR, and the European Union is not only more than the de-minimis limit prescribed under the Rules but is also quite significant.

Country	Producer/Exporter	Normal Value (INR/MT)	NEP (INR/MT)	DM (INR/MT)	DM %	Range
China PR	Any Producer/Exporter	***	51,788	***	***	35-45%
European Union	Any Producer/Exporter	***	58,389	***	***	20-30%

G. EXAMINATION OF INJURY AND CAUSAL LINK

G.1. Submissions made by the domestic industry

40. The submissions made by the domestic industry with regard to injury and causal link are as under:

- a. In the original investigation, the Authority has already established a causal link between the dumped imports and injury to the domestic industry. Therefore, in the sunset review, the investigating authority must establish a link between the expiry of the duty and likelihood of recurrence of dumping and injury and there is no need to establish causal link between dumped imports and injury afresh during the review.
- b. Imports from the subject countries are significant both in absolute terms and in relation to total imports into India and Indian demand even after imposition of the anti-dumping duty.
- c. The subject countries have significant excess capacities and limited or static demand. They need export markets and India is one of the largest markets with significant and increasing demand. This can create influx of imports into the Indian market if duties are revoked. Moreover, plethora of tariffs and trade remedial measures are currently in effect against the subject countries in different markets. If the existing measures are not extended, India will be the only major export destination for subject countries without any trade remedial measures.
- d. The decline in imports during the last six months of the POI, i.e. from April 2020 to September 2020, is due to the Covid-19 pandemic. Imports will increase once the Covid-19 situation improves.
- e. Price undercutting from the European Union is negative and price undercutting from China PR is marginally positive.
- f. There is considerable price variation in export/import price from subject countries. Authority should also consider import transactions at lower prices that are undercutting domestic sales. Assessment of the Authority should not be limited to average price undercutting. Authority should assess the impact of low-priced import transactions on the sales of domestic industry. About 73% of the total imports from China PR and 35% of the total imports from the European Union are below the net sales realisation of the domestic industry.
- g. Anti-dumping duty imposed on the imports of subject goods and which has been in force during the injury investigation period has been based on reference price mechanism. It was incumbent upon the producers/exporters from subject countries to keep the prices above reference price level.
- h. The Authority should also assess price undercutting by considering import price that was prevailing prior to the imposition of reference price based anti-dumping duty.
- i. In case of reference price based anti-dumping duty, actual import price cannot be simply relied upon for determining price undercutting because the element of anti-dumping duty is inbuilt in import/export price from the subject countries. Therefore, price undercutting should be assessed after deducting the 'inbuilt' anti-dumping duty in the import price. If the Authority excludes the average antidumping duty as calculated during the original investigation, the price undercutting would turn significantly positive.
- j. There is also a practice amongst the producers/exporters to specify delivery terms as CIF whereas the goods are delivered at ICD and as a result the price on record includes an additional price element of transportation cost from first

port of import to ICD port. As per Customs Valuation Rules, the freight element from the first port of import to ICD is not to be included in the value for customs purposes and accordingly the same should also not be included while calculating landed value for an anti-dumping investigation.

- k. Producers/exporters from the subject countries were aware about the precise period of sunset review and therefore it was possible for them to keep the average prices higher for their exports to India. The Authority should investigate whether the increase in export price is based on economic rationale or is temporary.
- l. The Authority should not consider only the average import price because the import prices are not consistently higher during the POI. There is significant price variation in imports and the impact of import transactions at lower prices is required to be considered separately. Existence of price variation is relevant because many of the Indian customers quote the prices at which the imported goods are coming into the country and ask the domestic industry to match the imported prices.
- m. The current level of average import prices into India may not show the kind of price depression and suppression which the imports from subject countries are capable of exerting on the domestic industry once the protection granted in the form of reference price based anti-dumping duty is removed. If the anti-dumping duty is discontinued, the extent of price suppression and depression would change significantly.
- n. Production and capacity utilization of the domestic industry improved till 2019-20 and thereafter declined during the POI(A).
- o. Profitability of the domestic industry has improved after the imposition of anti-dumping duty. The improvement in profitability during the POI is also due to the temporary spike in steel prices globally. If the current anti-dumping duty protection is withdrawn, it will severely affect the profitability of the domestic industry going forward. The cash profits earned by the domestic industry have followed a similar trend as profitability.
- p. Quality of the goods produced by the domestic industry is at par with the imported goods. The domestic industry has sufficient capacity to cater to the Indian demand and therefore, availability of material is not a constraint. Delivery problems are also almost non-existent. Many of the Indian customers quote the prices at which the imported goods are coming into the country and ask the domestic industry to match the imported prices.
- q. Substantial imports of the subject goods are coming into India from Vietnam. Imports of the subject goods into India from Vietnam, may also be actually originating in China PR. It is also pertinent to mention that imports of subject goods from Vietnam started after imposition of anti-dumping duty on imports from China PR. The below table clearly depicts the increasing trend of imports from Vietnam:

	2017-18	2018-19	2019-20	POI (Oct 19 to Mar 21)
Imports from Vietnam	1,14,856	468	11,291	74,257

- r. The landed value from Vietnam is lower than the landed value from China PR and also lower than the reference price of USD 822/MT as shown below:

Landed Value	Unit	POI (Oct 19 to March 21)
China PR	USD/MT	903.58
Vietnam	USD/MT	816.35

41. In the anti-circumvention investigation by the United States of America on *Corrosion-Resistant Steel Products (CORE)* from China PR, it was determined that the imports of certain corrosion-resistant steel products produced in Vietnam are circumventing the anti-dumping duty and countervailing duty orders on CORE from China PR.

G.2. Submissions made by other interested parties

42. The performance of domestic industry has improved during the injury investigation period and therefore the domestic industry is not suffering injury.
43. There are no imports from the European Union during the POI. The import price from European Union is higher than the average import price from other countries and therefore there is no injury due to imports from the European Union.

G.3. Examination by the Authority

44. Rule 11 of the Rules read with Annexure-II provides that an injury determination shall involve an examination of factors that may indicate 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...”.
45. 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, indices having a bearing on the state of the industry such as production, capacity utilization, sales volume, inventory, profitability, net sales realization, the magnitude and margin of dumping, etc. have been considered in accordance with Annexure II of the Rules.
46. The submissions made by the domestic industry during the course of the investigation with regard to injury and causal link and considered relevant by the Authority are examined and addressed in the present final finding.

47. In consideration of the various submissions made by the interested parties in this regard, the Authority has examined the current injury, if any, to the domestic industry before proceeding to examine the likelihood aspects of dumping and injury.
48. The Authority has taken note of the various submissions made by the domestic industry on injury and causal link and has analysed the same considering the facts available on record and applicable laws. The injury analysis made by the Authority ipso facto addresses submissions made by the domestic industry and the other interested parties.
49. In the present sunset review investigation, Authority has considered a longer period of 18 months from 1st October 2019 to 31st March 2021 as the POI so that it provides enough insight into the current and likely dumping and injury suffered by the domestic industry. Also, a longer POI was deemed appropriate in the present sunset review since trade in the first quarter of 2020-21 was impacted by Covid-19 and a longer period would be proper to assess the current injury and likelihood of injury to the domestic industry caused due to the alleged dumped imports.

a. Assessment of demand

50. The Authority has determined demand or apparent consumption of the product under consideration in India, as the sum of domestic sales of the Indian producers and imports from all sources. The demand so assessed is given in the table below.

S. No.	Particulars	UOM	2017-18	2018-19	2019-20	POI (A)	POI (Oct 19 to Mar 21)
1	Imports from Subject Countries	MT	2,58,098	71,610	78,531	70,137	1,05,206
		Trend	100	28	30	27	41
2	Imports from other Countries	MT	1,97,677	72,529	83,119	1,06,152	1,59,228
		Trend	100	37	42	54	81
3	Domestic sales of participating producers	MT	***	***	***	***	***
		Trend	100	119	133	141	212
4	Domestic sales of other producers	MT	***	***	***	***	***
		Trend	100	123	162	134	201
5	Total demand	MT	18,99,000	18,93,000	23,13,000	21,56,667	32,35,000
		Trend	100	100	122	114	170

51. It is seen that the demand for subject goods increased throughout the injury investigation period except for a slight decline during the POI (A).

b. Volume effect of dumped imports

i. Import volume and share of subject countries

52. The effects of the volume of dumped imports from the subject countries have been examined by the Authority as follows:

S. No.	Particulars	UOM	2017-18	2018-19	2019-20	POI (A)	POI (Oct 19 to Mar 21)
1	Subject Countries	MT	2,58,098	71,610	78,531	70,137	1,05,206
A	China PR	MT	2,54,954	71,088	76,712	69,353	1,04,029
B	European Union	MT	3,145	522	1,819	785	1,177
2	Subject countries import in relation to						
A	Domestic Industry Production	%	***	***	***	***	***
B	Consumption	%	14%	4%	3%	3%	3%
C	Total imports	%	57%	50%	49%	39%	39%

53. The Authority notes that imports from subject countries have declined during the POI (A) in absolute terms as well as in relation to total Indian production, total Indian consumption and total imports.

c. Price effect of dumped imports

54. With regard to the effect of dumped imports on prices, it is required to be analyzed whether there has been a significant price undercutting by the alleged dumped 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 in normal course.

