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Government of India
Ministry of Commerce & Industry
Department of Commerce
(Directorate General of Trade Remedies)
4th Floor, Jeevan Tara Building, 5 Parliament Street, New Delhi - 110011**

Dated 9th August, 2018

INITIATION NOTIFICATION

Case No. OI- 08/2018

Subject: Initiation of Countervailing Duty/ Anti-subsidy investigation concerning imports of Welded Stainless Steel Pipes and Tubes originating in or exported from China PR and Vietnam.

F. No.6/22/2018- DGAD: Whereas Stainless Steel Pipe And Tubes Manufacturer Association, New Delhi and Stainless Steel Pipes & Tubes Manufacturers Association, Ahmedabad, South India Stainless Steel Pipe And Tubes Manufacturer Association and Haryana Stainless Steel Pipe And Tube manufacturer Association have jointly filed a hereinafter referred to as the applicants or petitioners) filed an application before the Designated Authority (hereinafter referred to as the "Authority"), on behalf of the domestic industry, in accordance with the Customs Tariff Act 1975, as amended from time to time (hereinafter referred to as the Act) and Customs Tariff (Identification, Assessment and Collection of Countervailing Duty on Subsidized Articles and for Determination of Injury) Rules, 1995, as amended from time to time, (hereinafter referred to as the Rules), alleging subsidization of certain Welded Stainless Steel Pipes and tubes (hereinafter referred to as the subject goods), from People's Republic of China, and Vietnam (hereinafter referred to as the subject countries) and requested for initiation of an anti-subsidy investigation for levy of countervailing duties on the imports of the subject goods, originating in the subject countries.

A. Allegation of subsidization

2. The applicants have alleged that the producers/exporters of the subject goods in the subject countries have benefited from the actionable subsidies provided by various levels in the Government of China and Vietnam, including the Governments of the different Provinces and Municipalities in which the producers/exporters are located, and other 'Public Bodies'. The applicants have relied upon the relevant Laws, Rules and Regulations and other Notification of the relevant Government Agencies and Public Bodies as available in the public

domain and in the determinations of other investigating Authorities who have conducted comprehensive investigation of such schemes and concluded existence of countervailable subsidy programs.

B. Consultation

3. In terms of Article 13 of ASCM pre-initiation consultations were held with the representatives of the Government of the People's Republic of China on 27th June, 2018 and with the representatives of the Government of Vietnam on 6th July 2018. The comments of the Govt. of People's Republic of China & Vietnam have been taken on record.

C. Subsidy Programs

4. The prima facie evidence provided by the applicants shows that the producers and exporters of the subject goods in the subject countries have benefited from a number of subsidies granted by the Government and/or other public bodies of the subject countries as listed below.

I. Identified Programs in the form of Grants:

Program No. 2: Famous Brands Program

Program No. 3: Direct Government Grants given by Jiangsu Province

Program No. 4: Grants for Antidumping Investigations

Program No. 5:- Superstar Enterprise Grant

Program No. 6: Research & Development (R&D) Assistance Grant

Program No. 7: Export Assistance Grant

Program No. 8: Grants to Baoshan Steel

Program No. 9: Grants for Listing Shares

Program No. 10: Funds for Outward Expansion of Industries in Guangdong Province.

Program No. 11: Grants provided through the Provincial Fund for Fiscal and Technological Innovation.

Program No. 12: Various grants provided to Shandong Province

a) Program No. 12 (a): Shandong Province's Special Fund for the Establishment of Key Enterprise Technology Centers

b) Program No. 12 (b): Shandong Province's Award Fund for Industrialization of Key Energy-Saving Technology

c) Program No. 12 (c): Shandong Province's Environmental Protection Industry Research and Development Funds

d) Program No. 12 (d): Shandong Province's Construction Fund for Promotion of Key Industries

