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Government of India
Department of Commerce
Ministry of Commerce & Industry
(Directorate General of Trade Remedies)
4th Floor, Jeevan Tara Building,
5, Parliament Street, New Delhi - 110001

Dated: 31st March, 2021

INITIATION NOTIFICATION

Case No.AD (SSR)-05/2021

Subject: Initiation of sunset review investigation concerning imports of “Hot-Rolled flat products of alloy or non-alloy steel” from China PR, Japan, Korea RP, Russia, Brazil and Indonesia

1. Indian Steel Association (hereinafter also referred to as the "Applicant" or "Petitioner") has filed an application before the Designated Authority (hereinafter also referred to as the "Authority") on behalf of Steel Authority of India Limited, JSW Steel Limited and ArcelorMittal Nippon Steel India Limited (hereinafter also referred to as the "Applicant producers") in accordance with the Customs Tariff Act, 1975 as amended from time to time (hereinafter also referred to as the "Act") and 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") for initiation of sunset review investigation concerning imports of “Hot-Rolled Flat Products of Alloy or Non-Alloy Steel” (hereinafter referred to as the "subject goods" or "product under consideration"), originating in or exported from China PR, Japan, Korea RP, Russia, Brazil and Indonesia (hereinafter also referred to as "subject countries"). The Applicant producers have provided the prescribed information in the Application.

2. The Applicant has alleged that dumping from the subject countries has continued even after the imposition of anti-dumping duty and that there is likelihood of continuation / recurrence of dumping and injury in case of cessation of duties. The Applicant has requested for extension of duties on imports of subject goods, originating in or exported from the subject countries.

Background

3. The original anti-dumping investigation concerning imports of subject goods from subject countries was initiated on 11th April 2016 by the Designated Authority. The Designated Authority recommended provisional anti-dumping duty vide preliminary findings dated 1st August 2016, which was imposed vide Notification No. 44/2016-Customs, dated 8th August 2016. Pursuant to detailed investigation, the Designated Authority recommended imposition of definitive anti-dumping duties in the form of reference price on imports of the subject goods from the subject countries vide final findings notification no. 14/09/2016-DGAD, dated 10th April 2017. The recommendations of the Designated Authority were implemented vide Notification No.17/2017-Customs (ADD) dated 11th May 2017 (as amended by Corrigendum dated 16 May 2017) for a period of five years with effect from 8th August 2016. The existing duties will expire on 8th August 2021.

Product under consideration

4. The product under consideration (hereinafter also referred to as “PUC”) in the present investigation is “Hot-rolled flat products of alloy or non-alloy steel in coils of a width up to 2100mm and thickness up to 25mm, and Hot-rolled flat products of alloy or non-alloy steel not in coils (commonly known as sheets and plates) of a width upto 4950mm and thickness upto 150mm”.
5. The following are not included in the scope of the product under consideration:
 - a) Hot-rolled flat products of stainless steel.
 - b) Hot-rolled flat products of steel which are electrolytically plated or coated with zinc.
 - c) Hot-rolled flat products of steel otherwise plated or coated with zinc.
 - d) Cladded steel.

6. The PUC includes products which are not further worked than hot-rolled and are flat products of iron, alloy or non-alloy steel, in prime or non-prime condition having ‘as-rolled’ edge or ‘trimmed’ edge or ‘slit’ edge or “milled” edge or “sheared” edge or “laser-cut” edge or “gas-cut” edge or any other type of edges. These products may be pickled or non-pickled (with or without skin-pass or tempering), slit or non-slit, normalized or un-normalized, ultra-sonically tested or untested or oiled or non-oiled etc. These products may be “as-rolled” or “thermo-mechanically rolled” or “thermo-mechanically controlled rolled” or “controlled rolled” or “normalized rolled” or “normalized” or subject to any other similar process. These products may have patterns in relief / chequered patterns of different types derived directly during hot rolling. These products may have been subjected to various processing steps like pickling, oiling, rewinding, recoiling, temper rolling, heat treatment, etc. These products may be sand blasted or shot blasted or subjected to similar processes. The PUC covers Hot Rolled flat sheets and plates of alloy or non-alloy steel, whether or not rolled from universal plate mill including reversible plate mill or hot strip mill or tandem mill or steckel mill or any other similar process with various type of rolling configuration including 2-High, 3-High, 4-High, cluster mill or any similar hot rolling process. The PUC includes sheets and plates produced either directly from the hot rolling process or cut / sheared from hot rolled coils.
7. The scope of the product under consideration in the present sunset review investigation is the same as in the original investigation.
8. The PUC is used in many applications and sectors such as automotive, oil and gas line pipes/exploration, cold-rolling, pipe and tube manufacturing, infrastructure and construction, general engineering & fabrication, earth-moving & mining equipment, storage tanks, low pressure heaters, capital goods including plant and process equipment for cement, fertilizer, refineries etc.
9. The PUC is classified under Custom Tariff Heading 7208, 7211, 7225 and 7226. The Customs classification is indicative only and is in no way binding on the scope of the present investigation.
10. It is noted that the domestic industry has not proposed PCN methodology in the sunset review petition. However, it is noted that in the original investigation, PCN methodology was proposed by the domestic industry, and the Authority determined Product Control

Numbers (PCNs) in order to make a PCN-to-PCN comparison for computing the dumping margin. The PCNs prescribed in the original investigation are given below, and the same is proposed to be used **for the present sunset review**.

