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**F. No. 6/8/2024-DGTR
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 -110001**

Dated: 28.03.2025

**FINAL FINDING
Case No. CVD (OI) - 01/2024**

Subject: Final finding in the countervailing duty investigation concerning imports of effect pearlescent pigments or mica pearlescent pigments, excluding effect pigments for automotive applications.

A. BACKGROUND OF THE CASE

1. Sudarshan Chemical Industries Limited (hereinafter referred to as 'Sudarshan' or the 'applicant' or the 'domestic industry') filed an application before the Designated Authority (hereinafter referred to as the 'Authority') under the provisions of the Act and CVD Rules for the initiation of a countervailing duty investigation concerning imports of 'effect pearlescent pigments or mica pearlescent pigments, excluding effect pigments for automotive applications' (hereinafter referred to as the "product under consideration" or the "subject goods" or the "product under consideration") originating in or exported from China PR (hereinafter referred to as the "subject country").
2. And whereas, in view of the duly substantiated application filed by the domestic industry, the Authority issued a public notice vide Notification F. No. 6/08/2024-DGTR, dated 29th March 2024, published in the Gazette of India, initiating anti-subsidy investigation into imports of the product under consideration from the subject country in accordance with Rule 6 of the CVD Rules to determine the existence, degree and effect of any alleged subsidization of the product under consideration subject goods and to recommend the amount of anti-subsidy/countervailing duty, which if levied, would be adequate to remove the alleged injury to the domestic industry.

B. PROCEDURE

3. The procedure described below has been followed with regard to the investigation:
 - i. In accordance with Rule 6A of the Rules, prior to initiation of the investigation, the Authority notified the government of the subject country of the receipt of the application for initiation of the investigation and matters therein.

- ii. In accordance with Article 13 of the WTO Agreement on Subsidies and Countervailing Measures ('ASCM'), the Authority invited the government of the subject country for consultations in order to provide them an opportunity for clarifying the situation as to the matters referred to in the application. However, it did not avail the above said opportunity.
- iii. Therefore, in accordance with Rule 7(1) of the Rules, the Authority, vide Notification No. 6/08/2024 dated 29th March 2024, published in the Gazette of India (Extraordinary), initiated the present anti-subsidy/countervailing duty investigation on the imports of the product under consideration from the subject country.
- iv. The period of investigation (POI) of the present investigation is October 2022 to September 2023. The injury period will cover the period 2020-21, 2021-22, 2022-23 and the period of investigation.
- v. In accordance with Rules 7(2) of the Rules, the Authority informed interested parties of the initiation of the investigation by sharing a copy of the Initiation Notification with the embassies of the subject country in India, known producers and exporters of the product under consideration in the subject country, known importers of the subject goods in India and other interested parties.
- vi. In accordance with Rule 7(3) of the Rules, the Authority provided a copy of the non-confidential version of the application to the government of the subject country through their embassies in India and to other interested parties who requested in writing for a copy of the application.
- vii. In accordance with Rule 7(4) of the Rules, the Authority issued questionnaires to seek information regarding various schemes and programmes under which countervailable benefits may have been received by producers of the product under consideration.
- viii. The government of the subject country was requested to forward the initiation notification and the questionnaire to the producers of the product under consideration in their country and advise them to respond to the questionnaire within the prescribed time limit.
- ix. The Government of China has not participated in the present investigation. The Government of China has neither filed a questionnaire response nor made any submissions.
- x. The Authority sent copies of the initiation notification and the questionnaire to the following known producers and exporters:

SN	Particulars
1	Fujian Kuncai Material Technology Company Limited
2	Guangxi Chesir Pearl Material Company Limited
3	Hebei Oxen New Material Company Limited
4	Henan Lingbao New Materials Technology Co., Ltd
5	Jiangsu Pritty New Material Company Limited
6	LB Group Co., Ltd.

7	Oxen Special Chemicals Company Limited
8	Rika Technology Company Limited
9	Zhejiang Ruicheng New Material Company Limited
10	Zhejiang Coloray Technology Development Company Limited

- xi. The following producers/exporters from the subject country filed a response to the exporters' questionnaire:

SN	Particulars
1	Jiangsu Pritty New Material Co., Ltd.
2	Henan Lingbao New Materials Technology Co., Ltd.
3	Rika Technology Co. Ltd.
4	Zhejiang Coloray Technology Development Co., Ltd

- xii. In accordance with Rule 6(4) of the Rules, the Authority sent the Initiation Notification and copies of the importers' questionnaire to the following known importers/ users of the subject goods in India calling for necessary information:

SN	Particulars
1	Asian Paints Limited
2	FX Pigments Private Limited
3	Geochrome International
4	Kajal Chemicals
5	KPL International Limited
6	Kuncai International India Pvt. Ltd.
7	Polychem Exports
8	R.C. International

- xiii. The following users/importers filed a response to the user/importer questionnaire:

SN	Particulars
1	FX Pigments Private Limited
2	Rc International
3	Geochrome International
4	Kansai Nerolac Paints Limited
5	Indigo Paints Limited
6	Mukund Extrusions
7	Alok Masterbatches Private Limited
8	Rajiv Plastic Industries
9	Kandui Industries Private Limited
10	Sensient India Private Limited

- xiv. Indian Paint Association and The All India Plastic Manufacturers' Association have also participated in the present investigation and filed submissions. The same have been considered by the Authority.

- xv. The Authority issued an Economic Interest Questionnaire (EIQ) to assess public interest and impact of the duties on the wider economy. A copy of the EIQ was sent to the embassy of each subject country, all the known exporters, importers and users and the domestic industry. The EIQ was also shared with the administrative line ministry. A response to the EIQ has been filed by the, Indigo Paints Limited, Kansai Nerolac Paints Limited, FX Pigments Private Limited and Rc International, Geochrome International, Alok Masterbatches Private Limited and domestic industry,
- xvi. A request was made to the Directorate General for Systems and Data Management ('DG Systems') for transaction-wise import data of the subject goods for the injury period. The Authority received the data and has relied upon this data for the necessary analysis after due examination of the transactions.
- xvii. In view of the comments filed by the interested parties on the product scope and the PCN methodology, the Authority held a meeting on 16th July 2024 with the interested parties to discuss the issues raised. Subsequently, the Authority notified the final product scope and PCN methodology for these proceedings vide Notification No 06/08/2024 dated 29th August 2024.
- xviii. A list of all interested parties that registered themselves within the prescribed timeline was uploaded to the website of the Authority on 25th September 2024. All registered interested parties were directed to circulate the non-confidential version of all their submissions in the present proceedings with all other interested parties.
- xix. In accordance with Rule 7(6), the Authority provided an opportunity to the interested parties to present their views orally in a hearing held on 20th November 2025. The parties presenting their views in the oral hearing were directed to make written submissions of the views expressed orally, followed by rejoinder submissions. In accordance with the practice of the Authority, rejoinder submissions of all parties were treated as confidential and were not circulated amongst the parties.
- xx. In accordance with Rule 7(8), wherever an interested party has refused access to or has otherwise not provided necessary information in a timely manner during the course of the present proceedings, or has significantly impeded the investigation, the Authority has considered such parties as non-cooperative and recorded the findings on the basis of the facts available.
- xxi. In accordance with Rule 8, information provided by the interested parties on confidential basis was examined by the Authority with regard to the sufficiency of the confidentiality claimed. On being satisfied, the Authority has accepted the confidentiality claims, wherever warranted, and such information has been considered as confidential and not disclosed to other interested parties. Wherever possible, parties providing information on confidential basis were directed to provide sufficient non-confidential version of the information filed on confidential basis.
- xxii. In accordance with Rule 9, the Authority conducted verification of the data provided by the domestic industry and other interested parties to the extent

considered necessary for the present proceedings. The Authority has considered the verified data of the interested parties for its analysis in the present case.

- xxiii. The Authority calculated the non-injurious price (NIP) so as to ascertain whether countervailing duties lower than the subsidy margin would be sufficient to remedy the injury being suffered by the domestic industry. The NIP has been calculated based on the optimum cost of production and cost to produce & sell the domestic like article in India, based on the information furnished by the domestic industry and having regard to the Generally Accepted Accounting Principles (GAAP).
- xxiv. The Authority examined the issues raised, information provided, and submissions made by the interested parties during the course of the proceedings, to the extent they were supported by evidence and considered relevant to the present purposes, in making this disclosure of essential facts under consideration.
- xxv. The Authority circulated the disclosure statement containing all essential facts under consideration for making the final recommendations to the Central Government to all interested parties on 18th March 2025. The Authority has examined all the post-disclosure comments made by the interested parties in these final findings to the extent deemed relevant. Any submission which was merely a reproduction of the previous submission, and which had been adequately examined by the Authority has not been repeated for the sake of brevity.
- xxvi. *** represents information furnished by a party on confidential basis and so considered by the Authority under the Rules.
- xxvii. The exchange rate adopted by the Authority for the subject investigation is 1 US\$ = Rs. 83.2.

C. PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE.

C.1 Submissions by other interested parties

- 4. The other parties have made the following submissions with regards to the product under consideration:
 - a. The domestic industry does not manufacture effect pigment manufactured from synthetic mica.
 - b. Domestic industry does not produce comparable variant of “Solar Gold” as imported from China. Domestic industry products have less sheen than imported product and that domestic grade is redder and yellower than Solar Gold.
 - c. Domestic industry does not manufacture Dazzle Red/ Dazzle Amber variant, and that the product is imported at higher prices.
 - d. Domestic industry does not manufacture Iriodin 307-star gold variant supplied by E-Merck variant and that the product is imported at higher prices.
 - e. Domestic industry does not manufacture Gold- D50 variant.
 - f. Domestic industry does not manufacture Medallion Gold PI235 variant, and that the product is imported at higher prices.
 - g. Domestic industry does not manufacture pigment Crystal Silver White variant.

- h. Domestic industry product's Red (KC 9215/9502), Blue (KC 225), Gold KC 351 K/9300K, Silver White KC 121/KC 108/KC 163K, Exterior Shimmer KC 9163K WR, Crystal Luster Silver RK 9102 and Crystal Silver White KC 8300 cannot be used interchangeably with imported product as imported product has higher quality and suitability for industrial uses.
- i. Domestic industry has sought imposition of duty on synthetic mica-grade pearl pigments, despite the fact that these pigments are neither produced in India nor manufactured by it.
- j. Sample of synthetic mica sent by domestic industry to its customers have been rejected on account of poor quality.
- k. Domestic industry primarily manufactures natural mica-based pigments which comparatively lacks the lustre, chrome, shimmer, range of shades, sparkle, coverage provided per gram as compared to imported product.
- l. Majority of the imports happen for synthetic based pigments and the downstream users prefer imported pigments over domestically produced pigments.
- m. Domestic industry provides a very limited range of shades to its customers which restricts the choices offered to its customers. Whereas the customers such as the paint and plastic industry require a multiple range of shades in a particular colour
- n. Domestic industry has failed to manufacture certain mica pearl pigments that is required by the paint companies or has not made any attempt to produce the specified pigment for several variants
- o. The domestic industry imports synthetic mica and undertakes only incremental processing.

C.2 Submissions by the domestic industry

- 5. The domestic industry has made the following submissions with regards to the product under consideration.
 - a. The product under consideration in the present investigation is “effect pearlescent pigments or mica pearlescent pigments, excluding effect pigments at mica pearlescent pigments for automotive applications.” The scope includes both natural and synthetic mica pigments.
 - b. The scope includes any type of mica pearl pigment imported for use in industrial grade or cosmetic grade. Import only for automotive application is excluded from the scope of the investigation.
 - c. Effect pearlescent pigments are also called mica pearlescent pigments. These are inorganic pigments/colouring agents giving lustrous/ shinning/ frosted effects
 - d. Mica pearl pigments can be of different shades including gold, silver, iridescent, earthy colours like bronze, copper, maroon, and in varying particle size.
 - e. These are of two forms of these pigments - natural and synthetic forms. Any producer can supply pigments with different particle sizes and may tailor pigments to suit the specific requirements of the end consumer
 - f. Industrial grade is used for textile printing, plastic industries and many more industrial applications such as paint, printing cards, etc. Cosmetic grade is used in

- colour cosmetics, toiletries such as make up items, soap etc. Automotive grade is used for manufacture of automotive paint and other paints.
- g. The scope of the product under consideration in the anti-dumping investigation was only mica pearlescent pigments of natural form and excluded cosmetic grade.
 - h. There was a significant shift in the product profile exported by the exporter between the previous investigation and the present period. Since “cosmetic grade” was excluded from the scope of the application, large volume of imports of non-cosmetic grade (primarily for industrial application) were being reported in the name of “cosmetic grade”.
 - i. When cosmetic grade was excluded, it was for exclusion of pigment for cosmetic application. Importers found a way of avoiding measures. The volume of imports of cosmetic grade in the period of investigation of the original investigation was 635 kgs which shot up to 1,17,183 KG in the year 2021-22 and has further increased to 5,16,422 KGs in the year 2022-23.
 - j. Since the product under consideration is being imported under various codes, the Designated Authority may kindly specify the duty at level of Chapter 32. The Customs authorities at the port consider and rely upon the notification issued by the MOF.
 - k. The domestic industry has the technical capability to supply all the required shades in the market and all the products (which have been alleged to not be produced by the domestic industry) are in the product profile of the domestic industry.
 - l. There are more than 100 different types of effect pigment depending on the color and the particle size. Out of these 100 different types, demand for around 50 types of effect pigment is 100-200 KGs only which constitute less than 5% of the overall demand. It is not possible that each and every type of effect pigment is produced and sold unless it is commercially and efficiently viable.
 - m. Domestic industry produces both effect pearlescent pigment from natural and synthetic mica.
 - n. “Solar gold” is a term coined by Merck. Germany and USA are the only known supplier of “Solar Gold” and it is not exported from China to India as no producer in China has the capacity to produce “Solar Gold”. China is exporting comparable variants to “Solar gold” but not precisely “Solar Gold”. Domestic industry has supplied comparable gold pigments.
 - o. Dazzle Red/ Dazzle Amber variant has no demand and therefore not supplied. The product falls in its product range of the domestic industry and can be supplied if demanded by users.
 - p. There are no known imports of Iriodin 307-star gold variant supplied by E-Merck from China PR. It is imported only from Germany and USA during period of investigation. Comparable variants fall in the product range of domestic industry and domestic industry has provided an undertaking that it can supply this product if demanded by the users.
 - q. Medallion Gold PI235 variant has been regularly produced and supplied by the domestic industry. “Medallion” is domestic industry’s trademark. Technical

- specification sheets have been provided to show that the product has been supplied by the domestic industry.
- r. Pigment Crystal Silver White variant is manufactured by the domestic industry but has a very limited market. An undertaking has been provided that this grade can be supplied if demanded by the users.
 - s. Gold Pearl (KC 300/303/305) has been sold by the domestic industry and invoices have been provided. All three variants of Gold pearl have been sold.
 - t. Silver Pearl (KC 103/KC 9103) has been sold by the domestic industry and invoices have been provided. The two variants of Silver pearl have been sold.
 - u. Red (KC 9215/9502) – Domestic industry has claimed that it produces these variants against orders as there is very low demand for these products. Domestic industry has provided an undertaking that it can supply this product if demanded by the users.
 - v. Blue (KC 225) is produced and domestic industry has sold this variant. Invoices have been provided. An undertaking has been provided that it can supply this product if demanded by the users.

C.3 Examination by the Authority

6. The product under consideration in the present investigation is “effect pearlescent pigments or mica pearlescent pigments, excluding effect pigments or mica pearlescent pigments for automotive applications. At the stage of initiation, the product under consideration was defined as under:-

11. The product under consideration in the present investigation is “effect pearlescent pigments or mica pearlescent pigments, excluding effect pigments or mica pearlescent pigments for automotive applications”

12. These are inorganic pigments/colouring agents giving lustrous/shinning/frosted effects. These are commercially also known as 'pearl lustre pigments' or 'pearl pigments'. They are sold as dry powder and are extensively used to impart colours and other effects for coating, inks and plastic application. These pearl pigments have distinct properties (shimmer, lustre and sparkle) that provides unique effects in the end applications. These distinct optical effects of the pigment are referred to as the pearlescent effect

13. These pigments can be manufactured from natural or synthetic mica. Any producer can supply pigments with different particle sizes and may tailor pigments to suit the specific requirements of the end consumer. Costs and prices vary with the mean size and colour of the pigment.

14. Mica pearl pigments can be of different shades including gold, silver, iridescent, earthy colours like bronze, copper, maroon, and in varying particle size.

7. Based on information on record, it is seen that these are inorganic pigments/colouring agents giving lustrous/shinning/frosted effects. These are commercially also known as 'pearl lustre pigments' or 'pearl pigments'. They are sold as dry powder and are

extensively used to impart colours and other effects for coating, inks and plastic application. These pearl pigments have distinct properties (shimmer, lustre and sparkle) that provides unique effects in the end applications. These distinct optical effects of the pigment are referred to as the pearlescent effect. Mica pearl pigments can be of different shades including gold, silver, iridescent, bronze, copper, maroon, and in varying particle size. These are manufactured and used mainly for the following applications: -

- a. industrial grades, which are used for textile printing, plastic industries and other industrial applications such as paint, printing cards, etc.
 - b. cosmetic grades, which are used in colour cosmetics, toiletries such as make up items, soap etc.
 - c. automotive grades, which are used for manufacture of automotive paint and other paints.
8. There are more than 100 different types of effect pigment depending on the color and particle size. The product portfolio of the domestic industry also contains a large number of different types of the product. Based on the information on record, it is seen that out of these 100 different types, demand for around 50 types of effect pigment is 100-200 KGs only.
 9. The Authority had earlier recommended anti-dumping duty on imports of Natural Mica Based Pearl Industrial Pigment from China PR vide final findings File No. 6/8/2020-DGTR, dated the 8th of June 2021, which was levied vide Notification No. 47/2019-Customs (ADD) dated 26th Aug. 2021.
 10. Thereafter, a mid-term view was initiated on the imports of the product under consideration for change in circumstances. It was alleged that the cost has increased but the import price did not move proportionately. Vide final finding issued F. No. 7/17/2022-DGTR dated 27th September 2023, the DGTR concluded that the change in circumstances was of lasting nature and the increase in the duties was recommended. Thereafter, the Ministry of Finance modified the duties vide Notification No. 13/2023-Cus (ADD), dt. 22nd November 2023
 11. The scope of the product under consideration in the anti-dumping investigation was “Natural Mica based Pearl Industrial Pigments excluding cosmetic grade”. The product under consideration in that investigation included only industrial and automotive grade. The scope excluded any form of synthetic grade and natural cosmetic grade. The domestic industry sought inclusion of both synthetic and natural form of natural mica pearl pigment in the present investigation. Only automotive grade has been excluded from the present investigation.
 12. There is some overlap in the scope of the present investigation and the scope of the product subject to anti-dumping measures. Only natural mica pigments of industrial grade for industrial application are common to both the ADD measure and the present investigation. Imports of natural mica pigments of cosmetic grade and synthetic mica

pigments of industrial and cosmetic grade are not attracting anti-dumping measures and are part of the present investigations, while natural mica pigments of automotive grade are subject to ADD and is beyond the scope of the present investigation

13. Submissions by other interested parties on the scope of the product under consideration have been examined below.
 - a. Whether domestic industry does not produce synthetic mica pearl pigment.
14. The interested parties have submitted that the domestic industry cannot produce synthetic mica pearl pigment. The domestic industry has provided purchase order of synthetic gold pearl pigment placed by *** and commercial invoice of sale of the same. It has been submitted that the purchase order has been given after obtaining technical approvals.
15. The domestic industry has also provided evidence of sales of synthetic mica for non-cosmetic as well as cosmetic application.
16. It has also been contended by the interested parties that the domestic industry imports synthetic mica and undertakes only incremental processing. Based on verification, it was seen that the domestic industry was in fact producing synthetic mica pearl pigment from the basic raw material. The Chinese producers and the domestic industry have reported the same raw material. It was seen that the domestic industry has procured raw material for producing synthetic mica pearl pigment. The domestic industry provided invoice wise details of sales of product under consideration which includes a number of transactions of sales of synthetic mica pearl pigment. It is also seen that the domestic industry has sold synthetic mica pearl pigment for industrial applications. A number of sales invoices have also been provided by the domestic industry. The domestic industry submitted that it has been producing synthetic mica pearl pigment for past over 10 years, and its sales have significantly increased in the post POI period. Therefore, the contention of the interested parties that the domestic industry does not produce synthetic mica pearl pigment is factually incorrect.
 - b. Whether exclusion of few specific grades of the product under consideration is warranted.
17. The other interested parties have requested for exclusion of Solar Gold, Dazzle Red/Dazzle Amber, Iridin 307-Star Gold, Gold- D50, Medallion Gold P1235, Pigment Crystal Silver, Gold Pearl (KC 300/303/305), Silver Pearl (KC 103/KC 9103), Red (KC 9215/9502), Blue (KC 225) variants of the product under consideration. The claim has been examined by the Authority hereinbelow.
18. The Authority notes that the domestic industry has provided evidence that it produces and supplies product variants of Medallion Gold P1235, Gold Pearl, Silver Pearl, Red industrial use variants and Blue industrial use variants.
19. The other interested parties claimed that domestic industry provided samples of solar gold variant which failed to meet the required specifications, and the samples were found to

be inadequate. The domestic industry has provided copies of purchase order of solar gold variant sold to member of the Indian Paint Association.