55. Accordingly, the impact on the prices of the domestic industry on account of dumped imports of the subject goods from the subject countries has been examined with reference to price undercutting and price suppression/depression, if any. For the purpose of this analysis, the cost of sales and Net Sales Realization (NSR) of the domestic industry have been compared with the landed price of imports from the subject countries.

i. Price undercutting

56. Price undercutting has been determined by comparing the landed price of imports from the subject countries with the net sales realisation of the domestic industry in India.

S. No.	Particulars	UOM	2017-18	2018-19	2019-20	POI (Oct 19 to Mar 21)
1	Net Sales Realisation	Rs/MT	***	***	***	***
2	Landed Price					
A	China PR	Rs/MT	57,110	69,400	62,956	66,115
B	European Union	Rs/MT	68,920	1,05,862	85,397	77,918
C	Subject countries	Rs/MT	57,254	69,666	63,475	66,247
3	Price Undercutting					
A	China PR	Rs/MT	***	(***)	***	***
B	European Union	Rs/MT	(***)	(***)	(***)	(***)

C	Subject countries	Rs/MT	***	(***)	(***)	***
4	Price Undercutting					
A	China PR	%	***	(***)	***	***
B	European Union	%	(***)	(***)	(***)	(***)
C	Subject countries	%	***	(***)	(***)	***
5	Price Undercutting					
A	China PR	Range	5-15%	Negative	0-10%	0-10%
B	European Union	Range	Negative	Negative	Negative	Negative
C	Subject countries	Range	5-15%	Negative	Negative	0-10%

57. The Authority notes that the price undercutting is negative for the imports from European Union. The price undercutting is marginally positive for the imports from China PR.

ii. Price suppression/depression

58. In order to determine whether the dumped imports are suppressing or depressing the domestic prices and whether the effect of such imports is to depress prices to a significant degree or prevent price increases which otherwise would have occurred to a significant degree, the Authority notes the changes in the costs and prices over the injury period.

S. No.	Particulars	UQM	2017-18	2018-19	2019-20	POI (Oct'19 to Mar'21)
1	Landed price – Subject countries	Rs/MT	57,254	69,666	63,475	66,247
		Indexed	100	122	111	116
2	Cost of sales per Unit – Domestic	Rs/MT	***	***	***	***
		Indexed	100	110	99	104
3	Selling price per Unit – Domestic	Rs/MT	***	***	***	***
		Indexed	100	110	101	108

59. The Authority notes that the prices of the domestic industry increased till 2018-19 when the import prices were also increasing. Thereafter, when the import prices declined during 2019-20 and POI as compared to 2018-19, the prices of the domestic industry also declined during the same period.

d. Impact on economic parameters of the domestic industry

60. Annexure - II to the Anti-Dumping Rules requires that the determination of injury shall involve an objective examination of the consequent impact of these imports on domestic producers of such products. The Anti-Dumping Rules further provide that the examination of the impact of the dumped imports on the domestic industry shall include an objective 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, the magnitude of the margin of dumping, actual and potential

negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital investments. Accordingly, various injury parameters relating to the domestic industry are discussed herein below.

i. Capacity, production, capacity utilization and sales

61. The Authority has considered capacity, production, capacity utilization and sales volume of the domestic industry over the injury period.

S. No.	Particulars	UOM	2017-18	2018-19	2019-20	POI (A)	POI (Oct 19 to Mar 21)
1	Capacity	MT	***	***	***	***	***
		Indexed	100	100	101	109	163
2	Self-production	MT	***	***	***	***	***
		Indexed	100	110	113	111	166
3	Job work production	MT	-	-	***	***	***
		Indexed	-	-	100	154	232
4	Total Production	MT	***	***	***	***	***
		Indexed	100	110	124	128	191
5	Capacity Utilisation	%	***	***	***	***	***
		Indexed	100	110	112	102	102
6	Domestic sales	MT	***	***	***	***	***
		Indexed	100	119	133	141	212

62. It is seen that:

- The domestic industry has expanded its capacity during the POI.
- The capacity utilization of domestic industry has increased till 2019-20 but declined in the POI (A).
- The total production and domestic sales increased during the injury period.

ii. Market share of domestic industry in demand

63. The effect of the dumped imports on the market share of the domestic industry has been examined as below:

S. No.	Particulars	UOM	2017-18	2018-19	2019-20	POI (A)	POI (Oct'19 to Mar'21)
1	Subject countries	%	14%	4%	3%	3%	3%
		%- Range	10-20	0-10	0-10	0-10	0-10
2	Other countries	%	10%	4%	4%	5%	5%

		%- Range	5-15	0-10	0-10	0-10	0-10
3	Domestic industry	%	***	***	***	***	***
		%- Range	30-40	35-45	35-45	35-45	35-45

64. It is seen that the market share of the domestic industry increased in 2018-19 then declined in 2019-20 and thereafter again increased in the POI (A).

iii. Inventory

65. Inventory position of the domestic industry over the injury period is given below: -

Particulars	Unit	2017-18	2018-19	2019-20	POI (A)
Average inventory	MT	***	***	***	***
	Indexed	100	112	168	110

66. It is seen that the average inventory of the domestic industry increased till 2019-20 and thereafter declined during the POI(A).

iv. Profit or loss, cash profits and return on investment

67. Performance of the domestic industry has been examined in respect of profits, cash profits and return on capital employed.

S. No.	Particulars	UOM	2017-18	2018-19	2019-20	POI (A)	POI (Oct 19 to Mar 21)
1	Cost of sales	Rs/MT	***	***	***	***	***
		Indexed	100	110	99	104	104
2	Selling price	Rs/MT	***	***	***	***	***
		Indexed	100	110	101	108	108
3	Profit / Loss	Rs Lacs	***	***	***	***	***
		Indexed	100	124	150	189	284
4	Profit / Loss	Rs/MT	***	***	***	***	***
		Indexed	100	104	113	134	134
5	Cash profits	Rs Lacs	***	***	***	***	***
		Indexed	100	124	151	187	281
6	Cash profits	Rs/MT	***	***	***	***	***
		Indexed	100	104	113	133	133
7	PBIT	Rs Lacs	***	***	***	***	***
		Indexed	100	124	150	185	278
8	PBIT	Rs/MT	***	***	***	***	***
		Indexed	100	104	112	131	131

9	Return on capital employed	%	***	***	***	***	***
		Indexed	100	94	80	106	106

68. It is seen that the profitability of the domestic industry has improved after the imposition of anti-dumping duty.

v. Employment, wages and productivity

69. The situation of the domestic industry with regard to employment, wages and productivity has been examined.

S. No.	Particulars	UOM	2017-18	2018-19	2019-20	POI (A)	POI (Oct 19 to Mar 21)
1	No of employees	Nos	***	***	***	***	***
		Indexed	100	101	100	104	104
2	Productivity per day	MT/Day	***	***	***	***	***
		Indexed	100	110	113	111	111
3	Productivity per employee	MT/Nos	***	***	***	***	***
		Indexed	100	110	113	106	106

70. It is seen that productivity per day and productivity per employee has increased during the injury investigation period.

vi. Growth

71. Examination of growth in economic parameters of the domestic industry during the injury period is shown below.

SN	Particulars	2018-19	2019-20	POI (A)
1	Production	***	***	***
2	Domestic Sales	***	***	***
3	Profit/(Loss) per MT	***	***	***
4	Profit/(Loss) - (Rs Lacs)	***	***	***
5	Cash Profit - (Rs Lacs)	***	***	***
6	PBIT - (Rs Lacs)	***	***	***
7	ROI %	***	***	***

72. It is seen that volume and price parameters of the domestic industry show a positive growth.

vii. Magnitude of dumping

73. It can be seen that the dumping margin for subject countries is not only more than de-minimis but also significant.

viii. Ability to raise fresh capital

74. The domestic industry comprises of companies, which are multi-product companies. These companies have been doing fairly well over the injury period. Therefore, their ability to raise fresh capital remains intact.

