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F. No. 7/34/2023-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

Date: 27 November 2024

FINAL FINDINGS
Case No. CVD-SSR-14/2023

Subject: Sunset review of countervailing duties concerning imports of "Saccharin" originating in or exported from China PR.

A. BACKGROUND

1. An anti-subsidy investigation into imports of "Saccharin" (hereinafter referred to as "subject goods" or "product under consideration") from China PR (hereinafter referred to as "subject country") was initiated by the Authority vide notification no. 6/18/2018-DGAD dated 10th August 2018. Following a detailed investigation, the Designated Authority concluded that the subsidy provided by the Chinese government to the producers of the subject goods were countervailable in nature and the subject goods were exported from China PR at subsidised prices causing injury to the domestic industry. The Authority recommended imposition of definitive countervailing duties on the imports of the subject goods from the subject country vide Final Finding No. 6/18/2018- DGAD dated 19th June 2019. The definitive measures were imposed by the Ministry of Finance vide Customs notification no. 2/2019- Customs (CVD), dated 30th August 2019. Subsequently, an anti-circumvention investigation was initiated vide Notification No. 07/05/2022-DGTR, dated 17th March 2022 concerning imports of Saccharin from Thailand. The Authority vide Notification No. 07/05/2022 recommended extension of the existing countervailing duty to imports from Thailand which was imposed vide Customs Notification No. 04/2022- Customs (CVD) dated 21.10.2022. Pending the conclusion of the present review, the countervailing duty on China PR was extended vide notification no. 02/2024-Customs(CVD), dated 28th May 2024 till 28th February, 2025.
2. In terms of Section 9(6) of the Act and Rule 24(3) of the CVD Rules, the countervailing duties imposed shall, unless revoked earlier, cease to have effect on expiry of five years from the date of such imposition, and the Authority is required to review whether the expiry of the said countervailing duty is likely to lead to continuation or recurrence of subsidisation and injury to the domestic industry. In accordance with the same, the Authority is required to review, on the basis of duly substantiated application filed by or on behalf of the domestic industry as to

whether there is a need for the continued imposition of the countervailing duty, and whether the expiry of the duty is likely to lead to continuation or recurrence of subsidisation and injury.

3. Blue Jet Healthcare Ltd. and Swati Petro Products Pvt. Ltd. (hereinafter collectively referred to as “Applicants”) filed an application before the Designated Authority in accordance with the Act and the Rules, requesting initiation of the sunset review investigation concerning imports of the subject goods originating in or exported from the subject country.
4. The Applicants have sought the continuation of the duration of the countervailing duty and increase in the quantum of duty against imports of the subject goods from the subject country. The request was based on the ground that the expiry of the countervailing duty was likely to result in continuation of subsidised imports of the subject goods and consequent injury to the domestic industry.
5. The Authority on the basis of sufficient evidence submitted by the Applicants, issued a public notice vide notification no. 7/34/2023-DGTR, dated 26th March 2024 published in the Gazette of India, Extraordinary, initiating the subject investigation in accordance with the Rules, to determine the existence, degree, and effect of the alleged subsidy and to recommend the amount of anti-subsidy/ countervailing duty, which, if levied, would be adequate to remove the injury to the domestic industry.
6. The scope of the present review covers all aspects of the final findings notification no. 6/18/2018- DGAD dated 19th June 2019.

B. PROCEDURE

7. The procedure described hereinbelow has been followed by the Authority regarding the subject sunset review.
 - i. The Authority, under the above Rules, received a written application from the Applicants, as the domestic industry contending likelihood of continuation of subsidised imports and recurrence of injury to the domestic industry on imports of the product under consideration in India.
 - ii. The Authority notified the embassy of China PR in India about the receipt of the review application before initiating the investigation in accordance with Rule 6(5).
 - iii. The Authority in terms of Article 13 of the WTO Agreement on Subsidies and Countervailing Measures (hereinafter referred to as “ASCM”) provided the opportunity to the Government of the People’s Republic of China for pre-initiation consultations. The Government of China responded that the application was void of merits & evidence and should be dismissed by the Authority. The Authority then subsequently sent a reminder which yielded no response from the Government of China.

- iv. The Authority then issued a public notice dated 26th March 2024 published in the Gazette of India, Extraordinary, initiating the sunset review of anti-subsidy investigation concerning imports of the subject goods originating in or exported from the subject country.
- v. The Authority sent a copy of the initiation notification dated 26th March 2024, to the Chinese embassy in India, the known producers and exporters from China PR, known importers/users in India and other interested parties, as per the available information. The interested parties were advised to provide relevant information in the form and manner prescribed and make their submissions known in writing within the prescribed time limit.
- vi. The Authority provided a copy of the non-confidential version of the application to the known Chinese producers/exporters and to the embassy of China PR in accordance with Rule 7(3) of the Rules.
- vii. The Authority issued an economic interest questionnaire (EIQ) to all interested parties and the concerned ministry. Response to EIQ was submitted only by the domestic industry.
- viii. The Authority sent a questionnaire to the Government of China seeking relevant information in the form and manner prescribed regarding various schemes/programs where countervailable benefit might have been conferred onto the Chinese producers/exporters of the product under consideration. No response was filed by the Government of China.
- ix. The Authority sent exporter's questionnaires to the following known producers/exporters in China PR in accordance with Rule 7(4) of the Rules:
 - a. A.H.A International Co. Ltd.
 - b. Anhui Ebuy International Co. Ltd.
 - c. Cidic Holding Co. Limited
 - d. Cosmoss VU Ltd.
 - e. Guangxi Golden Stride Import Export Co. Ltd.
 - f. Hangzhou Dawn Ray Pharmaceutical Co. Ltd.
 - g. Hangzhou Yeastar Biotech Co. Ltd.
 - h. Hebei Yunsheng Biotechnology Co. Ltd.
 - i. Hebei Yuwei Biotechnology Co. Ltd.
 - j. Henan Kaifeng Pingmei Shenma
 - k. Henan Kaizhu Technical Co. Ltd.
 - l. Jiali-Bio Group Qingdao Limited
 - m. Qingdao Ruixing Titanium Industry Co. Ltd.
 - n. Sinochem Supply Chain Management
 - o. Tianjin Changjie Chemical Co. Ltd.
 - p. ZF Sungold Corporation
 - q. Zhejiang Chemicals Import and Export
- x. In response to the above notification, the following exporter responded and registered as an interested party. However, it only filed a legal submission but did not file a response to the exporter questionnaire or the economic interest questionnaire.
 - a. Shanghai Fortune Chemical Co. Ltd.
- xi. Questionnaires were sent to the following known importers/users of the subject goods in India calling for necessary information in accordance with the Rules:
 - a. 3M India Limited
 - b. Adcock Ingram Ltd.

- c. Anand Enterprises
- d. Anshul Life Sciences
- e. APL Healthcare Limited
- f. Auorbindo Pharma Limited
- g. Aurigene Pharmaceutical Services Limited
- h. Bajaj Healthcare Limited
- i. Chem International
- j. Chromatopak Analytical Instrumentation India Pvt. Ltd.
- k. Colgate Palmolive India Ltd.
- l. DKSH India Private Limited
- m. Electrochem Technologies India Private Limited
- n. Ganga Enterprises
- o. GLS Global Lab Solutions Private Limited
- p. Gowrie Research Private Limited
- q. Hind Agro Sales
- r. Hindustan Unilever Limited
- s. Jaimaruti Polychem LLP
- t. Jet Chemicals Pvt. Ltd.
- u. Kusuma Pharma
- v. Medopharm
- w. Merck Life Science Pvt. Ltd.
- x. Mettler-Toledo India Pvt. Ltd.
- y. Minerva Biogenix Pvt. Ltd.
- z. Molecules Analytical Lab Solutions Private Limited
- aa. Mylan Laboratories Limited
- bb. Nextera Management Services
- cc. Pfizer Healthcare India Private Limited
- dd. Pharmonix Biologicals Private Limited
- ee. Planet Science
- ff. Radian Products LLP
- gg. Raks Pharma Pvt. Ltd.
- hh. Ramdev Chemical Private Limited
- ii. Reckitt Benckiser India Private Limited
- jj. S Kesarimal
- kk. Sandeep Organics Pvt. Ltd.
- ll. Shree Yamuna Enterprises
- mm. Sigma Aldrich Chemicals Pvt. Ltd.
- nn. Sun Pharmaceutical Industries Ltd.
- oo. Teknirvana Tradelink Private Limited
- pp. Thermo Fisher Scientific India Private Limited
- qq. TTK Healthcare Limited
- rr. Ultra International
- ss. Watson Pharma Pvt. Ltd.

- xii. In response to the above notification, the following two parties responded and registered as an interested party. However, they only filed a legal submission and neither party filed a response to the user/importer questionnaire nor the economic interest questionnaire.
- a. China Chamber of Commerce for Import & Export of Medicines & Health Products (CCCMHPIE)
 - b. Sandeep Organics
- xiii. A list of all the interested parties was uploaded on the DGTR's website along with the request therein to all to email the non-confidential version of their submissions to all other interested parties.
- xiv. Exporters, producers, and other interested parties who have not responded to the Authority nor supplied sufficient information relevant to this investigation, have been treated as non-cooperative.
- xv. The period of investigation (POI) adopted by the Authority for the present investigation is 1st October 2022- 30th September 2023 (12 months) and the injury period is 2020-2021, 2021-2022, 2022-2023, and the POI.
- xvi. The Authority has relied upon DG System data for the required analysis after due examination of the transactions.
- xvii. Optimum cost of production and cost to make & sell the subject goods in India based on the information furnished by the domestic industry on the basis of Generally Accepted Accounting Principles (GAAP) was worked out so as to ascertain if countervailing duty lower than the subsidy margin would be sufficient to remove injury to the domestic industry.
- xviii. Verification of the information provided by the domestic industry and other interested parties to the extent deemed necessary was carried out. Only such verified information has been relied upon for the purpose of this final finding.
- xix. The Authority held an oral hearing on 10th October, 2024 to provide an opportunity to the interested parties to present the information orally in accordance with Rule 7(6). Oral hearing was held in hybrid mode. All the parties that presented their views orally were advised to file their submissions in writing by 16th October, 2024. The interested parties were allowed to offer rejoinder to the submissions made by other interested parties latest by 22nd October, 2024.
- xx. 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 14 November 2024. 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.
- xxi. The submissions made by the interested parties during the course of this investigation to the extent found relevant have been considered by the Authority, in establishing essential facts under consideration.
- xxii. Information provided by the interested parties on confidential basis was examined 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.

- xxiii. 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 investigation, 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.
- xxiv. ‘***’ in this final finding represents information furnished by the interested parties on a confidential basis, and so considered by the Authority under the Rules.
- xxv. The exchange rate adopted by the Authority for the subject investigation is US\$1= INR-83.21.

C. LEVEL OF COOPERATION BY GOVERNMENT OF CHINA

- 8. The Authority notes that adequate opportunity was provided to the Government of the People’s Republic of China (“GoC”), through written communications and consultations, to provide relevant information concerning existence, operations, and administration of various subsidy schemes contended by the Applicants, the countervailability of the same vis-à-vis the WTO ASCM and the CVD Rules, and benefits availed by the Chinese producers/exporters under these schemes. The Government of China has not filed response to the questionnaire, nor has it provided any information relevant to various subsidy schemes. The Government of China has thus not cooperated with the Authority in the present investigation. Had the Government of China cooperated with the Authority by providing a questionnaire response along with relevant information/document/evidences, the Authority would have been in a position to make a determination on the basis of such information/ documents/evidences. As the Government of China has not extended the required cooperation, the Authority is constrained to proceed with the available information in making the findings.

D. PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE

D.1. Views of other interested parties

- 9. The submissions made by other interested parties regarding the product under consideration and like article are as follows:
 - a. The subject goods that are intended for direct human usage/consumption i.e. in food, pharmaceuticals, skin care products, etc., may comply with United States Pharmacopeia (“USP”), whereas the subject goods meant for uses such as electroplating, metalworking fluids, and other industrial applications will not.
 - b. The subject goods that are compliant with USP standards increases costs and price of the subject goods as compared to those subject goods that does not comply with the standards and PCN must be decided on this basis.
 - c. Price of the subject goods varies for sodium or soluble, and insoluble saccharin.
 - d. Sodium or soluble saccharin is imported more.
 - e. Price of the subject goods varies as per the packing of the subject goods in drums or bags.

- f. Price of the subject goods also varies as per the mesh size, where the bigger the mesh is, the price is higher.
- g. Water content of the subject goods impacts the price, as powder is comparatively cheaper.

D.2. Views of the domestic industry

10. The submissions made by the Applicants regarding the product under consideration and like article are as follows:
- a. The subject goods in India are not produced with differential grades or specifications, and the characteristics remain the same, regardless of the use it is intended for.
 - b. Intended application of the subject goods is not a consideration at the stage of production, and production meant for food applications and other applications such as pharmaceutical or electroplating applications do not undergo any major difference.
 - c. The process of crystallisation that the subject goods undergoes always gives the highest and purest grade of the product, which can then be used in all applications.
 - d. In the history of investigations concluded by the Authority on the subject goods, there has been no PCN allocated to the subject goods, since the first investigation in 2008.
 - e. Authority has repeatedly held in investigations that there is no significant difference between soluble and insoluble forms of saccharin as was held in the anti-dumping investigation on imports of the subject goods from Indonesia.
 - f. Difference in production processes of the Applicants does not result into different products.
 - g. The subject goods produced through both processes are perceived by the customers as one.
 - h. The functions and uses of the subject goods produced through both processes are the same and consumers can and do use the two products interchangeably.
 - i. The price of the subject goods produced through both processes move in tandem with each other and the cost of production in the POI through both processes is also largely similar.
 - j. There is only very minimal variation in the price between soluble and insoluble saccharin.
 - k. The usage of saccharin differs depending on the requirement of the end customer.
 - l. Insoluble saccharin, which is used in the electroplating industry, is generally consumed less in India.
 - m. Soluble saccharin can also be converted into insoluble saccharin.
 - n. The subject goods are largely transacted in powder form.
 - o. There is no difference in cost or price of the subject goods that is dependent on the mesh size.
 - p. Salt of saccharin is part of the product under consideration and all forms of saccharin are nothing but different salts of saccharin, which are part of the product under consideration.
 - q. The product under consideration includes all forms of saccharin, and in particular- soluble saccharin, sodium saccharin, and the salt of saccharin, as well as insoluble saccharin as these are merely terms for the various forms of saccharin and nothing more.

D.3. Examination by the Authority

11. The scope of the product under consideration in the original investigation was defined as follows:

“The product under consideration in the present investigation is “Saccharin in all its forms”. “Saccharin is a non-nutritive sweetener and considered to be low calorie substitute for cane sugar. Primarily there are two types of Saccharin i.e. soluble and insoluble. In market parlance soluble saccharin is called sodium saccharin whereas insoluble saccharin is called saccharin or saccharin acid. Saccharin is produced in two physical forms, viz. granular and powder. Sodium saccharin in granular form is used in situations where saccharin will be dissolved, the powder form which has been grounded and spray dried is used in dry mixes and pharmaceuticals. It is slightly soluble in water. Insoluble form of saccharin is used in many pharmaceutical and medical applications. Saccharin is used in a variety of industry such as food and beverage, personal care products, tabletop sweeteners, electroplating brighteners, pharmaceuticals, etc. All forms of Saccharin are within the scope of the present investigation.”

12. The present investigation being a sunset review investigation, the scope of the product under consideration remains the same as defined in the original investigation. The Authority considers that the customs classification is only indicative and is not binding on the scope of the PUC in the present investigation.
13. With regard to the claim on price and cost of the product varying based on mesh size, the Authority notes that no evidence has been provided by the interested parties substantiating such argument. Further, the Applicants have placed on record in this regard, the cost of production and descriptions of the process of selecting mesh size, clearly establishing that the mesh size does not affect the cost or price of the final product.
14. As regards the Applicants submission that the product under consideration includes all forms of saccharin, and in particular- soluble saccharin, sodium saccharin, and the salt of saccharin, as well as insoluble saccharin, the Authority first refers to its statements in the final findings of the original investigation, where it was held that soluble saccharin is called sodium saccharin in market parlance. Further, from analysis of the literature placed on record by the Applicants, it is evident that salt of saccharin is merely a different term for sodium saccharin and soluble saccharin. It is thus evident that salt of saccharin is also a form of saccharin. Therefore, it is held that salt of saccharin is also a form of saccharin, and is included within the scope of the product under consideration in the present investigation.
15. The product under consideration is classified under Chapter 29 of the First Schedule to the Customs Tariff Act, 1975. Saccharin is classified under HS Code 29251100. The customs classification is indicative only and not binding on the scope of the investigation.
16. After considering the information on record, the Authority considers that there is no known difference in product under consideration exported from the subject country and the subject goods produced by the domestic industry. The subject goods produced by the domestic industry are comparable to the subject goods exported from the subject country in terms of

characteristics such as physical and chemical characteristics, functions and uses, product specifications, distribution and marketing and tariff classification of the goods. The two are technically and commercially substitutable. The consumers are using the two interchangeably.

17. The Authority holds that the subject goods produced by the Applicants are like article to the product under consideration exported from the subject country, in accordance with the Rules.

E. SCOPE OF DOMESTIC INDUSTRY AND STANDING

E.1. Views of other interested parties

18. There are no submissions made by other interested parties with regard to the domestic industry and standing.

E.2. Views of the domestic industry

19. The submissions made by the Applicants with regard to the domestic industry and standing are as follows:
- a. The application has been filed by M/s Blue Jet Healthcare Ltd. and M/s. Swati Petro Products Pvt. Ltd.
 - b. There are two other known producers of the subject goods in India, namely, A.S. Chemopharma Ltd. and Shree Vardayini Ltd.
 - c. The Applicants have not imported the subject goods and the Applicants are not related to any importer or exporter of the subject goods in the subject country, nor are they related to any producer or exporter in China, or importer in India, of the subject goods.
 - d. The production of the Applicants accounts for a major proportion in the domestic production of the like article in India, and thus satisfies the requirement of standing as under the Rules.
 - e. The Applicants constitute eligible domestic industry within the meaning of the anti-subsidy rules.

E.3. Examination by the Authority

20. Rule 2(b) of the CVD Rules defines domestic industry as:

“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”

21. The present application has been filed by M/s Blue Jet Healthcare Ltd. and M/s. Swati Petro Products Pvt. Ltd.

22. It is seen from the information on the record that the Applicants account for more than 70% of the entire production in India. The Applicants have not imported the subject goods from the subject country and that they are not related to any exporter of the subject goods in the subject country or importer of the subject goods in India. Accordingly, the Authority holds that the Applicants constitute domestic industry as defined under Rule 2(b) of the CVD Rules, and the application meets the requirements of standing under Rule 6(3).

F. CONFIDENTIALITY

F.1. Views of other interested parties

23. The following submissions have been made by other interested parties with regard to confidentiality issues:
- a. Trade Notices are binding on all Customs authorities and are applicable on all the interested parties. The NCV of the petition does not give reasonable understanding of the allegations and fails to meet standards of Rule-7 of the Rules and Trade Notice No 1/2013 dated December 09, 2013 issued by the Director General.
 - b. The purpose of Rule-8 of the Customs Tariff (Identification, assessment and collection of countervailing duty on subsidised articles and for determination injury) Amendment Rules 2006 (hereafter termed as "Anti-Subsidy Rules") is to enable all interested parties to have sufficient understanding of the information provided on confidential basis to the Authority.
 - c. The NCV does not allow interested parties to provide defense as significant data is not properly indexed or provided. The Justification Table is not as per requirements of Trade Notice. No information provided in Section VI of the Petition. The domestic industry has claimed excessive confidentiality and has filed incomplete petition.
 - d. Confidentiality claimed for Annual Reports is vague. Trade Notice 01/2013 dated 9th December 2013 mandates the petitioner to provide annual reports and balance sheets. The Authority should direct domestic industry to not claim annual reports as confidential in the future.
 - e. As per Trade Notice no. 10/2018 dated 7th September 2018, the domestic industry should provide information regarding (i) relationship, if any, of petitioners with Foreign Producers/ Exporters/ Importers/domestic producers of the subject goods; (ii) Names and Addresses of all other Indian Producers of the subject goods; (iii) Volume and Value of Production by all other producers except domestic industry

F.2. Views of the domestic industry

24. The following submissions have been made by the domestic industry with regard to confidentiality issues:
- a. The Applicants have claimed such information as confidential, confidentiality of which has been permitted under the rules and as per consistent practice of the Authority.
 - b. The Applicants have provided sufficient non confidential version of the application. No interested party has been able to point out any specific instance of information which has been claimed confidential and confidentiality of which is not justified under the rules.

F.3. Examination by the Authority

25. With regard to confidentiality of information, Rule 8 of Anti-Subsidy Rules provides as follows:

“Rule 8: Confidential information. (1) Notwithstanding anything contained in subrule (1), (2), (3) and (7) of rule 7, subrule (2) of rule 14, subrule (4) of rule 17 and subrule (3) of rule 19 copies of applications received under subrule-

(1) of rule 6 or any other information provided to the designated authority on a confidential basis by any party in the course of investigation, shall, upon the designated authority being satisfied as to its confidentiality, be treated as such by it and no such information shall be disclosed to any other party without specific authorisation of the party providing such information.

(2) The designated authority may require the parties providing information on confidential basis to furnish nonconfidential summary thereof in sufficient details to permit a reasonable understanding of the substance of the confidential information and if, in the opinion of a party providing such information, such information is not susceptible of summary, such party may submit to the designated authority a statement of reasons why summarization is not possible.

(3) Notwithstanding anything contained in subrule (2), if the designated authority, is satisfied that the request for confidentiality is not warranted or the supplier of the information is either unwilling to make the information public or to authorise its disclosure in generalised or summary form, it may disregard such information.”

26. A list of all the interested parties was uploaded on the DGTR’s website along with the request therein to all to email the non-confidential version of their submissions to all other interested parties.

27. Information provided by the interested parties on confidential basis was examined with regard to sufficiency of the confidentiality claim. On being satisfied, the Authority has accepted the confidentiality claims, wherever warranted and such information has been considered confidential and not disclosed to the 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. The Authority also notes that all interested parties have claimed their business-related sensitive information as confidential.

G. MISCELLANEOUS ISSUES

G.1. Views of other interested parties

28. The following submissions have been made by other interested parties with regard to other issues:

- a. The petitioners are habitual users of trade remedy measures and have enjoyed the benefit of ADD for more than 10 years and of anti-subsidy duty for five years.
- b. It is consistent practice of petitioner to use trade remedy measures when it faces negative circumstances.
- c. The Applicants are seeking double penalisation by also pursuing anti-dumping investigation on the same product under consideration with the same domestic industry, and such overlap heightens the risk of redundancy in penalties.
- d. The Applicants should hold friendly bilateral talks to remedy the situation at hand instead of resorting to trade remedial measures.
- e. The Authority should not recommend further duty, and domestic industry should face international competition.

