

**F.No. 7/18/2018-DGAD**  
**Government of India**  
**Ministry of Commerce & Industry**  
**Department of Commerce**  
**Directorate General of Anti-Dumping & Allied Duties**  
**4th Floor, Jeevan Tara Building, Parliament Street, New Delhi**

Dated 17.05.2018

To,

M/s Electrosteel Casting Limited, M/s Srikalahasti Pipes Ltd. (SPL) and M/s Jindal Saw Limited  
Through: APJ-SLG Law Offices,  
F-21, Geetanjali Enclave,  
New Delhi- 17

**Subject: Order in respect of application for Initiation of Sunset Review Investigation on imports of “Ductile Iron Pipes” from China PR.**

Whereas, M/s Electrosteel Casting Limited, M/s Srikalahasti Pipes Ltd. (SPL) and M/s Jindal Saw Limited ( hereinafter referred to as “ petitioners” ) have filed an application for initiation of Sunset Review investigation for continuation of existing Anti-Dumping Duty on Ductile Iron Pipe ( hereinafter referred as “ Product Under Consideration” or “ PUC” or “ Subject Goods” ) originating in or exported from China PR. It has been claimed by the petitioners that cessation of present anti-dumping duties is likely to lead to continuation or recurrence of dumping and/or injury. The petitioners have proposed the POI (Period of Investigation) as January 17-December 17.

2. The Designated Authority decided to give an opportunity of hearing to the petitioners to present their case and substantiate their claim for initiation of sunset review investigation as the examination of application had prima facie shown improvement of various economic parameters over the injury period and apparently there was no material injury to the domestic industry.

3. Whereas, the petitioners availed the opportunity of oral hearing before the Designated Authority on 15.05.2018 to present their case and make their submissions.

The petitioner during the hearing made the following submissions;

- a) Significant exports have been made by subject country China to Vietnam, Sri Lanka and Turkey at fairly low prices (FOB prices Rs. 36616 / MT, Rs 37973 / MT, and Rs. 34367 /MT respectively). Even after adjustment of ocean freight, insurance, landing charge etc. the constructed landed value to India would be around Rs. 42451 /MT , Rs. 44520/MT and Rs. 40502/MT respectively which are below the domestic selling price (Rs. 45,163 /MT) of subject goods by the Domestic Industry in India and therefore in the event of cessation of duty, there is likelihood of subject goods getting diverted to India and hurting local industry.

- b) Producers in the subject countries have significant capacity (75, 20,000MT), which is 336% of Indian capacity of 22, 35,000 MT and 477% of Indian demand of 15, 76,776 MT. Surplus capacity of this magnitude with the exporting country poses a threat of dumped import and injury to the domestic industry.
  - c) Indian producers and exporters of DI Pipes have been the target of anti-dumping and other unreasonable trade measures in EU and Brazil over the last few years. The actions by EU are the behest of M/s Saint- Gobain PAM International (SG PAM), which happens to be one of the biggest producers of the DI pipes in the world. SG PAM has multiple facilities around the world with significant presence in China. The imposition of anti-dumping and anti-subsidy duties and the subsequent action is clearly a retaliatory action by SG PAM against Indian exporters as they are not in a position to supply to the Indian market at fair and undumped prices.
  - d) The DI pipes supply market is largely tender based and thus highly price-sensitive since any loss in price competitiveness may result in bidder losing out the entire contract.
  - e) There has been acceleration in growth for the domestic DI pipe industry, largely on account of water and sewerage infrastructure development in Indian urban, suburban and rural sector. With only around 31% of India's population currently urbanized, India's urbanization trends have scope to significantly accelerate and likely to be around 40% by 2030 and a healthy domestic DI pipe industry is an absolute must for any growing economy like India where supply of potable water would remain a top priority.
4. Whereas, on examination of the facts in detail, the Authority notes as under:
- a) The volume of imports of the subject goods during the injury period has been very miniscule. In fact, during the first two years of the injury period there were no imports of the subject goods from the subject country at all. Thus, there is no volume effect of injury.
  - b) The price undercutting also has been negative since the landed value of the imported goods is much higher than the selling price of the domestic goods. Thus, there is no price effect of injury as well.
  - c) Economic parameters such as sales, production, capacity, capacity utilization, profits, and cash profits have also consistently improved. Thus, there is no material injury being suffered by the petitioners.

5. In so far as the likelihood of recurrence of injury on cessation of anti-dumping duty is concerned, the Authority notes as under:

i. The argument that there is likelihood of subject goods exported to Sri Lanka, Turkey and Vietnam getting diverted to India and hurting local industry on the premise that constructed landed value(s) are below the current selling price of the subjects by the Domestic Industry is not entirely valid on the following grounds:

- a) There is only marginal difference between the domestic selling price and the landed value constructed from the Sri Lankan prices.
- b) The exports to Vietnam, Sri Lanka and Turkey taken together constitute only 27% of exports of the subject goods from China.
- c) Similarly, the constructed landed value to India of Rs. 42451 /MT, Rs. 44520/MT and Rs. 40502/MT is based on average export prices for Vietnam, Sri Lanka and Turkey respectively whereas the price attractiveness would depend on volume of only those individual transactions which have values lower than the domestic selling price.

ii. The submission made by the petitioner regarding surplus capacities also is incomplete/inconclusive because it neither takes into account domestic demand in China PR nor the exports of the PUC from China to the rest of the world. In fact, the transaction wise export details furnished by the petitioners indicate exports to the tune of 5, 38,267 MT from China to the rest of the world. Moreover, mere creation of additional capacity in China may not be reason enough for diversion and dumping of subject goods into India.

iii. No evidence has hitherto been given with regard to likelihood of price suppression/price depression caused by the imports of subject goods from China PR.

6. In view of the above, the Authority notes that the applicant has not been able to provide sufficient and satisfactory evidence in support of its prayer to initiate sunset review investigation. Therefore, the Authority decides that the case is not fit for initiation of sunset review investigation.

  
17.5.18  
(Sunil Kumar)

Additional Secretary & Designated Authority