20. As regards request for exclusion of Pigment Crystal Silver White variant and Red (KC 9215/9502), it is seen that there are very low imports of this product. The domestic industry submitted that these grades being so low in demand, are produced against specific orders received from the customers. Since no consumer approached the domestic industry, it is obvious that the domestic industry could not have produced and sold the same. The domestic industry submitted that it could provide products conforming to these grades.
 21. As regards request for exclusion of Dazzle Red/ Dazzle Amber, it is seen from DGCI&S transaction wise import data for the period of investigation that there were no imports of Dazzle Red/ Dazzle Amber from any country. The Authority considers that exclusion of a grade can be considered only if the same has been imported into India and the domestic industry has not offered like article.
 22. As regards Solar Gold and Iriodin 307-star gold variant, the domestic industry submitted that Solar Gold and Iriodin 307-star gold variant have not been imported from China. These have been imported from European Union. The domestic industry further submitted that these are grades of E-Merck from Germany. The Authority notes that request for exclusion can be considered in respect of products that have been imported from subject country. Imports from other countries are in any case, beyond the scope of the present measures and can be imported without payment of any anti-dumping/countervailing duty measures.
 23. In view of the above, the Authority does not find it appropriate to exclude any of the above grades from the scope of the product under consideration.
- c. Like article.
24. The interested parties contended that the product supplied by the domestic industry is not a like article to the imported product. The Authority notes that the contention of the interested parties is primarily on the ground of “perception of customers”. No evidence in this regard has been provided by the interested parties showing absence of interchangeability.
 25. It is seen that the domestic industry’s domestic sales have shown a consistent increase. At the same time, the domestic industry has also increased its export sales. It is also a settled jurisprudence that quality is not a relevant parameter in trade remedial investigations.
 26. It was examined whether the product produced by the domestic industry is a like article to the goods imported from the subject country. It is seen that the product produced by the domestic industry and imported from the subject country are comparable in terms of

physical & chemical properties, functions & uses, product specifications, pricing, distribution & marketing and tariff classification of the goods. The imported goods and the goods produced by the domestic industry are used interchangeably. In view of the same, the product manufactured by the domestic industry is considered as like article to the product imported into India.

d. PCN methodology.

27. The domestic industry proposed the below PCN methodology.

Type of Pigment	N - Natural mica pigment S - Synthetic Pigment
Application	1 - Industrial non-Automotive 2 - Cosmetic
Colour	S – Silver G - Gold I - Iridescent E - Earth tones (Bronze/ Copper/ Maroon) O – others
Particle Size (D50)	1 - Super fine (below 15) 2 - Fine (15-20) 3 – Medium (20.1-30) 4 – Large (30.1-50) 5 – Very large (above 50)

28. The interested parties were given an opportunity to provide comments on the PCN methodology required to be adopted in the present investigation. None of the participating producers filed any comments. Indian Paint Association filed comments and requested to make following additions to the PCN methodology: -

- a. Addition of White Goods and Decorative Paints under Application
- b. Addition of Place of Use (Indoor and Outdoor) as a parameter of comparison
- c. Addition of Red/Amber and Blue under Colour
- d. Addition of Super Large (above 75) under Particle Size

29. A meeting was held on 16th July 2024 to discuss the PCN methodology. The domestic industry claimed that it would be difficult to segregate products in import data on the basis of white goods, decorative paints and place of use. The domestic industry stated that it had no objection to addition of PCNs if the interested parties are able to segregate products on this basis in import data.

30. It is seen that with regards to the requests of additional parameters for identifying PCN , the Authority notes that the interested parties have not quantified cost differences that justify identification of these parameters for PCN purposes. Further, the interested parties

have not clearly defined how white goods, and decorative paints can form different products. Further, it was not shown how the classification under “Industrial non-Automotive and Cosmetic pigments” was improper and no reason was provided for adding “place of use” as a parameter of comparison. The interested parties have not provided information on difference in the cost between the two products. Therefore, the Authority has considered the following PCN methodology for the present investigation.

Type of Pigment	N- Natural mica pigment S – Synthetic mica pigment
Application	1 – Industrial non-automotive 2 – Cosmetic
Colour	S – Silver G – Gold I – Iridescent E – Earth tones (Bronze/Copper/Maroon) O – Others
Particle Size (D50)	A – Super fine (below 15) B – Fine (15-20) C – Medium (20.1-30) D – Large (30.1-50) E – very large (above 50)

e. HS classification

31. The product under consideration is classified under Chapter 32 of the Customs Tariff Act, 1975 under the headings 3206. The domestic industry has submitted that the product is imported in large number of HS codes which vary at even 4-digit level. Therefore, the domestic industry has requested imposition of measures at 2-digit level. The Authority called for transaction-by-transaction data from the DGCI&S and found that the product is in fact being imported in large number of HS codes.

SN	HS code	2020-21	2021-22	2022-23	POI	Total
1	32061110	807	303	386	339	1,835
2	32061190	199	666	702	754	2,320
3	32061900	634	487	385	438	1,944
4	32064990	891	689	440	375	2,395
5	Total	2,532	2,144	1,912	1,906	8,494

32. The other interested parties have contended that some of the HS codes are not for product under consideration and should not be considered for determination of measures. The Authority notes that the analysis of DGCI&S transaction wise import data shows that significant volume of imports have been reported in the above HS codes. In view of the consistent practice, the Authority has considered consider all the above HS codes for the purpose of the present investigation. It is also noted that the custom classification is

indicative only. As long as the product sought to be imported falls under definition of the product under consideration of the present investigation, it will be considered the product under consideration irrespective of the code in which it is being imported.

D. SCOPE OF THE DOMESTIC INDUSTRY & STANDING

D.1 Submissions by other interested parties

33. The other parties have made the following submissions with regards to the domestic industry and standing:
- a. The claim that no imports have occurred is factually erroneous, as the domestic industry has imported consistently from 2022 to date.

D.2 Submissions by the domestic industry

34. The domestic industry has made the following submissions with regards to the domestic industry and standing:
- a. Domestic industry has imported negligible volume of the product from China in the post period of investigation.
 - b. CESTAT in case of M/s Anwar Jute Spinning Mills Limited vs Union of India/DA held that it is only imports in the period of investigation which are relevant to examine if a producer can be considered as eligible domestic producer in terms of Rule 2(b).

D.3 Examination by the Authority

35. The submissions made by the interested parties and domestic industry concerning standing and scope of the domestic industry have been examined and addressed hereunder.
36. Rule 2(b) of the CVD Rules defines domestic industry as under:

“domestic industry” means the domestic producers as a whole engaged in the manufacture of the like article or those whose collective output of the said article constitutes a major proportion of the total domestic production of that article, except when such producers are related to the exporters or importers of the alleged subsidised article, or like article from other countries or are themselves importers thereof, the term “domestic industry” may be interpreted as referring to the rest of the producers :

37. The present application was filed by Sudarshan Chemical Industries Limited. Apart from the domestic industry, there is no other known producer of the product in the country.

38. The interested parties contended that domestic industry has imported the product under consideration and therefore, investigation should be terminated.
39. The Authority notes that Rule 2(b) of the CVD Rules provides discretion to the Authority to determine inclusion or exclusion of a producer, who has imported the product under consideration, within the scope of the domestic industry. In particular, the Authority is required to examine if the domestic industry has imported the product in such substantial volumes and under such conditions which would disentitle them as eligible domestic industry.
40. It has been consistent practice of the Authority to consider only the imports made in period of investigation for the purpose of deciding eligibility under Rule 2(b). Imports made by the domestic industry in the period prior to the period of investigation or post the period of investigation are considered irrelevant in this regard. Further, the mere fact of imports made in the period of investigation do not debar a producer from filing an application with the Authority. In a situation where the domestic industry has imported the product in the POI, the Authority is required to determine whether the producer should be treated as eligible domestic industry.
41. The Authority analysed imports made by the domestic industry in the POI. Table below demonstrates factual position

SN	Particulars	UOM	POI
1	Volume of imports by applicant	MT	***
2	Applicant's production	MT	***
3	Imports by applicant in relation to applicant's production	%	Less than 0.01%
4	Domestic sales of the applicant	MT	***
5	Imports by applicant in relation to domestic sales	%	Less than 0.02%
6	Imports from China PR	MT	1,718
7	Imports by applicant in relation to imports from China PR	%	***
8	Demand in India	MT	***
9	Imports by the applicant in relation to Indian demand	%	Less than 0.01%

42. It is seen that the volume of imports by the domestic industry was only *** MT in absolute terms and ***% and *** % in relation in relation to its production and domestic sales respectively. It is seen that the imports are miniscule in volume.
43. It is seen that the domestic industry is not related to any exporter in the subject country nor to any importers in India. Further, the investigation has not shown that the domestic

industry is an importer or related to an importer or exporter of the product under consideration. The Authority holds that the imports made by the applicant does not disentitle the applicant from being treated as domestic industry.

44. Based on the above, the Authority holds that the Sudarshan Chemical Industries Limited constitutes domestic industry as defined under Rule 2(b) of the Rules and the application satisfies the requirements of Rule 6(3) of the Rules.

E. CONFIDENTIALITY AND MISCELLANEOUS SUBMISSIONS.

E.1 Submissions by other interested parties

45. The other interested parties have made the following misc. submissions: -
- a. Import data considered by the domestic industry is from unreliable sources.
 - b. There cannot be double remedies for the same instances of dumping and subsidization.
 - c. In the anti-dumping investigation on the product under consideration, the normal value of the Chinese imports was constructed based on the Indian cost of production. Given that the Indian cost of production is not impacted by the subsidy programs, it implies that the distortions on account of alleged subsidy in China PR on the PUC have already been countered.
 - d. NIP has been claimed confidential while the Trade Notice 10/2018 require the same to be provided in “aggregated actual data which must be provided in actual figure range +/- 10%”.
 - e. In violation of Trade Notice 10/2018, the manufacturing process, which only requires disclosure of ‘broad stage write-up’ has been claimed confidential.
 - f. Article 11.2 of the SCM Agreement mandates that the application must include evidence regarding the existence, amount, and nature of the subsidy in question. The application lacks any evidence establishing the existence, let alone the amount, of the subsidy in question.
 - g. Domestic industry has failed to identify the relevant subsidy programs and has not provided sufficient evidence to demonstrate that these programs confer a benefit to Chinese manufacturers or meet the specificity requirement

E.2 Submissions by the domestic industry

46. The domestic industry has made the following submissions: -
- a. The overlap between the two investigations is restricted to natural mica pigment for industrial application. Therefore, the question of applicability of dual remedy may arise only in case of natural mica pigment for industrial application only.
 - b. Only the difference of the anti-dumping and countervailing duty may be charged from the exporter. In the absence of such an overlap in the imported product, the respective anti-dumping or countervailing duty as applicable should be applied
 - c. On the submission that the domestic industry has relied on the import data as per its market intelligence, there is no sufficient evidence brought forward by the interested party showing how the import data of the domestic industry is unreliable.

- d. Comments on confidentiality have been filed by the interested parties after the expiry of the timeline. The Authority also considers non-injurious price as confidential in the final finding and only the injury margin is disclosed.
- e. On the submission that the domestic industry has not substantiated the subsidy allegations, CESTAT in *Automotive Tyre Manufacturers Association v. Designated Authority* [2011 (270) E.L.T. 727 (T)] held that importer is not competent to challenge the dumping margin determined for the exporters. A user not competent to challenge the subsidy alleged by the domestic industry. It is for the exporter to show that it is not entitled for the benefit.
- f. The legal standard for initiation of an investigation is not definitive proof that is specifically pointing towards the exporters that have availed the program. Prima facie evidence that is satisfactory is sufficient. The same has been held by the Designated Authority in various prior anti-subsidy investigations.

E.3 Examination by the Authority

- 47. The Authority made available the non-confidential version of the information provided by the various parties to all the other interested parties as per Rule 6(7). No party has made any submissions on confidentiality. Therefore, the confidentiality has been accepted.
- 48. The interested parties have contended that the domestic industry has relied on unreliable import data. The Authority relied on the DGCI&S transaction wise data for the purpose of initiation of the investigation and did not find material difference in the volume and price of imports reported in the application and quantified by the Authority at the stage of initiation. The volume and value of imports reported by the domestic industry and as per DGCI&S transaction wise data reconciled, thus showing sufficiency of evidence in the application on this account.
- 49. On the submission that the application does not contain sufficient evidence of the actual existence of each alleged subsidy, the Authority initiated the present investigation after satisfying itself regarding the prima facie sufficiency of the evidence provided by the domestic industry.
- 50. Article 11.2 of the ASCM highlights what can be considered as 'sufficient evidence'. Evidence of nature of program, authority administering the program, legal basis, eligibility criteria, financial contribution, specificity, benefit, nature of benefit, linkage to producers, wherever possible, and cases where the scheme was held countervailable in the past was provided in their application and is considered sufficient evidence to justify initiation. All of these factors have been already provided by the domestic industry within its application and have been sufficiently scrutinized by the Authority prior to the initiation of this investigation. The Authority had also granted an opportunity to the Chinese Government for consultation, but the Government of China did not avail the

opportunity. Therefore, the contention that the application did not contain sufficient evidence cannot be accepted.

F. DETERMINATION OF SUBSIDY AND SUBSIDY MARGIN

51. The application filed by the domestic industry provided prima facie evidence of existence of countervailable subsidies in the subject country to initiate the instant investigation.
52. The producers and exporters from China PR were advised to file response to the questionnaire and were given adequate opportunity to provide verifiable evidence on the existence, degree and effect of various subsidy program for making an appropriate determination of existence and quantum of such subsidies, if any.
53. The Authority initiated investigation for the following CVD programs wherein the producers of the product under consideration may have potentially received countervailable benefits.

I. Program in the form of Grants.

- i. Program no. 1: Research & Development (R&D) Assistance Grant.
- ii. Program no. 2: Special fund for foreign economic and trade development.
- iii. Program no. 3: Fund for Industrial Transformation and Upgrading/ Grants related to technological upgrading, renovation or transformation.
- iv. Program no. 4: Special funds for energy saving technology reform/ promotion of circular economy/ incentive fund for transformation of energy-saving technology/ Energy saving, conservation and emission grants.
- v. Program no. 5: National Award for Green Factory.
- vi. Program no. 6: Famous Brands of China.
- vii. Program no. 7: Export Assistance Grant.
- viii. Program no. 8: Reimbursement of Anti-dumping and/or Countervailing Legal Expenses by the Local Governments (Anti-Dumping Respondent Assistance).
- ix. Program no. 9: The State Key Technology Renovation Project Fund.
- x. Program no. 10: Various Government grants- Received by producers/exporters of China PR/ Ad hoc grants provided by provincial and municipal/regional authorities.
- xi. Program no. 11: Intellectual Property Awards in Guangxi Province.

II. Programs in the form of Tax and Vat Incentives.

- i. Program no. 12: Export tax rebate/Tax Refund on Exports.
- ii. Program no. 13: Preferential tax policies in the western regions.
- iii. Program no. 14: Preferential Tax Policies for companies that are recognized as high and new technology companies.
- iv. Program no. 15: Tax Policies for the deduction of research and development (R&D) expenses.
- v. Program no. 16: Tax credit concerning the purchase of special equipment.

- vi. Program no. 17: Tax relief for enterprises set up in Fuzhou Yuanhong Investment Zone tax.
- vii. Program no. 18: Accelerated depreciation of fixed assets.

III. Programs in the form of provision of goods and services for less than adequate remuneration (LTAR).

- i. Program No. 19: Provision of Land /Land Use rights provided for less than adequate remuneration (LTAR).
- ii. Program no. 20: Provision of Electricity at less than adequate remuneration (LTAR).
- iii. Program no. 21: Land-Use Rights for LTAR in Economic Development Zones.
- iv. Program no. 22: Provision of Land to State Owned Enterprises (SOEs) for LTAR.
- v. Program no. 23: Provision of Caustic Soda for LTAR.
- vi. Program no. 24: Provision of Calcium Carbonate for LTAR.
- vii. Program no. 25: Provision of Titanium Dioxide for LTAR.

IV. Programs in the form of preferential financing, lending, and export credit.

- i. Program no. 26: Preferential Financing under One Belt One Road Initiative for Companies making Outward Investments.
- ii. Program no. 27: Preferential Loans and Interest Rates to the Effect Pigments Industry.
- iii. Program no. 28: Export Credit Insurance Subsidy.
- iv. Program no. 29: Loan Guarantee/Credit Loan Guarantee by GOC/Export Credit Guarantees.
- v. Program no. 30: Debt for Equity Swaps.
- vi. Program no. 31: Export Seller's Credit.
- vii. Program no. 32: Export Buyer's Credit.

54. Post initiation, the GOC and producers/exporters of the product under consideration were advised to file response to the questionnaire in the form and manner prescribed and were given adequate time and opportunity to provide verifiable evidence on the existence, degree and effect of alleged subsidy program for making an appropriate determination of existence and quantum of such subsidies, if any.

55. Government of China did not file questionnaire response. The following producers/exporters from China have filed response.

SN	Particulars
1	Jiangsu Pritty New Material Co., Ltd.
2	Henan Lingbao New Materials Technology Co., Ltd.
3	Rika Technology Co. Ltd.
4	Zhejiang Coloray Technology Development Co., Ltd

56. The Authority has first analysed concerns raised by all interested parties and then individual scheme wise examination has been undertaken.

57. The four responding producers/exporters, namely Jiangsu Pritty New Material Co., Ltd., M/s Henan Lingbao New Materials Technology Co. Ltd., M/s Rika Technology Co. Ltd. and M/s Zhejiang Coloray Technology Development Co., Ltd. have filed questionnaire response and have accepted availment of the below-mentioned schemes/programs. All the four producers have exported the subject goods to India during the period of investigation. Accordingly, the Authority notes that separate countervailing duty rate can be determined for these producers from China PR.

a. Jiangsu Pritty New Material Co., Ltd.