G.2. Views of the domestic industry

29. The following submissions have been made by the domestic industry with regard to other issues:
- a. Anti-dumping duties were imposed on the subject goods from China and such duties did help the industry to fight against the unfairly priced imports. The Authority did not continue such duties pursuant to the sunset review investigation in the matter, as the domestic industry was not suffering injury at the time.
 - b. Due to significant increase in imports causing injury to the domestic industry, the domestic industry was forced to seek remedial measures in the form of anti-subsidy duties.
 - c. The domestic industry has continued to suffer injury due to exceptionally low-priced imports even below the level of costs of sales of the subject goods, as is evidenced by the information submitted on record by the domestic industry.
 - d. It is well established practise in India that double remedies are not applied on same circumstances, and that anti-dumping and countervailing duties are adjusted to avoid any double counting.
 - e. The Authority provides opportunities, invites comments, and extends invitations for consultations to the governments of the countries being investigated. In the present investigation as well, the Authority extended invitations to consult to the Embassy of the Government of China and waited for a response before moving the case forward. There was no response from the Government of China in the present investigation as is also evidenced by their lack of participation.

G.3. Examination by the Authority

The Authority has considered the submissions made by the parties and holds as follows.

30. As regards the subject goods being subjected to trade remedies numerous times, the Authority notes that there is no bar on the number of times redressal can be sought against unfair imports. The Rules require the Authority to determine whether cessation of countervailing duty is likely to lead to continuation or recurrence of subsidisation and injury to the domestic industry. The

recommendation for extension of countervailing duty is made only when the requisite legal requirements are met.

31. As regards the submission made by the other interested parties that the Applicants must hold bilateral friendly discussions with the subject country and not resort to trade remedial measures, it is found that the Authority in its process of investigation has provided ample opportunity to the Government of China to respond. The Government of China did not participate in consultations and did not file any response to the questionnaires. Therefore, it is seen that even with opportunities provided, the Government of China has been non-cooperative with the present investigation.
32. With regard to the contention of dual remedy, the Authority notes that at present the DGTR is conducting simultaneous investigations under dumping and subsidy law. The question of possible dual remedy shall arise only when the DGTR decides to make a recommendation for the imposition of both anti-dumping duty and countervailing duty. The stage has not arisen in the present case. Further, the present investigation is a subsidy investigation where countervailing duty is already in place. The issue needs to be appropriately considered while undertaking anti-dumping recommendations.

H. DETERMINATION OF SUBSIDY AND SUBSIDY MARGIN

33. The application filed by the domestic industry provided adequate *prima facie* evidence of continuation of countervailable subsidies in the subject country on the subject goods. The Government of the People's Republic of China was invited for consultations, to which the Authority did not receive a response. The present investigation was initiated on the basis of *prima facie* evidence.
34. The Chinese producers and exporters, and the GoC were advised to file responses to the questionnaires and were given adequate opportunity to provide verifiable information/evidence on the existence, degree, and effect of alleged subsidy programs for making an appropriate determination of the existence and quantum of such subsidies.
35. Neither the Government of China PR nor any of the participating exporters have filed any meaningful information for the purpose of the present investigation. Even when GoC and one of the Chinese producers registered itself as an interested party, the GoC and registered producer/exporter have not filed response to the questionnaire, and have not provided relevant information in the form and manner prescribed by the Authority. In the absence of a questionnaire response from the Government of China, and the Chinese producers/ exporters, the Authority is not in a position to examine possible countervailability of these schemes based on the information/documents in possession of the Government of China and Chinese producers. Therefore, the Authority is constrained to rely on facts available on record, including the information provided by the domestic industry in its application, determinations

earlier made by the Authority, and information/evidence filed by the domestic industry during the course of the investigation.

36. As per the application, the Chinese producers/exporters of the subject goods have received countervailable subsidies under the following programs at various levels of government and they have been classified under three broad categories: Grants, Tax and VAT incentives, and Provision of Goods and Services at less than adequate remuneration. The various programs held countervailable in the original investigation, and new schemes alleged in the present investigation are listed below.

H.1. Schemes countervailed in the Original Investigation

37. In the original investigation, the Authority had held that the following schemes are countervailable:
- i. Program No. 2: Famous Brands Program
 - ii. Program No. 3: Grants for Anti-Dumping Investigations
 - iii. Program No. 5: Export Assistance Grant
 - iv. Program No. 6: Grants for Listing Shares
 - v. Program No. 7: Funds for Outward Expansion of Industries in Guangdong Province
 - vi. Program No. 8: Grants provided through the Provincial Fund for Fiscal and Technological Innovation
 - vii. Program No. 9: Various grants provided to Fuyang City
 - a. Grant for Enterprises Paying Over RMB 10 Million in Taxes
 - b. Grants under the Export of Sub-Contract Services Program
 - c. Grants under Excellent New Products/Technology Award
 - d. Investment grants from Fuyang City Government for key industries
 - e. Grants for Enterprises Operating Technology and Research and Development Centers
 - f. Local and Provincial Government Reimbursement Grants on export Credit Insurance Fees
 - g. Initial Public Offering (IPO) Grants from the Hangzhou Prefecture and the City of Fuyang (Zhejiang Province) & (Anhui Province)
 - viii. Program No. 10: International Market Fund for Export Companies
 - ix. Program No. 13: Small and Medium-sized Enterprise Support Funds
 - x. Program No. 14: Funds for supporting technological innovation for the technological small and medium-sized enterprises.
 - xi. Program No. 15: Subsidies Provided in Tianjin Binhai New Area and the Tianjin Economic and Technological Development Area
 - xii. Program No. 16: State Special Fund for Promoting Key Industries and Innovation Technologies
 - xiii. Program No. 33: Two Free/Three Half Program for Foreign Invested Enterprises
 - xiv. Program No. 34: Tax Reductions for Export-Oriented FIEs / Income tax benefit for FIEs based on geographical location

- xv. Program No. 38: Preferential Income Tax Policy for Enterprises in the Northeast Region
- xvi. Program No. 39: Preferential Tax exemptions for Central & Western Regions
- xvii. Program No. 40: Tax Policies for the deduction of Research and Development (R&D) expenses
- xviii. Program No. 42: VAT Refunds for FIEs Purchasing Domestically Produced Equipment
- xix. Program No. 43: VAT and Tariff Exemptions for Purchases of Fixed Assets
- xx. Program No. 45: Preferential Tax Policies for Enterprises with Foreign Investment (FIEs) Established in Special Economic Zones (excluding Shanghai Pudong Area)
- xxi. Program No. 46: Preferential Tax Policies for FIEs Established in the Coastal Economic Open Areas and in the Economic and Technological Development Zones
- xxii. Program No. 47: Preferential Tax Policies for FIEs Established in the Pudong Area of Shanghai
- xxiii. Program No. 50: Tariff and Value-added Tax (VAT) Exemptions on Imported Materials and Equipment in SEZs and Other Designated Areas
- xxiv. Program No. 52: Raw Material for Less Than Adequate Remuneration/Inputs/Services
- xxv. Program No. 53: Policy Loans
- xxvi. Program No. 64: Debt for equity swaps
- xxvii. Program No. 65: Equity infusions
- xxviii. Program No. 66: Unpaid dividends

H.2. New Programs

38. The domestic industry has contended that there are more countervailable programs providing benefits, resulting in lower costs, thereby allowing Chinese producers to sell at a lower price. The list of such new programs is provided below:
- i. Program No. 1: Fixed Asset Investment Subsidies
 - ii. Program No. 2: Special fund for economic and trade development
 - iii. Program No. 3: Subsidies for Companies Located in the Hefei Economic and Technology Development Zone
 - iv. Program No. 4: Anhui Province Subsidies for Foreign-Invested Enterprises
 - v. Program No. 5: Hefei Municipal Export Promotion Policies
 - vi. Program No. 6: 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
 - vii. Program No. 7: Grants for purchase of equipment reported by participating exporters
 - viii. Program No. 8: Grant for Bringing in Foreign Intellectuals
 - ix. Program No. 9: Grants for Employment Stabilization, Graduates Training and recruitment provided by provincial/prefectural/municipal government authorities
 - x. Program No. 10: Postdoctoral researchers funding
 - xi. Program No. 11: Grants for maintenance and operation of equipment
 - xii. Program No. 12: Relocation Compensation provided by provincial/prefectural/municipal government authorities

- xiii. Program No. 13: Ad-hoc grants for implementing specialized projects/pilot projects provided by provincial/prefectural/municipal government authorities
- xiv. Program No. 14: Talent Introduction Fund
- xv. Program No. 15: Research report writing expenditure fund
- xvi. Program No. 16: Service industry development fund
- xvii. Program No. 17: Self-owned Brand Development Registration Fee refund
- xviii. Program No. 18: Import Equipment interest subsidy
- xix. Program No. 19: Export Rewards
- xx. Program No. 20: Patent Creation and Support Fund
- xxi. Program No. 21: Subsidies for Listed Companies
- xxii. Program No. 22: Various Government grants- Received by producers/exporters of China PR/ Ad hoc grants provided by central, provincial and municipal/regional authorities
- xxiii. Program No. 23: Grants for financing loans and interest
- xxiv. Program No. 24: National Award for Green Factory
- xxv. Program No. 25: Preferential tax policies/Income Tax Reductions for companies that are recognised as high and new technology companies
- xxvi. Program No. 26: Refund/Rebate/Remission of taxes and fees by central, provincial, or municipal/regional government authorities
- xxvii. Program No. 27: Import Tariff/Charges and VAT Relief for imported inputs
- xxviii. Program No. 28: Provision of Electricity for Less than Adequate Remuneration
- xxix. Program No. 29: Land Use rights at LTAR in Industrial and Other Special Economic Zone
- xxx. Program No. 30: Provision of Land to State Owned Enterprises at LTAR
- xxxi. Program No. 31: Land Use rights at LTAR for Foreign Invested Enterprises
- xxxii. Program No. 32: Land Use rights at LTAR in Economic Development Zones
- xxxiii. Program No. 33: Provision of Caustic Soda for LTAR
- xxxiv. Program No. 34: Provision of Sulphuric Acid for LTAR

39. The Authority thus notes that the domestic industry has alleged existence of a number of new schemes. These schemes are those which were not brought before the Authority at the time of the original investigation. The domestic industry contended that the Chinese producers have received countervailable benefits in these schemes as well. The domestic industry has quantified the countervailing duty margin based on prior decisions issued by the Authority. None of the Chinese producers participated in the present investigation.

H.3. Views of the other interested parties

40. The following submissions have been made by the other interested parties with regard to subsidy and subsidy margins:
- a. The Applicants have failed to provide evidence of the programs that may be available to the producers and exporters of the subject goods in China PR.
 - b. None of the programs submitted by petitioner is supported by concrete facts or figures to show actual benefits to producers/exporters. The Authority should examine whether the programs are in effect and whether it contributes to industry's success.

- c. The subsidy schemes are not specific.
- d. Shanghai Fortune contended that it may be awarded individual subsidy margins.
- e. The Authority should justify whether it has assessed the adequacy and accuracy of evidence related to subsidization. It should also justify the basis on which it considers the petition to contain adequate and accurate information related to each subsidy scheme such that it is considered to provide objectively sufficient factual basis for initiation of investigation. This will permit interested parties to understand how GOI claims comply with WTO obligations and what exactly enabled the initiation of investigation.

