

To be published in Part-I Section I of the Gazette of India Extraordinary

**F.No. 6/17/2018- DGAD
Government of India
Ministry of Commerce & Industry
Department of Commerce
Directorate General of Trade Remedies
4th Floor, Jeevan Tara Building, 5, Parliament Street, New Delhi -110001

Dated 10th September, 2018

INITIATION NOTIFICATION

Case No. OI (CVD)- 04/2018

Subject: Initiation of Anti-Subsidy Investigation concerning imports of Continuous Cast Copper Wire Rods from Indonesia, Malaysia, Thailand and Vietnam.

F. No.6/17/2018-DGAD: Whereas M/s Hindalco Industries and M/s Vedanta Industries (Sterlite Copper) (hereinafter referred to as Petitioners) have filed an application on behalf of Domestic industry before the Designated Authority, in accordance with the Customs Tariff Act 1975, as amended from time to time (hereinafter referred to as the Act) and the Customs Tariff (Identification, Assessment and Collection of Countervailing Duty on Subsidized Articles and determination of injury) Rules, 1995, as amended from time to time, (hereinafter referred to as the Rules), alleging subsidization of Continuous Cast Copper Wire Rods (hereinafter referred to as the subject goods), from Indonesia, Malaysia, Thailand and Vietnam (hereinafter referred to as the subject countries) and requested for initiation of an anti-subsidy investigation for levy of countervailing duties on the imports of the subject goods, originating in or exported from the subject countries.

A. Allegation of Subsidization

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

B. Consultation

3. In terms of Article 13 of ASCM pre-initiation consultations were held with the representatives of the Government of Indonesia, Government of Malaysia, Government of Thailand and Government of Vietnam. The comments of representatives of the Government of subject countries have been taken on record.

C. Subsidy Programs

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

I. List of Schemes in respect of Indonesia

Schemes Identified as Export Financing and Export Credit

Program No. 2 : Export Financing from Indonesia EXIM

Program No. 3 : Exporters being reimbursed for their losses

Schemes Identified as Loans:

Program No. 5 : Various Loans provided by Mandiri Bank

a. Program No 5(a): Investment Loan

b. Program No 5(b) : Loan for entrepreneur

Schemes Identified as Tax Incentives and VAT Exemption

Program No. 7 : Exemption on Import Duty

Program No. 8 : Import Duty Drawback

Program No. 9 : Income Tax on Dividend

Program No.10: Reduction of Net Taxable Income

Program No. 11 : Carry Forward of Losses

Program No.12: Postponement of payment of Import Duty on importation of capital goods

Program No. 13 : Exemption of Duty on Raw Material and Supporting Goods for Production Purpose

Program No.14: Exemption from Income Tax on Imports of certain goods if the company is located in SEZ.

Program No.15: Reduction in Income Tax for Investors investing in SEZ

Program No.17 : Pioneer Industry Status

Program No.18 : Income Tax benefits for listed Investments

Schemes Identified as Provision for Goods & Services

Program No.20 : Deduction in Land Tax for enterprises located in SEZ.

II. **List of Schemes in respect of Malaysia**

Schemes Identified as Grants

Program No.1: The Market Development grant

Program No.2: Science Fund

Program No.3: Techno Fund

Program No.4: Inno Fund

Program No.5: Cradle Investment Program

Program No.6: Export excellence award

Schemes Identified as Export Credit and Export Financing

Program No.7: Export Credit Refinancing

Program No 8: Buyer Credit Guarantee

Schemes Identified as Tax Incentive

Program No.9: Pioneer Status

Program No.10: Investment Tax Policies

Program No.11: Reinvestment Allowance

Program No.12: Accelerated Capital Allowance

Program No.13: Group Relief

Program No.14: Tariff Related Incentives

Program No.15: Allowance Industrial Building (IBA)

Program No.16: Allowance for plants and Machinery

Program No.17: Double deduction from taxable profit for promotion of Malaysian brand

Program No.18: Incentives for manufacturing and manufacturing related services in East Coast Economic Corridor

Program No.19: Draw back on Import duty, Sales tax and Excise duty

Program No.21: Exemption from Import Duty and Sales Tax for Outsourcing Manufacturing Activities

Program No.23: Exemption from Import Duty and Sales Tax on Machinery and Equipment

