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**F. No. 7/17/2021-DGTR  
Government of India  
Ministry of Commerce & Industry  
Department of Commerce  
Directorate General of Trade Remedies  
Jeevan Tara Building, 5, Parliament Street, New Delhi -110001**

Dated 28<sup>th</sup> October, 2021

**NOTIFICATION**

**FINAL FINDINGS**

**Case No. AD (SSR) - 15/2021**

**Subject: Sunset review anti-dumping investigation concerning imports of “Wire rod of alloy or non-alloy steel” originating in or exported from China PR.**

Having regard to the Customs Tariff Act, 1975 as amended from time to time (hereinafter referred as the “Act”) and the Customs Tariff (Identification, Assessment and Collection of Antidumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 thereof, as amended from time to time (hereinafter referred as the “Anti-Dumping Rules” or “Rules” or “AD Rules”);

**A. BACKGROUND OF THE CASE**

1. On 2<sup>nd</sup> June 2016, the Designated Authority (hereinafter referred to as “Authority”) had initiated an investigation to examine the nature and extent of dumping and its injurious effect on the domestic industry with respect to “Wire Rod of Alloy or Non-Alloy Steel” (hereinafter referred to as “subject goods” or “product under consideration” or “PUC”) originating in or exported from China PR (hereinafter referred to as “subject country”). The original petition for imposition of anti-dumping duty was filed by M/s Steel Authority of India Ltd., M/s Rashtriya Ispat Nigam Limited, M/s Tata Steel Long Products Ltd. (erstwhile M/s Usha Martin Limited) and M/s JSW Steel Limited.
2. The Authority issued the preliminary findings on 27<sup>th</sup> September 2016 vide Notification No. 14/17/2016-DGAD and recommended imposition of provisional anti-dumping duty in the form of reference price. The Central Government imposed the provisional anti-dumping duty on the subject goods on 2<sup>nd</sup> November 2016 vide Notification No. 51/2016-Customs (ADD) for a period of six months.
3. The Authority issued the final findings on 30<sup>th</sup> August 2017 vide Notification No. 14/17/2016-DGAD and recommended imposition of anti-dumping duties for five years. On the basis of the aforesaid findings, the Central Government imposed the definitive anti-dumping duty in the form of reference price vide Notification No.48/2017-Customs (ADD) dated 9<sup>th</sup> October 2017 for a period of five years w.e.f. 2<sup>nd</sup> November 2016.

4. In terms of Section 9A(5) of the Act, anti-dumping duty imposed shall unless revoked earlier, cease to have effect on expiry of five years from the date of such imposition and the Authority is required to review, whether the expiry of anti-dumping duty is likely to lead to continuation or recurrence of dumping and injury. Further, Rule 23(1B) of the Rules provides as follows:

*"any definitive antidumping duty levied under the Act, shall be effective for a period not exceeding five years from the date of its imposition, unless the designated authority comes to a conclusion, on a review initiated before that period on its own initiative or upon a duly substantiated request made by or on behalf of the domestic industry, within a reasonable period of time prior to the expiry of that period, that the expiry of the said anti-dumping duty is likely to lead to continuation or recurrence of dumping and injury to the domestic industry."*

