NON-CONFIDENTIAL VERSION

BEFORE THE
DESIGNATED AUTHORITY,
DIRECTORATE GENERAL OF TRADE REMEDIES

APPLICATION
FOR IMPOSITION OF SAFEGUARD MEASURES
ON IMPORTS OF
"**NON-ALLOY AND ALLOY STEEL FLAT PRODUCTS**"

APPLICANTS:

INDIAN STEEL ASSOCIATION

ON BEHALF OF:

ArcelorMittal Nippon Steel India Limited

AMNS Khopoli Limited

JSW Steel Limited

JSW Steel Coated Products Limited

Bhushan Power & Steel Limited

Jindal Steel and Power Limited

Steel Authority of India Limited, and

Filed by

sarvada

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December 13, 2024

REASONS FOR CLAIMING CONFIDENTIALITY

S. No.	Annexure No.	Particulars	Confidentiality Reasoning
1.	Application Narrative		Information such as cost of production and selling price, profitability, price undercutting are based on applicants' data which is confidential in nature. Disclosure of this information would be of significant competitive advantage to the competitors and hence cannot be disclosed. The information has been provided in trend.
2.	Annexure 3	Domestic Industry Standing	The information is business proprietary and not available in the public domain. Disclosure of the same would affect the competitive position of the domestic industry in the market. The information is provided in trend.
3.	Annexure 5	Costing Information	The information is business proprietary and highly sensitive. Neither the information, nor a summary of it is available in public domain. Disclosure of the same would affect the competitive position of the domestic industry in the market.
4.	Annexure 18	Economic Parameters of the Domestic Industry	The information is business proprietary and highly sensitive. Neither the information, nor a summary of it is available in public domain. Disclosure of the same would affect the competitive position of the domestic industry in the market. The information is provided in trend.
5.	Annexure 20	Volume of imports that undercut the domestic selling price of the Domestic Industry	The information is business proprietary and highly sensitive. Neither the information, nor a summary of it is available in public domain. Disclosure of the same would affect the competitive position of the domestic industry in the market. The information is provided in trend.
6.	Annexure 21	Price suppression / depression	The information is business proprietary and highly sensitive. Neither the information, nor a summary of it is available in public domain. Disclosure of the same would affect the competitive position of the domestic industry in the market. The information is provided in trend.

S. No.	Annexure No.	Particulars	Confidentiality Reasoning
7.	Annexure 22	Platts Benchmark for HR Steel Prices	This Annexure contains summary information of the price benchmarks for HR steel. The information is copyrighted and has been obtained by the Applications from a paid subscription database.
8.	Annexure 30	Details of Adjustment Plan	The information is business proprietary and highly sensitive. Neither the information, nor a summary of it is available in public domain. Disclosure of the same would affect the competitive position of the domestic industry in the market.
9.	Annexure 32	Details of plant shutdowns of certain plants	The information is business proprietary and highly sensitive. Neither the information, nor a summary of it is available in public domain. Disclosure of the same would affect the competitive position of the domestic industry in the market.

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CHECKLIST

S. No.	Particulars	Whether Provided (Yes/ No / N.A.) If yes provide page No.	Page Number / Annexure	If No, Provide Reasons
1	**Like Article or Directly Competitive**			
a	Whether full description of the product under consideration, including chemical formula, grade constituents material/components, process of manufacture, uses and interchangeablity of various grades, tariff classification, any import duty thereon, list of known foreign producer/importer's/exporter's, information on major industrial user and its export price etc. have been provided.	Yes.	Page No. 16	
b	Details background of the Applicant and the domestic like article manufactured. Details of past AD/CVD/Safeguard investigation on subject goods by DGTR and other WTO member countries, if any	Yes	Page No. 15	
c	Details (Volume, Value, Import Price, Re-sale Price and % of total imports) of purchase from Indian producers / self-imports of PUC, if any, made by each applicant	Yes	Annexure 18	
2	**Product Control Numbers**			
a	Whether PCNs required. If yes, whether the application has proposed PCNs with justifications & write-up on differences in their respective costs, prices, physical/technical characteristics, uses, etc.	N/a	Page No.16	
3	**Period of Investigation (POI) and Injury Period**			
a	Whether the proposed POI is recent i.e. not older than four months from the date of application	Yes		The proposed POI is October 2023 to September 2024
b	Whether the POI is a twelve-months' period and injury period covers three previous years. If POI is not 12 months, reason thereof.	Yes		
4	**DI Standing**			

S. No.	Particulars	Whether Provided (Yes/ No / N.A.) If yes provide page No.	Page Number / Annexure	If No, Provide Reasons
a	The details of the production by the Applicant and information on the Total Indian Production of the PUC for the POI and Injury Investigation Period (IIP) along with the 'source data and/or calculation methodology'	Yes	Annexure 3	
b	If applicant is an association, then the requisite details of such association as per the instructions circulated vide F.No. 1 4/44/2016-DGAD dated Nil	N/a	Annexure 2	Indian Steel Association has filed the application on behalf of 7 steel producers. The Authorisation Letters, Format X and Company Certifications of each of the 7 steel producers have been enclosed as Annexure 2
c	Whether support letter has been filed.	No		At this stage, no support letter is filed. Parties may file support letters in due course.
5	**Transaction-wise import data**			
a	Note on Unforeseen events which have led to sudden increase in imports	Yes	Page No. 26	
b	Transaction-wise import data in MS-excel from DGCI&S and the country-wise summary (Volume, Value, Rate) of such import data.	Yes	Annexure 13	Since the Petitioners were not able to obtain DGCI&S data, import data from private sources has been provided.
c	Methodology adopted for segregating import data into PUC & NPUC	Yes	Annexure 13	
6	**Injury Information and Causal Link**			

S. No.	Particulars	Whether Provided (Yes/ No / N.A.) If yes provide page No.	Page Number / Annexure	If No, Provide Reasons
a	Injury Information as relevant for Section 5 of the Application Proforma. The applicant may additionally use and provide IVA and IVB proforma applicable in ADD Cases, to the extent applicable for safeguard applications.	Yes	Annexure 18	Petitioners have provided information pertaining to the parameters mentioned in Article 4.2(a) of the Agreement on Safeguards, read with the Customs Tariff Act, 1975 and the Annexure to the Customs Tariff (Identification and Assessment of Safeguard Duty) Rules, 1997.
b	Landed Value of the PUC (PCN-wise, if applicable)	Yes	Annexure 13	
c	Information relating to Causal Link as contained in Part-V of the Application Proforma	Yes	Page 42	
7	**Information on Adjustment Plan**			
a	Detail plan for removal of injury to the industry, specify the quantum and duration of safeguard duty that can help the industry in adjusting to the new situations of competition offered by increased imports.	Yes	Page 44	
b	Specify the restructuring plan of unit to adjust to the new situation of competition offered by the increased imports. What steps have been taken so far for enhancing the capacities and how can the further proposed restricting plan be implemented.	Yes	Annexure 30	
c	An estimate of year wise reduction in cost of production (or quantum of other benefit-separately) that may be achieved as a result of readjustment, if any	N/a	Page 45	Please see the information provided in page 45.
8	**Supporting Documents/ information as per Safeguard Trade Notice**			
a	Details/calculation of Total Demand in India of the PUC for the Injury Investigation Period (IIP)	Yes	Annexure 14	

S. No.	Particulars	Whether Provided (Yes/ No / N.A.) If yes provide page No.	Page Number / Annexure	If No, Provide Reasons
b	Total Indian Production of applicant and basis for the estimation and standing of DI.	Yes	Annexure 3	
c	Installed Capacity of PUC with supporting documents like Pollution Control Board Certificate.	Yes	Annexure 18	
d	Statement of Total sales (separately for domestic /captive/exports) of the applicant and other Indian producer(s) along with total year wise demand in the country	Yes	Annexure 18	
e	Statement of Economic parameters of DI and workings of Cost of production along with Excel files	Yes	Annexure 5 and page 35	
f	Submissions and Workings in support of claimed injury/threat of injury.	Yes	Page No. 35 and Annexure 18	
g	Evidence in support of causal link	Yes	Page No. 42	
h	Statement of adjustment and period thereof	Yes	Page No. 44	
i	Evidence regarding unforeseen developments	Yes	Page No. 26	
j	Confirmation from the DI/consultants that the complete cost data for all the units of the domestic industry manufacturing or selling PUC has been furnished in the petition.	Yes	Annexure 2	
k	Audited financial Statements and Cost audit reports	Yes	Annexures 23 to 29	
l	Detailed Project Report (DPR) or Capex Report, if applicable	N/a		
m	List of interested parties including Indian importers, foreign exporters and users	Yes	Annexures 10 and 11	
n	Statement of critical circumstances if provisional measures are requested	Yes	Page No. 47	
9	**Non-Confidential Version of the Application**			
a	Whether Non-Confidential Version (NCV) of the application in soft copy in searchable PDF (including all formats as prescribed in the Application Proforma) has been provided.	Yes		

Section 1: General Information

1. Date of Information

December 11, 2024.

2. Applicants – Provide name and addresses of the applicants

The applicant is the Indian Steel Association ("ISA"), which is registered as a society under the Societies Registration Act, 1860. ISA is an association of Indian steel producers.