58. With regards to the information reported by Jiangsu Pritty New Material Co., Ltd. in its questionnaire response, the Authority has also examined Program No. 19 (Provision of Land /Land Use rights provided for less than adequate remuneration (LTAR)), Program no. 20 (Provision of Electricity at less than adequate remuneration (LTAR)), Program no. 21 (Land-Use Rights for LTAR in Economic Development Zones), Program no. 22 (Provision of Land to State Owned Enterprises (SOEs) for LTAR), Program no. 23 (Provision of Caustic Soda for LTAR) and Program no. 25 (Provision of Titanium Dioxide for LTAR).

59. It is noted that Jiangsu Pritty New Material Co., Ltd. has self-reported receipt of grants. However, the grants reported by Jiangsu Pritty were not reported by the applicant. These are being separately examined under ‘other programs.

b. M/s Henan Lingbao New Materials Technology Co. Ltd.

60. M/s Henan Lingbao New Materials Technology Co. Ltd. has reported having received benefits under a number of programs listed below.

Program No. (Petition)	Programs claimed to be availed	Comments by producer/exporter
1.	Research & Development (R&D) Assistance Grant.	The program is not specific to enterprises and therefore not countervailable.
14.	Preferential Tax Policies for companies that are recognized as high and new technology companies.	No tax benefits received as the company was in losses in the POI.

15.	Tax Policies for the deduction of research and development (R&D) expenses.	No tax benefits received as the company was in losses in the POI.
28.	Export Credit Insurance Subsidy.	The program is not countervailable.
Other programs.	Various Government grants- Received by producers/exporters of China PR/ Ad hoc grants provided by provincial and municipal/regional authorities.	These grants are not countervailable.

61. Further, with regards to the information reported by M/s Henan Lingbao New Materials Technology Co. Ltd. in its questionnaire response, the Authority has also examined Program No. 19 (Provision of Land /Land Use rights provided for less than adequate remuneration (LTAR)), Program no. 20 (Provision of Electricity at less than adequate remuneration (LTAR)), Program no. 21 (Land-Use Rights for LTAR in Economic Development Zones), Program no. 22 (Provision of Land to State Owned Enterprises (SOEs) for LTAR), Program no. 24 (Provision of Calcium Carbonate for LTAR) and Program no. 25 (Provision of Titanium Dioxide for LTAR).

62. It is noted that Henan Lingbao New Materials Technology Co. Ltd. has self-reported receipt of grants. However, the grants reported by Henan Lingbao were not reported by the applicant. These are being separately examined under ‘other programs.

c. M/s Rika Technology Co. Ltd.

63. M/s Rika Technology Co. Ltd. has reported having received benefits under a number of programs listed below.

Program No. (Petition)	Programs claimed to be availed	Comments by producer/exporter
7.	Export Assistance Grant.	The program is not specific and therefore not countervailable.
17.	Tax relief for enterprises set up in Fuzhou Yuanhong Investment Zone tax.	The program is not specific and therefore not countervailable.
Other programs	Various Government grants- Received by producers/exporters of China PR/ Ad hoc grants provided by provincial and municipal/regional authorities.	These grants are not countervailable.

64. Further, with regards to the information reported by M/s Rika Technology Co. Ltd. in its questionnaire response, the Authority is also examining Program No. 23 (Provision of Caustic Soda for LTAR) and Program No. 25 (Provision of Titanium Dioxide for LTAR) for the producer/exporter.
65. It is noted that Rika Technology Co. Ltd. has self-reported receipt of grants. However, the grants reported by Rika Technology were not reported by the applicant. These are being separately examined under 'other programs.

d. M/s Zhejiang Coloray Technology Development Co., Ltd.

66. M/s Zhejiang Coloray Technology Development has reported having received benefits under a number of programs listed below.

Program No. (Petition)	Programs claimed to be availed	Comments by producer/exporter
8.	Reimbursement of Anti-dumping and/or Countervailing Legal Expenses by the Local Governments (Anti-Dumping Respondent Assistance).	The program is not countervailable.
14.	Preferential Tax Policies for companies that are recognized as high and new technology companies.	No tax benefits received as the company was in losses in the POI.
15.	Tax Policies for the deduction of research and development (R&D) expenses.	No tax benefits received as the company was in losses in the POI.
Other programs	Various Government grants- Received by producers/exporters of China PR/ Ad hoc grants provided by provincial and municipal/regional authorities.	These grants are not countervailable.

67. Further, with regards to the information reported by M/s Zhejiang Coloray Technology Development Co., Ltd. in its questionnaire response, the Authority has also examined Program No. 19 (Provision of Land /Land Use rights provided for less than adequate remuneration (LTAR)), Program no. 20 (Provision of Electricity at less than adequate remuneration (LTAR)), Program no. 21 (Land-Use Rights for LTAR in Economic Development Zones), Program no. 22 (Provision of Land to State Owned Enterprises (SOEs) for LTAR) and Program no. 25 (Provision of Titanium Dioxide for LTAR).

68. It is noted that the exporter has self-reported receipt of grants. However, the grants reported by the exporter were not reported by the applicant. These are being separately examined under ‘other programs’.
69. The above acceptance in the questionnaire response of the producer shows existence of the above-mentioned schemes/programs. However, while GOC has not filed questionnaire response, the questionnaire responses filed by the above-mentioned producers/exporters have been considered to the extent relevant information has been provided by these parties and the same have been adopted for the purpose of the present determination.
70. The following programs were not availed by any of the responding producers and exporters and therefore are not being examined by the Authority in the absence of any specific information and evidence to quantify subsidy margins for the respective programs and for the purpose of judicial economy.

Program No. (Petition)	Program name
2	Special fund for foreign economic and trade development.
3	Fund for Industrial Transformation and Upgrading/ Grants related to technological upgrading, renovation or transformation.
4	Special funds for energy saving technology reform/ promotion of circular economy/ incentive fund for trans format io n of energy-saving technology/ Energy saving, conservation and emission grants.
5	National Award for Green Factory.
6	Famous Brands of China.
9	The State Key Technology Renovation Project Fund.
10	Various Government grants- Received by producers/exporters of China PR/ Ad hoc grants provided by provincial and municipal/regional authorities.
11	Intellectual Property Awards in Guangxi Province.
12	Export tax rebate/Tax Refund on Exports.
13	Preferential tax policies in the western regions.
16	Tax credit concerning the purchase of special equipment.
18	Accelerated depreciation of fixed assets.

71. The Authority notes that the applicant has provided a duly substantiated application based on which the present investigation was initiated. The present investigation was initiated based on the data/information provided by the domestic industry and after *prima facie* satisfaction of the Authority that there is sufficient evidence of existence of subsidy, injury and causal link. The application contained all the information relevant for the purpose of initiation of the investigation. Reference is placed on WTO Panel Report in the matter of *China-Countervailing and Anti-Dumping Duties on Grain Oriented Flat-*

rolled Electrical Steel from the United States (DS 414) wherein the Panel stated that although definitive proof of the existence and nature of a subsidy, injury and a causal link is not necessary for the purposes of Article 11.3, adequate evidence, showing existence of these elements is necessary in the application. Indeed, in considering the quality of the evidence that should be provided in an application before an investigation is justified, the WTO noted that Article 11.2 of ASCM requires ‘sufficient evidence of the existence of a subsidy’ to justify initiation, meaning that the evidence should provide an indication that a subsidy actually exists. In the instant case, the applicant provided evidence in the form of nature of the program, authority administering the program, legal basis, eligibility criteria, financial contribution, specificity, benefit, nature of benefit, linkage to producers (wherever possible), and cases where the scheme was held countervailable in their application. The Authority considers evidence provided by the applicant as ‘sufficient evidence of the existence of a subsidy’ to justify initiation of investigation.

72. As regards examination of the accuracy and adequacy of the evidence and satisfaction of the Authority with regard to sufficiency of evidence to justify initiation, the Authority notes that the applicant provided evidence in the form of decisions of investigating authorities where alleged programs were countervailed. Further, applicant provided other relevant evidence in support of their claim. The Authority notes in this regard that EC in the matter of “*countervailing duty on imports of certain organic coated steel products originating in the People's Republic of China*” made final determination regarding some schemes solely based on determination made by US Decision Memorandum in the matter of Circular Welded Carbon Quality Steel Line Pipe. Under these circumstances, the Authority considers that at the stage of initiation, it is only a question of accuracy and adequacy of the evidence and *prima facie* satisfaction of the Authority. The authority holds that it is not appropriate to contend that there was no evidence for 32 programs in the application. The Authority also notes the decision of the WTO in the matter of *Guatemala Anti-Dumping Investigation Regarding Portland Cement from Mexico (WT/DS60/R)* wherein it was held that it is not necessary that the Authority restricts itself to the evidence brought by the applicant in their petition. The Authority can consider evidence otherwise available in the petition, even if not relied upon by the applicant.

I. Grants.

1. Program No. 1: Research & Development (R&D) Assistance Grant.

a. Submission by the applicant.

73. The applicant stated that subject to China’s 14th Five Year Plan which focuses on fostering ‘high-quality development’ through focusing on research and development, enterprises under this program are provided with funds to carry out research and development with national industrial innovation centers, universities, research institutes, and upstream and downstream enterprises. Enterprises are encouraged to upgrade their industrial base and modernize their industrial chains in order to adopt ‘smart manufacturing’ and environmentally friendly methods of production.

74. The applicant has stated the program is provided by Government by providing direct transfer of funds in the form of grants. The applicant has further stated the program to be specific to enterprises carrying out research and development for industrial innovation, technological upgradation, or industrial chain modernization.

b. Submission by GOC/other interested parties.

75. The GOC has not filed a questionnaire response and has therefore provided no comments regarding the alleged program.

76. The Importer/user association 'Indian Paint Association' has argued the program to not be specific as it is available to all enterprises carrying out research and development for industrial innovation, technological upgradation, or industrial chain modernization and not specific to a limited number of industries.

77. Jiangsu Pritty New Material Co., Ltd., M/s Rika Technology Co. Ltd. and M/s Zhejiang Coloray Technology Development Co., Ltd. have not availed benefits under this program.

78. M/s Henan Lingbao New Materials Technology Co. Ltd. has reported benefits under this program during the period of investigation. However, the producer has claimed that this grant does not meet the requirement of specificity as enterprises are generally eligible for deduction of R&D expenses.

c. Examination by the Authority.

79. In the absence of cooperation by GOC, the information provided by the applicant and the responding producer/exporter from China PR have been relied upon.

80. The program is maintained by Ministry of Science & Technology (MOST) and its Local & Municipal government which are public bodies within the meaning of the Rules. The program is a national program, administered by the Ministry of Science & Technology (MOST), local & municipal governments and Local Branch Offices or Bureaus.

81. The applicant has provided following documents in support of the program.

- a. People's Republic of China 14th Five Year Plan (2021-2025).
- b. People's Republic of China 13th Five Year Plan (2016-2020).
- c. Law of the People's Republic of China on Progress of Scientific Technology, 2007, as amended on 2021 (Article 4,6,9,15,16,17,24,32,34-37).
- d. China's new and full notification pursuant to Article XVI:1 of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures (dated 27th August 2021).
- e. Final Findings of the anti-subsidy/countervailing duty investigation concerning imports of Castings for Wind Operated Electricity Generators, whether or not machined, in raw, finished or sub-assembled form, or as a part of a sub-assembly,

- or as a part of an equipment/component meant for wind-operated electricity generators, originating in or exported from China PR, dated 27th November 2015.
- f. Final Findings of the Countervailing Duty/Anti-subsidy investigation concerning imports of certain Hot Rolled and Cold Rolled Stainless Steel Flat Products, originating in or exported from the People's Republic of China, dated 04th July 2017.
 - g. Canada Border Services Agency, Statement of reasons concerning the making of final determination with respect to the dumping and subsidization of Certain Stainless-Steel Sinks and Certain Aluminum Extrusions Originating in or Exported from the People's Republic of China, dated 3rd March 2009.
 - h. Lomon Billions Group Co., Ltd.'s 2021 Annual Report.
82. Grants provided under this program are financial contributions by the GOC, which involve a direct transfer of funds by GOC to the recipient enterprises in China.
83. Only enterprises that undertake science and technology research are eligible for the subsidy. Further, reference is also placed on the exporter Questionnaire Response of M/s Henan Lingbao New Materials Technology Co. Ltd. which details the program to be provided to enterprises located within designated regions. Therefore, the program is specific in accordance with the CVD Rules. The Authority also notes that this program has been examined earlier by the Designated Authority and the existence and countervailability of this program has been established.
84. With regards to the existence of this program during the period of investigation, M/s Henan Lingbao New Materials Technology Co. Ltd. has benefited from this program during the period of investigation. Further, the GOC has not provided any evidence to show that this program in any of its form does not exist or does not confer countervailable subsidy.
85. The Authority therefore holds that the program is countervailable. The amount of benefit reported by M/s Henan Lingbao New Materials Technology Co. Ltd., has been considered to quantify benefit.

2. Program No. 07: Export Assistance Grant.

- a. Submission by the applicant.
86. The applicant has stated that for the purpose of expanding to global markets, grants are provided to SMEs for (i) holding or participating in overseas exhibitions, (ii) for quality management system, environment management system, (iii) promotion in the international market, (iv) exploring a new market, (v) holding training seminars and symposiums, and (vi) overseas bidding.
87. The applicant has stated the program to be administered by the Ministry of Commerce, Ministry of Finance along with the provincial authorities of China PR by providing direct

transfer of funds. The applicant has further stated the program to be a subsidy contingent on export.

b. Submission by GOC/other interested parties.

88. The applicant has not identified the producers who have availed this program. The program is not countervailable as it is not specific.

89. Of the responding producers/exporters, M/s Rika Technology Co. Ltd. has benefited under this program during the period of investigation for the subject goods.

c. Examination by the Authority.

90. In the absence of cooperation by GOC, the information provided by the applicant and the responding producer/exporter from China PR have been relied upon.

91. The applicant has provided following documents in support of the program.

a. Notice of the Ministry of Finance and the Ministry of Commerce on Issuing the Administrative Measures for International Market Developing Funds of Small and Medium-Sized Enterprises (Cai Qi (2010) No. 87) dated May 24, 2010. This was further replaced with 2014 Revision (Cai Qi (2014) No. 36 dated April 9, 2014 (Cai Qi (2014) No. 36).

b. It has also been submitted that this program has been held countervailable by the Designated Authority as well as investigating authorities in other countries.

92. The Authority notes that the program was governed under Circular Cooperation Concerning Issuing the Measures for the Administration of International Market Developing Funds of Small-and Medium-Sized Enterprises (for Trial Implementation) (Cai Qi (2000) No. 467) and Detailed Rules for the Implementation of the Measures for Administration of International Market Developing Funds of Small-and Medium-Sized Enterprises (for provisional implementation) (Wai Jing Mao Ji Cai Fa (2001) No. 270). However, both regulations were replaced with Notice of the Ministry of Finance and the Ministry of Commerce on Issuing the Administrative Measures for International Market Developing Funds of Small and Medium-Sized Enterprises (Cai Qi (2010) No. 87) dated May 24, 2010 and further replaced with 2014 Revision (Cai Qi (2014) No. 36 dated April 9, 2014.

93. The program is administered by the Ministry of Commerce, Ministry of Finance along with the provincial authorities of China PR. The assistance provided under the program is clearly in the nature of financial contribution in the form of a grant or direct transfer of funds and therefore confers a countervailable benefit within the meaning of Rules. The program's eligibility as detailed in M/s Rika Technology Co. Ltd.'s questionnaire response is dependent on the company's export performance. The program is export specific. The Authority notes that this program has been examined earlier by the Designated Authority and the existence and countervailability of this program has been established.

94. With regards to the existence and availment of this program by the producers of the PUC, M/s Rika Technology Co. Ltd. has benefited from this program in the period of investigation. GOC has not provided any evidence to show that this program in any of its form does not exist or does not confer countervailable subsidy.

95. The Authority therefore holds that the program is countervailable. The amount of benefit reported by M/s Rika Technology Co. Ltd., has been considered to quantify benefit.

3. Program No. 08: Reimbursement of Anti-dumping and/or Countervailing Legal Expenses by the Local Governments (Anti-Dumping Respondent Assistance).

a. Submission by the applicant.

96. The applicant claimed that the scheme is restricted to certain enterprises that are subject to foreign anti-dumping and/or countervailing duty proceedings. Such companies are eligible for refund of 40% of legal fees incurred for participating in such proceedings.

97. The applicant has stated the program to be administered by the Ministry of Commerce, Ministry of Finance along with the provincial authorities of China PR by providing direct transfer of funds in order to cover the legal fees, in trade remedial investigations. The applicant has further stated the program to be specific to enterprises subject to trade remedial investigations in foreign jurisdictions.

98. The applicant has also alleged various companies in China RP that are involved in producing the subject goods to have benefited from this program because of being subject to trade remedial investigations in India. The alleged companies are namely, Fujian Kuncai Material Technology Company Limited, Guangxi Chesir Pearl Material Company Limited, Rika Technology Company Limited, Oxen Special Chemicals Company Limited, Zhejiang Coloray Technology Development Company Limited, Pritty Pearlescent Pigments, Nanyang Lingbao Pearl Pigment Company Limited Materials and Zhejiang Ruicheng New Material Company Limited.

b. Submission by GOC/other interested parties.

99. The GOC has not filed a questionnaire response and has therefore provided no comments regarding the alleged program.

100. The applicant has not provided evidentiary details for identified producers regarding whether the subsidy was actually availed by them and if at all it was specific to the POI.

101. Of the responding producers/exporters, M/s Zhejiang Coloray Technology Development Co., Ltd. has benefited under this program during the period of investigation for participating in anti-dumping investigation initiated by GOI in the anti-dumping investigation concerning imports of 'Natural Mica Pearl Industries Pigments Excluding Cosmetic Grade' originating in or exported from Chian PR.

102. M/s Zhejiang Coloray Technology Development Co., Ltd. has explained the program to provide a subsidy of 50% of the lawyer's fees to enterprises engaged in countervailing investigation or anti-dumping cases, and for winning cases, the subsidy to be increased to 70% of the lawyer's fees, with a maximum of RMB 5 million for each case. For cases involving the United States, enterprises will be granted 70% of the lawyer's fees, and for winning cases, the subsidy will be increased to 90% of the lawyer's fees, with a maximum of RMB 7 million.
- c. Examination by the Authority.
103. In the absence of cooperation by GOC, the information provided by the applicant and the responding producer/exporter in China have been relied upon.
104. As evidence of existence of the program, the applicant has provided the following notifications or scheme documents as was reasonably available to them.
- Countermeasures against Antidumping of Export Products in Zhejiang Province (Decree No. 319 of the People's Government of Zhejiang Province dated April 1, 2014.)
 - It has also been submitted that this program has been held countervailable by the Designated Authority as well as investigating authorities in other countries.
105. The program provides a subsidy of 50% of the lawyer's fees to enterprises engaged in countervailing investigation or anti-dumping cases, and for winning cases, the subsidy is increased to 70% of the lawyer's fees, with a maximum of RMB 5 million for each case. For cases involving the United States, enterprises are granted 70% of the lawyer's fees, and for winning cases, the subsidy is increased to 90% of the lawyer's fees, with a maximum of RMB 7 million.
106. The program is administered by the Ministry of Commerce, Ministry of Finance along with the provincial authorities of China PR. The assistance provided under the program is clearly in the nature of financial contribution in the form of a grant or direct transfer of funds in order to cover legal fees in anti-dumping or countervailing duty investigation proceedings and confers benefit within the meaning of Rules. The program is also specific under the Rules because it is restricted to certain enterprises that are subject to foreign anti-dumping and countervailing duty proceedings. The Authority notes that this program has been examined earlier by the Designated Authority and some other Investigating Authorities in the past and the existence and countervailability of this program has been established.
107. With regards to the existence of this program, M/s Zhejiang Coloray Technology Development Co., Ltd. has benefited under this program. Further, the GOC has not provided any evidence to show that this program in any of its form does not exist or does not confer countervailable subsidy.

