

F. No. 7/23/2023-DGTR
Government of India
Department of Commerce
Ministry of Commerce & Industry
(Directorate General of Trade Remedies)
4th Floor, Jeevan Tara Building, Parliament Street, New Delhi – 110001

Dated: 30th September 2023

INITIATION NOTIFICATION

Case No – CVD/SSR-09/2023

Subject: - Initiation of sunset review investigation of countervailing duty concerning imports of Welded Stainless-Steel Pipes and Tubes originating in or exported from China PR and Vietnam.

F. No. 7/23/2023-DGTR. Stainless Steel Pipe and Tubes Manufacturer Association (Delhi) and Stainless Steel Pipes & Tubes Manufacturers Association (Gujarat) (hereinafter referred to as the “applicants”) have filed an application on behalf of the domestic industry before the Designated Authority (hereinafter referred to as the “Authority”) under the provisions of the Customs Tariff Act 1975, as amended from time to time (hereinafter also referred to as the “Act”) and the Customs Tariff (Identification, Assessment and Collection of Countervailing Duty on Subsidized Articles and for Determination of Injury) Rules, 1995 thereof, as amended from time to time (hereinafter also referred to as the “CVD Rules”) for the initiation of a sunset review investigation of countervailing duties concerning imports of “welded stainless steel pipes and tubes” (hereinafter referred to as the “subject goods” or “product under consideration”) originating in or exported from China PR and Vietnam (hereinafter referred to as the “subject countries”).

2. In terms of Section 9 (6) of the Act and Rule 24 (3) of the CVD Rules, the countervailing duties imposed shall, unless revoked earlier, cease to have effect on expiry of five years from the date of such imposition and the Authority is required to review whether the expiry of the said countervailing duty is likely to lead to continuation or recurrence of subsidisation and injury to the domestic industry. In accordance with the same, the Authority is required to review, on the basis of duly substantiated request made by or on behalf of the domestic industry as to whether there is a need for the continued imposition of the countervailing duty, and whether the expiry of the duty is likely to lead to continuation or recurrence of subsidisation and injury.

A. Background

3. The original anti-subsidy investigation was initiated by the Authority on 9th August 2018. The Authority recommended the imposition of definitive anti-subsidy duties on the imports of the subject goods from the subject countries *vide* Final Finding no F. No. 6/22/2018- DGAD dated 31st July 2019. The definitive measures were imposed by the Ministry of Finance *vide* Customs Notification No. 4/2019-Customs (CVD), dated 17th September 2019.

4. Further, pursuant to a request by the exporters of the product under consideration, the Authority initiated a limited mid-term review *vide* Notification dated 11th February 2021 to examine the need to modify the scope of product under consideration. *Vide* Final Findings No. 7/45/2020-DGTR dated 8th February 2022, the Authority concluded that the product exclusion sought was not warranted.

B. Product under consideration

5. The product under consideration is the same as in the original investigation i.e., “welded stainless steel pipes and tubes”.

6. The present investigation being a sunset review investigation, the scope of the product under consideration remains the same as defined in the original investigation.

7. The product under consideration is manufactured using stainless steel sheet, skelp, coil or plates. The raw material is formed into required shape and welded through suitable welding process.

8. The product under consideration is classified under Chapter 73 of the First Schedule to the Customs Tariff Act, 1975 and further, classified under subheadings 7306 40 00, 7306 61 00 and 7306 69 00. The product under consideration is also being imported under the HS Codes under 7304 11 10, 7304 11 90, 7304 41 00, 7304 51 10, 7304 90 00, 7305 11 29, 7305 90 99, 7306 11 00, 7306 21 00, 7306 29 19, 7306 30 90, 7306 50 00, 7306 90 11, 7306 90 19 and 7306 90 90. The customs classification is only indicative and is not binding on the scope of the present investigation.

9. The parties to the present investigation may provide their comments on the PUC and propose PCNs, if any, within 15 days of circulation of the non-confidential version of the documents filed before the Authority as indicated in paragraph 27 of this initiation notification.

