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Government of India
Department of Commerce
Ministry of Commerce & Industry
(Directorate General of Anti-Dumping & Allied Duties)
4th Floor, Jeewan Tara Building, 5, Parliament Street, New Delhi

Dated 22nd September, 2017

INITIATION NOTIFICATION

(Case No. O.I. 16/2017)

Sub: - Initiation of anti-dumping investigation concerning imports of “Straight Length Bars & Rods of Alloy Steel” originating in or exported from China PR.

F.NO. 6/10/2017-DGAD. M/s. JSW Steel Limited, M/s. Jayaswal Neco Industries Limited, M/s. Sunflag Iron & Steel Co. Limited, M/s. Usha Martin Limited, M/s. Gerdau Steel India Private Limited and M/s. Vardhman Special Steels Limited (hereinafter referred to as “petitioner companies” or “the applicants”) in accordance with the Customs Tariff Act, 1975 as amended from time to time (hereinafter also referred to as the Act) and the Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped Articles and for Determination of injury) Rules, 1995 as amended from time to time (hereinafter also referred to as the Rules) have submitted an application for initiation of anti-dumping investigation and imposition of anti-dumping duty on the imports of Straight Length Bars & Rods of Alloy Steel (hereinafter referred to as the subject goods or the Product Under Consideration), originating in or exported from China PR (hereinafter also referred to as the “subject country”).

2. And whereas, the Authority prima facie finds that sufficient evidence of dumping of the subject goods, originating in or exported from the subject country, injury to the domestic industry and causal link between the alleged dumping and injury exist to justify initiation of an anti-dumping investigation; the Authority hereby initiates an investigation into the alleged dumping, and consequent injury to the domestic industry in terms of Rule 5 of the Rules, to determine the existence, degree and effect of alleged dumping and to recommend the amount of antidumping duty, which if levied, would be adequate to remove the ‘injury’ to the domestic industry.

A. Product under consideration

3. The product under consideration for the purpose of present investigation is “Alloy bars and rods in straight length, whether or not hot rolled, hot drawn, cold drawn, cold extruded, peeled bar, surface machined, polished, bright bar, forged.” The product may be supplied in various cross sections, shapes and dimensions whether or not annealed, normalized, tempered, heat treated. The unit of measurement for the product under consideration is taken as MT.
4. The product may find end use application across various segments and sectors including but not limited to forging, automobiles, auto components, crank shaft, springs, gears, fasteners, transmission shaft, cement plants, power plants, turbines, ship-building, railways, capital goods, machinery, equipment, general engineering, construction machinery, and many more end use applications.
5. The product under consideration is classified under Tariff item 7228 of the Custom Tariff Act, 1975. However, imports of product under consideration has also been observed under tariff headings 7214 and 7215. The customs classification is indicative only and is in no way binding on the scope of the present investigation.
6. The following products are excluded from the scope of this investigation:
 - i. Bars and rods in irregularly wound coils.
 - ii. High Speed Steel i.e. alloy steels containing, with or without other elements, at least two of the three elements namely Molybdenum (Mo), Tungsten (W) and Vanadium (V) with a combined content by weight of 7% or more, 0.6% of more of Carbon and 3% to 6% of Chromium.
 - iii. Tool and Die Steel: This category covers steel having either of the following three combinations:

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| 1. | <ol style="list-style-type: none"> a. Carbon \geq 0.50% along with Chromium \geq 1.0% in combination of any of the following elements: b. Nickel \geq 1.0% c. Molybdenum \geq 0.2% d. Vanadium \geq 0.2% |
| 2. | Carbon \geq 0.30% in combination with Tungsten \geq 0.40% |
| 3. | <ol style="list-style-type: none"> a. Carbon \geq 0.30% along with Manganese \geq 1.0 % and Chromium \geq 1.0% in combination of any of the following elements: b. Nickel \geq 1.0% c. Molybdenum \geq 0.2% d. Vanadium \geq 0.2% |

- iv. Hollow drill bars and rods.
- v. Bars and rods electroplated with chrome.
- vi. Reinforcement Bars having ribs / grooves / indentations, used for concrete reinforcement.
- vii. Stainless Steel bars.

