

PETITION

FOR

INITIATION OF ANTI-DUMPING INVESTIGATION

ON DUMPED IMPORTS OF

WELDED STAINLESS STEEL TUBES AND PIPES

FROM

THAILAND AND VIETNAM

APPLICANTS

**HARYANA STAINLESS STEEL PIPE AND TUBE MANUFACTURER
ASSOCIATION
STAINLESS STEEL PIPE AND TUBES MANUFACTURER ASSOCIATION,
STAINLESS STEEL PIPES & TUBES MANUFACTURERS ASSOCIATION,
AND
SOUTH INDIA STAINLESS STEEL PIPE AND TUBES MANUFACTURER
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BACKGROUND AND INTRODUCTION

A. Introduction

1. The present application is being filed by Stainless Steel Pipe And Tubes Manufacturer Association, Stainless Steel Pipes & Tubes Manufacturers Association, South India Stainless Steel Pipe And Tubes Manufacturer Association and Haryana Stainless Steel Pipe And Tube Manufacturer Association (hereinafter also referred to as the “applicants”) on behalf of domestic producers of the product seeking initiation of anti-dumping investigation into imports of Welded Stainless Steel Pipes and Tubes (hereinafter also referred to as the “product under consideration” or the “subject goods”) from Thailand and Vietnam (hereinafter also referred to as the “subject countries”). A number of members (hereinafter referred to as the “domestic industry” or the “petitioning domestic producers”) of the Associations have provided their costing and injury information for the purposes of the present application.

2. The application is in the form and manner prescribed by the Designated Authority and contains sufficient information to justify initiation of investigation and imposition of anti-dumping duty. The applicants have provided all relevant information that is reasonably available and requests the Designated Authority to kindly undertake the anti-dumping investigation into imports of subject goods from the subject country. In case the information provided is considered to be insufficient for the purpose of undertaking detailed investigation, the applicants may be appropriately advised. The applicants are willing to provide any further information which may be required in this connection, and which is reasonably available or accessible to them.

B. Background of the past anti-subsidy investigation

3. An anti-subsidy investigation into imports of subject goods from China and Vietnam was initiated on 9th August 2018. Pursuant to a detailed investigation, the Designated Authority found that the imports of subsidized subject goods from the subject countries had caused injury to the domestic industry. Thus, vide final findings No. 6/22/2018-DGAD dated 31st July 2019, the Designated Authority recommended imposition of anti-subsidy duty on imports of subject goods from the subject countries. Such recommendation was implemented vide Notification No. 4/2018 – Customs (CVD) dated 17th September 2019.

4. Pursuant to a request by the exporters of the subject goods, the Designated Authority initiated a limited mid-term review of the anti-subsidy duty vide Notification dated 11th February 2021 to examine the need for modification of scope of product

under consideration. Based on a detailed investigation, the Designated Authority issued Final Findings No. 7/45/2020-DGTR dated 8th February 2022 and concluded that the product exclusion requested by the exporter was not warranted. A list of dates and events in this regard are enclosed as **Annexure A**. The aforesaid duties are presently in force till 16th September 2024.

C. Application under Trade Notice 9/2021 dated 29th July 2021

5. The industry in the present case is a fragmented one. There are more than 100 domestic producers of the subject goods in India, clearly showing that the industry is fragmented in nature. Therefore, the present application is being filed under Trade Notice 9/2021 dated 29th July 2021. Accordingly, the applicants are enclosing only the information required under Annexure I to the Notice for certain domestic producers. For this purpose, the applicants have collected information for 23 applicant domestic producers.

6. The applicants request the Authority to undertake sampling of domestic producers for the purpose of the investigation. The domestic producers sampled by the Authority would endeavour to provide the information required by the Authority for the purpose of the investigation.

7. Further, since the present application is being filed pursuant to Trade Notice 9/2021, the information prescribed under such trade notice has been provided by the applicants. Should the Authority require more information for the purpose of the proposed review, the applicants may be appropriately directed.

PART I – IMPORTED PRODUCT INFORMATION

I. Complete description of alleged subsidised goods, including information on its size, quality, category and used of such goods along with any applicable technical specifications or standards (national or international) and the ITC (HS) Code, Basic Customs Duty and applicable cess, Existing Import Policy (free / restricted / prohibited / imports through STE) and change in import policy, if any, during the POI.

A. Product description

8. The product under consideration is “Welded Stainless Steel Pipes and Tubes”. Welded Stainless Steel Pipes and Tubes are made using stainless steel sheet, skelp, coil or plates. The subject goods are generally made using 200 series, 300 series or 400 series stainless steel.