C. Like article

10. The applicants have claimed that there are no known significant differences in the goods produced by the petitioning domestic producers and that exported from the subject countries. Both products have comparable characteristics in terms of parameters such as physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications,

pricing, distribution & marketing and tariff classification. The applicants have claimed that the two are technically and commercially substitutable. Therefore, for the purpose of present investigation, the subject goods produced by the petitioning domestic producers are being treated as 'like article' to the subject goods originating in or exported from the subject countries.

D. Domestic industry and standing

11. The application has been filed by Stainless Steel Pipe and Tubes Manufacturer Association (Delhi) and Stainless-Steel Pipes & Tubes Manufacturers Association (Gujarat) on behalf of members of the respective associations in terms of Trade Notice 09/2021 dated 29th July 2021, which states that in case the domestic industry is fragmented, the application may be filed by an association on behalf of the domestic industry, provided that such domestic producers represent major proportion of total eligible domestic production. The applicants have submitted that the domestic industry manufacturing the PUC are fragmented in nature, with more than 100 producers of subject goods in India. The applicants have submitted that the petitioning domestic producers are not related to exporters of subject goods in subject countries or importers of product under consideration in India. Further, such producers have not imported the product under consideration during the period of investigation.

12. The Authority *prima facie* observes that the association has acted on behalf of domestic producers. In view of the above, and after examination of the application filed by the applicants, the Authority *prima facie* notes that the applicants constitute 'domestic industry' within the meaning of Rule 2(b) and the application satisfies the criteria of standing in terms of Rule 6(3).

13. It is further noted that as per Trade Notice No. 09/2021 dated 29th July 2021, "[t]he Authority for the purpose of determining injury margin may limit detailed examination of applicant domestic producers to a limited number of domestic producers." In view of the same, the Authority will consider an appropriate sample of domestic producers for the purpose of determining the injury and injury margin during the course of the investigation.

E. Subsidy Programs

14. The applicants have alleged that the producers/exporters of the subject goods in the subject countries continue to be benefitted from actionable subsidies provided at various levels by the Governments of the subject countries, including the provinces and districts in which producers/exporters are located. The applicants have also claimed that there are additional programs or schemes that should be considered in the present investigation.

I. List of schemes in respect of China PR

- i. Schemes identified as provision of Goods and Services at Less Than Adequate Remuneration*

- a. Provision of Water for Less than Adequate Remuneration
- b. Hot Rolled Steel (HRS) provided by Government at less than adequate remuneration
- c. Provision of Cold-Rolled for Less Than Adequate Remuneration
- d. Government Provision for Steel Scrap for Less than Adequate Remuneration
- e. Land use rights provided at less than adequate remuneration
- f. Land Use Rights for SOEs
- g. Provision of Nickel/Nickel Pig Iron for LTAR
- h. Provision of Ferrochrome/Chromium for LTAR
- i. Provision of Coking Coal for LTAR
- j. Iron Ore at LTAR
- k. Electricity at LTAR
- l. Export restrictions on Coke
- m. Provision of Land-Use Rights for LTAR – Land Use Rights in Certain Industrial and SEZs

ii. Schemes identified as Tax and Vat Incentives

- a. Tariff and VAT Exemptions for Imported Equipment
- b. Preferential tax policies for companies that are recognized as high and new technology companies
- c. Tax concessions for Central and Western Regions
- d. Tax Preference Available to Companies that Operate at a Small Profit
- e. Enterprise Income Tax Rate Reduction in the Tianjin Port Free Trade Zone
- f. Tax credit concerning the purchase of special equipment
- g. Income tax concessions for the enterprises engaged in comprehensive resource utilisation (special raw materials)
- h. Preferential Tax Policies for FIEs Established in the Pudong Area of Shanghai
- i. Income Tax Reduction for Enterprises with Foreign Investment and Foreign Enterprises established in Special Economic Zones
- j. Tax Policies for the deduction of research and development (R&D) expenses
- k. Preferential income tax policy for the enterprises in the Northeast region
- l. Income Tax Refund for Re-investment of FIE Profits by Foreign Investors
- m. Reduced Tax Rate for Productive FIEs Scheduled to operate for a Period not Less than 10 Years
- n. Income Tax Reduction for Advanced Technology FIEs
- o. Preferential Tax Policies for FIEs and Foreign Enterprises and Certain Domestically- Owned Companies Which Have Establishments or Places in China and are Engaged in Production or Business Operations Purchasing Domestically Produced Equipment's
- p. Preferential Tax Policies for the Research and Development of FIEs
- q. VAT Refunds for FIEs Purchasing Domestically - Produced Equipment
- r. Tax Reductions for Technology or Knowledge-Intensive FIEs

