

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

**F. No. 7/1/2018-DGAD  
Government of India  
Ministry of Commerce & Industry  
(Directorate General of Trade Remedies)  
4th Floor Jeevan Tara Building, Parliament Street, New Delhi 110001**

Dated 9 August, 2018

**Notifications  
(Final Findings)  
(Case No. SSR 1/2018)**

**Subject: Sunset Review investigation on imports “Flat Base Steel Wheels” from China PR.**

**BACKGROUND OF THE CASE**

1. F. No. 7/1/2018-DGAD– Having regard to the Customs Tariff Act, 1975 as amended in 1995 (hereinafter referred as the Act) and the Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995, as amended from time to time (hereinafter referred as the Rules), the Designated Authority (hereinafter referred to as the Authority) recommended imposition of anti-dumping duty in the previous investigations on imports of “Flat Base Steel Wheels of size 16” nominal diameter to 20” nominal diameter used in tubed tyre application in commercial vehicles” (hereinafter referred to as the subject goods), originating in or exported from China PR (hereinafter referred to as the subject country).
2. Whereas, the original investigation concerning imports of the subject goods from the subject country was initiated by the Authority vide Notification No. 14/8/2005-DGAD dated 31 May, 2006. The Preliminary Finding was issued by the Authority vide Notification No. 14/8/2005-DGAD dated 12 January, 2007 and the provisional antidumping duty was imposed by the Department of Revenue vide Custom Notification No. 51/2007 dated 29 March, 2007. The Final Findings Notification was issued by the Authority vide notification No.14/8/2005-DGAD dated 28 November, 2007; recommending imposition of definitive duty. On the basis of the recommendations made by the Authority in the final findings, definitive antidumping duty was imposed w.e.f 29 March, 2007 by the Department of Revenue vide Notifications No. 124/2007-Customs dated 31st December, 2007 on the imports of the subject goods, originating in or exported from the subject country.
3. Whereas, some of the interested parties had filed appeals before CESTAT against the Final Findings of the Authority. The Hon’ble CESTAT vide its order dated 11 August, 2011 remanded the matter back to the Designated Authority for affording post-decisional hearing to the appellants and for making such modifications to the Final Findings as may be necessary as a result of such post decisional hearing. Whereas, in compliance with the orders of the Hon’ble CESTAT and without prejudice to the rights of the Designated Authority to challenge the orders on the matters of law and principle, the Authority held a post decisional oral hearing for the known interested parties on 13 December 2011 and issued the post decisional findings vide Notification No.14/8/2005-DGAD dated 10th February, 2012, re-affirming its final findings made vide earlier Notification No.14/8/2005-DGAD dated 28 November 2007 and the recommendations made therein.

4. Whereas, a Sunset Review investigation was initiated vide notification no 15/22/2011-DGAD dated 24th February, 2012 and continued imposition of anti-dumping duties was recommended on the subject goods from the subject country vide notification No.15/22/2011-DGAD, dated 20th February, 2013 and Ministry of Finance extended definitive anti-dumping duty vide notification No.3/2013- CUS, dated the March 26, 2013 on all imports of the subject goods from the subject country.
5. And whereas a petition has been filed by M/s. Kalyani Maxion Wheels Private Limited and M/s. Wheels India Limited, (hereinafter referred to as petitioners), in accordance with the Act and the Rules, alleging likelihood of continuation or recurrence of dumping of the above goods, originating in or exported from China and consequent injury to the domestic industry and requesting for initiating Sunset Review investigation for continuation of anti-dumping duties in force on imports of Flat Base Steel Wheels originating in or exported from China PR.
6. In view of the duly substantiated application with prima facie evidence of likelihood of dumping and injury filed on behalf of the Domestic Industry , in accordance with Section 9A(5) of the Act, read with Rule 23 of the Anti-dumping Rules, the Authority issued a Notification No. 7/1/2018-DGAD dated 8th February, 2018, published in the Gazette of India, initiating a Sunset Review investigation in accordance with Section 9A(5) of the Act, read with Rule 23 of the Anti-dumping Rules, to review the need for continued imposition of the duties in respect of the subject goods, originating in or exported from the subject country, and to examine whether the expiry of such duty is likely to lead to continuation or recurrence of dumping and injury to the Domestic Industry.
7. The scope of the present review covers all aspects of the original investigation concerning imports of the above goods, originating in or exported from China PR.

#### **GENERAL PROCEDURE**

8. Procedure described below has been followed with regard to this investigation, after issuance of the public notice notifying the initiation of the above investigation by the Authority:
  - i. The Authority sent a copy of the initiation notification to the Embassy of the subject country in India, known producers/exporters in the subject country, known importers/users in India, and the Domestic Industry as per the addresses made available by the applicants and requested them to make their views known in writing within 40 days of the initiation notification.
  - ii. The Authority provided a copy of the non-confidential version of the application to the known producers/exporters in subject country and to the Embassy of the subject country in India in accordance with Rule 6(3) of the Rules supra.
  - iii. The Embassy of the subject country in India was also requested to advise the exporters/producers from China to respond to the questionnaire within the prescribed time limit. A copy of the letter and questionnaire sent to the producers/exporters was also sent to them along with the names and addresses of the known producers/exporters from China PR.
  - iv. The Authority sent Exporter's Questionnaire to elicit relevant information to the following known producers/exporters in accordance with Rule 6(4) of the Rules:
    - a. Shandong Jining Wheel Factory, China
    - b. Shandong Sheng Tai, Wheel Co. Ltd, China
    - c. Xiamen Sunrise Wheel Group Ltd., China
    - d. Zhejiang Jingu Company Limited, China
    - e. Shandong Xingmin Wheel Co. Ltd, China

- f. Fujian Zhengxing Wheel Co. Ltd, China
  - g. China Zenix Auto International Limited, China
  - h. Shengtai Group Shandong Detong Wheels Co. China
  - i. Xingmin Group, China
- v. In response to the above notification, none of the exporter/producer of China responded to the questionnaire issued by the Authority.
- vi. The Authority sent Importer's Questionnaires to the following known importers/users of subject goods in India calling for necessary information in accordance with Rule 6(4) of the Rules:
- a. Tata Motors Ltd.
  - b. Eicher Motors Ltd.
  - c. Asia Motor Works Ltd.
  - d. Ashok Leyland Ltd.
  - e. King Kaveri Trading Company
  - f. York Transport Equipment (AISA) Pte Ltd.
  - g. York Transport Equipment
- vii. In response to the above notification, none of the importers responded to the questionnaire issued by the Authority.
- viii. The Authority made available non-confidential version of the evidence presented by various interested parties in the form of a public file kept open for inspection by the interested parties;
- ix. Request was made to the Directorate General of Commercial Intelligence and Statistics (DGCI&S) to provide the transaction-wise details of imports of subject goods for the past three years, and the period of investigation, which was received by the Authority. The Authority has, relied upon the DGCI&S data for computation of the volume and value of imports of the product concerned for the purpose of the investigation.
- x. The Non-Injurious Price (NIP) based on the optimum cost of production and cost to make & sell the subject goods in India based on the information furnished by the Domestic Industry on the basis of Generally Accepted Accounting Principles (GAAP) and Annexure III to the Anti-dumping Rules has been worked out so as to ascertain whether Anti-Dumping duty lower than the dumping margin would be sufficient to remove injury to the Domestic Industry.
- xi. The Authority held an oral hearing on 12<sup>th</sup> June, 2018 to provide an opportunity to the interested parties to present relevant information orally in accordance to Rule 6 (6), which was attended by the representatives of Domestic Industry. None of the importer/exporters/user attended the public hearing. The representatives of the domestic industry who presented their views orally at the time of oral hearing were advised to file written submissions of the views expressed orally.
- xii. Verification of the data of the Domestic Industry was carried out to the extent considered necessary. Only such verified information with necessary rectification, wherever applicable, has been relied upon for the purpose of this finding.
- xiii. The period of investigation for the purpose of the present review is October, 2016 to September, 2017. The injury investigation period has however, been considered as the period 2014-15, 2015-16, 2016-17 and the period of investigation.

