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F. No.6/39/2024-DGTR
Case No. CVD(OI)- 03/2024
Government of India
Ministry of Commerce & Industry
Department of Commerce
(Directorate General of Trade Remedies)
4th Floor, Jeevan Tara Building, 5 Parliament Street, New Delhi - 110011

Dated 27.12.2024

INITIATION NOTIFICATION

Subject: Initiation of Countervailing Duty investigation concerning imports of Calcium Carbonate Filler Masterbatch from Vietnam

1. **F. No.6/39/2024-DGTR** Compounds and Masterbatch Manufacturers Association of India (hereinafter collectively referred to as "CMMAI") and Masterbatch Manufacturers Association (hereinafter collectively referred to as "MMA") (hereinafter collectively referred to as "applicants" or "petitioners") has filed an petition before the Designated Authority (hereinafter referred to as the "Authority"), on behalf of the domestic industry, 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 Countervailing Duty on Subsidized Articles and for Determination of Injury) Rules, 1995, as amended from time to time (hereinafter also referred to as the "Rules" or the "CVD Rules") for initiation of an countervailing duty investigation concerning imports of "Calcium Carbonate Filler Masterbatch" (hereinafter referred to as the "subject goods" or the "product under consideration"), originating in or exported from Vietnam (hereinafter referred to as the "subject country").
2. The applicants have alleged that the subject goods are being imported into India, originating in or exported from the subject country at subsidized prices in significant quantities for a prolonged period, causing material injury and threat of material injury to it and have requested for imposition of countervailing duty on the import of the subject goods from the subject country.

A. PRODUCT UNDER CONSIDERATION

3. The product under consideration in the present investigation is "Calcium Carbonate Filler Masterbatch" which is also known as "Filler Masterbatch" or "Calcium Carbonate Compound" wherein Calcium Carbonate (CaCO_3) is major constituent i.e., more than 50% by volume.

4. Calcium Carbonate Filler Masterbatch is a mix of calcium carbonate (a mineral), base plastic materials like polypropylene or polyethylene, and other additives. The said mixture is extruded at a certain temperature to produce the Calcium Carbonate Filler Masterbatch in compound granules form. The PUC majorly constitutes calcium carbonate, with the rest being plastics and other additives.
5. Calcium Carbonate Filler Masterbatch is a special material used in the plastic industry for enhancement of properties of plastic items. Its main job is to be a cost effective and eco-friendly filler imparting specific physical and chemical properties.
6. Many industries use Calcium Carbonate Filler Masterbatch, such as packaging, construction, automotive and consumer goods. When added to plastics, Calcium Carbonate Filler Masterbatch can make them stronger, less likely to break, better at keeping their shape, and less likely to shrink.
7. Calcium Carbonate Filler Masterbatch can also change how plastic feels on the surface, how it handles heat, and how easy it is to work with. It is often used to make plastic films, sheets, pipes, shaped items, and other plastic goods.
8. The product under consideration is classifiable under tariff item 3824 99 00 of the first schedule to the Customs Tariff Act, 1975. Major imports are cleared under tariff item 3824 99 00. The customs classification is indicative only and is not binding on the scope of the product under consideration in the present petition.
9. The applicants have proposed that the Product Control Numbers (PCNs) for the present investigation may be considered as already adopted in the ongoing anti-dumping investigation concerning imports of Calcium Carbonate Filler Masterbatch from Vietnam bearing file number F. No. 06/38/2024 – DGTR in Case No. AD(OI)-36/2024. The Authority has decided on the PCN Methodology in the above-mentioned anti-dumping investigation *vide* notification dated 4th December 2024. Since the scope of product under consideration in the anti-dumping investigation and present investigation is same, the Authority considers it appropriate to adopt the same PCN methodology in the present investigation, i.e., on the basis of calcium carbonate content with following three categories:

Criteria	PCN Code
Less than 75% CaCO ₃	A
75-85% CaCO ₃	B
More than 85% CaCO ₃	C

B. LIKE ARTICLE

10. The applicants have claimed that there are no known differences between the subject goods produced by the Indian industry and the product under consideration produced and exported from the subject country. 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. The two are technically and commercially substitutable and are used by consumers interchangeably. Hence, for the purpose of the present investigation, the subject goods produced by the applicants are being treated by the Authority as 'like article' to the subject goods being imported from the subject country.