- s. Shanghai Municipal Tax Refund for High-tech Achievement Commercialization Projects
- t. Local income tax and reduction program for the productive FIEs
- u. Local Income Tax Exemption and/or Reduction in SEZs in Guangdong and Hainan Island
- v. Industrial Parks promoting growth of Steel Industry
- w. Dividend exemption between qualified resident enterprises
- x. Preferential Tax Policies for FIEs Established in the Coastal Economic Open Areas and in the Economic and Technological Development Zones

iii. Schemes identified as Preferential Loans and Lending

- a. Credit Guarantee by GOC
- b. Preferential Lending (including Policy Loans)
- c. Preferential export financing from the Export-Import Bank of China
- d. Preferential Loans for SOEs
- e. Allowance to Pay Loan Interest

iv. Schemes identified as Export Financing and Export Credit

- a. Export Seller's Credit
- b. Export Buyer's Credit
- c. Export Credit Insurance Subsidies
- d. Other export financing from State Owned Banks

v. Schemes identified as Equity Infusion

- a. Debt for equity swaps
- b. Equity infusions
- c. Unpaid dividends
- d. Debt Forgiveness
- e. Deed Tax Exemption for SOEs Undergoing Mergers or Restructuring

vi. Schemes identified as Grants

- a. Famous Brands Program/ Incentive fund for famous-brand products
- b. Special fund for energy saving technology reform
- c. Direct Government Grants given by Jiangsu Province
- d. Grants to Baoshan Steel
- e. Grants for Antidumping Investigations
- f. Superstar Enterprise Grant
- g. Research & Development (R&D) Assistance Grant
- h. Export Assistance Grant
- i. Grants for Listing Shares
- j. Funds for Outward Expansion of industries in Guangdong Province
- k. Grants provided through the Provincial Fund for Fiscal and Technological

Innovation

- l. Grant - Special Funds for Fostering Stable Growth of Foreign Trade
- m. Interim Measures of Fund Management of Allowance for Zhongsham Enterprises to Attend Domestic and Overseas Fair
- n. International Market Fund for Export Companies
- o. Small and Medium-sized Enterprise Support Funds
- p. State Special Fund for Promoting Key Industries and Innovation Technologies
- q. Treasury Bonds Loans or Grants
- r. Provincial Government - Equipment Grant
- s. Various grants provided to Fuyang City and Hangzhou City
 - i. Grant for Enterprises Paying Over RMB 10 Million in Taxes
 - ii. Grants under the Export of Sub-Contract Services Program
 - iii. Grants under Excellent New Products/Technology Award
 - iv. Investment grants from Fuyang City Government for key industries
 - v. Grants for Enterprises Operating Technology and Research and Development Centers
 - vi. Local and Provincial Government Reimbursement Grants on export Credit Insurance Fees
 - vii. Initial Public Offering (IPO) Grants from the Hangzhou Prefecture and the City of Fuyang (Zhejiang Province) & (Anhui Province)
- t. Grants provided by Hebei Province
 - i. Grants under the Science and Technology program of Hebei Province
 - ii. Government of Shijiazhuang City Export Award
- u. Various grants provided to Shandong Province
 - i. Shandong Province's Special Fund for the Establishment of Key Enterprise Technology Centers
 - ii. Shandong Province's Award Fund for Industrialization of Key Energy-Saving Technology
 - iii. Shandong Province's Environmental Protection Industry Research and Development Funds
- v. Shandong Province's Construction Fund for Promotion of Key Industries
- w. Subsidies Provided in Tianjin Binhai New Area and the Tianjin Economic and Technological Development Area
- x. Shanghai Municipal Subsidy to Coal-Fired Power Plants for Emissions Reduction

vii. Schemes identified as provision of Goods and Services at Less Than Adequate Remuneration