Program No.24: Exemption from Import Duty on Raw Materials/Components

Program No.25: Double Deduction from taxable profit for Promotion of Exports

Program No.26: Double Deduction on taxable income for Promotion of Export Cargo

Program No.27: Incentives for Small and Medium Enterprises

Program No.28: Allowance for Increased Export

Program No.29: Tax Exemptions for Exporters in Free Trade Zones

Program No 30 : Research and Development fund

Program No.30 (a) : Commercialization of Research and Development Fund (CRDF 1)

Program No.30 (b) : Commercialization of Research and Development Fund (CRDF 2)

Program No.30 (c) : Commercialization of Research and Development Fund (CRDF 3)

Program No.31: Tax incentives for in-house R&D

Program No.32: Double Deduction for Research and Development

Schemes Identified as Loans

Program No.33: Term Loans

Program No.34: Soft loans to Small and medium Enterprise (SMEs)

III. List of Schemes in respect of Thailand

Schemes Identified as Grants

Program No. 1: Gold Card Scheme

Schemes Identified as Tax and VAT Incentives

Program No. 2: Exemption/Reduction of Import Duties on Machinery – Section 28 of Investment Promotion Act

Program No 3 Income Tax Exemption

Program No 4: Exemptions with regard to investment promotion zone

Program No. 5: Exemption of Import duty on Raw Material Imported for use in Production for Export

Program No. 6 : Reduction of Import Duty for Raw or Essential Materials

Program No. 7 : Exemption of Corporate Income Tax for BOI-Promoted Activities

Program No. 8 : A 50 Percent Reduction of the Corporate Income tax in Investment Promotion Zones

Program No. 9 : Income Tax Double Deduction of the costs of Transportation, Electricity and Water supply in Promoted Zones

Program No. 10 : Additional 25 percent Deduction of the Cost of Installation or Construction of Facilities

Program No. 11: Tax and Duty Compensation/Tax coupons

Program No.12: Exemption of Import/Export duty for Bonded Warehouses

Program No.13: Incentives for Activities in Infrastructure for the Country's development, activities using Advanced Technology to create value added with no or very few existing Investments in Thailand

Program No.14: Incentives for High Technology Activities which are important to the country's development, with a few Investments already existing in Thailand

Program No.15: Merit based Incentive for Increase in Competitive Enhancement

Program No.16: VAT Exemption on Exports

Program No.17: Promotional Privileges

Program No 18:- Duty Drawback under Section 19 of the Customs laws

Schemes Identified in the form of free trade zone Schemes

Program No 19:- Free trade zone under Chapter X of the Customs act

Program No 20: Export processing zone (EPZ) Under the Industrial Estate Authority law

IV. List of Schemes in respect of Vietnam

Schemes Identified as Tax Incentives and Exemptions

Program No 1: Income Tax Preferences under Chapter V of Decree 24 (Implementation of the Law on Enterprise Income Tax)

Program 2: Import duty exemption or reimbursement for raw material

Program No 3: Exemption on corporate income tax for enterprises

Schemes Identified as export financing and Export Credit

Program No 5: Preferential lending to exporters

Program No 6: Export Promotion Program

Program No.7: Export Credits from Vietnam Development Bank

Program No.8: Export Support Credit

Schemes Identified as Investment Incentives

Program No. 9: Preferential lending for investors

Program No. 10: Interest rate of investment credit loans

Program No. 11: On investment support on foreign investors who invested on establishing small and medium scale enterprises

Schemes Identified as benefits from Bank

Program No. 13: Financial guarantee by Vietin Bank

Schemes Identified for being located in specific Zones

Program No. 14: Land preferences for enterprises in encouraged industries or Industrial zones under decree 142

Schemes Identified for incentives on use of utilities

Program No. 15: Government provision of land for less than adequate remuneration and exemptions or reductions from land and water rents

Other Subsidies

Interest Rate Support Program under the SBV.

5. It has been alleged that the above schemes are subsidies since they involve a financial contribution from the Governments of the respective subject countries or other regional or local governments of such respective countries, including public bodies and confer benefit on the recipient (s). They are also alleged to be limited to certain enterprises or groups of enterprises and/or products and/or regions and therefore specific and countervailable. They are also in some cases alleged to be contingent upon the use of domestic over imported goods and/or contingent upon export performance
6. The Designated Authority reserves the right to investigate other subsidies, which may be found to exist and availed by the producers and exporters of the subject goods, during the course of investigation.