- xiv. A Disclosure Statement was issued on 27th July, 2018 containing essential facts under consideration of the Designated Authority, giving time up to 3rd August, 2018 to furnish comments, if any, on Disclosure Statement. The Authority has considered post disclosure comments received from interested parties appropriately.
- xv. ‘\*\*\*’ in this Findings represent information furnished by an interested party on confidential basis and so considered by the Authority under the Rules.
- xvi. The exchange rate for the POI has been taken by the Authority as Rs.66.70= 1 US\$.

## **PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE**

### **Views of the Domestic Industry**

9. The following are the submissions made by the domestic industry with regard to product under consideration and like article:
  - i. The product under consideration is the same as the original investigations, which can be defined as “Flat base Steel Wheels of size 16” nominal diameter to 20” nominal diameter.
  - ii. Flat base steel wheels are assembly of rim and disc with a demountable ring. Rims and discs are produced in separate lines and welded together to form a wheel, which is mounted on the axles of vehicles and fitted with tyres to enable vehicle movement.
  - iii. Wheels are classified under Chapter 87 of the Customs Tariff Act under the category of “vehicles other than railway or tramway rolling stock, and parts and accessories thereof” under the sub-heading 8708.70 of the Customs Tariff Act and ITC HS classification.
  - iv. There is no difference in the technology employed and the quality of the domestic and imported product and are technically and commercially substitutable. The consumers are using the two interchangeably.
  - v. Each of the subject flat base wheels produced by the Domestic Industry is individually comparable in terms of characteristics such as physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification of the goods with each of the subject flat base wheels imported from respective subject country.
  - vi. Present investigation is a review investigation. The Designated Authority has examined the issue of product under consideration and like article in the original investigation, as there are no major developments since the previous investigations with regard to product under consideration, the scope of the product under consideration is required to be kept the same as that of original investigation.

### **Views of the Interested Parties**

10. None of the producers/exporters/importers/other interested parties has made any submissions in this regard.

### **Examination of the Authority**

11. The product under consideration defined in the previous investigations is as under:

*“Flat base Steel Wheels of size 16” nominal diameter to 20” nominal diameter used in tubed tyre application in commercial vehicles” (the subject goods), originating in or exported from China PR.*

*Flat base steel wheels are assembly of rim and disc with a demountable ring. Rims and discs are produced in separate lines and welded together to form a wheel, which is*

*mounted on the axles of vehicles and fitted with tyres to enable vehicle movement. Commercial vehicles comprise of buses, lorries including trucks, trailers, tempos, etc. Wheels are classified under Chapter 87 of the Customs Tariff Act under the category of “vehicles other than railway or tramway rolling stock, and parts and accessories thereof” under the sub-heading 8708.70 of the Customs Tariff Act and ITC HS classification. The customs classification is, however, indicative only and is in no way binding on the scope of the present investigation.*

12. The present investigation being a Sunset Review investigation and anti-dumping duties, as earlier recommended by the Authority, being in force on the imports of the subject goods from the subject country, the Authority considers that the scope of the PUC in the present investigation remains the same as that in the original and subsequent review investigations.
13. After considering the information on record, the Authority holds that there is no known difference in product under consideration exported from subject country and the product produced by the Indian industry. The subject goods produced by the domestic industry is comparable to the Product under consideration in terms of characteristics such as physical & chemical characteristics, functions & uses, product specifications, distribution & marketing and tariff classification of the goods. The two are technically and commercially substitutable. The consumers are using the two interchangeably.
14. Thus, the Authority holds that the subject goods produced by the applicant domestic industry is like article to the Product under consideration, in accordance with the Anti-Dumping Rules.

## **SCOPE OF DOMESTIC INDUSTRY & STANDING**

### **Views of the Domestic Industry**

15. Following submissions have been made by the Domestic Industry with regard to scope and standing of the Domestic Industry:
  - i. The petition for review and continuation of the quantum of anti-dumping duty in force on imports of Flat base Steel Wheels originating from China PR has been filed by M/s. Kalyani Maxion Wheels Private Limited and M/s. Wheels India Limited, who produce the subject goods in India and supported by M/s Steel Strips Wheels Ltd.
  - ii. The petitioners command majority proportion in Indian production. They have neither imported the subject goods nor are they related to any exporter of the subject product in subject country or an importer in India.
  - iii. No published information is available with regard to the production of the other Indian producers. The petitioner has determined the production of other Indian producers based on their imports of raw materials, domestic sales, imports and exports made by individual Companies.

### **Views of the other Interested Parties**

16. None of the producers/exporters/importers/other interested parties has made any submissions in this regard.

### **Examination of the Authority**

17. Rule 2 (b) of the AD rules defines domestic industry as under:

*“(b) “domestic industry” means the domestic producers as a whole engaged in the manufacture of the like article and any activity connected therewith or those whose collective output of the said article constitutes a major proportion of the total domestic production of that article except when such producers are related to the exporters or importers of the alleged dumped article or are themselves importers thereof in such*

*case the term 'domestic industry' may be construed as referring to the rest of the producers”*

18. The application has been filed by M/s. Kalyani Maxion Wheels Private Limited and M/s. Wheels India Limited and supported by M/s Steel Strips Wheels Ltd.
19. On the basis of information on record, the Authority has noted that the share of petitioners alone account for 57% of total Indian production. Petition is supported by one of the producer of subject goods namely M/s Steel Strips Wheels Ltd. The share becomes 94% of the total Indian production. Further, the petitioners have not imported the subject goods during the period of investigation, and, are not related to any exporter or producer of the subject goods in China or any importer of the product under consideration in India within the meaning of Rule 2(b).
20. In view of the above and after due examination, the Authority holds that the petitioners satisfies the standing requirements for the subject goods and constitute domestic industry under Rule 2(b) and Rule 5(3) of the AD Rules.

### **NORMAL VALUE, EXPORT PRICE AND DETERMINATION OF DUMPING MARGIN**

21. According to Section 9A (1) (c) of the Customs Tariff Act, 1975 'Normal Value' in relation to an article means: -

*“comparable price, in the ordinary course of trade, for the like article when meant for consumption in the exporting country or territory as determined in accordance with the rules made under sub-section (6); or*

*when there are no sales of the like article in the ordinary course of trade in the domestic market of the exporting country or territory, or when because of the particular market situation or low volume of the sales in the domestic market of the exporting country or territory, such sales do not permit a proper comparison, the normal value shall be either-*

*(a) comparable representative price of the like article when exported from the exporting country or territory or an appropriate third country as determined in accordance with the rules made under sub-section (6); or*

*the cost of production of the said article in the country of origin along with reasonable addition for administrative, selling and general costs, and for profits, as determined in accordance with the rules made under sub-section (6):*

*Provided that in the case of import of the article from a country other than the country of origin and where the article has been merely transhipped through the country of export or such article is not produced in the country of export or there is no comparable price in the country of export, the normal value shall be determined with reference to its price in the country of origin.*

### **Views of the Domestic Industry**

22. The Domestic Industry, inter alia, submitted as follows:
  - i. China needs to be treated as non-market economy for the reason that the costs and prices in China do not reasonably reflect the market forces. Para 8 to Annexure-I specifies the parameters which should be considered for grant of market economy status. This also implies that unless these conditions are not fulfilled/ satisfied, the Chinese costs and prices cannot be adopted.
  - ii. Chinese producers are required to be treated as companies operating under nonmarket

economy environment and the Authority may proceed to determine the normal value on the basis of Para 7 of Annexure-I.