PCN for Hot Rolled Flat Steel Products				
S.No.	Attributes	No. of Digits	Description	Code
1	Product Form	1	Coil	C
			Cut to length-Slit, Sheet, Plates	L
			Plate Mill Plate	P
2	Quality	4	Cold rolling/Galvanizing Quality	Q01Q
			Pipe and Tube quality	Q02Q
			High tensile including HSLA	Q03Q
			High Strength Structural Steel (YS 350 Mpa & above)	Q04Q
			Structural Steel (YS below 350 Mpa)	Q05Q
			Chequered quality	Q06Q
			Drawing/forming/flanging quality Steel	Q07Q
			API grade X52 and above quality Steel	Q08Q
			API grade below X52 quality Steel	Q09Q
			Quenched/Tempered Quality	Q10Q
			Corrosion Resistant Steel Quality	Q11Q
			Boiler/Pressure Vessel Quality	Q12Q
			Ship Building Quality	Q13Q
			LPG Cylinder quality	Q14Q
			Medium/High Carbon Steel Quality	Q15Q

PCN for Hot Rolled Flat Steel Products				
S.No.	Attributes	No. of Digits	Description	Code
			Silicon Electrical Steel	Q16Q
			Other Qualities not covered above	Q17Q
3	Thickness	1	upto 1.6 mm	T
			more than 1.6 mm upto 2mm	U
			more than 2 mm upto 10 mm	V
			more than 10mm upto 25 mm	W
			more than 25 mm upto 40mm	X
			more than 40 mm upto 100 mm	Y
			more than 100 mm upto 150 mm	Z
4	Width	1	upto 600mm	1
			more than 600mm upto 1500 mm	2
			more than 1500mm upto 2500 mm	3
			more than 2500mm upto 3000 mm	4
			more than 3000mm upto 4950 mm	5
5	Longitudinal Edges	2	As rolled	EB
			sheared/trimmed/milled/Gas-Cut etc.	ED
6	Surface Treatment/Surface preparation	1	Pickled	H
			Sand-blasted/shot blasted	I
			painted	J

PCN for Hot Rolled Flat Steel Products				
S.No.	Attributes	No. of Digits	Description	Code
			no surface treatment/no surface preparation	K
7	Heat Treatment	1	Un-Normalised	8
			Normalizing	9
<p>Example: A plate mill plate of chequered quality, 80 mm thick having width 750 mm with sheared edges in pickled form having unnormalized heat treatment Product PCN will be (11 digit): PQ06QY2EDH8</p>				

11. Interested parties may offer their comments, if any, on the PCN methodology within 10 days from the date of the initiation notice.

Like article

12. The applicant has claimed that the goods produced by the domestic industry are identical to the subject goods exported from the subject countries to India. Subject goods produced by the domestic industry are comparable to the imported goods from subject countries in terms of technical specifications, manufacturing process & technology, functions & uses, pricing, distribution & marketing and tariff classification of the goods. The two are technically and commercially substitutable and should be treated as 'like article' under the Rules. Therefore, for the purpose of the present investigation, the subject goods produced by the domestic industry are being treated as 'Like Article' to the subject goods being imported from the subject countries.

Domestic industry

13. The application has been filed by Indian Steel Association (Applicant) on behalf of the domestic producers. The following applicant producers have provided their costing and injury information for the purposes of the sunset review investigation:

- a. Steel Authority of India Limited
 - b. JSW Steel Limited
 - c. ArcelorMittal Nippon Steel India Limited.
14. The application is supported by (i) Tata Steel Limited and (ii) Tata Steel BSL Limited.
15. Of the three applicant producers, JSW Steel Ltd and ArcelorMittal Nippon Steel India Ltd have imported small quantities of the subject goods from the subject countries. As the volumes imported by them are small and their focus and area of operation continue to be manufacture of domestic like articles and not indulge in trading of subject goods, Authority considers it appropriate to treat them as part of the domestic industry.
16. Essar Steel India Ltd. was admitted to corporate insolvency resolution process by way of an Order dated 02.08.2017 passed by the National Company Law Tribunal, Ahmedabad. Pursuant to the procedure established by the Insolvency and Bankruptcy Code, 2016, ArcelorMittal India Pvt. Ltd. became the successful resolution applicant and with effect from 16.12.2019 took over the entire shareholding of the company. Pursuant to issuance of a fresh certificate of incorporation by the Registrar of Companies, the name of Essar Steel India Ltd. was changed to ArcelorMittal Nippon Steel India Ltd. with effect from 08.01.2020. The Company is incorporated in India under the Companies Act, 1956. It is a domestic producer of Hot Rolled Products (both in coil and not-in coil) and Cold Rolled Products and has significant production capacities in India and is in the process of further expansion. M/s. Nippon Steel & Sumitomo Metal Corporation, Japan has no direct shareholding in ArcelorMittal Nippon Steel India Limited but is a minority stakeholder in an intermediate holding company separated by several intervening independent corporate enterprises. ArcelorMittal Nippon Steel India Limited has not imported the subject goods from Nippon Steel & Sumitomo Metal Corporation, Japan during the POI. ArcelorMittal Nippon Steel India Limited is an independent, professionally managed company and does not reflect the individual interests of its shareholders. As a domestic producer, the very fact that it has come together with other domestic producers to seek the present sunset review evidences that it is not acting in a manner different from other domestic producers.
17. Therefore, the Authority has considered that the relationship has not affected the basic character of the ArcelorMittal Nippon Steel India Limited as producer of the like product

in India. The Authority, therefore, considers ArcelorMittal Nippon Steel India Limited as eligible constituent of domestic industry under Rule 2(b) of the Rules.

18. As per evidence available on record, the applicant producers account for a major proportion in the domestic production of the like article in India. On the basis of information available, the Authority has considered the applicant producers as domestic industry within the meaning of the Rule 2(b) of the Rules.
19. It is noted that the Applicant Producers, along with the supporters, account for more than 50% of the total domestic production. In view of the above and after due examination, the Authority notes that the Applicant Producers constitute eligible domestic industry in terms of Rule 2 (b), and the application satisfies the criteria of standing in terms of Rule 5(3), of the Rules supra.

Basis of alleged dumping

Normal value

China PR

20. The applicant has submitted that normal value for Chinese producers may be determined based on costs or domestic selling prices prevailing in China, only if the responding Chinese producers demonstrate that their cost and price information are based on market driven principles and allow for fair comparison in terms of Para 1 to 6 of Annexure I to AD Rules and that if none of the Chinese producers were able to demonstrate that they were operating under market economy principles, normal value for Chinese producers must be determined based on para 7 and 8 of Annexure I to Rules.
21. The Applicant has claimed that efforts were made to determine normal value on the basis of price or constructed value in a market economy third country, price from such a third country to other countries, including India. However, the applicant could not get reliable information regarding the same. The applicant has claimed that PUC has various grades and is classified under multiple HS codes, and because of these reasons it becomes difficult to get accurate reliable information regarding the same.

22. Therefore, the applicant has determined normal value for China PR on the basis of “any other reasonable basis” as per Para 7 of Annexure 1 to the Rules. In this regard, the applicant has claimed the normal value for China PR based on (a) International price of raw material, (b) Consumption norms, conversion costs and SGA costs on the basis of experience of the domestic industry, and (c) a reasonable profit.

Normal value in Brazil, Indonesia, Japan, Korea RP, and Russia

23. The applicant has claimed that they were able to get any documentary evidence or reliable information with regard to domestic prices of the subject goods in Brazil, Indonesia, Japan, Korea RP, and Russia. Also, because of the fact that there are multiple grades of PUC, and the PUC is classified under multiple HS codes at 8-digit level, the export price to an appropriate third country could not be obtained.
24. Under these circumstances, the applicant has constructed the normal value for all the subject countries based on (a) International price of raw material, (b) Consumption norms, conversion costs and SGA costs on the basis of experience of the domestic industry after making adjustment to duly reflect labour cost prevailing in the concerned subject country, and (c) a reasonable profit.
25. For the purpose of initiation, the Authority has considered the normal value claimed by the applicant.

Export price

26. There were no imports of HR in coils from Brazil, Indonesia and Russia and no imports of HR not in coils from Brazil and Russia during the period of investigation. The export price wherever available has been presented in the application on the basis of the Directorate General of Commercial Intelligence and Statistics (DGCI&S) transaction-wise import data. Price adjustments have been made on account of ocean freight, inland freight, ocean insurance, commission, bank charges, port and handling expenses, and non-refundable VAT (only in case of China PR).

Dumping margin

27. Considering the normal value and export price determined as above, dumping margin determined is not only above de-minimis level but also significant. There is prima facie evidence that normal value of the subject goods in the subject countries is significantly higher than the net export price, thereby indicating that the subject goods originating in or exported from the subject countries have continued to be exported at dumped prices, in spite of antidumping duty in force.

