

F. No. 6/8/2022-DGTR
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: 30th September 2022

Case No. AD(OI) – 08/2022
INITIATION NOTIFICATION

Subject: Initiation of Anti-dumping investigation concerning imports of “alloy steel chisel/ tool and hydraulic rock breaker in fully assembled condition” originating in or exported from China PR and Korea RP.

F.No. 6/3/2022-DGTR - An application has been filed by DOZCO (India) Pvt. Ltd. (hereinafter referred to as the ‘applicant’), before the Designated Authority, in accordance with the Customs Tariff Act, 1975 (hereinafter referred to as the ‘Act’) as amended in 1995 and thereafter, 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 referred to as the ‘AD Rules’), for the initiation of an anti-dumping investigation and the imposition of appropriate anti-dumping duty on imports of **“alloy steel chisel/ tool and hydraulic rock breaker in fully assembled condition”** (hereinafter referred to as the ‘subject goods’) originating in or exported from China PR and Korea RP.

2. The applicant has alleged that material injury is being caused to the domestic industry due to the alleged dumped imports, originating in or exported from China PR and Korea RP and has requested for the imposition of anti-dumping duties on the imports of the subject goods from China PR and Korea RP.

A. PRODUCT UNDER CONSIDERATION

3. The product under consideration for the present investigation is **“alloy steel chisel/ tool and hydraulic rock breaker in fully assembled condition”** (hereinafter referred to as the “subject goods” or the “product under consideration”). In common usage, the product under consideration is known as hydraulic breaker, hydraulic rock breaker, chisel/tool. The PUC is usually imported under the following description but not limited to the following:

“Alloy Steel Chisel: imported as Rock Chisel Teeth, Tooth Rock Chisel, Breaker Tool, Hydraulic Hammer (Tools), Hydraulic Rock Breaker Wedge Point for Working Tool, Chisel Blunt, Blunt, Chisel etc.

Hydraulic Rock Breaker: Hydraulic Rock Breaker (with and without Chisel), Rock Breaker with & without Bulk, Hydraulic Rock breaker Assembly Kit, Rock breaker

spare body assembly, Hydraulic Rock Breaker Fine, Hydraulic Rock Breaker, Rock Breaker, Box Type Hydraulic Rock Breaker etc.”

4. **Uses:** Rock Breakers with chisel are commonly used for quarry and demolition purposes. It is used for the purpose of trenching, breaking asphalt, concrete, hard rocks and huge stones. A chisel (also known as tool) is attached to the body of a hydraulic rock breaker, and it is the chisel which comes in contact with the surface to be broken on impact. Chisels are also sold separately apart from a rock breaker. Usually, a chisel gets worn out after certain hours of usage and is replaced with another chisel. Depending upon the type of usage and the kind of impact force required, the tip of the chisel may be of different shapes such as blunt, wedge, moil etc.

5. **Tariff classification:** The PUC are usually imported under tariff heading 84314930 and 84314990 with the description, “Of other excavating, levelling, tamping or excavating machinery for earth, mineral or ores”. The concerned PUC can be imported under other headings as well. Therefore, the customs classification mentioned above are only indicative, and in no way binding on the scope of the investigation.

6. The parties to the investigation may provide their comments on the PUC and propose PCNs, if any, within 15 days of circulation of non-confidential version of the anti-dumping application.

B. LIKE ARTICLE

7. The applicant has claimed that there are no known differences in the subject goods produced by the Indian industry and the product under consideration produced and exported from the subject countries. The two products are comparable in terms of essential product characteristics such as physical and chemical characteristics, manufacturing process and technology, functions and uses, product specifications, pricing, distribution and marketing and tariff classification of the goods. Consumers can use and are using the two interchangeably. The two are technically and commercially substitutable. The goods produced by the applicant is a like article to the subject goods that are being imported from China PR and South Korea. For the purposes of the present investigation, the goods being produced by the domestic industry are being treated as ‘like article’ to the subject goods imported from China PR and Korea RP.

C. SUBJECT COUNTRIES

8. The application has been filed in respect of alleged dumping of the subject goods originating in or exported from China PR and Korea RP (hereinafter referred to as the ‘subject countries’).