H.4. Views of the domestic industry

41. The following submissions have been made by the domestic industry with regard to subsidy and subsidy margins:
- a. The producers/exporters of the subject goods have benefitted from actionable subsidies as also established in the original investigation.
 - b. Chinese laws and regulations, various government reports and plans, WTO reports, and detailed findings of other investigating authorities in their anti-subsidy investigations, all show sufficient evidence for financial contribution, benefit, and specificity.
 - c. The GoC has not provided any response to counter the de jure and de facto specificity of the alleged subsidy programs.
 - d. Non-cooperation by the Government of China should be considered as indirect acceptance of all the schemes alleged by the domestic industry.
 - e. Chinese producers and exporters have not provided adequate response to counter the existence and benefit conferred through the alleged subsidy programs.
 - f. 28 schemes were countervailed in the original investigation, of which 27 are alleged to be continued.
 - g. A total of 34 new schemes have been alleged that provide a specific benefit to the producers in China.
 - h. There has been no cooperation from the GoC nor from any exporter from the subject country.
 - i. Low export volume is not reason for an exporter to not participate in a sunset review investigation.
 - j. Quantification of schemes was not carried out at the stage of application, as such quantification would not be useful unless the Chinese producers/exporters cooperate.
 - k. Since no Chinese producers have participated, the CVD margins may be determined on the basis of adverse facts, or according to global practice, margins as determined in past investigations or as determined by any other Authority in past investigations.

H.5. Examination by the Authority

- I. Schemes held to be countervailable in the original investigation

42. The Authority examined whether there is a continuation of subsidisation by analysing whether the subsidies countervailed in the original investigation continued to confer benefit to the saccharin industry.
43. The GoC has not participated in the present investigation and has not contested (with verifiable evidence) the determination as held in the original investigation, or the contention of the domestic industry that the product continue to benefit with countervailable subsidies. The exporter, Shanghai Fortune Chemicals Ltd has participated in the present investigation. It has however chosen not to provide any information on existence of the schemes held countervailable by the Authority in the original investigation. None of the interested parties have refuted the claims of the domestic industry of continuation of the schemes earlier held countervailable in the original investigation. It is also noted that the continuation of the subsidy programs has not been disputed (with evidence) by the GoC. The Authority has also previously found these programs to be countervailable in Hot Rolled Cold Rolled Steel (2017) and more recently, in New Pneumatic Radial Tyres for Buses and Lorries (2024). The GoC has not provided any document to show that the conclusion drawn by the Authority in the previous determinations no longer holds true.
44. The GoC and the Chinese producers/exporters have not provided any specific responses in respect of various subsidy programs identified in the application and notice of initiation. No substantive evidence has been provided to refute the claim of the domestic industry that various subsidies programs continue and continue to provide countervailable benefit. No evidence has been provided that any of these schemes have been discontinued.
45. GoC and the Chinese producers were in a position to rebut the claims made by the domestic industry on these accounts by either showing that the programs identified by the domestic industry are no longer in force, or these programs no longer provide benefits or these programs are no longer countervailable or the quantum of benefit is lower. GoC and the Chinese producers/ exporters have not responded to the questionnaire, nor provided any other information and verifiable evidence that the Authority could use to make determination.
46. In the absence of cooperation and information from the Government of China and the producers/ exporters from China and considering that the present investigation is a sunset review of CVD earlier recommended, the Authority relied on the previous investigation relating to the PUC, the information contained in the application, and the information available on record of the present and previous investigation to examine the continuity of the schemes held countervailable in the original investigation.
47. In the original investigation, the Authority examined the countervailability of the schemes alleged having regard to various sources, such as relevant laws, regulatory circulars, previous determinations made by the Authority, and data from the annual reports of saccharin manufacturers. The Authority quantified subsidy margins for the schemes under three broad categories:
- a. Grants,

- b. Tax and VAT incentives, and
- c. Provision of Goods and Services at less than adequate remuneration.

48. In the present investigation, the domestic industry has provided evidence of continuation of all the earlier countervailed schemes, barring one, which pertained to program no. 9. Program no. 9 deals with "Various grants provided to Fuyang City" falling under the category "grants".

49. In the original investigation, the subsidy margin for grants was quantified based on Annual report of Kaifeng Xinhua Fine Chemical Co. and noted as follows:

"37. The petitioner has provided the annual report of the M/s. Pingdingshan Tianan Coal Industry Co. Ltd., which is the parent company of M/s. Kaifeng Xinhua Fine Chemical Co. one of the non-responding producer/ exporters of the PUC in the present investigation. Analysis of this annual report shows that the company has received subsidies from the Government Authorities in China under the head of "Government Subsidies" for projects involving Government Grants. Therefore, the Authority holds that it is a financial contribution in the form of discretionary government grants by a public body (by the Govt. authorities, as reported in the annual report under the head "Government subsidies") within the subject country conferring a benefit to the company concerned, and therefore is specific. Hence, a benefit has been specifically conferred onto the above said company, as reflected in the annual report of the parent company. Accordingly, the subsidy margin under the head of 'Grants' reported in the annual report has been considered. For the purpose, total amount reported in the annual report of the parent company under the head "Govt. subsidies" has been considered as the benefit conferred. Further, since the benefit has been reported in the annual report of the parent company, this benefit conferred has been apportioned over the gross turnover of the parent company. The amount of CVD margin thus determined is 0.30%."

50. It is noted that Kaifeng is not situated in Fuyang City and hence had no bearing on Program no. 9 which related to grants provided to Fuyang City. Hence, in the present investigation as well, Program No. 9 holds no bearing in the subsidy margin that is to be decided for grants.

51. The domestic industry has relied upon the final findings of the Authority in the sunset review investigation concerning imports of certain Hot Rolled and Cold Rolled Stainless Steel Flat Products (06.04.2023) as well as the final findings of the Authority in New Pneumatic Tyres for Buses and Lorries (25.03.2019). The domestic industry has also placed reliance on various government plans, policies, orders, projects, and other documents, relevant to the subsidies and subsidy programs contended by the applicants. It has been seen that a number of subsidies or subsidy programmes alleged and being examined flow from the Government of China's documents, such as the 14th Five Year Plan; Hebei Petrochemical 13th Five-Year Plan for raw materials, as well as the Zhejiang Petrochemical 14th Five-Year Plan; various circulars of the Ministry of Foreign Trade and Economic Cooperation; Implementation Regulations of the Enterprise Income Tax Law, as well as Document No. G/SCM/N/401/CHN which is the 2023 WTO notification containing information on programmes granted or maintained by China PR

at the central and sub-central government level, and the European Commission's Staff Working Document on Significant Distortions in the Economy of the People's Republic of China for the purposes of Trade Defence investigations.

52. It is seen that China's 14th Five Year Plan is a major proponent in making the petrochemical industry an important, fundamental sector for Chinese industries. The plan elaborates on the principles of technological innovation, structural adjustment, and green development mentioned in the 14th Five Year Plan, and makes the link with various fiscal and financial support measures. The 14th Five Year Plan in Section III, Article VIII states that: "*We will transform and upgrade traditional industries, promote the optimization and structural adjustment of raw material industries such as petrochemicals, steel, nonferrous metals, and building materials, expand the supply of high-quality products in sectors such as light industry and textiles, speed up the transformation and upgrading of enterprises in key industries such as the chemical industry and papermaking, and improve the green manufacturing system*". Consequently, the Chinese government at both local and provincial levels have adopted policies and replicated frameworks provided for the petrochemical industry.
53. The 14th Five Year Plan further also makes statements concerning the go green global initiative that China has undertaken, stating the following in Section III, Article XXVII, in respect of the Petrochem and chemical industries: "*We will improve the environmental risk management system for toxic and hazardous chemical substances and complete the relocation and transformation of hazardous chemical production enterprises in key areas.*"
54. Taking into account the above-listed documents and their provisions, the Authority concludes that the Chinese chemical industry continues to be a key/ strategic industry, the development of which is actively pursued and directed by the Government of China as a policy strategic objective.
55. The Authority, based on the above, notes that these programs currently remain in force and continue to confer countervailable benefits in a similar manner as in the original investigation.
56. The principles of judicial economy allow the Authority to refrain from undertaking detailed examination in respect of those programs which were earlier found countervailable and where there is no evidence on record to show either their discontinuation or material change therein since these were last investigated. The present investigation is a sunset review investigation, and the objective of the investigation is to ascertain whether the Chinese producers continue to benefit from subsidies found countervailable earlier, the GoC or Chinese producers/ exporters have preferred non-cooperation and have not provided relevant information, and none of the interested parties have provided any information and evidence to rebut the substantiated claim made by the Applicants with regard to continuation of countervailable subsidies. Therefore, the Authority holds that it is unnecessary to examine the countervailability of various schemes that were earlier investigated and found countervailable. Since the Chinese producers have not cooperated with relevant information and evidence, the Authority has considered the same quantum of benefit i.e. 85.07% as was determined at the time of the original investigation.

II. New schemes contended in the present investigation

57. The domestic industry has contended existence of 34 new schemes. These are schemes that were not brought before the Authority in the original investigation. The domestic industry has submitted that the Chinese producers/ exporters have been benefitting from these new schemes in the present investigation. The domestic industry has further submitted that the Authority has found that these countervailable subsidies exist in China and benefit Chinese producers. The domestic industry has referred to investigations carried out by the Authority in the matters of New Pneumatic Radial Tyres for Buses and Lorries and Hot Rolled and Cold Rolled Stainless Steel Flat Products subsequent to original investigation of the present investigation.
58. Of the new schemes identified by the domestic industry in the present investigation, the domestic industry has quantified benefit conferred based on prior investigations in which the Authority quantified the subsidy margin for these schemes. Through this, the domestic industry has contended that the new schemes were held countervailable by the Authority in those investigations and after the original investigation of the present investigation.
59. The Authority considers that no useful purpose will be served in investigating these new schemes that have been alleged by the domestic industry. Though the GoC and Chinese producers/exporters have not responded in the present investigation and have not provided relevant information to counter the claims of the domestic industry, the Authority notes that the CVD margin determined at the time of original investigation is materially higher than the injury margin initially claimed now quantified in the present investigations. Since the Authority is required to recommend the amount of countervailing duty considering the lower of the CVD margin and injury margin, the Authority holds that it is not necessary that these schemes are investigated, and CVD margin quantified.

I. INJURY DETERMINATION AND EXAMINATION OF INJURY AND CAUSAL LINK

I.1. Views of the other interested parties

60. The following submissions were made by the other interested parties regarding injury:
- The increase in imports of the subject goods has been exaggerated. The domestic industry has deliberately invented injury.
 - Total demand has declined by 8%. Imports from the subject countries and other countries has declined during the POI by 28% and 71% respectively as compared to 2019-20. Total imports to India has declined by 34% and sales of domestic industry has increased by 2%. There is no injury to domestic industry.
 - Imports from the subject country were high at 717 MT in 2019-20 but dropped to 318 MT in 2020-21 and 335 MT in 2021-22, before rising to 515 MT during the period of investigation.
 - No correlation between imports and the performance of the domestic industry. Landed price was highest in 2021-22 at Rs. 7556.55, the domestic industry still faced losses.