H. FACTORS RELEVANT TO CAUSAL LINK

75. As per the AD Rules, the Authority, inter alia, is required to examine any known factors other than dumped imports which are injuring or are likely to cause injury to the domestic industry, so that the injury caused by these other factors may not be attributed to the dumped imports. While the present investigation is a sunset review investigation and causal link has already been examined in original investigation, the Authority has examined whether other known listed factors have caused or are likely to cause injury to the domestic industry. It was examined whether other factors listed under the AD Rules could have contributed or are likely to contribute to the injury suffered by the domestic industry.

i. Volume and price of imports from third countries

76. Imports from third countries have increased in absolute terms and in relation to total imports.

Sr. No.	Particulars	UQM	2017-18	2018-19	2019-20	POI (A)	POI (Oct 19 to Mar 21)
1	Imports from Subject Countries	MT	2,58,098	71,610	78,531	70,137	105,206
		Trend	100	28	30	27	41
2	Imports from Other Countries	MT	1,97,677	72,529	83,119	1,06,152	1,59,228
		Trend	100	37	42	54	81

77. It is noted that majority of the imports from non-subject countries are imports from Korea RP and Vietnam. Imports from Korea RP are at prices significantly higher than import prices from subject countries. Imports of subject goods into India from Vietnam are at lower prices.

ii. Contraction in Demand and / or change in pattern of Consumption

78. It is seen that the demand for subject goods increased throughout the injury investigation period except during the POI (A).

iii. Development of technology

79. The Authority notes that technology for production of the product has not undergone any change. Development in technology is, therefore, not a possible factor of injury.

iv. Trade restrictive practices

80. The Authority notes that there are no trade restrictive practices, which could have caused injury to the domestic industry.

v. Export performance

81. It is seen that the exports of the domestic industry have remained more or less in the same range during the injury investigation period. In any case, Authority has considered data for the domestic operations only in its injury analysis.

vi. Performance of other products

82. 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 cannot be a possible cause of injury to the domestic industry.

I. MAGNITUDE OF INJURY MARGIN

83. 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 compared with the landed price from the subject countries for calculating injury margin.

84. 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.

85. Based on the landed price and NIP determined as above, the proposed injury margin for producers/exporters from subject countries as determined by the Authority is provided in the table below.

Country	Producer/Exporter	NIP (INR/MT)	Landed Price (INR/MT)	IM (INR/MT)	IM %	Range
China PR	Any Producer/Exporter	***	66,115	(***)	(***)	(5-15)
European Union	Any Producer/Exporter	***	77,918	(***)	(***)	(20- 30)

J. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF DUMPING & INJURY

J.1. Submissions made by the domestic industry

86. The following submissions have been made by the domestic industry during the course of the sunset review investigation:

- a. The performance of the domestic industry has shown improvement as a positive outcome of the anti-dumping duty levied by the Authority. However, once the anti-dumping duty is removed the subject goods from China PR would enter the Indian market unabated due to excess capacities in China PR and limited or static demand in their local market.
- b. As per *MySteel Network Report* with a capacity utilization of 64.54% in 2020, the Chinese producers have idle capacities of 11.03 million tons, which could be utilised to produce PUC for export destinations including India.

S. No.	Particulars	Source	Million Tons
A	China's Domestic Demand	MySteel Report	13.50
B	Total Export from China	MySteel Report	6.57
C	Total Production	A+B	20.07
D	Capacity Utilisation	MySteel Report	64.54%
E	Production Capacity	C/D	31.10
F	Idle Capacity	E-C	11.03

- c. India is a large market with significant and increasing demand. Demand is approximately 2.1 million tons in POI(A).

Demand (MT)	2017-18	2018-19	2019-20	POI (A)	POI (Oct 19 to Mar 21)
	18,99,000	18,93,000	23,13,000	21,56,667	32,35,000

- d. The idle capacity in China PR is more than 5 times the total annual demand of subject goods in India.
- e. Chinese producers hold production capacities of 31.10 million tons and their domestic demand is at 13.50 million tons. Therefore, chinese producers have 17.60 million tons of capacity available for exports (which is 57% of the total capacity), which can be utilised for export markets.

Particulars	Source	Million Tons
Production Capacity	As per S. No. E in above table	31.10
China's Domestic Demand	MySteel Report	13.50
Capacity Available for Export		17.60
Capacity Available for Export in relation to total capacity		57%

- f. The average export price from China PR to India of colour coated steel product has remained higher than the export price to other countries:

PUC	Unit	2018	2019	2020
FOB Export Price to rest of the World	USD/MT	826	737	717

Source: ISSB database

PUC	Unit	2018-19	2019-20	POI
Import prices into India	USD/MT	861	772	801

Source: DGCI&S data

- g. Indian market is more lucrative in terms of prices for exporters from China PR as compared to other countries.
- h. Majority of exports from China PR to third countries are at dumped and injurious prices.

Particulars	Unit	Dumping Margin	Injury Margin	Price Undercutting
Total Exports from China PR during POI	MT	***	***	***

Exports having positive Dumping margin/injury margin/price undercutting	MT	***	***	***
Exports having positive dumping margin/injury margin/price undercutting	%	95%	38%	78%

Source: ISSB Data

- i. Substantial share of exports from China PR to third countries have positive dumping margin. Majority of exports from China PR to third countries are also significantly below the domestic selling price and the non-injurious price of domestic industry. If these exports to third countries are diverted to India, upon withdrawal of anti-dumping duty, there is clear likelihood of continuation or recurrence of dumping and injury from China PR.
- j. Current imports of the PUC from the European Union are insignificant. However, the low imports from the European Union are also due to anti-dumping duty in force. The imports from the European Union are likely to increase if anti-dumping duty is revoked. Moreover, demand of the subject goods in the European Union is stagnant.

Million Tonnes	2017	2018	2019	2020
Demand*	5.32	5.25	5.54	5.25

*Source: EUROFER and ISSB based on production, import and export of EU

- k. The European Union has capacity in excess of demand of at least 4,70,000 MT in 2020 and the capacity in excess of production is 6,90,000 MT in 2020. Surplus capacity in the European Union in excess of total EU demand is nearly 22% of Indian demand and surplus capacity in the European Union in excess of total EU production is nearly 32% of Indian demand.

Million Tonnes	Source	2018	2019	2020
Production (C)	EUROFER	4.93	5.14	5.03
Import	ISSB	0.94	1.00	0.83
Export	ISSB	0.62	0.61	0.61
Demand (A)		5.25	5.54	5.25
Capacity (B)		5.60	5.84	5.72
Capacity in excess of demand (B) – (A)		0.35	0.30	0.47
Capacity in excess of production (B) – (C)		0.67	0.70	0.69

- l. Whenever the domestic demand in the European Union has declined, the producers have focused on the export markets. The table below clearly shows the correlation between increase in exports and decline in domestic demand:

Year	Demand – (Source: Derived from ISSB and EUROFER)	Export from EU (Source: ISSB)
2011	5.12	0.51
2012	4.58	0.64
2013	4.44	0.75
2014	4.63	0.70

- m. As per the analysis done by the applicant with the help of ISSB data, 19% of the exports by the European Union to the third countries are at dumped prices.
- n. Almost all major countries with significant market size have already imposed or continued trade remedial measures on import of subject goods from subject countries. If anti-dumping duty is discontinued, it will lead to recurrence of injury to the Indian domestic producers because of significant influx of dumped imports from subject countries.
- o. Following countries have imposed/continued trade remedy measures on imports of subject goods:

S. No.	Importing Country	Description of product	Type of measure	Country/ies investigated
1.	Australia	Painted steel strapping	Anti-dumping	China PR
2.	Chinese Taipei	Flat rolled steel products, plated or coated with zinc or zinc-alloys	Anti-Dumping	China PR, Korea
3.	Mexico	Certain coated flat steel products	Anti-Dumping	China PR and Taiwan
4.	USA	Corrosion-Resistant Steel Products	Anti-Dumping	China PR, Italy, Korea, Taiwan and India
5.	USA	Corrosion-Resistant Steel Products	Countervailing duty	China PR, Italy, Korea, Taiwan and India

