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Government of India  
Ministry of Commerce & Industry  
Department of Commerce  
Directorate General of Trade Remedies  
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**Dated: 6<sup>th</sup> January 2024**

**FINAL FINDINGS**

**(Case No. ADD (SSR)-07/2023)**

**Subject: Sunset review of anti-dumping duty imposed on imports of “Aluminium Alloy Road Wheel” originating in or exported from China PR.**

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**Subject: Sunset review of anti-dumping duty imposed on imports of “Aluminium Alloy Road Wheel” originating in or exported from China PR.**

**A. BACKGROUND OF THE CASE**

1. Kosei Minda Aluminium Company Pvt. Ltd., Maxion Wheels Aluminium India Pvt. Ltd., Minda Kosei Aluminium Wheel Pvt. Ltd. and Steel Strips Wheels Ltd. (hereinafter referred to as the “applicants”) filed an application before the Designated Authority (hereinafter referred to as the “Authority”), on behalf of domestic industry with a request to initiate the second sunset review investigation of anti-dumping duty imposed on imports of “Aluminium Alloy Road Wheel”, (hereinafter also referred to as “subject goods” or the “product under consideration”) originating in or exported from China PR, Korea RP and Thailand.
2. The original investigation concerning imports of the subject goods from China PR, Korea RP and Thailand was initiated by the Authority vide notification No.14/7/2012-DGAD dated 10<sup>th</sup> December 2013. The Authority, vide its final findings No. 14/7/2012-DGAD dated 9<sup>th</sup> June 2014, recommended imposition of definitive anti-dumping duty, which was given effect vide Customs notification No. 21/2015-Customs (anti-dumping duties) dated 22<sup>nd</sup> May 2015 on imports of the subject goods, originating in or exported from China PR, Korea RP and Thailand.
3. Before the expiry of the anti-dumping duty in force, the Authority initiated a sunset review investigation vide notification No. 7/31/2018-DGTR dated 10<sup>th</sup> August 2018 and recommended continuation of the anti-dumping duty vide final findings dated 29<sup>th</sup> March 2019 and the same was subsequently imposed by the Central government and the duty was continued via notification No.17/2019-Customs (anti-dumping duties) dated 9<sup>th</sup> April 2019.
4. Thereafter, the Authority initiated a mid-term review of the anti-dumping duty via notification No.7/12/2021-DGTR dated 1<sup>st</sup> September 2021 and pursuantly recommended the enhancement of anti-dumping duty levied on certain exporters vide final findings dated 30<sup>th</sup> August 2022. The recommendations were accepted by the Central government vide Customs notification No.30/2022- Customs (anti-dumping duties) dated 28<sup>th</sup> November 2022.
5. In terms of Section 9A (5) of the Act, anti-dumping duties imposed shall, unless revoked earlier, cease to have effect on the expiry of five years from the date of such imposition and the Authority is required to review, whether the expiry of anti-dumping duties 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.”*

6. Following the above, the Authority is required to review, based on a duly substantiated request made by or on behalf of the domestic industry, whether the expiry of anti-dumping duties is likely to lead to the continuation or recurrence of dumping and injury.
7. The applicants filed an application dated 13<sup>th</sup> July 2023, requesting initiation of a sunset review of anti-dumping duties imposed earlier and seeking continuation of anti-dumping duties against imports of Aluminium Alloy Road Wheels from China PR, Korea RP and Thailand. The request was based on the grounds that the expiry of the measure is likely to result in the continuation of dumping of the product under consideration and consequent injury to the domestic industry.
8. Given a duly substantiated application with *prima facie* evidence of likelihood of dumping and injury due to imports from China PR (hereinafter also referred to as the “subject country”), filed on behalf of the domestic industry and under Section 9A(5) of the Act, read with Rule 23 of the Rules, the Authority initiated the sunset review investigation vide notification No. 07/13/2023– DGTR, dated 30<sup>th</sup> September 2023 to review the need for continued imposition of anti-dumping duties in respect of the subject goods, originating in or exported from China PR and to examine whether the expiry of anti-dumping duty on imports of subject goods from China PR is likely to lead to continuation or recurrence of dumping and injury to the domestic industry. However, given the absence of sufficient *prima facie* evidence in the application regarding the likelihood of continuation or recurrence of dumping and injury to the domestic industry in the event of cessation of duties in force concerning goods being imported from Korea RP and Thailand, the same were not included in the subject investigation.

## **B. PROCEDURE**

9. The scope of the present review covers all aspects of the final findings No. 14/7/2012 -DGTR dated 9<sup>th</sup> June 2014 by which the Authority had recommended imposition of anti-dumping duty on imports of subject goods from the subject country.
10. The procedure described herein below has been followed in the present investigation:
  - i. The Authority vide notification No. 07/13/2023 dated 30<sup>th</sup> September 2023, published a public notice in the Gazette of India, Extraordinary, initiating a sunset review of anti-dumping duty on imports of the subject goods from the subject country.
  - ii. A copy of the public notice was forwarded by the Authority to the embassy of the subject country in India, known producers and exporters from the subject country,

known importers in India and other interested parties, to inform them of the initiation of the subject investigation in accordance with Rule 6(2) of the Rules.

- iii. The Authority provided a copy of the non-confidential version of the application to the known producers/exporters, to the government of the subject country through its embassy in India, and to other interested parties who requested in writing in accordance with Rule 6(3) of the Rules supra. A copy of the non-confidential version of the application was also provided to other interested parties, wherever requested.
- iv. The Authority forwarded a copy of the public notice initiating the sunset review investigation to the known producers/exporters in the subject country, and other interested parties and provided them with an opportunity to file responses to the questionnaire in the form and manner prescribed within the time limit as prescribed in the initiation notification or extended time limit, and make their views known in writing in accordance with the Rule 6(4) of the Rules.
- v. The Authority forwarded copies of the notification to the following known producers/exporters:
  - a. Advanti Manufacturing (Suzhou) Company Ltd.
  - b. AITL Manufacturing
  - c. Auto Parts Accessory Holding Company Ltd.
  - d. Baoding Lizhong Wheel Manufacturing Company Ltd.
  - e. Buyang Group Company Ltd.
  - f. China Wheel Company Ltd.
  - g. Chiping XinFa Aluminium Production Company Ltd.
  - h. CITIC Dicastal Wheel Manufacturing Company Ltd.
  - i. Dare Wheel Manufacturing Company Ltd.
  - j. Dare Technology Co. Ltd.
  - k. Danyang Company
  - l. DongFeng Maxion Wheels Co. Ltd.
  - m. Fervent Wheel Company
  - n. Foshan Nanhai Zhongnan Aluminium Wheel Company Ltd.
  - o. Jiangsu Dare World Light Alloy Company Ltd.
  - p. Jiangsu Kaite Automobile Parts Company Ltd.
  - q. Kinghwa Toptrue Wheel Company Ltd.
  - r. Liufeng Machinery Industry Company Ltd.
  - s. Nanhai Anchi Aluminium Wheel Company Ltd.
  - t. Ningbo Baody AutoParts Company Ltd.
  - u. Ningbo Shenzheng Import and Export Company Ltd.
  - v. Ningbo YongQi Aluminium Wheel Manufacturing Company Ltd.
  - w. Sanmengxia Dicastal Wheel Manufacturing Co. Ltd.
  - x. Seyen Heavy Industries (Shanghai) Company Ltd.
  - y. Shandong Binzhou Bohai Piston Company Ltd.

- z. Shandong Vesteon Automotive Manufacture Co., Ltd.
  - aa. Shanghai Arays Hardware Manufacturing Company Ltd.
  - bb. Shengyang Sanhua Dooray Wheel Company Ltd.
  - cc. SMX Dicastal Wheel Manufacture Company Ltd.
  - dd. Taiyuan Heavy Machinery (Ace)
  - ee. Weihai Wangeng Auto Wheel Company Ltd.
  - ff. YHI Advanti Manufacturing (Shuzhou) Company Ltd.
  - gg. YHI Manufacturing (Shanghai) Company Ltd.
  - hh. YHI International Ltd.
  - ii. Zhejiang AARVI Auto Parts Company Ltd.
  - jj. Zhejiang Auto Aluminium Wheel Company Ltd.
  - kk. Zhejiang Baokang Wheel Manufacture Co., Ltd.
  - ll. Zhejiang Buyang Auto Wheel Company Ltd.
  - mm. Zhejiang Jinfei Yada Wheel Company Ltd.
  - nn. Zhejiang Tailong Aluminium Wheels Company Ltd.
  - oo. Zhejiang Wanfeng Auto Wheel Company Ltd.
- vi. The government of the subject country, through its embassy in India, was also requested to advise the exporters/producers from its country to respond to the questionnaire within the prescribed time limit. A copy of the letter and questionnaire sent to the known producers/exporters was also sent to the embassy of the subject country.
- vii. The following producers/exporters from the subject country filed a response to the exporters' questionnaire:
- a. Shandong Shuangwang Aluminium Industry Co., Ltd
  - b. Zhejiang Jinfei Kaida Wheel Co., Ltd
  - c. Zhejiang Shuguang Industrial Co., Ltd
- viii. The Authority forwarded a copy of the notification to the known importers/ users of subject goods in India calling for necessary information, in accordance with Rule 6(4) of the Rules. However, none of the importers/users have responded by filing questionnaire responses.
- ix. The Authority issued an Economic Interest Questionnaire to the embassy of the subject country, all the known exporters, importers and the domestic industry. The Economic Interest Questionnaire was also shared with the administrative line ministry. Response to Economic Interest questionnaire has been filed by the following parties:
- a. The domestic industry
  - b. Zhejiang Jinfei Kaida Wheel Co., Ltd
  - c. Zhejiang Haoyuan Industry Co., Ltd.

- x. The period of investigation (POI) for the present investigation is 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2023 (12 months). The injury analysis period covers 2019- 20, 2020-21, 2021-22 and the POI.
- xi. The petition was filed based on the DGCI&S transaction-wise data for 2019-20 and 2020-21. The applicants submitted that they did not have access to DGCI&S transaction-wise data for the remaining period, i.e. 2021-22 and 2022-23 and, therefore, the data for this period was provided as per the market intelligence with the applicants.
- xii. A request was made by the Authority to the DGCI&S to provide transaction-wise details of imports of subject goods for the past three years and the period of investigation, which was received by the Authority and has been relied upon for the present investigation.
- xiii. The Authority sought further information from the other interested parties to the extent deemed necessary. The verification of the data provided by the other interested parties was conducted to the extent considered necessary for the present investigation. The Authority has considered the verified data of the interested parties in its analysis of the present case.
- xiv. The non-injurious price has been determined based on the optimum cost of production and the cost to make & sell the subject goods in India as per information furnished by the domestic industry and in accordance with Generally Accepted Accounting Principles (GAAP) and Annexure-III to the Rules. Such non-injurious price has been considered to ascertain whether anti-dumping duty lower than the dumping margin would be sufficient to remove the injury to the domestic industry.
- xv. A list of all interested parties was uploaded on DGTR's website along with the request therein to email non-confidential versions of their submissions to all other interested parties through email.
- xvi. In accordance with Rule 6(6) of the Rules, the Authority provided the opportunity to the interested parties to present their views orally in a public hearing held on 6<sup>th</sup> December 2023. The parties, who presented their views in the oral hearing, were requested to file written submissions of the views expressed orally, followed by rejoinder submissions.
- xvii. The submissions made by the interested parties, arguments raised, and information provided by various interested parties during the investigation, to the extent the same are supported with evidence and considered relevant to the present investigation, have been appropriately considered by the Authority in these final findings.
- xviii. The Authority, during the investigation, satisfied itself as to the accuracy of the information supplied by the interested parties, which forms the basis of these final

findings to the extent possible and verified the data/ documents submitted by the domestic industry to the extent considered relevant and necessary.

- xix. The information provided by the interested parties on a confidential basis was examined about the sufficiency of the confidentiality claims. On being satisfied, the Authority has accepted the confidentiality claims, wherever warranted, and such information has been considered confidential and not disclosed to other interested parties. Wherever possible, parties providing information on a confidential basis were directed to provide sufficient non-confidential versions of the information filed on a confidential basis.
- xx. Wherever an interested party has refused access to or has otherwise not provided necessary information during the investigation, or has significantly impeded the investigation, the Authority considered such interested parties as non-cooperative and recorded these final findings based on the facts available.
- xxi. “\*\*\*” in these final findings represents information furnished by an interested party on a confidential basis, and so considered by the Authority under the Rules.
- xxii. The exchange rate adopted by the Authority for the subject investigation is 1 US\$ = ₹ 81.06.

### **C. SCOPE OF PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE**

11. At the stage of initiation, the product under consideration was defined as under:

*“Cast aluminium Alloy Wheels or Aluminium Alloy Road Wheels (“ARW”) used in Motor Vehicles whether or not attached with accessories, of a size in diameter ranging from 12 inches to 24 inches.”*

12. It was also noted that ‘the present investigation being a sunset review investigation, the scope of the product under consideration remains the same as defined in the previously conducted investigations.’

#### **C1. Submissions by the domestic industry**

13. The following submissions have been made by the domestic industry about the scope of the product under consideration or like article.
- a. The present investigation being a sunset review investigation, the scope of the product under consideration is the same as defined in the original investigation.
  - b. ARW of size other than those ranging from 12-24 inches, ARW meant for use in other than motor vehicles and ARW meant for use in two-wheelers are excluded from the scope of the product under consideration.

- c. The product under consideration includes finished or semi-finished wheels, whether painted, unpainted, chrome-plated or forged and whether sold to Original Equipment Manufacturers or to after-market customers.
- d. The subject goods produced by the domestic industry are like articles to the product under consideration imported from the subject country.
- e. There is a need to consider a PCN methodology as the cost and price of product supplied to OEM and in after-market is different. Alternatively, the Authority should make due adjustments for the differences in the products sold in the OEM and after-market.
- f. The differences in cost and prices of the product supplied to OEMs and in after-market is due to differences in moulds being used in two segments, difference in packing cost, distribution cost and associated volumes.
- g. PCN is essential in the present investigation as, in the earlier investigations, both the imports and the domestic industry were largely catering to the after-market. However, during the present period of investigation, while the domestic industry has sold primarily to OEMs, almost all imports are in the after-market.
- h. It is not appropriate to hold that the need for PCN is the same in different investigations, and if the Authority did not frame PCN in the original investigation, it implies no PCN shall be formed in all subsequent investigations. The need to frame PCN and the parameters to be used for framing PCN is a case-specific issue and is decided based on the facts and circumstances of the particular investigation. There can be no generality in this regard.
- i. While the domestic industry has incurred lower costs for producing the subject goods sold to OEMs, the importers have paid higher prices in procurement of the product owing to differences in the two markets. A direct comparison in such a case will lead to understated dumping margin, price undercutting and injury margin. At the same time, the import price in the present investigation period would not appropriately reflect the likely import prices in the event of cessation of anti-dumping duties in so far as procurement of the product by OEM is concerned.

## **C2. Submissions by the other interested parties**

- 14. The following submissions have been made by the other interested parties about the scope of the product under consideration and like article.
  - a. Differences in the channel of distribution cannot be considered a PCN methodology. Further, no new facts have been brought on record for the Authority to reverse its original decision on the issue. Even the European Commission has noted that the difference in the channel of distribution does not render the products as different.
  - b. In all past investigations, the domestic industry has claimed that there is no difference between the products supplied to OEMs and in the after-market. The same has been accepted by the Authority. The change in stance could be because of a change in counsel, or because the imports are catering to after-market.

- c. The difference in cost between the two markets claimed by the domestic industry cannot be considered reliable, as the basic raw material and production process involved are the same.
- d. If, as the domestic industry has claimed, the products supplied in the OEM and after-market segment are indeed different, it raises the question as to why the product supplied in the after-market segment should be considered as part of the product under consideration at all.
- e. While no PCNs were issued in the previous investigations, there is no bar on the Authority to issue a PCN in the sunset review investigation.

### **C3. Examination by the Authority**

- 15. The product under consideration (PUC) in the present investigation is Cast Aluminum Alloy Wheels or Alloy Road Wheels (ARW) used in Motor Vehicles, whether or not attached to their accessories, of size in diameters ranging from 12 inches to 24 inches. The present investigation being a sunset review investigation, the scope of the product under consideration remains the same as that in the previously conducted investigations. The PUC includes finished or semi-finished ARWs whether unpainted, painted or chrome plated. The Authority further notes that ARWs other than 12 inches to 24 inches in diameter and ARW meant for two-wheelers are out of the product scope.
- 16. The product under consideration is classified under Chapter 87 of the Customs Tariff Act, 1975 (51 of 1975) under the tariff heading 8708 70. The customs classification is indicative only and is not binding on the scope of the product under consideration.
- 17. The scope of the product under consideration includes both subject goods supplied to OEMs and after-market.
- 18. The applicants have submitted that a PCN-wise comparison is necessary for the present investigation due to differences in the cost of production and selling price of subject goods supplied to OEMs and in the after-market segment. The Authority notes that, the OEM and after market segment are two different users' market for the subject goods. During onsite verification, the domestic industry demonstrated the manufacturing process of the subject goods supplied to OEMs and after-market segment, wherein it was observed that there is no significant difference in manufacturing process of the subject goods supplied to OEMs and After Market Segment. It was claimed by the domestic industry that the subject goods require a special packaging when it is supplied to after market segment. Further, it was also claimed that the subject goods, which are supplied in the after-market segment is more costly on account of mould cost and selling & distribution cost. After detailed examination, the authority notes that there is no significant difference in terms of cost and physical characteristics for the subject goods supplied to OEMs and after market segment except some additional packaging cost. Therefore, the Authority considers that there is no need for making separate PCN for the product sold in the OEM and After-market in the present investigation. However, for fair comparison of the subject goods manufactured by the domestic industry

with the subject goods imported for the after-market segment, the Authority has made appropriate adjustments on account of additional packaging cost.