- a. Purchase of Goods by the Government for higher than adequate remuneration

II. List of schemes in respect of Vietnam

- i. Schemes identified as Tax Incentives and Exemption*
 - a. Import duty exemption or reimbursement for raw material
 - b. Import duty exemption for equipment for equipment and machinery to create fixed asset
 - c. Exemption on corporate income tax for enterprises
 - d. Exemption on Import for Exported Goods
 - e. Enterprise Income Tax Exemption under Chapter III of the Law on Enterprise Income Tax

- ii. Schemes identified as Export Financing and Export Credit*
 - a. Preferential Lending for investors
 - b. Export Promotion Program

- iii. Schemes identified as Investment Incentives*
 - a. Preferential lending to exporters
 - b. Assistance to Small- Medium Enterprises.
 - c. Interest rate of the investment credit loans
 - d. On investment support on foreign investors who invested on establishing small and medium scale enterprises

- iv. Schemes identified as Benefits from Banks*
 - a. Export credits from the Vietnam Development Bank
 - b. Export Financing Activity by Vietin Bank
 - c. Financial Guarantees by Vietin Bank
 - d. Export Support Credit

- v. Schemes identified as being provided in Specific Zones*
 - a. Land preference for Enterprises in Encouraged Industries or Industrial Zones

- vi. Schemes identified as Incentives on Use of Utilities*
 - a. Exemptions or reductions on water rent
 - b. Government provision of land for less than adequate remuneration and exemptions or reductions from land rents

15. The Designated Authority may investigate other subsidies, which may be found to exist and availed by the producers/exporters of the subject goods in the subject countries during the course of the investigation.

F. Likelihood of continuation/recurrence of subsidy and injury

16. There is *prima facie* evidence of likelihood of continuation/recurrence of subsidization and consequent injury to the domestic industry in the event of cessation of anti-subsidy duty, considering the volume of imports from the subject countries that were subject to duty, increase in volume of imports from exporters subject to lower duties, transfer of subsidized raw material from China PR to Vietnam, trade remedial measures imposed by third countries, overcapacities in the subject countries, likely suppression or depression effect of imports in the absence of duties, and likely adverse impact of cessation of anti-subsidy duty on the performance of domestic industry.

G. Initiation of sunset review investigation

17. On the basis of the duly substantiated application by or on behalf of the domestic industry, and having satisfied itself, on the basis of the *prima facie* evidence submitted by the applicants, substantiating likelihood of continuation or recurrence of subsidization and injury to the domestic industry, the Authority hereby initiates a sunset review investigation to review the need for continued imposition of anti-subsidy duty on imports of subject goods from the subject countries and to examine whether the expiry of the existing countervailing duty is likely to lead to continuation or recurrence of subsidy and consequent injury to the domestic industry, in accordance with Section 9 of the Act, read with Rule 24 of the CVD Rules.

H. Subject countries

18. The subject countries for the present countervailing duty investigation are China PR and Vietnam.

I. Period of investigation

19. The period of investigation for the purpose of the present investigation is 1st April 2022 to 31st March 2023 (12 months). The injury analysis period covers the period of investigation and the three preceding financial years, i.e. 2019-20, 2020-21, 2021-22.

J. Procedure

20. The sunset review investigation will cover all aspects of the Final Findings published vide Notification No. 6/22/2018- DGAD dated 31st July 2019. The Authority will also undertake likelihood analysis of continuation / recurrence of subsidization and injury in the event of expiry of anti-subsidy duty in force.

21. The provisions of Rule 7, 8, 9, 10, 11, 12, 13, 18, 19, 20, 21 and 22 shall *mutatis mutandis* in the present investigation.

K. Submission of Information

22. All communication should be sent to the Authority via email at the email addresses adg14-dgtr@gov.in, adv13-dgtr@gov.in, dd11-dgtr@gov.in and dd16-dgtr@gov.in. It should be ensured that the narrative part of the submission is in searchable PDF/MS Work format and data files are in MS Excel format.

23. The known producers/exporters from the subject countries, their governments through their respective embassies in India, the importers and users in India known to be concerned with the subject goods and the domestic producers are being informed separately to enable them to file all the relevant information in the form and manner prescribed within the time-limit set out below.