S. No.	Importing Country	Description of product	Type of measure	Country/ies investigated
6.	Malaysia	Pre-painted, painted or colour-coated steel coils	Anti-Dumping	China PR and Vietnam
7.	Canada	Corrosion-resistant steel sheet	Anti-dumping	China PR
8.	European Union	Organic coated steel products	Anti-dumping	China PR
9.	European Union	Organic Coated steel products	Countervailing	China PR
10.	European Union	Corrosion resistant steel	Anti-dumping	China PR
11.	Indonesia	Coated steel	Anti-dumping	China PR
12.	Pakistan	Colour coated steel coils/sheets	Anti-dumping	China PR
13.	Chinese Taipei	Flat-rolled steel products, plated or coated with zinc or zinc-alloys	Countervailing	China PR
14.	Thailand	Painted hot dip plated or coated with aluminium-zinc alloys of cold-rolled steel	Anti-dumping	China PR
15.	Turkey	Painted Galvanized Sheet Metal (Cold Rolled)	Anti-dumping	China PR
16.	Ukraine	Rolled products with corrosion resistant coating	Anti-dumping	China PR
17.	Vietnam	Flat rolled iron or non-alloy steel,	Anti-dumping	China PR

S. No.	Importing Country	Description of product	Type of measure	Country/ies investigated
		painted, plated or coated		
18.	GCC	Flat rolled Steel	Safeguard	European Union
19.	South Africa	Certain Flat Rolled Steel Products	Safeguard	Sweden, Belgium, Germany

- p. If the existing measures are not extended, India will be the only major export destination for subject countries without any trade remedial measures.
- q. The Ministry of Finance vide Notification No.2/2021-Customs dated 1st February 2021 has reduced the basic customs duty (MFN rate) on imports of the subject goods into India from 12.5% to 7.5%. This reduction in the basic customs duty will create incentive for the imports of subject goods from China PR and European Union.
- r. The anti-dumping duty on the subject goods was imposed w.e.f. 11th January 2017. After imposition of anti-dumping duty on subject goods, the imports of aluminium and zinc coated flat products into India increased significantly from 2017-18 onwards.

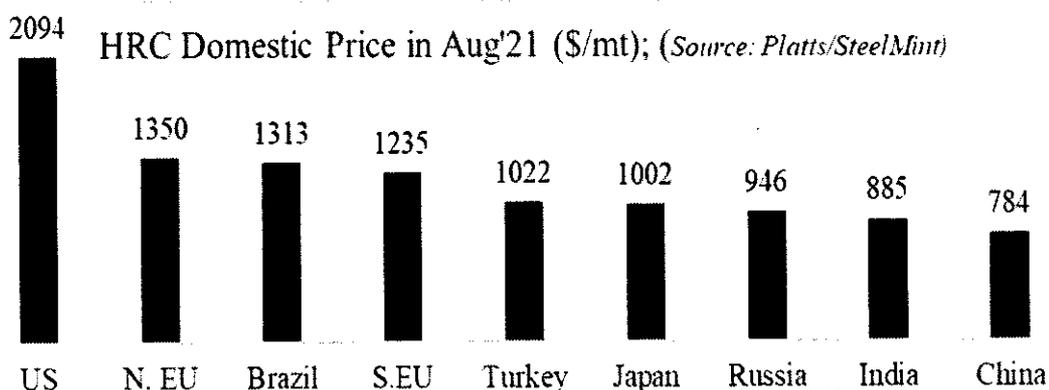
Aluminium and Zinc coated flat products	Unit	2015-16	2016-17	2017-18	October'17 to September'18
Total Imports from China, Vietnam and Korea	MT	18,220	34,721	1,45,805	2,09,676

Source: Final Findings – 21st February 2020 - Anti-dumping Investigation concerning imports of Aluminium and Zinc coated flat products

- s. Imports of Aluminium and Zinc coated flat products increased to 1,45,805 MT in 2017-18 and to 2,09,676 MT in October 2017 to September 2018 period. Aluminium and Zinc coated flat product is a penultimate stage product and is used for making the PUC. With the imposition of anti-dumping duty on PUC, importers/users started importing aluminium and zinc coated flat products at dumped prices and undertaking painting/colour coating process in India. Anti-dumping duty investigation was initiated on imports of aluminium and zinc coated flat products and anti-dumping duty was recommended on their imports by the Authority vide the final findings dated 21st February 2020, which was implemented on 23rd June 2020. It is submitted that if the anti-dumping duty is not continued on the final product, the existing anti-dumping duty on import of aluminium and zinc coated flat steel products will become redundant as

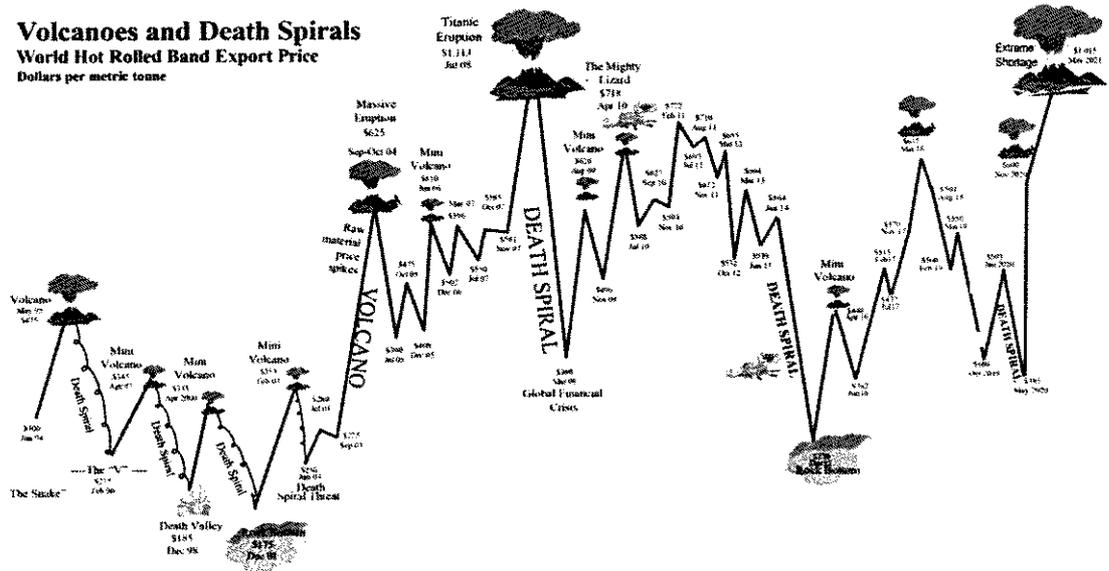
importers/users will again shift to the imports of subject goods in increased quantities.

- t. The Authority has recommended continuation of anti-dumping duty on hot rolled flat steel products and cold rolled flat steel products vide final findings dated 14th September 2021. Substantial part of the domestically manufactured hot rolled and cold rolled flat steel products is used for production of subject goods. If the anti-dumping duty is not continued on the import of the subject goods, it would weaken the remedial effect of anti-dumping duty on import of hot rolled and cold rolled flat steel products.
- u. The product under consideration is the last product in the value chain of flat rolled steel products. If anti-dumping duty is not continued on imports of this final stage finished product in flat rolled steel category, full remedial effect of anti-dumping duty on other flat rolled steel products would not be achieved.
- v. The Government of India is encouraging domestic production of speciality steel like the colour coated steel products through production linked incentive (PLI) scheme. Substantial investments for product under consideration by Indian domestic producers are already in pipeline.
- w. The subject goods are also important as they offer corrosion resistant properties. India loses 5-7% GDP every year due to corrosion.
- x. The domestic steel prices in India have remained lower than international steel prices despite global boom as shown in the table below:



- y. The steel prices are cyclical in nature. In 2008 hot rolled/cold rolled steel prices were higher and similar to the current level. In 2009, there was sudden decline in prices and the prices reduced by approximately 65%. Steel prices crashed and reached their lowest levels in December 2015. Prices crashed by almost 52% during this period as compared to 2014 and this is when the domestic producers in India requested Government of India for imposition of anti-dumping duty on various steel products. The below chart clearly depicts the volcanoes and death spirals of the steel market:

Volcanoes and Death Spirals
World Hot Rolled Band Export Price
 Dollars per metric tonne



