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**F.No. 6/17//2019- DGTR  
Government of India  
Ministry of Commerce & Industry  
Department of Commerce  
Directorate General of Trade Remedies  
4 th Floor, Jeevan Tara Building, 5, Parliament Street, New Delhi -110001  
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Dated 5<sup>th</sup> November, 2019

**INITIATION NOTIFICATION  
Case No. OI (CVD)- 6/2019**

**Subject: Initiation of Anti-Subsidy Investigation concerning imports of Fiberboards from Indonesia, Malaysia, Sri Lanka, Thailand and Vietnam.**

**F.No. 6/17//2019- DGTR:** Whereas Greenply Industries Limited/ Greenpanel Industries Limited, Century Plyboards (India) Ltd. and Rushil Decor Limited (hereinafter referred to as “petitioners” or “Domestic industry”) have filed an application on behalf of Domestic industry before the Designated Authority, in accordance with the Customs Tariff Act 1975, as amended from time to time (hereinafter referred to as the Act) and the Customs Tariff (Identification, Assessment and Collection of Countervailing Duty on Subsidized Articles and determination of injury) Rules, 1995, as amended from time to time, (hereinafter referred to as the Rules), alleging subsidization of Fiberboards (hereinafter referred to as the subject goods), from Indonesia, Malaysia, Sri Lanka, Thailand and Vietnam (hereinafter referred to as the subject countries) and requested for initiation of an anti-subsidy investigation for levy of countervailing duties on the imports of the subject goods, originating in or exported from the subject countries.

**A. Allegation of Subsidization**

2. The petitioners have alleged that the producers/exporters of the subject goods in the subject countries have benefitted from the actionable subsidies provided at various levels by the Governments of the subject countries, including the government of different provinces and Municipalities in which producers/exporters are located, and other ‘Public bodies’. The petitioners have relied upon the relevant Laws, Rules and Regulations and other Notifications of the relevant Government Agencies and Public Bodies as available in the public domain and in the determination of other investigating Authorities who had conducted comprehensive investigation of such schemes and concluded existence of countervailable subsidy programs.

**B. Consultation**

In terms of Article 13 of Agreement on Subsidies and Countervailing Measures (ASCM), invitations for pre-initiation consultations were sent to the Government of Indonesia, Government of Malaysia, Government of Sri Lanka, Government of Thailand and Government of Vietnam. While consultations were held with the Government of Malaysia (GoM), Government of Indonesia (GoI) and Government of Vietnam (GoV) on 9th, 10th and 11th October 2019 respectively, the Government of Thailand did not avail the opportunity for

consultations. The written submission of representatives of the responding Government of subject countries have been taken on record.

### C. Subsidy Programs

3. The prima facie evidence provided by the petitioners shows that the producers and exporters of the subject goods in the subject countries have benefitted from a number of subsidy schemes/programs, granted by the Government of respective subject countries and/or their respective public bodies as listed below-

a. Schemes by Government of Indonesia –

- i. Program 1: Provision of Standing Timber for Less Than Adequate Remuneration
- ii. Program 2: Government prohibition of Log exports
- iii. Program 3: Benefits for export facilitation by Indonesia EXIM Bank
- iv. Program 4: Reduction of Income tax
- v. Program 5: Exemption of import duty
- vi. Program 6: Exemption of import duty – Raw materials
- vii. Program 7: Exemption of VAT
- viii. Program 8: Accelerated depreciation or amortization
- ix. Program 9: Relief from Land and Building tax

b. Schemes by Government of Malaysia –

- i. Program No.1: The Market Development grant
- ii. Program No.2: Export Credit Refinancing
- iii. Program No 3: Buyer Credit Guarantee
- iv. Program No.4: Pioneer Status
- v. Program No.5: Investment Tax Policies
- vi. Program No.6: Reinvestment Allowance
- vii. Program No.7: Accelerated Capital Allowance
- viii. Program No.8: Tariff Related Incentives
- ix. Program No.9: Allowance for plants and Machinery
- x. Program No.10: Incentives for manufacturing and manufacturing related services in East Coast Economic Corridor
- xi. Program No.11: Draw back on Import duty, Sales tax and Excise duty
- xii. Program No.12: Sales Tax Exemption
- xiii. Program No.13: Exemption from Import Duty on Raw Materials/Components
- xiv. Program No.14: Double Deduction for Promotion of Exports
- xv. Program No.16: Incentives for Small and Medium Enterprises
- xvi. Program No.17: Allowance for Increased Export
- xvii. Program No.18: Tax Exemptions for Exporters in Free Trade Zones