Allegation of Injury and Casual Link

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

Initiation of the Investigation

8. The Authority finds that there is prima facie evidence of existence of countervailable subsidies on production and export of the subject goods in the subject countries and such subsidized imports are causing material injury to the domestic industry through their volume and price effects. Further the

threat of material injury to the domestic industry on account of subsidized imports has also been alleged by the domestic industry.

9. In view of the above position, the Authority hereby initiates an investigation into the alleged subsidization and consequent material injury and threat of injury to the domestic industry in terms of Rule 6 of the Rules supra, to determine the existence, degree and effect of alleged subsidization and to recommend the amount of countervailing duty, which if levied, would be adequate to remove the injury to the domestic industry.

Domestic Industry

10. The application has been filed by M/s Hindalco Industries Limited and M/s Vedanta Industries (Sterlite Copper) as per the evidence available on record, production of the petitioners accounts for major proportion of the total domestic production. The Authority, therefore, determines that the constituent of domestic producers in the present application constitute domestic industry within the meaning of Rules 2(b) and the application satisfies the criteria of standing in terms of Rules 6(3) of the Rules supra.

Product under consideration

11. The product under consideration in the present investigation is “Continuous Cast Copper Wire Rods” classifiable under custom sub headings 7407.1010, 7407.1020, 7408.1190, 7408.1920, 7408.1990, 7409.11, 7409.19

Like Article

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

Countries Involved

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

Period of Investigation

14. The period of investigation (POI) in the present investigation is April 2017 to March, 2018 (12 months). The injury investigation period will however cover the periods 2014-15, 2015-16, 2016-17 and the POI.

K. Procedure & Submission of information

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

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

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

(i) Time limit

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

(ii) Submission of Information on Non-Confidential basis

18. In terms of Rule 8 of the Rules, the interested parties are required to submit non-confidential version of any confidential information provided to the Authority. In case confidentiality is claimed on any part of the questionnaire's response/submissions, the same must be submitted in two separate sets (a) marked as Confidential (with title, index, number of pages, etc.) and (b) other set marked as Non-Confidential (with title, index, number of pages, etc.). All the information supplied must be clearly marked as either "confidential" or "non-confidential" at the top of each page.
19. Information supplied without any mark as "Confidential" shall be treated as non-confidential and the Authority shall be at liberty to allow the other interested parties to inspect any such non-confidential information. Two (2)

copies each of the confidential version and the non-confidential version must be submitted.

20. For information claimed as confidential; the supplier of the information is required to provide a good cause statement along with the supplied information as to why such information cannot be disclosed and/or why summarization of such information is not possible.
21. The non- confidential version is required to be a replica of the confidential version with the confidential information preferably indexed or blanked / summarized depending upon the information on which confidentiality is claimed. The non-confidential summary must be in sufficient detail to permit a reasonable understanding of the substance of the information furnished on confidential basis. However, in exceptional circumstances, party submitting the confidential information may indicate that such information is not susceptible to summary; a statement of reasons why summarization is not possible, must be provided to the satisfaction of the Authority.
22. The Authority may accept or reject the request for confidentiality on examination of the nature of the information submitted. If the Authority is satisfied that the request for confidentiality is not warranted or the supplier of the information is either unwilling to make the information public or to authorize its disclosure in generalized or summary form, it may disregard such information.
23. Any submission made without a meaningful non-confidential version thereof or without a good cause statement on the confidentiality claim may not be taken on record by the Authority. The Authority on being satisfied and accepting the need for confidentiality of the information provided; shall not disclose it to any party without specific authorization of the party providing such confidential information.

(iii) Non cooperation

24. In terms of Rule 7(8), in case where an interested party refuses access to or does not provide necessary information within a reasonable period, or significantly impedes the investigation, the Authority may record its findings on the basis of the facts available to it and make such recommendations to the Central Government as deemed fit.

(iv) Inspection of Public File

25. In terms of Rule 7(7), any interested party may inspect the public file containing non-confidential version of the evidence submitted by other interested parties.

(v) Sampling

26. In view of the possibility of participation by large number of exporter(s)/producer(s) in the subject countries involved in this proceeding and the limited time period for completion of the investigation, the Authority may limit the exporter(s)/producer(s) to be investigated to a reasonable number by selecting a sample. The sampling shall be carried out, if required, in terms of Rule 17(3) of Customs Tariff (Identification, Assessment and Collection of Antidumping duty on dumped articles and for determination of injury) Rules, 1995.

(Sunil Kumar)
Additional Secretary & Director General