C. SUBJECT COUNTRY

11. The subject country in the present investigation is Vietnam.

D. DOMESTIC INDUSTRY AND STANDING

12. The application has been filed by CMAAI and MMA on behalf of the member companies that are domestic producers of PUC. It has been claimed that most of the Indian manufacturers of the subject goods are small and in the unorganized sector. The applicant has stated that its member companies constitute more than 90% of the total production of product under consideration in India.

13. There are twelve applicant domestic producers of subject goods who have filed the required information in Annexure-I to Trade Notice 9/2021 for fragmented industries. It has been claimed that these twelve applicant domestic producers comprise more than 35% of the total domestic production of subject goods in India. On the basis of the information available, the applicant's production constitutes more than 25% of the total domestic production of PUC.

14. Further, it has been claimed that the twelve applicant domestic producers along with the twenty-one expressly supporting companies who have provided the required data in supporters' format constitute more than 55% of the total domestic production of subject goods in India.

15. The domestic industry has imported miniscule quantities of subject goods from subject country. None of the applicant domestic producers and expressly supporting companies are related to producers/ exporters of subject goods in subject country.

16. On the basis of the information available, the Authority notes *prima facie* the applicants constitute "domestic industry" under within the meaning of Rule 2(b) read with Rule 6(3) of the CVD Rules.

E. ALLEGATION OF SUBSIDIZATION

17. The applicants have alleged that the producers/ exporters of the subject goods in the subject country have benefitted from the actionable subsidies provided by various levels in the Government of Vietnam, including the Governments of the different provinces and municipalities in which the producers/ exporters are located, and other 'Public Bodies'. The applicants have relied upon relevant Laws, Rules and Regulations and other notifications of the relevant Government Agencies and Public Bodies as available in the public domain.

F. CONSULTATION

18. In terms of Article 13 of the Agreement on Subsidies and Countervailing Measures (ASCM), the opportunity for consultation was given to the Government of Vietnam by scheduling a pre consultation meeting on 10th December 2024. The comments received from the Vietnamese government have been taken on record and the same will be duly taken into consideration during the course of the investigation

G. SUBSIDY PROGRAMS

19. The *prima facie* evidence provided by the applicants shows that the producers and exporters of the subject goods in the subject country have benefitted from a number of subsidies granted by the Government and/ or other public bodies in the subject country.

Program - 1 Supply of limestone at Less Than Adequate Remuneration ("LTAR")

Program - 2 Master Plan for Development of Vietnam's Plastic Industry

Program - 3 Exemption on corporate income tax for enterprises

Program - 4 Import duty exemption on reimbursement for raw material

Program - 5 Preferential lending for investors

Program - 6 Export Promotion Program

Program - 7 Preferential lending to the exporters

Program - 8 Interest rate of investment credit loans

Program - 9 On investment support on foreign investors who invested on establishing small and medium scale enterprises

Program - 10 Export credits from the Vietnam Development Bank

Program - 11 Financial Guarantees by Vietin Bank

Program - 12 Provision for Natural gas /electricity/coal for power consumption to LTAR

Program - 13 Government provision of land for less than adequate remuneration and exemptions or reductions from land and water rents

20. It has been alleged that the above schemes are subsidies since they involve a financial contribution from the Government of Vietnam or other regional or local governments, including public bodies and confer benefits to the recipients. They also alleged to be contingent upon export performance and/ or limited to certain enterprises or groups of enterprises and/ or products and/ or regions, therefore, are specific and countervailable.
21. The Designated Authority reserves the right to investigate other subsidies, which may be found to exist and availed by the producers and exporters of the subject goods, during the course of the investigation.

H. INJURY AND CAUSAL LINK

22. Information furnished by the applicants has been considered for assessment of injury to the domestic industry. The applicants have furnished evidence regarding the injury as a result of the alleged subsidization in the form of significant volume of subsidized imports in absolute as well as in relative terms in comparison to the production and consumption in India and price effect of such imports on the domestic industry. The applicants have claimed that its performance has been adversely impacted in respect of production, sales, capacity utilisation, market share, profits, cash profits and return on capital employed due to the significant imports of the product under consideration from the subject country. The applicant has also claimed a further threat of material injury. The Authority notes that there is sufficient *prima facie* evidence that the domestic industry has suffered material injury and a further threat of material injury due to the alleged subsidized imports from the subject country.