B. Unit of measurement

9. The product under consideration is sold by weight, or numbers. However, the unit of measurement considered in the present application is kgs or MT.

C. Uses

10. The subject goods are generally used either for ornamental purposes or for industrial and structural purposes. Welded Stainless Steel Pipes and Tubes made of 200 series stainless steel are generally used for ornamental purposes, while those made of 300 and 400 series are used for structural and industrial purposes. It is used in various industries such as oil and gas, food processing, automobiles etc.

11. The product under consideration is not a raw material or intermediate. It is a finished product.

D. Manufacturing Process

12. Stainless steel sheets, skelp, coils or plates are used as the main input to manufacture Welded Stainless Steel Pipes and Tubes. The sheets are fed into tube mills and pass through a number of rollers in order to achieve the desired size. The sheets are then converted into tubular shape and welded on the edges. The pipes so manufactured are cut to desired length. The pipes then undergo a heating treatment in order to remove the stresses that may have occurred due to welding process.

13. In certain cases, the product is subject to cold drawing process in order to obtain a desired size. The cold drawn tube after undergoing the said process is cleaned and goes through quality check. A flow chart depicting the production process is enclosed as **Annexure 1.1**.

14. The producers in the subject countries do not have stainless steel sheets, skelp, coils or plates are used Produced within the country. They procure the input from China, process it into pipes & tubes, and then export pipes to India. Further, while

some of the foreign producers are affiliates of Chinese producers, all of them are in any case procuring input from China – a non market economy country – and then selling the finished pipes & tubes to India.

E. Tariff Classification

15. The subject goods are classified under Chapter 73 of Schedule I to the Customs Tariff Act under the sub-heading 7306 40 00, 7306 61 00 and 7306 69 00

Tariff item	Description of goods
7306	Other Tubes, Pipes and Hollow Profiles (For Example, Open Seam or Welded, Riveted or Similarly Closed), of Iron or Steel
7306 40 00	- Other, welded, of circular cross-section, of stainless steel
	- Other, welded, of non-circular cross-section:
7306 61 00	-- Of square or rectangular cross-section
7306 69 00	-- Of other non-circular cross-section

16. However, as per the information available with the applicants, the product is also being imported under 7304 11 10, 7304 11 90, 7304 41 00, 7304 51 10, 7304 90 00, 7305 11 29, 7305 90 99, 7306 11 00, 7306 21 00, 7306 29 19, 7306 30 90, 7306 50 00, 7306 90 11, 7306 90 19 and 7306 90 90. The customs classification may kindly be considered as indicative only and not binding on the scope of the product under consideration for the proposed investigations. Relevant extract of Schedule I to the Customs Tariff Act is enclosed as **Annexure 1.2**.

17. It is requested that:

- a. the Authority examine the reason for importing the product in any customs classification, and reasons thereof;
- b. the complete HSN classification, and any other classification which the product is being imported in may kindly be denoted in the duty table in any recommendation made.

F. Customs Duty

18. The subject goods attract a basic customs duty of 15% under Schedule I of the Customs Tariff Act. However, by the virtue of Notification No. 50/2017 dated 30th June 2017, the effective customs duty applicable on imports of product under consideration is 10%. Pursuant to Notification No. 50/2018-Customs, the imports of the product

under consideration falling under HS Code 7306 69 00 from China, can be imported at effective customs duty of 7%.

19. Further, the product under consideration may be imported from Vietnam and Thailand under the India-ASEAN Free Trade Agreement. By the virtue of Notification No. 46/2011 dated 1st June 2011 amended vide Notification No. 57/2013 dated 31st December 2013, the product under consideration can be imported duty free from Vietnam. Relevant extracts of Customs Notifications are enclosed herewith as **Annexure 1.3**. However, this is available only if the input is sourced from within ASEAN. Otherwise, full duty is payable. The Designated Authority should investigate the customs duty paid by the importers and thereafter ascertain the source of inputs used by the producers in Vietnam. If the producers have claimed tariff concessions, the Designated Authority should presume that the input has been sourced from within ASEAN.

G. PCN Methodology

20. The cost and prices of the product varies due to the raw material used to manufacture the same. Accordingly, the applicants propose, for the purpose of a detailed investigation, PCN based on the following categories of raw material.

- a. 200 series
- b. 300 series
- c. 400 series

II. Country(ies) of origin of the alleged dumped goods.

21. The present application is in respect of imports of subject goods originating in or exported from the Kingdom of Thailand and the Socialist Republic of Vietnam.