108. The Authority therefore holds that the program is countervailable. The amount of benefit reported by M/s Henan Lingbao New Materials Technology Co. Ltd., has been considered to quantify benefit.

II. TAX AND VAT INCENTIVES.

4. Program No. 14: Preferential Tax Policies for companies that are recognized as high and new technology companies.

a. Submission by the applicant.

109. The applicant has stated that under this program, enterprises classified as ‘high and new technology companies’ are provided with various tax incentives. High-tech enterprises refer to enterprises identified in accordance with the ‘Notice of the Ministry of Science and Technology, the Ministry of Finance, and the State Administration of Taxation on Revision and Issuance of the Administrative Measures for the Identification of High-tech Enterprises’ (Guokefahuo [2016] No. 32).
110. The applicant has stated the program to be administered by the Ministry of Science and Technology, Ministry of Finance, and the State Administration of Taxation by providing benefit in the form of revenue forgone. The applicant has further stated the program to be specific to enterprises recognized as ‘high-tech enterprises’.
111. The applicant has also alleged various producers of the subject good (as per their annual report and company website) to have been categorized as ‘high-tech enterprises and thereby to have received benefits under this program.

b. Submission by GOC/other interested parties.

112. M/s Henan Lingbao New Materials Technology Co. Ltd. and M/s Zhejiang Coloray Technology Development Co. Ltd. have not received benefit under this program as both the producers/exporters were in losses during the period of investigation.
113. In order to receive benefit under this program, an enterprise needs to be recognized as a hi-tech enterprise. In order to be a hi-tech enterprise, an enterprise has to satisfy various conditions.
114. The program is not a countervailable subsidy as it is not contingent on export performance, use of domestic over imported goods, being located within designated regions, being specific or any other criteria.

c. Examination by the Authority.

115. In the absence of cooperation by GOC, the information provided by the applicant and the responding producer/exporter in China PR have been relied upon.

116. Based on the information provided by the applicant and the responding producer/exporter in China PR, it is seen that, under this program, a company that applies successfully for the Certificate of High and New Technology Enterprise benefits from a reduced income tax of 15% compared to the normal rate of 25%. In order to be recognized as a High and New Technology Enterprise, an enterprise has to satisfy various conditions mentioned within Article 10 of the Administrative Measures for the Determination of High and New Technology Enterprises.
117. The key essentials to be met for the identification are:
- (i) The company should own the intellectual property (IP) right for the core technology of its key products or services (services) through independent R&D, transfer, donation, merger, and acquisition, etc.
 - (ii) In the last three financial years (the actual operational period for newly established ones), R&D expenditure should account for at least four percent of the enterprise's total sales revenue in the same period.
118. As evidence of the program, the applicant has provided the following documents:
- Article 28 of the PRC Law on Enterprise Income Tax (2007).
 - Article 93 of the Regulations for the Implementation of Law of the People's Republic of China on Enterprise Income Tax (2007).
 - Operational Guidelines for the One-off Pre-tax Deduction and 100% Super Deduction Policies for the Purchase of Equipment and Appliances by High-tech Enterprises, State Administration of Taxation (2022).
 - Notice of the Ministry of Science and Technology, the Ministry of Finance, and the State Administration of Taxation on Revision and Issuance of the Administrative Measures for the Identification of High-tech Enterprises" (Guokefahuo [2016] No. 32)
 - New and Full Notification of China PR Pursuant to Article XVI:1 of the GATT 1994 and Article 25 of the Agreement in Subsidies and Countervailing Measures dated 20th July 2023.
 - It has also been submitted that this program has been held countervailable by the Designated Authority as well as investigating authorities in other countries.
119. The Program is governed under Article 28 of the Corporate Income Tax Law of the PRC and Article 93 of the Regulations of the Implementation of Enterprise Income Tax Law of PRC.
120. The program is administered by the Ministry of Science and Technology, Ministry of Finance, and the State Administration of Taxation. A financial contribution in the form of revenue forgone is provided to enterprises classified as High and New Technology Enterprises. The financial contribution confers a benefit in the form of tax savings to those enterprises which have applied for the certificate of high and new technology. Benefit under this program is limited only to those enterprises which are designated/recognized

as high and new technology enterprises. Since the benefit under the program is limited to certain types of enterprises, the program is specific within the meaning of the Rules. The Authority also notes that this program has been earlier examined by the Designated Authority and some other investigating Authorities and found countervailable. The existence of the program becomes evident from the fact that the responding producers/exporters M/s Henan Lingbao New Materials Technology Co. Ltd. and M/s Zhejiang Coloray Technology Development Co. Ltd. have been eligible for availing benefit under this scheme as on the period of investigation. Further, the GOC has not provided any evidence to show that this program in any of its form does not exist or does not confer countervailable subsidy.

121. The Authority therefore holds that the program is countervailable. M/s Henan Lingbao New Materials Technology Co. Ltd. and M/s Zhejiang Coloray Technology Development Co. Ltd. are eligible for this program, but both these producers are in losses.

5. Program No. 15: Tax Policies for the Deduction of Research and Development (R&D) Expenses.

a. Submission by the applicant.

122. The applicant has stated that under this program, all research and development expenses are eligible for the 'super deduction' unless specifically listed as ineligible. The headline rate for SMEs and large enterprises is 75% and 100% in the case of manufacturing firms.
123. The applicant has stated the program to be administered by the Ministry of Science and Technology, Ministry of Finance, and the State Administration of Taxation by providing benefit in the form of revenue forgone. The applicant has further stated the program to be specific to limited enterprises engaged in research and development.

b. Submission by GOC/other interested parties.

124. The program is not specific as it benefits a broad range of enterprises rather than being targeted at a select few.
125. M/s Henan Lingbao New Materials Technology Co. Ltd. and M/s Zhejiang Coloray Technology Development Co. Ltd. are eligible under this program during the period of investigation. However, no benefit has been received under this program as both the producers/exporters were in losses during the period of investigation.
126. In order to receive the benefit under this program, the enterprise needs to incur research and development expenses for the development of new technologies, new products, and new processes.

c. Examination by the Authority.

127. In the absence of cooperation by GOC, the information provided by the applicant and the responding producer/exporter in China have been relied upon.
128. The program is administered by the Ministry of Science and Technology, Ministry of Finance and the State Administration of Taxation and governed under Article 30.1 of the Corporate Income Tax Law of the PRC, Article 95 of the Regulations for the Implementation of Law of the People's Republic of China on Enterprise Income Tax and the Announcement of the Ministry of Finance and the State Administration of Taxation on Further Improving the Pretax Super Deduction Policy for Research and Development Expenses, Announcement No. 7 (2023).
129. Under this program, as per Article 1 and Article 30.1 of the Corporate Income Tax Law, with regards to enterprises and other organizations which have incomes shall be payers of the enterprise income tax and shall be eligible for deduction of expenses related to research and development of new technologies, new products and new techniques. Further, as per Article 95 of the Regulations for the Implementation of the Enterprise Income Tax Law of the People's republic of China, the deduction of research and development expenses mentioned in Article 30 (1) of the Enterprise Income Tax Law refers to the research and development expenses incurred by enterprises for the development of new technologies, new products, and new processes without forming intangible assets.
130. 50% of the research and development expenses will be deducted if it forms an intangible asset and it will be amortized according to 150% of the cost of the intangible asset. As per the Announcement of the Ministry of Finance and the State Administration of Taxation on Further Improving the Pretax Super Deduction Policy for Research and Development Expenses, Announcement No. 7 (2023), if the research and development expenses actually incurred in the research and development activities of the enterprise do not form intangible assets and are included in the current profit and loss, then on the basis of actual deductions according to regulations, starting from January 1, 2023, 100% of the actual amount incur additional deduction before tax.
131. In the event intangible assets are formed, they will be amortized before tax according to 200% of the cost of intangible assets from January 1, 2023.
132. As evidence of the program, the applicant provided the following documents:
- Article 30 of the Law of the People's Republic of China on Enterprise Income Tax (2007).
 - Article 95 of the Regulations for the Implementation of Law of the People's Republic of China on Enterprise Income Tax (2007).
 - Announcement of the Ministry of Finance and the State Administration of Taxation on Further Improving the Pretax Super Deduction Policy for Research and Development Expenses, Announcement No. 7 (2023).

- It has also been submitted that this program has been held countervailable by the Designated Authority as well as investigating authorities in other countries.

133. The program is administered by the Ministry of Science and Technology, Ministry of Finance, and the State Administration of Taxation. A financial contribution in the form of revenue forgone is provided to manufacturing enterprises. The financial contribution confers a benefit in the form of tax savings. The Authority notes that this program has been examined earlier by the Designated Authority and some other investigating Authorities and found to be specific and countervailable. The existence of the program becomes evident from the regulations provided as evidence and the fact that the responding producers/ exporters M/s Henan Lingbao New Materials Technology Co. Ltd. and M/s Zhejiang Coloray Technology Development Co. Ltd. have been eligible for availing benefit under this scheme as on the period of investigation. Further, the GOC has not provided any evidence to show that this program in any of its form does not exist or does not confer countervailable subsidy.
134. The Authority therefore holds that the program is countervailable. M/s Henan Lingbao New Materials Technology Co. Ltd. and M/s Zhejiang Coloray Technology Development Co. Ltd. are eligible for this program. Jiangsu Pritty too has reported tax exemption/deduction in its annual tax return.
135. It is seen that both M/s Henan Lingbao New Materials Technology Co. Ltd. and M/s Zhejiang Coloray Technology Development Co. Ltd. have incurred research and development expense of *** and *** respectively. An examination of the tax return filed by these producers shows that the research and development expenses have been additionally reduced from the net profit for the purpose of calculation of income chargeable to tax. It is seen that had this additional deduction not been done, the producers would have been in profits and tax would have been payable. Therefore, the Authority considers that it is these additional deductions which have resulted in losses and providing benefits in the form of tax benefits. The tax payable on profits before accounting for research and development (R&D) expenses is factored into the calculation of a benefit.

6. Program No. 17: Tax Relief for Enterprises set up in Fuzhou Yuanhong Investment Zone Tax.

a. Submission by the applicant.

136. The applicant has stated that under this program, companies set up in investment zones are eligible to receive income tax relief in the form of revenue forgone.
137. The applicant has stated the program to be administered by the Government of China by providing benefit in the form of revenue forgone. The applicant has further stated the program to be regionally specific to companies situated in investment zones.

138. The applicant has also alleged Funjian Kuncai Material Technology Company Limited, which is involved in producing the subject goods, has benefitted under this program during the period of investigation because of having its production facility situated at Yuanhong Investment Zone.

b. Submission by GOC/other interested parties.

139. No evidence has been provided to show whether the producers of the subject goods are eligible to avail benefits under this program during the period of investigation.

140. M/s Rika Technology Co. Ltd. has availed this program during the period of investigation. The program is not countervailable as it is not specific.

c. Examination by the Authority.

141. In the absence of cooperation by GOC, the information provided by the applicant and the responding producer/exporter in China have been relied upon.

142. Under this program, as already detailed under program No. 14, a company that applies successfully for the Certificate of High and New Technology Enterprise benefits from a reduced income tax of 15% compared to the normal rate of 25%. In order to be recognized as a High and New Technology Enterprise, an enterprise has to satisfy various conditions mentioned within Article 10 of the Administrative Measures for the Determination of High and New Technology Enterprises.

143. As the program is similar in nature to program No. 14 already examined above, the same is found to be countervailable. The amount of benefit reported by M/s Rika Technology Co. Ltd., has been considered to quantify benefit.

7. Program No. 19: Provision of Land/Land Use Rights Provided for Less than Adequate Remuneration (LTAR).

8. Program No. 21: Land-Use Rights for LTAR in Economic Development Zones

9. Program No. 22: Provision of Land to State Owned Enterprises (SOEs) for LTAR

a. Submission by the applicant.

144. The applicant has stated that under program No. 19, the Government of China owns all land in China and only lease and land use rights are provided for a specific period. These lands are provided to certain industries at concessional rates. As per Decision No. 40 of the State Council on 'Promulgating and Implementing the Temporary Provisions on Promoting the Industrial Structural Adjustment', public authorities ensure that land is provided to 'encouraged' industries. Article 18 of Decision No. 40 further provides that industries that are 'restricted' will not have access to land use rights.

145. The applicant has provided various documents to show the pearlescent pigment industry to an encouraged industry in China PR and the same to be a pillar of the Chinese Industry, including the "The Catalogue of Industries for Encouraged Foreign Investment (2020)

Edition”, the “Industrial Structure Adjustment Guidance Catalogue (2019 Edition) (revised in 2019)”, the “Classification of Strategic Emerging Industries (2018)” (National Bureau of Statistics Order No. 23).

146. With regards to Program No. 21, the applicant has stated the Government of China to provide lands at concessional rates to enterprises located at economic development zones. The applicant has stated the program to be eligible to industries that are located at economic development zones and has provided a list of enterprises that are involved in producing the subject goods and have their manufacturing facilities within economic development zones.
 147. With regards to Program No. 22, the applicant has stated the Government of China to provide lands at concessional rates to state owned enterprises. Further, the applicant has provided Guangxi Chesir Pearl Material Company Limited’s (involved in producing subject goods) parent company’s (Global New Material International Holding’s Limited) 2022 annual report to show the parent company to be majority state-owned.
- b. Submission by GOC/other interested parties.**
148. These programs are not industry specific and the apprehension that enterprises involved in producing subject goods has received benefits under this program is mere speculation.
 149. With regard to Program No. 22, the applicant has not provided any evidence to show that Guangxi Chesir Pearl Material Company Limited has benefited under this program.
 150. M/s Rika Technology Co. Ltd. has stated that it is not received benefits under these programs.
 151. M/s Henan Lingbao New Materials Technology Co. Ltd. has stated that it has not applied for or used or benefitted from these programs. The company has acquired a land from Wancheng Land Resources Real Estate Administration.
 152. M/s Zhejiang Coloray Technology Development Co., Ltd. has acquired two pieces of LUR from the government. The two pieces of LUR were first acquired by a wholly owned subsidiary of the company, ***.
 153. Jiangsu Pritty New Material Co., Ltd. has purchased land from the government body Suqian City Land Resources Bureau in April 2014.
- c. Examination by the Authority.**
154. In the absence of cooperation by GOC, the information provided by the applicant and the responding producer/exporter in China have been relied upon.
 155. With regards to Program No, 19, the applicant has provided sufficient documents to show the pearlescent pigment industry to be an encouraged industry in China PR. With regards

to Program No. 21, the applicant has provided sufficient details of enterprises that are located at economic development zones and a list of enterprises that are involved in producing the subject goods that have their manufacturing facilities within economic development zone. With regards to Program No. 22, the applicant has provided sufficient evidence to show that Guangxi Chesir Pearl Material Company Limited, a producer of the subject good to be government owned.

156. It is noted that in earlier investigations conducted by the Authority, the existence of countervailable subsidies in the form of land use rights with respect to Programs 19, 21 and 22 have already been established. The Authority therefore holds that the program is countervailable.
157. With regards to M/s Henan Lingbao New Materials Technology Co. Ltd., it is seen that the company has acquired land from Wancheng Land Resources Real Estate Administration, which is a state-owned body. Further, M/s Henan Lingbao New Materials Technology Co. Ltd. has not provided any evidence to claim otherwise. Considering the total extent of land acquired by M/s Henan Lingbao New Materials Technology Co. Ltd. and amount paid towards land use right, the authority has determined average amount paid towards land use right. On comparison of this average amount paid towards land use right with the benchmark established by the authority (price prevailing in Thailand), it is seen that M/s Henan Lingbao New Materials Technology Co. Ltd. has benefited by concessional payments towards land use right.
158. With regards to Jiangsu Pritty New Material Co., Ltd., it is seen that the company has purchased land from the government body Suqian City Land Resources Bureau. Considering the total extent of land acquired by Jiangsu Pritty New Material Co., Ltd. and amount the paid towards land use right, the authority has determined the average amount paid towards land use right. On comparison of this average amount paid towards land use right with the benchmark established by the authority (price prevailing in Thailand), it is seen that Jiangsu Pritty New Material Co., Ltd. has benefited by concessional payments towards land use right.

Program No. 20: Provision of Electricity at Less than Adequate Remuneration (LTAR).

a. Submission by the applicant.

159. The program is administered by the Government of China and the National Development and Reform Commission (NDRC). Key large industrial users of electricity are allowed to enter into direct purchasing contracts with power generators instead of buying from the grid. The possibility to enter into such direct contracts is currently not open to all large industrial consumers. At the national level, enterprises that do not conform to the national industrial policy and whose products and processes are eliminated should not participate in such direct transactions. There is no actual market-based negotiation or bidding process, since the quantities purchased under direct contracts are not based on the real supply and demand. Therefore, those industrial users that enter into direct purchasing

contracts are provided electricity at preferential rates, and the program is therefore enterprise specific. Further, different electricity rates are charged to consumers in different regions in China, thereby making the program also geographically specific. The program provides for a financial contribution in the form of provision of electricity at less than adequate remuneration.

160. The applicant has stated the pigment industry to be a leading industry which is strongly encouraged and designated as "key" by the GOC.

161. As evidence of the program, the applicant provided the following documents:

- 14th Five Year Plan for National Economic and Social Development and Long-Range Objectives for 2035.
- Notice on accelerating market-based power trading and improving trading mechanisms, issued by the NDRC and the National Energy Administration, 18 July 2018
- Opinions of the Central Committee of the Communist Party of China and the State Council on Further Deepening the Reform of the Power System (Zhong Fa [2015] No 9)
- Jiangsu Province Electricity internet Bidding Notice for March-April 2017
- Plans to Further Expand Pilot Direct Electricity Trading Projects in Zhejiang Province in 2016 ([2016] No 159
- Notice of Hebei Provincial Price Bureau on Further Improving the Policy of Transmission and Distribution Price of Direct Electricity Trading ([2016] No 173)
- Notice of the Hebei Provincial Development and Reform Commission on Matters Related to Direct Electricity Trading in the Northern Power Grid of Hebei ([2016] No 1094) and List of users of direct electricity trading.
- It has also been submitted that this program has been held countervailable by the Designated Authority as well as investigating authorities in other countries.

b. Submission by GOC/other interested parties.

162. The GOC has not filed a questionnaire response and has therefore provided no comments regarding the alleged program.

163. The applicant has not connected how the industry involved in producing the subject merchandise has availed the subsidy under this program during the period of investigation.

164. The program is not specific as it is available to all manufacturing industries which directly purchase power from power generators.

165. After the reform in 2021 to eliminate all industrial and commercial catalog sales electricity prices, large industrial companies may directly conclude Electricity Sales Contract with energy generation or electricity sales companies, instead of purchasing

electricity through agent grid companies. Such electricity is transmitted by an electricity grid operated by major state-owned enterprises.

166. M/s Henan Lingbao New Materials Technology Co. Ltd. has purchased electricity from the State Grid Corporation, Henan Electricity Company Nanyang Electricity Supply Company based on the standard electricity rate.
167. M/s Rika Technology Co. Ltd. has purchased part of its electricity requirements from a government agency.
168. M/s Zhejiang Coloray Technology Development Co., Ltd. has purchased electricity from a privately owned company during the period of investigation. Electricity was transmitted by the local subsidiary of State Grid Corporation of China, which is owned by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC). Therefore, Coloray directly paid to the local subsidiary of State Grid Corporation of China, and the privately owned electricity sales company directly get paid from the State Grid Corporation of China.
169. Jiangsu Pritty New Material Co., Ltd. has purchased electricity from a government - controlled company named Suqian City Land and Resources Bureau.

c. Examination by the Authority.