19. The domestic industry has claimed that the goods produced by them are like articles to the imported goods. The same has not been disputed by other interested parties. The Authority notes that the subject goods produced by the domestic industry and those imported from China PR are comparable in terms of characteristics such as physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification of the goods. The two are technically and commercially substitutable. The consumers are using the two interchangeably. The same has also been concluded in the previous investigations. In view of the same, the Authority holds that the goods produced by the domestic industry are like articles to the product under consideration imported from the subject country.

#### **D. DOMESTIC INDUSTRY AND STANDING**

##### **D1. Submissions by the other interested parties**

20. No submissions have been made by the other interested parties regarding the scope of domestic industry and standing.

##### **D2. Submissions by the domestic industry**

21. The following submissions have been made by the applicants concerning the domestic industry and its standing:
  - a. The application has been filed by Kosei Minda Aluminium Company Pvt. Ltd., Maxion Wheels Aluminium India Pvt. Ltd., Minda Kosei Aluminium Wheel Pvt. Ltd. and Steel Strips Wheels Ltd.
  - b. Maxion Wheels Aluminium India Pvt. Ltd. is related to a producer in the subject country, namely, Dongfeng Maxion Wheels Co Ltd. However, such a producer has not exported to India. The other applicants are not related to any exporter or importer of subject goods in India.
  - c. The applicants account for a major proportion of domestic production in India and constitute domestic industry under Rule 2(b) of the Anti-Dumping Rules.

##### **D3. Examination by the Authority**

22. Rule 2(b) of the Anti-Dumping Rules defines 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”.*

23. The application has been filed by Kosei Minda aluminium Company Pvt. Ltd., Maxion Wheels aluminium India Pvt. Ltd., Minda Kosei aluminium Wheel Pvt. Ltd. and Steel Strips Wheels Ltd. Apart from the applicants, the like article is being produced by the following producers in India.
- a. Enkei Wheels India Ltd.
  - b. JJF Castings Ltd.
  - c. Neo Wheels Ltd.
  - d. Synergies Castings Ltd.
  - e. Rockman Industries Ltd.
  - f. Wheels India Ltd.
24. The Authority notes that the production by the applicants constitutes 80% of the production in India during the period of investigation, thereby constituting a major proportion of the Indian production. The Authority, therefore, holds the applicants as the domestic industry under Rules 2(b) of the Rules read with Rule 5(3)(a) of the Rules.

## **E. CONFIDENTIALITY**

### **E1. Submissions by other interested parties**

25. The other interested parties have made the following submissions about confidentiality.
- a. Contrary to the claims of the domestic industry, no excessive confidentiality has been claimed and the response filed is complete.

### **E2. Submissions by the domestic industry**

26. The following submissions have been made by the domestic industry about confidentiality:
- a. Shandong Shuangwang aluminium Industry Co., Ltd, has not disclosed information with regards to the related party.
  - b. The exporters, in violation of Trade Notice 10/2018, have claimed the production process as confidential.
  - c. The exporters have claimed excessive confidentiality with regards to adjustments to export price, methodology for reporting packing cost, ocean freight and insurance expenses as well as trends of data for own production, sales and exports to third countries.
  - d. Country-wide data regarding production, imports and demand has been claimed confidential even though the same is not business proprietary in nature.
  - e. Zhejiang Shuguang Industrial Co., Ltd and Zhejiang Jinfei Kaida Wheel Co., Ltd. have reported PCN-wise data but have not shared the methodology or the basis of PCNs.

- f. The description of the product being sold by Zhejiang Shuguang Industrial Co., Ltd in the home market as well as export market has been claimed confidential due to which the domestic industry is unable to furnish its comments on the same.

### **E3. Examination by the Authority**

27. With regard to the confidentiality of the information, Rule 7 of the 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 a confidential basis to furnish a non-confidential summary thereof and if, in the opinion of a party providing such information, such information is not susceptible to 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 authorize its disclosure in a generalized or summary form, it may disregard such information.”*

28. Addressing the domestic industry's concern that Zhejiang Shuguang Industrial Co., Ltd and Zhejiang Jinfei Kaida Wheel Co., Ltd have reported data according to product control numbers (PCNs) without disclosing the methodology or basis of these PCNs, the Authority notes that the aforementioned exporters have elucidated that these so-called PCNs are merely components of an internal nomenclature system for their products, employed for the purposes of record-keeping and cataloguing. Moreover, the Authority has proposed not to adopt any PCN methodology in the instant investigation.
29. The Authority further notes that Trade Notice: 10/2018 provides a general guideline that the Foreign Producer(s) must provide actual information unless the same is protected by any law or is a trade secret for the foreign producer(s). Where the information pertaining to the manufacturing process is protected by any law, the Foreign Producer(s) must cite the same as the reason for claiming confidentiality and provide a summary of the information sought. In the present case, it has been claimed by the foreign producers that the production process, which involves the manufacturing of the subject goods as per the design and specifications of the buyers, is business-sensitive information, disclosure of which would be of significant

competitive advantage to their competitors and consumers and the parties requested not to disclose such information to any other interested parties. Thus, the foreign producer has presented such information as business sensitive and their trade secret which is not amenable for summarization.

30. The Authority reviewed the confidential information submitted by the interested parties, evaluating the adequacy of the confidentiality claims. Upon finding the claims substantiated, the Authority has granted approval for the confidentiality requests where deemed necessary, thereby ensuring that such sensitive information remains undisclosed to other interested parties. In situations where it was feasible, entities that furnished confidential information were advised to provide ample non-confidential renditions of the confidentially submitted information. The Authority facilitated the distribution of the non-confidential versions of the evidence presented by various interested parties, instructing them to share these non-confidential versions of their submissions via electronic communication.

## **F. MISCELLANEOUS ISSUES**

### **F1. Submissions by other interested parties**

31. The other interested parties have made the following miscellaneous submissions:
  - a. The review has been initiated based on *prima facie* evidence, whereas sufficient evidence is required under Rule 5 of the Anti-Dumping Rules. In this regard, decisions of the Panel in Mexico – Pipes and Tubes, United States – Softwood Lumber from Canada, and Guatemala – Cement II were relied upon.

### **F2. Submissions by the domestic industry**

32. The following miscellaneous submissions have been made by the domestic industry:
  - a. Contrary to the allegations of the other interested parties, Rule 5 is not applicable in a sunset review. The domestic industry had provided sufficient evidence of the likelihood of dumping and injury in the absence of anti-dumping duty.
  - b. Only *prima facie* evidence is required at the time of initiation as held by the Rajasthan High Court in Rajasthan Textile Mills Association Vs. Dir. General of Anti-Dumping and CESTAT in Huawei Technologies Co. Ltd. Vs. Designated Authority.

### **F3. Examination by the Authority**

33. Jinfei has contended that the present review investigation was initiated based on insufficient evidence regarding the likelihood of dumping and injury. Jinfei argues that initiation of the investigation based on *prima facie* evidence is incorrect and does not align with the obligations of this Authority under Rule 5(3) of the AD Rules, 1995 and that in terms of Art. 5.3 of the Agreement on Anti-dumping, the Authority did not properly examine the accuracy and adequacy of the evidence. To support its argument Jinfei has relied on US – Softwood

Lumber<sup>1</sup> wherein the GATT Panel<sup>2</sup> had observed that sufficient evidence means something more than mere allegation or conjecture.<sup>3</sup> Jinfei has also relied on Guatemala Cement – II to argue that it is the sufficiency of the evidence presented before the Authority upon which any investigation is to be initiated. Jinfei has further relied on the Panel’s observations in Mexico – Steel Pipes and Tubes to argue that mere examination of evidence cannot be considered to establish that evidence was sufficient to justify initiation in terms of Art. 5.3 of the Agreement on Anti-dumping.

34. Jinfei further contends that the decline in the volume of imports from the subject country establishes that there is no likelihood of continuation or recurrence of dumping from the subject goods<sup>4</sup>. Jinfei also argues that a decline in the volume of imports establishes that injury cannot be attributed to imports from the subject country.<sup>5</sup> Jinfei has also distinguished between the terms *prima facie* and sufficiency. It has been argued *prima facie* means “first impression” whereas sufficient denotes “legally satisfactory”. Jinfei contends that as the Authority initiated the present investigation based on “*prima facie* evidence”<sup>6</sup>, it failed to examine whether there was “sufficient evidence” to initiate the investigation and thereby failed to fulfil the “sufficient evidence” standard as has been underlined in the abovementioned panel reports.
35. The abovementioned arguments made by Jinfei lack merit. Jinfei has unnecessarily tried to emphasize the difference between the phrases “sufficient evidence” and “*prima facie*” evidence. The Authority agrees with Jinfei that no anti-dumping investigation can be initiated based on insufficient evidence. In this regard, it is noted that the term evidence as mentioned in Para 26 of the initiation notification means sufficient evidence. The usage of the term *prima facie* does not correlate with the quality of evidence and merely denotes that at the stage of initiation, there was sufficient evidence to initiate the investigation. It appears Jinfei is insisting the Authority should specifically mention the adjective “sufficient” before evidence, and in its understanding, the absence of the adjective would mean that the evidence was insufficient. The Authority disagrees with such a restrictive and formalistic interpretation.
36. To establish that the application did not contain sufficient evidence, Jinfei has argued that the decline in import volumes from the subject country indicates that the application lacked sufficient evidence of the likelihood of dumping and injury. The Authority disagrees with Jinfei’s argument. The evidence to establish the likelihood of injury in a case is much different than establishing material injury in an original investigation. To establish a case of likelihood, evidence in the nature of para (vii) to Annexure -II needs to be produced before the Authority. These relate to magnitude of dumping margin, injury margin, surplus capacities, etc. The decline in import volume from a subject country can be a result of the trade remedial measure

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<sup>1</sup> Report of the Panel, United States – Measures affecting imports of softwood lumber from Canada, BISD 40S/358, 27 October 1993

<sup>2</sup> Incorrectly referred to as WTO Panel Report in Jinfei’s submissions. The WTO came into existence on 1<sup>st</sup> January 1995.

<sup>3</sup> Para 332 of GATT Panel Report.

<sup>4</sup> Page 7 of Jinfei’s Written Submissions.

<sup>5</sup> Page 7 of Jinfei’s Written Submissions.

<sup>6</sup> Para 26 of Initiation notification.

in place itself. Jinfei has not presented any arguments on likelihood parameters. Thus, Jinfei has failed to establish how the evidence presented in the application was insufficient. Jinfei has further highlighted this Authority's obligation under Art. 5.3 of the Anti-dumping Agreement but has failed to mention any other known factor. Jinfei has incorrectly identified the legal standard applicable to sunset review investigations and has misinterpreted the same with the legal standard applicable to the original investigation.

37. The Authority had examined the evidence provided by the applicant against all the subject countries. Upon examination of the evidence, it concluded that the evidence was lacking against Korea RP and Thailand even to *prima facie* sustain the allegations made in the application and therefore, these countries were not included within the purview of the present investigation. However, for China PR a different conclusion was reached based on the evidence provided by the applicant. For these reasons, the Authority disagrees with Jinfei's submission and holds that the investigation was initiated based on sufficient evidence. For these reasons, the Authority disagrees with Jinfei's submission and holds that the investigation was initiated based on sufficient evidence.

## **G. NORMAL VALUE, EXPORT PRICE AND DETERMINATION OF DUMPING MARGIN**

### **G1. Submissions by other interested parties**

38. The other interested parties have made the following submissions with regards to the determination of normal value, export price and dumping margin.
- a. An individual margin should be allowed to Shuangwang, based on its cooperation.
  - b. Contrary to the claim of the domestic industry, no related party of Shuangwang is producing the subject goods, since the party identified has sold its shares in February 2020.
  - c. The adjustments claimed by the exporter are based on the verifiable information of the exporter, and cannot be considered inappropriate. Further, no adjustment for inland freight and credit cost has been reported for domestic sales, since the sales are on an ex-factory basis.

### **G2. Submissions by the domestic industry**

39. The following submissions have been made by the domestic industry with regard to the normal value, export price and dumping margin:
- a. China PR should be treated as a non-market economy in accordance with Article 15(a)(i) of China's Accession Protocol and the normal value should be determined in terms of Annexure I, Rule 7 of the Rules.
  - b. Since the information regarding domestic selling prices or costs in appropriate third countries were not available to the applicants and several products are imported and

- exported under the same HS Codes, the applicants have determined normal value based on the price payable in India.
- c. The normal value may be considered based on the actual cost of production of the domestic industry with a reasonable addition of profits. By determining normal value based on the lowest optimized cost of production of domestic producers, it is assumed that the Chinese producers are operating their plants at the most efficient cost of production.
  - d. The non-confidential version of the response filed by Zhejiang Jinfei Kaida Wheel Co., Ltd is deficient as it has not reported any adjustments for a fair comparison of normal value and export price. In case no adjustments are reported in the confidential response, then the same must be rejected for being incomplete.
  - e. In case, the Authority does not form a PCN in the present investigation, there is a need for adjustments to export price by adjusting the difference in costs between OEM and after-market products to enable fair comparison.
  - f. Investigating authorities globally demand information concerning differences in channels of distribution with respect to sales made in domestic and export markets to enable fair comparison.

### **G3. Examination by the Authority**

40. The Authority notes the following relevant provisions with regard to the determination of normal value for China PR. Provisions under Para 7 and Para 8 of Annexure I to the Anti-Dumping Rules are as under:

*“7. In case of imports from non-market economy countries, normal value shall be determined on the basis of the price or constructed value in a market economy third country, or the price from such a third country to other countries, including India, or where it is not possible, on any other reasonable basis, including the price actually paid or payable in India for the like product, duly adjusted, if necessary, to include a reasonable profit margin. An appropriate market economy third country shall be selected by the designated authority in a reasonable manner [keeping in view the level of development of the country concerned and the product in question] and due account shall be taken of any reliable information made available at the time of the selection. Account shall also be taken within time limits; where appropriate, of the investigation if any made in a similar matter in respect of any other market economy third country. The parties to the investigation shall be informed without unreasonable delay of the aforesaid selection of the market economy third country and shall be given a reasonable period of time to offer their comments.*

*8. (1) The term “non-market economy country” means any country which the designated authority determines as not operating on market principles of cost or pricing structures, so*

*that sales of merchandise in such country do not reflect the fair value of the merchandise, in accordance with the criteria specified in subparagraph (3).*

*(2) There shall be a presumption that any country that has been determined to be, or has been treated as, a non-market economy country for purposes of an antidumping investigation by the designated authority or by the competent authority of any WTO member country during the three-year period preceding the investigation is a non-market economy country. Provided, however, that the non-market economy country or the concerned firms from such country may rebut such a presumption by providing information and evidence to the designated authority that establishes that such country is not a non-market economy country on the basis of the criteria specified in sub-paragraph (3)*

*(3) The designated authority shall consider in each case the following criteria as to whether: (a) the decisions of the concerned firms in such country regarding prices, costs and inputs, including raw materials, cost of technology and labour, output, sales and investment, are made in response to market signals reflecting supply and demand and without significant State interference in this regard, and whether costs of major inputs substantially reflect market values; (b) the production costs and financial situation of such firms are subject to significant distortions carried over from the former non-market economy system, in particular in relation to depreciation of assets, other write-offs, barter trade and payment via compensation of debts; (c) such firms are subject to bankruptcy and property laws which guarantee legal certainty and stability for the operation of the firms, and (d) the exchange rate conversions are carried out at the market rate. Provided, however, that where it is shown by sufficient evidence in writing on the basis of the criteria specified in this paragraph that market conditions prevail for one or more such firms subject to anti-dumping investigations, the designated authority may apply the principles set out in paragraphs 1 to 6 instead of the principles set out in paragraph 7 and in this paragraph.*

*(4) Notwithstanding, anything contained in sub-paragraph (2), the designated authority may treat such country as market economy country which, on the basis of the latest detailed evaluation of relevant criteria, which includes the criteria specified in sub paragraph (3), has been, by publication of such evaluation in a public document, treated or determined to be treated as a market economy country for the purposes of anti-dumping investigations, by a country which is a Member of the World Trade Organization.”*

41. At the stage of initiation, the Authority proceeded with the presumption of treating China PR as a non-market economy country. Upon initiation, the Authority advised the producers/exporters in China PR to respond to the notice of initiation and provide information on whether their data/information could be adopted for normal value determination. The Authority sent copies of the market economy treatment/supplementary questionnaire to all the known producers/ exporters in China PR to provide relevant information in this regard.

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

*"(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:*

*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;*

*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 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.*

*(c) The importing WTO Member shall notify methodologies used in accordance with subparagraph (a) to the Committee on Anti-Dumping Practices and shall notify methodologies used in accordance with subparagraph (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 non-market economy provisions of subparagraph (a) shall no longer apply to that industry or sector."*

43. The Authority notes that while the provisions of Article 15 (a)(ii) of China PR's Accession Protocol have expired with effect from 11<sup>th</sup> December 2016, the provision under Article 2.2.1.1 of the Anti-Dumping Agreement read with obligation under 15(a)(i) of the Accession Protocol require criterion stipulated in Para 8 of the Annexure 1 of Anti-Dumping Rules to

be satisfied through the information/data to be provided in the supplementary questionnaire for claiming MET status. The Authority notes that no producer or exporter from China PR has submitted market economy treatment or supplementary questionnaire response. Therefore, the normal value computation for these producers/exporters is required to be determined in terms of provisions of Para 7 of Annexure-1 of Anti-Dumping Rules.