III. Details of concluded or ongoing investigations, if any, relating to the PUC.

22. A background of the past cases concerning the product under consideration has been provided hereinabove. A list of dates and events in this regard are enclosed as **Annexure A**.

IV. The proposed Period of Investigation (POI) and the Injury period. If the proposed POI is not a period 12 months, then justification for the same.

23. The applicants propose April 2022 – March 2023 as the period of investigation. Injury information has been therefore provided for 2019-20, 2020-21, 2021-22 and the proposed period of investigation.

V. Country-wise Volume, value and average CIF value of the subject goods imported into India, from all countries whether alleged to be dumped or not, for the past three years and the proposed POI and the source of information thereof.*

24. The country-wise volume, value and average CIF price of the subject goods is enclosed herewith as **Annexure 1.4**. Since DGCI&S transaction-wise data is not available and the product is being imported under multiple codes, the applicants have relied upon market intelligence data for the present petition. The Authority may however call relevant customs information and supplement the application. The imports reported by the petitioners may be understated.

VI. Name(s), address(es), phone numbers and functional email ids of the following:

a. Known producers/exporters of the alleged dumped goods in each of the subject countries.

25. A list of known producers and exporters of the subject goods is enclosed herewith as **Annexure 1.5**.

b. Known importers of the alleged dumped goods in India and/or the associations thereof.

26. A list of known importers of the subject goods is enclosed herewith as **Annexure 1.6**.

c. Known users of the alleged dumped goods in India and/or the associations thereof.

27. A list of known users of the subject goods is enclosed herewith as **Annexure 1.6**.

28. While the applicants are not aware of any dedicated associations of the users of subject goods, the users may be members of apex associations such as FICCI, CII, ASSOCHEM, etc.

d. Other domestic producers of the like product in India and/or the associations thereof.

29. There are a number of domestic producers of like article in India. A list of all domestic producers has been enclosed herewith as **Annexure 1.7**.

PART II – INDIAN INDUSTRY PROFILE

I. Provide the following relating to the Indian producers of the subject goods who are filing the Application:

a. Functional email id, address and phone numbers of the Regd./Head Office including the Name, email id and mobile number of its contact person.

30. The present application is being filed by Stainless Steel Pipe and Tubes Manufacturer Association, Stainless Steel Pipes & Tubes Manufacturers Association, South India Stainless Steel Pipe and Tubes Manufacturer Association and Haryana Stainless Steel Pipe and Tube Manufacturer Association. The details of corporate office of the applicants are as under.

SN	Particulars
1.	Stainless Steel Pipe and Tubes Manufacturer Association Address: A-127, Wazirpur Industrial Area, New Delhi – 11005 Email ID: ssptmaindia@gmail.com
2.	Stainless Steel Pipes & Tubes Manufacturers Association Address: 401, Elenza Vertex, Beside Armedia, Sindhubhavan Road, Ahmedabad, Gujarat – 380 059 Email ID: info@ssptma.com
3.	South India Stainless Steel Pipe and Tubes Manufacturer Association Address: Plot No. 2A/B2, New No. 111/2, Sidco Industrial Estate, Ambattur, Chennai – 600098 Email ID: synchrosym@hotmail.com
4.	Haryana Stainless Steel Pipe and Tube Manufacturer Association Address: 51, IDC, Behind ESI Dispensary, Delhi Road, Hisar-125005 Email ID: deepak@psrajsteels.com

33. Letters from the applicants and applicant domestic producers requesting initiation of the anti-dumping investigation on imports of subject goods from the subject countries is enclosed as **Annexure 2.1**

34. It is further clarified that the present petition is being filed by the associations of producers of subject goods in India and hence, should be considered on behalf of all domestic producers in India.

b. Name, Functional email id, address and phone numbers of the manufacturing unit(s) of the subject goods including the Name, email id and mobile number of its contact person.

35. The details of manufacturing plants of the petitioning domestic producers of the association providing data for the present investigation has been enclosed herewith as **Annexure 2.2**.

II. Name(s), Functional email ids and address(es) of all Indian producers including the Applicant(s) along with their production volume of subject goods during the injury period (POI and past three financial years in continuity). Also indicate the status of each such producer (i.e. whether supporter, opposer or neutral).

36. There are a number of other domestic producers in India. The production of all such producers along with their status is enclosed herewith as **Annexure 2.3**. The applicants have considered production and sales of other domestic producers based on (a) the volume of raw material supplied by the major Indian supplier, that is, Jindal Stainless, and (b) the estimated volume of raw material procured from other sources. It is requested that the Authority may kindly call for the relevant information from domestic producers.