c. Schemes by Government of Sri Lanka –

- i. Program No 1: National Building Tax exemption (Indirect Tax)
- ii. Program No 2: Exemptions for custom duties on Capital and Intermediate Goods
- iii. Program No 3: Income Tax Concessions for Specified undertakings
- iv. Program No 4: Income tax exemptions for undertakings with high Investment
- v. Program No 5: National Fertilizer Subsidy Scheme

vi. Program No 6: Subsidies for Rubber plantation

d. Schemes by Government of Thailand –

- i. Program No 1: Exemption/reduction of import duties on machinery
- ii. Program No. 2: Exemption of import duty on raw material imported for use in production for export
- iii. Program No 3: Reduction of import duty for raw or essential materials
- iv. Program No 4: Exemption of Corporate Income Tax for BOI-Promoted Activities
- v. Program No 5: Reduction of Income tax in Investment Promotion Zones
- vi. Program No. 6: Additional 25 percent deduction of the cost of installation or construction of facilities
- vii. Program No 7: Double deduction available for companies in Investment Promotion Zones
- viii. Program No 8: Exemption of Income tax – Dividends
- ix. Program No. 9: VAT exemption on exports
- x. Program No. 10: Short term Export Credit Insurance
- xi. Program No. 11: Medium and Long term Export credit Insurance

e. Schemes by Government of Vietnam –

- i. Program No 1: Import Duty Exemptions on Imports of Raw Materials for Exporting Goods
- ii. Program No 2: Import Duty Exemptions on Imported Raw Materials in non-tariff zones
- iii. Program No 3: Import Duty Exemption on Imports of Spare Parts and Accessories for Companies in Industrial Zones
- iv. Program No 4: Reduction of Corporate Income tax
- v. Program No 5: Exemption or Reduction of Import tax
- vi. Program No.6: Exemption and Reduction of Land & Water rent
- vii. Program No 8: Investment Credit by Vietnam Development Bank
- viii. Program No 9: Export Credit by Vietnam Development Bank

4. It has been alleged that the above schemes are actional subsidies since they involve a financial contribution from the Governments of the respective subject countries or other regional or local Governments of such respective countries, including public bodies and confer benefit on the recipient (s). They are also alleged to be limited to certain enterprises or groups of enterprises and/or products and/or regions and therefore specific and countervailable. They are also in some cases alleged to be contingent upon the use of domestic over imported goods and/or contingent upon export performance.

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

**D. Allegation of Injury and Casual Link**

6. The petitioners have furnished information on various parameters relating to ‘injury’ to the domestic industry as prescribed under the Rules. The evidence provided by the petitioner’s prima facie shows material injury to the domestic industry has been caused by the alleged subsidized imports from the subject countries.

## **E. Initiation of the Investigation**

7. The Authority finds that there is prima facie evidence of existence of countervailable subsidies on production and export of the subject goods in the subject countries and such subsidized imports are causing material injury to the domestic industry through their volume and price effects.
8. In view of the above position, the Authority hereby initiates an investigation into the alleged subsidization and consequent material injury to the domestic industry in terms of Rule 6 of the Rules supra, to determine the existence, degree and effect of alleged subsidization and to recommend the amount of countervailing duty, which if levied, would be adequate to remove the injury to the domestic industry.

## **F. Domestic Industry**

9. The application has been filed by Greenply Industries Limited/ Greenpanel Industries Limited, Century Plyboards (India) Ltd. and Rushil Decor Limited, as per the evidence available on record, production of the petitioners accounts for major proportion of the total domestic production. The Authority, therefore, determines that the constituent of domestic producers in the present application constitute domestic industry within the meaning of Rules 2(b) and the application satisfies the criteria of standing in terms of Rules 6(3) of the Rules supra.