5. In accordance with the above, the Authority is required to review, on the basis of a duly substantiated request made by or on behalf of the domestic industry, as to whether the expiry of the anti-dumping duty is likely to lead to continuation or recurrence of dumping and injury.
6. And whereas, in terms of the above provisions, the Indian Steel Association, on behalf of Rashtriya Ispat Nigam Limited, Steel Authority of India Limited and JSW Steel Limited (hereinafter also referred to as the "Applicant" or "Applicant companies" or "domestic industry") filed an application before the Designated Authority in accordance with the Customs Tariff Act, 1975 and the Anti-Dumping Rules for initiation of sunset review investigation concerning imports of the subject goods originating in or exported from the subject country. The petition is supported by Tata Steel Long Products Limited, Jindal Steel and Power Limited and Alloy Producers Association of India.
7. And whereas, in view of the duly substantiated application filed by the applicant, the Authority issued a public notice vide Notification No. F. No. 7/17/2021-DGTR dated 28<sup>th</sup> July 2021, published in the Gazette of India, initiating sunset review investigation on imports of the product under consideration from China PR in accordance with AD Rules to examine whether the expiry of the said duty is likely to lead to continuation or recurrence of dumping and injury to the domestic industry.
8. Pursuant to the initiation of sunset review, anti-dumping duty has been extended till 31<sup>st</sup> January 2022 vide Notification No. 42/2021 dated 1<sup>st</sup> August 2021.
9. The scope of the present review covers all aspects of the Final Findings Notification No. 14/17/2016-DGAD dated 30<sup>th</sup> August 2017 which had recommended the imposition of anti-dumping duty on imports of subject goods originating in or exported from the subject country.

## **B. PROCEDURE**

10. The procedure described below has been followed in this investigation:

- i. The Authority vide Notification no. 7/17/2021-DGTR dated 28<sup>th</sup> July 2021, published in the Gazette of India, Extraordinary, initiated sunset review of anti-dumping duties imposed on the imports of the subject goods, originating in or exported from the subject country.
- ii. The Authority sent a copy of the initiation notification dated 28<sup>th</sup> July 2021 to the Embassy of the subject country in India, known producers and exporters from the subject country, known importers/users and the other interested parties, as per the available information. The interested parties were advised to provide relevant information in the form and manner prescribed and make their submissions known in writing within the prescribed time-limit.
- iii. The Authority provided a copy of the non-confidential version of the application to the known producers/exporters and to the Embassy of subject country in India in accordance with Rule 6(3) of the Rules supra.
- iv. The Embassy of the subject country in India was also requested to advise the exporters/producers from its country 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 the Embassy along with the names and addresses of the known producers/exporters from the subject country.
- v. The Authority sent exporters' questionnaires to the following known exporters in the subject country in accordance with the Rule 6(4) of the Rules to elicit relevant information:
  - a. Jiuquan Iron & Steel (Group) Co Ltd
  - b. Handan Iron & Steel Group Co Ltd
  - c. Lianyuan Iron & Steel Group Co Ltd
  - d. Baosteel Group Corp
  - e. WISCO - Wuhan Iron & Steel (Group) Corp
  - f. Benxi Iron & Steel (Group) Special Steel Co Ltd
  - g. Lingyuan Iron & Steel (Group) Co Ltd
  - h. Shougang Changzhi Iron & Steel Ltd
  - i. Hangzhou Iron & Steel Group Company
  - j. Tianjin Xuboyuan Iron & Steel Trading Co. Ltd
  - k. Tianjin Xuboyuan Iron & Steel Trading Co. Ltd
  - l. Jiangsu Shagang Material Trade Co. Ltd.
  - m. Jinagsu Shagang International Trade Co. Ltd.
  - n. Sinomaterial International Co. Ltd.
  - o. Zenith Steel Group Co. Ltd
  - p. Benxi Beitai Gaosu steel Wire Rod Co. Ltd.
  - q. Jiangyin Xingcheng Special Steel Works Co Ltd
  - r. Jiangsu Yonggang Group Co. Ltd
  - s. Fujian Sangang Mingguang Co., Ltd
  - t. Benxi Beitai High-speed Wire Rod Co., Ltd
  - u. Xingtai Iron Steel Corp. Ltd.
  - v. Zhangjiagang Shajing Steel Co., Ltd
  - w. Minmetals Yingkou Medium Plate Co., Ltd
  - x. Zhangjiagang Rongsheng Steel Co Ltd