III. The Supporter must provide (relating to the subject goods) the Installed capacity with supporting evidence, production quantity and Sales Volume and Value (Separately for Domestic, Export and Captive consumption).

37. Not applicable as there is no support to the present application.

IV. Provide the details of the concerned line ministry of department in Govt. of India for the subject goods.

38. The product under consideration falls under the purview of the Ministry of Steel. The details of Ministry are as follows:

Ministry of Steel,

Government of India,

Udyog Bhavan,

New Delhi – 110001

Email – abhijit.narendra@nic.in

Website – <https://steel.gov.in/>

V. Provide the following details relating to the end-use product(s) manufactured out of the subject goods

a. Concerned line ministry and department in Govt. of India.

39. The end use products manufactured out of the subject goods fall under the purview of the Department of Consumer Affairs under Ministry of Consumer Affairs, Food and Public Distribution. The details of Ministry of are as follows:

Department of Consumer Affairs

Ministry of Consumer Affairs, Food and Public Distribution,

Department of Consumer Affairs, Krishi Bhawan,

New Delhi – 110001

Email – secy-ca@nic.in

Website: <https://consumeraffairs.nic.in>

b. The impact of the duty on the end-use product(s) (quantify such impact)

40. The product under consideration is not a raw material or intermediate used in any downstream product. It is used in industrial or construction sector, or for ornamental purposes. Its cost in its applications is very low, as it is not a key cost component for its applications. Thus, the impact of duty on the users would be very low. For instance, in residential or commercial construction, costs on account of this product forms less than 1% of the cost.

VI. Whether the product(s) manufactured by the Applicants are commercially and technically substitutable for the alleged subsidized goods.

41. There are no known differences in the product produced by the applicant domestic producers and the goods imported from the subject countries as both the

products are comparable in all terms including, characteristics such as physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification. Thus, both the products are technically and commercially substitutable and the consumers use them interchangeably.

VII. Subject goods (including size, type, range, models) that petitioner(s) produces.

42. The applicant domestic producers produce like article in various sizes, diameters and length. Further, the like article is produced using 200, 300 and 400 series stainless steel.

VIII. (a) Do any of the petitioner(s) import the subject goods. If Yes, provide the country-wise value and volume of such imports from all countries. Also provide the detailed reasons for importing the subject goods. Give details of selling price to the end-users of such imported goods including a list of such end users.

43. The applicant domestic producers have not imported the subject goods into India during the period of investigation.

(b) Are any of the Petitioners related to the exporter or importer of the alleged dumped article? If yes, provide the country-wise value and volume of such imports from all countries relating to such exports/imports so made by that related entity.

44. The applicant domestic producers are not related to any exporter or importer of subject goods in India.

IX. Whether the concerned product of the applicant is like-article of subject goods in terms of AD Rules. Also indicate any difference in the production process employed by the petitioner(s) and the foreign producers. Quantify the impact of such differences, if any, on cost and/or prices.

45. There are no known differences in the like article produced by the applicant and the product under consideration imported from the subject countries. The like article produced by the applicant is technically and commercially substitutable to the product under consideration imported from subject countries. Thus, the product produced by the applicant is like article to the product under consideration imported from the subject countries within the meaning of Rule 2(d) of the Anti-Dumping Rules. Further, the

same was also noted by the Authority in the countervailing duty investigation concerning the same product, in the final findings dated 31st July 2019.

X. Provide the details of end-users/ consumers of like product in India including sales quantity and value for each of them. Quantify the impact of duty on cost of the end-product, if possible, with detailed calculations.

46. The product is largely consumed for transportation of liquids and gases, structural purposes or ornamental purposes. The impact of proposed duty on the consumers is miniscule.

XI. Details of volume losses during the injury period due to:

a. Shutdown (normal/maintenance/ planned and abnormal/ unplanned) and reasons therefore along with stock position during the shutdown.

47. The applicants request the Authority to select the companies who may furnish their complete data. Since the abovementioned is company related information, the applicants may provide this post selection of companies.

b. Force-majeure situations like flood, earthquake, fire, other natural calamities, etc.

48. Barring lockdown due to Covid-19, there have been no force-majeure situations which would have caused shutdown during the injury period.