170. In the absence of cooperation by GOC, the information provided by the applicant and the responding producer/exporter in China have been relied upon.
171. National Development Reforms Commission (NDRC), a public body in China, sets the prices of electricity applicable in various provinces in China. Local price bureaus in the Provinces merely act as an executive arm of the decision taken at central level by the NDRC. NDRC issues notices setting tariff for each of the provinces. These notices are formally transposed into local notices adopted by the local price bureaus and implemented at local level. Differential electricity rates applicable for certain sectors and/or at provincial and local level are set in accordance with certain factors, including, the pursuit of the industrial policy goals set by the central and local governments in their 5-year plans and in the sectoral plans.
172. Key large industrial users of electricity are allowed to enter into direct purchasing contracts with power generators instead of buying from the grid. The possibility to enter into such direct contracts is currently not open to all large industrial consumers. At national level, enterprises that do not conform to the national industrial policy and whose products and processes are eliminated should not participate in direct transactions.
173. In practice, direct electricity trading is executed by the provinces. Companies have to apply to provincial authorities for approval to participate in the direct electricity pilot scheme, and they have to fulfil certain criteria. For example, in Jiangsu, direct electricity

contracts are established via a centralized internet bidding platform. However, only companies which are ‘in line with the national industrial policy guidelines such as the Guidance Catalogue for Industrial Structure Adjustment’, are allowed to participate in the bidding process. Similarly, in Chongqing, ‘enterprises that do not conform to the state's industrial policies, as well as products and processes belonging to restricted or eliminated businesses, shall not participate in direct transactions.

174. The Authority therefore notes that the program is administered by the GOC along with NDRC. Financial contribution in the form of electricity is provided at less than adequate remuneration to specific enterprises and the program is therefore countervailable as per the Rules. The Authority also notes that in earlier investigations conducted by the Authority, the countervailable nature of this program has already been decided upon and that the GOC has not provided any evidence to show that this program in any of its form does not exist or does not confer countervailable subsidy.
175. The Authority therefore holds that countervailing duty should be imposed against this program.
176. It is seen that M/s Rika Technology Co. Ltd. and Jiangsu Pritty New Material Co., Ltd., have purchased electricity directly from government owned power generators during the period of investigation. On comparison of the price at which electricity has been purchased with the benchmark established by the authority (electricity rate in Thailand), it is seen that M/s Rika Technology Co. Ltd., Jiangsu Pritty New Material Co., Ltd. and M/s Henan Lingbao New Materials Technology Co. Ltd. have benefited by concessional payments towards provision of electricity.
177. The amount of benefit received by M/s Rika Technology Co. Ltd. and Jiangsu Pritty New Material Co., Ltd., have been considered to quantify benefit.

Program No. 23: Provision of Caustic Soda for LTAR.

Program No. 24: Provision of Calcium Carbonate for LTAR.

Program No. 25: Provision of Titanium Dioxide for LTAR.

a. Submission by the applicant.

178. The applicant has submitted that Caustic Soda, Calcium Carbonate and Titanium Dioxide are primary raw materials used for manufacture of the subject goods. The applicant states the subject country’s market for these raw materials is distorted by government presence and the producers of the subject good receive these raw materials at less than adequate remuneration with the effect pigment industry being an encouraged in China PR and the same to be a pillar of the Chinese Industry, with reference provided to “The Catalogue of Industries for Encouraged Foreign Investment (2020) Edition”, the “Industrial Structure Adjustment Guidance Catalogue (2019 Edition) (revised in 2019)”, and the “Classification of Strategic Emerging Industries (2018)” (National Bureau of Statistics Order No. 23).

179. It has also been submitted by the applicant that this program has been held countervailable by the investigating authorities in other countries.

b. Submission by GOC/other interested parties.

180. The GOC has not filed a questionnaire response and has therefore provided no comments regarding the alleged program.

181. M/s Zhejiang Coloray Technology Development Co., Ltd. has not purchased any of these inputs mentioned within Program 23, 24 or 25 during the POI or AUL period.

182. M/s Rika Technology Co. Ltd. has purchased Titanium Dioxide from domestic sources during the POI but has not received any benefit on the same.

183. M/s Henan Lingbao New Materials Technology Co. Ltd. purchased calcium carbonate from domestic market based on the market price. The company did not apply, use, or benefit from this program during the period of investigation.

184. Jiangsu Pritty New Material Co., Ltd. has purchased caustic soda from domestic sources during the POI but has not received any benefit on the same.

c. Examination by the Authority.

a. Provision of Caustic Soda for LTAR.

185. In the absence of cooperation by GOC, the information provided by the applicant and the responding producer/exporter in China have been relied upon.

186. It is noted that in earlier investigation conducted by the Authority in ‘Viscose Rayon Filament Yarn above 60 Deniers’, the existence of countervailable subsidies with regards to the provision of caustic soda for LTAR has already been established.

187. Caustic soda is mainly supplied in the country through government-owned enterprises and majority of state-owned enterprises or enterprises vested with governmental authority. The GOC exercises meaningful control over these entities and uses them to accomplish its goals of maintaining the predominant role of the state sector in allocating resources.

188. The Authority notes that there is significant control of the GOC owned or controlled enterprises on production, distribution, and pricing of caustic soda, which keeps the price of the caustic soda artificially low in the domestic market. The price in domestic market is distorted due to significant interference by the GOC owned or controlled enterprises. Neither the GOC nor the responding producers/exporters have shown that the caustic soda prices in China are governed by the market forces and without any government intervention. This program is specific because it is specific product and sector that use

caustic soda in the production of finished products. These programs have been held countervailable by other Authorities as well. Accordingly, the Authority holds this program countervailable on the basis of facts available.

189. It is seen that M/s Rika Technology Co. Ltd., M/s Henan Lingbao New Materials Technology Co., Ltd. and M/s Zhejiang Coloray Technology Development Co., Ltd. have not utilized caustic soda as a raw material during the period of investigation. The Authority therefore finds M/s Rika Technology Co. Ltd., M/s Henan Lingbao New Materials Technology Co., Ltd. and M/s Zhejiang Coloray Technology Development Co., Ltd. to have not benefited from this program.
190. With regards to Jiangsu Pritty New Material Co., Ltd. have purchased caustic soda from domestic sources (China PR) during the period of investigation. On comparison of the price at which caustic soda has been purchased with the benchmark established by the authority (DGC&S price), it is seen that Jiangsu Pritty New Material Co., Ltd. has benefited by concessional payments towards provision of caustic soda. The amount of benefit received by Jiangsu Pritty New Material Co., Ltd. has been considered to quantify benefit.

b. Provision of Calcium Carbonate for LTAR.

191. In the absence of cooperation by GOC, the information provided by the applicant and the responding producer/exporter in China have been relied upon.
192. Since the implementation of the “14th Five-Year Plan” by the PRC government, the new and innovative material industry has received much attention and is one of the seven strategic emerging industries in China. The new and innovative material industry is considered to be a high-tech industry with significant development potential in the 21st century. The “14th Five-Year Plan” points to the research of high-end new and innovative materials and the development for production of the new and innovative material for the domestic consumption. Mica is one of the new and innovative materials in the industry promoted by the policy. In 2022, synthetic mica was listed in the “Catalogue of Innovative Development of Industrial Foundation (2021 Edition)”. This catalogue, with the purpose of accurately guiding the development of China’s industrial base during the "14th Five-Year Plan", has selected products and technologies that have a great impact on national economic construction, national defence security, and people's happiness. This catalogue will: (a) help government departments to determine the products and technologies towards which support must be given; (b) guide scientific research institutes to choose the products and technologies for development. As per the “Classification of Strategic Emerging Industries (2018)” (No. 23 of the National Bureau of Statistics), the manufacturing of mica products with number of 3082, belongs to the new energy material manufacturing and functional filler manufacturing sectors in strategic emerging industries. Additionally, the mica-based pearlescent pigments whose number is 2643 is classified as other new functional materials, which belong to the pigments manufacturing section in the strategic emerging industries. Newly build powder coating production units

of iron oxide pigments under 10,000 tons/year have been categorised as ‘restricted’ within the “Catalogue for Guiding Industry Restructuring (2019 Edition)”, which therefore requires these projects to necessarily undergo innovation and upgradation within a specific period of time. Industries involved in ‘commercial processing technology of pigments’ have been included within the “catalogue of Industries Encouraging Foreign Investment (2022 Edition)”.

193. The Authority notes that there is significant control of the GOC in production, distribution, and pricing of calcium carbonate, which keeps the price of calcium carbonate artificially low in the domestic market. Thus, the price in domestic market is distorted due to significant interference by the GOC. Neither the GOC nor the responding producers/exporters have shown that the calcium carbonate prices in China are governed by the market forces without any government intervention. This program is specific, because it is specific product and sector that use calcium carbonate in the production of finished products. These programs have been held countervailable by other Authorities as well. Accordingly, the Authority holds this program countervailable on the basis of facts available.
 194. It is seen that M/s Henan Lingbao New Materials Technology Co. Ltd. has purchased calcium carbonate from domestic sources (China PR) during the period of investigation. On comparison of the price at which calcium carbonate has been purchased with the benchmark established by the authority (Domestic Industry’s price), it is seen that M/s Henan Lingbao New Materials Technology Co. Ltd. has benefited by concessional payments towards provision of calcium carbonate. The amount of benefit received by M/s Henan Lingbao New Materials Technology Co. Ltd. has been considered to quantify benefit.
- c. Provision of Titanium Dioxide for LTAR.
195. In the absence of cooperation by GOC, the information provided by the applicant and the responding producer/exporter in China have been relied upon.
 196. Since the implementation of the “14th Five-Year Plan” by the PRC government, the new and innovative material industry has received much attention and is one of the seven strategic emerging industries in China. The new and innovative material industry is considered to be a high-tech industry with significant development potential in the 21st century. The “14th Five-Year Plan” points to the research of high-end new and innovative materials and the development for production of the new and innovative material for the domestic consumption. Mica is one of the new and innovative materials in the industry promoted by the policy. In 2022, the synthetic mica was listed in the “Catalogue of Innovative Development of Industrial Foundation (2021 Edition)”. This catalogue, with the purpose of accurately guiding the development of China’s industrial base during the "14th Five-Year Plan", has selected products and technologies that have a great impact on national economic construction, national defence security, and people's happiness. This catalogue will: (a) help government departments to determine the products and

technologies towards which support must be given; (b) guide scientific research institutes to choose the products and technologies for development. As per the “Classification of Strategic Emerging Industries (2018)” (No. 23 of the National Bureau of Statistics), the manufacturing of mica products with number of 3082, belongs to the new energy material manufacturing and functional filler manufacturing sectors in strategic emerging industries. Additionally, the mica-based pearlescent pigments whose number is 2643 is classified as other new functional materials, which belong to the pigments manufacturing section in the strategic emerging industries. Newly build powder coating production units of iron oxide pigments under 10,000 tons/year have been categorised as ‘restricted’ within the “Catalogue for Guiding Industry Restructuring (2019 Edition)”, which therefore requires these projects to necessarily undergo innovation and upgradation within a specific period of time. Industries involved in ‘commercial processing technology of pigments’ have been included within the “catalogue of Industries Encouraging Foreign Investment (2022 Edition)”.

197. The Authority notes that there is significant control of the GOC in production distribution and pricing of titanium dioxide, which keeps the price of titanium dioxide artificially low in the domestic market. Thus, the price in domestic market is distorted due to significant interference by the GOC. Neither the GOC nor the responding producers/exporters have shown that the titanium dioxide prices in China are governed by the market forces without any government intervention. This program is specific, because it is specific product and sector that use titanium dioxide in the production of finished products. These programs have been held countervailable by other Authorities as well. Accordingly, the Authority holds this program countervailable on the basis of facts available.
198. It is seen that M/s Rika Technology Co. Ltd., Jiangsu Pritty New Material Co., Ltd., M/s Zhejiang Coloray Technology Development Co., Ltd., and M/s Henan Lingbao New Materials Technology Co. Ltd. have purchased titanium tetrachloride from domestic sources (China PR) during the period of investigation. It is also seen that titanium tetrachloride is an upstream product for the production of titanium dioxide. On comparison of the price at which titanium tetrachloride has been purchased with the benchmark of titanium tetrachloride established by the authority ***, it is seen that M/s Rika Technology Co. Ltd., Jiangsu Pritty New Material Co., Ltd., M/s Zhejiang Coloray Technology Development Co., Ltd. and M/s Henan Lingbao New Materials Technology Co. Ltd. have benefited by concessional payments towards provision of titanium tetrachloride.
199. The amount of benefit received by M/s Rika Technology Co. Ltd., Jiangsu Pritty New Material Co., Ltd., M/s Zhejiang Coloray Technology Development Co., Ltd., and M/s Henan Lingbao New Materials Technology Co. Ltd. have been considered to quantify benefit.

d. Provision of Mica for LTAR

200. It is seen that the program on provision of mica for LTAR was not alleged by the applicant during the course of initiation of this investigation. Rather, the Authority has considered analyzing this program on the basis of the questionnaire responses submitted by the responding producers/exporters.
201. In the disclosure statement, the Authority had determined subsidy margin for mica as well, however in the comments provided by M/s Rika Technology Co. Ltd., M/s Henan Lingbao New Materials Technology Co., Ltd. and M/s Zhejiang Coloray Technology Development Co., Ltd., it is seen that they have sourced mica from India. It is seen that the interested parties have provided evidence to show that 'mica flake' has been imported from India during the period of investigation. Therefore, the Authority holds that the above-mentioned three producers are not receiving benefit under this program. However, Jiangsu Pritty New Material Co., Ltd. has not provided any information in this regard. Therefore, the Authority has quantified subsidy margin on the basis of facts available.

III. PREFERENTIAL FINANCING, LENDING AND EXPORT CREDIT.

- i. Program no. 26: Preferential Financing under One Belt One Road Initiative for Companies making Outward Investments.**
- ii. Program no. 27: Preferential Loans and Interest Rates to the Effect Pigments Industry.**
- iii. Program no. 28: Export Credit Insurance Subsidy.**
- iv. Program no. 29: Loan Guarantee/Credit Loan Guarantee by GOC/Export Credit Guarantees.**
- v. Program no. 30: Debt for Equity Swaps.**
- vi. Program no. 31: Export Seller's Credit.**
- vii. Program no. 32: Export Buyer's Credit.**

a. Submission by the applicant.

202. With regards to Program No. 28, export credit insurance is provided in China by Sinosure which is one of China's four "policy institutions," together with China Exim Bank, China Development Bank and Agricultural Bank of China. Sinosure is a 100% State-owned policy insurance company established and supported by the State to support the PRC's foreign economic and trade development and cooperation. The GOC has the power to appoint and dismiss the company's senior managers and supervisors. The registered capital of the company comes from the venture fund of export credit insurance in line with the state finance budget.
203. Under this program, Sinosure provides export credit insurance and export credit premiums at preferential rates to certain encouraged enterprises. The applicant has provided various documents to show the pearlescent pigment industry to be an encouraged industry in China PR and the same to be a pillar of the Chinese Industry, including the "The Catalogue of Industries for Encouraged Foreign Investment (2020) Edition", the "Industrial Structure Adjustment Guidance Catalogue (2019 Edition)

(revised in 2019)”, the “Classification of Strategic Emerging Industries (2018)” (National Bureau of Statistics Order No. 23).

b. Submission by GOC/other interested parties.

204. The GOC has not filed a questionnaire response and has therefore provided no comments regarding the alleged program.
205. No evidence has been provided to show that the insurance premiums are not on commercial terms under Program No. 28.
206. The applicant has not provided any evidence to show that the benefit under Program No. 28 has been used by producers of subject goods in the period of investigation.
207. M/s Henan Lingbao New Materials Technology Co. Ltd. has received benefit under Program No. 28 in the period of investigation. In order to receive the benefit under this program, the company needs to satisfy the following conditions: 1) It is an enterprise registered in Henan province with independent legal personality; 2) It has the qualification to carry out relevant business, it has right to import and export with the relevant enterprise customs code; and 3) the company conducted export credit insurance.
208. The eligibility under Program No. 28 is contingent on the location of the enterprise.

c. Examination by the Authority.

209. In the absence of cooperation by GOC, the information provided by the applicant and the responding producer/exporter in China have been relied upon.
210. Program No. 28 is maintained by GOC through Sinasure along with the GOC Local & Municipal governments which are public bodies within the meaning of the Rules. It is seen that the program is maintained by GOC at the central level which is executed across different provinces through the respective local/municipal government. It is seen that the program is contingent on export performance. The program provides for benefit in the form of potential transfer of liability to the GOC and export credit premiums provided at preferential rates.
211. The Authority therefore holds Program No. 28 countervailable. The amount of benefit reported by M/s Henan Lingbao New Materials Technology Co. Ltd. has been considered to quantify benefit.
212. Other responding producers/exporters assert that they have not benefited from Programs 26 to 32. However, the Authority notes that the responding producers/exporters have not provided sufficient evidence to support this claim. It was required to submit relevant information demonstrating that its loan rates are unaffected by government policies and, therefore, not subsidized. Instead, the responding producers/exporters have merely stated its position without substantiating it. The Authority has reviewed the interest cost and

loan data provided by the responding producers/exporters and compared it with the benchmark Indonesia interest rate. The difference has been factored into the determination of the subsidy margin.

IV. OTHER PROGRAMS.

A. Various Government grants- Received by producers/exporters of China PR

213. The responding producers/exporters have detailed on various government grants received other than the alleged programs by the applicant which are being examined below.

a. Submission by the applicant.

214. The Government of China has not filed a response to the questionnaire nor participated in the investigation. In such a situation, the Designated Authority must draw an adverse inference and proceed on the basis of facts available with regard to the existence of schemes and their countervailability.

215. In an anti-subsidy investigation, the countervailability of the scheme cannot be questioned by the exporter as it is not the executor or implementor of such scheme and it is only the government of the exporting country which has introduced and implemented the scheme can argue about the countervailability of the subsidy scheme.

b. Submission by GOC/other interested parties.

a. Jiangsu Pritty New Material Co., Ltd.

216. Jiangsu Pritty New Material Co., Ltd. has received the following government grants during the period of investigation. These grants are not countervailable in nature as these programs are not contingent upon the following conditions: 1) export performance; 2) use of domestic over imported goods; 3) located within designated regions, 4) specific to any enterprise or group of enterprises, or to any industry or group of industries or 5) any other criteria.

- Enterprise digitization
- Talent research and development
- Various Subsidies received during the COVID-19 epidemic

b. M/s Henan Lingbao New Materials Technology Co. Ltd.

217. M/s Henan Lingbao New Materials Technology Co. Ltd. has received the following government grants during the period of investigation. These grants are not countervailable in nature as these programs are not contingent upon the following conditions: 1) export performance; 2) use of domestic over imported goods; 3) located within designated regions, 4) specific to any enterprise or group of enterprises, or to any industry or group of industries or 5) any other criteria.

- Job Stabilization Grant.

- Grant to Support ‘Sanwai’ Development Program
- c. M/s Rika Technology Co. Ltd.
218. M/s Rika Technology Co. Ltd. has received the following government grants during the period of investigation. These grants are not countervailable in nature as these programs are not contingent upon the following conditions: 1) export performance; 2) use of domestic over imported goods; 3) located within designated regions, 4) specific to any enterprise or group of enterprises, or to any industry or group of industries or 5) any other criteria.
- Long-term Leading Talents for Innovation
 - Short-term Leading Talents for innovation
 - Leading talents for Entrepreneurship
 - Foreign Experts and High-level Innovation and Entrepreneurship
- d. M/s Zhejiang Coloray Technology Development Co., Ltd.
219. M/s Zhejiang Coloray Technology Development Co., Ltd. has received the following government grants during the period of investigation. These grants are not countervailable in nature as these programs are not contingent upon the following conditions: 1) export performance; 2) use of domestic over imported goods; 3) located within designated regions, 4) specific to any enterprise or group of enterprises, or to any industry or group of industries or 5) any other criteria.
- Encouraging Enterprise Informatization Construction
 - Support for the Development of Micro, Small and Medium-sized Enterprises
 - Support for Smart Transformation of Enterprises 2023
 - Support for Enterprises to Participate in Exhibitions and Expand Market
 - Encouraging the Transformation of Scientific and technological Achievements
 - Support for Enterprises in Attracting Workers
 - Promoting the Development of Smart Industry 2021
- c. Examination by the Authority.
220. In the absence of cooperation by GOC, the information provided by the applicant and the responding producers/exporters in China have been relied upon.
221. It is seen that the producers/exporters have provided information for various programs without providing sufficient details on the same. Further in the absence of any response by the Government of China, considering facts available on record, the Authority has treated these benefits as countervailable and determined benefits.
222. With regards to Jiangsu Pritty New Material Co., Ltd., M/s Henan Lingbao New Materials Technology Co. Ltd., M/s Rika Technology Co. Ltd. and M/s Zhejiang Coloray Technology Development Co., Ltd., the countervailable benefit is calculated by dividing the total grant received by the producer/exporter’s with total sales in the period of investigation.