Likelihood of continuation / recurrence of dumping and injury

28. There is *prima facie* evidence of likelihood of continuation/recurrence of dumping and injury to the domestic industry in the event of cessation of duty, considering the continued significant import quantities, increase in global steel capacity, lower steel demand around the world except India, significant unutilized capacities in subject countries, existence of trade remedial measures imposed by other countries against the subject countries, excess capacities, potential trade diversion, price attractiveness of Indian market and reduction of basic custom duties by India on imports of PUC. It is prima facie noted that there is likelihood of continuation/recurrence of dumping and injury to the domestic industry in the event of cessation of the anti-dumping duty.

Initiation of sunset review investigation

29. On the basis of the duly substantiated written application by or on behalf of the domestic industry, and having satisfied itself, on the basis of the prima facie evidence submitted by the domestic industry, substantiating likelihood of continuation/recurrence of dumping of product under consideration originating in or exported from the subject countries and injury to the domestic industry, and in accordance with Section 9A of the Act read with Rule 23 of the Rules, the Authority, hereby, initiates a sunset review investigation to review the need for continued imposition of duties in force in respect of the subject goods, originating in or exported from the subject countries and to examine whether the expiry of such duty is likely to lead to continuation or recurrence of dumping and injury to the domestic industry.

Subject Countries

30. The subject countries for the present sunset review investigation are Brazil, China PR, Indonesia, Japan, Korea RP, and Russia.

Period of Investigation (POI)

31. Petitioner has proposed the period from 1st April 2019 to 30th September 2020 (18 months) as the period of investigation (POI). The injury investigation period is 2016-17, 2017-18, 2018-19 and POI.

32. A longer period of investigation is appropriate in the present sunset review since trade in the first and second quarter of 2020-21 was impacted by Covid-19. A longer period would be more appropriate to assess the current injury and likelihood of injury to the domestic industry caused due to the alleged dumped imports. In view of the above, period of investigation (POI) of 18 months from 1st April 2019 to 30th September 2020 is deemed appropriate. The injury investigation period will cover the periods April 2016 - March 2017, April 2017 - March 2018, April 2018 - March 2019 and the period of investigation i.e. 1st April 2019 to 30th September 2020.

Procedure

33. The sunset review investigation will undertake likelihood analysis of dumping and injury.
34. The provisions of Rules 6, 7, 8, 9, 10, II, 16, 17, 18, 19 and 20 of the Rules shall be mutatis mutandis applicable in this review.

Submission of Information

35. In view of the special circumstances arising out of COVID-19 pandemic, all communication should be sent to the Designated Authority via email at the email addresses adg13-dgtr@gov.in, adv12-dgtr@gov.in, dd18-dgtr@gov.in, dd13-dgtr@gov.in, dd19-dgtr@gov.in.

36. The known producers/exporters in the subject countries, Government of the subject countries through their Embassies in India, the 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.
37. 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.
38. Any party making any confidential submission before the Authority is required to make a nonconfidential version of the same available to the other parties.
39. Interested parties are further advised to keep a regular watch on the official website of the Designated Authority <http://www.dgtr.gov.in/> for any updated information with respect to this investigation.

Time Limit

40. Any information relating to the present investigation should be sent to the Designated Authority via email at the email addresses adg13-dgtr@gov.in, adv12-dgtr@gov.in, dd18-dgtr@gov.in, dd13-dgtr@gov.in, dd19-dgtr@gov.in within 30 days from the date of receipt of the notice as per as Rule 6(4) of the Rules. 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 Rules.
41. 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 within the above time limit.

Submission of information on confidential basis

42. Any party making any confidential submission or providing information on confidential basis before the Authority, is required to simultaneously submit a non- confidential

version of the same in terms of Rule 7(2) of the Rules. Failure to adhere to the above may lead to rejection of the response / submissions.

43. The parties making any submission (including Appendices/Annexures attached thereto), before the Authority including questionnaire response, are required to file Confidential and Non-Confidential versions separately.
44. 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.
45. 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.
46. 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 nonconfidential 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, the 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.
47. The Authority may accept or reject the request for confidentiality on examination of the nature of the information submitted. If the Authority is satisfied the request for confidentiality is not warranted or if the supplier of the information is either unwilling to make the information public or to authorize its disclosure in generalized or in summary form, it may disregard such information.

48. 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.
49. 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.

Inspection of Public File

50. A list of interested parties will be uploaded on DGTR's website along with the request therein to all of them to email the non-confidential version of their submissions to all interested parties since the public file will not be accessible physically due to ongoing global pandemic.

Non-cooperation

51. 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 declare such interested party as non-cooperative and record its findings on the basis of the facts available to it and make such recommendations to the Central Government as deemed fit.



(ANANT SWARUP)

Joint Secretary & Designated Authority