PART III – EVIDENCE OF DUMPING

A. Estimate of normal value

I. Provide the estimates of normal value of the subject goods in subject countries as below:

a. If domestic sales can be used, then provide price lists, commercial / sales invoices, trade journals, etc. indicating domestic prices.

OR

b. Evidence of export price to an appropriate third country.

OR

c. Cost of Production (COP) of the subject goods in the country of export/origin for construction of normal value (provide source of data and calculation of such COP).

49. There is no evidence available with regard to domestic selling price prevailing in the market. Further, since there is no dedicated tariff classification for the product, the information with regard to exports or imports cannot be relied upon. In any case, the foreign producers are faced with a particular market situation wherein they are procuring the input from non market economy and selling the product in India. None of the subject countries are having domestic production of hot rolled steel, the primary product for making the input steel. The cost of production of the foreign producers in any case should be determined considering international price of steel.

50. Accordingly, the applicants have relied on cost of production of the subject goods, with reasonable addition for profits and selling, general and administrative expenses.

51. The normal value calculated is enclosed as **Annexure 3.1**.

II. Adjustments for normal value at ex-factory level (supported with evidence).

52. The applicant has determined normal value based on information reasonably available to it. The normal value so determined is enclosed as **Annexure 3.1**.

III. Normal Value at ex-factory level (after adjustments).

53. The normal value determined after adjustments has been enclosed as **Annexure 3.1**.

B. Estimates of net export price

Provide the following information, country-wise, with respect to the Net Export Price of the product for the POI.

1. Average Export Price of India and its basis (e.g. FOB, CIF, FOR, etc)

54. For determination of export price, the applicant has taken the CIF price of the subject goods, and thereafter, adjusted it to arrive at ex-factory price. The average export price is enclosed as **Annexure 3.2**.

2. Adjustments for Export Price at ex-factory level (supported with evidence)

55. The applicant has made the following adjustments to determine the ex-factory export price:

- a. Ocean freight
- b. Marine insurance
- c. Commission
- d. Bank charges
- e. Port expenses
- f. Inland freight

3. Net export price (after adjustments)

56. The calculation of the net export price is enclosed as **Annexure 3.2**.

C. Estimates of dumping margin

57. Considering the normal value and the export price of the product under consideration determined as discussed above, the dumping margin has been calculated and enclosed as **Annexure 3.3**. Both the normal value and the export price pertain to the same period and have been calculated at ex-factory level. There are no known differences in the conditions and terms of sale. Thus, the comparison undertaken by the applicant constitutes a fair comparison.

58. As can be seen from **Annexure 3.3**, the exporters from the subject countries are dumping the product under consideration in the Indian market, and the dumping margin for the subject countries is not only positive, but also significant.

PART IV – EVIDENCE OF INJURY

A. Preliminary submissions

a. Cumulative assessment of injury

59. Para (iii) of Annexure – II of the Anti-Dumping Rules provide that in case imports of a product from more than one country are being simultaneously subjected to anti-dumping investigation, the Designated Authority will cumulatively assess the effect of such imports, if the conditions specified therein are met. Followings are relevant in this regard:

- a. The margin of dumping from each of the subject country is more than two percent;
- b. The volume of imports from each of the subject country is more than three percent of the total imports;
- c. A cumulative assessment of the effect of imports is appropriate in the light of the conditions of competition between the imported products and the like domestic product.
 - a. The products manufactured by the exporters in the subject countries have inter-se comparable properties and are commercially and technically substitutable and are used for the same applications in India.
 - b. The products supplied by the exporters from the subject countries and that manufactured by the domestic industry have comparable chemical properties, and are commercially and technically substitutable, being used for the same applications in India.
 - c. The goods imported from the subject countries and that sold by the domestic industry are being marketed to the same segment of the customers during the same time period.
 - d. The imports from subject countries are competing in the same market as the subject goods produced in India.

In view of the above, the applicant submits that cumulative assessment of the effects of imports is appropriate.

b. Assessment of demand / apparent consumption

60. The demand has been quantified as the sale of the domestic industry and imports into India. It would be that the demand for the subject goods declined between 2019-20 to 2020-21. Thereafter, the demand for the subject goods has recorded an increase.

c. Nature of injury

61. The value addition for the product is merely 8% over raw material. In such a case, the producers will produce the goods only when it receives a remunerative cost. Since raw material cost is 92%, the production of additional volume does not offer any significant advantage in terms of absorption of fixed costs; as against a product having higher fixed costs, wherein a producer may sell the goods even at prices above marginal cost, but lower than total cost. Therefore, in cases where the domestic producers do not find a competitive price in the market, they prefer to suspend production, rather than sell at unremunerative prices.