- e. Other factors are influencing the declining performance of the domestic industry. No injury can be attributed to imports from the subject country.
- f. Total production of PUC increased from 100 to 120 in 2021, then decreased to 114 in 2022, and further to 110 during the POI. Increase in production did not lead to increase in production capacity.
- g. Fixed assets of the petitioners rose from 116 in 2020-2021 to 121 in 2021-2022, and further to 139 during the IP. Depreciation expenses increased from 100 in 2020-2021 to 96, 111, and 198 during the POI. This shows a correlation between the increased fixed assets and depreciation.
- h. Net Fixed Assets and Depreciation both have increased significantly during the POI whereas there is no increase in Installed Capacity. This raises questions as to why the production capacity remained unchanged and concerns about intentional concealment of relevant data. The Authority should examine the data provided by the petitioners.
- i. Sales volume increased tremendously during the POI to 111 as compared to 100 during base year 2020-21. Export sales increased from 100 during the base year 2020-21 to 131 during the POI. Domestic industry is able to sell whatever is produced and there is no injury.
- j. Inventory should not be seen in isolation and should be compared with no. of days of production and no. of days of sales. The inventory has declined considerably and there is no injury to domestic industry.
- k. There should not have been significant changes in closing inventory quantity as there were no changes in production and sales. The production index was 110 and the sales index was 111, the closing inventory quantity reached 158. The accuracy of the information should be examined by the Authority.
- l. No correlation between the Average Capital Employed and the installed capacity. Interest and stock reduced in the investigation. The numbers do not justify increase.
- m. No. of employees and wages increased significantly by 31% and 54% respectively during the POI as compared to the base year 2020-21. The Authority must examine how the number of employees and salary increased so significantly when there was no increase in installed capacity, production and sales.
- n. Productivity per day has increased during the POI showing that there is no injury to the Domestic Industry.
- o. Profitability shows significant decline over the years due to decrease in demand for the subject goods. This was further worsened by rising expenses, including operating costs, raw material costs, labor costs, and overheads, particularly due to increased depreciation costs and higher salaries resulting from a substantial rise in the number of employees.
- p. Other factors which led to decline in profitability are increases in Average Capital Employed, Net Fixed Assets (NFA), Working Capital, and the overall number of employees.
- q. Factors like economic conditions, increased market competition, or industry regulations also played a role in decline in profitability.
- r. COVID-19 exacerbated challenges leading to disruptions to the petitioners' supply chain, reducing consumer spending, and presenting operational hurdles due to lockdowns.
- s. Overall performance of petitioner is improving, except profitability.
- t. There will not be significant change in ratio of increase in depreciation expenses to increase in fixed assets without significant changes in depreciation methods.

- u. Fixed asset index for 2021-2022 is 121, and the depreciation amount index is 111. The fixed asset index for 2022-2023 is 116, and then depreciation amount index is 109.
- v. The Authority should examine how fixed asset index and depreciation amount index increased by 39% and 98% compared to the base year during the IP.
- w. Blue Jet Healthcare Ltd has three production bases and has acquired one production base recently. New production bases 3 and 4 have added area of 40000m², an increase of 83%. However, production capacity increased only by 25%.
- x. Number of employees increased from 100 in 2020-2021 to 105, 128, and 131 in 2021-2022, 2022-2023, and during the survey period. Growth in employee numbers far exceeded the growth in production and sales. The Authority should consider whether current situation has occurred due to rapid expansion or investment failure.
- y. Export quantity has been increasing, from 100 in 2020-2021 to 143, 165, and 131 in 2021-2022, 2022-2023, and during the investigation period. The sales in domestic market remained stable. The Authority should consider whether sluggish export market affected financial indicators.

I.2. Views of the domestic industry

61. The following submissions were made by the domestic industry regarding injury:
- a. The domestic industry improved its performance after the imposition of countervailing duty in the original investigation and continued to be in profits till 2020-21.
 - b. The situation of the domestic industry then deteriorated significantly in 2020-21-22 as the Chinese exporters started circumventing the duties imposed by exporting goods through Thailand.
 - c. The Authority undertook anti-circumvention investigation through which duties were extended to imports from Thailand in October 2022, immediately after which the domestic industry's performance improved.
 - d. Any improvement seen in the domestic industry's performance was then sub-optimal due to the import price from China declining further in the POI.
 - e. The import price from China declined when the cost of production of the domestic industry increased. Chinese producers absorbed the duties in place.
 - f. The landed price of the imports even with the existing duties in force is below the level of cost of sales and selling price of the domestic industry.
 - g. The demand for the subject goods increased in 2021-22, declined in 2022-23, and then increased in the POI.
 - h. Imports in absolute terms increased till 2020-21, and then declined in 2021-22. However, in this period, the subject goods were circumvented through Thailand. The imports then increased in the POI.
 - i. Imports in relative terms continued to maintain domestic market share, and command almost 20% of the Indian market.
 - j. Imports in relation to production and consumption declined till 2022-23 and increased in the POI.
 - k. The landed price of imports was above the level of selling price in 2020-21 and 2021-22, at this time imports were not undercutting the prices. After countervailing duties were imposed

on Thailand, the landed price of imports from China declined significantly and went below the level of selling price of the domestic industry, which trend continued in the POI. Imports are undercutting the prices of the domestic industry significantly.

- l. In the base year, the selling price was above the level of cost of sales, and the landed price of Chinese imports was also above the selling price of the domestic industry and stayed above the selling price till the countervailing duties were imposed on Thailand. After such imposition, the cost of sales and selling price of the domestic industry increased, however the import price from China declined. In the POI, the cost of sales increased by ***% and the selling price declined by ***%, whereas the landed price of Chinese imports decreased by 2%, thereby having a significant depressing effect on the prices of the domestic industry.
- m. Production of the domestic industry saw an increase till 2021-22 and declined thereafter.
- n. The sales of the domestic industry increased in 2021-22, declined thereafter in 2022-23 and increased once again marginally in the POI. Such increase in sales in the POI was made at the cost of incurring losses.
- o. Capacity of the industry has remained the same throughout the injury period as well as in the POI.
- p. Capacity utilisation of the domestic industry increased till 2021-22 and have declined thereafter and has been sub-optimal throughout the injury period.
- q. The domestic industry would have been able to more than compensate its loss of export sales in the POI through sales in the domestic market, however Chinese imports took away majority of the increase in demand.
- r. In the base year, the domestic industry was able to sell above cost and earn profits. In 2020-21, the domestic industry went into losses, and then it recovered by a small amount while still staying in losses in 2022-23. It then moved downward into further losses in the POI.
- s. The cash profit, profit before interest, and ROI have followed the same movement as the profit.
- t. The domestic industry is earning negative returns in the POI.
- u. The market share of the domestic industry increased till 2022-23 and declined thereafter in the POI.
- v. The inventories with the domestic industry increased steadily over the injury period with a significant increase in the POI.
- w. Employment level has increased over the injury period and the wages paid have followed the same trend.
- x. The growth of the domestic industry in terms of both volume and price parameters have been adverse in the POI due to the low-priced imports from China.

I.3. Examination by the Authority

62. The submissions made by the domestic industry and the other interested parties with regard to the injury and causal link related issues have been examined. The injury analysis made by the Authority hereunder *ipso facto* addresses the various submissions made by the interested parties.

63. Rule 13 of the Rules read with Annexure-I thereto provides that an injury determination shall involve examination of factors that may indicate injury to the domestic industry, taking into account all relevant facts, including the “*volume of subsidised imports and the effect of the subsidised imports on prices in the domestic market for like products and the consequent impact of these imports on the domestic producers of such products.*”
64. Rule 24(3) of the Rules provides that the provisions of Rules 7, 8, 9, 10, 12, 13, 16, 17, 18, 19, 20, 22, and 23 shall apply mutatis mutandis in case of a review. In case the performance of the domestic industry shows that it has not suffered injury during the current injury period, the Authority shall determine whether cessation of the present duty is likely to lead to recurrence of injury to the domestic industry.
65. The Authority has examined the various injury parameters on account of imports from the subject country before proceeding to examine the likelihood aspects of subsidy and injury. It has been examined as to whether there is an increase in imports, in absolute terms or in relation to production or consumption. In considering the effect of the subsidised imports on prices, it is considered necessary to examine whether there has been significant price undercutting by the subsidised imports as compared with the price of the like article in India, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increases, which otherwise would have occurred, to a significant degree. For the examination of the impact of the subsidised imports on the domestic industry in India, indices having a bearing on the state of the industry such as production, capacity utilisation, sales volume, stock, profitability, net sales realisation, the magnitude, and margin of subsidy etc. have been considered in accordance with Annexure-I of the Rules. The Authority has taken note of various submissions of the domestic industry and other interested parties and has analysed the same considering the facts available on record and applicable laws. The injury analysis made by the Authority hereunder *ipso facto* addresses the various submissions made by the parties.
66. It has been contended by the other interested parties that while the capacity has not increased, but the depreciation and the net fixed assets show an increase. It has been clarified by the applicants that some equipments have been replaced by both the applicants. This resulted in the increase in the net fixed assets but did not lead to an increase in the capacity. Further, the Authority notes that the injury analysis would not give a different picture on account of increase in depreciation expenses.

Volume Effect

a. Assessment of Demand

67. The demand or apparent consumption has been determined as the sum of domestic sales of the Indian producers and the imports from all sources.

Particulars	Unit	2020-21	2021-22	2022-23	POI
DI Sales	MT	***	***	***	***
Trend	Index	100	115	97	102
Other Producers Sales	MT	***	***	***	***
Trend	Index	100	104	124	123
Subject Imports	MT	706	328	338	546
Other Imports	MT	141	342	99	51
Total Demand	MT	***	***	***	***
Trend	Index	100	98	86	94

68. It is seen that the demand for the subject goods increased from the base year in 2021-22 and declined in 2022-23. The demand for the subject goods then increased in the POI.

b. Import Volumes

69. With regard to the volume of the subsidised imports, the Designated Authority is required to consider whether there has been a significant increase in the subsidised imports either in absolute terms or relative to production or consumption in India.

Particulars	Unit	2020-21	2021-22	2022-23	POI
Subject Imports	MT	706	328	338	546
Other imports	MT	141	342	99	51
Total Imports	MT	847	670	437	597
Subject Country imports in relation to					
Indian Production	%	***	***	***	***
Trend	Index	100	33	42	69
Demand	%	***	***	***	***
Trend	Index	100	44	56	81
Total Imports	%	83	49	77	91

70. It is seen that:

- The subject imports declined in 2021-22 when the subject goods were being circumvented through Thailand.
- The imports from China then started to increase in 2022-23 and increased significantly in the POI, once countervailing duties were imposed on Thailand.
- Imports from the subject country holds a predominant share in relation to total imports in India.
- The subject country imports in relation to Indian production declined in 2021-22 and increased thereafter till POI. It increased from 15% to 25% in the POI as compared to preceding year.
- The subject country imports in relation to demand/consumption declined in 2021-22 and increased thereafter till POI. It increased by 7% in the POI as compared to preceding year, despite existence of significant capacities in India.

71. It is thus seen that after extension of measures to imports from Thailand, imports have once again increased in absolute terms and in relation to total imports, production and consumption in India.