The address of ISA is as follows:

Upper Ground Floor No. 4,
Kanchenjunga Building,
18, Barakhamba Road,
New Delhi 110001, INDIA
Phone - +91 11 42668800; 42668805
E-mail - sg@indsteel.org

The application is filed by ISA on behalf of its members. A list of members of ISA is attached as **Annexure 1.**

The following Indian steel producers who are members of ISA are presenting the relevant information:

1. ArcelorMittal Nippon Steel India Limited
2. AMNS Khopoli Limited
3. JSW Steel Limited
4. JSW Steel Coated Products Limited
5. Bhushan Power & Steel Limited
6. Jindal Steel and Power Limited, and
7. Steel Authority of India Limited

3. Complete details about identity

i. Name & Address of the registered, marketing and head office and of PUC-Plant:

The details of ISA is given in response to Question No. 2 above. The details of steel producers who are presenting information in this petition are as follows:

<table>
<tr><th colspan="4">(1) AMNS Khopoli Limited</th></tr>
<tr><td>Registered Office</td><td>Head Office</td><td>Marketing Office</td><td>PUC Plant</td></tr>
<tr><td>Survey No. 71-75, Khopoli Pen Road, Donvat, Raigad District, Maharashtra, India Pin - 410203</td><td>Raheja Towers, 6th & 7th Floor, BKC, Bandra East, Mumbai, Maharashtra, India, Pin - 400051</td><td>Raheja Towers, 6th & 7th Floor, BKC, Bandra East, Mumbai, Maharashtra, India, Pin - 400051</td><td>Survey No. 71-75, Khopoli Pen Road, Donvat, Raigad District, Maharashtra, India Pin - 410203</td></tr>
<tr><td colspan="3"></td><td></td></tr>
<tr><th colspan="4">(2) ArcelorMittal Nippon Steel India Limited</th></tr>
<tr><td>Registered Office</td><td>Head Office</td><td>Marketing Office</td><td>PUC Plant</td></tr>
<tr><td>AMNS House AMNS Township, 27th K.M., Surat-Hazira Road, Hazira, Surat, Gujarat, India Pin - 394 270</td><td>Raheja Towers, 6th & 7th Floor, Bandra Kurla Complex, Bandra (East), Mumbai, Maharashtra, India, Pin - 400 051</td><td>Raheja Towers, 6th & 7th Floor, Bandra Kurla Complex, Bandra (East), Mumbai, Maharashtra, India, Pin - 400 051</td><td>Hazira Plant – Surat Hazira Road, Hazira, SuratT, Gujrat, India, Pin - 394270</td></tr>
<tr><td colspan="3"></td><td></td></tr>
<tr><th colspan="4">(3) Jindal Steel and Power Limited</th></tr>
<tr><td>Registered Office</td><td>Head Office</td><td>Marketing Office</td><td>PUC Plant</td></tr>
<tr><td>O.P. Jindal Marg, Hisar, Haryana, India Pin - 125 005</td><td>Jindal Centre 12, Bhikaji Cama Place, New Delhi, India Pin -110 066</td><td>Jindal Centre 12, Bhikaji Cama Place, New Delhi, India Pin - 110 066</td><td>1) Kharsia Road, Raigarh – 496001, Chattisgarh</td></tr>
<tr><td></td><td></td><td></td><td>2) Angul Plant, Chhendipada Road, SH-63, At/Po: Jindal Nagar, Pin-759111 Dist: Angul, ODISHA</td></tr>
<tr><td colspan="3"></td><td></td></tr>
<tr><th colspan="4">(4) JSW Steel Coated Products Limited</th></tr>
<tr><td>Registered Office</td><td>Head Office</td><td>Marketing Office</td><td>PUC Plant</td></tr>
<tr><td>JSW Centre, Bandra Kurla Complex, Bandra (East), Mumbai, Maharashtra, India Pin - 400051</td><td>JSW Centre, Bandra Kurla Complex, Bandra (East), Mumbai, Maharashtra, India Pin - 400051</td><td>JSW Centre, Bandra Kurla Complex, Bandra (East), Mumbai, Maharashtra, India Pin - 400051</td><td>1) A/P - Vasind Block - Shahapur Dist - Thane - Maharashtra-India PN - 441501</td></tr>
<tr><td></td><td></td><td></td><td>2) Plot No. B-6, MIDC</td></tr>
</table>

			Tarapur Industrial Area, Navapur road, Taluka and District Palghar Maharashtra-Pin - 401506
			3) Plot No.7-12 Sector 6. IMT, Bawal, Distt-Rewari, Haryana-Pin - 123501
			4) S. No. 18/3 Khopoli-Pali Road, Near-Khalapur Toll Plaza, Mumbai -Pine Express Highway, Village:Dahivali, Taluka- Khalapur. Dist-Raigad, Maharashtra-Pin - 410203
			5) GT Road, CM Public School, VILLAGE BEOPROR, Rajpura, Patiala, Punjab, Pin - 140401
			6) A 10/1, MIDC Industrial area, Kalmeshwar, Dist:Nagpur, Pin - 441501
(5) JSW Steel Limited			
Registered Office	*Head Office*	*Marketing Office*	*PUC Plant*
JSW Centre, Bandra Kurla Complex, Bandra (East), Mumbai, Maharashtra, India Pin - 400051	JSW Centre, Bandra Kurla Complex, Bandra (East), Mumbai, Maharashtra, India Pin - 400051	JSW Centre, Bandra Kurla Complex, Bandra (East), Mumbai, Maharashtra, India Pin - 400051	1) P.O. Vidyanagar, Toranagallu Village, Sandur Taluk, Dist. Bellary, Karnataka – Pin - 583275
			2) Geetapuram, Dolvi Village, Pen Taluk, Dist. Raigad, Maharashtra Pin - 401506

			3) Welspun City, Survey No. 659, Versamodi Village, Anjar Taluka, Kutch, Gujrat, Pin - 370110
(6) Steel Authority of India Limited			
Registered Office	*Head Office*	*Marketing Office*	*PUC Plant*
Ispat Bhawan, Lodhi Road, New Delhi, India Pin – 110003	Ispat Bhawan, Lodhi Road, New Delhi, India Pin – 110003	Ispat Bhawan, Lodhi Road, New Delhi, India Pin – 110003	1) SAIL/ Bhilai Steel Plant Ispat Bhawan, Bhilai, District – Durg (Chattisgarh) Pin– 490001
			2) Steel Authority of India Ltd., Rourkela Steel Plant, Administration Building, Rourkela, Sundargarh, Odisha – Pin - 769011
			3) Salem Steel Plant, Alagusamudram, Maramangalathupatti, Salem, Tamil Nadu, Pin - 636013
			4) Bokaro Steel Plant, Ispat Bhawan, Bokaro Steel City – Pin - 827001, Bokaro, Jharkhand
(7) Bhushan Power & Steel Limited			
Registered Office	*Head Office*	*Marketing Office*	*PUC Plant*
4th Floor, A-2, NTH Complex, Saheed Jeet Singh Marg USO Road, Qutub Institutional Area, New Delhi	F – Block, 1st Floor, International Trade Tower, Nehru Place, New Delhi – 110 019 (India)	F – Block, 1st Floor, International Trade Tower, Nehru Place, New Delhi, Pin -	1) Puliya No. 6 Thelkoloi, Sambalpur, Jharsuguda, Odisha, India, Pin - – 768232

South, Pin - 110067		110019 (India)	

ii. Contact Person, their email id & tel. No. / fax no.:

For ISA, the contact person is Mr. Ravinder Bhan, Senior Director. The e-mail id of Mr. Bhan is **[** *** **]** and his telephone number is **[** *** **]**.

ISA has appointed the following law firm as its legal representative (authorisation letter enclosed as **Annexure 2**):

Name of the firm:	Sarvada Legal
Advocates	S Seetharaman / Atul Sharma
Address	C-564, Ground Floor, Defence Colony, New Delhi – 110 024
Mobile:	+91-90790 96783
Telephone:	+91-11 45261323
Email	trade@sarvada.co.in seetha@sarvada.co.in atul@sarvada.co.in

iii. Corporate Structure:

ISA is registered as a society under the Societies Registration Act, 1860.

Out of the seven producers whose data is included in the petition, four are limited liability *listed* companies - Jindal Steel and Power Limited, JSW Steel Limited and Steel Authority of India Limited.

The remaining four producers are limited liability companies - AMNS Khopoli Limited, ArcelorMittal Nippon Steel India Limited, JSW Steel Coated Products Limited and Bhushan Steel & Power Limited.

The details of the related companies and corporate structure are available in the Annual Report enclosed in response 26(j) below.

iv. Commodities manufactured:

The seven producers are engaged in manufacturing Non-Alloy and Alloy Carbon Steel Flat Products.

v. Distribution and marketing system:

Every domestic producer participating in this petition has established its own domestic distribution and marketing system on an all India basis. They sell to end-users directly, to traders, to dealers and distributors. For mega projects, they also participate in tenders as may be required.

4. Domestic Producers of the like or directly competitive products on whose behalf the application is filed (Give details of all domestic producers who support the application).

Please see the response to Question No. 3(i) above.

5. Information on production accounted for by the domestic producers of the like or directly competitive products - in respect of all producers whether they support the application or not.

The petitioners account for a major share of the total production of the product under consideration in India as required under Section 8B (11) (b)(ii) of the Customs Tariff Act 1975 ("the Act") . The detailed calculations are presented in **Annexure 3**.

6. Background: Mention if any application for anti-dumping or countervailing duty or quantitative restriction investigation has been filed by any entity(ies) on behalf of the domestic industry.

The ISA filed an application on behalf of two of its members, namely, JSW Steel Limited and ArcelorMittal Nippon Steel India Ltd seeking imposition of antidumping duty against imports of Hot-Rolled flat products of alloy or non-alloy steel originating in or exported from Vietnam. The Ld. DGTR initiated the antidumping investigation on August 14, 2024 and the investigation is ongoing as on the date of filing this petition.

Section 2: Product in respect of which increase in imports alleged

7. Name of the product and description: Provide full description of the Product Under Consideration (PUC) including chemical formula, grades/varieties, constituent materials/Components, Description of the product, including sizes, model or type etc.

<u>Product Scope</u>

The product under consideration ("PUC") is Non-Alloy and Alloy Steel Flat Products**,** namely, *a)* Hot Rolled ("HR") coils, sheets and plates, *b)* HR Plate Mill Plates, *c)* Cold Rolled ("CR") coils and sheets, *d)* Metallic Coated Steel coils and sheets, whether or not profiled, including Galvanneal, Coated with Zinc or Aluminium-Zinc or Zinc-Aluminium-Magnesium, and *e)* Colour Coated coils and sheets, whether or not profiled.

The scope of this petition covers all grades and varieties, all sizes, including all thicknesses and widths, of the product under consideration.

However, the following products are *excluded* from the scope of the product under consideration:

1. Cold Rolled Grain Oriented Electrical Steel (CRGO)
2. Cold Rolled Non-Oriented Electrical Steel (CRNO) coils and sheets
3. Coated - Electro Galvanized steel
4. Tinplates
5. Stainless steel

The PUC falls under the HSN tariff headings 7208, 7209, 7210, 7211, 7212, 7225 and 7226. The tariff headings are indicative only.