62. As a result of the nature of the product, the injury suffered would be in terms of volume and not profitability. Accordingly, in the present case, the domestic producers have suffered under-utilized capacities, while the volume of imports have increased.

d. Meaning of injury in the present case

63. In the present case, the industry is in the process of recovering from the injurious effects of subsidized imports, as found by the Designated Authority in the previous investigation. In such a situation, its performance has naturally improved, to the extent it was allowed relief against the onslaught of cheap imports. Even then, the imports from Vietnam have impeded its recovery, particularly from the producers exempt from duty. However, in order to examine whether imports are continuing to cause injury to the domestic industry, it is imperative to consider that the improvement in performance would be attributable to the effects of the anti-subsidy duty, and therefore, mere improvement cannot mean absence of injury.

64. In this regard, the applicants place reliance on the legislation in European Union, that is, Article 3(5) of European Union Anti-dumping Regulation (EU) 2016/1036, which states as under.

*“The examination of the impact of the dumped imports on the union industry concerned shall include an evaluation of all relevant economic factors and indices having a bearing on the state of the industry, **including the fact that an industry is still in the process of recovering from the effects of past dumping or subsidisation**; the magnitude of the actual margin of dumping; actual and potential decline in sales, profits, output, market share, productivity, return on investments and utilisation of capacity; factors affecting union prices; actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital or investments. This list is not exhaustive, nor can any one or more of these factors necessarily give decisive guidance.”*

Thus, the same principle is applicable in the present case as well. Accordingly, the applicants request the injury analysis to be conducted, having regard to the fact that the industry is still in the process of recovering from the effects of past subsidisation.

B. Injury Analysis

I. Change in imports from the subject country(ies), in absolute terms and in relation to production and consumption in India.

65. The relevant information is enclosed herewith in **Proforma IVA**.

II. Changes in market share held by the domestic industry, other Indian producers, importers from the subject countries and imports from other countries.

66. The relevant information is enclosed herewith in **Proforma IVA**.

III. Change in sales volumes, output/production, or utilization of capacity.

67. The relevant information is enclosed herewith in **Proforma IVA**.

IV. Change in productivity, employment and wages.

68. The relevant information is enclosed herewith in **Proforma IVA**.

V. Change in profits, cash flow, return on investment, inventories, growth, ability to raise capital investment.

69. The relevant information is enclosed herewith in **Proforma IVA**.

VI. Price injury parameters including price undercutting, price underselling and price suppression or price depression.

70. The relevant information concerning price undercutting is enclosed herewith in **Annexure 4.1**. The information regarding price underselling is enclosed as **Proforma IVB**. The information regarding price suppression or depression is enclosed herewith in **Proforma IVA**.

C. Volume effect of imports

i. Increase in volume of imports into India

71. The estimated capacities of the domestic producers in India are higher than the demand in the country. Nevertheless, there has been an increase in the volume of imports over the injury period. As compared to the base year, the imports have increased by 24%.

ii. Increase in imports in relative terms, despite underutilized domestic capacities

72. The imports have not only increased in absolute terms, but also in relation to relative terms. While the imports have increased by 6% in relation to Indian production, they have increased by 19% in relation to Indian demand. Such significant increase

must be seen having regard to the fact that the domestic producers are facing significantly under-utilized capacities.

iii. Rate of increase in imports higher than the increase in demand

73. The rate of increase in imports is far higher than the rate of increase in demand. While the imports increased by 24% over the injury period, the demand had increased by only 4%.

D. Price effect of imports

i. Imports are undercutting the prices of the applicant domestic producers

74. Even at present, the imports are undercutting the prices of the applicant domestic producers. This price undercutting is despite the fact that the present comparison is on average basis, and while the goods being imported from the subject countries are majorly of 300 series, the applicant domestic producers have sold significant quantities of goods in 200 series. The product under consideration made of 300 grade steel is priced approximately 2/3rd higher than the product under consideration made of 200 grade steel. Nevertheless, the price undercutting is positive and significant.

ii. Price suppression or depression

75. the imports have suppressed the prices of the applicant domestic producers. The imports did not exert a strain on the prices of the applicant domestic producers till 2021-22. However, during 2022-23, while the cost of production of the applicant domestic producers increased by 11%, they were able to increase their selling price by only 5%.