- iii. The imports are entering the Indian market at dumped prices.

### **Views of the interested parties**

23. None of the producers/exporters/importers/other interested parties has made any submissions in this regard.

### **Examination by the Authority**

#### **Normal Value in China**

24. Upon initiation, the Authority advised the producers/exporters in China to respond to the notice of initiation and provide information relevant to determination of normal value. The Authority sent copies of the Supplementary questionnaire to all the known producers/ exporters for rebutting presumption of nonmarket economy in accordance with criteria laid down in Para 8(3) of Annexure-I to the AD Rules. The Authority also requested Government of China to advise the producers/exporters in their country to provide the relevant information. However, none of the Chinese producers filed any response to the Supplementary questionnaire issued by the Authority.
25. Accordingly, the normal value and export price for the all the producers/exporters from the subject country have been determined as below:

#### **Determination of Normal Value for producers and exporters in China PR.**

In the absence of any reliable price and cost details for the subject goods in subject country and any other market economy third country, the Designated Authority has constructed the normal value for China PR on the basis of best available information for the like product, with a reasonable profit margin. Accordingly, the Normal Value for all the producers/exporters of the subject goods from China PR has been constructed and the same is shown in the Dumping Margin Table below.

#### **All producers/exporters from China PR**

26. As none of the producers from China PR has co-operated in this investigation and provided any information for rebutting the non-market treatment as per Para 8(2) of annexure as the AD rules. The normal value has been determined in accordance with Para 7 of Annexure I of Anti-Dumping Rules. In the absence of sufficient information on record regarding the other methods as are enshrined in Para 7 of Annexure I of the AD rules. The Authority has determined the normal value by adopting the method “any other reasonable basis”.
27. The Authority has therefore constructed the normal value for China PR, by considering the best available information on record.

#### **Determination of export price of China PR**

28. None of the exporters from China PR have provided any information giving details of export price. Therefore, the Authority has determined the export price for producers/exporters of China PR on the basis of the DGCI&S transaction wise data. The said price is the CIF import price. Accordingly, the weighted average net export price at ex-factory level, in respect of all exporters from China PR has been determined after making due adjustments for Ocean Freight, Marine Insurance, Port Expenses, Bank charges, Commission and Inland freight on the basis of best available information.

### **Determination of Dumping Margin**

29. The dumping margin during the POI for all exporters/producers from the subject country has been determined as provided in the table below:

<b>Particular</b>	<b>UOM</b>	<b>China</b>
Constructed Normal Value	Rs/KG	***
Net Export Price	Rs/KG	***
Dumping Margin	Rs/KG	***
Dumping Margin	%	***
Range	%	0-10

### **Injury Determination**

#### **Views of Domestic Industry**

30. The Domestic Industry has submitted as follows with regard to injury and causal link in case of subject goods:
- i. Unlike original investigations, Sunset Reviews are prospective in nature, as they focus on the likelihood of the continuation or recurrence of dumping and injury, in case antidumping duties are removed.
  - ii. With respect to the injury determination, if the anti-dumping duty has had the desired effect, the condition of the domestic industry is expected to have improved during the period the anti-dumping duty was in force.
  - iii. The assessment whether injury will continue, or recur, would entail a counter-factual analysis of future events, based on projected levels of dumped imports, prices, and impact on domestic industry.
  - iv. The Designated Authority has to address the question as to whether the domestic industry is likely to be materially injured again, if duties are lifted.
  - v. There is negative price undercutting. This is due to anti-dumping duty in force; the situation is likely to reverse in the event of cessation of anti-dumping duty.
  - vi. There had been an increase in selling price and the landed price of imports due to anti-dumping duty in force. In the event of cessation of anti-dumping duty, the imports in all likelihood would have price suppression and depression effect.
  - vii. Production, capacity utilization and sales of the domestic industry have increased. However, should the present duties cease at this stage, the capacity utilization shall decline significantly.
  - viii. Profits, cash profits and return on capital employed of the domestic industry have increased since the base year.
  - ix. Market share of the domestic industry and other Indian producers has remained constant since last three years. In the event of cessation of anti-dumping duty, the dumped imports from subject country will resume in significant volumes taking away market share of the domestic industry.
  - x. The growth of the domestic industry in terms of most of the parameters has shown improvement. This is due to anti-dumping duty in force. The situation is likely to reverse in the event of cessation of anti-dumping duty.

#### **Views of other Interested Parties**

31. None of the producers/exporters/importers/other interested parties has made any submissions in this regard.



## **Examination by the Authority**

The injury analysis made by the Authority hereunder addresses the various submissions made by the interested parties.

32. Rule 11 of Antidumping Rules read with Annexure–II provides that an injury determination shall involve examination of factors that may indicate injury to the domestic industry, “... taking into account all relevant facts, including the volume of dumped imports, their effect on prices in the domestic market for like articles and the consequent effect of such imports on domestic producers of such articles...” In considering the effect of the dumped imports on prices, it is considered necessary to examine whether there has been a significant price undercutting by the dumped imports as compared with the price of the like article in India, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increases, which otherwise would have occurred, to a significant degree.
33. Article 3.1 of the WTO Agreement and Annexure-II of the AD Rules provide for an objective examination of both, (a) the volume of dumped imports and the effect of the dumped imports on prices, in the domestic market, for the like products; and (b) the consequent impact of these imports on domestic producers of such products. With regard to the volume effect of the dumped imports, the Authority is required to examine whether there has been a significant increase in dumped imports, either in absolute terms or relative to production or consumption in India. With regard to the price effect of the dumped imports, the Authority is required to examine whether there has been significant price undercutting by the dumped imports as compared to the price of the like product in India, or whether the effect of such imports is otherwise to depress the prices to a significant degree, or prevent price increases, which would have otherwise occurred to a significant degree.
34. According to Section 9(A)(5) of the Customs Tariff Act, anti-dumping duty imposed shall, unless revoked earlier, cease to have effect on the expiry of five years from the date of such imposition, provided that if the Central Government, in a review, is of the opinion that the cessation of such duty is likely to lead to continuation or recurrence of dumping and injury, it may, from time to time, extend the period of such imposition for a further period of five years and such further period shall commence from the date of order of such extension.
35. For the examination of the impact of imports on the domestic industry in India, the Authority has considered such indices having a bearing on the state of the industry as production, capacity utilization, sales quantum, stock, profitability, net sales realization, the magnitude and margin of dumping etc. in accordance with Annexure II(iv) of the Rules supra.
36. In consideration of submissions received in this regard, the Authority proceeds to examine the current injury, if any, to the domestic industry before proceeding to examine the likelihood aspects of dumping and injury on account of imports from the subject country.