223. The Authority therefore holds that these grants are countervailable. The amount of benefit reported by Jiangsu Pritty New Material Co., Ltd., M/s Henan Lingbao New Materials Technology Co. Ltd., M/s Rika Technology Co. Ltd. and M/s Zhejiang Coloray Technology Development Co., Ltd., have been considered to quantify their respective benefit.

V. DETERMINATION OF SUBSIDY MARGIN.

224. In view of the foregoing, the Authority finds that the Chinese producers have benefited from countervailable subsidies. On the basis of the investigations conducted, facts on record available, questionnaire response of the participating exporters and considering absence of questionnaire response from the GOC, Authority has quantified margin of subsidies therein as shown in table below. The Authority has determined the subsidy margin for the participating producers considering the information as per the response filed by them.

M/s Rika Technology Co. Ltd.

SN	Program No.	Name of the Scheme	CVD Margin	CVD Margin (Range)
1	Program No. '1-11', 'other programs'	Grants (A+B)		
A	Program No. 7	Export Assistance Grant.	***	0-10
B	Other programs	Various Government grants- Received by producers/exporters of China PR		
2	Program No. '12 to 18'	Tax and VAT Incentives (A)		
A	Program No. 17	Tax relief for enterprises set up in Fuzhou Yuanhong Investment Zone tax.	***	0-10
3	Program No. '19 to 25', 'provision of mica for LTAR'	Provision of goods and services at LTAR (A+B+C+D+E)		
A	Program no. 19, 20 and 21	Provision of land at less than adequate remuneration (LTAR).	***	0-10
B	Program No. 20	Provision of Electricity at less than adequate remuneration (LTAR).	***	0-10
C	Program No. 23	Provision of Caustic Soda for LTAR	***	0-10
D	Program No. 25	Provision of Titanium Dioxide for LTAR	***	10-20

E	Provision of Mica for LTAR	Provision of Mica for LTAR	***	0-10
4	Program No. '26 to 32'	Preferential Lending	***	0-10
Total Subsidy Margin (1+2+3+4)			***	10-20%

M/s Henan Lingbao New Materials Technology Co., Ltd.

SN	Program No.	Name of the Scheme	CVD Margin	CVD Margin (Range)
1	Program No. '1-11', 'other programs'	Grants (A+B)		
A	Program No. 1	Research & Development (R&D) Assistance Grant.	***	0-10
B	Other programs	Various Government grants- Received by producers/exporters of China PR		
2	Program No. '12 to 18'	Tax and VAT Incentives (A+B)		
A	Program No. 14	Preferential Tax Policies for companies that are recognized as high and new technology companies.	***	0-10
B	Program No. 15	Tax Policies for the Deduction of Research and Development (R&D) Expenses.		
3	Program No. '19 to 25', 'provision of mica for LTAR'	Provision of goods and services at LTAR (A+B+C+D)		
A	Program No. 19, 21 and 22	(i) Program No. 19: Provision of Land /Land Use rights provided for less than adequate remuneration (LTAR).	***	0-10
		(ii) Program no. 21: Land-Use Rights for LTAR in Economic Development Zones.		
		(iii) Program no. 22: Provision of Land to State Owned Enterprises (SOEs) for LTAR.		
B	Program No. 20	Provision of Electricity at less than adequate remuneration (LTAR).	***	0-10
C	Program No. 23	Provision of caustic soda for LTAR	***	0-10

D	Program No. 25	Provision of Titanium Dioxide for LTAR	***	10-20
E	Provision of Mica for LTAR	Provision of Mica for LTAR	***	0-10
4	Program No. '26 to 32'	Preferential Lending	***	0-10
Total Subsidy Margin (1+2+3+4)			***	10-20

Zhejiang Coloray Technology Development Co., Ltd

SN	Program No.	Name of the Scheme	CVD Margin	CVD Margin (Range)
1	Program No. '1-11', 'other programs'	Grants (A+B)		
A	Program No. 8	Reimbursement of Anti-dumping and/or Countervailing Legal Expenses by the Local Governments (Anti-Dumping Respondent Assistance).	***	0-10
B	Other programs	Various Government grants- Received by producers/exporters of China PR		
2	Program No. '19 to 25', 'provision of mica for LTAR'	Provision of goods and services at LTAR (A+B+C+D+E)		
A	Program No. 19, 21 and 22	Program No. 19: Provision of Land /Land Use rights provided for less than adequate remuneration (LTAR). Program no. 21: Land-Use Rights for LTAR in Economic Development Zones. Program no. 22: Provision of Land to State Owned Enterprises (SOEs) for LTAR.	***	0-10
3	Program No. '12 to 18'	Tax and VAT Incentives (A+B)		
A	Program No. 14	Preferential Tax Policies for companies that are recognized as high and new technology companies.	***	0-10
B	Program No. 15	Tax Policies for the Deduction of Research and Development (R&D) Expenses.		

4	Program No. '19 to 25', 'provision of mica for LTAR'	Provision of goods and services at LTAR (A+B)		
A	Program No. 20	Provision of Electricity at less than adequate remuneration (LTAR).	***	0-10
B	Program No. 23	Provision of Caustic Soda for LTAR	***	0-10
C	Program No. 25	Provision of Titanium Dioxide for LTAR	***	10-20
D	Provision of Mica for LTAR	Provision of Mica for LTAR	***	0-10
5	Program No. '26 to 32'	Preferential Lending	***	0-10
Total Subsidy Margin (1+2+3+4)			***	10-20

Jiangsu Pritty New Material Co., Ltd.

SN	Program No.	Name of the Scheme	CVD Margin	CVD Margin (Range)
1	Program No. '1-11', 'other programs'	Grants (A)		
A	Other programs	Various Government grants- Received by producers/exporters of China PR	***	0-10
2	Program No. '12 to 18'	Tax and VAT Incentives	***	0-10
2	Program No. '19 to 25', 'provision of mica for LTAR'	Provision of goods and services at LTAR (A+B+C+D+E)		
A	Program No. 19, 21 and 22	Program No. 19: Provision of Land /Land Use rights provided for less than adequate remuneration (LTAR).	***	0-10
		Program no. 21: Land-Use Rights for LTAR in Economic Development Zones.		
		Program no. 22: Provision of Land to State Owned Enterprises (SOEs) for LTAR.		
B	Program No. 20	Provision of Electricity at less than adequate remuneration (LTAR).	***	0-10

C	Program No. 23	Provision of caustic soda for LTAR	***	0-10
D	Program No. 25	Provision of Titanium Dioxide for LTAR	***	0-10
E	Provision of Mica for LTAR	Provision of Mica for LTAR	***	10-20
3	Program No. '26 to 32'	Preferential Lending	***	0-10
Total Subsidy Margin (1+2+3)			***	10-20

Any Other

SN	Program No.	Name of the Scheme	CVD Margin	CVD Margin (Range)
1	Program No. '1-11', 'other programs'	Grants	***	0-10
2	Program No. '12 to 18'	Tax and VAT Incentives	***	0-10
3	Program No. 19 to 25	Provision of goods and services at LTAR (A+B+C+D+E)		0-10
A	Program No. 19, 21 and 22	Program No. 19: Provision of Land /Land Use rights provided for less than adequate remuneration (LTAR). Program no. 21: Land-Use Rights for LTAR in Economic Development Zones. Program no. 22: Provision of Land to State Owned Enterprises (SOEs) for LTAR.	***	0-10%
B	Program No. 20	Provision of Electricity at less than adequate remuneration (LTAR).		
C	Program No. 23	Provision of caustic soda for LTAR	***	10-20
D	Program No. 25	Provision of Titanium Dioxide for LTAR		
E	Provision of Mica for LTAR	Provision of Mica for LTAR		
4	Program No. '26 to 32'	Preferential Lending	***	0-10
Total Subsidy Margin (1+2+3+4)			***	20-30

G. ASSESSMENT OF INJURY AND CAUSAL LINK

G.1 Views of other interested parties

225. The other interested parties have following submissions with regard to injury and causal link.

- a. A subset of the product under consideration is already facing anti-dumping duties, which indicate that there are other factors influencing the supposed losses being faced by the domestic industry.
- b. Price undercutting for the product under consideration is negative.
- c. As per the annual report of the domestic industry, it has faced many challenges such as geo-political situation arising out of Russia-Ukraine crisis, unprecedented increases in prices of raw materials and indirect materials.
- d. Calculation of price undercutting on PCN level is contrary to the Designated Authorities' established practice in Nylon Multi Filament Yarn.
- e. Injury to the domestic industry is because of capacity enhancement and unavailability of raw material.
- f. The import volumes have decreased by 30% during the period of investigation when compared to 2020-21. Meanwhile, demand has increased by 8%, and domestic sales have risen by 57% during the same period.
- g. Depreciation, foreign exchange losses and other expenses of the domestic industry have increased.
- h. The production of the product has significantly and sharply increased during the injury period and has almost doubled.
- i. Domestic sales have been consistently and significantly increasing, with 70 points increase, compared to the base year.
- j. Domestic industry has been able to capture a significant market share.
- k. COVID-19 pandemic and following lockdowns halted the entire economy, having severe detrimental effects on production, capacity utilization, and sales.
- l. Costs associated with the enhancement of production capacity, including capital expenditure and other related investments, place significant pressure on the margins of the affected product.
- m. While all the other parameters show positive growth, the only area where the domestic industry is facing challenges is profitability.
- n. Import price has also increased compared to the base year. In a trend analysis, the comparison has to be made with the base year, and previous year can be looked at, only in cases of reversal of trend.
- o. Costs associated with the enhancement of production capacity, including capital expenditure and other related investments, place significant pressure on the margins of the affected product.

G.2 Views of the domestic industry

226. The domestic industry has made the following submissions with regard to injury and causal link.
- a. With the imposition of anti-dumping measures, the imports of natural mica pigment for industrial application and automative application declined.
 - b. There was a demand and supply gap in India in past and the imports were necessary. The domestic industry has now expanded its capacity and can cater entire demand and therefore, the imports have declined.
 - c. The Authority had in various past investigations found that import declined but had still caused material injury to the domestic industry.
 - d. The imports in relation to production and consumption still constitute 51% and 40% share respectively.
 - e. Price undercutting on average basis is negative. However, an average analysis is not appropriate.
 - f. Price undercutting is positive on weighted average basis. It has been the consistent practice to only consider weighted average price undercutting when there are large number of PCNs involved.
 - g. The cost of sales increased in the year 2022-23 but the selling price of the domestic industry declined. The domestic industry suffered losses. In the period of investigation, the selling price has declined, and the domestic industry has continued to suffer financial losses.
 - h. The selling price has declined more than the decline in the cost of sales and therefore, prices have been depressed.
 - i. When seen on PCN wise basis, the import price is below the cost of sales of the domestic industry.
 - j. The domestic industry has expanded capacity over the injury period in view of the increasing demand in the country.
 - k. The increase in the capacity utilization was attributed to anti-dumping duty in place, increase in sales after capacity expansion and the decision of the domestic industry to take a hit on price but sell the material.
 - l. Production of the domestic industry has increased over the injury period but continues to remain low considering overall capacities installed.
 - m. The domestic sales and export sales of the domestic industry have increased over the injury period, but the domestic sales are low considering the demand available in the domestic market.
 - n. Domestic industry has suffered losses since 2022-23 and during period of investigation. Trends of PBIT and cash profits is same as profitability.
 - o. The domestic industry is faced with cash losses and negative PBIT. The domestic industry is earning negative return on investments since the year 2022-23.
 - p. While volume parameters of the domestic industry have improved over the injury period, price parameters, including profit before tax, cash profit, profit before interest and tax and return on capital employed have declined significantly to negative levels.

- q. When the domestic industry is suffering from injury despite measures in-force, this itself establishes that the injurious effect of the imports have not been addressed by the anti-dumping measures.
- r. The interested parties have made mere conjectures on “other factors” which could have caused injury without providing evidence.
- s. On the submission that other factors of injury have been identified in the annual report, statements in annual report pertain to vast range of the products and both global and domestic market. Therefore, a simple reference to the annual report is misplaced.
- t. The domestic industry produces diverse range of products ranging from organic, inorganic and effect pigments to performance colorants, pearlescent pigments and speciality chemicals. The domestic industry has about 30% of its sales in global market. The statements made in the annual reports are in the context of various operations.

G.3 Examination by the Authority

227. Rule 13 of the Subsidy Rules deals with the principles governing the determination of injury which provides as follows

RULE 13. Determination of injury. –

(1) In the case of imports from specified countries, the designated authority shall give a further finding that the import of such article into India causes or threatens material injury to any industry established in India, or materially retards the establishment of an industry in India.

(2) Except when a finding of injury is made under sub-rule (3), the designated authority shall determine the injury, threat of injury, material retardation to the establishment of an industry and the causal link between the subsidised import and the injury, taking into account inter alia, the principle laid down in Annexure I to the rule.

(3) The designated authority may, in exceptional cases, give a finding as to the existence of injury even where a substantial portion of the domestic industry is not injured if -

- (i) there is a concentration of subsidised imports into an isolated market, and*
- (ii) the subsidised imports are causing injury to the producers of almost all of the production within such market.*

228. Annexure I to the CVD rules provide for Principles governing the determination of injury which states as below.

1. (1) A determination of injury for purposes of rule 13 shall be based on positive evidence and involve an objective examination of both (a) the volume of the subsidized imports and the effect of the subsidized imports on prices in the domestic

market for like products and (b) the consequent impact of these imports on the domestic producers of such products.

(2) With regard to the volume of the subsidized imports, the designated authority shall inter alia consider whether there has been a significant increase in subsidized imports, either in absolute terms or relative to production or consumption in India.

(3) With regard to the effect of the subsidized import on prices, the designated authority shall, consider whether there has been a significant price undercutting by the subsidized imports as compared with the price of a like article in India, or whether the affect of such imports is otherwise to depress prices to a significant degree or to prevent price increases, which otherwise would have occurred, to a significant degree.

(4) Where imports of a product from more than one country are simultaneously subject to countervailing duty investigations, the designated authority may cumulatively assess the effect of such imports only if it determines that (a) the amount of subsidization established in relation to the imports from each country is more than one per cent ad valorem and the volume of imports from each country is not negligible and (b) a cumulative assessment of the effects of the imports is appropriate in light of the conditions of competition between the imported products and the like domestic product.

(5) The designated authority while examining the impact of the subsidized imports on the domestic industry shall include an evaluation of all relevant economic factors and indices having a bearing on the state of the industry, including actual and potential decline in output, sales, market share, profits, productivity, return on investments, or utilization of capacity; factors affecting domestic prices; actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital investments and, in the case of agriculture, whether there has been an increased burden on government support programmes.

229. The Authority has examined the arguments and counterarguments of the interested parties with regard to injury to the domestic industry. The injury analysis made by the Authority hereunder ipso facto addresses the various submissions made by the interested parties.
230. With regard to the contention raised by other interested parties that the injury is due to the internal problems, depressed market conditions globally, fluctuations in the prices of raw materials, Russia-Ukraine conflict etc., Authority notes that the interested parties have not produced any evidence substantiating their claims. It has not been shown that these parameters are responsible for the deterioration in performance of the domestic industry in the present injury period. The demand in the domestic market shows an increase in the period of investigation, and, therefore, the contention that the injury is due to “depressed market conditions” is not tenable . The Authority notes that the WTO Panel in China – X-Ray Equipment held that the investigating authority is not required to make a determination with regard to a factor where an interested party merely identifies such factor but does not provide evidence showing how such factor is causing injury to the domestic industry.

231. As regards factors of injury identified in the annual report, the Authority notes that the annual report of the company pertains to overall operations of the company and not solely for the product under consideration. The domestic industry is into production and sale of large number of pigments. Further, the statements in annual report pertains to both domestic and export operations, whereas the Authority is concerned only with domestic operations. The table below shows the prices of the domestic industry in the domestic and export markets.

SN	Particulars	UOM	2020-21	2021-22	2022-23	POI
1	Domestic selling price	Rs./MT	***	***	***	***
2	Export selling price	Rs./MT	***	***	***	***

232. It is seen that the selling price fetched by the domestic industry in the export market is far higher than the selling price in the domestic market. Therefore, reference to the statements in the annual report cannot be construed for the product under consideration or relied on for the purpose of present investigation

233. As regards the contention that the capacity expansion has led to decline in profitability of the domestic industry, the Authority considered profits of the domestic industry before interest and depreciation.

SN	Particulars	UOM	2020-21	2021-22	2022-23	POI
1	Profit before interest	Rs/MT	***	***	***	***
2	Profit before interest and depreciation	Rs/MT	***	***	***	***
3	Cash profit	Rs/MT	***	***	***	***

234. It is seen that the domestic industry has suffered financial losses, cash losses and loss before interest and depreciation. Further, all the three parameters deteriorated over the injury period. It is therefore seen that the deterioration in performance of the domestic industry is not due to capacity enhancement.

G.3.1 Volume effect of the subsidized imports

a) Assessment of demand / apparent consumption

235. The Authority has defined demand or apparent consumption of the product concerned in India as the sum of the domestic sales of the domestic industry and imports from all sources. The demand so assessed is given in the table below.

SN	Particulars	UOM	2020-21	2021-22	2022-23	POI
1	Sale of domestic industry	MT	1,351	1,818	2,033	2,293
2	Trend	Index	***	***	***	***
3	Imports from subject country	MT	2,339	1,911	1,734	1,718
4	Imports from other countries	MT	193	233	179	188
5	Total demand	MT	3,883	3,962	3,946	4,199
6	Trend	Index	***	***	***	***

236. It is seen that the demand increased in 2021-22, declined very marginally in 2022-23, and increased again in the period of investigation. The demand has increased over the injury period.

b) Import volumes from the subject country.

237. With regard to the volume of the dumped imports, the Authority is required to consider whether there has been a significant increase in dumped imports, either in absolute terms or relative to production or consumption in India. For the purpose of injury analysis, the Authority has relied on the transaction wise import data procured from DGCI&S. The import volumes of the subject goods from subject country and share of the dumped import during the injury investigation period are as follows:

SN	Particulars	UOM	2020-21	2021-22	2022-23	POI
1	Subject country	MT	2,339	1,911	1,734	1,718
2	Other countries	MT	193	233	179	188
3	Imports in relation to	%				
a	Indian production	%	***	***	***	***
b	Trend	Index	100	53	47	37
c	Indian demand	%	***	***	***	***
d	Trend	Index	100	80	73	68
e	Total imports	%	***	***	***	***

238. It is seen that imports from the subject declined in 2021-22, further declined in 2022-23 and remained at the same level in the period of investigation. When seen over the injury period, the imports have declined. The decline in import volume may be attributable to the anti-dumping duty imposed in August 2021 and the capacity expansion undertaken by the domestic industry.

