

F.No. 7/21/2021-DGTR
Government of India Department of Commerce
Ministry of Commerce & Industry
(Directorate General of Trade Remedies)
Jeevan Tara Building, 5, Parliament Street, New Delhi – 110001

Dated: 08.10.2021

INITIATION NOTIFICATION

(Case No. CVD-SSR- 1/2021)

Subject: Initiation of sunset review anti-subsidy investigation concerning imports of “certain Hot Rolled and Cold Rolled Stainless Steel Flat Products” originating in or exported from China PR.

1. M/s Jindal Stainless Limited and M/s. Jindal Stainless (Hisar) Limited (hereinafter also referred to as the “Applicants”) have filed an application before the Designated Authority (hereinafter also 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 Customs Tariff (Identification, Assessment and Collection of Countervailing Duty on Subsidized Articles and for Determination of Injury) Rules, 1995 (hereinafter also referred to as the “Rules”) for initiation of sunset review investigation concerning imports of “Flat Rolled Products of Stainless Steel” (hereinafter referred to as ‘product under consideration’ or ‘PUC’ or the ‘subject goods’) originating in or exported from China PR (hereinafter referred to as the ‘subject country’).

Background

2. The original anti-subsidy investigation was initiated by the Authority vide Notification No 14/18/2015-DGAD dated 12th April 2016. The Authority recommended imposition of countervailing duty, vide Notification No. 14/18/2015-DGAD, dated 04th July, 2017 on imports of subject goods from China. The definitive measure was imposed vide Custom Notification No. 01/2017-Customs (CVD) dated 07th September, 2017.

Consultation

3. In terms of Article 13 of ASCM pre-initiation consultations were held with the officials of the Government of China on 10th September, 2021. The Government of China has disputed existence of some of the programs alleged by the applicants. The Authority however considers that the existence of all alleged programs, their countervailability and extent of benefit therein are required to be analyzed through an investigation as per the relevant Rules.

Product under Consideration (PUC)

4. The product under consideration in the present investigation is "Flat rolled products of stainless steel, whether hot rolled or cold rolled of all grades/series; whether or not in plates, sheets, or in coil form or in any shape, of any width, of thickness 1.2mm to 10.5mm in case of hot rolled coils; 3mm to 105 mm in case of hot rolled plates & sheets; and up to 6.75 mm in case of cold rolled flat products. Product scope specifically excludes razor blade grade steel."
5. The subject goods are used extensively for Architecture, Building and Construction; Automobile, Railway and Transport; Process Engineering; Consumer Durables; and other such as Coin Blanks and Blades.
6. The subject goods are classified under Chapter 72 of Customs Tariff Act, 1975 under the subheading 7219 and 7220. The customs classification is indicative only and is in no way binding on the scope of the investigations.
7. The scope of the product under consideration in the present sunset review investigation is the same as in the original investigation

Product Control Number (PCN)

8. The applicants have proposed a product control numbers for the purpose of fair comparison on the basis of grades, forms, width, thickness and finish of the subject goods. The proposed PCNs are as follows:

SN	Description	PCN	Code
1.	Product Type	Hot Rolled,	1
		Cold Rolled,	2
		Hot Rolled Annealed & Pickled,	3
		Cold Rolled Annealed & Pickled	4
2.	Grade of the product	201	201
		202	202
		216	216
		301	301
		304	304
		304L	304L
		309	309
		310/S	310/S
		316	316
		316/L	316/L
		405	405
		409	409
		410	410
		410/S	410/S
		415	415
		420	420
430	430		
432	432		

		436 439 441 444 446 DUPLEX Others – please specify Special – please specify	436 439 441 444 446 DUP ORS SPC
3.	Form of the product	Coil Plate/Sheet Strips Punched coil Reversing mill plate Quarto plates Circles Others – please specify	1 2 3 4 5 6 7 8
4.	Width of the product	Of a width below 600 mm Of a width 600 mm or more but upto 1250mm Of a width more than 1250mm but upto 1650mm Of a width more than 1650mm	1 2 3 4
5.	Thickness	(A) HOT ROLLED Of a thickness of 1.2 mm and above but less than 3 mm Of a thickness of 3 mm and above but less than 4.75 mm Of a thickness of 4.75 mm and above but less than 10.5 mm Of a thickness of 10.5 mm and above but less than 14.75mm Of a thickness above 14.75mm and above but not less than 105mm (B) COLD ROLLED or COLD REDUCED Of a thickness of less than 0.5 mm Of a thickness of 0.5 mm and above but less than 1 mm Of a thickness of 1 mm and above but less than 3 mm Of a thickness of 3 mm and above but less than 4.75 mm Of a thickness of 4.75 mm and above but not exceeding 6.75mm	1 2 3 4 5 6 7 8 9 10
6.	Finish of the product	No special finish Special finish - pl. specify special finish in separate column	1 2

9. The interested parties are advised to furnish their comments/suggestions on the proposed PCN methodology within 15 days from the date of initiation of this investigation.