### **(i) Assessment of Demand/ Apparent Consumption**

37. The Authority has defined, for the purpose of the present investigation, demand or apparent consumption of the subject goods in India as the sum of domestic sales of the Indian producers and imports from all sources. The demand for the product under consideration is given below:

<b>Demand</b>	<b>Unit</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>POI</b>
Sales of Domestic Industry	MT	***	***	***	**
Indexed		100	121	117	111
Sales of Other Indian Producers	MT	***	***	***	**
Indexed		100	146	157	161

Imports from					
China	MT	152	313	108	170
Others	MT	125	3	3	5
<b>Total Demand</b>	<b>MT</b>	1,20,954	1,56,622	1,58,175	1,55,358

38. The Authority notes that the demand has shown increase over the injury period, even though it declined slightly in the period of investigation in comparison to the previous year.

**(ii) Volume Effect of Dumped Imports and Impact on Domestic Industry**

**Import volume and Market Share**

39. With regard to volume of the dumped imports, the Authority is required to consider whether there has been a significant increase in dumped imports either in absolute terms or relative to production or consumption in India. The table below summarizes the factual position with regard to import volumes and market share:-

Particulars	Units	2014-15	2015-16	2016-17	POI
China	MT	152	314	108	170
Others	MT	125	3	3	5
Total imports	MT	277	317	111	175
<b>Subject country imports in relation to</b>					
Indian Production	%	***	***	***	***
Demand	%	***	***	***	***
Total Import	%	54%	99%	96%	97%

40. On the basis of above, the Authority notes that

The volume of imports in absolute terms is quite low as compared to the production and consumption for the PUC in India due to anti-dumping duty in force throughout the injury period.

**(iii) Price Effect of the Dumped Imports on the Domestic Industry**

**(a) Price Undercutting**

41. With regard to the effect of dumped imports on prices, the Designated Authority is required to consider whether there has been a significant price undercutting by the dumped imports when compared with the price of like product in India, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increase, which otherwise would have occurred, to a significant degree. In this regard, a comparison has been made between the landed value of the product and the selling price of the domestic industry net of all rebates and taxes, at the same level of trade. The Authority has compared landed price of imports with the selling price of the domestic industry for the subject goods.

Particulars	Unit	2014-15	2015-16	2016-17	POI
Landed price of imports from China PR	Rs./Kg	71	71	84	81.34
Net Sales Realisation	Trend	100	93	99	101
Price undercutting	Rs./Kg	***	***	***	***
Price undercutting	Trend	100	44	-55.	-3
Price undercutting	%	***	***	***	***
Range		10-20	0-10	(0-10)	(0-5)

42. From the above, the Authority notes that while the volume of imports from China during the injury period were low, the import prices were higher than the selling price of the domestic industry during the POI. The imports from subject country were neither in significant volumes nor undercutting the selling prices of domestic industry during the POI and the previous year.

**(b) Price Suppression/ Depression**

43. In order to determine whether the dumped imports are suppressing or depressing the domestic prices and whether the effect of such imports is to suppress prices to a significant degree or prevent price increases which otherwise would have occurred to a significant degree, the Authority considered the changes in the costs and prices over the injury period. The position is shown as per the table below:

Particular	Unit	2014-15	2015-16	2016-17	POI
Cost of sales	Rs./Kg	***	***	***	***
Trend		100	92	91	96
Selling price	Rs./Kg	***	***	***	***
Trend		100	93	99	101
Landed price of imports	Rs./Kg	71	71	84	81.34
Trend		100	100	118	126

(iv) The Authority notes that whereas the selling price has increased in the POI compared to the base year, the cost of sales has declined over the injury period except POI.

**(v) Economic Parameters relating to the Domestic Industry**

44. Annexure II to the AD Rules requires that the determination of injury shall involve an objective examination of the consequent impact of these imports on domestic producers of such products. With regard to consequent impact of these imports on domestic producers of such products, the AD Rules further provide that the examination of the impact of the dumped imports on the domestic industry should include an objective and unbiased evaluation of all relevant economic factors and indices having a bearing on the state of the industry, including actual and potential decline in sales, profits, output, market share, productivity, return on investments or utilization of capacity; factors affecting domestic prices, the magnitude of the margin of dumping; actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital investments.

45. Accordingly, various economic parameters of the Domestic Industry are analyzed herein below:

**(a) Production, Capacity, Capacity Utilization and Sales Volume**

46. Production, sales, capacity & capacity utilization of the domestic industry moved as shown below:

Particulars	Unit	2014-15	2015-16	2016-17	POI*
Capacity	MT	***	***	***	***
Trend		100	100	100	100
Production PUC	MT	***	***	***	***
Trend		100	117	115	109
Capacity Utilization	%	***	***	***	***
Trend		100	120	115	110
Domestic Sales	MT	***	***	***	***
Trend		100	120	116	111

\*POI-Oct 16 to Sept 17

47. It is seen that the capacity utilization, production and sales of the domestic industry have improved in absolute terms in the POI as compared to the base year.

**(b) Market Share in Demand**

48. The market share of the domestic industry moved as shown below:

Market Share in Demand	Unit	2014-15	2015-16	2016-17	POI*
Sales of Domestic Industry	%	***	***	***	***
Sales of Other Indian Producers	%	***	***	***	***
Imports from	%				
China	%	0.12%	0.2%	0.06%	0.10%
Others	%	0.10%	0.001%	0.003%	0.003%
<b>Total Demand</b>	<b>%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

\*POI-Oct 16 to Sept 17

49. It is seen that the market share of the domestic industry has declined over the injury period whereas that of other Indian producers have increased. Market share of imports from subject country has remained negligible. Therefore, the decline in the market share of domestic industry is not due to imports from the subject country.

**(c) Profitability, return on investment and cash profits**

50. Performance of the domestic industry with regard to profits, return on investment and cash flow is as follows:

Particulars	Unit	2014-15	2015-16	2016-17	POI*
Profit/loss (Per unit)	Rs./Kg	***	***	***	***
Trend		(100)	(100)	67	33
Cash Profit	Rs./MT	***	***	***	***
Trend		(100)	207	3661	3135

Profit before Interest	Rs./MT	***	***	***	***
Trend		(100)	(94)	248	162
Return on Capital Employed-NFA	%	***	***	***	***
Trend		(100)	(100)	250	175

*\*POI-Oct 16 to Sept 17*

(d) It is noted that profits, cash profits and return on capital employed of the domestic industry have improved throughout the injury period except in the POI.

**(e) Inventories**

51. Inventories with the domestic industry is as follows:

Particulars	Unit	2014-15	2015-16	2016-17	POI*
Average	MT	***	***	***	***
Trend		100	157	191	90

*\*POI-Oct 16 to Sept 17*

52. The inventory level of the domestic industry has declined during period of investigation from the base year.

**(f) Employment and Wages**

53. Performance of the domestic industry with regard to employment, productivity and wages is as follows:

Particulars	UOM	2014-15	2015-16	2016-17	POI
No of Employees	Nos	***	***	***	***
Trend		100	110	108	108
Wages	Rs.Lacs	***	***	***	***
Trend		100	114	124	135
Wages per Unit	Rs./MT	***	***	***	***
Trend		100	100	112	125

*\*POI-Oct 16 to Sept 17*

54. The Authority notes that the levels of employment and wages have increased from the base year.

**Magnitude of Dumping**

55. Magnitude of dumping is an indicator of the extent to which the dumped imports can cause injury to the domestic industry. The analysis shows that the dumping margin determined against the subject country is 6 %.