<u>Brief Description</u>

A brief indicative and non-exhaustive description of each category of the PUC is given below for ease of general understanding:

<u>HR coils, sheets and plates</u> include products that are not further worked than hot-rolled, and are flat products of alloy or non-alloy steel, in prime or non-prime condition having 'as-rolled' edge or 'trimmed' edge or 'slit' edge or 'milled' edge or 'sheared' edge or 'laser-cut' edge or 'gas-cut' edge or any other type of edges. These products may be pickled or non-pickled (with or without skin-pass), slit or non-slit, normalized or un-normalized, ultra-sonically tested or untested, oiled or non-oiled etc. These products may be 'as-rolled' or 'thermo-mechanically rolled' or 'thermo-mechanically controlled rolled' or 'controlled rolled' or 'normalized rolled' or 'normalized' or subject to any other similar processes. These products

may have been subjected to various processing steps like pickling, oiling, rewinding, recoiling, temper rolling, heat treatment, etc. These products may be sand blasted or shot blasted or subjected to similar surface treatment processes. The HR coils, sheets and plates may be produced through the hot strip mill (HSM) route or thin slab casting route.

HR Plate Mill Plates are produced through the plate mill route include products that are not further worked than hot-rolled, and are flat products of alloy or non-alloy steel, in prime or non-prime condition having 'as-rolled' edge or 'trimmed' edge or 'slit' edge or 'milled' edge or 'sheared' edge or 'laser-cut' edge or 'gas-cut' edge or any other type of edges. These products may be pickled or non-pickled (with or without skin-pass), normalized or un-normalized, ultra-sonically tested or untested etc.. These products may be 'as-rolled' or 'thermo-mechanically rolled' or 'thermo-mechanically controlled rolled' or 'controlled rolled' or 'normalized rolled' or 'normalized' or subject to any other similar processes. These products may have been subjected to various processing steps like pickling, oiling, heat treatment, etc. These products may be sand blasted or shot blasted or subjected to similar surface treatment processes.

HR Coil, Sheets, Plates and Plate Mill Plates are conventionally used in automotive, oil and gas line pipes/exploration, cold rolled steel products, wind mills, ship building, pipe manufacturing, general engineering & fabrication, construction, capital goods, process equipment for cement, fertilizer, refineries, earth-moving, boilers, pressure vessels, infrastructure projects and many more end-use applications across various sectors and industries.

CR coils and sheets include cold rolled / cold reduced /flat steel products of iron or non-alloy steel or other alloy steel of all widths and thicknesses. The PUC includes cold rolled / cold reduced flat steel products in coils or not in coils, including slit coils or sheets, blanks whether or not annealed or box annealed or batch annealed or continuously annealed or any other annealing process or full hard or partially hard. These products may be oiled or supplied without oil. These products may conform to various qualities of steel including but not limited to full hard, partially hard, commercial quality, drawing, deep drawing, extra deep drawing, interstitial free steel, high strength low alloy steels, advance high strength steels, ultra-high strength steels, alloy steels, microalloyed steel and various other qualities, whether or not vacuum degassed or any other processes. These steels may be produced and supplied with or without skin pass / temper rolling, whether or not aluminium killed / non-ageing quality and whether or not containing micro-alloying elements. These products are used in applications spread across various end-usages including but not limited to the automotive industry, tractors, bicycles, appliances, furniture, electrical panels, packaging, drums, barrels, general engineering, substrate for coating, color coaling galvanizing, metal-coaling / plating, tin plate, pipe and tube manufacturing, general engineering and many more end-use applications across various sectors and industries.

Metallic Coated Steel coils and sheets, whether or not profiled, include Galvanneal, Coated with Zinc, Aluminium-Zinc, or Zinc-Aluminium-Magnesium. Coated steels can be alloy or non-alloy steels, prime or non-prime quality. Coated steels can also be supplied as laminated or without lamination, lacquered or non-lacquered, skin-passed with a variety of spangles, with coatings of different composition and weight including differential coatings on either sides. Coated steels are mainly used for protection against corrosion. Coated steels are used in Roofing application, appliances, renewable energy, automotive, general engineering and many more end use applications.

Colour-coated coils and sheets include coated products that undergo the colour-coating process. These products are either of alloy or non-alloy steel, whether of prime or non-prime quality, coated on one-side or both sides, either in the form of coils or plain sheets or profiled sheets including but not limited to trapezoidal, sinusoidal, corrugated or any other type of profile. These products are available in various paint qualities and a variety of paint colours, whether or not precoated with primer or any other suitable material. These products may either be painted on top surface of the steel sheet or on the bottom surface or on both top and bottom surfaces. This product may be supplied with or without guard film/lamination. These products offer resistance to corrosion along with barrier protection and are, therefore, used in many applications and sectors, including but not limited to construction, roofing, walling, panelling, cladding and decking, automotive, white goods and appliances, furniture, and many more end use applications.

The PUC is subject to quality control orders issued by the Government from time to time. A copy of the latest Steel and Steel Products (Quality Control) Order, 2024 S.O. 3716(E), dated August 29, 2024 is attached as **Annexure 4**.

For ease of reference, the following abbreviations are used throughout the petition to refer to the individual categories of the PUC:

1. HR coils, sheets and plates - HRC
2. Plate Mill Plates - HRP
3. CR coils and Sheets - CR
4. Metallic Coated Steel - "Metallic Coated" or "Coated"
5. Colour Coated Steel - Colour Coated

8. Uses of the product: Whether different grades/off-specs can be used interchangeably. Details of industrial users/consumers of imported product.

Please see the response to Question No. 7 above. The different categories of the PUC may not be used interchangeably. They form **a value chain within** Non-Alloy and Alloy Steel Flat Products. In so far as different grades or off-specs are concerned, there may be limited interchangeability depending upon user requirements. PUC is a generic steel product that is used by every sector and every industry without exception. In any case, a list of industry associations, whose members are users of PUC is given in response to Question 16 below.

9. Qualities and characteristics of the product: Substitutability of the product giving details of perception of the consumer and the manufacturer and commercial channels.

There are no known difference between the products produced by the domestic industry and the products imported into India. PUC produced by the domestic industry is comparable to the imported goods in terms of product characteristics such as physical and chemical characteristics, manufacturing process and technology, functions and uses, product specifications, tariff classification, etc. The consumers use the two interchangeably. Thus, the products manufactured by the domestic industry are commercially and technically substitutable with the imported products.

10. Raw materials, utilities and other inputs used for the production of the PUC.

The major raw materials required for manufacturing steel include iron ore and coal. Alloy steels are made by adding various alloying elements, such as chromium, nickel, cobalt, etc. to achieve specific properties.

Please see **Annexure 5** for details of raw materials used for the production of PUC.

11. Process of production / manufacture: process of manufacture in brief, Complete flow chart with description to be given.

A brief production process chart is attached as **Annexure 6**. There are no significant differences in the technology used or production processes adopted by exporters and the Indian steel industry. The petitioner companies have state-of-the-art plants that use the latest technology, making the Indian steel industry the second largest steel maker in the world, just behind China PR.

12. Tariff classification: Provide the classification of the product under the HS classification as well as Indian customs Tariff Classification at 6/8/10 digit level.

The PUC is classified in Chapter 72 of Schedule I to the Act. The detailed classification up to 8 digit level is included in **Annexure 7**.

13. Import Duty: Provide information relating to rates of import duty (basic customs duty) presently applicable on the import of the PUC. If the product enjoys any concessional or preferential treatment, provide details including the concessional rates applicable.

The details of the customs duties on the imports of the subject goods are as follows:

Year	Basic Customs Duty
July 2017-January 2021#	12.5%, 10%
February 2021 – Present*	Nil, 2.5%, 5%, 7.5%

#Vide Notification No. 50/2017-Customs dated 30th June 2017.
*Vide Notification No. 2/2021-Customs dated 1st February 2021.

The complete details of applicable tariff rates for the tariff headings at the 8-Digit level is enclosed as **Annexure 8**.

India has Free Trade Agreements ("FTA") with China, Japan, Korea RP and ASEAN Countries. The effective rate of basic customs duty in respect of imports of subject goods from China, Japan, Korea and ASEAN Countries are as follows:

Country	Basic Customs Duty
Japan	0%
Korea RP	0%, 5%
ASEAN	0%
UAE	0%, 5%, 6%
Austraila	0%, 4.3%, 5.4%
China PR	15%, 45% of the tariff is exempt for certain products falling under tariff heading 7225 and 7226.

The complete details of import duties in force for items covered under FTAs with ASEAN, Japan, UAE, Australia and Korea for the tariff headings at the 8-Digit level is enclosed as **Annexure 9**.

14. Country(ies) of Origin: Provide name(s) of country(ies) where the product has originated (where the country of origin is different than the country of export, the name of the country of origin should also be provided).

The PUC is predominantly imported from ASEAN, China, Japan and South Korea. The PUC is also imported from several other countries. Generally, the PUC is imported directly from the countries of origin. However, transshipment from other countries cannot be ruled out.

15. Provide a list of all known foreign producers, exporters, importers and users of the imported product, country-wise, together with names and addresses of concerned trade associations and user associations etc.

Annexure 10 contains a list of known foreign producers and exporters of the imported product. **Annexure 11** contains a list of known importers of the said product and trade associations.

16. Information on major industrial users, organization of industrial users and

representative consumer organizations. (In case the product is commonly sold at retail level).

Steel is a basic product used by all sectors of the economy irrespective of the nature or size of the industry. Some of the major industry associations whose members are users of iron and steel products are listed below:

1. **All India Induction Furnaces Association**
   504, Tower - I, Pearls Omaxe,
   Netaji Subhash Place, Pitampura,
   New Delhi, Delhi 110034

2. **ASSOCHAM**
   4th Floor, YMCA Cultural Centre and Library Building,
   01, Jai Singh Road, New Delhi - 110001

3. **Confederation of Indian Industry**
   The Mantosh Sondhi Centre
   23, Institutional Area, Lodi Road, New Delhi - 110 003

4. **Federation of Indian Chambers of Commerce and Industry**
   Federation House, Tansen Marg,
   New Delhi 110001

5. **Indian Chamber of Commerce**
   D-118, 1st Floor,
   Aashirwad Complex, Green Park Main,
   New Delhi, Delhi 110016

More names of the user associations are listed in Annexure 11.

17. **Export Price: Details of export price of the imported Product exporter / country-wise and the basis thereof (provide the f.o.b. / c.i.f. price at which the goods enter into India).**

Please see **Annexure 12** for the export price of the imported product as a whole and country-wise.

18. **Details of cost of production yet showing variable and fixed costs separately. The variable costs to include Raw Material, Chemicals and Consumables (Stores), Water, Power & Fuel charges, Direct labour etc. and the Fixed cost to include Salaries & indirect labour, Finance cost (Interest), Depreciation, Repairs & Maintenance, Administrative overheads etc.**

Please see Annexure 5 showing the requested information.