Program No. 14 : Grants provided by Hebei Province

a. Grants under the Science and Technology program of Hebei Province

b. Government of Shijiazhuang City Export Award

Program No. 15: Various grants provided to Fuyang City

- a. Grant for Enterprises Paying Over RMB 10 Million in Taxes
- b. Grants under the Export of Sub-Contract Services Program
- c. Grants under Excellent New Products/Technology Award
- d. Investment grants from Fuyang City Government for key industries
- e. Grants for Enterprises Operating Technology and Research and Development Centers
- f. Local and Provincial Government Reimbursement Grants on export Credit Insurance Fees
- g. Initial Public Offering (IPO) Grants from the Hangzhou Prefecture and the City of Fuyang (Zhejiang Province) & (Anhui Province)

Program No. 16 : Grant - Special Funds for Fostering Stable Growth of Foreign Trade

Program No. 18: Provincial Government - Equipment Grant

Program No. 19 :Treasury Bonds Loans or Grants

Program No. 20 : Interim Measures of Fund Management of Allowance for Zhongsham Enterprises to Attend Domestic and Overseas Fair

Program No. 21: International Market Fund for Export Companies

Program No. 22: Special Fund for Energy Saving Technology Reform

Program No. 23: Small and Medium-sized Enterprise Support Funds

Program No. 24: Subsidies Provided in Tianjin Binhai New Area and the Tianjin Economic and Technological Development Area

Program No. 25: State Special Fund for Promoting Key Industries and Innovation Technologies

II. **Identified Programs in the Form of Export Financing and Export Credit**

Program No. 26: Export Seller's Credit

Program No. 27: Export Buyer's Credit

Program No. 28 : Other Export Financing from State-Owned Banks

III. **Identified Programs in the Form of Tax & VAT Incentives**

Program No. 29 : Income Tax Refund for Re-investment of FIE Profits by Foreign Investors

Program No. 30 : Reduced Tax Rate for Productive FIEs Scheduled to operate for a Period not Less than 10 Years (Two Free, Three Half)

Program No. 31 : Income Tax Reduction for Advanced Technology FIEs

Program No. 32 : 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

Program No. 33 : Tax Policies for the deduction of research and development (R&D) expenses

Program No. 34 : Preferential Tax Policies for the Research and Development of FIEs

Program No. 35 : Preferential tax policies for companies that are recognised as high and new technology companies

Program No. 36 : VAT Refunds for FIEs Purchasing Domestically-Produced Equipment

Program No. 37 : Tax concessions for Central and Western Regions

Program No. 38 : Income tax concessions for the enterprises engaged in comprehensive resource utilisation (special raw materials')

Program No. 39 : Tax credit concerning the purchase of special equipment

Program No. 40 : Enterprise Income Tax Rate Reduction in the Tianjin Port Free Trade Zone

Program No. 41: Income Tax exemption for investment in domestic technological renovation

Program No. 42 : Income Tax Reductions under Article 28 of the Enterprise Income Tax Law

Program No. 43: Preferential Tax Policies for Enterprises with Foreign Investment (FIEs) Established in Special Economic Zones- & Coastal Economic Open Areas and in the Economic and Technological Development Zones

Program No. 44 : Preferential income tax policy for the enterprises in the Northeast region

Program No. 45 : Tariff and VAT Exemptions for Imported Equipment

Program No. 46 : Tax Offsets for Research and Development at FIEs

Program No. 47 : Tax Preference Available to Companies that Operate at a Small Profit

Program No. 48 : Tax Reductions for Export-Oriented FIEs

Program No. 49 : Tax Reductions for Technology- or Knowledge-Intensive FIEs

Program No. 50 : Various local tax discounts (Shandong Province, Chongqing City, Guangxi Region Zhuang, Tax privileges to develop central and western regions)

Program No. 51: VAT deduction on fixed assets in the Central region

Program No. 52 : Shanghai Municipal Tax Refund for High-tech Achievement Commercialization Projects

Program No. 53 : Local income tax and reduction program for the productive FIEs

Program No. 54 : Preferential Tax Policies for FIEs Established in the Pudong Area of Shanghai