- y. Guangdong Shaogang Songshan Co., Ltd
- z. Jiangxi Fangda Steel Group Co. Ltd
- aa. WenAn Steel Iron Co., Ltd
- vi. None of the foreign producers/exporters have filed the exporters questionnaire response in the present sunset review investigation.
- vii. The Authority forwarded a copy of the notification to the following known importers/consumers/user associations of subject goods in India and advised them to make their views known in writing within the prescribed time limit in accordance with the Rule 6(4) of Rules.
  - a. A.A.International
  - b. Aggarwal Impex
  - c. D. P. Wires Private Limited
  - d. Garg Inox Limited
  - e. H.D. Wires Private Limited
  - f. Indian Wire and Steel Products
  - g. J.S. Industries Private Limited
  - h. Kadimi Special Steels Private Limited
  - i. Lakshmi Card Clothing Manufacturing Co. Private Limited
  - j. Makalu Trading Limited
  - k. Nirmal Wires Private Limited
  - l. Oceanic Overseas
  - m. Pankaj Steel Corporation
  - n. R.K. Steels
  - o. Stering Tools Limited
  - p. Transnational
  - q. Uday Industries
  - r. Usha Martin Limited
  - s. V.N.C Electrodes
  - t. Vidhi Impex
  - u. Weldwell Electrodes
  - v. Yatin Steels India Private Limited
  - w. Zarhak Steels Limited
- viii. None of the importers/users responded or filed importer/user questionnaire response in the present sunset review investigation.
- ix. Steel Wire Manufacturers Association of India registered itself as an interested party but has not filed any submission during the course of investigation.
- x. The period of investigation for the purpose of the present review is 1<sup>st</sup> October 2019 to 31<sup>st</sup> March 2021 (18 months). The injury examination period has been considered as the period 2017-18, 2018-19, 2019-20, and the POI.
- xi. Request was made to the Directorate General of Commercial Intelligence and Statistics (DGCI&S) to arrange 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 import data for computation of the volume & value of imports and injury analysis.

- xii. Verification of the information and the data submitted by the domestic industry was carried out to the extent deemed necessary. Only such verified information with necessary rectification, wherever applicable, has been relied upon for the purpose of these final findings.
- xiii. The Non-Injurious Price (hereinafter referred to as 'NIP') based on the 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 if anti-dumping duty lower than the dumping margin would be sufficient to remove injury to the domestic industry.
- xiv. The Authority held oral hearing on 16<sup>th</sup> September 2021 to provide an opportunity to the interested parties to present information orally in accordance with Rule 6(6). Oral hearing was held through video conferencing in view of the special circumstances arising out of the COVID-19 pandemic. The oral hearing was attended by the domestic industry. The interested parties were requested to file written submissions and rejoinders.
- xv. The submissions made by the interested parties during the course of the investigation and the oral hearing, have been addressed in these final findings, to the extent considered relevant by the Authority.
- xvi. As no producer or exporter from the subject country has filed any submissions or questionnaire responses, only the information provided by the domestic industry on confidential basis was examined with regard to the sufficiency of the confidentiality claims. On being satisfied, the Authority has accepted the confidentiality claims wherever warranted and such information has been considered as confidential and not disclosed in the public record. Wherever possible, it has been directed that confidential information is to be provided in sufficient non-confidential version.
- xvii. In accordance with the Rules, the Authority disclosed the essential facts of the case that would form the basis of its findings in the form of a disclosure statement on 20.10.2021. The comments of the interested parties, to the extent relevant, have been considered by the Authority and have been addressed in these findings.
- xviii. \*\*\* in these final findings represents information furnished by interested parties on confidential basis and so considered by the Authority under the Rules.
- xix. The exchange rate adopted by the Authority for the subject investigation is US \$1= 74.34 INR.

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

### **C.1. Submissions made by the domestic industry and other interested parties**

- 11. The domestic industry or any other interested party has not made any submission with regard to the scope of product under consideration in the present review investigation.