Section 3: Increased Imports

19. Provide full and detailed information regarding the country wise imports of the said product in terms of quantity and value year wise for the last four years (or longer) in absolute terms as well as percentage of the total imports of the said product.

Petitioners do not have access to DGCIS data on a transaction-to-transaction basis. Therefore, petitioners rely upon privately sourced data.

The petitioners submit that the trend of imports may be ascertained by comparing the data for different periods based on three modes of comparison, namely, *a)* financial year basis, after annualizing the data for the period April 2024 to September 2024, *b)* latest 12 months' basis, i.e., by comparing the imports from October 2023 to September 2024 vis-à-vis the imports from October 2022 to September 2023, and *c)* latest six months' basis, i.e., by comparing the imports from April 2024 to September 2024 vis-à-vis the imports from April 2023 to September 2023. A summary of both volume and value of imports is given below:

(a) Volume of imports

Firstly, import volume considering Financial Year ("FY") as the basis is tabulated below. In this table, first six months of the current FY 2024-25 is taken and annualized for the FY 2024-25 on a pro rata basis. In addition, data for the previous four financial years are also shown in the table below:

PUC	UOM	2021-22	2022-23	2023-24	2024-25 (6 M)	2024-2025 (Ann.)
HR Coils and sheets	MT	1,024,592	2,170,913	3,223,808	2,028,730	4,057,460
HR Plates	MT	411,878	405,354	818,105	672,127	1,344,254
CR coils and sheets	MT	492,927	608,323	518,011	267,628	535,256
Metallic Coated steel	MT	391,010	550,842	798,224	383,670	767,341
Colour Coated steel	MT	181,265	235,533	423,158	247,622	495,243
TOTAL	**MT**	**2,501,672**	**3,970,966**	**5,781,307**	**3,599,777**	**7,199,553**

*(source: **Annexure 13**)*

The import volumes increased from 2.5 Million Metric Tonnes ("MMT") during 2021-22 to 5.8 MMT in 2023-24. During the first six months of 2024-25, imports were 3.6 MMT indicating a significant increase during 2024-25 (Annualised) to 7.2 MMT. On a comparison from FY 2021-22 to FY 2024-25 (A), there is a significant increase in the volume of imports for the PUC as a whole and also for each of the five product categories individually.

In absolute terms, the increase in the volume of imports is tabulated below:

PUC	Absolute Increase over the previous year in MT					Cumulative Increase over the base year
	UOM	2021-22	2022-23	2023-24	2024-2025 (Ann.)	
HR Coils and sheets	MT	-	11,46,321	10,52,895	8,33,652	**30,32,867**
HR Plates	MT	-	-6,524	4,12,751	5,26,149	**42,329**
CR coils and sheets	MT	-	1,15,396	-90,312	17,245	**9,32,376**
Metallic Coated steel	MT	-	1,59,832	2,47,382	-30,883	**3,76,331**
Colour Coated steel	MT	**-**	54,268	1,87,625	72,085	**3,13,978**
TOTAL	**MT**	**-**	14,69,294	18,10,341	14,18,246	**46,97,881**

The import volume increased by 4.7 MMT during the four year period. On a year-on-year basis comparison, it is seen that metallic coated steel declined marginally during FY 2024-25 (A) as compared to the previous year, despite significant increase during the entire period. Imports of CR Coils and sheets declined during 2023-24 but increased during 2024-25(A). There was a small decline in 2022-23 in the case of HR Plates. On an overall basis, all the product categories and PUC recorded significant increase in the volume of imports.

In percentage terms, imports increased from 100% to 288%, an increase of 188% over the period of four years, as may be seen from the table below:

PUC	2021-22	2022-23	2023-24	2024-25 (Ann)
HRC	100	212	315	396
HRP/S	100	98	199	326
CR	100	123	105	109
Coated	100	141	204	196
Colour Coated	100	130	233	273
TOTAL	100	159	231	288

Secondly, at the time of preparing the petition, import data was available upto September 2024 only. Therefore, considering the latest twelve months period i.e. October 2023 to September 2024 as the "latest period", the trend in imports volume during the latest period and the corresponding prior 12-month period are tabulated below:

Product	Oct 22 - Sept 23	Oct 23 - Sept 24	Oct 22 - Sept 23	Oct 23 – Sept 24
	MT	**MT**	**Index Nos.**	**Index Nos.**
HRC	2,437,392	4,198,402	100	172
HRP/S	507,624	1,174,342	100	231
CR	573,927	539,143	100	94
Coated	654,349	835,032	100	128
Colour Coated	308,559	487,047	100	158
TOTAL	**4,481,851**	**7,233,966**	100	161

As may be seen from the table above, import volumes increased from 4.5 MMT during October 2022 to September 2023 to 7.2 MMT during the "latest period", recording an increase of 2.752 MMT (61%) in just 12 months. In the case of cold rolled coils and sheets, there was a marginal decline of 0.03 MMT in volume of imports during the latest period as compared to the previous 12 months. The decline may be attributable to delays in arrival of shipments, but the petitioners believe that the marginal decline would be more than made up during the second six months of the current FY. There was a significant increase in import volumes of all other product groups taken individually, and for the PUC as a whole. Thus, the volume of import have recorded a recent, sudden, sharp and significant increase.

Thirdly, import volume relating to the first six months of FY 2024-25 and its corresponding period in FY 2023-24 is tabulated below:

Product	First Half of FY 2023-24	First Half of FY 2024-25	First Half of FY 2023-24	First Half of FY 2024-25
	MT	**MT**	**Index Nos.**	**Index Nos.**
HRC	10,54,136	20,28,730	100	192
HRP/S	3,15,890	6,72,127	100	213
CR	2,46,496	2,67,628	100	109
Coated	3,46,862	3,83,670	100	111
Colour Coated	1,83,732	2,47,622	100	135
TOTAL	**21,47,117**	**35,99,777**	100	192

During the first half of FY 2024-25, imports increased to 3.6 MMT from the level of 2.1 MMT during the first half of FY 2023-24. The volume increased by 1.5 MMT (92%) during the most recent period as compared to the corresponding period of the preceding FY. All product groups have shown significant increase in import volumes during the most recent period. This evidences the fact that the increase in imports is recent enough, sudden enough, sharp enough and significant enough.

(b) Value of imports

Value of imports of the PUC increased from USD 2.5 Billion in FY 2021-22 to USD 4.6 Million in 2023-24. During the first half of FY 2024-25, value of imports was USD 2.6

Millions, which on an annualized basis would be USD 5.2 Millions. There is a significant increase in the value of all product groups covered within the PUC.

(in Millions of USD)

PUC	2021-22	2022-23	2023-24	2024-25 (6M)	2024-25 (Ann)
HRC	918.32	1,675.03	2,165.54	1,268.16	2,536.32
HRP/S	467.08	551.71	815.81	599.51	1,199.02
CR	478.36	651.11	475.00	230.99	461.98
Coated	402.47	576.41	707.40	333.40	666.80
Colour Coated	276.50	294.91	406.12	205.19	410.38
TOTAL	**2,542.73**	**3,749.17**	**4,569.86**	**2,637.25**	**5,274.50**

Similar trends in the value of imports are seen in the other two modes of comparison namely *a)* October 2023 to September 2024 vis-à-vis October 2022 to September 2023, and *b)* April 2023 to September 2024 vis-à-vis April 2022 to September 2023. The detailed information for all three modes of comparison is available at –

(a) **Annexure 13.1** – Volume, value and prices of imports of PUC on FY basis.

(b) **Annexure 13.2** – Volume, value and prices of imports of PUC on the latest 12 months basis - October 2023 to September 2024 vis-à-vis October 2022 to September 2023.

(c) **Annexure 13.3** - Volume, value and prices of imports of PUC on the latest 6 months basis - April 2023 to Sepember 2024 vis-à-vis April 2022 to September 2023.

(d) **Annexure 13.4** – Country-wise Volume of imports of PUC

20. Provide full and detailed information on the share of the imported products and the share of the domestic production of the like product and the directly competitive products in the total domestic consumption for the last four years (or longer) both in terms of quantity and value.

Petitioners rely upon the JPC's Annual Statistics for the total demand in India. Please see **Annexure 14 - Share of Imports and Domestic products in total Demand in India** for the relevant information in this regard. The following trends emerge from the data given in Annexure 14:

(a) **<u>PUC as whole</u>**: Imports in relation to demand increased from 6% during FY 2021-22 to 13% during the latest 12 months' period October 2023 to September 2024. During the same period, imports in relation to domestic production net of captive consumption increased from 7% to 17%.

(b) **HR Coils, sheets and plates**: Imports in relation to demand increased by **[** *** **]** and imports in relation to domestic production (net of captive consumption) increased by **[** *** **]** from FY 2021-22 to the latest 12 months period (October 2023 to September 2024).

(c) **CR coils and sheets**: Imports in relation to demand increased by **[** *** **]** and declined by **[** *** **]** in relation to domestic production (net of captive consumption) during the same period.

(d) **Metallic Coated Steel products**: Imports in relation to demand increased by **[** *** **]**, and increased by **[** *** **]** in relation to domestic production (net of captive consumption) during the same period.

(e) **Colour Coated Steel products**: Imports in relation to demand increased by **[** *** **]** and increased by **[** *** **]** in relation to domestic production (net of captive consumption) during the same period.

21. Provide information on factors that may be attributing to increased imports.

The increase in imports can be attributed to multiple trade protection measures against steel, excess capacity and slowing demand in China, Japan, Korea and ASEAN, and systemic change in ASEAN trade patterns. This confluence of simultaneous protectionism and export orientation has led to flooding of the Indian market – the only growing, large steel consuming market that has not imposed any protective measures.

The current wave of trade protection against steel was started by the United States, which, under Section 232 of the US Trade Expansion Act 1962, concluded that steel articles are being imported into the United States in such quantities and under such circumstances as to threaten to impair the national security of the United States. As the result the United States imposed a 25% additional duty on all imports of steel products (Chapter 72 and 73) with effect from March 23, 2018. Certain countries agreed to undertake voluntary export restraints which resulted in the United States introducing quotas for Argentina, Brazil, Korea, Japan, UK, EU. The 25% additional duty continues to be in force. In addition to the above, the United States has also introduced Section 301 tariffs on various goods originating from China including Chinese Steel at 25% from August 1, 2024.