Like Article

10. The Applicants have claimed that the goods produced by the domestic industry are identical to the subject goods exported from the subject country to India. The subject goods produced by the domestic industry are comparable to the imported goods from the subject country 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 country.

Domestic Industry and Standing

11. The application has been filed by M/s Jindal Stainless Limited and M/s. Jindal Stainless (Hisar) Limited. Support letter have been filed by the following associations:
- i. Indian Stainless Steel Development Association (ISSDA)
 - ii. Jagadhri Stainless Steel Re-rollers Association
 - iii. The Rajasthan Stainless Steel Re-rollers Association
 - iv. Wazirpur Industrial Estate Welfare Society
 - v. Stainless Steel Re Rolling Association
 - vi. Delhi Stainless Steel Trade Association
 - vii. Stainless Steel Rollers Association
 - viii. All India Stainless Steel Cold Rollers Association
12. The Applicants have certified that they have neither imported the subject goods from the subject country nor related to any exporter or importer of the subject goods in India.
13. As per evidence available on record, the applicant producers account for a major proportion in the domestic production of the like article in India. In view of the above, the Authority notes that the applicants constitute eligible domestic industry in terms of Rule 2 (b), and the application satisfies the criteria of standing in terms of Rule 6(3) of the Rules supra.

Subsidy Programs

14. The applicants have alleged that the producers/exporters of the subject goods in the subject country continue to be benefitted from actionable subsidies provided at various levels by the Government of the subject country, including the provinces and districts in which producers/exporters are located.
15. The following subsidies/programs have been alleged by the domestic industry:

I. Schemes identified as Grants.

Program No.1: Special fund for energy saving technology reform / incentive fund for transformation of energy-saving technology/ energy saving, conservation and emission grants

- Program No. 2:** Special fund for the development of foreign trade and economic cooperation/ Fund for The Development of International Economic Relations and Trade
- Program No. 3:** Fund for Industrial Transformation and Upgrading / Grants related to technological upgrading, renovation or transformation
- Program No. 4:** Research & Development (R&D) assistance grant/ incentive for enterprise innovation and R&D.
- Program No. 5:** Grants for high and new technology industries
- Program No. 6:** Reward and support fund for restructuring of Industrial Enterprises
- Program No. 7:** Compensation for the production capacity decrease/or incentive to decrease
- Program No. 8:** Support for the "going out" policy in the SSHR industry/ support for "Go Global"
- Program No. 9:** Various Government grants- received by producers/exporters of China PR/ ad hoc grants provided by municipal/regional authorities

II. Schemes identified as Tax & VAT Incentives

- Program No. 10:** Preferential tax policies for companies that are recognized as high and new technology companies /income tax reductions under Article 28 of the Enterprise Income tax law/ preferential income tax for non-resident enterprises (NRE) under article 4 of enterprise tax law
- Program No. 11:** Exemption or reduction from corporate income tax for the enterprises engaging in environmental protection, energy conservation and water conservation projects that meet the requirements
- Program No. 12:** Preferential tax policies for the additional calculation and deduction of research and development (R&D) expenses/preferential income tax benefits for research and development investments.
- Program No. 13:** Preferential tax policies for clean development mechanism
- Program No. 14:** Preferential tax treatment for import of equipment
- Program No. 15:** Accelerated depreciation on fixed assets
- Program No. 16:** Tax preference available to companies that operate at a small profit
- Program No. 17:** Enterprise income tax treatment of enterprise going for restructurings
- Program No. 18:** Reduced tax rate for productive FIEs scheduled to operate for a period not less than 10 Years
- Program No. 19:** Exemption of Tariff and import VAT for imported technologies and equipment
- Program No. 20:** Preferential VAT on integrated utilization of resources/ VAT refunds for FIEs

III. Schemes identified as Loans and Export Financing

- Program No. 21:** Preferential lending
- Program No. 22:** Loan guarantee/credit loan guarantee by GOC/Export Credit Guarantees
- Program No. 23:** Preferential export financing from the export-import bank of China
- Program No. 24:** Export seller's credit
- Program No. 25:** Export buyer's credit
- Program No. 26:** Export credit insurance subsidies

IV. Schemes identified as Equity Infusions.

- Program No.27:** Equity infusions
- Program No. 28:** Debt for equity swaps

V. Schemes identified as Provisions of Goods & Services for LTAR

Program No. 29: Provision of Raw material at less than adequate Remuneration

Program No. 30: Provision of Coal and coking coal provided at less than adequate Remuneration.