24. Any other interested party may also make its submissions relevant to the investigation in the form and manner prescribed within the time-limit set out below on the email addresses mentioned hereinabove.

25. Any party making any confidential submission before the Authority is required to make a non-confidential version of the same available to the other interested parties.

26. Interested parties are further advised to keep a regular watch on the official website of the Authority <http://www.dgtr.gov.in/> for any updated information with respect to this investigation.

L. Time Limit

27. Any information relating to the present investigation should be to the Authority via email at the email addresses adg14-dgtr@gov.in, adv13-dgtr@gov.in, dd11-dgtr@gov.in and dd16-dgtr@gov.in within thirty days (30 days) from the date of receipt of the notice as per Rule 7(4) of the CVD Rules. It may, however, be noted that in terms of explanation of the said Rule, the notice calling for information and other documents shall be deemed to have been received within one week from the date on which it was sent by the Designated Authority or transmitted to the appropriate diplomatic representative of the exporting country. If no information is received within the prescribed time limit or the information received is incomplete, the Authority may record its finding on the basis of the facts available on records in accordance with the Rules.

28. All the interested parties are hereby advised to intimate their interest (including the nature of interest) in the instant investigation and file their questionnaire response/submissions within the above time limit.

M. Submission of information on confidential basis

29. Any party making any confidential submission or providing information on confidential basis before the Authority, is required to simultaneously submit a non-confidential version of the same in terms of Rule 8(2) of the Rules and the Trade Notices issued in this regard. Failure to adhere

to the above may lead to rejection of the response / submissions.

30. The parties making any submission (including Appendices/Annexures attached thereto), before the Authority including questionnaire response, are required to file Confidential and Non-Confidential versions separately.

31. The “confidential” or “non-confidential” submissions must be clearly marked as “confidential” or “non-confidential” at the top of each page. Any submission made without such marking shall be treated as non-confidential by the Authority, and the Authority shall be at liberty to allow the other interested parties to inspect such submissions.

32. The confidential version shall contain all information which is by nature confidential and/or other information which the supplier of such information claims as confidential. For information which are claimed to be confidential by nature or the information on which confidentiality is claimed because of other reasons, 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.

33. The non-confidential version of the information filed by the interested parties should be a replica of the confidential version with the confidential information preferably indexed or blanked out (where indexation is not possible) and such information must be appropriately and adequately summarized depending upon the information on which confidentiality is claimed.

34. The non-confidential summary must be in sufficient detail to permit a reasonable understanding of the substance of the information furnished on a confidential basis. However, in exceptional circumstances, the party submitting the confidential information may indicate that such information is not susceptible to summary, and a statement of reasons containing a sufficient and adequate explanation in terms of Rule 8 of the Rules, 1995, and appropriate trade notices issued by the Authority, as to why such summarization is not possible, must be provided to the satisfaction of the Authority.

35. The interested parties can offer their comments on the issues of confidentiality claimed by the domestic industry within 7 days from the date of circulation of the non-confidential version of the documents in terms of paragraph 27 of this initiation notification.

36. Any submission made without a meaningful non-confidential version thereof or a sufficient and adequate cause statement in terms of Rule 8 of the Rules, and appropriate trade notices issued by the Authority, on the confidentiality claim shall not be taken on record by the Authority.

37. The Authority may accept or reject the request for confidentiality on examination of the nature of the information submitted. If the Authority is satisfied the request for confidentiality is

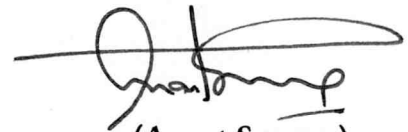
not warranted or if the supplier of the information is either unwilling to make the information public or to authorize its disclosure in generalized or in summary form, it may disregard such information.

38. 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 information.

39. A list of registered interested parties will be uploaded on the DGTR's website along with the request therein to all of them to email the non-confidential version of their submissions/response/information to all other interested parties. Failure to circulate non-confidential version of submissions/response/information might lead to consideration of an interested party as non-cooperative.

N. Non-cooperation

40. In case where an interested party refuses access to, or otherwise 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.



(Anant Swarup)

Designated Authority