The steps taken by the United States have led to the introduction of several trade remedy actions by countries such as the EU, Canada, the UK and others. OECD states that a total of 131 trade remedy actions have been adopted between 2019 and 2023. After excluding 2 measures against India, there are 129 measures against exports from other countries. A list of the trade remedy actions is enclosed as **Annexure 15**.

In 2020, China introduced the “Three Red Lines” policy to control the excessive borrowing of property developers. This policy set strict limits on debt ratios, which many developers failed to meet, leading to restricted borrowing and financial strain, including defaults on debt repayments. A detailed report on the policy is enclosed as **Annexure 16**. As a result, the real estate sector has witnessed a significant decline in demand resulting in stalling or disruption of numerous construction projects. Consequently, China's real-estate investments have slid down 2021 onwards and declined by 10.2% during January to July 2024.[1] While there are media reports stating that "Three Red Lines" may be relaxed, no concrete steps have been announced indicating departure from the "Three Red Lines". This has resulted in a decline in domestic steel consumption of long products in China. China's steel industry has tried every possible strategy to mitigate the fall in domestic steel demand from the construction sector. For one, mills shifted production from longs to flats. As may be seen from the graph below, flat products production share increased from **[***]** to **[***]**, while long products went down correspondingly.

One of the additional reasons for the recalibration has also been the exportability of flat products as opposed to long products, in overseas markets. This has led to an increase in exports of flat products from China PR. Exports of steel from China recorded a sharp increase up by **[***]** to **[***]** MMT due to elevated steel production and the aforementioned decelerating domestic demand (decline of **[***]** during January to July 2024 to **[***]** MMT (derived). China's demand stood at **[***]** MMT for Calendar Year ("CY") 2024 as against **[***]** in CY 2020, which is a staggering **[***]** MMT lower, with projected exports of **[***]** MMT in CY 2024.

[1] https://gmk.center/en/news/real-estate-investment-in-china-fell-by-10-2-y-y-in-january-july/#:~:text=Real%20estate%20sales%20by%20area,trillion%20yuan%2C%20%240.85%20trillion.

As a consequence, despite a reduction in steelmaking capacity and steel production in China in 2023, Chinese steel product exports increased by a startling **[***]**, in stark contrast with other economies. Chinese exports are approaching the peak levels witnessed in 2016, a year marked by a severe crisis in the steel industry. The composition of these exports is also revealing: the share and the total amount of the higher value steel products (which often fall under the broad "flat products") have increased significantly (**[** *** **]**). Therefore, Chinese exports will continue to maintain downward pressure on global steel prices, despite the sharp rise of steel raw material prices and coking coal prices, which is pushing steel firms' margins close to historical lows. ISA submits that China's direct and indirect steel exports (in the form of machinery, etc.) will be at a historic high of 220 MMT during CY 2024. China's low-priced exports and domestic sales are a major challenge for the global steel markets.

As a result of the above developments, imports of PUC from China PR increased by approximately 4 times as shown in the table below:

(in MT)

Particulars	**2021-22**	**2022-23**	**2023-24**	**H1 of 2024-25**	**2024-25 (A)**
China – PUC	**2,39,810**	**4,64,972**	**13,04,217**	**9,88,030**	**19,76,059**
HRC	35,227	1,80,857	5,91,234	3,18,267	6,36,534
HR P	55,220	1,13,837	3,29,760	4,01,693	8,03,386
CR	23,039	21,587	23,256	31,601	63,201
Metallic Coated	42,664	37,747	89,650	39,766	79,531
Colour Coated	83,659	1,10,944	2,70,319	1,96,703	3,93,407
Trend					
All categories from China	**58**	**112**	**315**	**239**	**478**
HRC	26	134	438	236	472
HR P	40	82	239	291	581
CR	180	168	181	246	493
Metallic Coated	95	84	199	88	177
Colour Coated	101	134	327	238	476

The ongoing excess capacity crisis is at risk of a significant escalation. Despite declining steel demand, and a weak outlook, capacity expansions continued at a robust pace, often in pursuit of export markets. The gap between global capacity and crude steel production surged to 627.7 MMT in 2022 from 512.6 MMT in 2021.[2] In 2022 alone, global steelmaking capacity increased by 32.1 MMT to 2459.1 MMT, the highest global capacity figure in history. The increases seen in global capacity in 2022 was larger than the capacity levels of some large steel-producing economies (for example Vietnam, with a capacity of 26 MMT in 2022).[3] The recent rise in excess capacity poses risks for the long-term health and viability of the steel industry,

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[2] OECD, Latest Developments in Steelmaking Capacities, 18 January 2024, https://one.oecd.org/document/DSTI/SC(2023)3/FINAL/en/pdf#:~:text=The%20gap%20between%20global%20capacity%20and%20crude%20steel%20production%20surged,enable%20economic%20growth%20and%20prosperity.

[3] Id.

and its ability to enable economic growth and prosperity.

ASEAN is expected to significantly increase crude steel production capacity, with 75% of the region's planned capacity expansion related to investments by Chinese companies. ASEAN is the top region among cross-border investments by Chinese steel companies who are investing heavily in steel projects abroad and the capacity in ASEAN is expected to increase to levels that far exceed the region's steel demand. The consumption of steel in the ASEAN Countries currently stands at around 75 MMT. Of the said demand, 1/3rd (around 25 MMT) of it is imported, while around 50 MMT is produced domestically. The current capacity of steel in ASEAN is approximately 78 MMT with new capacities of around 104 MMT coming up (approximately 83 MMT in BF-BOF route & around 21 MMT in DRI/EAF route), which is in excess of the consumption.

Vietnam, which has traditionally been a net steel export destination for Indian steel industry, has also transformed into a net steel exporter to India. These new capacities being added in ASEAN countries such as Vietnam, Cambodia, Singapore, Indonesia, Thailand, Malaysia, Philippines are mainland Chinese investments. It is also pertinent to note that around 40% of steel exports by China are to ASEAN countries, Korea and Japan, who all have Free Trade Agreements with India and currently, imports of steel come into India at Zero duty.

Crude Steel capacity and consumption of Japan is as follows:

(in MMT)

Particulars	**2021**	**2022**	**2023**
Crude Steel capacity	122.4	122.4	117.8
Crude Steel Consumption	63.6	60.8	58.7
Excess capacity compared to consumption	58.8	61.6	59.1
Excess capacity as a percentage of consumption	92%	101%	101%

(source : World Steel Association)

The steel consumption in Japan is significantly less compared to its steel capacity. As the capacity is double that of its consumption, to put it mildly, Japanese steel industry is highly export oriented. Such a huge excess capacity in Japan is an unforeseen development that is causing increased imports from Japan.

Similarly, South Korean steel industry is also highly exported oriented as may be seen from the table below:

Particulars	2021	2022	2023
Crude Steel capacity	81.6	81.6	81.6
Crude Steel Consumption	58.4	53.4	54.6
Excess capacity compared to consumption	23.2	28.2	27
Excess capacity as a percentage of consumption	40%	53%	49%

(source : World Steel Association)

South Korea also has significant excess capacity over and above its consumption. This is one of the unforeseen developments that caused significant increase in imports from South Korea.

<u>Effect of Obligations</u>: It is a settled principal that the first sentence of Article II:1(b) of General Agreement on Tariffs and Trade ("GATT") 1994 prohibits levy of ordinary customs duties in excess of the bindings set forth in the schedule of concessions of the importing Member. On the other hand, the second sentence of Article II:1(b) prohibits levy of "other duties or charges of any kind" imposed on or in connection with importation in excess of such charges imposed on the date of entry into force of the GATT 1994 or those directly and mandatorily required to be imposed thereafter by legislation in force in the importing Member on the date of entry into force of the GATT 1994. The Understanding on the Interpretation of Article II:1(b) of the General Agreement on Tariffs and Trade 1994 clarified the terms of Article II:1(b) and provides that the importing Member had to record in its schedule of concessions any other duties or charges applied on the date of entry into force of the GATT 1994 or which had to be applied directly and mandatorily under legislation in force on the date of entry into force of the GATT 1994.

It may be observed that Article II:2 contains a list of measures which are carved out from the obligations imposed under Article II:1(b). It includes (i) charges equivalent to internal taxes levied on like domestic products or in respect of articles from which the imported product has been manufactured; (ii) anti-dumping or countervailing duties; and (iii) fees or other charges commensurate with the cost of services rendered. It is noteworthy that while anti-dumping or countervailing duties are covered within Article II:2 exception, the safeguard measures or the duties resulting from such safeguard measures are not.

The Panel in *India – Iron and Steel Products* concluded that safeguard duties *do not constitute "ordinary customs duties" in the sense of Article II:1(b) of the GATT 1994* and that such *duties do not correspond to any of the measures listed in Article II:2 of the GATT 1994.* In view of the above observations the Panel concluded that

To the extent that those duties were imposed on imports of the product concerned

> *into the territory of India, they constituted "other duties or charges ... imposed on or in connection with ... importation". We also note that the measures at issue are not recorded in India's Schedule of Concessions as other duties or charges that were applied on the date of entry into force of the GATT 1994 or which had to be applied directly and mandatorily under legislation in force on that date. Consequently, the imposition of the duties resulting from the measure at issue to imports of the product concerned into the territory of India constituted a suspension of India's obligations under Article II:1(b), second sentence, of the GATT 1994.*

The Panel examined the core question of whether *the duties imposed by India, which resulted in a suspension of Article II:1(b) of the GATT 1994, were adopted to prevent or remedy serious injury to India's domestic production. Again, the starting point is the manner in which India itself has characterized the measure at issue.* The Panel answered in the affirmative and held that *the suspension of Article II:1(b) of the GATT 1994 by India was designed to prevent or remedy serious injury to India's domestic production.*

Accordingly, the Panel found that the safeguard measures *resulted in a suspension of obligations incurred by India under the GATT 1994, namely Article II:1(b), second sentence. The measure that resulted in this suspension of GATT obligations was adopted by India as a temporary emergency action, designed to remedy an alleged situation of serious injury to the domestic industry brought about by an increase in imports of the subject products. In light of those aspects, we find that the measure at issue constitutes a safeguard measure within the meaning of Article 1 of the Agreement on Safeguards. Accordingly, the provisions of Article XIX of the GATT 1994 and the Agreement on Safeguards are applicable to the examination that the Panel has to make of the claims raised in the present dispute.*

The above-mentioned observations squarely apply to the facts of the present case and therefore Article II:1(b) constitute the obligations incurred under GATT 1994 due to which there is recent, sudden, sharp and significant increase in imports. India has incurred several obligations under GATT 1994 and other covered agreements. The implementation of those obligations, including but not limited to obligations under Article I:1, Article II:1(b), Articles XXIV:4, XXIV:8, and XXIV:12 of GATT 1994, individually and collectively have led to the circumstances in which the increase in imports of the products under consideration have occurred. But for the implementation of the obligations incurred by India under the GATT 1994 and its covered agreements, Indian market would not have become more open allowing imports of the products under consideration at such increased levels.