Price Effect

72. With regard to the effect of the subsidised imports on prices, it is required to be analysed whether there has been a significant price undercutting by the subject imports as compared to the price of the like products in India, or whether the effect of such imports is otherwise to depress prices or prevent price increases, which otherwise would have occurred to a significant degree in the normal course. The impact on the prices of the domestic industry on account of the imports from the subject country has been examined with reference to the evolution of prices over the injury period, price undercutting, price suppression and price depression, if any. For the purpose of this analysis, the cost of production, non-injurious price (NIP) and net sales realisation (NSR) of the domestic industry have been compared with landed price of imports of the subject goods from the subject country. Further, the import price of the subject imports have been examined in detail during the injury period.

a. Price Undercutting

73. For the purpose of price undercutting analysis, the selling price of the domestic industry has been compared with the landed price from the subject country. The landed value has been calculated after adding the appropriate customs duty, and other duties applicable to the imports of the product under consideration from the subject country. Accordingly, the undercutting effects of the subsidised imports from the subject country is as follows:

Particulars	UOM	2020-21	2021-22	2022-23	POI
Net Sales Realization	Rs/MT	***	***	***	***
Indexed		100	105	114	111
Landed Price	Rs/MT	4,59,854	5,89,885	5,47,712	4,86,422
Indexed		100	128	119	106
Price Undercutting	Rs/MT	***	***	***	***
Indexed		100	20	94	129
Price Undercutting	%	***	***	***	***
Indexed		100	19	82	116

74. It is seen that the price undercutting is positive and significant throughout the injury period.

b. Price Suppression and Depression

75. In order to determine whether the subject imports are depressing or suppressing the domestic prices and 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 is examined. The table below shows the factual position:

Particulars	UOM	2020-21	2021-22	2022-23	POI
Cost of sales	Rs/MT	***	***	***	***
Trend		100	127	127	137
Selling price	Rs/MT	***	***	***	***
Trend		100	105	114	111
Landed value	Rs/MT	4,59,854	5,89,885	5,47,712	4,86,422
Trend		100	128	119	106

76. It is seen that the cost of sales has increased in the POI. However, the selling price has decreased. The landed value increased from the base year to 2021-22, and then decreased significantly in 2022-23, and decreased further in the POI. Imports are suppressing and depressing the prices of the domestic industry in the market.

Economic parameters pertaining to the domestic industry

a. Capacity, production, capacity utilisation, and sales

77. The capacity, production, sales, and capacity utilisation of the domestic industry over the injury period is given in the table below:

Particulars	Unit	2020-21	2021-22	2022-23	POI
Installed Capacity	MT	***	***	***	***
Trend	Index	100	100	100	100
Production	MT	***	***	***	***
Trend	Index	100	143	114	110
Capacity Utilisation	%	***	***	***	***
Trend	Index	100	120	115	110
Domestic Sales	MT	***	***	***	***
Trend	Index	100	115	97	102
Export Sales	MT	***	***	***	***
Trend	Index	100	143	165	131

78. It is seen that:

- a. The installed capacity of the domestic industry has remained constant over the injury period.
- b. The production of the domestic industry increased from the base year in 2021-22, decreased in 2022-23, and decreased further in the POI.

- c. Capacity utilisation followed the same trend as that of production. Capacity utilization increased in 2021-22 and declined thereafter till POI.
- d. Domestic sales increased from the base year to 2021-22 and then decreased in 2022-23. Even though sales saw a marginal increase in the POI.
- e. The export sales increased from the base year to 2022-23 and then declined in the POI.

b. Market Share

79. Market share of the domestic industry, other Indian producers, imports from the subject country, and other countries are shown in the table below:

Particulars	Unit	2020-21	2021-22	2022-23	POI
Domestic Industry	%	***	***	***	***
Trend	Index	100	113	111	107
Other Indian Producers	%	***	***	***	***
Trend	Index	100	102	143	129
Subject Imports	%	27	12	15	22
Trend	Index	100	44	56	81
Other Imports	%	5	13	4	2
Trend	Index	100	260	80	40

80. It is seen that the market share of the subject imports declined in 2021-22 when the imports of the subject goods were circumvented through Thailand. In 2022-23 when the anti-circumvention duties were imposed, the subject imports increased, and then increased significantly in the POI. The level of imports from other countries saw an increase in 2021-22, and then has decreased significantly.

81. The share of the domestic industry increased in 2021-22 and has decreased since then. Even when the imports of other countries declined after 2021-22, the same did not result in increase in the market share of the domestic industry. The market share of the domestic industry rather declined.

c. Profits, Cash Profits, and Return on Capital Employed

82. Profits, cash profits, Profit before interest, and return on investment of the domestic industry over the injury period is given in the table below:

Particulars	Unit	2020-21	2021-22	2022-23	POI
Profit/(loss)	Rs./MT	***	(***)	(***)	(***)
Trend	Index	100	(102)	(12)	(140)
Cash Profit	Rs./MT	***	(***)	***	(***)
Trend	Index	100	(46)	23	(46)
Profit before interest	Rs./MT	***	(***)	(***)	(***)

Trend	Index	100	(85)	(7)	(121)
Return on investment	Rs./MT	***	(***)	(***)	(***)
Trend	Index	100	(70)	(4)	(85)

83. It is seen that:

- a. The domestic industry has seen losses in 2021-22, where the effects of the circumvention through Thailand were felt. Once duties were imposed in 2022-23, the domestic industry regained some profitability, with decreasing losses. The domestic industry then went into losses in the POI.
- b. The long-term profitability of the domestic industry is threatened given that the landed price of imports is below cost of sales. If the duty is removed, the volume of imports is likely to increase.

d. Inventories

84. Inventory position with the domestic industry over the injury period and the POI is given in the table below:

Particulars	Unit	2020-21	2021-22	2022-23	POI
Opening	MT	***	***	***	***
Closing	MT	***	***	***	***
Average	MT	***	***	***	***
Trend	Index	100	135	169	170

85. It is seen that the average inventory with the domestic industry has increased significantly throughout the injury period.

e. Employment, Wages, and Productivity

86. Employment, wages, and productivity of the domestic industry over the injury period is given in the table below:

Particulars	Unit	2020-21	2021-22	2022-23	POI
No. of Employees	Nos.	***	***	***	***
Trend	Index	100	105	128	131
Salary & Wages	Rs. Lacs	***	***	***	***
Trend	Index	100	111	141	154
Productivity per employee	MT	***	***	***	***
Trend	Index	100	113	90	83

87. It is seen that the number of employees has increased. Salaries and wages paid have also increased. Productivity increased from base year till 2021-22, declined in 2022-23, and stayed at the same level for the POI.

f. Growth

88. Growth of the domestic industry is as follows:

Particulars	Unit	2021-22	2022-23	POI
Production	%	20%	-5%	-4%
Capacity utilization	%	20%	-5%	-4%
Domestic sales	%	15%	-16%	6%
Profit/Loss	%	-202%	88%	-1029%
Total profit/loss-Domestic	%	-217%	90%	-1095%
Cash Profit	%	-153%	141%	-313%
Total Profit before interest and Tax - Domestic Sales	%	-198%	93%	-1783%
Market share	%	6.90%	0.01%	-1.59%

89. It is seen that growth of the domestic industry is negative in respect of volume and price parameters. Even though sales volumes of the domestic industry have shown increase, the domestic industry had negative growth in market share.

J. MAGNITUDE OF INJURY MARGIN

90. The Authority has determined the NIP for the domestic industry by adopting the information/data relating to the cost of production provided by the domestic industry for the period of investigation. The NIP has been considered for comparing the landed price from the subject country for calculating injury margin. For determining the non-injurious price, the best utilisation of the raw materials of 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 nonrecurring expenses were 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 PUC was allowed as pre-tax profit to arrive at the non-injurious price. The NIP so determined has been considered for calculating the injury margin.

91. Since Chinese exporters have not participated in the present investigation, the landed price for all the exporters has been determined on the basis of the DG System data.

92. Based on the landed price and NIP determined as above, the injury margin has been calculated by the Authority and the same is provided in the table below.

SN	Particular	UOM	POI
1	NIP	\$/MT	***
2	Landed	\$/MT	5,845
3	Injury margin	\$/MT	***
4	Injury margin	%	15-25%

K. CAUSAL LINK

93. Under the Rules, the Authority is required to examine, inter alia, any known factors other than subsidised imports which are injuring or are likely to cause injury to the domestic industry, so that the injury caused by these other factors may not be attributed to the subsidised imports. While the present investigation is a sunset review investigation and causal link has already been examined in original investigation, the Authority examined whether listed known factors have caused or are likely to cause injury to the domestic industry. It was examined whether other factors listed under the Rules could have contributed or are likely to contribute to the injury suffered by the domestic industry.

a) Volume and Value of Imports from Third Countries

94. It is seen that imports from third countries are either at higher prices, or in insignificant volumes, or are subject to measures (in the case of Thailand). Therefore, the domestic industry has not suffered injury due to the volume and price of imports from third countries.

b) Contraction in demand or changes in the pattern of consumption

95. The demand for the PUC declined and then increased again in the POI. The pattern of consumption with regard to the subject imports has not undergone any change. Therefore, the domestic industry has not suffered injury due to possible contraction in demand or changes in the pattern of consumption.

c) Trade restrictive practices of and competition between the foreign and domestic producers

96. The Authority notes that there is no trade restrictive practice.

d) Developments in Technology

97. The Authority notes that technology for production of the product has not undergone any change. Developments in technology therefore are not a cause of injury to the domestic industry.

e) Export Performance

98. The Authority has relied on segregated data for domestic and export operations, to the extent the same could be.

f) Performance of other products

99. The Authority has considered the data relating to the performance of the subject goods only.

g) Parameters establishing causal link

100. The following parameters establishes causal link between Chinese imports and likelihood of injury to the domestic industry in the event of cessation of duty:

- i. Imports are undercutting the domestic prices even after addition of CVD. This resulted in increase in imports from China despite CVD in place and particularly after extension of duty to imports from Thailand.
- ii. As the market share of the subject imports declined, market share of the domestic industry increased. Further, market share of the subject imports increased since 2022-23, and the market share of the domestic industry declined.
- iii. Whereas both the cost of sales and selling price increased, the increase in selling price was lower than the increase in cost of sales. The price suppression resulted in significant decline in performance of the domestic industry in respect of profits, cash profits and return on investments.
- iv. As the subject imports increased, sales of the domestic industry declined. Consequently, production and capacity utilization of the domestic industry declined.
- v. As the imports increased in the POI, the inventories with the domestic industry increased.
- vi. The injury margin determined in the present POI is substantial despite the CVD in place.

It is thus seen that the domestic industry suffered continued injury due to subsidised imports, despite CVD in force.

L. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF INJURY

L.1. Views of the other interested parties

101. The following submissions were made by the other interested parties regarding likelihood of continuation or recurrence of injury:

- a. The applicant's claims that Chinese manufacturers are export-oriented and cater to global market is incorrect and baseless. According to trade map customs data statistics, India accounted for only 3-5% of China's total export market for Saccharine during 2019-23. Out of China's total exports to the world, exports to India totalled 4,496 thousand USD which is only 5% of China's export market.
- b. The production capacity of Chinese producers is used for both domestic sales and exports to other countries. The volume of exports to India is very minimal with only 865 MT of PUC being exported. There has been no change in quantity of PUC exported to India compared to 2020. Production capacity of Chinese firms along with volume of China's

exports to various other countries cannot be considered as decisive factors in assessing harm inflicted on Indian companies.

L.2. Views of the domestic industry

102. The following submissions were made by the domestic industry regarding likelihood of continuation or recurrence of injury:
- a. Despite duties imposed, Chinese producers and exporters continue to receive countervailable benefits.
 - b. Past investigations by both Indian and U.S. Authorities confirm that significant subsidies in China enable low production costs, and high export volumes.
 - c. Chinese imports into India remain substantial, with anti-circumvention duty imposed on imports from Thailand. Chinese imports continue to hold a large market share.
 - d. The U.S. Authority had imposed anti-dumping duties on the subject imports from 2003 till 2015.
 - e. China has excess capacities and can produce in excess of the entire Indian demand.
 - f. Producers and exporters of the subject goods are highly export oriented.
 - g. Even with duties in place, the export price of the subject goods to India is lower than in other markets.
 - h. Chinese producers have absorbed the duties, as is evident by the reduction in landed prices.
 - i. Indian industry is vulnerable, and the market is highly price sensitive.
 - j. Influx of low-priced imports will worsen the injury that is suffered by the domestic industry.