G.3.3 Price effect of the dumped imports

239. With regard to the effect of subsidized imports on prices, the Authority is required to examine whether there has been a significant price undercutting by the subsidized imports as compared with the price of the like product in India, or whether the effect of such subsidized imports is otherwise to depress prices to a significant degree or prevent price

increase, which otherwise would have occurred, to a significant degree. The impact of subsidized imports on the prices of the domestic industry has been examined with reference to the price undercutting, price underselling, price suppression and price depression, if any.

a) Price undercutting

240. For the purpose of price undercutting analysis, the net sales realization of the domestic industry has been compared with the landed value of imports from the subject country. Weighted average price undercutting has been determined considering price undercutting for each of the PCN and their associated import volumes and import value.

SN	Particulars	Import volume	Landed price	Net selling price	Price undercutting	
		in MT	Rs/MT	Rs/MT	Rs/MT	%
1	Weighted Average POI	***	***	***	***	120-130%

241. It is seen that the weighted average price undercutting is positive in the POI.

b) Price suppression/depression

242. In order to determine whether the subsidized imports are depressing the domestic prices or whether the effect of such imports is to suppress prices to a significant degree or prevent price increases which otherwise would have occurred in normal course, the changes in the costs and prices over the injury period, were compared as below.

SN	Particulars	UOM	2020-21	2021-22	2022-23	POI
1	Cost of sales	₹/MT	***	***	***	***
2	Trend	Index	100	105	119	115
3	Change	₹/MT		***	***	***
4	Selling price	₹/MT	4,85,148	4,97,193	4,83,941	4,52,298
5	Trend	Index	100	102	100	93
6	Change	₹/MT		***	***	***

243. It is seen that in the year 2021-22, the cost of sales of the domestic industry increased by Rs *** per MT, the selling price increased by Rs *** per MT. In the year 2022-23, the cost of sales further increased by Rs *** per MT and the selling price declined by Rs ***per MT. The cost of sales declined in the period of investigation by Rs *** per MT and the selling price declined by Rs *** per MT. Over the injury period, the cost of sales increased by 15%, whereas the selling price declined by 7%. The subsidised imports are suppressing and depressing the prices of the product in the market.

G.3.4 Economic parameters of the domestic industry

244. Para 1(5) of the Annexure I to the Rules lists relevant economic parameters to be evaluated by the designated authority:

“(5) The designated authority while examining the impact of the subsidized imports on the domestic industry shall include an evaluation of all relevant economic factors and indices having a bearing on the state of the industry, including actual and potential decline in output, sales, market share, profits, productivity, return on investments, or utilization of capacity; factors affecting domestic prices; actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital investments and, in the case of agriculture, whether there has been an increased burden on government support programmes.”

245. Accordingly, performance of the domestic industry has been examined over the injury period.

a) Production, capacity, capacity utilization and sales volumes

246. Capacity, production, sales and capacity utilization of the domestic industry over the injury period were as below:

SN	Particular	Unit	2020-21	2021-22	2022-23	POI
1	Installed Capacity	MT	***	***	***	***
2	Trend	Index	100	115	144	156
3	Gross production (PUC+NPUC)	MT	***	***	***	***
4	Trend	Index	100	152	157	197
5	Production of PUC	MT	***	***	***	***
6	Trend	Index	100	155	158	201
7	Capacity Utilization	%	***	***	***	***
8	Trend	Index	100	133	109	126
9	Domestic Sales	MT	***	***	***	***
10	Trend	Index	100	135	151	170
11	Export Sales	MT	***	***	***	***
12	Trend	Index	100	115	110	135
13	Gross demand	MT	***	***	***	***
14	Trend	Index	100	102	102	108

247. It is seen that:

- a. The domestic industry has expanded its capacity in view of the demand and supply gap in the country. The capacity is now sufficient to cater to the entire demand in the country.

- b. The production of the domestic industry increased in 2021-22, further increased in 2022-23 and thereafter in the period of investigation.
- c. The capacity utilization of the domestic industry increased in 2021-22, declined in 2022-23 but increased again in the period of investigation.
- d. The domestic industry has been operating with significant unutilised capacity in the period of investigation.
- e. The domestic sales of the domestic industry have also shown an increase over the injury period. However, the domestic industry submitted that the same was at the cost of significant losses suffered by the domestic industry.
- f. The export sales of the domestic industry have also shown an increasing trend.

b) Market share

248. Market share of the domestic industry, imports from subject country and imports from other countries is given in the table below:

SN	Particular	Unit	2020-21	2021-22	2022-23	POI
1	Domestic Industry	%	***	***	***	***
2	Trend	Index	100	132	148	157
3	Subject country	%	***	***	***	***
4	Trend	Index	100	80	73	68
5	Other countries	%	***	***	***	***
6	Trend	Index	100	118	91	90

249. It is seen that:

- a. The market share of the domestic industry has increased over the injury period. The domestic industry has claimed that the increase in market share was possible because it sacrificed significantly on the profitability and ADD was earlier imposed in Aug. 2021.
- b. The market share of the imports from the subject country has declined over the injury period. Though the market share has declined, the imports continue to hold significant share in the demand.
- c. The decline in market share of imports was attributable to the anti-dumping duty imposed and capacity expansion undertaken by the domestic industry.
- d. The market share of the other countries has also decreased over the injury period.
- e. While the domestic industry has the capacity to cater to the entire demand in the country, its share was restricted to ***%.

c) Inventories

250. Inventory position of the domestic industry over the injury period is given in the table below:

SN	Particulars	UOM	2020-21	2021-22	2022-23	POI
1	Opening Inventory	MT	***	***	***	***
2	Closing Inventory	MT	***	***	***	***
3	Average Inventory	MT	***	***	***	***
4	Trend	Index	100	83	80	104

251. It is seen that the inventory held by the domestic industry declined till 2022-23 but has increased again in the period of investigation.

d) Profitability, cash profits and return on capital employed

252. Profitability, return on investment and cash profits of the domestic industry over the injury period is given in the table below:

SN	Particulars	UOM	2020-21	2021-22	2022-23	POI
1	Profit before Tax per unit	₹/MT	***	***	***	***
2	Trend	Index	100	50	-229	-291
3	Profit before Tax – total	Rs lakhs	***	***	***	***
4	Trend	Index	100	103	-166	-259
5	Profit before interest	₹/MT	***	***	***	***
6	Trend	Index	100	78	-65	-102
7	Cash profit	₹/MT	***	***	***	***
8	Trend	Index	100	80	-4	-23
9	Return on capital employed	%	***	***	***	***
10	Trend	Index	100	65	-44	-61

253. It is seen that

- a. The profitability of the domestic industry declined in 2021-22, further declined in 2022-23. The domestic industry suffered financial losses in 2022-23 which further increased in the period of investigation. Over the injury period, the domestic industry has seen a decline in profit from Rs *** per MT to a loss of Rs *** per MT. There is a decline in profitability by Rs *** per MT over the injury period.
- b. Gross profit on domestic sales declined sharply culminating into significant financial losses.
- c. Cash profit, profit before interest and return on capital employed have followed similar trend. While cash profit, profit before interest and return on capital employed were positive in 2020-21 and 2021-22, these turned negative in 2022-23 and remained negative in the period of investigation.

e) Employment, productivity and wages

254. Situation of the domestic industry with regard to employment, productivity and wages paid is given in the table below: -

SN	Particulars	UOM	2020-21	2021-22	2022-23	POI
1	No of employees	₹ Lacs	***	***	***	***
2	Trend	Index	100	118	127	130
3	Salaries & Wages	Index	***	***	***	***
4	Trend	Index	100	129	137	150
5	Productivity per day	Nos.	***	***	***	***
6	Trend	Index	100	155	158	201
7	Productivity per employee	Index	***	***	***	***
8	Trend	Index	100	132	125	155

255. It is seen that with the increase in production, number of employees, salaries and wages paid, productivity per day and per employee have all improved over the injury period. Further, the capacity expansion by the domestic industry has led to more employment. The domestic industry has not claimed injury on this account.

f) Growth

256. Information with regard to the growth is given in the table below: -

SN	Particulars	UOM	2021-22	2022-23	POI
1	Capacity	%	15%	25%	9%
2	Production	%	55%	2%	27%
3	Domestic sales	%	35%	12%	13%
4	Average inventory	%	-17%	-4%	30%
5	Profit before tax - Rs/MT	%	-50%	-554%	-27%
6	Profit before tax - Rs lakhs	%	3%	-261%	-56%
7	Profit before interest - Rs lakhs	%	5%	-194%	-76%
8	Cash profit - Rs lakhs	%	8%	-106%	-523%
9	Return on capital employed	%	-35%	-167%	-40%

257. It is seen that while the volume parameters of the domestic industry have recorded a positive growth, the price parameters including profitability, cash profit, PBIT and return on capital employed have recorded a negative growth.

g) Ability to raise capital investment.

258. It is seen that the domestic industry had expanded capacity at both the units. However, the performance of the industry is adversely impacted due to imports. The return earned by the domestic industry is negative which clearly shows that the ability of the domestic industry to raise capital has been impaired.

h) Factors affecting prices

259. It is seen that the subject imports are undercutting the prices of the domestic industry. When seen on PCN wise basis, it is seen that the landed price of imports is below the cost of sales of the domestic industry. There is no other domestic supplier and imports from other countries are at significantly higher prices. The fact that the imports are entering Indian market below the selling price of the domestic industry and the domestic industry has suffered significant decline in the profitability itself establishes the adverse impact of the subsidized imports. Therefore, the imports from the subject country have affected the prices of the domestic industry.

G.3.5 Overall conclusion on injury

260. The examination of the imports of the subject product and performance of domestic industry clearly shows that:

- a. The imports from subject country have declined with the imposition of anti-dumping duty and the capacity expansion undertaken by the domestic industry.
- b. The import price is below the selling price of the industry resulting in positive price undercutting. The price undercutting is positive despite the domestic industry selling the product at huge losses.
- c. While the cost of sales has declined in the period of investigation, the decline in the selling price is higher. The prices of the domestic industry are suppressed.
- d. The production and domestic sales of the domestic industry have increased with the capacity expansion undertaken by the domestic industry.
- e. The domestic industry's market share has increased but it has come at the cost of significant financial losses.
- f. The domestic industry is unable to increase its market share commensurately with respect to its installed capacity.
- g. The domestic industry is suffering financially and suffered significant financial losses.
- h. The domestic industry is operating with cash loss, loss before interest and negative return on capital employed.
- i. The growth of the industry has been significantly affected as while most of the volume parameters have improved, they are below the expected level and the price parameters have suffered a huge decline.
- j. The ability to raise capital has been impacted.

H. NON-ATTRIBUTION ANALYSIS

261. As per the Rules, the Authority, inter-alia, is required to examine any known factors other than the subsidized imports which at the same time are injuring the domestic industry, so that the injury caused by these other factors may not be attributed to the dumped imports. The factors which may be relevant in this respect include, inter-alia, the volume and

prices of the imports not sold at subsidized prices, contraction in demand or changes in the patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and the productivity of the domestic industry. It has been examined below whether factors other than subsidized imports could have contributed to the injury.

a. Volume and price of imports from third countries

262. The Authority notes that other than the subject imports, even though there were imports from other countries more than de-minimis level, they are at significantly higher prices. Therefore, the injury is not attributable to imports from third countries.

b. Contraction of demand

263. The demand for the product under consideration has seen an increase. Therefore, possible decline in demand cannot be a cause of injury. The domestic industry has not suffered injury due to possible contraction in demand.

c. Changes in pattern of consumption

264. There has been no known material change in the pattern of consumption of the product under consideration, which could have caused the present injury to the domestic industry.

d. Trade restrictive practices and competition between the foreign and domestic producers

265. The imports of the subject goods are not restricted in any manner and are freely importable in the country. Further, there is no other domestic producer. Therefore, this factor would have not have caused injury to the domestic industry.

e. Developments in technology

266. The Authority notes that there has been no known material change in the technology for the production of the product under consideration. The industry has expanded its capacity.

f. Productivity

267. The Authority notes that the productivity of the domestic industry has increased over the injury period. Therefore, the domestic industry has not suffered injury on this account.

g. Export performance

268. The prices fetched by the domestic industry in the export market are at reasonably higher prices in comparison to domestic sales of the like product. The Authority has relied on segregated data for domestic and export operations, to the extent the same could be, for the purpose of injury analysis of the domestic industry. Thus, possible decline in export performance is not cause of the injury considered hereinabove.

h. Performance of other products

269. The Authority has considered data relating only to the performance of the subject goods. Therefore, the performance of other products produced and sold is not a possible cause of injury to the domestic industry.

I. MAGNITUDE OF INJURY MARGIN

270. The Authority has determined Non-Injurious Price for the domestic industry on the basis of principles laid down in the Rules read with Annexure III, as amended. The non-injurious price of the product under consideration has been determined by adopting the verified information/data relating to the cost of production for the period of investigation. The non-injurious price has been considered for comparing the landed price from the subject country for calculating the injury margin. For determining the non-injurious price, the best utilisation of the raw materials by the domestic industry over the injury period has been considered. The same treatment has been carried out with the utilities. The best utilisation of production capacity over the injury period has been considered. It is ensured that no extraordinary or non-recurring expenses are charged to the cost of production. A reasonable return (pre-tax @ 22%) on average capital employed (i.e. average net fixed assets plus average working capital) for the product under consideration was allowed as pre-tax profit to arrive at the non-injurious price as prescribed in Annexure III of the Rules and being followed.

271. The landed price for the cooperative exporters has been determined on the basis of the data furnished by the exporters. For all the non-cooperative producers/exporters from the subject country, the Authority has determined the landed price based on the facts available.

272. Based on the landed price and non-injurious price determined as above, the injury margin for producers/exporters has been determined by the Authority and the same is provided in the table below:

Producer	NIP (USD/MT)	Landed Price (USD/MT)	Injury Margin (USD/MT)	Injury Margin (%)	Injury Margin (Range)
Rika Technology Co. Ltd.	***	***	***	***	60-70
Henan Lingbao New Materials Technology Co. Ltd	***	***	***	***	70-80
Zhejiang Coloray Technology Development Co., Ltd	***	***	***	***	80-90
Jiangsu Pritty New Material Co., Ltd.	***	***	***	***	10-20

Any other	***	***	***	***	80-90%
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J. INDIAN INDUSTRY'S INTEREST & OTHER ISSUES

J.1. Submissions by other interested parties

273. The other interested parties have made the following submissions with regard to the Indian industry's interest:
- a. Applicant is already benefiting from existing protective measures, including anti-dumping duties on certain types of mica pearl pigments (excluding cosmetic grade) from China PR and a customs duty of 7.5%–10% on imports of the subject goods.
 - b. The rise in the cost of production would inevitably be passed on to consumers, leading to higher prices for end products. This could reduce the affordability of consumer goods.
 - c. Downstream product manufacturers operate with slim profit margins. Cost on account of product under consideration makes up 35-40% of downstream industry cost and any changes in the prices of the product under consideration will have a significant effect on the profit margins.
 - d. Non-suitability of domestic grades of the product for non-automotive application force the users to import.
 - e. It is crucial to assess the overall impact on the paint industry as a whole rather than considering the effect of each individual duty in isolation. The combined effect of duties on mica pearlescent pigments, titanium dioxide, and liquid epoxy resins could result in a total cost increase by a minimum of 11%.
 - f. DGTR has either imposed or is in the process of imposing anti-dumping or countervailing duties on almost all key products used by members of the AIPMA, namely PVC Suspension Resin, PVC Paste Resin, Titanium Dioxide, Plastics Processing Machines, Azo Pigment, Low-Density Polyethylene (LDPE).

J.2 Submissions by the domestic industry

274. The domestic industry has made the following submissions with regard to the Indian industry's interest:
- a. Product under consideration only goes as a colouring agent and is not the feedstock raw material.
 - b. The primary raw materials required to produce paint are binders which account for around 50% of the raw material cost of paint. In case of plastic, the major raw material is polymer which accounts for around 55% cost of the raw material cost of plastic.
 - c. There are wide range of grades in the product under consideration. While the consumption of some grades in the end product is higher, the concentration of others is lower.

- d. The Indian producer has more than sufficient capacity to cater to the entire Indian demand. Against the demand of *** MT in India, the applicant has capacity of *** MT.
- e. Domestic industry undertakes projects focusing on women's empowerment, livelihood, health, education, environment, and community development. The initiative aims to foster a movement that involves both the company and its local communities, working together to improve living standards and protect the environment. The domestic industry has spent Rs 302.8 lakhs over the injury period for these efforts. While domestic industry has undertaken these efforts, the exporters in the subject country will not.
- f. The exporters in the subject country will only operate with the objective of maximization of revenue and do not have the interest in the long Indian market or consumers.
- g. Import value of the product under consideration from the subject country over the injury period has been more than Rs 320 cr. In the period of investigation alone, the import value of the product under consideration from the subject country amounted to Rs 75 cr. without the demand and supply gap.
- h. The applicant has invested Rs. 3,399.4 lakhs in FY 2022-23 in research and development (R&D). It has engaged more than 100 persons for R&D. The applicant's in-house R&D facilities are recognised by the Ministry of Science and Technology on behalf of Government of India.
- i. Domestic industry is procuring close to 85% of the raw materials indigenously. While the applicant may not form a very significant share in the overall operations for the raw material suppliers, however suspension of the production of the applicant will impact the raw material suppliers and the upstream industry in India.
- j. On the submission that large number of products AIPMA attract measures, imports of Low-Density Polyethylene do not attract any form of anti-dumping duty. No member of AIPMA has participated in the present investigation showing the adverse impact of anti-dumping duty.
- k. While AIPMA has claimed "cumulative effect" of anti-dumping duties on various products, the products cited are not used alongside each other. AZO pigment is an inorganic pigment whereas effect pigment is an organic pigment used in the production of products such as cosmetics. Similarly, a user of PVC paste and PVC suspension will not be same. PVC paste is used in production of artificial leathers whereas PVC suspension is used to produce products such as pipes and fittings.

J.3 Examination by the Authority

275. The Authority notes that the purpose of duty, in general, is to eliminate injury caused to the domestic industry by the unfair trade practices of subsidisation so as to establish a situation of open and fair competition in the Indian market, which is in the general interest of the country. The imposition of anti-subsidy measures does not aim to restrict imports from the subject country in any way. The Authority recognizes that the imposition of anti-subsidy duties might affect the price levels of the product in India. However, fair

competition in the Indian market will not be reduced by the continuation of anti-subsidy measures. On the contrary, imposition of anti-subsidy measures would ensure that no unfair advantages are gained, prevent a decline in the performance of the domestic industry and help maintain the availability of wider choice to the consumers of the subject goods

276. The Authority issued initiation notification inviting views from all the interested parties, including importers, consumers and others. The Authority also prescribed a questionnaire for the users/ consumers to provide relevant information about the present investigation including any possible effects of anti- subsidy duty on their operations. The Authority issued gazette notification inviting views from all the interested parties, including importers. consumers and other interested parties. The Authority also prescribed a questionnaire for the consumers to provide relevant information with regard to the present investigations, including effect of an anti- subsidy duty on their operations. The Authority sought information on interchangeability of the product supplied by various suppliers from different countries, ability of the domestic industry to switch sources, effect of anti-subsidy duty on the consumers, factors that are likely to accelerate or delay the adjustment to the new situation caused by imposition of anti-subsidy duty.
277. An Economic Interest Questionnaire was also prescribed to allow various stakeholders, including the domestic industry, producers/exporters and importers/users/consumers to provide relevant information concerning the present investigation, including the possible effect of anti-subsidy duty on their operations. Reply to the Economic Interest Questionnaire was filed by domestic industry, Kansai Nerolac Paints Limited, Indigo Paints Limited and Alok Masterbatches Private Limited.
278. The domestic industry has quantified the impact of anti-subsidy duty as 1.11% on the end consumer. It is seen that the consumer industry operates with healthy margins and have not established inability to bear the cost increase.
279. The Authority further notes that the imposition of anti-subsidy duty will not lead to scarcity of the product in India. It is noted that anti-subsidy duty does not restrict imports but ensures that imports are available at fair prices. Other than the subject country, there are imports from European Union. The Indian industry has sufficient capacity to cater to the entire demand in the country. Therefore, the imposition of duty would not affect the availability of the product.