Source: World Steel Dynamics – Key Developments 2020

- z. The steel prices are currently on the higher side globally due to high raw material prices and supply side shortage. However, they are not representative of future trends. In fact, going by the cyclical trend of steel prices, it is expected that prices would decline in coming quarters. The word steel dynamics report has projected sharp decline in steel prices in coming quarters i.e. by September 2022. It has projected decline of nearly 48% in the global steel prices by September 2022.
- aa. Historic trend of prices shows that the decline in prices happen suddenly within 3 to 4 quarters and there is no time to react and seek trade remedial measures at that point of time. In 2015, when the steel prices crashed, a number of steel companies went into bankruptcy and liquidation proceedings as they were not able to sustain the onslaught of low prices. Some examples of companies which went into liquidation are:
 - Bhushan Power & Steel Ltd.
 - Essar Steel India Ltd.
 - Monnet Ispat and Energy Ltd.
 - Bhushan Steel Ltd.
 - Electrosteel Steels Ltd.
 - Usha Martin Ltd.
 - Asian Colour Coated Ispat Ltd.
- bb. A healthy and competitive steel industry is critical for nation building. The steel industry in India constitutes around 2% of GDP and generates substantial direct (approx. 5 lakhs) and indirect employment (approx. 20 lakhs).
- cc. The domestic industry supports a variety of linked downstream services such as transport services, port facilities, power supply and other supply-chain related

activities. Adverse impact on steel industry will be felt on these downstream industries as well.

dd. There are many producers of subject goods in India and there is healthy competition in the Indian market. Continuation of anti-dumping duty would not lead to monopolistic or oligopolistic situation in the Indian market for the subject goods:

- ArcelorMittal Nippon Steel India Limited (Formerly Essar Steel India Limited)
- JSW Steel Coated Products Limited
- Tata Bluescope Steel Private Limited
- Tata BSL
- Bhushan Power and Steel Limited
- National Steel and Agro Industries Limited
- Asian Colour Coated Ispat Limited
- Uttam Galva Steels Limited
- Indian Steel Corporation
- La Tim Metal & Industries Ltd
- Manaksia Steels Limited
- Jindal (India) Limited
- Colorshine Coated Pvt. Ltd.
- Prabhat Global Colour Coated Pvt. Ltd.
- Colour Roof (India) Ltd.
- Ralco Steels Pvt. Ltd.

ee. Anti-dumping duty in the present reference price form had no adverse impact on public interest as no duty was collected during the injury investigation period. We understand that no duty was paid by importers or users upon import of subject goods into India from the subject countries as imports were made above the reference price. However, assuming the existence of fixed/ad-valorem duty, the domestic industry is also providing following examples to demonstrate insignificant impact of duty on the user industry and final consumers in white goods.

Example 1: Refrigerator

Refrigerator price	Rs. 20,000
Estimated Price of Colour Coated per MT	Rs. 100,000
Assumed Anti-dumping duty (ADD) @ 20%	Rs. 20,000
Colour Coated Steel used in Refrigerator	***
ADD-impact per Refrigerator	0-2%

Example 2: Washing Machine

Washing Machine price	Rs. 15,000
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Estimated Price of Colour Coated per MT	Rs. 100,000
Assumed Anti-dumping duty (ADD) @ 20%	Rs. 20,000
Colour Coated Steel used in Washing Machine	***
ADD-impact per Washing Machine	0-2%

Example 3: Air Conditioner

Air Conditioner price	Rs. 30,000
Estimated Price of Colour Coated per MT	Rs. 100,000
Assumed Anti-dumping duty (ADD) @ 20%	Rs. 20,000
Colour Coated Steel used in Air Conditioner	***
ADD-impact per Air Conditioner	0-2%

Example 4: Microwave Oven

Microwave Oven price	Rs. 9000
Estimated Price of Colour Coated per MT	Rs. 100,000
Assumed Anti-dumping duty (ADD) @ 20%	Rs. 20,000
Colour Coated Steel used in Microwave Oven	***
ADD-impact per Microwave Oven	0-2%

- ff. As is evident from the above tables, the impact of 20% anti-dumping duty is 1% or less than 1% on the final product in case of white goods.

J.2. Submissions made by the other interested parties

87. The following submissions have been made by the other interested parties during the course of the sunset review investigation:

- a. The imports from the subject countries have decreased significantly since measures were imposed and EU exports represent less than 1% market share during the injury period.
- b. EU prices are 13% higher than Chinese prices and 59% higher than the average price of imports to India.
- c. The measures have been effective as the imports have decreased significantly and the situation of the domestic industry has improved. The domestic industry is in a rather good position. Domestic sales have increased by 41% of the participating domestic producers and by 34% by all other producers of colour-coated steel in India, on account of significant decrease of imports from the subject countries. Demand has increased by 14 indexed points. Market share of the domestic producers has increased from 30-35% to 45-55%. Capacity, production and capacity utilization has increased. Profitability has increased by 31 indexed points; Cash profits have increased by 31 indexed points and Productivity has increased steadily. The domestic industry has been able to raise its selling price by 11 indexed points.

- d. Given this situation of the domestic industry, it is very difficult to argue that injury is likely to recur. If the domestic industry would experience any difficulties in the future, this would not be caused by the EU exports, as they are unlikely to be dumped and volumes are unlikely to increase significantly.
- e. The Applicant has wrongly based their conclusion on the *Mysteel Network Report* that is focusing on Chinese steel market only and therefore inadequately judged the development of the EU exports.
- f. The Applicants unjustly claim that the subject countries have significant excess capacities and limited demand and therefore the anti-dumping duties should be extended not to create an influx of imports to India. However, no evidence of excess capacity in the EU has been provided.
- g. As regards the COVID-19 pandemic it is recalled that it has affected producers of the product concerned all around the world and the situation is not specific to the Indian market. The World Steel Association also confirmed that the impact of the coronavirus pandemic on the sector turned out to be less than previously foreseen.
- h. As per World Steel Association, steel demand will grow by 5.8% in 2021 and will see further growth of 2.7% in 2022. Considering that in the EU, recovery in 2021 and 2022 is expected to be healthy, driven by a recovery in all steel-using sectors, especially automotive and public construction initiatives, there is no freely available capacity in the EU that would generate exports to India after gradual return to normality.
- i. The dumping calculation is flawed as the applicants have not presented any evidence that the EU prices are dumped when exported to India or to another third country, or that the EU exports would be dumped in the future.

J.3. Examination by the Authority

- 88. The present investigation is a sunset review of anti-dumping duty on the imports of the subject goods from China PR and the European Union. Under the Rules, the Authority is required to determine whether cessation of existing duty is likely to lead to continuance or recurrence of dumping and injury to the domestic industry.
- 89. There are no specific methodologies available to conduct such a likelihood analysis. However, Clause (vii) of Annexure II of the Rules provides, inter alia, factors which are relevant for threat of injury and the same factors may be used for likelihood analysis in a sunset review as well:
 - a) A significant rate of increase of dumped imports into India indicating the likelihood of substantially increased importation;

- b) Sufficiently freely disposable, or an imminent, substantial increase in, capacity of the exporter indicating the likelihood of substantially increased dumped exports to Indian markets, taking into account the availability of other export markets to absorb any additional exports;
- c) Whether imports are entering at prices that will have a significant depressing or suppressing effect on domestic prices, and would likely increase demand for further imports; and
- d) Inventories of the article being investigated.

90. The Authority has examined the factors listed in clause (vii) of Annexure II of the Rules to the extent deemed appropriate and also other relevant factors, which could have a bearing on the likelihood of recurrence of dumping and consequent injury to the domestic industry.

91. In *Thai Acrylic Fibre Co. Ltd. vs Designated Authority*, the Hon'ble CESTAT observed as follows with regard to examination of likelihood of injury in a situation where the condition of domestic industry has improved:

"With respect to the injury determination, if the anti-dumping duty has had the desired effect, the condition of the Domestic Industry would be expected to have improved during the period the anti-dumping duty was in effect. Therefore, the assessment whether injury will continue, or recur, would entail a counter-factual analysis of future events, based on projected levels of dumped imports, prices, and impact on domestic producers. Thus the D.A. has to address the question as to whether the Domestic Industry is likely to be materially injured again, if duties are lifted."

92. In *Borax Moraji Limited vs Designated Authority*, the Hon'ble Tribunal noted that:

"The expression 'likely to lead to recurrence' would take within its fold situation where the dumping and injury may not exist at the time of review due to the imposition and continuance of anti-dumping duty which, if allowed to cease to have effect on the expiry of five years, is likely to lead to recurrence of dumping and injury."