E. Impact on economic parameters

i. Low capacity utilization of the applicant domestic producers

76. The capacity in country is sufficient to cater to the entirety of the demand. Therefore, the entirety of the imports are unnecessary. Moreover, owing to the subject imports, the applicant domestic producers have faced a decline in capacity utilization. The capacity utilization of the petitioning domestic producers is merely 50%.

ii. Market share of imports

77. Since the Indian producers have sufficient capacity to cater to the demand in India, the imports are totally unnecessary in such a situation. The imports from the subject countries have increased, taking away an increased share of the market. While demand in India has increased by 4% over the injury period, the imports from

exempted entities have increased by 22%. Due to increase in volume of imports, the market share of subject countries has increased by 19%.

iii. Imports priced below the cost of sales of the domestic industry

78. Not only are the imports priced below the selling price of the applicant domestic producers, but are also priced below the cost of production. While the applicants have not conducted an analysis of the cost of production and landed price on PCN-wise basis, as stated above, a PCN-wise analysis would only further underscore the differences, owing to the basket of imports from subject countries comprising majorly of goods of 300 series. However, even now, the average price of imports from the subject countries is lower than the cost of production of the applicant domestic producers.

iv. Increase in inventories of the domestic producers

79. The imports have also impacted the inventories of the applicant domestic producers. It would be seen that the inventories of the applicant domestic producers have increased by 113%. Further, even the inventory holding period of the domestic producers has increased from 25 days to 40 days.

80. From the foregoing, it is evident that the imports have adversely impacted the performance of the domestic producers, causing material injury.

PART V – EVIDENCE OF CAUSAL LINK

A. Non-attribution analysis

I. Volume and value of imports from countries other than the subject country(ies) and an explanation as to why imports from these country(ies) especially from where the imports are above de-minimis are not causing injury to domestic industry.

81. Apart from the subject countries, there are no significant imports from any other country. Thus, the injury suffered is not attributable to imports from other countries.

II. In case the demand has undergone decline substantially, an explanation on why such decline has not caused injury to the domestic industry.

82. The demand for the subject goods dipped initially, but has increased thereafter over the injury period. The injury to the domestic industry is not on account of any contraction of demand.

III. State whether trade restrictive practices of and competition amongst the foreign and/or domestic producers, developments in technology, export performance or the productivity of the domestic industry or any other known factors have cause injury to the domestic industry. If no, explain why.

83. There are no other factors causing injury to the domestic industry apart from the low-priced imports from subject countries. This is evident from the below.

a. **Trade restrictive practices of and competition between foreign and domestic producers** – There are no trade restrictive practices, which are likely to cause injury to the domestic industry and no injury is apprehended on this account.

b. **Developments in technology** – The technology for producing the product under consideration has not undergone any change and is not likely to undergo any significant change in the foreseeable future. Therefore, no injury to the domestic industry is likely on this account.

c. **Export performance** – The performance of the domestic industry has been segregated for domestic and export market, to the extent possible, and the injury analysis above pertains only to the domestic operations of the domestic industry.

d. **Productivity of the domestic industry** – The productivity of the domestic industry has not declined over the injury period. It is, therefore, not likely that any injury to the domestic industry is attributable to decline in productivity.

e. **Changes in pattern of consumption** – There has been no material change in the pattern of consumption of the product under consideration, and no such change is anticipated, which may cause injury to the domestic industry.

f. **Performance of other products produced and sold by the domestic industry** – The information contained in the present petition relates only to product under consideration. Therefore, there is no relevance of performance of other products produced and sold.

The likely injury to the domestic industry can, therefore, not be attributed to any other factor, other than the dumped imports from the subject country.

B. Factors establishing causal link

84. While it is evident from the above that the injury claimed is not on account of any other factors, the following may be noted with regard to existence of causal link between the dumped imports and the injury to the domestic producers.

- a. There is dumping of the subject goods from the subject countries.
- b. The imports from the subject countries have increased in absolute terms, and in relation to production and consumption in India.
- c. The rate of increase in imports is higher than the rate of increase in demand.
- d. The subject imports are undercutting the prices of the applicant domestic producers.
- e. The imports have also suppressed the prices of the applicant domestic producers.
- f. While the Indian industry has excess capacities, they were unable to obtain a substantial share in increase in demand. The demand freed up due to imposition of duty on certain sources has been taken up by the imports from Thailand, and imports from producers exempt from duty.
- g. The applicant domestic producers are unable to achieve an optimum capacity utilization.
- h. The subject imports are entering India at prices below the cost of sales of the applicant domestic producers.
- i. The inventories of the domestic producers have increased over the period.