**Ability to raise Capital Investment**

56. Since there were negligible volume of imports, imports of the product under consideration could have not adversely impacted the ability of the domestic industry to raise capital investment.

**Magnitude of Injury and injury margin**

57. The non-injurious price of the subject goods produced by the domestic industry as determined by the Authority in terms of Annexure III to the AD Rules has been compared

with the landed value of the exports from the subject country for determination of injury margin during the POI and the injury margin so worked out is as under:

**Table of Injury Margin**

<b>Particular</b>	<b>UOM</b>	<b>China PR</b>
Import Volume	MT	170
Non Injurious Price	Rs/KG	***
Landed Price	Rs/KG	81.34
Injury Margin	Rs/KG	***
Injury Margin	%	***
Range	%	(0-10)

**LIKELIHOOD OF CONTINUATION OR RECURRENCE OF DUMPING AND INJURY**

58. The Authority observed that this is a Sunset Review investigation and the focus of this investigation is to examine the likely scenario of continued dumping and consequent injury if the anti-dumping duties were to be allowed to expire even if there is no current injury.

**Submissions by the Domestic Industry**

59. Following are the submissions made by the Domestic Industry with regard to likelihood of continuation of dumping and consequent recurrence of injury –

- i. A perusal to Article 11.1 of AD Agreement and Section 9A (5) of the Customs Tariff Act, clearly suggests that the main intent behind the legislation of Sunset Review investigation is to examine :-
  - a) Whether the dumping continued and if so, whether it is likely to continue;
  - b) In case where dumping did not continue, whether the dumping would recur in the event of revocation of anti-dumping duties;
  - c) Whether the Domestic Industry continued to suffer injury; and if so, whether injury to the domestic industry is likely to continue;
  - d) In case where the Domestic Industry has not suffered continued injury, whether injury to the Domestic Industry is likely to recur in the event of revocation of anti-dumping duties.
- ii. The original investigation and the 1<sup>st</sup> Sunset Review investigation also established the existence of significant dumping. The dumping margin in the previous as well as the first SSR was quite high.
- iii. There is a history of dumping of subject goods from China PR. The Chinese producers continued to dump the subject goods despite levy of anti-dumping duty in the original investigation. It is only when the Designated Authority had enhanced the duties in the Sunset Review, the imports from China PR began to decline. Therefore, even lower quantum of duties will lead to huge dumping from the Chinese producers.

- iv. The Annual report of the only cooperative exporter in the previous investigations, i.e. Zhengxing Group clearly states that the presence of anti-dumping duty is restricting them from exporting desired quantities.
- v. Producers in subject country maintain huge capacities to produce subject goods, Record evidences clearly show that there exist excess capacities with the subject country's producers.
- vi. Chinese exporters are in the process of expanding their capacity, notwithstanding the existing surpluses with them. The same can be evaluated from the annual reports of the exporters.
- vii. In case of cessation of anti-dumping duty, the expanded capacity would be used for the production to dump and injure the Indian Domestic Industry.
- viii. Despite existing unutilized capacities, the exporter is expanding its capacities further. Perusal of the annual report of the company shows that the company was earlier provided with a subsidy of Yuan 15 million for setting up a plant. Thus, possibilities of further govt. support for expanding capacities are not ruled out.
- ix. These capacity expansions are happening not only when the company is largely unutilized as regards its capacities, but also when the Country as a whole is having significant surplus unutilized capacities.
- x. As per reports, Chinese producers are holding a surplus capacity of 22 Million, which is about 35% of its capacities and more than Indian demand. This clearly shows that in all likelihood cessation of the duty would result in significant increase in imports.
- xi. The volume of imports in the current period is far lower than the volumes prevailing in the previous investigations. The price of imports at such low volumes cannot be considered as representative of the actual price of the imports. Therefore, any price comparison between these unrepresentative import prices and the domestic prices will show distorted trends.
- xii. Import prices in the past and demand supply gap in China clearly shows that imports from subject country are likely to undercut the prices of the Domestic Industry in the event of cessation of anti-dumping duty.
- xiii. The prices prevailing in the Indian market are quite attractive to the subject exporters and these exporters are likely to intensify their exports to India in the event of cessation of ADD.
- xiv. The export percentage of the Chinese companies varies from 54%-97%. Hence, the dumping and injury is likely to recur at aggravated level in case the existing anti-dumping duties are revoked at this stage.
- xv. Since no concrete information is available, the petitioners have constructed the production figures on two bases (a) raw material price and consumption (b) sales prices of domestic industry. The production of the exporter has declined significantly over the period. This further has been established from their own admission of the annual report.
- xvi. The annual reports of the exporter shows that the sales and price of the product have declined over the period and company is faced with losses. This clearly shows the pressure faced by the exporters in China in view of surplus capacity with them, sluggish demand in China and restrictions in other markets.
- xvii. The exporters in all likelihood would export the product at huge quantities in India in the event of cessation of anti-dumping duty, in order to utilize their excess capacities and improve their performance.
- xviii. Given numerous subsidies that are being provided by the Chinese government; VAT rebates to the extent of 17% duties to exporters of steel wheels, Chinese produces would continue to sell their product at a cheaper price.
- xix. Presence of VAT benefit would result in dumping of the subject good at a very low price in market. Thus, in case of cessation of duty, the subject good would be

- exported to Indian market at a far lesser price than now and posing further threat to the Domestic Industry.
- xx. Various annual report extracts of the exporters clearly highlights that the Chinese producers are very keen to export in the Indian Market. But the presence of anti-dumping duties is making it tough for them to export the amount they are wishing to.
  - xxi. There are restrictions in other international market for export oriented companies in China. For example, in US, governmental bodies restrict foreign entities in conducting activities, transacting business with or without making investment; and the same is admitted by the exporter in its annual report.
  - xxii. Extracts of Annual report show that the producers of subject goods are concerned with the sluggish demand of the subject goods in China. Thus, in case of cessation of duty and going by the current demand of the subject good in Indian Market, they would export a large amount of their production in the Indian Market so as to make their financial condition stable.
  - xxiii. The annual report of the exporter also highlights that their revenue from the subject goods is lower from International market as compared to PRC mainly because lower price of the product in international market.
  - xxiv. The annual report of the exporter readily establishes that its exports have significantly declined after enhancement of antidumping duty by India.
  - xxv. From the annual reports of China Zenix International, it is seen that the sales and price of the product have declined over the period and company is faced with losses. The losses faced by the exporters were mainly on account on economic slowdown in the importing countries and anti-dumping duties imposed by the Indian Government.
  - xxvi. With this increased transformation of consumption pattern from tube type tyres to tubeless tyres, demand for tube type tyres and consequently wheels is steeply declining in China. Already, about 50% of consumption in China has shifted to tubeless tyres and consequently demand for PUC has shifted to tubeless wheels. The manufacturing facilities being dedicated, these capacities are now lying idle in China and these idle capacities will be routed to India in the event of cessation of anti-dumping duty.
  - xxvii. China Zenix International has candidly stated in its annual report that the prices prevailing in India are higher than the price at which the Chinese producers can produce and sell.
  - xxviii. The Indian industry never added antidumping duty to the price; as, the ADD has been used only as a deterrent to prevent imports at dumped prices and has not been used as a measure to increase profits. Indian produces remained committed to their responsive and responsible behavior and remains committed to the same in future as well.
  - xxix. In last 5 years the petitioners have made efforts to enhance their efficiency and competitiveness.
  - xxx. The domestic industry did not increase the price of the subject goods post imposition of anti-dumping duty (barring for price adjustments for raw material price changes, which is a norm followed with the consumers over the last one decade) and thus has not taken advantage of anti-dumping duty.
  - xxxi. The petitioners have claimed that they have improved their efficiency over the period by introduction of new process which has resulted in less rejections, savings in input material, reduction of weight of wheels, energy savings, automation etc. The petitioners have further submitted that they have not taken advantage of anti-dumping duties by increasing their prices.