93. The WTO Appellate Body noted in *US- Corrosion-Resistant Steel Sunset Review (Japan)* [DS 244] that the determination in a sunset review investigation is a prospective examination, where the authorities must undertake a forward-looking analysis and seek to resolve the issue of what would be likely to occur if the duty was terminated. The Appellate Body noted:

"105. This appeal concerns the obligations that apply to investigating authorities with respect to the second of these conditions. It focuses on the particular disciplines with which authorities must comply in determining, in accordance with Article 11.3, "that the expiry of the duty would be likely to lead to continuation or recurrence of dumping". In this Report, we refer to this determination as the "likelihood determination". The likelihood

determination is a prospective determination. In other words, the authorities must undertake a forward-looking analysis and seek to resolve the issue of what would be likely to occur if the duty were terminated.”

94. Thus, it is noted that in absence of current injury to the domestic industry, the Authority is required to examine likelihood of recurrence of injury in the event of revocation of duty.

95. In absence of participation of producers/exporters from subject countries, the Authority has relied on facts available for conducting the likelihood analysis.

a. Continued Imports in substantial quantities

96. The volume of imports during the injury investigation period are as follows:

Particulars	Unit	2017-18	2018-19	2019-20	POI (A)	POI
Total Imports	MT	4,55,776	1,44,139	1,61,650	1,76,289	2,64,434
A) Subject Countries	MT	2,58,098	71,610	78,531	70,137	1,05,206
China PR	MT	2,54,954	71,088	76,712	69,353	1,04,029
European Union	MT	3,145	522	1,819	785	1,177
B) Other countries	MT	1,97,677	72,529	83,119	1,06,152	1,59,228

97. It is seen that imports from subject countries continue to be significant both in absolute terms and in relation to total imports into India and Indian demand even after imposition of anti-dumping duty.

b. Continuation of dumping from subject countries

98. It is noted that the subject countries continue to dump the subject goods into India despite existence of anti-dumping duty in force.

c. Surplus Capacity in China PR

99. It is noted that no producer/exporter from China PR has participated in the subject sunset review. Therefore, no information is available with the Authority based on questionnaire response of producers/exporters from China PR.

100. The Authority has relied on the latest available information from MySteel Network report regarding total production capacity of the subject goods in China PR:

S. No.	Particulars	Source	Million Tons
A	China PR's Domestic Demand	MySteel Report	13.50

B	Total Exports from China PR	MySteel Report	6.57
C	Total Production	A+B	20.07
D	Capacity Utilisation	MySteel Report	64.54%
E	Production Capacity	C/D	31.10
F	Idle Capacity	E-C	11.03

101. The Authority has relied on the JPC report for the demand of subject goods in the Indian market. Details are provided below:

Demand (MT)	2017-18	2018-19	2019-20	POI (A)	POI (Oct 19 to Mar 21)
	18,99,000	18,93,000	23,13,000	21,56,667	32,35,000

102. It is noted that the surplus capacity available in China PR is more than five times the total annual demand of subject goods in India. In addition, there were no elements found that could indicate that the domestic demand in China PR or in other third country markets could absorb the available surplus capacity.

d. Surplus capacity in the European Union

103. The Authority notes that no producer/exporter from the European Union has participated in the subject sunset review. Therefore, no information is available with the Authority based on questionnaire response of the producers/exporters from the European Union. The European Commission has also not provided any details regarding the production capacity, demand and excess capacity for subject goods in the European Union.

104. The demand for the subject goods in the European Union is as under:

Million Tonnes	2017	2018	2019	2020
Demand*	5.32	5.25	5.54	5.25

Source: EUROFER and ISSB * Derived based on production, import and export of EU

105. It is observed that the demand in the European Union is stagnant.

106. The production data and capacity of the subject goods in the European Union is shown below:

Year	Production (Million Tonnes)	
	As per EUROFER	As per EU Regulation - Anti-dumping duty expiry review on imports of certain organic coated steel products originating in the People's Republic of China following an expiry review
2014	4.57	4.40
2015	4.58	4.40
2016	4.87	4.76
2017	4.94	4.75
2018	4.93	N/A
2019	5.14	N/A
2020	5.03	N/A

107. It is observed that the production data of the European Union from EUROFER for 2014 to 2018 is comparable with the production data in the final findings dated 2nd May 2019 concerning imports of certain organic coated steel products originating in China PR. Since data for the latest period is not available in the European Commission findings dated 2nd May 2019, the data obtained from EUROFER for 2018 to 2020 has been considered by the Authority to ascertain the production and capacity of the European Union.

108. The Authority notes that as per the European Commission findings dated 2nd May 2019, the capacity utilization of EU steel industry has been consistent as noted in the table below:

Particulars	2014	2015	2016	2017	Average
Production (MT)	44,02,079	44,04,178	47,69,698	47,52,003	45,81,990
Capacity (MT)	50,76,892	51,13,417	53,61,693	53,39,200	52,22,801
Utilization (%)	87%	86%	89%	89%	88%

109. Thus, based on the production of the year 2020 and average capacity utilization of 88%, the capacity of the European Union has been derived. The excess capacity at disposal of the European Union is given below:

Million Tonnes	Source	2018	2019	2020
Production (C)	EUROFER	4.93	5.14	5.03
Import	ISSB	0.94	1.00	0.83
Export	ISSB	0.62	0.61	0.61
Demand (A)	Derived	5.25	5.54	5.25
Capacity (B)	Derived	5.60	5.84	5.72
Capacity in excess of demand (B) – (A)	Derived	0.35	0.30	0.47
Capacity in excess of production (B) –(C)	Derived	0.67	0.70	0.69

110. The Authority notes that the European Union has capacity in excess of demand of at least 4,70,000 MT in 2020. The capacity in excess of production is 6,90,000 MT in 2020. Surplus capacity in the European Union in excess of total demand is nearly 22% of Indian demand and surplus capacity in European Union in excess of total production is nearly 32% of Indian demand.

The independent reports on record thus indicate that there are huge surplus capacities available with the subject countries.

e. Trade Remedial Measures by other countries

111. As per the information on record, there are currently a number of trade remedial measures imposed against the imports of subject goods from subject countries by other countries.

112. The Authority relies on the MySteel Network Report which states that there are about 20 trade remedial investigations going on concerning imports of colour coated plates and coils from China PR.

113. The Authority notes that almost all the countries having substantial production base for the product under consideration have put in place trade remedy measures against imports of subject goods from subject countries.

f. Price attractiveness

114. The information with respect to price attractiveness of the Indian market for Chinese producers/exporters is given in the tables below:

PUC	Unit	2018	2019	2020
FOB Export Price (World)	USD/MT	826	737	717

Source: ISSB Data

PUC	Unit	2018-19	2019-20	POI
Import prices into India	USD/MT	861	772	801

Source: DGCI&S data

115. It can be seen that exports of subject goods to third countries by the producers/exporters from China PR are at prices below the export price to India. Thus, the Indian market is price attractive for the exporters/producers from China PR.

g. Exports to third countries at dumped and injurious prices

116. The Authority notes that the information available regarding exports of subject goods from China PR during POI shows that majority of exports from China PR to third countries are at dumped and injurious prices.

Particulars	Unit	Dumping Margin	Injury Margin	Price Undercutting
Total Exports of subject goods from China PR during POI	MT	***	***	***
Exports having positive dumping margin/injury margin/price undercutting	MT	***	***	***
Exports having positive dumping margin/injury margin/price undercutting	%	95%	38%	78%

Source: ISSB Data

117. It is observed that almost all exports of the PUC from China PR to third countries are at dumped prices. Further, 38% exports of the PUC from China PR to third countries are at prices below the NIP determined for the domestic industry and 78% exports of the PUC from China PR to third countries are at prices below the selling price of the domestic industry.

118. The Authority notes that 29% of the exports of the PUC by the European Union to the third countries are at dumped prices.

Third countries exports from EU during POI

Particulars	Unit	Dumping Margin
Total Exports from European Union	MT	***
Volume having positive dumping margin	MT	***
Volume having positive dumping margin	%	29%

Source: ISSB

h. Change in pattern of trade subsequent to imposition of anti-dumping duty on subject goods.

119. The Authority notes that the anti-dumping duty on the subject goods was imposed w.e.f. 11th January 2017. After imposition of anti-dumping duty on subject goods, the imports of aluminium and zinc coated flat products into India increased significantly from 2017-18 onwards.