K. POST DISCLOSURE COMMENTS.

K.1 Submission by GOC/other interested parties.

280. The following post disclosure comments have been made by the other interested parties.
- a. Indigo Paints has not approved any synthetic mica-based gold pigment from the domestic industry for commercial production as of date. The purchase order and commercial invoice provided by the domestic industry were issued two years post

the period of investigation solely for testing purposes. No sale of synthetic mica-based gold pearl pigment from the domestic industry to Indigo Paints took place during the period of investigation.

- b. Unless the domestic industry has manufactured and commercially sold specific variants of the product under consideration during the period of investigation, the same should be excluded from the scope of the product under consideration.
- c. There is excessive confidentiality and lack of disclosure with regards to the applicant's production of mica pigments, subsidies and methodology used for their computation, benchmarks adopted for determining less than adequate remuneration, source and basis of the import data relied upon by the applicant.
- d. In the anti-dumping investigation concerning imports of *Halobutyl-Rubber (HIR) from Japan, Russia, Singapore, the United Kingdom and the United States of America*, the Designated Authority had disclosed the names of customers who purchased the product under consideration from the domestic industry. A similar disclosure of invoices concerning sales of synthetic mica-based gold to Indigo Paints by the domestic industry must be made.
- e. Domestic industry's Gold Pearl, Silver Pearl, Red industrial use variants, and Blue industrial use variants are not interchangeable with the variants from the subject country. Further, names of customers to whom the domestic industry has supplied these variants and whether these sales occurred during the period of investigation remain undisclosed.
- f. The domestic industry did not manufacture or sell 'Solar Gold' grade commercially during the period of investigation and it remains unapproved to date.
- g. While the Designated Authority has observed that Pigment Crystal Silver White variant and Red (KC 9215/9502) have low demand, these pigments are primarily used for specialized non-stick coatings and are not available domestically from domestic industry.
- h. While the Designated Authority has observed that Dazzle Red/Dazzle Amber have no demand in India, these specialized shades are crucial for high-end applications like beverage packaging, automotive paints, and branding of certain products, where precise color accuracy and enhanced luster are non-negotiable as they are integral to brand identity and consumer recognition. The domestic industry does not produce these shades.
- i. The Designated Authority has overlooked the request for exclusion of Gold Luster and Shiny Gold. These variants lack a domestic substitute and the variant provided by the domestic industry has failed to meet industry specifications.
- j. There is excessive confidentiality and lack of disclosure with regards to (a) the applicant's production of mica pigments, (b) essential details pertaining to the alleged subsidies, including the methodology used for their computation and the actual quantum, (c) benchmarks adopted for determining Less Than Adequate Remuneration and the underlying rationale for such determination, (d) source and basis of the import data relied upon by the applicant, (e) applicant's non submission of revised data in line with the PCN methodology prescribed by the Designated

- Authority, and (f) the applicant's non segregation of data between natural and synthetic pigments.
- k. The Tariff heading 3206 49 90 does not pertain to the product under consideration and is liable to be excluded from levy of countervailing duty.
 - l. Program No. 7, 10 and 17 availed by M/s Rika Technology Co. Ltd. are not countervailable subsidies as per 9(3) of the Customs Tariff Act, 1975 and Article 2 of ASCM.
 - m. For electricity, M/s Rika Technology Co. Ltd. directly conclude contracts with privately owned Energy Generation Companies, at negotiated market prices. Even the grid prices, are not unique to M/s Rika Technology Co. Ltd. and LTAR is not attracted.
 - n. While M/s Rika Technology Co. Ltd. has not purchased caustic soda during the period of Investigation, the disclosure statement applies benchmarks for caustic soda to ion exchange soda purchased by the exporter. This approach is flawed due to inherent differences between the two products in their concentration levels and price.
 - o. While M/s Rika Technology Co. Ltd. utilizes titanium tetrachloride, considering benchmark price for titanium dioxide is not appropriate considering the fact that titanium dioxide is a downstream product derived from titanium tetrachloride and because of significant price disparities between both.
 - p. M/s Rika Technology Co. Ltd., M/s Henan Lingbao New Materials Technology Co., Ltd. and M/s Zhejiang Coloray Technology Development Co., Ltd., have sourced mica from India and it therefore falls outside the jurisdiction of Chinese governmental influence, rendering any attribution of subsidies from the Chinese government inapplicable.
 - q. The fiscal incentives received by M/s Henan Lingbao New Materials Technology Co., Ltd. are not countervailable subsidies as per 9(3) of the Customs Tariff Act, 1975 and Article 2 of ASCM.
 - r. For electricity, M/s Henan Lingbao New Materials Technology Co., Ltd. directly conclude contracts with privately owned Energy Generation Companies, at negotiated market prices. Even the grid prices are not unique to M/s Henan Lingbao New Materials Technology Co., Ltd. and LTAR is not attracted.
 - s. In the disclosure statement, while there is no discussion regarding procurement of Caustic Soda by M/s Henan Lingbao New Materials Technology Co., Ltd., the Authority has applied benchmarks for caustic soda to M/s Henan Lingbao New Materials Technology Co., Ltd. and proposed subsidy margins.
 - t. While M/s Henan Lingbao New Materials Technology Co., Ltd. utilizes titanium tetrachloride, considering benchmark price for titanium dioxide is not appropriate considering the fact that titanium dioxide is a downstream product derived from titanium tetrachloride and because of significant price disparities between both.
 - u. The fiscal incentives received by M/s Zhejiang Coloray Technology Development Co., Ltd. are not countervailable subsidies as per 9(3) of the Customs Tariff Act, 1975 and Article 2 of ASCM.

- v. For electricity, M/s Zhejiang Coloray Technology Development Co., Ltd. directly conclude contracts with privately owned Energy Generation Companies, at negotiated market prices. Even the grid prices are not unique to M/s Zhejiang Coloray Technology Development Co., Ltd. and LTAR is not attracted.
- w. There is no discussion regarding procurement of Caustic Soda by M/s Zhejiang Coloray Technology Development Co., Ltd., Authority has applied benchmarks for caustic soda to M/s Zhejiang Coloray Technology Development Co., Ltd. Ltd. and proposed subsidy margins.
- x. M/s Zhejiang Coloray Technology Development Co., Ltd. utilizes titanium tetrachloride, considering benchmark price for titanium dioxide is not appropriate considering the fact that titanium dioxide is a downstream product derived from titanium tetrachloride and because of significant price disparities between both.
- y. M/s Zhejiang Coloray Technology Development Co., Ltd. has obtained loans at rate of interest at par with the international lending market. Even if benefit of 2% lending rate is attributed, subsidy margin would be *** and not *** as proposed by the Authority.
- z. The imposition of countervailing duty will lead to increase in the prices of product under consideration and impact the downstream industry.

K.2 Submissions by the domestic industry

281. The following post disclosure comments have been made by the domestic industry.
- a. The domestic industry has provided sufficient information during the course of this investigation to show that it produces synthetic mica pigment prior to and as on the period of investigation. The domestic industry continues to produce and sell it after the period of investigation.
 - b. The manufacturing process for natural mica pigment and synthetic mica pigment are similar with the only difference being the raw material used. The production of synthetic mica and natural mica pigment is undertaken on the same plant. While production of synthetic mica pigment requires synthetic mica as a raw material, production of natural mica pigment requires natural mica as a raw material.
 - c. Authority has rightly found the 'provision of mica for LTAR' as countervailable considering the sufficient evidence on record provided by the applicant.
 - d. Authority has rightly found various grants programs countervailable in the absence of any response from the Government of China.
 - e. Where the product scope overlaps with respect to the existing antidumping duty and the countervailing duty for the product scope in the present investigation, only the difference of the anti-dumping and countervailing duty may be charged from the exporter. The Authority has followed a similar approach in *Welded Stainless-Steel Pipes and Tubes originating in or exported from Thailand and Vietnam*.

K.3 Examination by the Authority.

282. The Authority has examined the post-disclosure submissions made by the interested parties. It is observed that the majority of these submissions are reiterations of arguments

and contentions that have already been examined and addressed to the extent deemed necessary in the relevant paragraphs of these final findings. For the sake of brevity, the Authority has refrained from repeating the responses to such issues in this post-disclosure examination. However, any new issues raised for the first time in the post-disclosure submissions, as well as those previously addressed but deemed by the Authority to require further examination, are examined and addressed hereinunder.

283. The interested parties have commented on the credibility of information provided by the domestic industry on the products on which exclusion has been sought from the scope of the product under consideration. The domestic industry has provided various sales invoices of *** sold to ***. The Authority has verified the information provided by the domestic industry. The Authority sought information from all parties, undertook necessary examination and verification, and thereafter arrived at the present determination. In this regard, the Authority notes that the information, for which disclosure has been sought by interested parties, has been considered confidential. It is noted that such information has not been disclosed by the users as well. The users cannot, on the one hand, contend that the domestic industry has claimed excessive confidentiality by protecting the details of its supplies; while on the other hand, claiming the details of their own procurements as confidential. The Authority has adopted an unbiased and even-handed approach with regard to confidentiality claims of all interested parties. The business proprietary information of all interested parties has been accepted as confidential, where it has been considered that disclosure of such information would be prejudicial to the competitive and business interests of the party concerned.
284. In response to the claim that Indigo Paints has not approved any synthetic mica-based gold pigment from the domestic industry, the domestic industry has submitted sales invoices demonstrating sale of synthetic mica pigment to Indigo Paints. The invoices include transactions for mica gold pearl pigment. Consequently, the argument put forth by the interested parties is not accepted. While the interested parties assert that these sales were not of a commercial nature but rather sample volumes, the fact that the domestic industry has successfully sold *** indicates its ability to supply the required grade. Additionally, the Authority notes that effect pigments were transacted in over 100 different types, varying in color and particle size. The demand for approximately 50 of these types is limited to 100-200 KGs, making it unnecessary for all grades to be produced in large commercial volumes by the domestic industry.
285. Regarding the claim that the domestic industry is not involved in the production of synthetic mica-based pigments, sufficient evidence has been presented during the investigation to establish domestic industry's full engagement in manufacturing these pigments (since 2007). Furthermore, the applicant has submitted evidence confirming the supply of these pigments for both cosmetic and non-cosmetic applications during the investigation period. A review of the domestic industry's sales records also confirms the commercial supply of synthetic mica-based pigments before, during, and after the investigation period. Therefore, it is evident that the domestic industry is engaged in

manufacturing synthetic mica-based pigments, and there is no justification for excluding them from the scope of the product under consideration.

286. The other interested parties have commented that the domestic industry does not undertake indigenous production, imports synthetic mica and undertakes marginal processing in India. The Authority notes that the information on record shows that the plants for undertaking production of natural and synthetic mica are same with the only difference being the major raw material – natural or synthetic mica. Therefore, it cannot be considered that the domestic industry does not undertake indigenous production.
287. The interested parties have requested the exclusion of the ‘Gold Luster’ and ‘Shiny Gold’ variants from the product under consideration, arguing that there is no domestic alternative and that the variant supplied by the domestic industry does not meet industry specifications. Upon reviewing transaction wise data, the Authority finds no record of imports under the descriptions ‘Gold Luster’ or ‘Shiny Gold.’ Additionally, the interested parties previously submitted comments regarding the product’s scope and requested exclusion of certain grades, which were duly considered in the disclosure statement. However, the request for exclusion of these two variants is raised for the first time in response to the disclosure statement. The Authority notes that the disclosure stage is not the appropriate time to introduce such a request. Therefore, the contention cannot be accepted.
288. The interested parties have contended that the domestic industry has relied on unreliable import data. The Authority relied on the DGCI&S transaction wise data for the purpose of initiation of the investigation and did not find material difference in the volume and price of imports reported in the application and quantified by the Authority at the stage of initiation.
289. With respect to the argument by M/s Rika Technology Co. Ltd., M/s Henan Lingbao New Materials Technology Co., Ltd., and M/s Zhejiang Coloray Technology Development Co., Ltd. that Program No. 22 (‘Provision of Electricity at Less than Adequate Remuneration’) does not apply, the investigation reveals that M/s Rika Technology Co. Ltd. procured part of its electricity from a government agency, as stated in its questionnaire response. Consequently, M/s Rika Technology Co. Ltd. has benefited from this program. M/s Zhejiang Coloray Technology Development Co., Ltd. purchased electricity from a privately owned company during the investigation period, but it has not demonstrated that its purchase rates were unaffected by the program. Meanwhile, M/s Henan Lingbao New Materials Technology Co., Ltd. directly procured electricity from the grid at standard rates and was found not to have benefited from this program during the investigation period. Accordingly, the subsidy margin has been revised for this producer.
290. On the comments filed by the interested parties that the benchmark and methodology adopted for determination of less than adequate remuneration, the benchmark adopted by

the Authority has been already disclosed in the disclosure statement and the participating producers were provided with relevant calculations. However, in view of the submissions made, the benchmark considered by the Authority for all the programmes with less than adequate remuneration has been provided in the table below. Further it is also clarified that in Programme No. 25 LTAR has been considered for Titanium Tetrachloride by considering the domestic industry prices as benchmark for the same item.

SN	Program No.	Particulars	Benchmark
1	Program No. 19	Provision of Land /Land Use rights provided for less than adequate remuneration (LTAR).	Thailand land prices
2	Program no. 20	Provision of Electricity at less than adequate remuneration (LTAR).	Thailand electricity prices
3	Program no. 21	Land-Use Rights for LTAR in Economic Development Zones.	Thailand land prices
4	Program no. 22	Provision of Land to State Owned Enterprises (SOEs) for LTAR.	Thailand land prices
5	Program no. 23	Provision of Caustic Soda for LTAR.	Indian Import data
6	Program no. 24	Provision of Calcium Carbonate for LTAR.	Domestic industry prices
7	Program no. 25	Provision of Titanium Dioxide for LTAR	Domestic industry prices
8	Program no. 26	Preferential Financing under One Belt One Road Initiative for Companies making Outward Investment	Lending rate in Indonesia

291. On various comments that the imposition of anti-subsidy measures will adversely impact the downstream industry, the Authority recognizes that the imposition of anti-subsidy duties might affect the price levels of the product in India. However, fair competition in the Indian market will not be reduced by the continuation of anti-subsidy measures. The imposition of measures will provide a fair opportunity to the domestic industry to compete in the market.

L. CONCLUSION

292. Having regard to the contentions raised, information provided, and submissions made by the interested parties and facts available before the Authority, as recorded in the above findings, and on the basis of above analysis of the subsidy, injury and causal link to the domestic industry, the Authority concludes as follows:

- a. The product under consideration in the present investigation is “effect pearlescent pigments or mica pearlescent pigments, excluding effect pigments or mica pearlescent pigments for automotive applications”
- b. The domestic industry has produced both natural and synthetic mica pigments.

- c. The product supplied by the applicant is a like article to the imported product from the subject country.
- d. The applicant constitutes domestic industry within the meaning of Rule 2(b) and satisfies the criteria of standing in terms of Rule 6(3) of the Rules.
- e. The Government of China has not participated in the present investigation and not filed any comments on the countervailability of the program.
- f. Considering the information on record, it is seen that the producers from China PR have received countervailable subsidies.
- g. The following factors establish that the domestic industry has suffered material injury:-
 - i. The import price is below the selling price of the industry resulting in positive price undercutting. The price undercutting is positive despite the domestic industry selling the product at huge losses.
 - ii. While the cost of sales has increased, the selling price has not increased proportionately. The prices of the domestic industry are suppressed.
 - iii. The production and domestic sales of the domestic industry have increased with the capacity expansion undertaken by the domestic industry. The domestic industry's market share has increased but it has come at the cost of significant financial losses.
 - iv. The domestic industry is unable to increase its market share commensurately with respect to its installed capacity.
 - v. The domestic industry is suffering financially and suffered significant financial losses.
 - vi. The domestic industry is operating with cash loss, loss before interest and negative return on capital employed.
 - vii. The growth of the industry has been significantly affected as while most of the volume parameters have improved, they are below the expected level and the price parameters have suffered a huge decline.
- h. The investigation has not shown any other factor which could have caused injury to the domestic industry.
- i. Imposition of anti-subsidy duties might affect the price levels of the product in India. However, fair competition in the Indian market will not be reduced by the continuation of anti-subsidy measures.

M. Recommendations

293. The Authority notes that the investigation was initiated and notified to all interested parties and adequate opportunity was given to the domestic industry, exporters, importers, and other interested parties to provide positive information on the aspect of subsidy provided by Government of China, injury, causal link and impact of recommended measures. Having initiated and conducted the investigation into subsidy provided by Government of China, injury, and causal link in terms of provisions laid down under the anti-subsidy rules, the Authority is of the view that imposition of anti-subsidy/ countervailing duty is required to offset the subsidy provided by Government of

China and injury. The Authority considers it necessary and recommends imposition of countervailing duty on imports of the subject goods from the subject countries.

294. Having regard to the lesser duty rule followed by the Authority, the Authority recommends imposition of anti-subsidy/ countervailing duty equal to the lesser of margin of subsidy and margin of injury, so as to remove the injury to the domestic industry. Accordingly, countervailing duty as indicated in the duty table below, which shall be as a percentage of CIF value of imports, is recommended to be imposed for five (5) years from the date of notification, to be issued in this regard by the Central Government, on all imports of subject goods originating in or exported from the subject country.

Duty table

SN	Heading/ Sub-heading/ Tariff item	Description of Goods	Country of Origin	Country of Export	Producer	Duty as % of CIF
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	32061110 32061190 32061900 32064990	Effect pearlescent pigments or mica pearlescent pigments, excluding effect pigments for automotive applications.	China PR	Any country including China PR	M/s Rika Technology Co. Ltd.	14.49%
2	-do-	-do-	China PR	Any country including China PR	M/s Henan Lingbao New Materials Technology Co. Ltd	16.74%
3	-do-	-do-	China PR	Any country including China PR	M/s Zhejiang Coloray Technology Development Co., Ltd	14.63%
4	-do-	-do-	China PR	Any country including China PR	M/s Jiangsu Pritty New Material Co., Ltd.	11.18%
5	-do-	-do-	China PR	Any country including China PR	Any producer other than at Serial No. (1) to (4) above	25.76%
6	-do-	-do-	Any other country	China PR	Any producer	25.76%

#For collection of anti-dumping/countervailing duty measures.

- a. *In case of effect pearlescent pigments or mica pearlescent pigments of natural grade for industrial application, which already attracts anti-dumping duty, suitable adjustment by way of deduction of export contingent subsidy from the subsidy margins, where appropriate, should be provided.*
- b. *In case of effect pearlescent pigments or mica pearlescent pigments of natural grade for cosmetic application, since no anti-dumping duty is payable, the quantum of countervailing duty shall be equivalent to the amount payable as per column (7).*
- c. *In case of effect pearlescent pigments or mica pearlescent pigments of natural grade for automotive application, no countervailing duty should be charged.*
- d. *In case of effect pearlescent pigments or mica pearlescent pigments of synthetic grade, since no anti-dumping duty is payable, the quantum of countervailing duty shall be equivalent to the amount payable as per column (7).*

##The customs classification is indicative only and not binding on the scope of the product under consideration.

N. Further procedure

295. An appeal against the determination/review of the Designated Authority in this final finding shall lie before the Customs, Excise and Service Tax Appellate Tribunal in accordance with the relevant provisions of the Act.



(Darpan Jain)
Designated Authority