### **G.3.1. Determination of Normal value**

44. The Authority notes that none of the producers/exporters from China PR has filed the supplementary questionnaire response to rebut the presumptions as mentioned in para 8 of Annexure – I of the Rules. Under these circumstances, the Authority has to proceed in accordance with para 7 of Annexure – I of the Rules.
45. It is noted that paragraph 7 of Annexure-I to the AD Rules stipulates three methods of constructing the normal value for Non-Market Economies: (a) on the basis of price or constructed value in a market economy third country; (b) export price from a third country to other countries, including India; and (c) on any other reasonable basis. The Authority notes that under the provisions of paragraph 7 of Annexure-I to the AD Rules, the normal value must first be determined on the basis of the price or constructed value in a surrogate country, or the price of the exports from such country to other countries, including India. However, when such basis is not possible, only then the Authority can determine the normal value on any other reasonable basis, including the price paid or payable in India.
46. It is to be noted that no information/evidence has been provided by the parties for the construction of the normal value on the basis of the first and second methods. There is no data available with respect to the price or constructed value of the subject goods produced in a market economy third country. Further, the HS code under which the PUC is being imported also includes other products which are not covered in the scope of the PUC. Therefore, extrapolating the export price of the subject goods from third country to other countries is not possible since the export data for the relevant HS code under which the PUC is being imported also includes other products which are not covered in the scope of the PUC. There is also no public data available with the Authority to determine the normal value from the above two methods. In the absence of the above information/evidence, it is not possible for the Authority to determine normal value on the basis of the first or second method. Therefore, the Authority has decided to construct normal value based on the third method, i.e., on any other reasonable basis including the price actually paid or payable in India. The Authority has constructed the normal value on the basis of the price paid or payable in India.

### **G.3.2. Determination of the Export Price**

47. The following producers/exporters from China PR have filed responses to the Exporters' questionnaire
  - i. Shandong Shuangwang aluminium Industry Company Ltd.

- ii. Zhejiang Jinfei Kaida Wheel Company Ltd.
  - iii. Zhejiang Shuguang Industrial Company Ltd.
48. The responses filed by the exporters were verified by the Authority. The Authority also called for documents for the desk verification. The same was carried out and supplementary issues were also raised. The producers/exporters responded to the same.
49. The Authority notes that the exporters mentioned hereinabove have supplied only in the after-market segment in India. The other interested parties have not disputed the cost difference, but have only claimed that no PCN methodology should be adopted in view of previous determinations. The normal value determined by the Authority is based on the cost of production of the domestic industry with respect to the production and sale of goods in the domestic market. The domestic industry claimed significant difference between the products sold in the OEMs and in the after-market segment with respect to parameters such as mould cost, packing cost, distribution costs and the associated volumes. The Authority however notes that the domestic industry has not been able to offer complete verification of all of its claims with regard to difference in the costs. The Authority has therefore considered price adjustments based on information on record from the domestic industry and responding companies.
50. Article 2.4 of the Anti-Dumping Agreement provides as under.
- “2.4 A fair comparison shall be made between the export price and the normal value. This comparison shall be made at the same level of trade, normally at the ex-factory level, and in respect of sales made at as nearly as possible the same time. Due allowance shall be made in each case, on its merits, for differences which affect price comparability, including differences in conditions and terms of sale, taxation, levels of trade, quantities, physical characteristics, and any other differences which are also demonstrated to affect price comparability. In the cases referred to in paragraph 3, allowances for costs, including duties and taxes, incurred between importation and resale, and for profits accruing, should also be made. If in these cases price comparability has been affected, the authorities shall establish the normal value at a level of trade equivalent to the level of trade of the constructed export price, or shall make due allowance as warranted under this paragraph. The authorities shall indicate to the parties in question what information is necessary to ensure a fair comparison and shall not impose an unreasonable burden of proof on those parties.”*
51. Therefore, the Authority has undertaken adjustment for all factors that affect price comparability between the normal value and export price, including differences in physical characteristics, packing costs, level of trade, and quantities, based on information provided by the domestic industry and responding exporters. Accordingly, to ensure a fair comparison between the normal value and the export price, the Authority has adjusted the export price for the difference in costs on these accounts. The net export price has been determined after adjustment for the cost differences.

### **Export Price for Shandong Shuangwang Aluminium Industry Co., Ltd.**

52. Shandong Shuangwang aluminium Industry Co., Ltd. is a limited liability company. The legal status of Shuangwang has not changed in the last three years. During the period of investigation, Shuangwang has directly exported \*\*\* MT of product under consideration to India.
53. However, in response to the comments on the disclosure statement, the domestic industry has challenged the accuracy of the value of the exported subject goods reported by the cooperative producer, alleging mismatch. The Authority re-verified the data reported by Shandong Shuangwang Aluminium Industry Co., Ltd. with the Indian customs data available to the Authority. Upon comparison, it was observed that while the volumes reported by the concerned producer closely align with the Indian customs data, there is a substantial discrepancy in the associated values. Consequently, the Authority is unable to accept the net export price (NEP) as reported in the Exporter's Questionnaire Response filed by the concerned producer and has proceeded to compute the NEP for the said exporter using the Indian customs data. Regarding the adjustments claimed by the concerned exporter, it is noted that since the reported value in the response is itself in question, the Authority has applied Rule 6(8) of the Anti-Dumping Rules, 1995, and proceeded with the available facts.
54. Accordingly, the net export price at the ex-factory level for Shandong Shuangwang Aluminium Industry Co., Ltd. has been determined after due adjustments and the same is shown in the dumping margin table below.

### **Export Price for Zhejiang Shuguang Industrial Co., Ltd.**

55. Zhejiang Shuguang Industrial Co., Ltd. is a limited liability company. The legal status of Shuguang has not changed in the last three years. During the period of investigation, Shuguang has directly exported \*\*\* MT of product under consideration to India.
56. Shuguang has claimed adjustments on account of inland freight and handling expenses. Accordingly, the net export price at the ex-factory level for Shuguang has been determined after adjustment for inland freight, handling expenses, etc. and the same is shown in the dumping margin table below.

### **Export Price for Zhejiang Jinfei Kaida Wheel Co., Ltd.**

57. Zhejiang Jinfei Kaida Wheel Co., Ltd. is a limited liability company. The legal status of Jinfei Kaida has not changed in the last three years. During the period of investigation, Jinfei Kaida has directly exported \*\*\* MT of product under consideration to India.
58. Jinfei Kaida has not claimed any adjustments in export price as per the narrative portion of the EQR. However, few incoterms have been provided in Appendix 3A in Excel format.

Accordingly, the net export price at the ex-factory level for Jinfei Kaida has been determined after adjustment for inland freight, credit cost, and handling charges, etc. and the same is shown in the dumping margin table below.

### G.3.3. Dumping Margin

59. The normal value, export price and dumping margin determined in the present investigation are as follows:

**Dumping Margin Table**

<b>Producer/Exporter</b>	<b>Normal Value (USD/MT)</b>	<b>Export Price (USD/MT)</b>	<b>Dumping Margin (USD/MT)</b>	<b>Dumping Margin (%)</b>	<b>Dumping Margin (Range)</b>
Shandong Shuangwang Aluminium Industry Co., Ltd.	***	***	***	***	20-30
Zhejiang Shuguang Industrial Co., Ltd.	***	***	***	***	0-10
Zhejiang Jinfei Kaida Wheel Co., Ltd.	***	***	***	***	10-20
Non-cooperative/exporters	***	***	***	***	50-60

## H. ASSESSMENT OF INJURY AND CAUSAL LINK

### H1. Submissions by other interested parties

60. The other interested parties have made the following submissions with regard to the injury, causal link and likelihood of dumping and injury:
- a. Owing to the establishment of a level playing field, the Indian industry has grown in terms of number of producers, capacities and market share. The domestic industry has registered a steady increase in volume and profitability parameters, while the imports have reduced. Thus, continuation of duty is not warranted.
  - b. There is no injury to the domestic industry as the volume of imports has declined and the volume and profitability parameters of the domestic industry have improved.
  - c. Initiation of the present investigation is baseless as there is no evidence of injury and a causal link to necessitate initiation.
  - d. The Panel in the US – DRAMS has held that anti-dumping duty should remain in force only as long as and to the extent necessary. The purpose of anti-dumping duty is to offset dumping and address injury. In the present case, the duty has served its purpose.
  - e. Excess capacity in India is driving the cost higher and non-injurious price should be discounted for such excess capacity and inflated costs. The cost undercutting could be on account of such a higher cost.

- f. While the performance of the domestic industry has improved phenomenally since large Indian consumers have primarily sourced domestically; the improvement cannot be attributed to the anti-dumping duty alone. It cannot be assumed that users would not shift back to imports, in the absence of duty.
- g. Imports were taking place when the industry was at a nascent stage and did not have economies of scale with cutting-edge technology.
- h. There is no evidence of likelihood of dumping and injury in the absence of duty, particularly in view of the trend of low import volumes, and increase in import prices. This shows that the exporters were under no compulsion to reduce their prices to gain increased volumes.
- i. The findings of the European Commission concerning capacities are based on estimates of the petitioner in the European Union and cannot be relied on. In any case, the findings determine the capacity utilization of the Chinese industry at \*\*%, which is optimal and does not indicate the likelihood of increased exportation.
- j. A perusal of the complete findings of the European Commission, rather than selective reading by the applicants, shows the absence of likelihood. The findings show that the imports from China were not a cause of injury, but the Commission extended the duty given the negative situation faced by the Union industry.
- k. While the Indian producers can utilize only \*\*% of their capacity domestically, the Chinese producers can utilize \*\*%, implying lower freely disposable capacity.
- l. There are no significant inventories for the product, as the goods are tailor-made. No evidence of inventories has also been given by the applicants.
- m. Despite the low duty applicable, the exporters have not exported the subject goods to India, which shows the absence of the likelihood of dumping or injury in the event of expiry of duty.

## **H2. Submissions by the domestic industry**

- 61. The following submissions have been made by the domestic industry with regard to the injury, causal link and likelihood of dumping and injury:
  - a. The domestic industry has not suffered injury because the anti-dumping duties are in force.
  - b. Injury and causal link are not required to be established in a sunset review as held by the CESTAT in P.T. Asahimas Chemicals V. Designated Authority and held by the Panel in the US – OCTG from Mexico.
  - c. Contrary to the submissions of the other interested parties, the capacity utilization of the domestic industry is higher than the Chinese industry, which would lead to a lower cost of production for the domestic industry. Thus, the cost undercutting is more significant when viewed from the fact that the landed price of imports is due to the higher cost of production of the Chinese industry.
  - d. As opposed to submissions of the other interested parties, continuation of anti-dumping duty is based on whether there is a likelihood of continuation/recurrence of dumping and injury.

- e. In case of the expiry of anti-dumping duties, the domestic industry cannot compete with unfair prices charged by the Chinese exporters.
- f. The other interested parties have not furnished any evidence regarding the claim that consumers will not shift to imports in case of the expiry of anti-dumping duties. In such a case, there was no incentive for the exporters to even participate in the present investigation.
- g. The consumers compare the prices offered to them by exporters from China and the prices offered by the domestic industry. There are hectic price negotiations where the lowest prices offered are considered by the OEMs even if such prices are dumped and below the cost of production of the domestic industry.
- h. Contrary to the submissions of the other interested parties, the volumes of exports to India are low as the demand in after-market is below \*\*\*%. OEMs are reluctant to switch to an exporter as the anti-dumping duties may increase pursuant to mid-term review and retrospective duties may be applied in case of absorption review.
- i. While the raw material cost of the domestic industry has increased by \*\*\*% during the injury period, the landed price has increased only by \*\*\*%.
- j. The dumping of subject goods has continued in India. The dumping margin is higher if the export price to OEMs is compared with selling price of the domestic industry to OEMs.
- k. The dumping of subject goods increased post-reduction of anti-dumping duty during the first sunset review and reduced post-enhancement of anti-dumping duty after the mid-term review investigation.
- l. There are overcapacities in China PR. CITIC Dicastal group alone has capacities 10 times the demand in India.
- m. While the applicants did not have the information about inventories, the Authority may check inventories from the responses filed by the participating exporters. The largest producer of the subject goods in China has not participated, hence, the inventories of the participating producers may not be reflective of the situation in the subject country.
- n. While Chinese producers are operating at 80.6% capacity utilization, in case capacity utilization is increased by 1%, they will be able to cater to a 22% share of demand in India.
- o. In case Chinese producers can utilize 4.6% more capacities, they will be able to cater to the total demand in India.
- p. While the other interested parties have claimed 81% capacity utilization is optimum, the domestic industry is operating at higher capacity utilization and one of the domestic producers has achieved 91% capacity utilization, thus, 81% cannot be claimed optimum.
- q. The capacity utilization of Zhejiang Shuguang Industrial Co., Ltd. has declined during the period of investigation which may be used to export to India.
- r. Contrary to the submissions of the other interested parties, the European Commission has issued the findings by relying upon the capacity utilization figures and the said cannot be claimed to be unreliable.
- s. As opposed to the claims of the other interested parties, the applicants have relied upon only the likelihood information from the findings issued by the EC and not the findings themselves.

- t. The selling price of Zhejiang Jinfei Kaida Wheel Co., Ltd. for exports to India has not increased in line with the increase in selling price in the domestic market and exports to other countries.
- u. The growth rate in India is higher than the global growth rate, making India a price-attractive market.
- v. The producers from China PR face trade remedial measures in other jurisdictions such as Argentina, the Eurasian Economic Union and the European Union.
- w. The largest consumers of the product include China, USA and India. Chinese producers have lost markets in these countries due to the imposition of trade remedial measures and deteriorating trade relationships.
- x. The landed price of imports is below the cost of sales and selling price of the domestic industry.
- y. The subject imports are undercutting the prices of the domestic industry. Price undercutting is higher in case the likely price to OEMs is compared with the selling price of the domestic industry.
- z. In case of cessation of anti-dumping duty, the low-priced imports are likely to adversely impact the profitability of the domestic industry. The domestic industry will incur losses, decline in cash profits and record a negative return on capital employed.
- aa. Contrary to the submissions of the other interested parties, imports were entering India even after the anti-dumping duty had been imposed. The volumes of imports were reduced only due to the apprehension of the consumers that the prices might increase due to an increase in anti-dumping duty pursuant to the mid-term review investigation.
- bb. The Chinese producers have an unfair advantage over the Indian industry as the prices of aluminium in China are fixed as per Shanghai Metal Exchange prices which are lesser than London Metal Exchange prices.
- cc. The largest producer of the product under consideration in China is a government-held company and can procure aluminium at prices below the SME prices. The largest aluminium supplier in China is CHALCO which is also a government-held entity.
- dd. Due to the cheaper price of aluminium the Chinese producers have an unfair advantage over the Indian industry in the range of 15-20%.
- ee. There are high export duties in China PR for exports of aluminium which leads to a lowering of domestic prices of aluminium.
- ff. The prices of aluminium are distorted in China which is evident from the fact that several jurisdictions have levied trade remedial measures on imports of aluminium products from China.
- gg. The incidence of freight is negligible on imports of the product under consideration; hence, the importers do not incur any additional cost for importing the product.
- hh. Contrary to the submissions of the other interested parties, the export orientation of the domestic industry is not a relevant parameter for the determination of likelihood in the present investigation.
- ii. Likelihood has to be seen for the subject country as a whole and not for individual exporters. In any case, the response filed by the exporter shows that the production of the exporter has reduced, exports to India have increased while domestic sales have

reduced, inventories have increased and the price of exports to India have not increased in line with the price of exports to third countries.

### H3. Examination by the Authority

62. The Authority has examined the arguments and counter-arguments of the interested parties with regard to injury to the domestic industry. The injury analysis made by the Authority hereunder addresses the various submissions made by the interested parties.

#### H.3.1. Assessment of demand / apparent consumption

63. The Authority has defined, for the purpose of the present investigation, demand or apparent consumption of the product under consideration in India as the sum of domestic sales of the domestic industry and other Indian producers and imports from all sources. The demand so assessed is given in the table below.

Particulars	Unit	2019-20	2020-21	2021-22	POI
Domestic Industry	MT	***	***	***	***
Trend	Indexed	100	150	224	326
Other Producers	MT	***	***	***	***
Trend	Indexed	100	144	151	179
Subject imports	MT	9,268	6,364	3,737	2,492
Other imports	MT	4,954	2,229	3,468	1,147
Demand	MT	45,222	54,487	69,733	90,658

64. It is seen that the demand for the subject goods has increased throughout the injury period.

#### H.3.2. Volume effect of the dumped imports

65. With regard to the volume of the dumped imports, the Authority is required to consider whether there has been a significant increase in dumped imports, either in absolute terms or relative to production or consumption in India. For the purpose of injury analysis, the Authority has relied on the transaction-wise import data procured from DGCI&S. The import volumes of the subject goods from the subject country and share of the dumped imports during the injury period and the period of investigation are as follows:

Particulars	Unit	2019-20	2020-21	2021-22	POI
Subject imports	MT	9,268	6,364	3,737	2,492
Other imports	MT	4,954	2,229	3,468	1,147
Total	MT	14,221	8,593	7,205	3,639
Subject countries import in relation to					
Domestic production	%	29%	14%	6%	3%

Consumption	%	20%	12%	5%	3%
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66. It is seen that:
- a. The volumes of subject imports have declined over the injury period.
  - b. The subject imports have also declined in relation to domestic production and consumption over the injury period.
67. The domestic industry has submitted that all imports have been made exclusively for the after-market, which represents only 5% of the total demand. Given the limited demand in the after-market, these imports constitute a significant portion of this demand. The domestic industry has further emphasized that if we consider the after-market demand as 5% of the total demand, it implies that the demand for the PUC in the after-market was approximately 4533 Metric Tons (MT). Therefore, the volume of imports during the POI made up 55% of the after-market demand for the product.

### H.3.3. Price effect of the dumped imports

68. In terms of Annexure II (ii) of the Rules, with regard to the effect of the dumped imports on prices, the Authority is required to consider whether there has been a significant price undercutting by the dumped imports as compared with the price of the like product 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. In this regard-, a comparison has been made between the landed price of imports from the subject country with the net sales realization of domestic industry for the subject goods.

#### a. Price undercutting

69. To determine price undercutting, a comparison has been made between the landed value of the product and the average selling price of the domestic industry, net of all rebates and taxes, at the same level of trade. The prices of the domestic industry were determined at the ex-factory level.

Particulars	UOM	POI
Landed Price	₹/MT	3,83,181
Net selling price	₹/MT	***
Price undercutting	₹/MT	***
Price undercutting	%	***
Price undercutting	Range	10-20

70. It is noted that the landed price of imports from the subject country was below the prices of the domestic industry during the period of investigation. The imports are thus likely to undercut the prices of the domestic industry in the market in the event of cessation of anti-dumping duties.