D. PERIOD OF INVESTIGATION (POI)

9. The period of investigation for the present investigation is 1st April 2021 - 31st March 2022. Further, the injury investigation period has been proposed as 1st April, 2018- 31st March, 2019, 1st April, 2019- 31st March, 2020, 1st April 2020- 31st March 2021 and the POI.

E. DOMESTIC INDUSTRY AND STANDING

10. The application has been filed by DOZCO (India) Pvt. Ltd. who is a manufacturer of the subject goods in India. The applicant has submitted that there are other industries which import unassembled parts of the subject goods and further assemble them in India. The applicant has submitted that there are no other manufacturer of the subject goods in India.

11. The applicant has not imported the PUC during the POI. However, the applicant has made very insignificant volumes of imports of rock breaker parts in the POI in comparison to the total volume of imports of rock breaker parts in India.

12. The nature and business of the applicant remains to be of a manufacturer and therefore, in terms of Rule 5(3) and Rule 2(b) of the Anti-dumping Rules, 1995, the applicant is a domestic industry and satisfies the requirements of standing.

F. BASIS OF ALLEGED DUMPING

13. Normal value

I. China PR

- i. The applicant has claimed that China PR should be treated as a non-market economy and the normal value should be determined in accordance with para 7 of the Annexure-I to the Anti-dumping Rules, 1995. The normal value for rock breaker as well as the normal value for chisel has been computed based on the cost of production of the domestic industry, duly adjusted with selling, general and administrative expenses, and a reasonable profit margin.

II. Korea RP

- i. With respect to construction of normal value from Korea RP, the applicant has submitted that the data with respect to the cost of production of the subject goods in Korea RP is not available in the public domain. Therefore, the normal value for rock breaker and the normal value for chisel has been computed based on the cost of production of the domestic industry, duly adjusted with selling, general and administrative expenses, and a reasonable profit margin.

14. Export Price

- i. The export price for the subject goods has been computed based on the import data with due adjustments for freight, insurance, port expenses, bank charges, inland freight, and commission to arrive at the net export price.

15. Dumping Margin

- i. The normal value and the export price have been compared at the ex-factory level, which *prima facie* establishes that the dumping margin is above the *de-minimis* level and is significant in respect of the product under consideration from the subject countries. Thus, there is sufficient *prima facie* evidence that the product under consideration from the subject countries is being dumped in the domestic market of India by the exporters from the subject countries.

G. INJURY AND CAUSAL LINK

16. The applicant has provided *prima facie* evidence with respect to the injury suffered by the domestic industry because of the dumped imports. The volume of the subject imports from the subject countries has increased in both absolute as well as in relative terms. The capacity utilisation of the domestic industry has declined. The price suppression and depression caused by the dumped imports have been preventing the domestic industry from increasing its prices to recover the full cost and achieve reasonable rate of returns. The subject imports have had an adverse impact on the profitability parameters of the domestic industry due to which the cash profits, PBIT, and ROCE have registered a very significant decline. There has also been a significant increase in the inventory levels of the domestic industry.

H. INITIATION OF ANTI-DUMPING INVESTIGATION

17. On the basis of the duly substantiated written application submitted by the applicant and having reached satisfaction based on the *prima facie* evidence submitted by the applicant concerning the dumping of the product under consideration originating in or exported from the subject countries, the consequential injury to the domestic industry as a result of the alleged dumping of the subject goods and the causal link between such injury and the dumped imports, and in accordance with Section 9A of the Act read with Rule 5 of the AD Rules, the Authority, hereby, initiates an anti-dumping investigation to determine the existence degree and effect of the dumping with respect to the product under consideration originating in or exported from the subject countries and to recommend the amount of anti-dumping duty, which if levied, would be adequate to remove the injury to the domestic industry.

I. PROCEDURE

18. The principles as stipulated under Rule 6 of the AD Rules, 1995 shall be followed in the present investigation.

J. SUBMISSION OF INFORMATION

19. All communication should be sent to the Designated Authority via email at email address dd11-dgtr@gov.in and dd16-dgtr@gov.in with a copy to adg14-dgtr@gov.in and adv14-dgtr@gov.in . It must be ensured that the narrative part of the submission is in searchable PDF/MS-Word format and data files are in MS-Excel format.