L.3. Examination by the Authority

103. In a sunset review investigation, the Authority is required to analyse whether revocation of the measure is likely to result in continuation or recurrence of injury to the domestic industry. All factors brought to the notice of the Authority have been examined to determine whether there is a likelihood of continuation of subsidisation and injury to the domestic industry in the event of cessation of the duties. The Authority has considered various information, as made available by the domestic industry, in order to evaluate the likelihood of continuation of subsidisation or injury. Further, the Authority has also examined other relevant factors having a bearing on the likelihood of continuation of subsidisation and consequent injury to the domestic industry. The examination of the parameters of likelihood is as follows.

a. Significant increase in imports

104. There has been significant increase in imports from the subject country in the POI as compared to the previous year with steep decline in prices. A significant increase in imports during the POI, indicates likelihood of substantially increased imports in the event of cessation of duty.

b. Continued subsidisation of the subject goods by the Government of China

105. The Authority holds that there is a continued subsidisation of the subject goods from the subject country in spite of the duty in force. Continued subsidisation during the existence of duties indicates the likelihood of continuation of subsidies. The Authority notes that in case of cessation of anti-subsidy duty, the imports from the subject country are likely to increase. Further, such imports will remain at a price lower than the cost of sales of the domestic industry and is hence likely to cause injury to the domestic industry.

c. Significant new subsidies brought by the domestic industry that were not investigated in the original investigation, but whose existence has been established in subsequent investigations in the past.

106. The domestic industry has brought on record significant new subsidies that were not investigated in the original investigation, but whose existence has been established in subsequent investigations in the past. Even though the Authority has not investigated these schemes following the principles of judicial economy and considering that the injury margin claimed by the domestic industry itself is lower than the CVD margin earlier quantified in the original investigation, nevertheless, the existence of these schemes establishes the likelihood of continuation of subsidies to the Chinese saccharine producers.

d. Significant price undercutting.

107. The price undercutting with and without existing CVD is positive. Further, the price undercutting without CVD is significantly positive in the period of investigation. Therefore, cessation of CVD is likely to intensify price undercutting and likely to increase demand for the product under consideration in the Indian market.

Particulars	UOM	2020-21	2021-22	2022-23	POI
Net Sales Realization	Rs/MT	***	***	***	***
Indexed		100	105	114	111
Landed Price	Rs/MT	4,59,854	5,89,885	5,47,712	4,86,422
Indexed		100	123	109	107
Price Undercutting	Rs/MT	***	***	***	***
Indexed		100	37	130	126
Price Undercutting	%	***	***	***	***
Indexed		100	30	119	118
Landed Price with CVD	Rs/MT	551,825	707,862	657,254	583,706
Indexed		100	128	119	106
Price Undercutting	Rs/MT	***	(***)	***	***
Indexed		100	(285)	22	193
Price Undercutting	%	***	(***)	***	***
Indexed		100	(222)	18	183

e. Surplus Capacities of producers in China PR

108. The Applicants have submitted that there are significant excess capacities of Saccharin in China PR. The Authority holds, that as per the evidence on record, the excess capacities could take away the entire Indian demand. Further, since there are excess capacities in China PR, the producers in China are likely to export the subject goods to Indian in large quantities.

109. While none of the interested parties have responded and provided any verifiable evidence and information with regard to existing surplus capacities, the domestic industry has provided sufficient information of huge capacities with the producers in China and their high export orientation. It is seen that the capacity with individual producers in China is much more than the entire demand in India.

110. As per this Authority's finding in the SSR investigation of anti-dumping duties on Saccharin from China in 2017, the capacities of just three exporters in China were more than the Indian demand. The Applicants have further submitted evidence for capacities for two of those exporters. The table given below shows capacities at present.

Name of Exporter	Capacity (in MT)	
	ADD SSR Investigation (2017)	Present Investigation
Tianjin Chiangjie Chemical Co. Ltd.	3500	3500
M/s Kaifang Xinghua Fine Chemical Ltd*	15000	50,000

*Source: <http://www.kaifengchem.cn/index.html>

f. High Export orientation of the exporters in China

111. The evidence placed on record by the Applicants shows that Chinese producers are export oriented and the capacities possessed by them are for global market. It is seen that there is high export orientation of Chinese producers. Given below, the table shows the exports of the subject goods from the China to the world.

Particulars	Unit	2020-21	2021-22	2022-23	POI
Volume (Exports)	MT	17,986	15,411	15,321	15,560

*Source: Trademap

112. The total exports of China can be seen to be around 15,500 MT in the POI. This volume is more than 6 times the volume of Indian demand.

g. Continued imports despite duties and circumvention duties

113. It is also noted that the significant import volume from China shifted to Thailand, due to Chinese exporters also circumventing duties by exporting the subject goods through Thailand,

in order circumvent duties on it. It is seen that the imports from China were significant until duties were imposed, after which the volume shifted to Thailand in 2021-22. In 2021-22, the volume of imports from China declined significantly. In 2022, after imposition of anti-circumvention duties on Thailand, imports from China began to increase, while that of Thailand reduced.

Particulars	UOM	2020-21	2021-22	2022-23	POI
Imports- China	MT	706	328	338	546
Imports- Thailand	MT	23	176	43	21

h. Third Country Injurious Exports

114. It was submitted by the Applicants that Chinese producers are exporting at an injurious price. The Applicants have brought on record evidence of volume of injurious and non-injurious exports. The volume and value of exports from China to various countries across the world were analysed, after which the exports that were made at a price below the non-injurious price were categorised as injurious.

	Injurious	Non-Injurious	Total
Volume (MT)	11,129	4,431	15,560

115. The Authority notes that close to 72% of the total exports from China are made at injurious prices.

i. Exports to India and Exports to RoW

116. As regards the submission of the Applicants that China is exporting to India at a lower average export price than other countries, the Authority notes the following:

Particulars	2020-21	2021-22	2022-23	POI
India	4,42,752.54	4,92,157.50	4,78,041.78	4,60,533.20
Other Countries	4,83,241.82	5,43,000.90	5,56,389.30	5,10,826.83

**Source: Trademap*

117. The table above shows that despite having imposed duties on the subject goods, the price at which the subject goods are being exported to India is significantly lower than the average export price to other countries. This would indicate that exports to India are being made at prices which are significantly lower than the average price for third countries.

j. Absorption of countervailing duty imposed

118. The Applicants submitted that Chinese producers continue to expand their capacities. The Applicants further have submitted that such expansion of capacities is despite the duties

currently in force. The applicant has also submitted that Chinese producers have absorbed the duties imposed, as is established by the increased injury margin.

k. Conclusion on Likelihood

119. Even with the imposition of countervailing duty, the domestic injury has faced continued injury. Substantial increase in imports during POI establishes likelihood of increase in imports if the present duty is allowed to cease. The likelihood of injury is also established by continuation of subsidies to the Chinese producers, very significant exports from China to rest of the world at a price below non-injurious price of the domestic industry, significant capacity additions in China, existence of unutilised capacities over and above current, exports to India below the export price to other countries, significant price undercutting both with & without CVD further shows likelihood of substantial increase in imports in India in the event of cessation of countervailing duty.

M. INDIAN INDUSTRY'S INTEREST AND OTHER ISSUES

M.1. Views of the other interested parties

120. The following submissions were made by the other interested parties regarding the Indian industry's interest and other issues:

- a. ADD investigation is taking place simultaneously. Imposition of both duties would lead to double penalisation and will be against principle of fair trade.
- b. In *M/s. Bhushan Steel Ltd. vs. Union of India* (2012), the CESTAT held that both duties should not overlap and must be applied distinctly based on the nature of the distortion.
- c. Both investigations pertain to the same domestic industry and POI. Due to this overlap, both investigations should be considered together to avoid conflicting outcome and prevent one finding from influencing the other.
- d. The Authority should conclude both ADD and CVD investigations concurrently and facilitate comprehensive evaluation of dumping and subsidy margins.
- e. Saccharin is an invaluable tool for diabetic patients. It is a necessary product for large number of low-end consumers.
- f. Imposition of anti-subsidy duty would not be in public interest due to rise in number of diabetic patients in India.
- g. Indian industry cannot fulfil growing demand making imports imperative for ensuring adequate supply for diabetic individuals.
- h. Saccharin plays a vital role in public health. Protective measures could lead to higher prices and make it less accessible.

M.2. Views of the domestic industry

121. The following submissions were made by the domestic industry regarding the Indian industry's interest and other issues:

- a. The imposition of countervailing duties is essential to level the playing field and allow the Indian producers who are majorly in the MSME segment, a fair chance.
- b. The absence of a healthy Indian industry would make the Indian market entirely dominated by Chinese imports, which will defeat the concept of the Make in India initiative of the Government of India.
- c. The subsidised imports are causing significant injury to the domestic industry and continuation of countervailing duties is essential to ensure a level playing field in the Indian market and continue the viability of domestic production of the like article, and prevent import reliance.
- d. It is in the interest of the public at large to have strong, competitive, domestic production of the product.
- e. The domestic industry is partly in the MSME sector and has been suffering due to the unfair imports from the subject country.
- f. Saccharin in its production generates three important by-products which are used extensively in the pharmaceutical industry as well as the pigment industry. Thus, continuation of duties would be in interest of other industries.

M.3. Examination by the Authority

122. The Authority recognizes that the imposition of countervailing duties might affect the price levels of the product in India. However, fair competition in the Indian market will not be reduced by the imposition of countervailing duty. On the contrary, imposition of anti-subsidy measures removed the unfair advantages gained by subsidization, prevent the deterioration of the domestic industry and help maintain availability of wider choice to the consumers of the subject goods. The purpose of countervailing duty, in general, is to eliminate injury caused to the domestic industry by the unfair trade practice of subsidy so as to re-establish a situation of open and fair competition in the Indian market, which is in the general interest of the country. Imposition of countervailing duty, therefore, would not affect the availability of the product to the consumers. It would not restrict imports from the subject country in any way.
123. The Authority issued gazette notification inviting views from all interested parties, including importers, consumers, and other interested parties. The Authority also prescribed a questionnaire for the importers and consumers to provide relevant information with regard to present investigations, including possible effect of countervailing duty on their operations.
124. Even though the Authority has prescribed formats for the users to quantify the impact of countervailing duty and elaborate how the extension of countervailing duty shall adversely impact them, barring domestic industry, none of the interested parties have provided relevant information. It is thus, noted that the interested parties have not established, with verifiable information, any adverse impact of extending the countervailing duty on the user industry.
125. The Authority notes that the response to the economic interest questionnaire was furnished only by the domestic industry. None of the consumers or traders of the subject goods have participated in the present investigations, nor furnished a response to the economic interest

questionnaire. Furthermore, it is noted that no party has presented any evidence to show significant adverse effect of the duties in force.