Program No. 31: Provision of Land /Land Use rights provided for less than adequate remuneration (LTAR)

Program No. 32: Provision of Electricity provided for less than adequate remuneration (LTAR)

16. The Designated Authority reserves the right to investigate other subsidies, which may be found to exist and availed by the producers/exporters of the subject goods in the subject country, during the course of the investigation.

Likelihood of continuation/recurrence of subsidy and injury

17. There is prima facie evidence of likelihood of continuation/recurrence of subsidy and injury to the domestic industry in the event of cessation of duty, considering the volume and price of imports of the subject goods from the subject country, significant unutilized capacities in the subject country, existence of trade remedial measures imposed by other countries against the subject country and potential trade diversion.

Initiation of Sunset Review Investigation

18. On the basis of the duly substantiated application by or on behalf of the domestic industry, and having satisfied itself, on the basis of the prima facie evidence submitted by the applicants, substantiating likelihood of continuation or recurrence of subsidy and injury to the domestic industry, in accordance with Section 9 of the Act, read with Rule 24 of the Rules, the Authority, hereby, initiates a sunset review investigation to review the need for continued imposition of the duties in force in respect of the subject goods, originating in or exported from the subject country and to examine whether the expiry of existing countervailing duty is likely to lead to continuation or recurrence of subsidy and consequent injury to the Domestic Industry.

Subject Country

19. The subject country in the present investigation is China PR.

Period of Investigation (POI)

20. The applicant has proposed period of investigation as 1st April 2020 to 31st March 2021 (12 Months). However, the explanation to amended Rule 22(3) with regard to the period of investigation states as under:

For the purposes of these rules, the period of investigation shall, - (i) not be more than six months old as on the date of initiation of investigation.

21. In view of the above provision in the Rules, the period of investigation (POI) adopted by the Authority for the present investigation is 01st April, 2020 to 30th June, 2021 (15 months) and the injury period will cover the periods April 2017-March 2018, April 2018-March 2019, April 2019- March 2020 and the POI.

Procedure

22. The sunset review investigation will cover all aspects of the final findings published vide 14/18/2015-DGAD, dated 04th July, 2017 recommending imposition of countervailing duty on imports of the subject goods from China PR. The Authority will also undertake likelihood analysis of continuation/recurrence of subsidisation and injury in the event of revocation of countervailing duty.
23. The provisions of rules 6,7,8,9,10,11,12,13,16,17,18,19,20,22 and 23 shall mutatis mutandis apply in the case of review.

Submission of Information

24. In view of the special circumstances arising out of COVID-19 pandemic, all communication should be sent to the Designated Authority via email at email address adg12-dgtr@gov.in; dir12-dgtr@gov.in jd14-dgtr@gov.in; dd17-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.
25. The known producers/exporters in the subject country, Government of the subject country through their Embassy 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.
26. 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.
27. 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.
28. 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

29. Any information relating to the present investigation should be sent to the Designated Authority via email at the email addresses adg12-dgtr@gov.in; dir12-dgtr@gov.in; jd14-dgtr@gov.in; dd17-dgtr@gov.in within thirty days from the date of receipt of the notice as per Rule 7(4) of the Anti-subsidy 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.

30. 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

31. 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 and the Trade Notices issued in this regard. Failure to adhere to the above may lead to rejection of the response / submissions.
32. 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.
33. 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.
34. 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.
35. 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, 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.
36. 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.
37. 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.

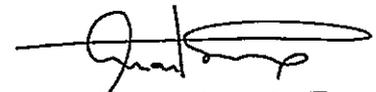
38. The Authority on being satisfied and accepting the need for confidentiality of the information provided, shall not disclose it to any party without specific authorization of the party providing such information.

Inspection of Public File

39. 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

40. 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)
Designated Authority