Aluminium and Zinc coated flat products	Unit	2015-16	2016-17	2017-18	October'17 to September'18
Total Imports from China, Vietnam and Korea	MT	18,220	34,721	1,45,805	2,09,676

Source: Final Findings – 21st February 2020 - Anti-dumping Investigation concerning imports of Aluminium and Zinc coated flat products

120. It is observed that after imposition of the anti-dumping duty on the subject goods, imports of aluminium and zinc coated flat products increased to 1,45,805 MT in 2017-18 and 2,09,676 MT in October 2017 to September 2018. Aluminium and Zinc coated flat products is a penultimate stage product and is used for making the PUC. With the imposition of an anti-dumping duty on the PUC, importers/users started importing aluminium and zinc coated flat products at dumped prices and undertaking painting/colour coating process in India. The investment required for setting up colouring/painting line is insignificant.

121. Anti-dumping duty investigation was initiated on imports of aluminium and zinc coated flat products and anti-dumping duty was recommended on their imports by the Authority vide the final findings dated 21st February 2020, which was implemented on 23rd June 2020.

i. Protection granted on hot rolled and cold rolled steel products

122. The Authority has recommended continuation of anti-dumping duty on hot rolled flat steel products and cold rolled flat steel products vide final findings dated 14th September 2021. Substantial part of the domestically manufactured hot rolled and cold rolled flat steel products is used for the production of subject goods.

j. Cyclical nature of steel prices

123. The Authority also notes that the steel prices are cyclical in nature and have remained extremely volatile over the years. The prices are subject to significant variations with prices peaking over certain periods followed by crashes.

K. POST DISCLOSURE COMMENTS

K.1 Post disclosure submissions made by the domestic industry

124. Following are the post disclosure statement submissions made by the domestic industry:

- a. There is improvement in the performance of the domestic industry after the imposition of anti-dumping duty. However, there is clear likelihood that if the current anti-dumping duty is removed, there will be recurrence of injury to the domestic industry.
- b. There is decline in the capacity utilisation but the decline in capacity utilisation in the POI (A) is not due to increase in capacity only. The decline in capacity utilisation is also due to reduction in production of subject goods by applicant domestic producers in the POI (A) as compared to the previous year.
- c. Capacity utilisation in the POI is low and the domestic industry can meet higher share of domestic demand if it operates at optimum capacity utilisation.
- d. Regarding price undercutting, it is noted that the price undercutting from China PR is marginally positive. It shows that imports from China PR are competing

with the domestic industry sales and are also undercutting selling price of the domestic industry.

- e. The overall price undercutting is not reflective of the actual import price since there is considerable price variation in imports from China PR and the European Union within the POI. Sales of the domestic industry are actually impacted by the low-priced imports which the domestic industry is expected to match.
- f. Negative injury margin cannot be determinative of likelihood of dumping and injury. No producer/exporter from the subject countries have participated and therefore the Authority is unable to verify the export price and the injury margin of each individual producer/exporter in subject countries. Average import price based on DGCI&S data may or may not be correct.
- g. The dumping margin during the POI from the subject countries is positive and therefore the negative injury margin should not be relied upon for assessing the need for continuation of anti-dumping duty.
- h. The primary element of consideration in a sunset review is the existence of likelihood of continuation or recurrence of dumping and injury. Therefore, negative injury margin during the POI is not determinative to assess the likelihood of injury to the domestic industry.
- i. Considering the cyclical nature of steel prices, the import prices of the PUC are likely to decline in short span of time once the prices reach the peak. If there is no anti-dumping duty in place, the domestic industry will be impacted by imports at low prices that are expected to prevail in future.
- j. In case it is established in a sunset review investigation that there is a likelihood of continuation/recurrence of dumping and injury, the Authority needs to continue the anti-dumping duty irrespective of the fact that injury margin is negative. Reliance is placed on the previous final findings of the Authority in following sunset review investigations:
 - Hot-rolled flat products of alloy or non-alloy steel in coils of a width upto 2100mm and thickness upto 25mm
 - Cold Rolled/cold reduced flat steel products of iron or non-alloy steel, or other alloy steel of all width and thickness - not clad, plated or coated
 - 2-Ethyl Hexanol originating in or exported from the European Union, Indonesia, Korea RP, Malaysia, Taiwan and the United States of America - No. 7/28/2020-DGTR dated 8th March 2021
 - 'Nylon Tyre Cord Fabric' originating in or exported from China PR - No. 7/22/2019-DGTR dated 29th October 2020
 - "Acetone" originating in or exported from the Korea RP, Saudi Arabia and Taiwan - No. 7/09/2019-DGTR dated 29th September 2020
 - 'Front Axle Beam' and 'Steering Knuckles' meant for heavy and medium commercial vehicles originating in or exported from China PR - No.7/26/2020-DGTR dated 24th December 2020
 - Partially Oriented Yarn (POY) originating in or exported from China PR - No. 15/27/2010-DGAD dated 10th February 2012
 - Clear Float Glass from Pakistan, Saudi Arabia and UAE: FF No. 7/3/2019-DGTR dated 07/11/2019.

- Nonyl Phenol originating in or exported from Chinese Taipei: F.No.15/1007/2012-DGAD dated 08/11/2013.
 - Plain Medium Density Fibreboard having thickness 6mm or more originating in or exported from China PR, Malaysia, Thailand, Sri Lanka: F.No. 7/6/2020-DGTR dated 08/01/2021.
 - Carbon Black used in Rubber Applications originating in or exported from China PR and Russia: F.No. 7/15/2020-DGTR dated 22/12/2020.
 - PVC Suspension Grade Resin from China PR, Thailand and USA: F.No. 7/34/2018-DGTR dated 18/07/2019
- k. The Hon'ble Gujarat High Court in *Nirma Limited vs. UOI* [Order dated 23rd February 2017, Special Civil Application No. 16426-16427/2016] has also stated that negative injury margin cannot form the basis for determining that there is no likelihood of dumping and/or injury.
- l. The Authority should ensure that return @ 22% on capital employed on assets used for producing captive inputs is allowed if market price of captive input is not considered for determining NIP.
- m. NIP determined for colour coated steel product should be higher than NIP determined for cold rolled steel flat product because colour coated steel is a value-added product.
- n. The basic customs duty on imports of product under consideration has been reduced from 12.5% to 7.5% w.e.f. 1st February 2021 which has given leverage to the foreign exporters/Indian importers in exporting/importing the product under consideration.

K.2 Post disclosure statement submissions by other interested parties

125. No other interested party has made any submissions in response to the disclosure statement.

K.3. Examination by the Authority

126. The Authority has examined the post disclosure comments of the domestic industry and notes that most of the comments are reiterations, which have already been examined suitably and addressed adequately in the relevant paragraphs of these final findings.
127. The issues raised for the first time in the post disclosure comments/submissions by the domestic industry and considered relevant by the Authority are examined below.
128. With regard to the submissions concerning determination of NIP, the Authority notes that NIP has been determined in accordance with Annexure III of the Anti-dumping Rules and the consistent practice of the Authority
129. With regard to the submission that there is decline in capacity utilisation in POI (A) due to decrease in production as well as increase in capacity, the Authority notes that capacity utilisation has declined in the POI (A) partly due to increase in capacity and partly due to decline in production during the POI (A).

130. With regard to the submission that the Authority should examine likelihood of injury and improvement in performance of domestic industry and negative injury margin is not determinative, the Authority notes that it has not relied upon only these parameters but has examined the entire gamut of information relevant for assessment of likelihood of dumping and injury. In this regard, it is noted that in Thai Acrylic Fibre Co. Ltd. vs Designated Authority, the Hon'ble CESTAT observed as follows with regard to the examination of likelihood of injury in a situation where the condition of the domestic industry has improved:

“With respect to the injury determination, if the anti-dumping duty has had the desired effect, the condition of the Domestic Industry would be expected to have improved during the period the anti-dumping duty was in effect. Therefore, the assessment whether injury will continue, or recur, would entail a counter-factual analysis of future events, based on projected levels of dumped imports, prices, and impact on domestic producers. Thus the D.A. has to address the question as to whether the Domestic Industry is likely to be materially injured again, if duties are lifted.”

131. Similarly, in Borax Moraji Limited vs Designated Authority, the Hon'ble Tribunal noted that:

“The expression ‘likely to lead to recurrence’ would take within its fold situation where the dumping and injury may not exist at the time of review due to the imposition and continuance of anti-dumping duty which, if allowed to cease to have effect on the expiry of five years, is likely to lead to recurrence of dumping and injury.”