<u>Unforseen Developments</u> - It may be observed that Section 8B of the the Act or the Customs Tariff (Identification and Assessment of Safeguard Duty) Rules, 1997 ("the Rules") do not impose any obligation on the Director General ("DG") (Safeguards) to analyse unforeseen circumstances as a result of which increased imports occurred. Admittedly, there are no parameters in domestic law for identifying and analysing the unforeseen developments. However, the DG (Safeguards) has examined unforeseen developments as matter of practice in view of Article XIX of GATT 1994. While ISA's position is that there is no obligation on the part of DG (Safeguards) to examine unforeseen developments that led to the increase in imports, as a matter of abundant caution, ISA has provided information regarding the causes

of increase in imports.

Article XIX:1(a) of GATT 1994 provides India the right to apply safeguard measure(s) when, as a result of unforeseen developments, and of the effect of the obligations incurred under the GATT, a product is being imported in such increased quantities and under such conditions as to cause or threaten to cause serious injury to the domestic industry producing like or directly competitive products. The WTO Panel in *US – Steel Safeguards* observed that in such conditions WTO Members may limit market access by taking an otherwise WTO-inconsistent measure and obtain temporary relief. Further, the Appellate Body in *Argentina – Footwear (EC)* has observed that the phrase 'unforeseen developments' means unexpected developments.

The Director General of Trade Remedies in the *Safeguard Measures on Solar Cells* also noted the observations of the Appellate Body *US – Steel Safeguards* and observed that the development must have been unforeseen at the time of negotiation of GATT. Similarly, the Appellate Body in *Korea - Dairy* has held that unforeseen developments are developments which were not foreseen or expected when member incurred an obligation under GATT 1994. As noted by various Panels and Appellate Body the requirement of "unforeseen developments" are not a separate "condition" for the imposition of safeguard measures but are a certain set of "circumstances". The Panel in *US - Steel Safeguards* concluded that the confluence of several events can unite to form the basis of an unforeseen development. It was also noted that increased imports must be an outcome of unforeseen developments, i.e. it is the unforeseen developments that resulted in increased imports. It is also a settled proposition of law that unforeseen developments are *circumstances* which must be demonstrated as a matter of fact.

As regards the temporal nature of such event, the same must have been unforeseen at the time of incurring the obligations – i.e. accession to WTO and resolving to abide by the commitments under various WTO Agreements i.e. January 1, 1995 – the date on which the GATT 1994 entered into force.

All the above stated developments and circumstances account for more than a mere change in capacity, production or changes in market positioning. The cumulative effect of the confluence of the developments narrated above was clearly unforeseen. Further, the changes in the competitive relationship brought out by the confluence of the circumstances had directly led to a significant, sudden, sharp, recent increase in imports of the products in question into India.

The ISA considers that the developments mentioned in preceding paragraphs themselves and taken together as a confluence of several events constitute unforeseen developments within the meaning of Article XIX of GATT 1994 leading to sudden, sharp, increase in imports have been covered in the preceding paragraphs.

Section 4: Domestic Production

22. Details of the like product and directly competitive products produced by the domestic producers i.e. Name, Description, Tariff classification both under the Central Excise Tariff as well as under the Customs Tariff and the relevant Details of domestic producers

The products produced by the petitioners answer the same description, have like physical and other properties, are made from like ingredients, follow the same production process, fall under the same tariff classification, are used for the same end-uses, and are sold through similar marketing channels as that of the imported products. There are no significant differences between imported products and domestically produced products.

The name, description and tariff classification of the like and directly competitive products produced by the domestic producers remain the same as given in Section 2 of this document.

Similarly, names of domestic producers producing the like or directly competitive products also remain the same as given in Section 1 of this document.

23. Names and addresses of all known domestic producers and concerned trade associations

Please see response to Question No. 3(i) above. The present Petition provides the data of the following producers *a)* AMNS Khopoli Limited; *b)* ArcelorMittal Nippon Steel India Limited; *c)* Jindal Steel and Power Limited; *d)* JSW Steel Coated Products Limited; *e)* JSW Steel Limited; *f)* Bhushan Steel & Power Limited; and *g)* Steel Authority of India Limited.

In addition, there are several other units in the country producing different categories of PUC. Some may be producing all the five categories of the PUC but others may be producing only select product categories. Petitioners do not have any reliable information with evidence regarding the details of other producers such as names, location, capacity, production, sale etc. However, the JPC's Annual statistics provides the total number of units in India with a State-wise break-down, that are involved in production of various categories of products falling within the PUC and their total production. Petitioners rely on the said JPC's Annual statistics to get the total production as well as the demand of the PUC in the country. Further, the petitioners are not aware of any other source of information that provides details about other domestic producers.

24. Details of total domestic production and details of production accounted for by each of the domestic producers

As may be seen from Annexure 3, the petitioners account for a major share of the total production of the product under consideration in India as required under Section 8B (11) (b)(ii) of the the Act.

25. Installed capacity and capacity utilization of each of the applicant(s), preferably with that of the other domestic producers.

Please refer to **Annexure 17 – Capacity and capacity utilization for all domestic producers** for details of capacity utilization for all the producers including the petitioners.

Please refer to **Annexure 18 – Consolidated Economic Parameters of the Domestic industry** for details of capacity and capacity utilization for the petitioners. Please refer to Annexure 5 – Costing Information of petitioner companies individually for details of capacity utilization of each of the petitioner companies.

Section 5: Injury or Threat of Injury

26. Impact of increased imports on Domestic Industry: Detailed information on how the increased imports are causing serious injury or threatening to cause serious injury to the domestic industry. This should, inter alia, include information on

a) Sale volumes, total domestic consumption and how the market share of domestic Production affected.

i. Details of production, sales and stocks for the last four years (month wise) both in terms of quantity and value for each product. (Please do not include imports, if any, made by you here).

Please refer to Annexure 18 for the details of production, sales and stocks. Please refer to Annexure 5 for month-wise sales data.

ii. Production line-wise details of plant and machinery installed. Expenses incurred in installing the same. Additions made during the last four years. Further investments committed with relevant documentary evidences.

Please refer to Annexure 5 for information relating to plant and machinery.

iii. Details of sales in the domestic market, both in terms of quantity and value. (Please do not include sale of imported material here). Give separately any quantities used captively for the last four years (month wise).

Please refert to Annexure 18 for details of sales in the domestic market, both in terms of quantity and value.

iv. Information regarding sales prices. (For the last four years). Realizations from bulk and packed form of PUC separately.

Please refert to Annexure 18 for details of sales prices.

v. Information of rebates/discounts offered on domestic sales during the last four years month wise.

Please refer to Annexure 5 for information on rebates/discounts.

b) Installed capacity and capacity utilization for the last four years, variety wise, for each product variety.

Please refer to **Annexure 19** for category-wise details of domestic capacity, production and capacity utilization.

c) Details of country wise export both in terms of quantity and value. (Please do not include any imported material, if reexported, here), to whom exported and at what price. Please explain difference in export price vis-a-vis domestic price. Details of deemed exports, if any, may also be furnished.

The category-wise details of exports of the Indian steel industry are provided in Annexure 18.

d) Major raw materials used and their prices for the last four years. Also indicate their consumptions to the finished product. Effect of changes in prices of raw materials on cost of production and selling prices for the last four years.

The details of major raw materials used, the consumption value, and their consumptions to the finished product are provided in Annexure 5.

e) Information on fair market price which you expect to receive and basis thereof i.e. cost of production, giving details of cost of raw materials, labor, overheads, etc. for the last four years. (Give details separately for fixed and variable costs at different capacity utilization).

The details of fair market price which the domestic producers expect to receive are provided in Annexure 18.

f) Please give details of any subsidy including freight subsidy received by you - nature and amount - who gives the subsidy and why.

The petitioners did not receive any subsidy including freight subsidy.

g) Price undercutting, price depression / suppression, prevention of rise in prices and price underselling. Information on costs of production and how the increased imports have affected the prices of domestic production needs to be provided.

A significant volume of imports undercut the selling prices of the domestic industry for the PUC as a whole and for every product category within PUC as shown in **Annexure 20**. In addition, the import prices were also less than the fair market prices. The fair market prices for different categories of PUC may be seen in Annexure 18.

<u>Price suppression and Price depression</u>:

Please see **Annexure 21** for details of both price depression and price suppression. There was price depression in all the five categories of PUC during the injury analysis period.

The price suppression ranged from **[***]** in the different categories of PUC between the base year 2021-22 and the latest period October 2023 to September 2024 as the domestic selling prices declined while costs increased, or domestic selling prices declined more than the decline in the costs, due to the price undercutting by imports.

This indicates that there was price suppression as well as price depression i.e. the domestic prices were dragged down by an increase in low priced imports. Such a situation cannot continue for long without serious adverse effect on profitability.

h) Any significant idling of production facilities in the industry including data indicating plant closure or fall in normal production capacity utilization.

During the latest period, the domestic producers did not face any idling of facilities, plant closure or fall in normalproduction and capacity utilisation.

i) Loss of employment: Details of persons employed and loss of employment, if any, during last four years.

The details of employment are provided in Annexure 18.

j) Financial situation- Full information on the financial situation of the domestic industry including information on decline in sales, growing inventory, downward trend in production, profits, productivity or increasing unemployment needs to be provided. Information on profit and loss on sales for the last four years separately for each product variety wise. Copies of Balance Sheets, profit & loss account or other statements of accounts alongwith the relevant schedule / annexes for the last four years.