B. Like Article

- 7. The applicants have claimed that the subject goods being produced by the domestic industry are similar to the subject goods being dumped into India. The applicants have claimed that PUC produced by the applicants and imported from the subject country are having comparable characteristics in terms of parameters such as physical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification of the goods. The two are technically and commercially substitutable and hence should be treated as 'like article' under the Rules. Therefore, for the purpose of the present investigation, the subject goods produced by the applicants in India are being treated as 'like article' to the subject goods being imported from the subject country.

C. Domestic Industry & Standing

- 8. The Application has been filed by M/s. JSW Steel Limited, M/s. Jayaswal Neco Industries Limited, M/s. Sunflag Iron & Steel Co. Limited, M/s. Usha Martin Limited, M/s. Gerdau Steel India Private Limited and M/s. Vardhman Special Steels Limited. As per the information available on record, the production of the aforesaid seven producer's accounts for a major proportion of the total domestic production and is more than 50% of Indian production. The Application has also been supported by three domestic producers, namely, Kalyani Carpenter Special Steels Private Limited, Kalyani Steels Limited and R.L. Steels and Energy Limited.
- 9. The Authority holds that the petitioner along with supporting domestic producers constitutes an eligible domestic industry in terms of Rule 2 (b) and satisfies the criteria of standing also in terms of Rule 5 (3) of the Rules supra.

D. Subject Country

- 10. The country involved in the present investigation is China PR.

E. Normal Value

11. The petitioners have submitted that they have not been able to collect domestic selling prices of the subject goods in the subject country. The petitioners also claim that there is significant distortions prevailing in Steel Industry in China PR. Therefore, the Normal Value in the subject country has been estimated on the basis of cost of production in India; taking into account cost of raw material of domestic industry, cost of utilities and conversion cost of domestic industry, duly adjusted on account of selling, general & administration expenses, plus reasonable profit.
12. However, while submitting the questionnaire response producers/exporters may have to demonstrate prevalence of market condition related to manufacture, production and sales of subject good in the domestic market and in export to India and other countries. For this purpose, the producer/exporter, may clarify and provide sufficient information on the following:
 - a) Decision with regard to price, cost, input including raw material, cost of technology and labour, output, sales and investment are without significant state interference and whether cost of major inputs substantially reflect market value.
 - b) Production costs and financial situation does not suffer for any distortion.
 - c) The producer/exporter are subject to bankruptcy and property law which guarantees legal certainty and stability for the operation of the firms.
 - d) Exchange rate conversions are carried out at the market rate.

F. Export Price

13. The applicants have determined the export price for the product under consideration for China PR based on the import statistics obtained from DGCI&S imports data. Price adjustments have been made on account of Ocean Freight, Inland Freight, Ocean Insurance, Handling Charges, Bank Charges and Non-Refundable VAT for the subject country.

G. Dumping Margin

14. The normal value and the export price have been compared at ex-factory level, which shows significant dumping margin in respect of the subject country. There is sufficient prima facie evidence that the normal values of the subject goods in the subject country are significantly higher than the ex-factory export price, indicating, prima facie, that the subject goods are being dumped into the Indian market by the exporters from the subject country.
15. There is sufficient evidence of the significant dumping margins to justify initiation of antidumping investigation.

H. Injury and Causal Link

16. The applicants have claimed that they have suffered material injury and have furnished evidence regarding the injury having taken place as a result of the alleged dumping from the subject country in terms of increase in imports in absolute terms and in relation to domestic production and domestic demand. The dumping from the subject country has resulted in deterioration of sales, production, capacity utilization, inventories, profits, etc. of the domestic industry.
17. The applicants have also claimed adverse price effects as evidenced by price undercutting and price underselling. The Authority considers that there is sufficient evidence of 'injury' being suffered by the applicants caused by dumped imports of the subject goods from the subject country to justify initiation of an antidumping investigation.