## C.2. Examination by the Authority

12. The scope of product under consideration in the present sunset review investigation is the same as was decided by the Authority in the final findings of the original investigation dated 30th August 2017.
13. The product under consideration is:

*“Bars and rods, hot rolled, in irregularly wound coils, of iron or non-alloy steel or alloy steel (commonly known as "Wire Rods").*

*These products are of prime and non-prime category and are in all sizes. These products*

*conform to various qualities of steels including but not limited to electrode, free cutting, forging, cold heading, low / medium / high carbon steels, drawing, ball bearing steel, case hardening steel, spring steel, corrosion resistant steel, weathering steel, structural steel and many more qualities of steel. However, following products, are not included in the scope of the product under consideration:*

- a. Bars and rods containing indentations, ribs, grooves or other deformations produced during the rolling process falling under Tariff Item 72131090 (commonly known as rebars or TMT bars)*
- b. Bars and rods of Stainless steel falling under Tariff Heading 7221*
- c. Bars and rods of High-speed steel falling under Tariff Item 72271000”*

14. The product under consideration is used in many applications and sectors such as automotive components, welding electrodes, springs, wire mesh, fasteners including nuts and bolts, nails, railway sleepers, general engineering, binding wires for construction industry, armoured cables etc.
15. It is noted that subject goods exported to India are identical to the goods produced by the domestic industry. The subject goods produced by the domestic industry are comparable to the imported goods from the subject country in terms of technical specifications, manufacturing process & technology, functions & uses, pricing, distribution & marketing, and tariff classification of the goods. The two are technically and commercially interchangeable. Accordingly, for the purpose of the present investigation, the subject goods produced by the domestic industry are being treated as ‘Like Article’ to the subject goods being imported from the subject country.

## D. DOMESTIC INDUSTRY AND STANDING

16. Rule 2(b) of the Antidumping Rules define 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."*

#### **D.1. Submissions made by the domestic industry**

17. The following submissions have been made by the applicant during the course of the investigation:
- a. The domestic producers constituting the domestic industry comprise of Rashtriya Ispat Nigam Limited, Steel Authority of India Limited and JSW Steel Limited. The domestic industry has 30-40% share in total Indian production of the subject goods during the POI.
  - b. A significant proportion of production of PUC in India is undertaken by the small and medium scale enterprises (MSME). The present application for continued imposition of anti-dumping duties is supported by Alloy Steel Producers Association (ASPA). Many small and medium scale producers involved in production of subject goods are members of ASPA. Continued imposition of anti-dumping duty will safeguard the interests of the MSME sector as well.
  - c. The share of the domestic industry constitutes a major proportion in the total domestic production in accordance with Rule 2(b) of the AD Rules.
  - d. The sunset review application is supported by Tata Steel Long Products Limited, Jindal Steel and Power Limited. The share of the domestic industry and supporters together accounts for 40-50% share in the total Indian production of the subject goods.
  - e. Usha Martin Limited was a constituent of the domestic industry in the original investigation. Usha Martin Limited's steel division has been now acquired by Tata Sponge Iron Ltd on 9<sup>th</sup> April 2019. Tata Sponge Iron Ltd was renamed as Tata Steel Long Products Ltd as on 20<sup>th</sup> August 2019 and is a supporter in the present sunset review investigation.

#### **D.2. Submissions made by other interested parties**

18. No submission has been made by any other interested party.

#### **D.3. Examination by the Authority**

19. The application has been filed by the Indian Steel Association on behalf of Rashtriya Ispat Nigam Limited, Steel Authority of India Limited and JSW Steel Limited. Relevant information and documents have been provided by the applicant association as prescribed by the Authority. The application is supported by Tata Steel Long Products Limited, Jindal Steel and Power Limited and Alloy Steel Association of India.
20. The Authority notes that the domestic industry accounts for 30-40% of the total Indian production during the period of investigation. The Authority notes the production of the domestic industry along with supporters' accounts for 40-50% of the total Indian production.

21. Rashtriya Ispat Nigam Limited, Steel Authority of India Limited and JSW Steel Limited have neither imported the subject goods from the subject country nor they are related to any exporter or importer of the subject goods. It is noted that the applicant Association has provided necessary information for the purpose of the present sunset review investigation.
22. The Authority notes that the domestic industry on their own and also including the supporters, account for a major proportion of the total domestic production.
23. The Authority holds that the applicant constitutes domestic industry under rule 2(b) of the Rules and considers that the application satisfies the criteria of standing in terms of Rule 5(3) of the Rules.