132. The Authority has accordingly conducted assessment of likelihood of dumping and injury by examining what would be the likely situation of dumping from subject countries and injury to the domestic industry if the anti-dumping duty was allowed to lapse.

L. INDIAN INDUSTRY'S INTERESTS AND OTHER ISSUES

133. The Authority has considered whether the continuation of anti-dumping duty would have adverse public interest. For the same, the Authority has examined whether the continuation of anti-dumping duty on the imports of the product under investigation would be against the larger public interest. This determination is based on the consideration of the information on record and interests of various parties, including the domestic industry, the importers and the users/consumers of the product.

134. The Authority issued a gazette notification inviting views concerning the subject sunset review investigation from all the interested parties, including the importers, the consumers/users and other interested parties. However, none of the interested parties have participated in the investigation and shared details with the Authority. Even though the Authority has prescribed formats for the users to quantify the impact of the anti-dumping duty and elaborate how the continuation of the anti-dumping duty would adversely impact them, it is noted that none of the importers/users have participated in the investigation and provided any relevant information.

135. The product is under freely importable category, and, therefore can be freely imported from various countries. The continuation of anti-dumping measures would not restrict the imports from the subject countries in any way and, therefore, would not affect the availability of the product to the consumers. The continuation of anti-dumping duty might affect the price levels of the product manufactured using the subject goods and consequently might have some influence on the relative competitiveness of these products, but, fair competition in the Indian market will not be reduced by the anti-dumping measures. 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 continuation of anti-dumping measures would only remove the unfair advantages gained by the dumping practices.
136. The subject goods are used in several applications and the sectors including but not limited to construction, automotive, white goods, furniture etc. PUC offers resistance to corrosion along with barrier protection. Usage of subject goods is increasing in construction sector, production of white goods etc. due to corrosion resistant properties of subject goods.
137. It is noted that the domestic industry has submitted quantified information showing that the impact of the continuation of the anti-dumping duty shall be miniscule on the final product. As per information made available by domestic industry, it is noted that hypothetically assuming an anti-dumping duty @20% on PUC, the impact would only be insignificant i.e., 1% or less than 1% on the total value of white goods such as Refrigerators, Air-Conditioners, Washing Machines and Microwave Ovens.
138. The information of the domestic industry shows that the manufacturing facilities of the domestic industry are under-utilised and can be increased to meet higher share of domestic demand. The Authority also notes that the subject goods are supplied by the domestic industry at prices comparable to the import prices or lower than the import prices. So, the prices offered by the domestic industry are competitive prices.
139. Reference price-based duty would ensure that users and importers of product under consideration are not adversely affected when imports into India are at fair prices. Reference price-based duty also ensures that the domestic industry is not injured from low priced/unfairly priced imports into India. Thus, reference price-based duty would strike thus a fine balance between the interest of importers and users on one hand and domestic industry on the other hand in the present case.
140. The Authority notes that there are a large number of producers of the product under consideration in India and the continuation of anti-dumping duty would not lead to monopolistic or oligopolistic situation in the Indian market for the subject goods.
141. The Authority thus notes that continued reference priced based duty will ensure a safety net for domestic industry if prices reduce in near future.

M. CONCLUSION

142. Having regard to the contentions raised, information provided and submissions made and the facts available before the Authority as recorded above and on the basis of the above analysis of the likelihood of continuation or recurrence of dumping and injury to the domestic industry, the Authority concludes that:
- i. The applicant domestic producers constitute domestic industry under Rule 2(b) of the Rules and the application filed by the applicant on behalf of domestic producers satisfies the criteria of standing in terms of Rule 5(3) of the Rules.
 - ii. The application contained all information relevant for the purpose of initiation of sunset review and the application contained sufficient evidence to justify initiation of the present sunset review
 - iii. The Authority considered a longer period of 18 months from October 2019 to March 2021 as POI so that it provides enough insight into the current and likely dumping and injury suffered by the domestic industry. Also, a longer POI was deemed appropriate in the present sunset review to assess the current injury/likelihood of recurrence of injury to the domestic industry caused due to the alleged dumped imports since trade in the first and second quarter of 2020-21 was impacted by Covid-19.
 - iv. Considering the normal value and export price for subject goods, the dumping margins for the subject goods from each of the subject countries have been determined based on facts available as no producer/exporter from the subject countries has participated. The dumping margins for the subject countries are significant. Thus, there is likelihood of continuation of dumping of the subject goods from the subject countries.
 - v. The performance of the domestic industry has improved over the injury period. However, the domestic industry is vulnerable to dumping and injury in the event of cessation of duties.
 - vi. The Authority on conducting likelihood analysis has noted as under:
 - a. There are huge surplus capacities for product under consideration available with the producers/exporters in the subject countries as evidenced from the independent reports available on record.
 - b. Examination of information on record regarding export price to third countries from the subject countries shows that significant exports to third countries are at dumped /injurious prices.
 - c. Most of the countries having substantial production base for the subject goods have imposed and/or continued trade remedy measures on imports of colour coated/pre-painted flat steel products from subject countries. Thus, the subject countries have very less options available to use the excess capacity and export to other markets.
 - d. Examination of information on record regarding export price to third countries from the subject countries shows that significant exports to third countries are

at prices below the export price to India, which shows that Indian market is more price attractive to producers/exporters of the subject countries.

- vii. The Authority accordingly concludes that there is a likelihood of continuation/recurrence of dumping and injury to the domestic industry in the event of revocation of duty.
- viii. Reference price-based duty recommended by the Authority in the present sunset review would ensure that users and importers of product under consideration are not adversely affected when imports into India are at fair price.

N. RECOMMENDATIONS

143. The Authority notes that the sunset review was initiated and notified to all interested parties and adequate opportunity was given to the domestic industry, exporters, importers/users and other interested parties to provide information on the aspects of dumping, injury and the causal link and likelihood of continuation or recurrence of dumping and injury. Having initiated and conducted the sunset review into dumping, injury and causal link and likelihood of continuation or recurrence of dumping and injury in terms of provisions laid down under the Rules, the Authority is of the view that continued imposition of anti-dumping duty is required on subject goods from subject countries.
144. The Designated Authority accordingly considers it appropriate to recommend continuation of existing quantum and form of anti-dumping duty on the imports of subject goods from subject countries. The Authority, thus, considers it necessary to recommend continuation of existing definitive anti-dumping duty imposed vide Notification no. 49/2017-Customs (ADD) dated 17 October 2017. The Authority recommends continuation of anti-dumping duty on the imports of the subject goods described in Col. 3 of the duty table below originating in or exported from the subject countries for a period of 5 years from the date of notification to be issued in this regard by the Central Government.
145. The anti-dumping duty is recommended as the difference between the landed value of the subject goods described in Col. 3 of the duty table below and the amount indicated in Col. 7 of the duty table appended below, provided the landed value is less than the value indicated in Col. 7. If the landed value is more than the value indicated in Col. 7, anti-dumping duty will not be applicable. The landed value of imports for this purpose shall be the assessable value as determined by the customs under the Customs Act, 1962 and applicable level of custom duties except duties levied under Section 3, 3A, 8B, 9, 9A of the Customs Tariff Act, 1975.

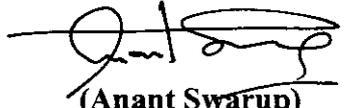
DUTY TABLE

Sr. No	Heading/ Sub-heading	Description of goods	Country of origin	Country of export	Producer	Amount	Unit	Currency
1	2	3	4	5	6	7	8	9
1	7210, 7212, 7225 and 7226	Pre-painted, colour coated or organic coated flat steels in coils or not in coils whether or not with metallic coated substrate of zinc, aluminium zinc or any other substrate coating*	China PR	Any country including China PR	Any	822	MT	US\$
2	-do-	-do-	Any country other than China PR and European Union	China PR	Any	822	MT	US\$
3	-do-	-do-	European Union	Any country including European Union	Any	822	MT	US\$
4	-do-	-do-	Any country other than China PR and European Union	European Union	Any	822	MT	US\$

*Note- The description of goods does not include plates of thickness of 6 mm or more.

O. FURTHER PROCEDURE

146. An appeal against the orders of the Central Government that may arise out of this recommendation shall lie before the Customs, Excise and Service Tax Appellate Tribunal in accordance with the relevant provisions of this Act.


(Anant Swarup)
Designated Authority