Firstly, there is a steep decline in the Profit per MT earned by the domestic industry on each of the five categories of the PUC as tabulated below:

Particulars	Unit	2021-22	2022-23	2023-24	Oct-23 to Sep-24
HRC					
Cost of Sales	Rs./MT	[***	***	***	***]
NSR	Rs./MT	[***	***	***	***]
Profit	Rs./MT	[***	***	***	***]
Profit Trend	Indexed	100	9	41	11
HRP					
Cost of Sales	Rs./MT	[***	***	***	***]
NSR	Rs./MT	[***	***	***	***]
Profit	Rs./MT	[***	***	***	***]
Profit Trend	Indexed	100	22	48	46
CR					
Cost of Sales	Rs./MT	[***	***	***	***]
NSR	Rs./MT	[***	***	***	***]
Profit	Rs./MT	[***	***	***	***]
Profit Trend	Indexed	100	0	13	5
Metallic Coated					

Particulars	Unit	2021-22	2022-23	2023-24	Oct-23 to Sep-24
Cost of Sales	Rs./MT	[***	***	***	***]
NSR	Rs./MT	[***	***	***	***]
Profit	Rs./MT	[***	***	***	***]
Profit Trend	Indexed	100	-41	5	-3
Colour Coated					
Cost of Sales	Rs./MT	[***	***	***	***]
NSR	Rs./MT	[***	***	***	***]
Profit	Rs./MT	[***	***	***	***]
Profit Trend	Indexed	100	8	44	30

In so far as HRC is concerned, profit per MT has come down from 100 indexed units in 2021-22 to a paltry 11 indexed units during October 2023 to September 2024, the latest as months' period, recording a decline in profit per MT to the extent of 89%. During the same period, the profit per MT of HRP declined by 54 indexed units, CR by 95 indexed units and colour coated by 71 indexed units. In the case of metallic coated, profit has turned into a loss. Thus, the profitability of the domestic industry has declined steeply. The trend is alarming and need immediate remedial action.

The domestic industry has recorded an increase in the volume of sales by reducing its prices and taking a severe hit on its profitability in order to maintain capacity utilization and to spread its fixed costs over higher volumes. But for the reduction in prices effected by the domestic industry, the sales volumes would have come down and the meagre profits earned would have turned to significant losses.

Market share of the domestic industry has declined as shown below:

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	POI Oct 23 to Sep 24
HRC	[***	***	***	***]
CR	[***	***	***	***]
Metallic Coated	[***	***	***	***]
Colour Coated	[***	***	***	***]
PUC as whole	[***	***	***	***]
Trend				
HRC	[***]	[***]	[***]	[***]
CR	[***]	[***]	[***]	[***]
Metallic Coated	[***]	[***]	[***]	[***]
Colour Coated	[***]	[***]	[***]	[***]
PUC as whole	100	106	102	95

It must be noted that the domestic industry has lost approximately **[** *** **]** in market share for the PUC as a whole and **[** *** **]** of its market share in HRC which is the base product, impacting their financial position severely.

The capacity, production, capacity utilization, domestic sales, inventory, employment, etc., are given in Annexure 18. The average inventory has grown in absolute terms as well as in relation to no. of days' of production and no. of days' of sales.

The above stated parameters, namely, market share, average inventory and profit per MT show a significant decline in the latest 12 months' period as compared to the previous periods showing that the domestic industry has actually suffered serious injury. Though there is a positive development in terms of production and sales volumes, as the profits are coming down steeply, the financial position of the domestic industry is highly precarious.

Further, there is an imminent threat of serious injury as demonstrated in response to Question No. 21 above. There is significant increase in imports, trade diversion, non-availability of other markets as a consequence of imposition of trade restrictive and trade remedy measures by various countries, huge unutilised as well excess capacity (capacity less than domestic demand), significant price undercutting and attractiveness of the Indian steel market, etc.

The fragile situation is exacerbated further by the sharp decline in the prices of imports and steep increase in cost. The benchmark China HR export FOB prices have declined sharply. On an average, China HRC FOB price has gone down by around 25% from USD **[** *** **]** per MT in April 2023 to USD **[** *** **]** per MT in August 2024. At **Annexure 22**, the Petitioners have enclosed Platts benchmark for HR steel FOB export price of Japan, China and India. As a result of such low priced imports coming into India, Domestic HRC prices have declined from approximately Rs. **[** *** **]** per MT in April 2023 to approximately Rs. **[** *** **]** per MT in September 2024. Prices have been continuously dropping and it is hovering around Rs. **[** *** **]** and Rs **[** *** **]** per MT during the fourth quarter of CY 2024.

While there is a steep decline in domestic selling prices, there is a steep increase in the cost of inputs. The iron ore prices have increased by over **[** *** **]** from Rs. **[** *** **]** per MT in April 2023 to Rs. **[** *** **]** per MT in September 2024. It has peaked at Rs. **[** *** **]** per MT in September 2024. The prices of coking coal have also remained volatile during the past several months.

The decline in prices coupled with increase in cost demonstrates the urgency of the situation. If the trend continues, there is every likelihood that the serious injury being suffered by the Domestic Industry will be further intensified.

For details of all injury parameters, please refer to Annexure 18.

Further, the financial statements for the past four years have been enclosed as follows:

- AMNS Khopoli Limited – **Annexure 23**
- ArcelorMittal Nippon Steel India Limited – **Annexure 24**

- Jindal Steel and Power Limited – **Annexure 25**
- JSW Steel Coated Products Limited – **Annexure 26**
- Bhushan Steel & Power Limited– **Annexure 27**
- JSW Steel Limited – **Annexure 28**
- Steel Authority of India Limited – **Annexure 29**

k) Please provide information in respect of circumstances that have helped the exporters in the international market in sending increased quantities to India.

The circumstances that caused the surge in imports are given in response to Question No. 21. Futher, it may be noted that India is the only country that does not have any protective measures or trade remedy measures against imports coming in from any country. The absence of any trade remedy measures have been used by exporters from multiple countries to start exporting to India and to improve their capacity utilization.

Domestic prices in China have reached USD **[** *** **]** per MT. As a result, China gets more realization on its exports than what it gets in their domestic market. Even against marginal cost, China loses USD 80-100 per MT of HR Coil, it produces. In case of EU, where China pays duty, it is selling at USD **[** *** **]** per MT (CIF basis). On the contrary, Japan is selling in its domestic market at USD **[** *** **]** per MT while exporting at USD **[** *** **]** per MT. It is exporting at a higher price than China taking advantage of FTAs. Please see Annexure 22 for supporting data.

l) Please provide details of the impact of reduction in import duties / removal of import restrictions on the product for which protection is sought.

Please refer to the details given in response to Question No. 21. In addition, the reduction in import duties in general, or as a part of commitments made under various FTAs, have actually reduced the level of protection available to the domestic industry against imports. India remains highly vulnerable to "export-push" from surplus exporting countries alongwith "trade diversion" with reduced export options – making India an attractive global destination to export steel products. Around 40% of Steel exports by China takes place to other ASEAN countries, Korea and Japan, who all have FTA with India and currently significant volumes of imports come to India at Zero duty, thus these Countries become a pass-through country for China.

m) Please provide details of other circumstances that have contributed to the increase in imports.

Please refer to the details given in response to Question No. 21.

27. Other Factors of Injury: Provide details of any other factors that may be attributing

the injury to the domestic industry and an explanation that injury caused by these other factors is not attributed to injury caused by increased imports. (Information on injury caused due to dumping or subsidization, if any, needs to be specifically provided here).

The ISA filed an application on behalf of domestic producers, namely, JSW Steel Limited and ArcelorMittal Nippon Steel India Ltd seeking imposition of antidumping duty against imports of Hot-Rolled flat products of alloy or non-alloy steel originating in or exported from Vietnam. The Ld. DGTR initiated the antidumping investigation on August 14, 2024 and the investigation is ongoing as on the date of filing this petition

Other than this single ongoing investigation, there are no other factors causing injury to the domestic industry except the recent, sudden, and sharp increase in imports.

Section 6: Causal Link

28. Please provide an analysis of data presented above bringing out a nexus between the increased imports, either actual or relative to domestic production, and the injury or threat of injury caused to the domestic industry and the basis for a request for initiation of safeguards investigation under the Safeguard Rules.

The import volumes of the PUC as a whole increased from 2.5 MMT during 2021-22 to 5.8 MMT in 2023-24. It increased further to 7.2 MMT in 2024-25 (Annualised). Import volumes increased from 4.5 MMT during October 2022 to September 2023 to 7.2 MMT during October 2023 to September 2024, the latest period, recording an increase of 2.752 MMT (61%) in just 12 months. During the first half of FY 2024-25, imports increased to 3.6 MMT from the level of 2.1 MMT during the first half of FY 2023-24. The volume of imports increased by 1.5 MMT (92%) during the most recent period as compared to the corresponding period of the preceding FY.

The imports did not only increase in volume terms, but the increased volumes entered at reduced prices. During October 2023 to September 2024, more than **[** *** **]**% of the volume of HRC imports were imported at prices that are less than the net sales realisation of the domestic industry, with a price undercutting of **[** *** **]**. The import volumes of HRC coming in with positive price undercutting were just **[** *** **]** MT during 2021-22 but they increased to **[** *** **]** MT in 2022-23, **[** *** **]** MT in 2023-24 and **[** *** **]** MT during 2024-25. The volume of HRC imports that undercut the prices of the domestic industry increased consistentenly year after year throughout the injury analysis period. Not only HRC, but the undercutting imports constituted **[** *** **]** of total imports of HRP, CR, Metallic coated and colour coated categories. For the PUC as a whole, volume of imports that undercut the prices of domestic industry accounted for **[** *** **]** of the total imports of PUC. Such an increase in the volume of imports that undercut the prices of the domestic industry has seriously injured the financial performance of the domestic industry. If unchecked, undercutting import volumes would increase further, force the domestic industry to reduce its prices further and cause further serious and irreparable financial losses to the domestic industry. The threat of serious injury is imminent. Details of price undercutting are enclosed as Annexure 20.

It is evident from the data that due to an increase in imports undercutting the domestic selling prices, the Domestic Industry was forced to reduce prices more than the decline in cost or even when the cost increased. Such significant volume of imports at prices that undercut the doemestic selling prices is a receipe for disaster for the domestic industry as the customers often insist upon the domestic producers not only just to match the low import prices but also to quote prices that are lower than the import prices. Such demands have been the primary cause for the reduction in the selling prices of the domestic industry. Please refer to Annexure 5 – Costing information of individual petitioner companies regarding the relevant supporting documents.

Further, the increased imports at low prices have also led to price depression and price suppression as stated in response to Question No. 26 (g).

Thus, the increased imports at reduced prices are the cause of serious injury, including threat of serious injury to the domestic industry.