## **E. CONFIDENTIALITY**

### **E.1. Submissions made by the domestic industry**

24. The domestic industry has claimed confidentiality with respect to certain information which it considers confidential and business sensitive in nature. Sufficient non-confidential summary of confidential information has been provided at appropriate places to permit reasonable understanding of the substance of information contained therein.

### **E.2. Submissions made by other interested parties**

25. No other interested party has made any submission with respect to the confidentiality claim.

### **E.3. Examination by the Authority**

26. The Authority made available non-confidential version of the information provided by various interested parties to all interested parties as per Rule 6(7).
27. With regards to confidentiality of information, Rule 7 of Anti-dumping Rules provides as follows:

*“Confidential information: (1) Notwithstanding anything contained in sub-rules (2), (3) and (7) of rule 6, sub-rule (2) of rule 12, sub-rule (4) of rule 15 and sub-rule (4) of rule 17, the copies of applications received under sub-rule (1) of rule 5, or any other information provided to the designated authority on a confidential basis by any party in the course of investigation, shall, upon the designated authority being satisfied as to its confidentiality, be treated as such by it and no such information shall be disclosed to any other party without specific authorization of the party providing such information.*

*(2) The designated authority may require the parties providing information on confidential basis to furnish non-confidential summary thereof and if, in the opinion of a party providing such information, such information is not susceptible of summary, such party may submit to the designated authority a statement of reasons why summarization is not possible.*



*(3) Notwithstanding anything contained in sub-rule (2), if the designated 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 authorise its disclosure in a generalized or summary form, it may disregard such information.”*

28. The Authority notes that the information provided by the interested parties on confidential basis was duly examined with regard to sufficiency of the confidentiality claim. On being satisfied, the Authority has accepted the confidentiality claims, wherever warranted and such information has been considered confidential and not disclosed to other interested parties. Wherever possible, parties providing information on confidential basis were directed to provide sufficient non-confidential version of the information filed on confidential basis. The Authority also notes that all interested parties have claimed their business-related sensitive information as confidential.
29. A list of all interested parties was uploaded on DGTR’s website along with the request therein to all of them to email the non-confidential version of their submissions to all other interested parties since the public file was not accessible physically due to ongoing global pandemic.

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

### **F.1. Normal Value**

30. Under Section 9A (1)(c) of the Act, normal value in relation to an article means:

- i. The 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*
- ii. 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 to an appropriate third country as determined in accordance with the rules made under sub-section (6); or*
  - b. 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.*

## **F.2. Submissions made by the domestic industry**

31. The following submissions have been made by the domestic industry during the course of investigation:

- a. Chinese producers of subject goods are operating under non-market economy condition. Normal value for Chinese producers cannot be based on domestic selling prices and costs prevailing in China PR unless it is demonstrated that Chinese producers are operating under market economy conditions.
- b. In the original investigation as well, the Authority had concluded producers/exporters of subject goods in China PR are operating under non-market economy conditions.
- c. The European Commission in its report has examined the market distortions that exist in specific sectors in China PR. The European Commission has found that there exist countrywide market distortions related to land, energy, capital, raw materials and other material inputs, and labour in China PR.
- d. The EC report has also examined market distortions that exist in specific sectors including the steel, aluminium, chemical and certain ceramics industries. Within these industries, the EC found that market distortions were caused by the Chinese government's intervention through all levels of government including the national, regional, and municipal levels via various planning and regulatory directives.
- e. The Applicant does not have access to information required for determination of normal value as per first two methods in Para 7. Therefore, normal value has been construed in the following manner:

**Method I:** In this method, normal value has been constructed in the following manner.

- i. **Raw materials:** International price of major raw materials have been adopted and considered for construction of normal value. Consumption norms of major raw materials have been taken on the basis of domestic industry's experience. Other raw materials have been taken based on the experience of the domestic industry.
- ii. **Utilities:** Utilities costs have been considered based on the experience of the domestic industry.
- iii. **Conversion Costs:** Conversion costs have been considered based on the experience of the domestic industry.
- iv. **SGA Costs and Finance costs:** SGA costs and Finance costs have been considered based on the experience of the domestic industry.
- v. **Profit Margin:** A profit margin of 5% has been considered for working out the normal value.