Program No. 55 : Local Income Tax Exemption and/or Reduction in SEZs in Guangdong and Hainan Island

Program: No. 56 : Industrial Parks promoting growth of Steel Industry

Program No. 57 : Other tax privileges of Ma'anshan

IV. Identified Programs in the Form of Provision of Goods and Services

Program No. 58 : Provision of Electricity for Less than Adequate & Fair Market Value Remuneration

Program No. 59 : Provision of Water for less than Adequate Remuneration

Program No. 60 : Land Use Rights for SOEs
Program No. 61: Government Provision for Steel Scrap for Less than Adequate Remuneration
Program No. 62: Provision for Coking Coal for Less than Adequate Remuneration
Program No. 63 : Hot rolled Steel (HRS) Provided by Government at Less than Fair Market Value
Program No. 64 : Provision of Cold-Rolled for Less Than Adequate Remuneration
Program No. 65 : Raw Materials Provided by the Government at Less than Fair Market Value
Program No. 66 : Reduction in Land Use Fees, Land Rental Rates and Land Purchase Prices
Program No. 67 : Exemptions from Administrative Charges for Companies in Industrial Zones and the Provision of Land-Use Rights for LTAR – Land Use Rights in Certain Industrial and SEZs
Program No. 68 : Export Restrictions on Coke
Program No. 69 : Shanghai Municipal Subsidy to Coal-Fired Power Plants for Emissions Reduction
Program No. 70 : Purchase of Goods by the Government for higher than adequate Remuneration

IV. Identified Programs in the Form of Preferential Loans & Lending

Program No. 71: Allowance to Pay Loan Interest
Program No. 72: Policy Loans
Program No. 73: Preferential Loans for SOEs (State Owned Enterprise)
Program No. 74 : Credit Loan Guarantee by GOC
Program No. 75 : Preferential export financing from the Export-Import Bank of China.

V. Identified Programs in the Form of Equity

Program No. 76 : Debt for equity swaps
Program No. 77 : Debt Forgiveness
Program No. 78 : Deed Tax
Program No. 79 : Dividend exemption between qualified resident enterprises
Program No. 80 : Unpaid dividends
Program No. 81 : Equity infusions

VIETNAM

I. Schemes Identified as Tax Incentives and Exemptions

Program No 1: Income Tax Preferences under Chapter V of Decree 24 (Implementation of the Law on Enterprise Income Tax)
Program No 2: Import duty exemption or reimbursement for raw material

Program No. 3: Exemption on corporate income tax for enterprises

II. Schemes Identified as export financing and Export Credit

Program No 5 : Preferential lending to exporters

Program No 6 : Export Promotion Program

Program No 7: Export credits form the Vietnam Development Bank

Program No. 8: Export Support Credit

III. Schemes Identified as Investment Incentives

Program No. 9: Preferential Lending for investors:

Program No. 10: Interest rate of the investment credit loans

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

IV. Schemes Identified as benefits from banks

Program No. 13: Financial Guarantees by Vietin Bank

V. Schemes Identified for being located in specific Zones

Program No 14 : Land Preferences for Enterprises in Encouraged Industries or Industrial Zones under Decree 142

VI. Schemes Identified for incentives on use of utilities

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

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

D. Allegation of Injury and Causal Link

7. The applicants have furnished information on various parameters relating to 'injury' to the domestic industry as prescribed under Rules. The evidence provided by the applicant prima facie shows that the 'injury' to the domestic industry has been caused by subsidized imports from People's Republic of China and Vietnam.

E. Initiation of the Investigation

8. The Authority finds that there is prima facie evidence of existence of countervailable subsidies on production and export of the subject goods in People's Republic of China and Vietnam and such subsidized imports are causing material injury to the domestic industry through their volume and price effects.
9. In view of the above position, the Authority hereby initiates an investigation into the alleged subsidization and consequent material injury to the domestic industry in terms of the Rule 6 of the Rules supra, to determine the existence, degree and effect of alleged subsidization and to recommend the amount of countervailing duty which, if levied, would be adequate to remove the injury to the domestic industry.