### Views of the other Interested Parties

60. None of the producers/exporters/importers/other interested parties has made any submissions in this regard.

### Examination of the Authority

61. The Authority examined the likelihood of continuation or recurrence of injury considering the parameters relating to the threat of material injury in terms of Annexure II (vii) of the Rules. The domestic industry has submitted the Annual report of the cooperating exporter of the previous two investigations i.e. Zhengxing Wheel Group Co., Ltd., who has not cooperated with the Designated Authority in the present investigation. The Annual report of the exporter is also available on its official website. The exporter in its annual report has discussed about its expansion plans, demand for the subject goods, impact of anti-dumping duties, shift in demand etc. Further the petitioners have provided details of exports of China to third countries as per China customs and have worked out dumping margin and injury margin. It is noted that China is exporting steel wheels at dumped prices to third countries.
62. The Authority has taken into consideration the submissions made by the domestic industry and the evidences presented in support of the submissions. The Authority has examined the likelihood of continuation or recurrence of injury as follows:
63. **(a) A significant rate of increase of dumped imports into India indicating the likelihood of substantially increased importation.**

Particulars	Units	2014-15	2015-16	2016-17	POI
China	MT	152	314	108	170
Others	MT	125	3	3	5
<b>Total imports</b>	<b>MT</b>	<b>277</b>	<b>317</b>	<b>111</b>	<b>175</b>

*\*POI-Oct 16 to Sept 17*

64. The Authority notes that with the anti-dumping duty in force, the volume of imports is low and could not have caused injury to the domestic industry. Nor the Designated Authority has found that the domestic industry suffered injury during the period anti-dumping duty was in force. The Authority has examined whether the imports are likely to increase, or reach its previous levels, keeping in view the unutilized capacities with the producers of the subject country.
65. Data regarding imports of the subject goods in the previous investigations is as under:

Year	Imports(MT)	Landed Value
2004-05	1336	38.09
Jan-Dec, 05 (POI)	19892	39.71
2007-08	28403	36.02
2008-09	25727	51.65
2009-10	30492	43.53
2010-11 (POI)Annualized	35333	45.83
2014-15	152	71
2015-16	314	71
2016-17	108	84
POI	170	81.34

66. It can be observed that the dumped imports to India reduced drastically only after the imposition of anti-dumping duty in first SSR. Whereas, the rate of increase of imports of subject goods showed a gradual upward trend after the imposition of duty in the original investigation.
67. The Annual report of the exporter and the above table suggests that its exports to India declined due to anti-dumping duty imposed by 1<sup>st</sup> Sunset Review and anti-dumping duty imposed during the original investigation was not enough to preclude the said exporter from exporting the subject goods to India. The exporter was able to overcome the duty by mere sales & marketing efforts. However, after increase in anti-dumping duty in Sunset Review I the said producer witnessed a substantial decline of the sales of the subject goods to Indian markets. This clearly shows that anti-dumping duty imposed during original investigation was not able to serve its intended purpose. The annual report of the exporter states as follows:

*“Outside of the PRC, our international sales have been affected by the recent global financial crisis that began in the second half of 2008, as some of the countries to which we export our products experienced an economic slowdown, and the demand in the international automotive market reduced significantly between 2008 and 2009. Despite the ongoing economic difficulties in various markets, including India, our international sales improved from 2011 to 2012 as a result of our enhanced sales and marketing efforts in various countries in Asia. However, notwithstanding the growth of our sales in various countries in Asia, our international sales as a whole decreased from 2012 to 2013, primarily due to an increase in the anti-dumping duties imposed by the Indian government, which has resulted in a substantial decrease in our sales to the Indian market.*

*In addition, we have faced trade barriers in our international markets. For example, the Indian government initiated proceedings in 2006 to impose anti-dumping duties on Indian companies for importing steel wheel products from the PRC primarily in an attempt to protect local Indian steel wheel manufacturers, which generally do not offer steel wheels at the prices that we and our PRC competitors are able to offer in India. We participated in the relevant investigation and proceedings initiated by the Indian government, which ended in 2007. As a result of our efforts, Indian importers are subject to a lower import tax rate when importing from us compared to some of our PRC competitors. The Indian government initiated similar proceedings in 2012 and increased the anti-dumping duties from 14,710 Indian Rupees per ton in 2012 to 30,700 Indian Rupees per ton in 2013, which has resulted in a substantial decrease in our sales to the Indian market. Because of these duties and a recessive economy that was brought on in part by the depreciation of Indian Rupee, we nearly ceased our sales to the Indian market by 2014. We and our products may from time to time be subject to further import taxes or antidumping duties in India and other countries where our products are sold, which could have an adverse impact on the prices and sales of our products in those countries. In addition, responding to any initiation of protection measures against us or our products in our international markets may significantly divert the resources and attention of our management.*

**b) Sufficient freely disposable, or an imminent, substantial increase in, capacity of the exporter indicating the likelihood of substantially increased dumped exports to Indian markets, taking into account the availability of other export markets to absorb any additional exports.**

68. The Authority evaluated existing surplus capacities and capacity addition, if any, with the exporters of the subject goods to determine possibility of diversion of disposable quantity to Indian market. The domestic industry has provided evidence of existing capacities with the Chinese producers, which shows that the producers in China have Capacity way beyond the Indian demand. Summarized position of existing capacities with China is as follows

Sr. No.	Company	Current Capacity
1	Shandong Jining Wheel factory	1.5 Million
2	Shandong Shengtai, Shandong	4 Million
3	Xiamen Sunrise wheel Group Co. Ltd	50,000 (tones)
4	Zhejiang Jingu Company Limited	17 Million
5	Shangdong Xingmin Wheel Co. Ltd.	6 Million
6	Fujian Zhengxing Wheel Co. Ltd.	5.2 Million
7	China Zenix Auto International Ltd.	15 Million
8	Shengtai Group Shandong Detong Wheels Co.	1 Million
9	Xingmin Group	10 Million

69. The annual report of the Chinese producer, submitted by the petitioner, shows that the exporter is further expanding its capacities. Relevant part of the annual report is extracted below:-

*“We have undergone a series of expansions to our existing manufacturing facilities in recent years, including in 2010, 2011 and the first half of 2012. While we temporarily suspended such expansion in the second half of 2012 and continued to suspend such expansion in 2013 primarily due to a decrease in our PRC aftermarket and OEM sales, we intend to resume our expansion plan and further steadily expand our manufacturing facilities in the long-term depending on market conditions. In addition, we are in the process of ramping up a new aluminium wheel manufacturing facility, for which we purchased the principal equipment and trained a number of technicians during 2014 and began commercial production in the third quarter of 2015. As of December 31, 2016, our manufacturing facilities had a designed annual production capacity of approximately 15.5million units of steel and aluminium wheels, of which 9.5 million units were tubed steel wheels, 5.5 million units were tubeless steel wheels, 33,600 units were off-road steel wheels and 0.5 million units were aluminium wheels.”*

70. Further perusal of the Annual report suggests that the exporter plans for further expansion but is unable to do so due to trade barriers such as imposition of anti-dumping duties. The relevant part is extracted below:

*“We intend to expand our international sales, particularly sales in Southeast Asia. However, we may not be successful in expanding our international sales or operations or benefiting from any such expansion, due to the following factors:*

- .....
- *Trade barriers such as export requirements, tariffs, taxes and other restrictions and expenses (including anti-dumping duties as discussed below), which could increase the prices of our products and make us less competitive in some countries and regions.”*

71. It is noted that US has initiated anti-dumping and anti-subsidy investigations against Steel Wheels from China and provisionally determined that the dumped imports have caused injury to the domestic industry in US.