## **G. Product Under Consideration**

10. The product under consideration (PUC) in the present investigation is “Fibre board of wood or other ligneous materials, whether or not bonded with resins or other organic substances” (hereinafter referred to as subject goods).
11. Fibreboards is a type of engineered wood product that is made out of wood fibers. Types of fibreboard include medium-density fiberboard (MDF) and hardboard (high-density fiberboard, HDF).
12. The product is classified under heading 44.11 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975). The scope of the product under consideration is the products classifiable under following HS codes:

4411	Fibre board of wood or other ligneous materials, whether or not bonded with
	- Medium density fibre board (MDF)
4411 12	-- Of a thickness not exceeding 5mm
4411 13	-- Of a thickness exceeding 5mm but not exceeding 9mm
4411 14	-- Of a thickness exceeding 9mm
	- Other:
4411 92	-- Of a density exceeding 0.8 gm/cm <sup>3</sup>

4411 93	-- Of a density exceeding 0.5 gm/cm <sup>3</sup> but not exceeding 0.8 gm/cm <sup>3</sup>
4411 94	-- Of a density not exceeding 0.5 gm/cm <sup>3</sup>

13. The PUC covers both HDF and MDF in laminated and non-laminated forms. The delineation of the PUC with respect to thickness/weight parameters is done under the relevant ITC (HS) as stated above.

14. The Authority proposes to consider the PUC as per the following PCNs:

4411 12	MDF of a thickness not exceeding 5mm
4411 13, 4411 93	MDF of a thickness exceeding 5mm but not exceeding 9mm and of a density exceeding 0.5 gm/cm <sup>3</sup> but not exceeding 0.8 gm/cm <sup>3</sup>
4411 14	MDF of a thickness exceeding 9mm
4411 92	HDF of a density exceeding 0.8 gm/cm <sup>3</sup>

15. The interested parties are requested to furnish their comments on the proposed PCNs within 15 days from the date of this notification.

16. Following are excluded from the scope of the product under consideration –

- a) Flooring boards
- b) Sunmica
- c) Insulation board
- d) Coir boards
- e) Jute fibre board

#### **H. Like Article**

17. The petitioners have claimed that the goods produced by the domestic industry are like articles to the subject goods originating in or exported from the subject countries. It has been stated that there is no significant difference in the subject goods produced by the petitioners and those exported from subject countries. The petitioners claim that the two are technically and commercially substitutable. For the purpose of present investigation, the subject goods produced by the domestic industry are being treated as 'like articles' of the subject goods imported from the subject countries.

#### **I. Countries Involved**

18. The countries involved for the purpose of current investigation are Indonesia, Malaysia, Sri Lanka, Thailand and Vietnam.

## **J. Period of Investigation**

19. The period of investigation (POI) in the present investigation is April 2018 to March, 2019 (12 months). The injury investigation period will however cover the periods 2015-16, 2016-17, 2017-18 and the POI.

## **K. Procedure & Submission of Information**

20. The exporters in the subject countries, importers and users in India known to be concerned with the product and the domestic industry are being informed separately to enable them to provide all information relevant in the form and manner prescribed. Any other party interested to participate in the present investigation may also write to:

**The Designated Authority**  
**Directorate General of Trade Remedies**  
**Department of Commerce**  
**Ministry of Commerce & Industry**  
**4th Floor, Jeevan Tara Building,**  
**5 Parliament Street, New Delhi – 110001**

21. As per Rule 7(5) of the Rules supra, the Designated Authority is also providing opportunity to the industrial users of the product under investigation, and to represent consumer organizations who can furnish information which is relevant to the investigation regarding subsidy, injury and casual link. Any other interested party may also make its submissions relevant to the investigation within the time limits set out below.

## **L. Time Limit**

22. Any information relating to the present investigation should be sent in writing so as to reach the Authority at the address mentioned above not later than 40 (forty) days from the date of publication of this notification. The Government of subject countries, known exporters and importers, who are being addressed separately, are however required to submit the response to questionnaire within 40 (forty) days from the date of publication of this notification. If no information is received within the prescribed time limit or the submitted information is incomplete, the Authority may record its findings on the basis of the facts available on record in accordance with the Rules.

## **M. Submission of Information on Non-Confidential basis**

23. In terms of Rule 8 of the Rules, the interested parties are required to submit non-confidential version of any confidential information provided to the Authority. In case confidentiality is claimed on any part of the questionnaire's response/submissions, the same must be submitted in two separate sets (a) marked as Confidential (with title, index, number of pages, etc.) and (b) other set marked as Non-Confidential (with title, index, number of pages, etc.). All the information supplied must be clearly marked as either "confidential" or "non-confidential" at the top of each page.
24. Information supplied without any mark as "Confidential" shall be treated as non- confidential and the Authority shall be at liberty to allow the other interested parties to inspect any such