I. INITIATION OF COUNTERVAILING DUTY INVESTIGATION

23. On the basis of the duly substantiated written application filed by the domestic industry, and having satisfied itself, on the basis of the *prima facie* evidence submitted by the domestic industry, about the subsidization of the product under consideration originating in or exported from the subject country, injury to the domestic industry and causal link between such alleged subsidization and injury, and in accordance with section 9 of the Act read with Rule 6 of the CVD Rules, the Authority, hereby, initiates an investigation to determine the existence, degree and effect of any alleged subsidization in respect of the subject goods originating in or exported from the subject country and to recommend the amount of countervailing duty, which if levied, would be adequate to remove the injury to the domestic industry.

J. PERIOD OF INVESTIGATION

The period of investigation for the present investigation is from 1st April 2023 to 30th June 2024 (15 months). The injury investigation period will be 1st April 2020 to 31st March 2021, 1st April 2021 to 31st March 2022, 1st April 2022 to 31st March 2023 and the POI. Petitioner has further stated that most of the applicants and supporters are MSMEs. Therefore, the consideration of 12 months (July 2023 – June 2024) as period of investigation would result in significant practical difficulties for preparation of the costing data, as it would require culling information for two separate financial years. The applicants have claimed that majority of them are relatively small companies having limited resources.

K. PROCEDURE

24. The principles as stipulated under Rule 7 of the CVD Rules shall be followed in the present investigation.

L. SUBMISSION OF INFORMATION

25. All communication should be sent to the Authority via email at email addresses adg16-dgtr@gov.in; adv11-dgtr@gov.in; jd11-dgtr@gov.in and dir14-dgtr@gov.in. It should be ensured that the narrative part of the submission is in searchable PDF/MS Word format and data files are in MS Excel format.
26. The known producers/exporters in the subject country, the Government of the subject country through its embassy 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 notification. All such information must be filed in the form and manner as prescribed by this initiation notification, the CVD Rules and the applicable trade notices issued by the Authority.
27. Any other interested party may also make its submissions relevant to the investigation in the form and manner prescribed by this initiation notification, the CVD Rules and the applicable trade notices issued by the Authority within the time-limit mentioned in this initiation notification.
28. 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.
29. Interested parties are further advised to keep a regular watch on the official website of the Authority <http://www.dgtr.gov.in/> for any updated information with respect to this investigation as well as further processes related to the investigation.

M. TIME LIMIT

30. Any information relating to the present investigation should be sent to the Authority via email at the email addresses adg16-dgtr@gov.in; adv11-dgtr@gov.in; jd11-dgtr@gov.in and dir14-dgtr@gov.in within thirty days from the date on which it was sent by the Authority or transmitted to the appropriate diplomatic representative of the exporting country as per of Rule 7(4) of the CVD 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 CVD Rules.
31. 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 30 days from the date of publication of Initiation notification.
32. Where an interested party seeks additional time for filing of submissions, it must demonstrate sufficient cause for such extension in terms of Rule 7(4) of the CVD Rules and such request must come within the time stipulated in this notification.

N. SUBMISSION OF INFORMATION ON CONFIDENTIAL BASIS

33. 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 8(2) of the CVD Rules and in accordance with the relevant trade notices issued by the Authority in this regard.
34. The 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 the other interested parties to inspect such submissions.
35. 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.
36. The non-confidential version of the information filed by the interested parties 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 such information must be appropriately and adequately summarized depending upon the information on which confidentiality is claimed.

37. The non-confidential summary must be in sufficient detail to permit a reasonable understanding of the substance of the information furnished on a 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 8 of the CVD Rules 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.
38. The interested parties can offer their comments on the issues of confidentiality claimed in the submissions, within seven days (7 days) from the date of circulation of the non-confidential version of the documents in terms of relevant paragraph of this initiation notification.
39. 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 summary form, it may disregard such information.
40. Any submission made without a meaningful non-confidential version thereof or without a good cause statement in terms of Rule 8 of the CVD Rules and appropriate trade notices on the confidentiality claim shall not be taken on record by the Authority.
41. 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.

O. INSPECTION OF PUBLIC FILE

42. 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. Failure to circulate non-confidential version of submissions/response/information might lead to consideration of an interested party as non-cooperative.

P. NON-COOPERATION

43. 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.


(Darpan Jain)
Designated Authority