**b. Price suppression/depression**

71. To determine whether the effect of imports was to depress prices to a significant degree or prevent price increases that otherwise would have occurred in the normal course, the Authority has examined the changes in the costs and prices of the domestic industry over the injury period.

Particulars	Unit	2019-20	2020-21	2021-22	POI
Cost of sales	₹/MT	***	***	***	***
Trend	Indexed	100	93	110	120
Selling price	₹/MT	***	***	***	***
Trend	Indexed	100	89	109	118
Landed price	₹/MT	3,43,206	3,61,372	3,57,898	3,83,181
Trend	Indexed	100	105	104	112
Landed price + anti-dumping duties	₹/MT	4,97,264	5,23,098	5,19,946	5,57,461
Trend	Indexed	100	105	105	112

72. It is seen that barring 2020-21, the cost of sales as well as the selling price of the domestic industry increased over the injury period. Further, the increase in the selling prices was higher than the increase in the cost of sales. The domestic industry has, therefore, not faced any suppressing or depressing effects on its prices due to dumped imports, because of anti-dumping duties in place. It is, however, seen that the landed price of the subject imports was below the cost of sales of the domestic industry throughout the injury period, except for 2020-21. Thus, the domestic industry is likely to face imports below its cost of sales in the event of cessation of anti-dumping duties.

**H.3.4. Economic parameters of the domestic industry**

73. Annexure II to the Anti-Dumping Rules requires that the determination of injury shall involve an objective examination of the consequent impact of dumped imports on the domestic producers of such products. With regard to the consequent impact of dumped imports on the domestic producers of such products, the Rules further provide that the examination of the impact of the dumped imports on the domestic industry should include an objective and unbiased evaluation of all relevant economic factors and indices having a bearing on the state of the industry, including actual and potential decline in sales, profits, output, market share, productivity, return on capital employed 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. The various injury parameters relating to the domestic industry are discussed below.

a. **Production, capacity, capacity utilization and sales volumes**

74. The performance of the domestic industry with regard to capacity, production, sales and capacity utilization over the injury period was as below:

Particulars	Unit	2019-20	2020-21	2021-22	POI
Capacity	MT	43,640	56,180	75,030	85,760
Trend	Indexed	100	129	172	197
Production	MT	21,945	30,699	49,501	72,284
Trend	Indexed	100	140	226	329
Capacity Utilization	%	50	55	66	84
Trend	Indexed	100	109	131	168
Domestic Sales	MT	21,419	32,082	48,011	69,894
Trend	Indexed	100	150	224	326

75. It is seen that

- a. The domestic industry has enhanced capacity throughout the injury period. The capacity of the domestic industry has almost doubled over the injury period;
- b. Production and sales of the domestic industry increased significantly over the injury period. The domestic industry was able to more than triple its production and sales during the injury period.
- c. The capacity utilization of the domestic industry improved significantly over the injury period. The domestic industry was able to improve its capacity utilization despite the increase in its capacities.

b. **Market share**

76. The market share of the dumped imports and domestic industry have been examined below:

Particulars	Unit	2019-20	2020-21	2021-22	POI
Domestic industry	%	47.36	58.88	68.85	77.10
Other Indian producers	%	21.19	25.35	20.82	18.89
Subject imports	%	20.49	11.68	5.36	2.75
Other imports	%	10.95	4.09	4.97	1.27
Indian industry as a whole	%	68.55	84.23	89.67	95.99
Imports as a whole	%	31.45	15.77	10.33	4.01

77. The Authority notes that the market share of the domestic industry and the Indian industry as a whole has increased throughout the injury period. On the other hand, the market share of the subject and other imports has declined. It is seen that the Indian industry as a whole is now predominantly catering to the Indian market for the product

c. **Inventories**

78. The inventory position of the domestic industry over the injury period is given in the table below:

Particulars	Unit	2019-20	2020-21	2021-22	POI
Average stock	MT	1,201	486	723	1,645

79. It is seen that the inventories in the domestic industry have increased during the period of investigation.

**d. Profitability, cash profits and return on capital employed**

80. Profits, cash profits and return on capital employed by the domestic industry over the injury period are given in the table below:

Particulars	Unit	2019-20	2020-21	2021-22	POI
Cost of sales	₹/MT	***	***	***	***
Trend	Indexed	100	93	110	120
Selling price	₹/MT	***	***	***	***
Trend	Indexed	100	89	109	118
Profit / (loss)	₹/MT	***	***	***	***
Trend	Indexed	100	30	105	89
Profit / (loss)	₹ Lacs	***	***	***	***
Trend	Indexed	100	44	236	292
Cash profits	₹ Lacs	***	***	***	***
Trend	Indexed	100	85	167	212
Return on capital employed	%	***	***	***	***
Trend	Indexed	100	59	114	152

81. It is seen that:

- i. While the profitability of the domestic industry has declined over the injury period, it has earned adequate profits during the injury period.
- ii. The cash profits and return on capital employed earned by the domestic industry increased over the injury period.

**e. Employment, wages and productivity**

82. The Authority has examined the information relating to employment, wages and productivity, as given below:

Particulars	Unit	2019-20	2020-21	2021-22	POI
Employees	Nos.	2,488	2,733	3,677	4,170
Trend	Indexed	100	110	148	168
Productivity per day	MT/Day	61	87	140	204

Trend	Indexed	100	142	229	334
Productivity per employee	MT/Nos	35	43	57	72
Trend	Indexed	100	122	160	204
Wages	₹ Lacs	***	***	***	***
Trend	Indexed	100	113	177	277

83. It is seen that

- a. The number of employees deployed by the domestic industry in production and sales of the domestic industry have increased over the injury period. The domestic industry added capacities over the injury period, and the same also led to an increase in employment.
- b. Wages paid by the domestic industry have increased over the injury period. The increase in wages paid by the domestic industry was in response to an increase in capacity and employment. However, wage cost per unit of production declined over the injury period.
- c. The productivity per day and the productivity per employee increased over the injury period.

**f. Growth**

Particulars	Unit	2019-20	2020-21	2021-22	POI
Capacity	%	-	29	34	14
Production	%	-	40	61	46
Domestic sales	%	-	50	50	46
Profit/(loss) before tax	%	-	56	432	23
Cash profits	%	-	-15	96	27
Return on capital employed	%	-	-4	5	4

84. It is seen that the growth of the domestic industry with regard to both the volume and profitability parameters improved over the injury period.

**g. Ability to raise capital investment**

85. It is seen that the domestic industry invested in capacity creation over the injury period. The domestic industry's ability to raise capital investment improved during the period of anti-dumping duties.

**h. Magnitude of dumping**

86. The dumping margin determined by the Authority in the present investigation is positive and significant. The domestic industry has submitted that while dumping has continued in India, such dumping has not caused injury to the domestic industry due to anti-dumping duty in force. The domestic industry stated, and other interested parties have not disputed, that the

present imports of the product were limited only to after-market, where demand for the product under consideration is limited to the extent of about 5% of the total demand for the product in the country.

**I. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF DUMPING AND INJURY**

- 87. The present investigation being a sunset review investigation, and the fact that the domestic industry is not suffering current injury is not sufficient to conclude whether the duties may be discontinued. In a sunset review investigation, the Authority is required to analyze whether cessation of the measure is likely to result in the continuation or recurrence of dumping and injury to the domestic industry.
- 88. The applicants claimed that the domestic industry is likely to suffer injury in case the anti-dumping duties in force is allowed to cease at this stage. The Authority has examined the following factors to ascertain whether cessation of duty is likely to lead to dumping and consequent injury to the domestic industry.

**II. Continued dumping despite the existence of anti-dumping duty**

- 89. The domestic industry has asserted that the current imports are predominantly in the after-market segment. They have further argued that due to the supplementary costs associated with selling the product in the after-market, foreign manufacturers are likely to offer reduced/lower prices for supplies to Original Equipment Manufacturers (OEMs). The domestic industry has assessed and quantified these additional costs and suggested that they should be deducted from the export price to ascertain the potential price at which Chinese manufacturers are likely to sell the product to the OEMs. The domestic industry has contended and strongly anticipated that, given the consumer nature in the after-market, these consumers are likely to secure a price lower than the current export price, equivalent to the cost differences. It is observed that the dumping margin of probable exports would be significantly higher if Chinese manufacturers were to decrease their prices by an amount equivalent to the additional costs incurred in selling in the after-market. The Authority has also calculated the probable dumping margin in the event that the goods are supplied by Chinese manufacturers, by adjusting the export price for the cost differences. The likely dumping margin in such a situation is as below.

<b>Particulars</b>	<b>Unit</b>	<b>After-market</b>	<b>OEMs</b>
Normal Value	\$/MT	***	***
Export Price	\$/MT	3,949	***
Dumping Margin	\$/MT	***	***
Dumping Margin	%	***	***
Range		20-30	30-40

**12. Performance of domestic industry during the existence of present duties and likelihood of injury in the event of cessation of the duties**

<b>Particulars</b>	<b>Unit</b>	<b>Amount</b>
Normal Value	\$/MT	***
Export Price	\$/MT	3,949
Dumping Margin	\$/MT	***
Dumping Margin	%	***
Dumping Margin	%	20-30
Anti-dumping duties	\$/MT	2,150
Export Price after anti-dumping duties	\$/MT	6,099
Dumping Margin	\$/MT	(***)
Dumping Margin	%	(***)
Dumping Margin	Range	(Negative)

<b>Particulars</b>	<b>Unit</b>	<b>Amount</b>
Non-Injurious Price	Rs/MT	***
Landed Price	Rs/MT	3,83,181
Injury Margin	Rs/MT	***
Injury Margin	%	***
Injury Margin	Range	10-20
anti-dumping duties	\$/Kg	2.15
anti-dumping duties	Rs/MT	1,74,280
Landed after anti-dumping duties	Rs/MT	5,57,461
Injury Margin after anti-dumping duties	Rs/MT	(***)
Injury Margin after anti-dumping duties	%	(***)
Injury Margin after anti-dumping duties	Range	(Negative)

90. The Authority notes from the above tables that the dumping and injury margins are negative in the presence of the existing anti-dumping duties. price undercutting with anti-dumping duties is negative, while the same are positive without the duties.

**13. Imports affecting prices of the domestic industry**

91. The applicants have presented correspondences with purchasers before the Authority, demonstrating the character and scope of price negotiations. The Authority, in light of the

same, observes that while the vendors of the goods provide a quote for the intended sale product, the customers propose a counteroffer at the price they are prepared to pay, which is usually pegged with the cheapest available prices from multiple sources. It is further observed that there are recurrent negotiations and cycles of offer and counter-offer between the manufacturers and consumers. Consequently, it is evident that consumers determine prices based on the price offers accessible to them from various sources, whether domestically or via imports. The consumers have requested the suppliers to decrease their prices to align with import prices. Hence, in the absence of duties, imports are likely to significantly influence the prices.

#### **14. Switching of imports from after-market to OEMs**

92. Aluminium alloy road wheels are a type of automotive wheel that are made from aluminium alloy, which is a mixture of aluminium and other metals such as magnesium, silicon, zinc, etc. Aluminium alloy road wheels have several advantages over steel-based wheels, such as being lighter, stronger, more resistant to corrosion and heat, and more aesthetically pleasing. Aluminium alloy road wheels are widely used in passenger cars and commercial vehicles across the world.
93. The aluminium alloy road wheels industry can be divided into two main segments: OEM and Aftermarket. OEM stands for Original Equipment Manufacturer, which refers to the companies that produce and supply aluminium alloy road wheels to the original vehicle manufacturers (OEMs). Aftermarket refers to the companies that sell and install aluminium alloy road wheels to the end-users or customers of the vehicles.
94. The OEM segment benefits from several factors, such as:
  - High demand for lightweight and fuel-efficient vehicles from OEMs
  - Increasing adoption of carbon fiber technology in automotive industry
  - Rising preference for premium and luxury vehicles from OEMs
  - Strong distribution network and brand loyalty of OEMs
  - Lower production cost and higher profit margin of OEMs
95. The after-market segment benefits from few factors, such as:
  - Growing popularity of customized and personalized vehicles among customers
  - Rising disposable income and purchasing power of customers
  - Expanding distribution channels and online platforms for aftermarket sales
  - Increasing competition among aftermarket players
96. As per various reports available in the public domain, the aluminium alloy road wheels industry will be dominated by the OEM segment because of the following reasons:
  - The OEM segment has a higher market share and growth rate than the aftermarket segment.

- The OEM segment has more advantages over the aftermarket segment in terms of production cost, quality, performance, durability, safety, design, and customer satisfaction. The OEM segment benefits from lower raw material cost, higher production efficiency, better quality standards, higher profit margin, stronger distribution network and brand loyalty of OEMs
  - The OEM segment has more opportunities to innovate and differentiate itself from the aftermarket segment by introducing new technologies such as forged alloys, electric vehicles, connected cars, etc., that can meet or exceed the requirements of customers and comply with environmental regulations
97. Therefore, it is likely that the future will be dominated by the OEM segment in the aluminium alloy road wheels industry. However, this does not mean that the aftermarket segment will totally disappear or become irrelevant. But it remains a reality that the after-market is just a replacement market and majorly operates and thrives on foundation of OEM market.
98. An apprehension emerged during the oral hearing that switching from an aftermarket segment to OEMs and taking ARAI approvals is a long-drawn process and approximately takes 2 years. So, the domestic industry's concern of imports getting diverted to OEMs and causing injury thereof in the event of cessation of existing duties is ill-founded. In this regard, the domestic industry has submitted the following:
- a) Development of a product for an already launched vehicle  
Producers demand wheels for vehicles already launched, so manufacturers can reverse engineer designs and produce them without requiring a new supplier. ARW manufacturers can switch moulds and mass produce a product developed by another manufacturer, taking approximately 2 months to switch over to an OEM for a product already in the market.
  - b) Development of a new product for a new vehicle  
The ARW industry is given a plan 1.5-2 years before a vehicle's facelift or the introduction of a new vehicle, where they develop the design and product, and begin mass production. This process takes approximately 2 years, allowing ARW producers enough time to develop wheels for the new vehicle.
  - c) ARAI approval requirements  
ARAI approvals are required for producers of products under consideration. The process takes 4-6 weeks and involves a valid BIS license, application on the BIS portal (an online process), testing at ARAI or ICAT, submission of test reports, and approval. The overall process takes 4 to 6 weeks, depending on the occupancy of the lab.
99. Based on the above submissions, the Authority notes that the apprehensions of the domestic industry are not baseless and there is a strong likelihood of imports quickly taking over the OEM market in India in the event of cessation of existing anti-dumping duties and causing injury due to the price differential and character/scope of price negotiations as noted in relevant paragraphs.

## 15. Reduction in imports and dumping due to anti-dumping duty

100. The Authority notes that the volume of the subject imports has reduced over the injury period in the instant investigation. Further, the share of subject imports in demand has also reduced substantially as compared to the original investigation as well as the first sunset review investigation.

**Table – volume of imports and share of China in consumption**

Year	Imports	Year	Imports	Year	Imports
Import volumes					
2009-10*	3,066	2014-15	15,236	2019-20	9,268
2010-11*	4,719	2015-16	16,185	2020-21	6,364
2011-12*	12,039	2016-17	14,481	2021-22	3,737
Jul'11 - Jun'12*	12,497	2017-18	16,501	POI	2,492
Share of imports in demand					
2009-10*	42%	2014-15	48%	2019-20	20%
2010-11*	48%	2015-16	44%	2020-21	12%
2011-12*	75%	2016-17	31%	2021-22	5%
POI*	76%	2017-18	24%	POI	3%

## 16. Significant unutilized production capacities held by Chinese producers

101. The Authority examined the extent of unutilized production capacities with the Chinese producers. The Authority notes that the questionnaire prescribed requires the Chinese producers to provide information with regard to capacity, production and consumption in China. However, none of the participating Chinese producers have provided relevant information. Since the participating Chinese producers have preferred non-cooperation to this extent, the Authority has relied upon information available on record in this regard.
102. It is noted that the European Commission (EC) has earlier conducted a sunset review of the anti-dumping duty imposed on imports of Aluminium Alloy Road Wheels from China, wherein the final findings were notified on 18<sup>th</sup> January 2023. The said finding contains information on unutilized production capacities in China. It is noted that the EC decided to extend the existing anti-dumping duties based on these unutilized production capacities in China. The information published by the EC is as follows. Further, this information has been compared with the demand for the product in the country to ascertain the extent of injury that can be caused by these unutilized production capacities.

**Figures in million wheels**

Particulars	Volume
Capacities	189.8

Production	153
Capacity utilization	80.6%
Domestic demand in China	108
Current Exports from China	45
Excess or unutilized capacities	36
Demand in India	8.63
Excess capacities in relation to Indian demand	417%
China's exports in relation to Indian demand	521%

103. The data reveals that China possesses excess capacities amounting to 36 million wheels, a volume that is fourfold the demand in India. A mere 1% increase in the utilization of these production capacities by Chinese manufacturers would command over 22% of the Indian market. Furthermore, an additional 5% capacity utilization could satisfy the entire demand within India. During the period of investigation (POI), it was observed that the domestic industry's weighted average capacity utilization stood at 84%. Consequently, if Chinese producers were to achieve a similar level of plant utilization as the domestic industry, they would undeniably capture a significant portion of the Indian market.
104. The Authority has additionally analysed potential additional production by the Chinese exporters, considering (a) the average capacity utilization of domestic industry and (b) the highest capacity utilization by the constituent of the domestic industry.