.Section 7: Information on Adjustment Plan

i. How do you think the injury can be removed?

While there are no technological challenges, the Indian steel industry is unable to compete due to excess capacities in China and other Asian countries and their export orientation. The steel producers in such countries are export-oriented due to reduced demand. Therefore, Indian steel producers request the imposition of a safeguard duty in order to complete the following initiatives – *a)* cost efficiency in iron ore transportation and beneficiation; *b)* coke cost optimization through blending and investing in coke ovens; *c)* energy savings through efficiency; *d)* operationalize captive coking coal mines; *e)* receipt of PLI benefits; *f)* increased focus on value-added downstream products such as electrical steel and coated product; *g)* focus on branding initiatives to increase customer loyalty.

Please see **Annexure 30** for the details of the adjustment plan of the domestic industry.

ii. Please specify the quantum and duration of safeguard measure that can help you in adjusting to the new situations of competition offered by increased imports.

Please see the response to Question No. 31 below. ISA requests the imposition of a safeguard duty of 25% ad valorem for a period of four years.

iii. Please specify the safeguard measure sought including its progressive liberalization.

Please see the response to Question No. 31 below. The details of progressive liberalisation to facilitate positive adjustment of the industry:

Period	Safeguard duty
First year	25%
Second year	24%
Third year	23%
Fourth year	22%

iv. Please specify the restructuring plan of your unit to adjust to the new situation of competition offered by the increased imports. What steps have been taken so far or planned for remedying the situation?

Please see the response to Question No. i) above. The domestic industry intends to utilize the duration of safeguard measures to achieve the tweks described above.

v. How can the further proposed restructuring plan be implemented?

Please see the response to Question No. i) above. The domestic industry intends to utilize the duration of safeguard measures to achieve the tweks described above.

vi. Please provide an estimate of year wise reduction in cost of Production (or quantum of other benefits - separately) that may be achieved as a result of readjustment.

The Indian steel industry estimates that it would be able to achieve efficiency of approximately **[** *** **]** by 2026-27 and approximately **[** *** **]** by 2027-28.

vii. A non-confidential summary of your restructuring plan may be furnished. Unless the same is provided, the information provided on confidential basis may not be taken on record.

Please see the response to Question No. i) above.

viii. Information on further plans of Capital Investment.

For details of capital expenditures, please see **Annexure 31**, which contains public announcements by the domestic steel producers.

Section 6: Miscellaneous Information

29. Details of normal and abnormal shutdowns and reasons therefore during the last four years along with stock position during such shutdowns.

Please refer to **Annexure 32** details of plant shutdown of certain plants.

30. Details of orders placed by consumers which could not be executed or were considerably delayed during the last four years along with reasons thereof.

The significant increase in imports shows that the customers are moving from the domestic products to imports, leading to a decline in market share of the domestic industry. In growing market size, decline in market share is the strong indicator that the domestic industry is not able to get orders in line with the increase in demand.

Section 7: Submission

31. A statement describing the measure requested including:

i. Nature and quantum of safeguard measure suggested.

ISA requests the imposition of a safeguard duty of 25% ad valorem under Section 8B of the Act.

ii. Purpose of seeking the relief and how such objective will be achieved.

The purpose of seeking relief is to enable the Indian steel industry to gear itself to meet the increased competition it is facing from the recent, sudden, sharp and significant increase in imports. The current market conditions are abnormal. Without any protection, Indian steel industry is facing serious injury and the situation is likely to worsen. The measure sought herein will protect the Indian steel industry from the serious injury. Upon imposition of protective measures, Indian steel industry will initiate steps to adjust and the implementation of the readjustment plan would help the industry achieve higher levels of capacity utilisation and strengthen itself to meet international competition under normal conditions.

iii. Duration for which imposition of safeguard measure is requested and the reasons therefor.

The global steel market is under stress. The major markets are closing down their borders through various trade protection measures. Therefore, ISA requests protection for at least four years. Accordingly, safeguard duty is requested for a period of four years.

iv. If a request is made for provisional safeguard measures, full and detailed information regarding existence of critical circumstances and how delay would cause damage including its estimated extent which would be difficult to repair.

Rule 9 of the Rules mandates the DG to proceed expeditiously with the conduct of the investigation. It further authorizes the DG, in critical circumstances, to record a preliminary finding regarding "serious" or "threat of serious injury". Rule 2(b) defines the 'critical circumstances' to mean circumstances in which there is clear evidence that imports have taken place in such increased quantities and under such circumstances as to cause or threaten to cause serious injury to the domestic industry and delay in imposition of provisional safeguard duty would cause irreparable damage to the domestic industry.

ISA submits that imports have taken place in such increased quantities and under such circumstances as to cause or threaten to cause serious injury to the domestic industry. Further, the trade protection measures worldwide have resulted in significant trade diversion to India.

Surging imports at predatory prices has adversely affected domestic market with steel prices declining by approximately Rs. **[** *** **]** per MT or **[** *** **]**% between April 2023 to

September 2024. Import prices have even been lower compared to the cost of Indian steelmakers, exhibiting the “Death-Spiral” like markets i.e. prices below the marginal cost. The World Steel Dynamics report in August 2024 has recorded the Global steel price volatility indicating the period from December 2023 onwards as a “Death-Spiral” – please see below :

The excess capacities in China, ASEAN, Korea and Japan will likely further increase pressure on prices. This will have serious consequences on the Indian steel industry.

The Hot Rolled Coils determine the pulse of the steel market. As such, it is relevant to note that the international cost index has increased but the benchmark China HR export FOB price declined and has reached as low as USD **[** *** **]**. On an average, China HRC FOB price has gone down by around 25% from USD **[** *** **]** per MT in April 2024 to USD **[** *** **]** per MT in September 2024. As a result of such low priced imports coming into India, Domestic HRC prices have declined from approximately over Rs. **[** *** **]** per MT in April 2023 to approximately over Rs. **[** *** **]** per MT in September 2024. Prices have been continuously dropping and it is hovering around Rs. **[** *** **]** to Rs. **[** *** **]** per MT during the fourth quarter of CY 2024.

It appears that HRC export prices from China have not yet reached the lowest trough. The latest Platts prices show that the HRC domestic prices in China PR are at USD **[** *** **]** Per MT as on 12 December 2024. The platts data is attached as Annexure 22. The graph below shows the price movements in domestic prices in and export prices in China PR during 1 January 2024 to December 12, 2024:

China Shanghai Futures Exchange HRC FOB Shanghai futures prices for settlement in May 2025 is RMB **[** *** **]** PMT as may be seen from the website extract attached as **Annexure 33.** At an exchange rate of 1 USD = 7.2600, it translates into USD **[** *** **]**. After adding ocean freight, port clearance at Indian port, customs duty, etc., the landed value will be Rs. **[** *** **]** per MT. This is significantly lower than the landed value of Rs. **[** *** **]** per MT. If landed value of Chinese HR products reach such a low level, it would be disastrous for the Indian steel industry. The situation is quite alarming.

The situation is not only alarming for the petitioner companies but also for the entire steel industry in India as may be seen from certain reputed press reports. (**Annexure 34**).

It must be noted that HRC is the basic input for other four categories and the prices of HR would directly affect the costs and have a significant impact on the prices of other four categories of the PUC. Thus, the situation explain above for HR *muttatis mutandis* applies for other product categories also. In any case, covering only HR products could lead to a situation in which HR imports may, at least, partially, if not fully, be replaced by import of other categories of products. For this reason also, all product categories shall be taken together for the purposes of imposing the trade remedial measures. Otherwise, the measure on HR alone will easily be circumvented by importing other products and make the measure ineffective.

The decline in prices coupled with increase in cost demonstrates the urgency of the situation. If the trend continues, there is every likelihood that the serious injury being suffered by the Domestic Industry will be further intensified.

In view of the above critical circumstances, imposition of provisional safeguard measures is requested. If no provisional safeguard measures are put in place, imports would cause irreparable damage to the domestic industry. ISA requests imposition of provisional safeguard duty of 25% as early as possible.

v. If the safeguard measures are requested to be imposed for more than one year, details on efforts being taken and planned to be taken or both to make an adjustment to import competition with details of progressive liberalization adequate to facilitate positive adjustment of the industry.

The details of progressive liberalisation adequate to facilitate positive adjustment of the industry:

Period	**Safeguard duty**
First year	25%
Second year	24%
Third year	23%
Fourth year	22%

Section 8: Annexes

32. **All supporting information can be provided as annexes to the application. (The main information must be provided at the appropriate places. The details of the information can be provided in annexes along with the detailed index in the main application).**

The List of Annexures is as under:

Annexure No.	**Particulars**
Annexure 1	List of Members of ISA
Annexure 2	Authorisation Letter
Annexure 3	Domestic Industry Standing
Annexure 4	Steel and Steel Products QCO
Annexure 5	Cost of production
Annexure 6	Production Process Flow Chart
Annexure 7	Chapter 72 classification
Annexure 8	Applicable Rates of Customs Duty
Annexure 9	Concessional Duty Rates
Annexure 10	List of Known Foreign Producers/Exporters
Annexure 11	List of Known Importers and Importer Associations
Annexure 12	CIF Import Price
Annexure 13	Import Data
Annexure 14	Share of imports and domestic products in total demand in India
Annexure 15	List of Trade Remedy Measures
Annexure 16	Report on China's Domestic Policies Relating to Steel
Annexure 17	Capacity and capacity utilization for all domestic producers
Annexure 18	Consolidated Economic Parameters of the Domestic Industry
Annexure 19	Category-wise details of domestic capacity, production and capacity utilization

Annexure No.	Particulars
Annexure 20	Volume of imports that undercut the domestic selling price of the Domestic Industry
Annexure 21	Price suppression/depression
Annexure 22	Platts Benchmark for HR Steel prices
Annexure 23	Financials of AMNS Khopoli Limited
Annexure 24	Financials of AMNS India Limited
Annexure 25	Financials of JSPL 2023-24
Annexure 26	Financials of JSW Steel Coated Products Limited
Annexure 27	Financials of Bhushan Power & Steel Limited
Annexure 28	Financials of JSW Steel
Annexure 29	Financials of SAIL 2023-24
Annexure 30	Details of Adjustment Plan
Annexure 31	Information related to capital expenditure
Annexure 32	Details of plant shutdown of certain plants
Annexure 33	Information Regarding Low Domestic Prices in China
Annexure 34	News Extract regarding impact of cheap Chinese Imports