**c) Whether imports are entering at prices that will have a significant depressing or suppressing effect on domestic prices, and would likely increase demand for further imports.**

72. At the current landed price in India, while the volume of imports is low, the price undercutting is negative. However, the annual report of the exporter shows that anti-dumping duty resulted in decline in their exports. This clearly indicates that in the event of cessation of anti-dumping duty, the exporter will resume exporting the product at lower prices causing price undercutting and consequent suppression & depression effect on the prices of the domestic industry as stated in the annual report of the exporter.

**d) Inventories of the article being investigated**

73. None of the exporter/producer of the subject country participated in the investigation, there are no details of the inventories of the exporters. It is however seen that the exporters are already holding underutilized capacities, which clearly suggests that level of inventories with the exporters is not relevant to decide whether the exporters can resume dumping to significant extent with the cessation of antidumping duty. Their own admission in the Annual Report that their sales have been impacted by economic slowdown as well as anti-dumping duties imposed by the Indian Government, it is evident that the level of inventories with the exporter is not relevant in deciding likelihood.

**e) Lower prices are offered for exports by Chinese producer:**

74. The Authority observes that it is accepted by the Chinese exporter that revenue from the subject goods is lower from International market as compared to PRC mainly because of lower price of the product in international market, which clearly show dumping by the exporter. The Annual report states as follows:-

***“Our International Sales and International Expansion Plans***

*As discussed above, international sales as a percentage of our revenue have been, and are expected to continue to be, affected by the conditions of the global economy and the automotive industry. Therefore, the rate of our international sales can be unstable. Furthermore, our international sales generally have a lower gross profit margin compared to our sales in the PRC primarily due to lower product prices in our international markets and a higher proportion of our international sales being tubed steel wheels, instead of tubeless steel wheels for which we have a higher gross profit margin...”*

**f) Decline in export for other market**

75. It is noted that the annual report of the exporter also establishes that the exporter is faced with not only decline in exports to India, but also decline in exports in other global markets. The exporter was exporting to south east Asian countries. These exports however declined

significantly as admitted by the exporters in the annual report. This indicates that in the event of cessation of anti-dumping duty, the sales of the exporter would be diverted to India, having no trade barrier. The annual report suggests as

*“Outside of the PRC, our international sales have been affected by the recent global financial crisis that began in the second half of 2008, as some of the countries to which we export our products experienced an economic slowdown, and the demand in the international automotive market reduced significantly between 2008 and 2009. Despite the ongoing economic difficulties in various markets, including India, our international sales improved from 2011 to 2012 as a result of our enhanced sales and marketing efforts in various countries in Asia. However, notwithstanding the growth of our sales in various countries in Asia, our international sales as a whole decreased from 2012 to 2013, primarily due to an increase in the anti-dumping duties imposed by the Indian government, which has resulted in a substantial decrease in our sales to the Indian market. From 2013 to 2014, the depreciation of Indian rupee also adversely affected the Indian economy. As a result, we nearly ceased our sales to the Indian market. On the other hand, we have also gained new headway in the Southeast Asian market, particularly with respect to Thailand. In early 2015, our international sales decreased due to lower selling prices despite stable unit sales as a result of the Renminbi depreciation and competitive pricing. In the second half of 2015, currency depreciation in South-eastern Asian countries, including Thailand, Indonesia and Myanmar, also weakened the demand from these markets. In 2016, the global economic downturn and market turmoil, compounded by the slowdown of economic development in Southeast Asian countries and intense competition in the export market, led to decreases in our international sales and pricing.”*

**Price attractiveness of Indian market**

76. The increase in demand of product under consideration in India, coupled with restrictions on Chinese products in US and shift in demand from tube wheels to tubeless wheels in rest of world, including China indicates that India will remain an attractive market for product under consideration. However, India stands at eight position with regard to price attractiveness as per the data analyzed by the Authority.

**Export Orientation**

77. The evidence provided by the domestic industry indicate that Chinese companies are highly export oriented. In the event of cessation of anti-dumping duty, the excess capacities in China will get diverted to India owing to increase in demand. The summarized position on export orientation is as follows

<b>Name of the Company</b>	<b>Export %</b>
Shandong Jining Wheel factory	***
Xiamen Sunrise wheel Group Co. Ltd	***
Zhejiang Jingu Company Limited	***
Shangdong Xingmin Wheel Co. Ltd.	***
Xingmin Group	***

**Causal Link**

78. Under Section 9A (5), the Authority is required to examine the likelihood of dumping and injury and the need for continuation of duties irrespective of whether there have been any imports of the product under consideration during the review investigation period or not. It

was examined whether other parameters listed under the AD Rules could have contributed to injury to the domestic industry. It is noted as follows:

**a) Volume and value of imports not sold at dumping prices:**

79. Statement of imports from various countries shows that there are negligible imports of product under consideration from other countries. It cannot, therefore, be said that the imports from other countries have also caused injury to the domestic industry

**b) Contraction in Demand and / or Change in Pattern of Consumption:**

80. The demand of the subject goods has increased over the injury period.. Decline in demand could not have, therefore, contributed to the injury to the domestic industry.

**c) Trade restrictive practices of and competition between the foreign and domestic producers:**

81. The Authority notes that there is no trade restrictive practice in subject goods which could have contributed to the injury to the domestic industry.

**d) Developments in technology:**

82. The Authority also notes that the technology for production of the subject goods has not undergone any change. Developments in technology are, therefore, not a factor of injury.

**e) Export performance:**

83. Petitioners have exported the subject goods. However, they have not claimed injury in the export operations. Petitioners have provided costing and injury information for domestic sales separately. Hence, injury to domestic sales cannot be attributed to exports.

**f) Performance of other products produced and sold by the domestic industry:**

84. The performance of the domestic industry has improved over the period and has been attributed to the effect of anti-dumping duty.

85. However, the domestic industry has not claimed any injury either on account of imports of the subject country or due to above mentioned factors.