Particulars	Figures in million wheels	
	Volume (considering average capacity utilization of domestic industry)	Volume (considering highest capacity utilization of domestic producer)
Capacities	189.8	189.8
Capacity utilization	84.19%	*** %
Likely Production	159.79	***
Domestic demand	108	108
Current Exports	45	45
Additional production available for export	6.79	***
Demand in India	8.78	8.78
Additional production in relation to Indian demand	77%	***

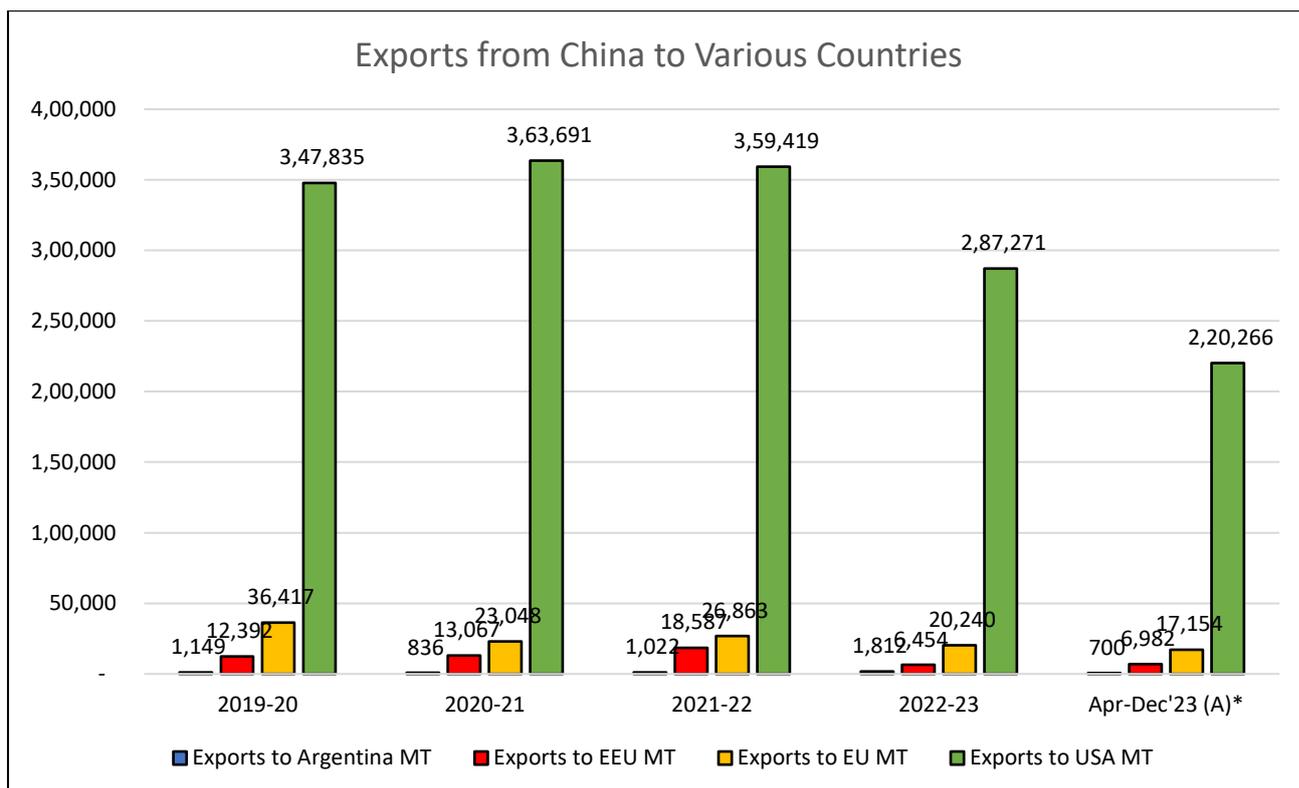
105. It is observed that Chinese manufacturers have established such extensive production capacities that, even after exporting to numerous countries, they still possess a significant amount of unused capacity. This surplus capacity is so substantial that a slight increase in their capacity utilization could potentially fulfill the entire demand of the Indian market. Chinese

exporters are in a position to meet a large portion of the Indian demand without having to divert any exports from third countries to India, simply by enhancing the utilization of their existing capacities to match the level of capacity utilization of the domestic industry in India. Moreover, if the Chinese manufacturers were to augment their production capacity utilization to match the highest capacity utilization achieved by the domestic producer in India, the additional production generated in China would exceed twice the demand in India. This scenario underscores the potential threat posed by Chinese entities to the domestic industry if they were to fully utilize their unused capacities.

#### **I7. Measures imposed by other countries**

106. The applicants have highlighted that the Chinese producers of Aluminium Alloy Road Wheels are facing trade remedial measures in Argentina, the European Union and the Eurasian Economic Union. The applicants have further submitted that due to trade conflict with the USA, Chinese producers are facing difficulty in exporting their products to the USA.
107. The imposition of measures by various countries has impacted the volume of exports from China to these countries. The Authority notes that there are four major markets for the product under consideration, which include China, India, European Union and USA. The volume of exports from China to the major markets, and particularly, the jurisdictions wherein anti-dumping duties are imposed, have declined over the period. It is seen that Chinese producers lost a market of about 1.53 lakh MT to these markets alone, which constitutes a stupendous 168% of Indian demand. In other words, the volume lost by the Chinese producers in these markets is much more than the consumption in India.

<b>Exports from China (MT)</b>					
<b>Particulars</b>	<b>Total</b>	<b>Argentina</b>	<b>EU</b>	<b>EEU</b>	<b>USA</b>
2019-20	3,97,793	1,149	36,417	12,392	3,47,835
2020-21	4,00,642	836	23,048	13,067	3,63,691
2021-22	4,05,891	1,022	26,863	18,587	3,59,419
2022-23	3,15,777	1,812	20,240	6,454	2,87,271
Apr-Dec '23(Annualised)	2,45,102	700	17,154	6,982	2,20,266
Change over the period (%)	-38%	-39%	-53%	-44%	-37%
Volume of market loss for China	1,52,691				
Indian demand	90,648				
Loss of market for China in relation to Indian demand	168%				



## 18. Attractiveness of the Indian market

108. The applicants have claimed that the Indian market is attractive since the growth rate for the downstream industry in India is higher than the global growth rate. The growth rate for consumption of aluminium alloy road wheels is 8.5%. However, the Indian demand has increased by 10-30% in the previous four years, thus, making India an attractive market for Chinese producers.
109. The applicants have submitted that India is also a price-attractive market for a significant volume of exports from China. Since the Chinese producers are likely to get a better price in India, it is evident that the Chinese producers are likely to divert their third countries' exports to the Indian market. The information provided by the applicants is as under:

Particulars	Volume in MT
Exports from China to rest of the world at prices below Indian prices	1,18,547
Indian demand	90,658
Low priced third countries exports in relation to Indian demand	131%

## 19. Imports entering at prices that are likely to undercut the domestic prices and are therefore likely to increase the demand for Chinese products in the market

110. The subject imports are already undercutting the prices of the domestic industry. Further, the domestic industry contended that the Chinese producers are likely to offer a price lower than the current prices considering the cost savings they are likely to achieve in selling to the OEM. If price undercutting is determined after adjusting for such cost savings, it is seen that price undercutting would be much higher in the event of the expiry of duty.

Particulars	Unit	Aftermarket	OEM
Landed Price	₹/MT	3,83,181	***
Net selling price	₹/MT	***	***
Price undercutting	₹/MT	***	***
Price undercutting	%	***	***
Price undercutting	Range	10-20	20-30

**I10. Imports entering at prices that are likely to suppress or depress the prices of the domestic industry to a significant degree**

111. The subject imports are already entering at a price that is below the cost of production of the domestic industry. Further, should the Chinese producers reduce their prices for supplies to OEM to reflect cost savings to them, it is seen that the subject imports shall be materially below the cost of production of the domestic industry. It is thus seen that imports are likely to result in a significant suppressing/depressing effect on the prices of the domestic industry in the event of cessation of anti-dumping duties.

112.

Particulars	Unit	Aftermarket	OEM
Landed Price	₹/MT	3,83,181	***
Cost of production	₹/MT	***	***
Cost undercutting	₹/MT	***	***
Cost undercutting	%	***	***
Cost Undercutting	%	5-15	10-20

**I11. Imports were entering below the cost of sales in the majority of the injury period**

113. It is seen that the subject imports were entering the Indian market at prices lower than the cost of sales of the domestic industry in the majority of the injury period.

Particulars	Unit	2019-20	2020-21	2021-22	2022-23
Cost of Sales	₹/MT	***	***	***	***
Trend	Indexed	100	93	110	120
Selling Price	₹/MT	***	***	***	***
Trend	Indexed	100	89	109	118
Raw material	₹/MT	***	***	***	***

Trend	Indexed	100	100	136	153
Landed Price	₹/MT	3,43,206	3,61,372	3,57,898	3,83,181
Trend	Indexed	100	105	104	112

114. The Authority notes that the landed price of subject imports was below the cost of sales of the domestic industry during the injury period barring 2020-21. Further, the landed price has not increased in tandem with raw material costs. While the raw material cost of the products has increased by 53% over the injury period, the landed price has increased only by 12%.
115. The domestic industry has not suffered injury only due to anti-dumping duty. In case of cessation of anti-dumping duty and increase in the volume of imports, the lower priced imports are likely to adversely affect the domestic industry.

**I12. Likely performance of the domestic industry in case of cessation of anti-dumping duty**

116. In the event of the expiry of anti-dumping duty, the domestic industry is likely to be forced to compete with Chinese imports. At the present import prices, the domestic industry is likely to suffer injury in terms of financial losses, decline in cash profits and negative return on capital employed.

Particulars	Unit	Actual	Likely	Change
Cost of sales	₹/MT	***	***	-
Selling price	₹/MT	***	***	-14%
Profit / loss	₹/MT	***	(***)	-262%
Domestic sales	MT	69,894	69,894	-
Profit / loss	₹ Lacs	***	(***)	-262%
Depreciation	₹ Lacs	***	***	-
Cash profits	₹/MT	***	(***)	-134%
Return on investment	%	***	(***)	-219%

**I13. Advantage to Chinese producers due to cheaper raw material.**

117. The applicants have submitted that the cost of production of the subject goods is lower in China due to the distortion of aluminium prices. The Authority notes that aluminium is the major raw material for production of the subject goods; and accounts for 60-70% of the cost of production. While aluminium is traded based on London Metal Exchange (“LME”) prices globally, it is traded based on Shanghai Metal Exchange (“SME”) prices in China. The SME captures the regional Chinese price through its solely Chinese delivery network, while the LME reflects the global price supported by its network of warehouses worldwide. This allows the SME to have a more direct influence on the prices in the Chinese market, which is one of the largest consumers of aluminium. Information provided by the domestic industry shows that SME prices are much lower than LME prices.

Month	LME	Additional cost for product type	CIF	After Custom Duty (8.25%) & Custom clearance (1%)*	SME (W/o 13% VAT)**	% Increase
Jan-22	3,003	335	3,338	3,647	2,949	24%
Feb-22	3,261	335	3,596	3,928	3,170	24%
Mar-22	3,538	335	3,873	4,231	3,162	34%
Apr-22	3,257	322	3,579	3,910	2,969	32%
May-22	2,826	322	3,148	3,440	2,699	27%
Jun-22	2,563	322	2,885	3,152	2,641	19%
Jul-22	2,402	298	2,700	2,949	2,388	24%
Aug-22	2,431	298	2,729	2,982	2,419	23%
Sep-22	2,230	298	2,528	2,762	2,333	18%
Oct-22	2,243	249	2,492	2,723	2,271	20%
Nov-22	2,335	249	2,584	2,823	2,302	23%
Dec-22	2,395	249	2,644	2,888	2,405	20%
Average 2022	2,707	301	3,008	3286	2,642	24%
Consumption factor						1.05
Share of input in product cost						60-70%
Impact on product cost						15-18%

**\*This is the price at which the producers in India are able to procure the raw material.**

**\*\*This is the price at which the material is offered to producers in the subject country.**

118. It is thus seen that the Chinese producers have a lower cost of production as compared to the Indian industry by about 15-18% on account of the difference in declared aluminium price alone.

119. The applicants have further emphasized that the largest producer in China, CITIC Dicastal Group is a government of China-held entity and can procure aluminium at prices even lower than prices declared on SME. The major supplier of aluminium in China is aluminium Corporation of China Ltd. (“CHALCO”), which is also a government-held entity. Thus, due to government intervention, the prices of aluminium are distorted in China to such an extent that not only the prices declared on the Shanghai exchange are lower than prices declared on

the LME, but also the Chinese producers of the subject goods are getting the raw material at a price lower than SME prices.

120. The information on record shows that exports of aluminium-based products from China are subject to export duties. The domestic industry has submitted that the prices of aluminium-based inputs are artificially suppressed in China due to such export duties.

HS No	Description of Product	Export Duty Rate (%)
76011000	Unwrought aluminium, not alloyed	30
76012000	Unwrought aluminium, alloyed	30

121. The Authority, therefore, notes that the prices of aluminium are distorted in China. The domestic industry submitted that this is the reason for various aluminium-based products in China attracting trade remedial measures in several jurisdictions globally as captured in the table given below.

Date	Product	Member imposing measures
17-12-2021	Aluminium Extrusions	United Kingdom
08-12-2021	Aluminium Converter Foil	European Union
22-02-2021	Aluminium Foil	Taiwan
25-09-2021	Aluminium Cookware	Eurasian Economic Union
15-06-2021	Plates, Sheets, and Strip, of Aluminium Alloys	Gulf Cooperation Council
01-01-2021	Aluminium Coils and Aluminium Circles	Ghana
06-11-2020	Aluminium Discs	Mexico
06-11-2020	Tubes of Aluminium	Argentina
24-10-2020	Aluminium Alloy Strips	Eurasian Economic Union
09-03-2020	Aluminium Foil	Argentina
26-02-2020	Aluminium Sheets	Argentina

122. Due to distorted and artificially low prices of aluminium in China, the cost of production of the Chinese producers is much lower than the cost of production of the Indian industry. In case of cessation of anti-dumping duty in force, there is a likelihood that the Chinese goods may enter India at dumped and injurious prices which is likely to cause injury to the domestic industry.

#### **I14. Low incidence of freight encouraging exports**

123. The applicants have submitted that the incidence of freight on imports of the product under consideration is negligible to the tune of 2% value of the product. Thus, there is no significant cost incurred in importation as compared to domestic procurement.

### **I15. Imports at injurious prices**

124. The Authority also notes that the imports are priced below the non-injurious price of the domestic industry. This shows that, in the absence of duties, imports are likely to enter the market at injurious prices, adversely impacting the performance of the domestic industry. Further, considering the cost advantages that shall accrue to the Chinese producers in selling to the OEM and resultantly lower prices that are likely to be offered by the Chinese producers to OEM, it is seen that the Chinese producers are likely to export the product at a price that shall be materially lower than NIP of the domestic industry. In fact, such prices shall be below the direct costs of the domestic industry, thus resulting in a situation where the domestic industry would not even recover its direct costs associated with the production and sale of the subject goods.

<b>Particulars</b>	<b>Unit</b>	<b>After-market</b>	<b>OEM</b>
Non-Injurious Price	₹/MT	***	***
Landed Price	₹/MT	3,83,181	***
Injury Margin	₹/MT	***	***
Injury Margin	%	***	***
Injury Margin	Range	10-20	20-30

### **J. Conclusion on likelihood of continuation or recurrence of dumping and injury**

125. The evidences on record shows that there is likelihood of continuation / recurrence of dumping and consequent injury to the domestic industry, in case of cessation of anti-dumping duty in force. This is evident from the following conclusion.

- a) Despite imposition of anti-dumping duty, dumping has continued in India. The dumping margin is positive and significant.
- b) The imports are majorly in the After Market segment where cost of production of product under consideration is higher, in case of cessation of anti-dumping duty, the imports to OEMs are likely to be made at prices lower than current prices.
- c) Dumping margin, injury margin and price undercutting are positive when considered without addition of the current anti-dumping duty in force. Dumping margin, injury margin and price undercutting are negative only after addition of anti-dumping duty to the landed price.
- d) The prices in India are determined by the consumers after hectic negotiations. The prices are determined as per the lowest prices available from all sources. In the absence of anti-dumping duty, the import prices are likely to have an adverse impact on the prices of the domestic industry.
- e) Major demand in the market is by the OEM. In case of cessation of anti-dumping duty, it is highly likely for the exporters to switch from after market segment to the OEM segment in a relatively shorter period compared to what has been contested by the interested parties.

- f) The volume of imports as well as share of imports in total demand has reduced since imposition of original anti-dumping duty as the exporters are unable to find a market in India at fair prices due to the current anti-dumping duty in place.
- g) There is significant surplus capacity in China PR. Excess capacities in China PR are more than 4 times the demand in India. Hence, the Chinese producers will not have to divert their ongoing exports in order to cater to Indian demand.
- h) A slight increase in the capacity utilization by the producers in China can cater to a substantial portion of the Indian demand. Further, if the Chinese producers increase their capacity utilization to the level of domestic producers, they can cater to more than twice the demand in India.
- i) Chinese producers have been adversely impacted due to imposition of trade remedial measures by various jurisdictions such as Argentina, Eurasian Economic Union and European Union. Further, such producers face difficulty in exporting to the USA due to trade issues which will make India a favorable destination for exports as soon as the current anti-dumping duties are ceased.
- j) The volume of exports from China PR to Argentina, Eurasian Economic Union, European Union and the USA have declined over the injury period. The decline in exports is 1.7 times the demand in India.
- k) India is an attractive market for exporters in China PR since growth rate in India is much more than the growth rate globally.
- l) India is also a price attractive market since significant exports from China PR, amounting to 1.3 times the Indian demand, have been made at prices lower than prices in India. Such exports are likely to be diverted to India in case of cessation of anti-dumping duty.
- m) The imports from China PR are undercutting the prices of the domestic industry. In case such imports are made by the OEMs, which consume the product under consideration with lower cost of production, the import price is likely to be lower leading to a higher price undercutting.
- n) The landed price of imports was below the cost of sales of the domestic industry. While the raw material price increased by 53% over the injury period, the landed price increased only by 12%.
- o) In the event of cessation of anti-dumping duty, the domestic industry will be forced to compete with low-priced imports. In such a case, the domestic industry is likely to incur financial losses, cash losses and negative return on capital employed.
- p) The cost of production in China is lower due to distorted Aluminium prices. The Chinese manufacturers are able to procure Aluminium at SME prices which are lower than LME prices at which the domestic industry is able to procure its raw material.
- q) The largest manufacturer of the product under consideration as well as Aluminium supplier are government-controlled entities. Due to government intervention in China PR, the Aluminium prices are distorted which brings the producers of alloy wheel at a much advantageous position to control the export prices.
- r) China PR has imposed export duties on export of Aluminium, which has artificially suppressed the domestic prices in the country. Due to artificially low prices of Aluminium, the cost of production of manufacturers in China is lower than the manufacturers in India.