F. Domestic Industry

10. The application has been filed by Stainless Steel Pipe and Tubes Manufacturer Association, New Delhi and Stainless Steel Pipes & Tubes Manufacturers Association, Ahmedabad, South India Stainless Steel Pipe and Tubes Manufacturer Association and Haryana Stainless Steel Pipe and Tube manufacturer Association. As per the evidence available on record, the production of applicants accounts for a major proportion of the total domestic production. The applicants thus satisfy the requirements of Rule 2(b) and Rule 6(3) of the Rules and accordingly constitute the "domestic industry" within the meaning of Rule 2(b) of Rules supra.

G. Product under consideration

- 11.11. The product under consideration is "Welded Stainless Steel Pipes and tubes", classifiable under various tariff sub-headings No. 73064000, 73066110, 73061100, 73062100.

H. Like Articles

12. The applicants have claimed that the goods produced by the domestic industry are like articles to the subject good originating in or exported from subject countries. It has been stated that there is no significant difference in the subject goods produced by the applicants and those exported from subject countries. The applicants claim that the two are technically and commercially substitutable. For

the purpose of present investigation, the subject good produced by the domestic industry are being treated as 'like articles' of the subject good imported from subject countries.

I. Countries involved

13. The country involved in the present investigation is People's Republic of China and Vietnam (also referred to as "Subject Countries").

J. Period of investigation

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

K. Procedure & Submission of information

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

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

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

(i) Time limit

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

(ii) Submission of Information on Non-Confidential basis

18. In terms of Rule 8 of the Rules, the interested parties are required to submit non-confidential version of any confidential information provided to the Authority. In case confidentiality is claimed on any part of the questionnaire's response/submissions, the same must be submitted in two separate sets (a) marked as Confidential (with title, index, number of pages, etc.) and (b) other set marked as Non-Confidential (with title, index, number of pages, etc.). All the information supplied must be clearly marked as either "confidential" or "non-confidential" at the top of each page.
19. Information supplied without any mark as "Confidential" shall be treated as non-confidential and the Authority shall be at liberty to allow the other interested parties to inspect any such non-confidential information. Two (2) copies each of the confidential version and the non-confidential version must be submitted.
20. For information claimed as confidential; the supplier of the information is required to provide a good cause statement along with the supplied information as to why such information cannot be disclosed and/or why summarization of such information is not possible.
21. The non-confidential version is required to be a replica of the confidential version with the confidential information preferably indexed or blanked-out/summarized depending upon the information on which confidentiality is claimed. The non-confidential summary must be in sufficient detail to permit a reasonable understanding of the substance of the information furnished on confidential basis. However, in exceptional circumstances, party submitting the confidential information may indicate that such information is not susceptible of summary; a statement of reasons why summarization is not possible, must be provided to the satisfaction of the Authority.
22. The Authority may accept or reject the request for confidentiality on examination of the nature of the information submitted. If the Authority is satisfied that the request for confidentiality is not warranted or the supplier of the information is either unwilling to make the information public or to authorize its disclosure in generalized or summary form, it may disregard such information.
23. Any submission made without a meaningful non-confidential version thereof or without a good cause statement on the confidentiality claim may not be taken on record by the Authority. The Authority on being satisfied and accepting the need for confidentiality of the information provided; shall not disclose it to any party without specific authorization of the party providing such confidential information.

(iii) Non cooperation

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

(iv) Inspection of Public File

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

(v) Sampling

26. In view of the potentially large number of exporting producers in the People's Republic of China involved in this proceeding and in order to complete the investigation within the stipulated time limits, the Authority may limit the exporter(s)/ producer(s) to be investigated to a reasonable number by selecting a sample. The sampling shall be carried out, if required, in terms of Rule 17(3) of the Rules.

(Sunil Kumar)
Additional Secretary & Director General