**Method II:** Korea RP is the largest exporting country of subject goods to India after China PR. Therefore, domestic industry has determined normal value considering import prices of subject goods from Korea RP into India after adjustment of ocean freight, insurance, inland freight, handling charges, commission and bank charges etc.

- (f) Export price is determined at ex-factory level. From the CIF export price, calculated as per DGCI&S import data, relevant adjustments have been made to arrive at ex-factory export price.
- (g) The dumping margin so determined based on comparison between normal value and export price is positive and substantial.
- (h) It must be noted that producers/exporters from China PR have not participated. Therefore, the Authority should proceed to determine dumping margin for exports from China PR based on facts available.
- (i) Dumping margin based on the average export price into India from subject country during POI is positive. However, the average export price from subject country during the POI may not be accurate because import price from other countries has been consistently higher than import price from China PR during 2017-18 to 2019-20 but during the POI import price from China PR is higher than import price from third countries. Average export price from subject country has increased significantly in the POI as compared to the previous year. Export price of individual producers/exporters is not verifiable because no producer/exporter has participated in the present sunset review investigation. It is also noted that producers/exporters from subject country were aware about the precise period of sunset review and therefore it was possible for them to keep the average prices higher for their exports to India.

### **F.3. Submissions made by other interested parties**

- 32. None of the exporters/importers/ any other interested party has participated in the investigation.

### **F.4. Examination by the Authority**

- 33. The Authority sent questionnaires to the known producers/exporters from the subject country, advising them to provide information in the form and manner prescribed by the Authority.
- 34. Since none of the producers/exporters of subject goods from the subject country have filed exporter's questionnaire response, the normal value and export price for all producers/exporters from the subject country have been determined based on facts available as follows.

### **F.5. Normal Value determination**

- 35. Article 15 of China's Accession Protocol in WTO provides as follows:

*“Article VI of the GATT 1994, the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (“Anti-Dumping Agreement”) and the SCM Agreement shall apply in proceedings involving imports of Chinese origin into a WTO Member consistent with the following:*

- a. In determining price comparability under Article VI of the GATT 1994 and the Anti-Dumping Agreement, the importing WTO Member shall use either Chinese prices or costs for the industry under investigation or a methodology that is not based on a strict comparison with domestic prices or costs in China based on the following rules:*
  - i. If the producers under investigation can clearly show that market economy conditions prevail in the industry producing the like product with regard to the manufacture, production and sale of that product, the importing WTO Member shall use Chinese prices or costs for the industry under investigation in determining price comparability;*
  - ii. The importing WTO Member may use a methodology that is not based on a strict comparison with domestic prices or costs in China if the producers under investigation cannot clearly show that market economy conditions prevail in the industry producing the like product with regard to manufacture, production and sale of that product.*
- b. In proceedings under Parts II, III and V of the SCM Agreement, when addressing subsidies described in Articles 14(a), 14(b), 14(c) and 14(d), relevant provisions of the SCM Agreement shall apply; however, if there are special difficulties in that application, the importing WTO Member may then use methodologies for identifying and measuring the subsidy benefit which take into account the possibility that prevailing terms and conditions in China PR may not always be available as appropriate benchmarks. In applying such methodologies, where practicable, the importing WTO Member should adjust such prevailing terms and conditions before considering the use of terms and conditions prevailing outside China PR.*
- c. The importing WTO Member shall notify methodologies used in accordance with sub paragraph (a) to the Committee on Anti-Dumping Practices and shall notify methodologies used in accordance with sub paragraph (b) to the Committee on Subsidies and Countervailing Measures.*
- d. Once China has established, under the national law of the importing WTO Member, that it is a market economy, the provisions of subparagraph (a) shall be terminated provided that the importing Member's national law contains market economy criteria as of the date of accession. In any event, the provisions of subparagraph (a)(ii) shall expire 15 years after the date of accession. In addition, should China establish, pursuant to the national law of the importing WTO Member, that market economy conditions prevail in a particular industry or sector, the nonmarket economy provisions of subparagraph (a) shall no longer apply to that industry or sector.”*