IV. Provide the production during any shut-down month/ quarter (segregating between normal and abnormal) in the plant during the injury period. Also provide the inventory levels and other relevant details during that time.

85. The present application is under MSME provisions and therefore, this information shall be provided once the DGTR samples the domestic producers who have to provide data for determination of non-injurious price.

V. Provide whether there are any constraints (related to raw materials shortage, power shortage, impact of any tax differential, lack of adequate capacity or investment constraints, etc. as applicable to the domestic industry in relation to the production or sales of subject goods. Provide the relevant details in this regard.

86. The domestic industry has not faced any constraints related to raw material shortages, power shortage, lack of adequate capacity or investment constraint.

VI. Evidence of lost contracts.

87. Despite the anti-subsidy duties, the volume of imports remained high, and prevented the domestic industry from utilizing its capacities.

PART VI – COSTING INFORMATION

A. Preliminary Submission

88. Since the present application is being filed by the associations of domestic producers of like article in India on behalf of all domestic producers, the costing related information is not being submitted. The applicants request the Authority to select the companies which may furnish their complete costing data. The applicants may be allowed to provide this post selection of companies, and after initiation of investigations.

89. Insofar as the determination of injury margin is concerned, it may kindly be considered that the same is not required at the stage of initiation. The purpose of determination of injury margin is only the quantification of anti-dumping duty. However, in accordance with Rule 5 of the Anti-Dumping Rules, the Authority is only required to consider whether there is sufficient evidence of dumping, injury and causal link at the stage of initiation. Accordingly, it is urged that the requirement may kindly be dispensed with at this stage, in view of the fragmented nature of the industry.

I. Production Process: Stage-wise process of manufacturing including its various routes of such manufacturing along with process-flow chart indicating cycle time taken at each process.

90. The production process of the applicant is enclosed as **Annexure 1.1**.

II. Statement of consumption of raw materials, packing materials and utilities used for PUC production and Details of expenses (procured domestically / imported or from related/unrelated party) during the POI as per Format VI-I.

91. Not applicable at this stage. The sampled companies shall provide this information post selection of companies.

III. Statement of cost of production as per Format VI-2. The basis of allocation may be clearly mentioned. The PUC figures in format VI-2 must be provided as per the financial records. Further, in case the Cost Audit Report has dedicated cost of production for the PUC, then provide the Cost Audit Report for the IIP along with the reconciliation of the financial and cost records maintained by the company.

92. Not applicable at this stage. The sampled companies shall provide this information post selection of companies.

IV. Provide the calculation of the ratios used in the costing formats for allocation of expenses, working capital or net fixed assets as per Format VI-2R which shall be duly linked with the respective formats, wherever used.

93. Not applicable at this stage. The sampled companies shall provide this information post selection of companies.

V. Provide PCN-wise summarised Statement of Expenses, if proposed/claimed, as per Format VI-3.

94. Not applicable at this stage. The sampled companies shall provide this information post selection of companies.

VI. Calculations in Excel of Average Working Capital (for opening & closing period of POI) and Average Net fixed Assets (for the IIP) as per Format VI-4. The basis of allocation may be clearly mentioned.

95. Not applicable at this stage. The sampled companies shall provide this information post selection of companies.

VII. In case of major new investment (i.e. beyond small de-bottlenecking etc.) for the PUC during the IIP, provide the date of installation of machinery, its average useful life on such date and its detailed project report as submitted to the relevant authorities / financial institutions or, if not so submitted, as approved by the management of the company.

96. Not applicable at this stage. The sampled companies shall provide this information post selection of companies.

VIII. Statement showing plant-wise NIP for the applicant companies constituting DI separately along with the weighted average NIP for the DI as a whole as per Format VI-5.

97. Not applicable at this stage. The sampled companies shall provide this information post selection of companies.

IX. A Statement showing Installed Capacity, Production and Net Sales Realisation (Qty. and value for the PUC (month-wise for the POI).

98. Not applicable at this stage. The sampled companies shall provide this information post selection of companies.

X. Provide for the POI, the Audited / certified signed (searchable pdf document) annual financial statements (and notes annexed thereto) including director's auditor's report. Also provide for the POI, relevant excel of P&L and balance sheet including notes to financial statements and 'trial balance relevant to PUC as per Format VI-2T duly linked with costing formats.

99. Not applicable at this stage. The sampled companies shall provide this information post selection of companies.

XI. Provide for the past three financial years, the Audited annual financial statements including director's and auditor's report (searchable pdf document).

100. Not applicable at this stage. The sampled companies shall provide this information post selection of companies.