I. Period of Investigation

18. The period of investigation (POI) for the present investigation is from April 2016 to March 2017. The injury investigation period will, however, cover the periods April 2013-March 2014, April 2014-March 2015, April 2015-March 2016 and the POI.

J. Submission of information

19. The known exporters in the subject country and its Government through its Embassy in India, importers and users in India known to be concerned with the subject goods and the domestic industry are being informed separately to enable them to file all the relevant information in the form and manner prescribed within the time limit set out below.
20. Any other interested party may also make its submissions relevant to the investigation in the form and manner prescribed within the time limit set out below. The information/submissions may be submitted to:

**The Designated Authority,
Directorate General of Anti-Dumping & Allied Duties,
Ministry of Commerce & Industry,
Department of Commerce
Government of India
4th Floor, Jeevan Tara Building, 5, Parliament Street,
New Delhi-110001**

21. Any party making any confidential submission before the Authority is required to make a non-confidential version of the same available to the other parties.

K. Time Limit

22. Any information relating to the present investigation should be sent in writing so as to reach the Authority at the address mentioned above not later than forty days (40 days) from the date of the publication of initiation notification. If no information is received within the prescribed time limit or the information received is incomplete, the Authority may record its findings on the basis of the facts available on record in accordance with the AD Rules.
23. All the interested parties are hereby advised to intimate their interest (including the nature of interest) in the instant matter and file their questionnaire responses and offer their comments to the domestic industry's application within forty days (40 days) from the date of the publication of initiation notification. The information must be submitted in hard copies as well as in soft copies.

L. Submission of information on confidential basis

24. The parties making any submission (including Appendices/Annexure attached thereto), before the authority including questionnaire response, are required to file the same in two separate sets, in case "confidentiality" is claimed on any part thereof:
- i. one set marked as Confidential (with title, number of pages, index, etc.), and
 - ii. The other set marked as Non-Confidential (with title, number of pages, index, etc.).
25. The "confidential" or "non-confidential" submissions must be clearly marked as "confidential" or "non-confidential" at the top of each page. Any submission made without such marking shall be treated as non-confidential by the Authority and the Authority shall be at liberty to allow the other interested parties to inspect such submissions. Soft copies of both the versions will also be required to be submitted, along with the hard copies, in two (2) sets of each.
26. The confidential version shall contain all information which is by nature confidential and/or other information which the supplier of such information claims as confidential. For information which are claimed to be confidential by nature or the information on which confidentiality is claimed because of other reasons, the supplier of the information is required to provide a good cause statement along with the supplied information as to why such information cannot be disclosed.
27. The non-confidential version is required to be a replica of the confidential version with the confidential information preferably indexed or blanked out (in case indexation is not

feasible) and summarized depending upon the information on which confidentiality is claimed. The non-confidential summary must be in sufficient detail to permit a reasonable understanding of the substance of the information furnished on confidential basis. However, in exceptional circumstances, party submitting the confidential information may indicate that such information is not susceptible to summary, and a statement of reasons why summarization is not possible must be provided to the satisfaction of the Authority.

28. The Authority may accept or reject the request for confidentiality on examination of the nature of the information submitted. If the Authority is satisfied that the request for confidentiality is not warranted or if the supplier of the information is either unwilling to make the information public or to authorize its disclosure in generalized or summary form, it may disregard such information.
29. Any submission made without a meaningful non-confidential version thereof or without good cause statement on the confidentiality claim shall not be taken on record by the Authority.
30. The Authority on being satisfied and accepting the need for confidentiality of the information provided, shall not disclose it to any party without specific authorization of the party providing such information.

L. Inspection of Public File

31. In terms of Rule 6(7) of the AD Rules, any interested party may inspect the public file containing non-confidential version of the evidence submitted by other interested parties.

M. Non-cooperation

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

Sunil Kumar
Additional Secretary & Designated Authority