- s) The incidence of freight on imports is only 2% of the value of the product. Hence, the consumers are likely to shift to importation in case of low-prices offered by the exporters post cessation of anti-dumping duty.
- t) The landed price of imports is below the non-injurious price of the domestic industry. In the absence of anti-dumping duty, the imports are likely to be made in the OEM segment at prices lower than the current prices. In such a case, the injury margin is likely to be higher.

## **K. MAGNITUDE OF INJURY MARGIN**

126. The Authority has determined the non-injurious price for the domestic industry based on principles laid down in the Rules read with Annexure III, as amended. The non-injurious price of the subject goods has been determined by adopting the verified information/data relating to the cost of production for the period of investigation. The non-injurious price has been considered for comparison with the landed price from China for calculating the injury margin. For determining the non-injurious price, the best utilisation of the raw materials by the domestic industry over the injury period has been considered. The same treatment has been carried out with the utilities. The best utilisation of production capacity over the injury period has been considered. It is ensured that no extraordinary or non-recurring expenses are charged to 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 product under consideration was allowed as pre-tax profit to arrive at the non-injurious price as prescribed in Annexure III of the Rules and being followed.
127. The Authority notes that in response to the comments on the disclosure statement, the domestic industry has challenged the accuracy of the value of the exported subject goods reported by the cooperative producer, alleging mismatch. The Authority re-verified the data reported by Shandong Shuangwang Aluminium Industry Co., Ltd. with the Indian customs data available to the Authority. Upon comparison, it was observed that while the volumes reported by the concerned producer closely align with the Indian customs data, there is a substantial discrepancy in the associated values. Consequently, the Authority is unable to accept the FOB price as reported in the Exporter's Questionnaire Response filed by the concerned producer and proceeded to compute the landed value for the said exporter using the Indian customs data.
128. Accordingly, the landed value for Shandong Shuangwang Aluminium Industry Co., Ltd. has been determined based on assessable value as reported in the Indian customs data.
129. Based on the landed prices and the non-injurious price, the injury margin for producers/exporters has been determined by the Authority and the same is provided in the table below.

S N	Name of Producer	Non-injurious price	Landed Price	Injury Margin	Injury Margin	Injury Margin
		(US\$/MT)	(US\$/MT)	(US\$/MT)	(%)	(Range%)
1	Shandong Shuangwang Aluminium Industry Co., Ltd.	***	***	***	***	10-20
2	Zhejiang Shuguang Industrial Co., Ltd.	***	***	***	***	0-10
3	Zhejiang Jinfei Kaida Wheel Co., Ltd.	***	***	***	***	10-20
4	Non-cooperative/residual exporters	***	***	***	***	40-50

## L. NON-ATTRIBUTION ANALYSIS

130. As per the Rules, the Authority, *inter alia*, is required to examine any known factors other than the dumped imports which at the same time are injuring the domestic industry, so that the injury caused by these other factors may not be attributed to the dumped imports. Factors that may be relevant in this respect include, *inter alia*, the volume and prices of imports not sold at dumped prices, contraction in demand or changes in the patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and the productivity of the domestic industry. It has been examined below whether factors other than dumped imports could have contributed to the injury to the domestic industry:

### a. Volume and prices of imports from third countries

131. It is noted that other than the subject imports, there are imports from Germany, Indonesia, Malaysia and Thailand. However, the prices of imports from Germany, Indonesia and Thailand are higher than the price of imports from the subject country.

132. While the price of imports from Malaysia is lesser than the price of imports from the subject country, the volume of imports is only 194 MT. Such volumes are not likely to cause any injury to the domestic industry as these are only 0.21% of the total demand in India. Further, the domestic industry has not suffered any injury during the period of investigation, as a result of such imports. This shows that imports from other countries are not likely to cause injury to the domestic industry.

### b. Contraction in demand

133. The Authority notes that the demand for the subject goods increased consistently through the injury period. Thus, the domestic industry is not likely to suffer on this account.

**c. Pattern of consumption**

134. It is noted that there is no change in the pattern consumption of the subject goods which is likely to cause any injury to the domestic industry.

**d. Conditions of competition and trade restrictive practices**

135. The Authority notes that the investigation has not shown any conditions of competition or trade restrictive practices that are likely to cause any injury to the domestic industry.

**e. Developments in technology**

136. It is noted that the technology for producing subject goods has not undergone any change and, therefore, is not likely to cause injury to the domestic industry.

**f. Productivity**

137. The Authority notes that the productivity of the domestic industry has increased over the injury period and, is not likely to cause injury to the domestic industry.

**g. Export performance of the domestic industry**

138. The Authority notes that the injury information examined hereinabove relates only to the performance of the domestic industry in terms of its domestic market. Thus, the injury likely to be suffered by the domestic industry cannot be attributed to the export performance of the domestic industry.

**M. INDIAN INDUSTRY'S INTEREST**

**M1. Submissions by other interested parties**

139. Other interested parties have made the following submissions with regard to the Indian industry's interest:

- a. In a situation when the domestic industry has not passed on the entirety of the anti-dumping duty, the performance improvement cannot be attributed to the duties.
- b. The Indian industry set the prices in the market, and the higher prices set by the Indian industry allowed exporters to achieve an increase in prices.

**M2. Submissions by the domestic industry**

140. The domestic industry has made the following submissions with regard to the Indian industry's interest:

- a. The anti-dumping duty has remedied the unfair dumping in India due to which the domestic industry is not suffering injury.

- b. Contrary to the contention of the other interested parties, the purpose of anti-dumping duty is price correction. Even if prices do not increase, the volume parameters of the domestic industry may increase remedying the injury.
- c. The reliance of the country on imports has declined as the market share of imports has reduced and that of the Indian industry has increased.
- d. The Indian industry has made significant investments in the country to set up capacities for domestic production.
- e. The capacities in India are higher than the present and potential demand in the country and there is no demand-supply gap in the country.
- f. The demand for the product under consideration has increased in India and hence, the downstream industry has not been impacted by the anti-dumping duty. The Automobile industry is one of the fastest-growing industries in India.
- g. The Indian industry can cater to almost the entire demand in India as well as export the product from India.
- h. Even though the Indian industry can cater to the total demand in India, there are alternate sources available for the procurement of subject goods as imports can be made from Germany, Indonesia, Malaysia and Thailand.
- i. There are 10 producers in India and the product is being imported from various sources, thus, the continuation of anti-dumping duty will not lead to the creation of a monopoly in India.
- j. Due to reduced dependence on imports and exports of the Indian industry, Forex's savings for India exceed ₹ 4,000 crores.
- k. The Indian industry has not taken any price advantage of the anti-dumping duty in force as it does not add anti-dumping duty to its prices.
- l. As opposed to the submissions of the other interested parties, the domestic industry does not set prices. The consumers negotiate the price as per the lowest price available to them.
- m. The demand for the upstream product has increased leading to investments being made by the upstream industry to produce the raw material in India.
- n. The Indian industry has become more competitive as the conversion costs, raw material consumption and utilities consumption have reduced.
- o. The Indian industry has reduced its prices and passed on the reduced costs to the consumers of the product.
- p. There is no adverse impact of continuation of anti-dumping duty in force which is evident from the fact that the downstream industry has not participated in the present investigation.
- q. The impact on the downstream industry is negligible.
- r. Any price increase in the downstream product will not impact the end consumers as the product under consideration is used in cars which are luxury products.
- s. The Indian industry is generating employment for 10,500 employees directly.
- t. The Indian industry for the subject goods has been consistently supplying to the downstream industry and has not faced any major shutdowns.

### **M3. Examination by the Authority**

141. The Authority underscores that the primary objective of anti-dumping duties is to rectify the injury inflicted upon the domestic industry by the unjust trade practices of dumping, thereby fostering an environment of open and equitable competition in the Indian market. This is not merely a regulatory measure, but a matter of national interest. The imposition or continuation of anti-dumping measures is not designed to curtail imports from the subject country arbitrarily. Rather, it is a mechanism to ensure a level playing field. The Authority acknowledges that the persistence of anti-dumping duties may influence the price levels of the product in India. However, it is crucial to note that the essence of fair competition in the Indian market will remain unscathed by the continuation of these measures. Far from diminishing competition, the continuation of anti-dumping measures serves to prevent the accrual of unfair advantages through dumping practices. It safeguards the consumers' access to a broad selection of the subject goods. Thus, anti-dumping duties are not a hindrance but a facilitator of fair-trade practices.
142. The Authority issued the initiation notification, inviting views from all interested parties including importers, users and consumers. An Economic Interest Questionnaire was also prescribed to allow various stakeholders, including the domestic industry, producers/exporters and importers/users/consumers to provide relevant information concerning the present investigation, including the possible effect of anti-dumping duty on their operations.
143. The Authority notes that the response to the Economic Interest Questionnaire, issued by it, was furnished solely by the domestic industry, Zhejiang Jinfei Kaida Wheel Co., Ltd and Zhejiang Haoyuan Industry Co., Ltd. It is further noted that only the exporters have voiced opposition to the continuation of the anti-dumping duty. Remarkably, none of the users of the subject goods has stepped forward to participate before the Authority or furnished a response to the Economic Interest Questionnaire. Despite the consumer industry being significantly larger than the domestic industry, and the current investigation presumably within its purview, there has been a conspicuous absence of participation. Furthermore, it is striking that no party has presented any evidence to indicate the adverse effect of the duties in force. This lack of evidence and silence of the stakeholders underscores the Authority's position and reinforces the necessity of anti-dumping measures to ensure fair trade practices.
144. The Authority notes that the demand for the subject goods in India has increased consistently since the imposition of anti-dumping duty. The demand has grown by 462% in India during the period of investigation as compared to the demand during the original investigation. The Automobile industry has thrived in India and has not indicated any evidence of adverse impact of duties.
145. The domestic industry has highlighted that the users are not adversely impacted by the duties because of the low impact of the duties on the end product. The domestic industry has submitted the impact of measures on the end-consumers in the table below. The Authority

notes that the impact of anti-dumping duty on the consumer, whether of OEM segment or after-market segment will be to the tune of 0.27% or ₹ 3,282. In the case of a more expensive car, the percentage impact will decline.

<b>Particulars</b>	<b>Unit</b>	<b>Amount</b>
Wheels used in a car	No.	4
Weight per wheel	Kg/no.	10.33
Wheels used in a car	Kg	41.32
Price of car	Rs.	12,00,000
Anti-dumping Duty*	USD/kg	0.98
Impact	₹	3,282
Impact	%	0.27%

*\*Average of all duty rates in the previous investigation.*

146. The Authority further notes that the continuation of anti-dumping duty will not lead to scarcity of the subject goods in India. It is noted that anti-dumping duty does not restrict imports but ensures that imports are available at fair prices. The continuation of duty would, therefore, not affect the availability of the product. In any case, the capacities of the Indian industry are more than the demand in India, thereby ensuring that there remains sufficient supply in the country.

<b>Particulars</b>	<b>Unit</b>	<b>2022-23</b>
Capacity	MT	1,56,110
Demand	MT	90,658
Excess supply	MT	65,452
Excess supply in relation to demand	%	72%

147. Further, the continuation of anti-dumping duty will not lead to any unfair trade practices as there are 10 producers of the subject goods in India that are inter-se competing in the market. Further, the Authority notes that the subject goods are also being imported into India from Germany, Indonesia, Malaysia and Thailand. Thus, there exists healthy competition in the Indian market.
148. The domestic industry has submitted communications with the buyers. The Authority notes that the consumers are the price setters in the Indian market. The prices are decided based on intensive negotiations between the producers and buyers. The prices are decided as per the lowest available prices in India. Thus, the Indian industry will not be able to charge unfair prices in the market due to the anti-dumping duty in force.
149. Further, the domestic industry has also submitted that none of the domestic producers in India have increased the prices due to the imposition of anti-dumping duty. Rather, the domestic industry has passed on the cost reduction to the downstream industry. The Authority notes that the difference between the raw material cost and selling price of the

domestic industry has reduced over the injury period which implies that the reduction in cost of production has been passed on to the consumers of the product.

Particulars	Unit	2019-20	2020-21	2021-22	2022-23
Raw materials costs	₹/MT	***	***	***	***
Raw materials costs	Indexed	100	100	136	153
Selling price	₹/MT	***	***	***	***
Selling Price	Indexed	100	89	109	118
Difference	₹/MT	***	***	***	***
Difference	Indexed	100	78	84	84
Selling price as a % of raw materials costs	%	***	***	***	***
Selling price as a % of raw materials costs	Indexed	100	88	81	76

150. From the foregoing, it is noted that there is no adverse impact of the continuation of duty on public interest. On the contrary, the duties in force have contributed to the public interest.
151. The domestic industry has grown during the tenure of the anti-dumping duty. While the capacities of the domestic industry were low during the original investigation, the capacities have increased in India. Due to the fair playing field in India, the Indian industry has made investments worth more than ₹ \*\*\* crores. As per the information made available, a number of producers have added capacities as shown in the table below.

SN	Company	Year	New capacities (In numbers)
1.	Steel Strips Wheels Ltd.	***	***
		***	***
		***	***
2.	Enkei Wheels (India) Ltd.	***	***
3.	Synergies Castings Ltd.	***	***
4.	Kosei Minda/Minda Kosei	***	***
		***	***
		***	***
		***	***
		***	***
5.	Maxion Wheels Aluminium India	***	***
6.	Rockman Industries Ltd.	***	***
		***	***
7.	JJF Casting Ltd.	***	***
8.	Wheels India Ltd.	***	***
9.	Total capacities added	-	1,44,00,000
10.	Gross domestic capacity in India	2023-24	1,78,67,619

11.	Gross domestic demand	2022-23	87,83,002
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152. The Authority notes that due to the addition in capacities in India, India is now AtmaNirbhar (self-sufficient) for the production of the subject goods. The domestic industry has submitted that while it is catering to the entire demand in India, it has recently started exporting the subject goods as well. The exports by the domestic industry have crossed ₹ 100 crores and will potentially cross ₹ 500 crores in the next five years.
153. The Authority also notes that the reliance on imports has reduced post-imposition of anti-dumping duty. During the original investigation, the market share of imports from the subject countries (China PR, Korea RP and Thailand) was 76.15% (July 2011 – June 2012) which was reduced to 31.15% in the first sunset review (2017-18). The market share of imports in demand from the said countries during the current period of investigation is 3% (2022-23) while the market share of Chinese exports is only 2.75%. While the Indian industry was catering to only 20.49% of demand during the original investigation, the market share of the Indian industry increased to 49.48% during the first sunset review. The Indian industry is catering to almost the entire demand in India now with a market share of 95.99%. Thus, India has become increasingly self-reliant in the production of aluminium Alloy Wheels.
154. As per the information on record, due to reliance on domestically produced subject goods, the annual forex savings for India are exceeding ₹ 1,500 crores.
155. The domestic industry has also highlighted that the upstream industry has made investments in the production of raw materials in India due to the increase in the production of the subject goods. Once the raw material becomes available, the forex savings will exceed ₹ 4000 crores per annum.
156. The automobile sector is poised to be a pivotal force in propelling India's ascension from the world's fifth to third-largest economy. Contributing about 7% to our GDP and accounting for nearly half of our manufacturing GDP, the auto sector is a significant pillar of our economic structure.
157. In an effort to turbocharge the industry, the government introduced the Automotive Mission Plan 2026. This ambitious initiative, a joint venture between the government and the industry, aims to triple industry revenues to \$300 billion and expand exports sevenfold to \$80 billion. Achieving these targets could potentially generate over 60 million additional direct and indirect jobs, significantly bolstering employment opportunities.
158. The surge in vehicle production is steering the aluminium alloy road wheels (AARW) market towards robust growth. The installation of aluminium alloy wheels enhances vehicle efficiency by reducing oil consumption, thereby creating a plethora of opportunities for market expansion. Moreover, the burgeoning Electric Vehicle (EV) sector has further catalyzed the growth of the AARW market.

159. Despite India's current dependence on fossil fuel-based energy, there is a pressing need for a paradigm shift towards green mobility. The development and acceptance of the EV industry have garnered significant attention from the Indian government in recent years, culminating in the widespread adoption of electric vehicles. The government is providing strategic policy support to achieve the majority EV penetration by 2030.
160. Given that carbon dioxide emissions are directly linked to vehicle size and fuel consumption, and with India's gaze firmly set on clean mobility, automakers are under pressure to produce safer, lighter, and more environmentally friendly vehicles.
161. Alloy wheels, being lightweight and highly durable, are extensively used. It is anticipated that the rising middle-class incomes, a growing young population, evolving consumer preferences and a shift towards lighter automobiles would unlock new growth prospects for the industry. Factors such as rapid urbanization, rising vehicle demand and production, and stringent fuel efficiency standards are expected to further fuel the growth of the aluminium alloy wheels market.
162. Considering the government's objectives and the projected growth of the automobile industry, it is crucial to ensure a level playing field for the domestic industry. The anti-dumping duty currently in place has enabled the domestic industry to revive itself and turn a profit. Therefore, withdrawing the anti-dumping duties at this juncture could potentially impede the progress of the industry.

## **N. POST DISCLOSURE ANALYSIS**

163. The Authority circulated the disclosure statement containing all essential facts under consideration for making final recommendations to the Central Government to all interested parties on 29th December 2023. The interested parties were directed to file their comments on the disclosure statement by 4th January 2024. The Authority has examined all post – disclosure comments made by the interested parties in these final findings to the extent deemed relevant. Any submission which was merely a reproduction of the previous submission and which had been adequately examined by the Authority have not been repeated for the sake of brevity.