20. The known producers/exporters in the subject countries, the Governments of the subject countries through their Embassies in India, the importers and users in India who are known to be associated with the subject goods are being informed separately to enable them to file all the relevant information within the time limits mentioned in this initiation notification. All such information must be filed in the form and manner as prescribed by this initiation notification, the AD Rules, 1995 and the applicable trade notices issued by the Authority.

21. Any other interested party may also make submission relevant to the present investigation in the form and manner as prescribed by this initiation notification, the AD Rules, 1995 and the applicable trade notices issued by the Authority within the time limits mentioned in this initiation notification.

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

23. 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.

K. TIME LIMIT

24. Any information relating to the present investigation should be sent to the Designated Authority via email at email address dd11-dgtr@gov.in and dd16-dgtr@gov.in with a copy to adg14-dgtr@gov.in and adv14-dgtr@gov.in within 30 days from the date on which the non-confidential version of the application filed by the domestic industry would be circulated by the Designated Authority or transmitted to the appropriate diplomatic representative of the exporting countries as per Rule 6(4) of the AD Rules. If no information is received within the stipulated time limit or the information received is incomplete, the Authority may record its findings based on the facts available on record and in accordance with the AD Rules, 1995.

25. 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 as stipulated in this notification.

26. Where an interested party seeks additional time for filing of submissions, it must demonstrate sufficient cause for such extension in terms of Rule 6 (4) of the AD Rules, 1995 and such request must come within the time stipulated in this notification.

L. SUBMISSION OF INFORMATION ON CONFIDENTIAL BASIS

27. Where any party to the present investigation makes confidential submissions or provides information on a confidential basis before the Authority, it is required to simultaneously submit a non-confidential version of such information in terms of Rule 7(2) of the AD Rules and in accordance with the relevant trade notices issued by the Authority in this regard.

28. Such submissions must be clearly marked as "confidential" or "non-confidential" at the top of each page. Any submission which has been made to the Authority without such markings shall be treated as "non-confidential" information by the Authority, and the Authority shall be at liberty to allow other interested parties to inspect such submissions.

29. The non-confidential version of the information filed by the interested parties should essentially be a replica of the confidential version with the confidential information preferably indexed or blanked out (where indexation is not possible) and such information must be appropriately and adequately summarized depending upon the information on which confidentiality is claimed.

30. 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, the party submitting the confidential information may indicate that such information is not susceptible to summary, and a statement of reasons containing a sufficient and adequate explanation in terms of Rule 7 of the AD Rules, 1995 and appropriate

trade notices issued by the Authority, as to why such summarization is not possible, must be provided to the satisfaction of the Authority.

31. The interested parties can offer their comments on the issues of confidentiality claimed by the domestic industry within 7 days of the receipt of the non-confidential version of the application.

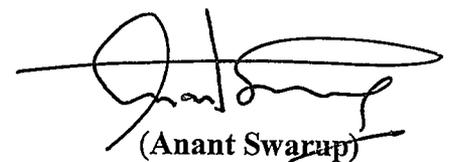
32. Any submission made without a meaningful non-confidential version thereof or without a sufficient and adequate cause statement in terms of Rule 7 of the AD Rules, 1995 and appropriate trade notices issued by the Authority, on the confidentiality claim shall not be taken on record by the Authority.

M. INSPECTION OF PUBLIC FILE

33. A list of registered interested parties will be uploaded on the DGTR's website along with the request therein to all of them to email the non-confidential version of their submissions to all other interested parties.

N. NON-COOPERATION

34. In case any interested party refuses access to and otherwise does not provide necessary information within a reasonable period or within the time stipulated by the Authority in this initiation notification, or significantly impedes the investigation, the Authority may declare such interested party as non-cooperative and record its findings based on the facts available and make such recommendations to the Central Government as deemed fit.



(Anant Swarup)
Designated Authority