126. The domestic industry has highlighted that the consumers are not adversely impacted by the duties, as the same have very insignificant impact. The impact on the consumer has been calculated on toothpaste, as an illustration. Taking the consumption of Saccharin as 0.002 grams in every 100 grams of toothpaste, as per the SION, the impact of the duty comes to merely 0.06%.
127. Even if it is considered that the extension of countervailing duty might affect the price levels of the subject goods, the impact of the duty on the consumer shall be negligible. Further, fair competition in the Indian market will not be reduced by countervailing duty, particularly if the levy of the countervailing duty is restricted to an amount necessary to redress the injury to the domestic industry. The objective of imposition of countervailing duty is to remove the unfair advantage gained by provision of subsidy to exporters in the subject country; to prevent the injury to the domestic industry and to help maintain the availability of wider choice to the consumers of the subject goods.
128. The Authority further holds that the continuation of countervailing duty will not lead to scarcity of the subject goods in India. It is noted that countervailing duty does not restrict imports but ensures that imports are available at fair prices. The domestic industry is holding unutilised production capacities exceeding the current volume of imports. The domestic industry has significant exports of the product. The continuation of duty would not affect the availability of the product in the market. In any case, the combined capacities of the Indian industry are more than the demand in India, thereby ensuring that there remains sufficient supply in the country.
129. Continuation of countervailing duty will not lead to any unfair trade practices as there are a number of producers of the PUC in India that are inter-se competing in the market.
130. The Authority further notes that the recommendation for imposition of duty is made only when the requisite legal requirements are met. From the information on record, it is also noted that the impact of countervailing duty is negligible to the consumers of the product under consideration, and the Authority is of the view that the imposition of countervailing duty will be in public interest.

N. POST DISCLOSURE COMMENTS

N.1 Views of the other interested parties

131. The following comments were submitted by the other interested parties with regard to the disclosure statement:

- a. The Authority has inadvertently/wrongly noted that the Shanghai Fortune has requested for an individual subsidy margin.
- b. The respondent has requested the Authority to recommend a reference price form of countervailing duty.

N.2 Views of the domestic industry

132. The following comments were submitted by the domestic industry with regard to the disclosure statement:

- a. The domestic industry has submitted that the demand for the subject goods declined from the base year to 2022-23 and then saw an increase in the POI.
- b. There does not exist a demand supply gap in the nation, and despite sufficient capacity and imposition of measures, yet the imports from China remain significant.
- c. The subject imports were at a high level in the base year and then declined in 2021-22 as they were being circumvented from Thailand. After the duties were extended to Thailand, the imports from China remained significant and increased in the POI, occupying almost 20% of the Indian market despite current duties.
- d. Imports have been undercutting the prices of the domestic industry as landed prices have declined significantly and remains below the selling prices of the domestic industry. Cost of sales increased in the POI whereas selling price decreased. The landed price of imports is below both costs and selling price.
- e. Capacity of the domestic industry is constant over the injury period, while the production and capacity utilization of the domestic industry have declined since 2021-22.
- f. Domestic sales of the domestic industry increased till 2021-22, declined in 2022-23 and showed a marginal increase in the POI.
- g. Market share of the domestic industry has declined due to the increased imports and subsequent increase in the market share of imports.
- h. The domestic industry started suffering losses since imports began from Thailand, with Thai imports undercutting the prices of the domestic industry. After duties were extended to Thailand, the losses of the domestic industry reduced in 2022-23. The Chinese exporters then started absorbing the duties imposed, causing intensified losses in the POI.

- i. Average inventory of the domestic industry increased in the POI as compared to the previous year, despite a decline in production.
- j. Subsidies have continued in China which is proved through the evidence provided by the domestic industry such as Chinese legislations, the 14th five-year plan, and other relevant notifications.
- k. There has been a significant investment in establishing the saccharin industry in the nation, with even MSME companies being part of the Indian industry. The same also generates significant employment.
- l. Downstream users of the subject goods use a very small portion of the subject goods.
- m. The NIP computed by the investigation appears to be unduly low when compared to the actual cost of the domestic industry. Applicants request that the methodology for the determination of the NIP should be the same as of the original investigation.
- n. Having a domestic source of supply is a step towards making India self-reliant Atma Nirbhar. It is important for the consumers to have a stable, healthy, and reliant source of domestic supply. The Indian producers would prioritise the needs of the domestic consumers as opposed to foreign producers who might shift their focus to other countries for profit maximization.

N.3 Examination by the Authority

133. The Authority has examined the post disclosure submissions made by the interested parties and notes that the majority of the comments are reiterations which have already been suitably examined and adequately addressed in the relevant paras of the final findings. The same is not being repeated in this post-disclosure examination by the Authority for the sake of brevity. The issues raised for the first time in the post-disclosure comments/submissions by the interested parties and considered relevant by the Authority are examined below.
134. The Authority notes that Shanghai Fortune has not sought individual duty. With respect to the argument of the exporter that a reference price of duty is to be applied due to the higher landed price, the exporter has simply quoted the landed price provided by the applicants to demonstrate the high price of imports, which they claim justifies a reference price. However, it is noted that the landed price of imports actually decreased during the POI and is below the domestic industry's selling price and cost of sales. Therefore, the exporter's argument is without merit and the request for a reference price cannot be accepted, particularly in light of the fact that the cost of sales has increased by ***% during the injury period.
135. With respect to the contention raised by the domestic industry on non-injurious price (NIP), the Authority notes that the NIP of the product under consideration is calculated in accordance with the provisions of Annexure III of the Anti-dumping (AD) Rules 1995 which provides the best utilization of raw materials, utilities, and capacity utilization by the constituents of the domestic industry, over the past three years period and the POI and at the POI rates may be

considered to nullify injury if any, caused to the domestic industry by inefficient utilization of raw materials, utilities and capacity utilization.

O. CONCLUSION

136. 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 likelihood of continuation or recurrence of subsidisation and injury to the domestic industry, the Authority concludes as follows:

- i. The Chinese Government (GOC) has not provided any evidence nor disputed the existence of programs mentioned in the application. The GOC has neither responded to the questionnaire nor provided any relevant information.
- ii. The product under consideration is "Saccharin in all its forms" as defined in the original investigation, including saccharin salt or salt of saccharin, sodium saccharin, insoluble saccharin, saccharin acid. All forms of saccharin fall within the scope of the product under consideration.
- iii. The Authority recognizes that the Applicants constitute domestic industry under Rule 2(b) of the Rules and meets the criteria for standing as per Rule 5(3). The collective output of the two companies constitutes major proportion of the total domestic production.
- iv. The Authority is satisfied with the confidentiality claim made by the interested parties and has accepted them.
- v. The Authority considers that the question of a dual remedy arises only if both anti-dumping duty and countervailing duty are being recommended, and therefore possibility of dual remedy does not arise in extension of countervailing duty. The possibility will be appropriately considered by the Authority during the anti-dumping investigation and if the Authority decides to recommend imposition of ADD.
- vi. Due to the lack of meaningful information from the Chinese Government or exporters, the Authority has examined the continuation of schemes by relying on information on records and has found that these countervailable schemes continue to benefit the production & export of the product from China.
- vii. The participating exporter has chosen not to provide information on various schemes, and the exporter and other interested parties have not refuted the domestic industry's claims regarding continuation of these schemes.
- viii. The Authority finds that the GOC has not disputed the claim of the domestic industry about continuation of various schemes and has not provided information and evidence to contradict previous conclusions of the Authority about these schemes.
- ix. The Authority has placed reliance on previous investigations and current records to assess the continuity of schemes deemed countervailable in the original investigation.
- x. After reviewing relevant documents and various provisions relating to various schemes, the Authority concludes that the schemes continue to confer benefits to

- Chinese exporters. In view of non cooperation and participation by the Chinese Government, the Authority considers the same quantum of benefit continues as in the original investigation.
- xi. For the 34 new subsidy schemes alleged by the domestic industry, the Authority notes that the Chinese Government and Chinese producers/ exporters have not provided relevant information to refute the claims of the domestic industry. However, the Authority notes that the countervailing duty margin determined in the original investigation is materially higher than the injury margin determined in the present investigation. Therefore, in the interest of judicial economy, the Authority has considered it appropriate not to examine these new subsidy schemes brought on record by the domestic industry.
 - xii. The demand for the subject goods increased from the base year 2021-22, declined in 2022-23, then increased during the period of investigation.
 - xiii. Imports from the subject country declined in 2021-22 when goods were circumvented through Thailand, but these imports still dominate total imports into India.
 - xiv. The Authority notes that imports shall cause significant price undercutting in the absence of existing CVD. Further, imports are likely to cause significant suppressing and depressing effect on the domestic industry prices.
 - xv. The domestic industry's capacity has remained constant, with production and capacity utilization increasing in 2021-22, then decreasing in 2022-23 and further in the period of investigation. Domestic sales followed a similar trend, with a slight increase in the period of investigation.
 - xvi. The market share of subject imports declined in 2021-22 due to circumvention through Thailand but increased in 2022-23 and the period of investigation, reducing the domestic industry's share in POI, despite declines in non-subject country imports.
 - xvii. The domestic industry experienced losses in 2021-22 due to circumvention through Thailand. After duties were extended to imports from Thailand in 2022-23, losses declined. However, the losses suffered by the domestic industry again increased in the POI. The profitability of the domestic industry is expected to deteriorate further, if the countervailing duty is removed.
 - xviii. The average inventory of the domestic industry has increased significantly during the injury period.
 - xix. The growth of the domestic industry is negative when considering volume and price parameters.
 - xx. There is a likelihood of injury to the domestic industry in the event of cessation of present countervailing duty, as established by the following factors:
 - a. No other factors have injured the domestic industry. Imports from non-subject countries are minimal and higher priced, with no changes in demand patterns or quality issues contributing to the losses.
 - b. Significant increase in imports during the period of investigation indicate a likelihood of substantially increased imports, if duties are removed.
 - c. Continued subsidization during the existence of duties suggests that subsidies are likely to continue.

- d. New subsidy schemes indicate the likelihood of ongoing subsidies to Chinese producers.
 - e. Significant price undercutting without CVD during the period of investigation suggests that ending CVD would increase price undercutting and import in the Indian market.
 - f. China's total exports, around 15,500 MT during the period of investigation, are more than six times the volume of Indian demand.
 - g. Close to 72% of total Chinese exports to third countries are made at injurious prices.
 - h. Despite duties, exports to India are priced significantly lower than for other countries.
 - i. Countervailing duties aim to eliminate injury caused by unfair trade practices and restore fair competition in the Indian market and not restrict imports.
- xxi. The Authority had prescribed an economic interest questionnaire which was sent to all interested parties to this investigation. None of the interested parties, except the domestic industry, have responded to the economic interest questionnaire. The domestic industry has also provided a quantification of the potential impact of the duty. The Authority has quantified the impact of the countervailing duty on the consumers, and found that the impact of the CVD on the consumers is miniscule.

P. RECOMMENDATIONS

137. The Authority notes that the investigation was initiated and notified to all the interested parties and adequate opportunity was given to them to provide information on the aspect of subsidies, injury, causal link, likelihood of continuation/recurrence of subsidisation and injury and impact of recommended measures. Having initiated and conducted the investigation in terms of the provisions of sunset review investigations as laid down under the Countervailing Duty Rules, the Authority has reached a conclusion that the duty imposed on subject goods is required to be extended further. Accordingly, the Authority recommends extension of countervailing duties on imports of the product under consideration from the subject country.

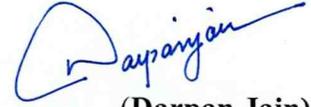
138. In view of the above, the Authority recommends an extension of definitive countervailing duties on the import of the subject goods originating in or exported from China PR as indicated in Col 6 of the duty table below, for a period of 5 years from the date of notification to be issued in this regard by the Central Government.

Duty Table

S.No.	Tariff Item	Description of Goods	Country of Origin/Export	Producer	Duty amount as % of CIF Value
(1)	(2)	(3)	(4)	(5)	(6)
1.	2925 11 00	Saccharin in all its forms	China	Any	20%

Q. FURTHER PROCEDURE

139. An appeal against the determination of the Authority in these final findings shall lie before the Customs Excise and Service Tax Appellate Tribunal in accordance with the relevant provisions of the Customs Tariff Act.



(Darpan Jain)

Designated Authority