**Post Disclosure Comments**

86. The post disclosure submissions have been received from the domestic industry. The issues raised therein have already been raised earlier during the investigation and also addressed appropriately. However, for the sake of clarity the submissions by the interested parties are being examined as below:

**Views of the Domestic Industry**

- i. There are other additional facts supporting the need for extension of ADD and the same have not been considered in the disclosure statement.
  - a. There are restrictions in other international market for export oriented companies in China. US, governmental bodies restrict foreign entities in conducting activities, transacting business with or without making investment.
  - b. Such restrictions in other markets shows that there are difficulties for exporters of subject goods to export without qualifying to those obligations as has been admitted by the exporter. In such a situation there is likelihood that the excess export would be diverted to Indian market causing dumping and injury to the Domestic Industry.
  - c. Given numerous subsidies that are being provided by the Chinese government; VAT rebates to the extent of 17% duties to exporters of steel wheels, Chinese produces would continue to sell their product at a cheaper price.
  - d. In last 5 years the petitioners have made efforts to enhance their efficiency and competitiveness. The domestic industry did not increase the price of the subject goods

- post imposition of anti-dumping duty (barring for price adjustments for raw material price changes, which is a norm followed with the consumers over the last one decade) and thus has not taken advantage of anti-dumping duty.
- e. With increased transformation of consumption pattern from tube type tyres to tubeless tyres, demand for tube type tyres and consequently wheels is steeply declining in China.
  - f. Already, about 50% of consumption in China has shifted to tubeless tyres and consequently demand for PUC has shifted to tubeless wheels. The manufacturing facilities being dedicated, these capacities are now lying idle in China and these idle capacities will be routed to India in the event of cessation of anti-dumping duty.
  - g. Indian consumers had in the past bought significant volumes from the Chinese supplier, considering that the Chinese producers are faced with unutilized capacities, the consumers will immediately switch over to import from China in big volumes.
  - h. No process is now required to be followed by the Indian producers, as all the approval process is already in place. It is only a question of lifting the duty.
- ii. The exporters are dumping the product under consideration in Third countries as per China Customs as well.
  - iii. As per the annual report of the exporter, the capacities of Chinese exporters are revised. The revised capacity of Xiamen Sunrise wheel Group Co. Ltd, 3.6 Million MT, and revised capacity of Zhejiang Jingu Company Limited is 25 Million MT.
  - iv. The Authority has found that the domestic industry has not suffered injury in the present investigation. Such being the case, the present case is required to be decided on the basis of likelihood/threat examination.
  - v. The volume of exports have declined after imposition of enhanced duties pursuant to sunset review investigation. The changed behaviour of the exporters of subject country is clearly a result of the imposition of the anti-dumping duties. The duties in force have proved to be a protective cover in preventing the exporters of subject country from dumping the subject goods in India.
  - vi. There is definitive likelihood that the domestic industry shall suffer injury in case existing anti-dumping duty ceases and therefore the anti-dumping duty is required to be continued.
  - vii. Producers have accepted that there is sluggish demand in China and China's capacities are way beyond Indian demand.
  - viii. Exporters have substantial production capacities. These capacities are in themselves more than the total demand and this clearly shows that the capacities with the exporters are more than the domestic demand.
  - ix. The Chinese exporter has also expanded the capacities despite the fact that the existing capacities were much more than the total demand of the exporting country, it clearly shows that in the event of cessation of anti-dumping duty, the exports to India is likely to increase at dumped prices causing injury to the domestic industry.
  - x. The exporters are highly export oriented. Exporters are exporting most of their goods and hardly selling anything to their domestic market. US, one of the major market of steel wheels, has now initiated anti-dumping and countervailing investigation against China.
  - xi. There is a history of dumping from China. The Chinese producers continued to dump despite anti-dumping duty levied by way of original investigation. Only when the Designated Authority had enhanced duties in the sunset review, the imports from China has declined. Therefore even lower quantum of duties will lead to huge dumping from the Chinese producers.
  - xii. The exporters in China are faced with sluggish demand and therefore are faced with pressure of unutilized capacities. In the event of cessation of anti-dumping duty, these exporters in all likelihood utilize their surplus capacities for exports into India.

- xiii. With this increased transformation of consumption pattern from tube type tyres to tubeless tyres, demand for tube type tyres and consequently wheels is steeply declining in China
- xiv. The Authority has found that the domestic industry has not suffered injury in the present investigation. Such being the case, the present case is required to be decided on the basis of likelihood/threat examination. Such being the case, the likelihood analysis may not kindly be based on injury margin, as the purpose of injury margin is only to determine quantum of Anti-dumping duty. It is also the practice of the Designated Authority wherein the Designated Authority has not modified the quantum of ADD when the Designated Authority found that the need for continuation/extension is based on likelihood of injury
- xv. Lower quantum of duty will lead to huge dumping from Chinese producers as it is only when the Designated Authority had enhanced the duty, the imports began to decline. It is requested to extend same quantum of duty.

### **Views of the other Interested Parties**

87. None of the producers/exporters/importers/other interested parties has made any submissions in this regard

### **Examination by Authority**

88. Regarding the revised capacities of the exporters, sufficient evidence has been provided by the domestic industry and Authority notes that these revised capacities are more than what was presented in the petition. The Authority has already noted that the exporters have sufficient freely disposable capacities and the revised capacity figures of the exporters further substantiates the observation of the Authority. Having regard to the freely disposable capacities available with the exporters, the Authority notes that the import of subject goods could resume at low prices, if the Anti-Dumping Duty in force ceases to exist.

### **INDIAN INDUSTRY'S INTEREST & OTHER ISSUES**

89. The Authority recognizes that imposition of anti-dumping duties might affect the price level of product in India. However, fair competition in the Indian market will not be reduced by the anti-dumping measures. On the contrary, imposition of anti-dumping measures would remove the unfair advantage gained by dumping practices, would arrest the decline of the domestic industry and help maintain availability of wider choice to the consumers of subject goods. The Authority notes that the purpose of anti-dumping duties, in general, is to eliminate injury caused to the Domestic Industry by the unfair trade practices of dumping so as to re-establish a situation of open and fair competition in the Indian market, which is in the general interest of the Country. Imposition of anti-dumping measures would not restrict imports from the subject country in any way, and, therefore, would not affect the availability of the products to the consumers.

### **CONCLUSIONS**

90. Having regard to the contentions raised, information provided and submissions made by the interested parties and facts available before the Authority as recorded in the above findings and on the basis of the above analysis of the likelihood of recurrence of dumping and consequent injury, the Authority concludes that:

- a) The subject goods are likely to enter the Indian market at dumped prices if the antidumping duties in force cease to operate.



- b) The situation of domestic industry is likely to deteriorate if the existing anti-dumping duties are allowed to cease.
- c) The deterioration in the performance of the domestic industry is likely because of dumped imports from the subject country. Thus the anti-dumping duties are required to be extended.

**RECOMMENDATIONS:**

91. Having examined the likelihood of dumping and injury to be imminent in case of expiry of the current measure in place, the Authority recommends continued imposition of Anti-Dumping Duty as indicated in column (8) of the table below for a period of five years concerning all imports of the subject goods originating in or exported from the subject country.

S.No.	Sub-Heading/Tariff Item	Description of Goods	Country of Origin	Country of Export	Producer	Exporter	Amount of Duty	Unit of Measure	Currency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	8708.70	Flat Base Steel Wheels of nominal diameter 16"-20"	China PR	China PR	Any	Any	613.00	MT	US\$
2	-do-	-do-	China PR	Any country other than China PR	Any	Any	613.00	MT	US\$
3	-do-	-do-	Any country other than China PR	China PR	Any	Any	613.00	MT	US\$

92. An appeal against the orders of the Central Government that may arise out of this recommendation shall lie before the Customs, Excise and Service Tax Appellate Tribunal in accordance with the relevant provisions of the Act.

(Sunil Kumar)  
Additional Secretary & Director General