### **N1. Submissions made by the domestic industry:**

164. The domestic industry has submitted the following:
  - a) While it has been held that manufacturing process of exporters is confidential, disclosure of broad stage-wise manufacturing process would not result in disclosure of designs and specifications given by the buyers.

- b) During the investigation period, imports of the subject goods accounted for about \*\*\* MT, mostly from participating producers/exporters. The domestic industry has alleged that there cannot be material difference between the normal value determined by the domestic industry and established by the Authority, and further since the non-injurious price has been disclosed to the domestic industry, the export price reported by the exporters do not corroborate with the Indian customs data.
- c) There's a significant discrepancy between the dumping and injury margins determined by the domestic industry and the Authority, especially for Shandong Shuangwang Aluminium Industry Co. Ltd. The applicants have asked the Authority to verify the reported export price with Indian customs data, as it clearly doesn't corroborate. The domestic industry has requested the Authority to determine the dumping and injury margins for the responding exporters based on customs data, following its established practice.
- d) The decline in the volume of imports is due to the fact that the exporters are unable to compete in the Indian market at fair prices.
- e) None of the responding producers have challenged the evidence submitted by the domestic industry with regards to the capacities, production and demand in China.
- f) In case the current anti-dumping duty is allowed to expire, the automobile industry of India would start sourcing the subject goods from China, which would adversely impact the Automotive Mission Plan of the Government of India. This would be a major setback to the Government of India's promotional scheme.
- g) The anti-dumping duty has remedied the injury which was earlier caused by the dumped imports, as the domestic industry has improved its capacity utilization and return on investment.
- h) The Indian market's dependency on imports has reduced and the Indian industry has been able to increase its market share.
- i) The imposition of duty has attracted significant investment of ₹ 2,000 crores in the last decade, which has generated employment for around 10,000 people.
- j) The Indian industry has undertaken significant capacity expansions, which has created capacities higher than the present and potential demand. This has allowed the domestic industry to increase its export potential.
- k) The reduction in import reliance has resulted in forex savings which exceed ₹ 1500 crores at present. Further, considering the potential increase in exports, full capacity utilization and sufficient availability of raw materials, the forex earnings would increase to ₹ 7000-8000 crores.
- l) Increased domestic production of the subject goods has created increased demand of about 1 lakh MT per annum for the upstream producers,
- m) The anti-dumping duty has benefitted all the stakeholders in the Indian market.
- n) While India was import dependent prior to the imposition of anti-dumping duty, it has now become export oriented for the subject goods. Indian industry has been exporting substantial volumes directly and indirectly.
- o) The Indian industry has grown from three producers to ten producers during the tenure of the anti-dumping duty.
- p) The Indian industry has become more competitive as the conversion cost of the domestic industry has reduced substantially.
- q) The profitability of the domestic industry has increased due to increase in volumes.

- r) The subject goods are not used by public at large as only 7.5% population in India owns a car and a number of cars below ten lakhs do not have aluminium alloy road wheels.
- s) The domestic industry has not taken any price advantage of the anti-dumping duty in force.
- t) The Indian industry is providing substantial employment directly and indirectly.
- u) The upstream industry has made investments for production of raw material in India.
- v) The excess capacities of one of the Chinese producers (Dicastal) are more than the domestic demand in India. Such producer is procuring raw material at prices below the SME prices.

**N2. Submissions made by the other interested parties:**

165. The other interested parties have submitted the following:

- a) The disclosure statement reveals no significant difference in cost and physical characteristics between the subject goods supplied to OEMs and aftermarket segments, except for some additional packaging cost. The Authority has made adjustments for fair comparison, but the basis and need for these adjustments are not explained. The Annexure-I to the AD Rules states that the designated authority must make a fair comparison between the export price and the normal value, at the same level of trade and sales made at the same time.
- b) Shuangwang exports and sells ARWs only to the aftermarket segment, and the difference in packing costs between OEM and aftermarket are not clear to the exporter. The Authority has observed a difference in packing costs between OEM and aftermarket, but since Shuangwang is not involved in OEM, its export price to India reflects the price including packing applicable in aftermarket supplies.
- c) The working file of injury/dumping margin shared with Shuangwang shows that the landed price of Shuangwang is compared with the NIP of the domestic industry, but the adjustment for packing is substantial. The injury margin must be worked out by comparing the actual landed price of Shuangwang with the NIP of the domestic industry, and the adjustment of packing cost from the landed price is not justified.
- d) ARWs are not hazardous or breakable items, and the material used to pack the product remains a mystery. The Authority may shed light on the peculiar packing adopted by the domestic industry, which has burdened the export price and led to significant adjustments in this investigation.
- e) The domestic industry's economic performance has not suffered any further damage and is not vulnerable to future imports. The strong performance of the domestic industry ensures that it will not be affected even if the anti-dumping duties expires. India has excess capacity for the subject goods, with multiple producers offering them, and imports cannot dictate prices. The level playing field and dominance of Indian producers in the domestic market also deter imports. The expiry of the current anti-dumping duties on China PR is justified in this context.
- f) The disclosure statement reveals negative dumping, injury margins and price undercutting with existing anti-dumping duties, while the same is positive without the duties. The injury margin in Shuangwang is negative, indicating imports from Shuangwang are not causing any harm to the domestic industry even without anti-dumping duties. The existing quantum of

duties determined during the last MTR cannot be continued, and the quantum of anti-dumping duties for Shuangwang must be determined fresh based on the investigation. Rule 23 (1) of the AD Rules allows the Authority to re-quantify the anti-dumping duties even in an SSR, but not to continue the same quantum in force. The request is to re-quantify the quantum of anti-dumping duties for Shuangwang based on the facts in this investigation.

- g) Para 89 of the disclosure statement suggests that imports could significantly influence prices without duties, but this observation is not supported by any evidence. Price negotiation is based on demand and supply principles, and the Authority did not consider the increasing trend of import prices from China PR. If exporters were compelled to export to India due to excess capacities, reducing prices would have been ideal. However, prices increased, indicating that neither imports nor exporters were compelled to export due to excess capacity.
- h) The Authority may confirm that the domestic industry's apprehension of OEMs shifting to aftermarket wheels is unfounded. Suppliers of ARWs work closely with OEMs, and design development is not done quickly. The pattern of shifting segments is as old as ARWs itself, and one segment cannot be switched. Aftermarket suppliers from China PR supplied to after-market consumers in India before the anti-dumping duties levy, and OEMs are unlikely to chase aftermarket suppliers if the anti-dumping duties expires.
- i) Para 97 of the disclosure statement states that anti-dumping duty has led to a reduction in imports and dumping in India. However, this statement is not based on all relevant facts. When imports were high, India had few producers and insufficient capacity to meet demand. Now, India has more than doubled its demand and multiple producers, reducing dependency on imports. Despite this, imports continue to increase in price, indicating that the purpose of anti-dumping duty needs reconsideration beyond the current situation.
- j) The disclosure statement asserts that there are significant unutilized production capacities held by Chinese producers, but this observation needs further examination to be factually and contextually correct. The data on capacity and excess capacity in China PR is based on an EU finding concerning anti-dumping duty (anti-dumping duties) on aluminium road wheels from China PR. However, the Authority has not taken cognizance of the previous SSR finding in the same matter.
- k) A comparison of capacity and excess capacity in China PR based on the EU findings shows a minor reduction in capacity for ARWs by the latest period of about 0.21%. This indicates that China is not seeing any fresh additional capacities and the demand supply is well balanced now. A substantial reduction in excess capacity was found during 2017 and 2023 investigation by about 14.03%, showing that the available capacity in China PR is being better utilized now and the risk of any alleged excess capacity is significantly reduced.
- l) A declining capacity and excess capacity trajectory suggest the absence of likelihood of increased exports in case of the expiry of anti-dumping duties, which augers the claim that there is no likelihood of dumping and injury based on facts of capacity for the product in China PR. The reduction in excess capacity took place when anti-dumping duties on ARWs from China PR were still in force as levied by India and EU, showing that anti-dumping duties has not led to any significant idle capacity situation in China PR.
- m) The capacity utilization in China PR in the recent period for ARWs has been more than 80%, and it cannot be considered a threat to the Indian ARW industry. Any threat assessment of increased imports from unutilized capacity should be reasonable and not extrapolated.

- n) The applicants argue that India is a price-attractive market for Chinese exports, leading Chinese producers to divert their third countries' exports to the Indian market. The domestic industry wants a ban on imports from China PR, but fair-priced imports are not a concern to the domestic industry. Even if exports are diverted to India due to higher prices, they cannot be harmful as the price is higher in the Indian market. The domestic industry's view is of a full stoppage of imports which is not the intended purpose of anti-dumping duties.
- o) Para 106 to 111 of the disclosure statement discusses the probable price effects based on the cost/price of the domestic industry and import price during the POI. However, the analysis fails to account for the domestic industry's huge profits even when the import price was below the cost. The domestic industry's high cost is due to excess capacities created by them. Even after that, it allowed them to sell at profitable levels, and the import price did not cause any price pressure on them. The domestic industry enjoys over 95% of the market share and is in a dominant position to dictate prices, even with high costs due to excessive capacity. Limited imports in aftermarket will not impact the domestic industry's pricing power, and it is only a speculation that OEMs may prefer imports in case of anti-dumping duties expiry.
- p) The disclosure statement asserts that Chinese producers have an advantage due to cheaper raw materials. However, having penalized the Chinese producers for the past 10 years for non-market economy conditions, the same should not be relevant in likelihood examination. The time has now come to determine if the expiry of anti-dumping duty will lead to dumping or recurrence and harm to the domestic industry. The issue of cheaper raw materials has been addressed by treating China PR as an NME country. The current domestic industry enjoys a level playing field, and imports from China PR cannot distort the domestic industry's performance. The likelihood of dumping alone is insufficient for the continuation of anti-dumping duty.
- q) The disclosure statement asserts that imports are currently at injurious prices, but this view needs further consideration. The domestic industry did not suffer any continued injury and the positive injury margin does not show injury as injury margin is not any parameter of injury as found by the Hon'ble High Court of Gujarat in Soda Ash matter. The real issue is that the domestic industry's NIP is highly inflated due to setting up capacities more than double of Indian demand targeting exports, resulting in a positive injury margin. The domestic industry made superb profits during the injury period, and the anti-dumping duties scenario shall be a state-sponsored extravaganza for the domestic industry.
- r) Zhejiang Jinfei Kaida Wheel Co, Ltd., is a co-operating producer/exporter since original investigation. It was not selected as sampled for the original investigation due to its nominal export quantities. The Authority granted it a duty 1.37 US\$/Kg.
- s) During a sunset review investigation, Zhejiang Jinfei Kaida Wheel Co, Ltd. participated, and was granted a duty of 0.08 US\$/Kg. The domestic industry requested an increase in duty, leading to a mid-term review investigation. The Authority recommended the duty increase, but Zhejiang Jinfei Kaida Wheel Co. Ltd.'s duty remained unchanged.
- t) Zhejiang Jinfei Kaida Wheel Co, Ltd. has not exported large volumes of goods, despite the lowest duties of 0.08 US\$/Kg. The company's export sales to India were only 0.21% of the total demand, and imports from China PR have declined significantly. The Authority is requested to terminate the investigation or continue the present duty, if required.

- u) Since the anti-dumping duty has been in place for more than a decade, the producer/exporter contend that anti-dumping duty is no longer required. They contend that there are no exceptional circumstances necessitating the continuation of the levy and that the domestic industry is making money profitably without suffering any harm. Since the duty has served its purpose, the domestic industry should now compete on its own. It is requested that the Authority discontinue its duties in this investigation.
- v) The producer/exporter claims no dumping situation or injury from imported goods from China PR, and that continuing anti-dumping measures would be inconsistent with the Indian domestic industry's interests. The petitioner argues that imports have decreased significantly and the existing duty is no longer needed.

### **N3. Examination by the Authority:**

166. The analysis of the Authority is as under:

- a) As regards the contention of the domestic industry that the data reported by the co-operating producers/exporters does not correspond with the Indian customs data, it is noted that the Authority has cross-verified the data reported by the co-operating producers/exporters in their EQRs with the Indian customs data. Resultantly, out of the three co-operative producers namely Shandong Shuangwang Aluminium Industry Co., Ltd, Zhejiang Jinfei Kaida Wheel Co., Ltd and Zhejiang Shuguang Industrial Co., Ltd, only the data pertaining to Shandong Shuangwang Aluminium Industry Co., Ltd. was found to be a mismatch with respect to the assessable value. In view of the same the Authority has relied upon the Indian customs data for the purpose of computation of net export price and the landed value for the said producer/exporter.
- b) In relation to the argument concerning the adjustment of packing costs, the Authority notes that it is unable to consider the data or responses pertaining to assessable value submitted by the cooperating producer/exporter, Shandong Shuangwang Aluminium Industry Co., Ltd. as it does not corroborate with the Indian Customs Data. Consequently, in such a scenario, the Authority proceeds in accordance with Rule 6(8) of the Anti-dumping Rules, 1995, which stipulates the use of available facts in such situations. Hence, the contention regarding the adjustment in packing costs, and its bearing on the investigation's outcome with respect to the concerned producer is obviated. Since the Authority has utilized the facts at hand, it is of the view that addressing this issue would essentially be a theoretical endeavor without any impact on the investigation's result.
- c) The fact that the domestic industry is currently profitable does not necessarily negate the possibility of future challenges. The primary concern of the domestic industry pertains to a scenario where anti-dumping duties are no longer in effect. The current profits of the domestic industry can be attributed to the existing anti-dumping duty, which has leveled the playing field for domestic producers, enabling them to realize favorable prices. The critical consideration at this point is whether the current trend will persist or cease if the anti-dumping duties are discontinued.

- d) In response to the assertion that the domestic industry has not suffered any injury, the Authority observes that the domestic industry itself did not allege ongoing injury in its application or subsequent submissions. Furthermore, the Authority has also not held that the domestic industry has endured sustained injury. The current investigation is predicated on the potential cessation of duties and the consequent impact on the domestic industry. Therefore, the Authority’s determination for the current investigation is founded on the likelihood of dumping and injury. The domestic industry has proposed that if only the aftermarket segment is taken into account, imports already hold a significant share. However, the Authority believes that any injury to the domestic industry should be assessed in relation to the PUC as a whole, which encompasses both the OEMs and the aftermarket segments.
- e) The Authority had earlier established the dumping margin and injury margin based on the Exporter’s Questionnaire Response (EQR) submitted by the co-operating producers/exporters. However, the domestic industry has presented evidence indicating that the exporter’s actual export price is significantly lower than the price reported to the Authority. This claim is substantiated by comparing the dumping margin and injury margin calculated by the domestic industry with those in the disclosure statement based on the secondary source data. Upon receiving comments from the domestic industry, the Authority cross-verified the exporter’s response with the Indian customs data at its disposal. A comparison of the Indian customs data with the EQR submitted by Shandong Shuangwang Aluminium Industry Co., Ltd. revealed that while the reported volume closely aligns with the import volume in the Indian customs data, there is a notable discrepancy in the associated values. The table below illustrates the volume, value, and average price of imports as reported by the exporter in its questionnaire response and as determined by the Authority from customs data.

Shandong Shuangwang Aluminium Industry Co., Ltd,								
	Data	Data	Data	Data	Response	Response	Response	Response
	Qty MT	INR	USD	Rate (\$/Kg)	Qty MT	USD	INR	Rate (\$/Kg)
CONSUMER 1	***	***	***	***	***	***	***	***
CONSUMER 2	***	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***	***

Given this information, the Authority deems the price reported by the exporter to be inaccurate. Therefore, it is deemed appropriate to determine the export price based on Indian customs data in situations where the exporter’s response does not reconcile with Indian customs data, provided the exporter has fully cooperated with the Authority. Despite the data mismatch reported by the cooperating producer/exporter when compared with the Indian Customs Authority, the Authority believes it would be inappropriate to deny individual dumping margin and injury margin to the said cooperating producer/exporter, given their

full participation and cooperation in the investigation. However, the Authority is cognizant of the fact that the values reported by the producer/exporter differ from those reported by the Indian Customs Authorities. Therefore, the Authority has considered the values as reported in the Customs data, disregarding the values reported in the EQR.

- f) Concerning the necessity for amending measures, the Authority acknowledges that such decisions must be made in light of the specific facts of each case. In instances where there are no current dumping or injury margins, the Authority, given a positive likelihood, advocates for the extension of existing anti-dumping duties. Conversely, in situations where current dumping and injury margins are present, the Authority duly modifies the anti-dumping duty.
- g) In light of the contention that due to surplus capacity in India, it is unlikely that imports would continue if duties were to cease. However, the Authority has observed significant imports in the aftermarket, despite the limited demand in this sector. This indicates that imports into India persist, even in the face of excess domestic capacity. Moreover, it is anticipated that, should anti-dumping duties be discontinued, the export price to India would be substantially lower than the domestic selling price, production cost, and non-injurious price of the domestic industry. This suggests that consumers are likely to opt for imported products if anti-dumping duties were to cease, regardless of the surplus capacities in India. In any market, price often serves as the primary determinant for consumers, particularly when the quality difference between goods is negligible. Therefore, the assertion that India's capacities exceed current demand does not necessarily preclude consumers from sourcing materials from foreign producers. Should anti-dumping duties be discontinued at this point, the projected landed price, as illustrated in the preceding table on page 36-37, would significantly influence market behavior. In such a scenario, despite the surplus capacities in India, the volume of imports could be substantial enough to command a significant share of the Indian market. This highlights the potential impact of discontinuation of duties on market dynamics, even in the presence of domestic surplus.
- h) Regarding the potential reluctance of OEMs to shift to Chinese suppliers due to the close collaboration required for design development and the associated time commitment, the Authority recognizes that such a design development process is inevitable for OEM consumers, regardless of whether the purchases are domestic or imported. This development process is particularly relevant for new products or variants of new car models. As for the products that are already into existence, there are no such design developments. When it comes to new design developments, the Authority notes that the process, albeit potentially lengthy, remains the same for both domestic industry and foreign suppliers. Therefore, the protracted nature of this process does not preclude consumers from considering the Chinese imports. If consumers have to invest a significant amount of time in the development of a product, irrespective of whether it is sourced from domestic or foreign suppliers, there is neither an incentive nor a disincentive for a consumer to source from different suppliers. This is because the time commitment for product development remains constant across different sourcing options.

- i) In response to the argument that the export price has risen, the Authority points out that the cost of the fundamental raw material has also seen a significant increase. Furthermore, the potential injury to the domestic industry has been assessed based on the export price for the period of investigation (POI). Therefore, if the export price has risen during the current POI, the present determination is predicated on this increased export price. In a scenario where the export price in the current POI is substantially lower than the normal value for China, and the cost of production, selling price, and the non-injurious price (NIP) of the domestic industry, it follows that the discontinuation of anti-dumping duties would enable importers to procure the subject goods at a price significantly lower than the domestic industry's price. The existence of price undercutting suggests that importers would be incentivized to source the subject goods from the Chinese market, given the high volume of purchases by the OEM consumers. The combination of price undercutting and surplus capacities with foreign producers establishes the likelihood of injury to the domestic industry in the event of the cessation of existing duties.
- j) While it is acknowledged that imports were more substantial during the period of the original investigations due to a capacity shortfall and a demand-supply gap in the country, these factors can justify the volume of imports in and of themselves. However, the detrimental price impact of dumped imports needs to be addressed through anti-dumping duties, if they are causing harm to the established Indian industry. In the present scenario, where the demand-supply gap has been bridged and the Indian industry possesses capacities exceeding the current domestic demand, any potential imports by OEMs following the cessation of existing anti-dumping duties could likely inflict material injury on the domestic industry.
- k) In relation to the comparison of EU findings between 2017 and 2019, it should be noted that the Authority's current determination is based on the EU findings of 2023, which already account for the reduced capacities. The Authority has not made any determinations based on the EU's 2017 findings. Exporters were given ample opportunity through a questionnaire to provide pertinent information concerning capacity, production, exports, and surplus capacities in China. However, the exporters chose not to cooperate and did not provide the relevant information. In light of this non-cooperation, the Authority has made its determination based on the available facts. It is noteworthy that even though the domestic industry referred to the EU's 2023 findings in their petition and reiterated the same during and after the hearing, the exporter did not identify any anomalies at any stage. In response to the argument that Chinese producers are already operating at over 80% capacity utilization, it does not necessarily imply a lack of unutilized capacities. In fact, when considering the average capacity utilization of both the domestic industry and Chinese producers, it is observed that Chinese producers could manufacture around 159 million additional wheels if they were to operate at the same level of capacity utilization as the domestic industry. This alone would exceed the entire demand in India. The Authority also notes that the pertinent consideration is the freely disposable production capacities in the exporting country. The existing capacity utilization, whether low or high, does not in itself rule out the likelihood of injury in the event of the cessation of existing anti-dumping duties.

- l) The prospect of Chinese producers obtaining a better price in India following the cessation of existing anti-dumping duties suggests a possibility of Chinese producers undercutting the price in the Indian market to secure significant volumes. This establishes the likelihood of a recurrence of injury.
- m) The assertion that distortions in Shanghai Metal Exchange (SME) prices contribute to a lower cost of production in China has not been contested. The implication of Chinese producers having a lower cost of production compared to their Indian counterparts is that they possess the ability to sell their product at a price lower than both Indian prices and the cost of production. It's important to note that this factor falls under the provisions of a non-market economy, which is pertinent when determining the normal value.
- n) The Authority maintains that anti-dumping duties are not punitive measures. The primary objective of anti-dumping duties is to ensure a level playing field for all stakeholders, encompassing foreign producers, consumers, and domestic producers. The intent is not to penalize any party. Rather, anti-dumping duties serves as a remedial measure, not a penalty.
- o) As regards the decision of Hon'ble Gujarat High Court, the Authority notes that the said ruling is in the context of current injury to the domestic industry. The Hon'ble High Court has held that the injury margin is not a relevant factor for the purpose of deciding whether the industry is currently suffering injury.
- p) In response to the current low volume of imports despite lower duties, the Authority acknowledges the submissions of the domestic industry. These submissions highlight that while the volume of imports appears low when considering the gross domestic demand, it is quite substantial in the context of aftermarket sales. The anti-dumping duties have acted as a deterrent for Original Equipment Manufacturers (OEMs) to source materials from the Chinese market.
- q) The argument put forth by Zhejiang Jinfei Kaida Wheel Co. Ltd. is that despite the low duties of \$0.08/kg, the company has not significantly increased its exports to India, and the overall imports from China have also declined. Consequently, they have proposed to terminate the investigation. However, the Authority notes that the current dumping margin for the concerned producer/exporter, as well as other participating producers/exporters, have been found to be positive, which is also the case with the injury margins. Another exporter, who was levied a higher duty compared to Zhejiang Jinfei Kaida Wheel Co. Ltd., has exported substantial quantities in the Indian after-market segment. The Chinese producers are holding excessive capacities which are four times the demand in India and have trade remedial measures imposed by other jurisdictions making the likelihood of exports to India high in the event of cessation of duties. Moreover, the likelihood aspect is examined at the country level and not at the level of individual producer/exporter. In addition to this the export trend to India for Zhejiang Jinfei Kaida Wheel Co. Ltd. shows a rising trend over the years and therefore the contention raised by the aforesaid producer/exporter lacks merit.

- r) The final findings released by the Authority during the sunset review were contested before the Tribunal by the domestic industry. Subsequently, the domestic industry submitted an interim review application seeking an upward revision of anti-dumping duties. The interim review conducted by the Authority justified the need for duty modifications for some Chinese producers. Upon completion of the interim review, the domestic industry applied for a further extension of anti-dumping duties.
- s) The Authority notes that the lower duty previously recommended by the Authority remained under appeal before the Tribunal and later on before the Directorate General of Trade Remedies (DGTR). DGTR recommended an upward revision of the then existing duties. The domestic industry argued that the said appeal which is yet to be disposed of as well as the mid-term review till its finalization acted as a deterrent for OEMs in sourcing materials from China.
- t) The domestic industry further contended that OEMs only sourced materials from China when they were assured of long-term supplies. OEMs typically do not place ad-hoc orders and do not source materials based on individual orders. Instead, OEMs usually place orders for supplies over an extended period.
- u) The decline in current imports does not inherently negate the possibility of future issues. While it does indicate a lack of current injury with respect to volume parameters, the primary factor in determining the likelihood of injury is the potential scenario of import volumes and prices once the anti-dumping duty is revoked.
- v) An extensive analysis has been conducted regarding the prices of imports without anti-dumping duty, as detailed in the relevant sections. The surplus of unutilised capacities, when compared to Indian demand, along with other likelihood parameters, substantiates the assertion that there is a likelihood of recurrence of injury to the domestic industry once the existing anti-dumping duties are revoked.

#### **O. Need for continuation of anti-dumping duty through second sunset review investigation**

167. The Authority notes the following with respect to need for the continuation of anti-dumping duties through second sunset review investigation:

##### **a) Benefit to the stakeholders**

###### **i. Domestic Producers:**

- The number of domestic producers has increased from five to ten, and the installed capacity has significantly grown from 8,060 MT to 1,56,000 MT. Additionally, there has been a substantial increase in investment from Rs 144 crores to Rs 2,779 crores. The production has increased from 5,715 MT to 90,301 MT. It has also resulted in reduced costs and improved profitability. The employment in the industry has increased by

about 5000 over the past decade, and there has been an increase in fresh investment by approximately Rs 2000 crores over the same period. The anti-dumping duties has also contributed to the protection of public funds and increased domestic demand for upstream products.

- From import dependent to export oriented – The domestic producers have started exporting the product from a stage where the Indian market was largely catered by imports.

ii. Consumers:

- The anti-dumping duties has shifted consumers' reliance to domestic products, resulting in no adverse effects and lower prices. As submitted by the domestic industry, it has been able to offer price reductions when compared to previous years, adjusted for aluminum cost. This has led to lower prices for consumers, contributing to their overall benefit. Additionally, the anti-dumping duties has not led to any fear of possible higher prices in consumers' minds, as the Indian industry has not taken advantage to the full extent of the anti-dumping duties in the past.
- Consumers are assured of competitive pricing from the domestic industry due to the presence of multiple domestic producers in the country, providing them with the possibility of an alternate source of supply in case their current supplier quotes a higher price. It has further submitted that the pricing mechanism with all major auto Original Equipment Manufacturers (OEMs) is linked to aluminum price and conversion cost, and the anti-dumping duties does not form part of pricing policies and interactions, ensuring transparency between producers and consumers.
- The consumers have shifted their requirements almost completely to domestic supplies, as evidenced by the approximately 99% market share of the Indian industry in the present period of investigation.

**b) Other benefits**

- iii. The domestic industry has submitted that considering the market share of imports at the time of original investigations and considering the same market share in the present demand would show that the anti-dumping duties remedy has prevented forex outflow to the tune of Rs. 4000 crores. The present saving is despite the present forex outflow in raw materials.
- iv. The domestic industry has further submitted that in the past, the entire requirements of this industry was in the region of 30,000 MT thus not motivating the upstream producers to develop the product. However, demand for the product has now crossed 100,000 MT, and is poised to cross 1.5 lac MT shortly, thus offering significant business potential to the upstream suppliers.

168. In addition to what has been stated above, the Authority notes that despite anti-dumping duties in force, Chinese producers continue to dump products in India. The situation is likely to aggravate for OEMs in the event of cessation of existing duties due to lower production costs and can result in a shift from aftermarket to OEM segment. Chinese producers have large capacities, with surplus capacities more than four times India's demand. If they operate at optimum capacity, they could meet 77% of India's demand, and more than double if they

match the most efficient domestic producer. Facing trade measures in Argentina, Eurasian Economic Union, and European Union, they've lost volumes 1.7 times India's demand. India's higher growth rate makes it an attractive market. If duties cease, exports to other countries at prices below India's may be diverted to India, with such exports being 1.3 times India's demand.

## **P. CONCLUSIONS**

169. After examining the submissions made by all the interested parties and issued raised therein and considering the facts available on record, the Authority concludes that:
- a. The application for initiation of sunset review was filed by Kosei Minda aluminium Company Pvt. Ltd., Maxion Wheels aluminium India Pvt. Ltd., Minda Kosei aluminium Wheel Pvt. Ltd. and Steel Strips Wheels Ltd. The applicants account for a major proportion of Indian production and constitute domestic industry for the purpose of the present investigation.
  - b. The product under consideration in the present investigation is Aluminium Alloy Road Wheels ("ARW") used in Motor Vehicles whether or not attached with accessories, of a size in diameter ranging from 12 inches to 24 inches.
  - c. The scope of product under consideration includes ARW whether painted, unpainted or chrome plated and those supplied to OEMs and after-market. ARW meant for two-wheelers are out of the product scope.
  - d. The producers of the subject goods incur additional packing cost when the goods are sold in the after-market. Since imports have majorly been made in the aftermarket, the Authority has adjusted the packing cost in order to enable fair comparison between goods sold in the after-market and to the OEMs.
  - e. Since no producer from China PR has filed request for market economy treatment, China PR has been considered as a non-market economy and the normal value has been determined based on the price payable in India which is based on cost of production of the domestic industry.
  - f. Considering the normal value and export price determined, the dumping margin for the subject goods from the subject country is positive.
  - g. The demand for the subject goods has increased in India.
  - h. The volume of imports in India have declined and were limited due to the anti-dumping duty in force. Such limited imports were undercutting the prices of the domestic industry and were priced below the cost of sales of the domestic industry. The domestic industry has not suffered any injury due to such imports as the volume was insignificant and primarily only in the after-market.
  - i. There is a likelihood of continuation of dumping and consequent injury to the domestic industry in case of cessation of anti-dumping duty in force. This is evident from the following.
    - i. The producers from China PR have continued dumping of the PUC in India despite the anti-dumping duties in force.

- ii. The dumping margins are likely to be higher in case of supply of product to OEMs which entails lower prices due to lower cost of production.
- iii. The dumping margin and injury margin are negative only when the element of anti-dumping duty is added to the landed price.
- iv. In case of cessation of anti-dumping duties, there is a high likelihood of Chinese producers/exporters to switch over from after-market to OEM segment and to develop and supply the product under consideration to them.
- v. The volume of subject imports and share of imports in demand has reduced since imposition of original anti-dumping duty. This signifies that the exporters are unable to capture the market at fair prices.
- vi. Chinese producers have installed huge capacities. The surplus unutilised capacities in China PR are more than four times the demand in India.
- vii. In case, the Chinese exporters operate at the optimum capacity utilization achieved by the Indian industry, they will be able to cater to 77% demand in India. In case of increase in capacity utilization to the level of most efficient domestic producer, Chinese producers will be able to cater to more than twice the demand in India.
- viii. Chinese producers are facing trade remedial measures in Argentina, Eurasian Economic Union and European Union and have lost export volumes to Argentina, Eurasian Economic Union, European Union and the USA. The decline in volume is 1.7 times the demand in India.
- ix. India is an attractive market as the growth rate in India is more than the global growth rate.
- x. Chinese exporters are exporting to other countries at prices below the Indian prices. Such imports are likely to be diverted to India in case of cessation of anti-dumping duty. Such exports from China to other countries are 1.3 times the demand in India.
- xi. Subject imports are undercutting the prices of the domestic industry. In case of cessation of anti-dumping duty and imports by OEMs, the undercutting is likely to be higher.
- xii. Imports are entering at prices below the cost of sales of the domestic industry. In case of cessation of anti-dumping duty and imports by OEMs, the import price is likely to be lower.
- xiii. While the raw material cost has increased by 53% over the injury period, the landed price has increased only by 12%.
- xiv. In case of cessation of anti-dumping duty, the domestic industry is likely to incur financial losses.
- xv. The cost of production of Chinese producers is lower due to distortion in prices of aluminium. While aluminium is procured globally on London Metal Exchange (LME) prices, aluminium is procured on Shanghai Metal Exchange (SME) prices in China which is lower than London Metal Exchange (LME).
- xvi. The largest manufacturer of product under consideration and aluminium supplier are government held entities in China due to which the distortion in prices of aluminium is even higher.

- xvii. China has imposed export duty on exports of aluminium due to which the prices in China are artificially suppressed leading to lower cost of production as compared to the Indian producers.
- xviii. The incidence on freight is negligible. Hence, the consumers are likely to import the subject goods in case of low-prices offered post cessation of anti-dumping duty.
- xix. The imports have entered into India at price below the non-injurious price of the domestic industry. In case of cessation of anti-dumping duty and imports by OEMs, the import price is likely to be lower.
- j. The continuation of anti-dumping duty is in public interest. This is evident from the following.
  - i. None of the users have participated in the present investigation, even though the user industry is a large industry. Thus, no submissions have been made by the users on any adverse impact on continuation of anti-dumping duty.
  - ii. The demand for the subject goods has increased in India during the current period of investigation as compared to the period of investigation in the original investigation and the automobile industry has grown, there is no adverse impact on the downstream industry.
  - iii. The maximum impact of continuation of measures on the price of a car is 0.27% or ₹ 3,282.
  - iv. There will be no shortage of the product in India since the capacity in India is more than the demand in India.
  - v. Fair prices will be maintained in the Indian market as there are ten producers of the subject goods in India and *inter se* competition exists.
  - vi. Indian industry has made investment for increase in capacities in India.
  - vii. The Indian industry has started exporting the subject goods and such exports have crossed ₹ \*\*\*0 crores.

## **Q. RECOMMENDATIONS**

170. The Authority notes that the investigation was initiated and notified to all the interested parties and adequate opportunity was given to them to provide information on the aspect of dumping, injury, causal link, likelihood of continuation/recurrence of dumping and injury and impact of recommended measures. Having initiated and conducted the investigation in terms of provisions of sunset review investigation as laid down under the Anti-Dumping Rules, the Authority has reached a conclusion that a revision of existing anti-dumping duties is required in the present case.
171. Having regard to the lesser duty rule, the Authority recommends imposition of definitive anti-dumping duty equal to the lesser of margin of dumping and margin of injury, so as to remove the injury to the domestic industry. Accordingly, the Authority recommends imposition of such revised definitive anti-dumping duties on the import of the subject goods, originating in or exported from China PR as indicated in Col 7 of the duty table below, for a period of 5 years from the date of notification to be issued in this regard by the Central Government.

**Duty Table**

SN	Tariff Heading	Description of goods	Country of origin	Country of export	Producer	Amount	Unit
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	870870	Cast Aluminium Alloy Wheels or Alloy Road Wheels*	China PR	Any country including China PR	Zhejiang Jinfei Kaida Wheels Co., Ltd.	0.52	USD/KG
2	870870	Cast Aluminium Alloy Wheels or Alloy Road Wheels*	China PR	Any country including China PR	Zhejiang Shuguang Industrial Co., Ltd.	0.23	USD/KG
3	870870	Cast Aluminium Alloy Wheels or Alloy Road Wheels*	China PR	Any country including China PR	Shandong Shuangwang Aluminium Industry Co., Ltd.	0.63	USD/KG
4	870870	Cast Aluminium Alloy Wheels or Alloy Road Wheels*	China PR	Any country including China PR	Any producer other than at serial no. 1, 2 and 3 above.	1.71	USD/KG
5	870870	Cast Aluminium Alloy Wheels or Alloy Road Wheels*	Any other country	China PR	Any	1.71	USD/KG

*\*Cast Aluminium Alloy Wheels or Aluminium Alloy Road Wheels (ARWs) used in Motor Vehicles, whether or not attached with accessories, of a size in diameter ranging from 12 inches to 24 inches. ARWs other than 12 inches to 24 inches in diameter and ARWs meant for two-wheelers are out of this product scope.*

172. An appeal against this notification shall lie before the Customs, Excise and Services Tax Appellate Tribunal in accordance with the Customs Tariff Act, 1975.

  
**(Anant Swarup)**  
**Designated Authority**