36. It is noted that while the provision contained in Article 15 (a) (ii) has expired on 11.12.2016, the provision under Article 2.2.1.1 of WTO read with obligation under 15 (a) (i) of the Accession Protocol still require criterion stipulated in para 8 of the Annexure I of the Rules

to be satisfied through the information/data to be provided in the supplementary questionnaire on claiming the market economy status. It is noted that since producers/exporters from China PR have not participated and thus not submitted response to MET/supplementary questionnaire, the normal value computation is required to be done as per provisions of para 7 of Annexure I of the Rules.

37. The normal value has accordingly been determined in accordance with Para 7 of Annexure I of the Rules. In the absence of sufficient information on record, regarding the other methods as are enshrined in Para 7 of Annexure I of the Rules, the Authority has determined the normal value on "any other reasonable basis". The Authority has, therefore, constructed the normal value for China PR on the basis of (a) international prices of major raw materials, (b) consumption norms, other raw materials costs and conversion costs, SGA and finance costs on the basis of the experience of the domestic industry, and (c) a reasonable profit. The Normal Value so constructed is shown in the dumping margin Table.

#### F.4.2 Determination of Export Price

38. As none of the producers/exporters from China PR have filed questionnaire response, export price from China PR has been determined considering volume and value of imports for the period of investigation as per DGCI&S published data. Adjustments have been made for ocean freight, inland freight, insurance, handling charges, credit cost, commission, bank charges and non-refundable VAT.

#### F.5 Dumping Margin

39. Considering the normal value and the export price determined, as explained above, it is noted that the dumping margin for China PR is not only more than the *de-minimis* limit prescribed under the Rules but is quite significant.

Country	Producer/Exporter	Normal Value (INR/MT)	NEP (INR/MT)	DM (INR/MT)	DM%	Range
China PR	Any Producer/Exporter	***	37,658	***	***	10-20%

### G. EXAMINATION OF INJURY AND CAUSAL LINK

#### G.1 Submissions made by the domestic industry

40. The submissions of the domestic industry with regard to injury and causal link are as under:

- a. In the original investigation, the Authority has already established a causal link between the dumped imports and injury to the domestic industry, therefore in a sunset review, the investigating authority must establish a link between the expiry of the duty and likelihood of recurrence of dumping and injury and there is no need to establish causal link between dumped imports and injury afresh during the review.

- b. None of the producers/exporters from China PR have participated in the present sunset review investigation, whereas 35 producers/exporters had filed response to exporter's questionnaire in the original investigation.
- c. The participation of producers/exporters from China PR would have allowed the Authority to verify the actual export price to India. In the absence of participation by any producer/exporter from China PR, the Authority should apply adverse facts available and conclude that import price from China PR based on DGCI&S data is unreliable and note that higher import price reflected in DGCI&S import data during the POI has no direct bearing on the assessment of dumping, injury and likelihood of dumping and injury to the domestic industry due to imports from China PR.
- d. Imports from subject country are significant both in absolute terms and in relation to total imports into India and Indian demand even after imposition of anti-dumping duty.
- e. The subject country has significant excess capacities and limited or static demand. They need export markets and India is the foremost large market with a significant demand. This can create influx of imports into the Indian market if duties are revoked. Moreover, plethora of tariffs and trade remedial measures are currently in effect against the subject country in different export markets. If the existing measures are not extended, India will be the only major export destination for subject country without any trade remedial measures.
- f. There is decline in imports during the POI due to the Covid-19 pandemic. It is expected that the imports will increase once the Covid-19 situation improves.
- g. The price undercutting from China PR is negative. It is pertinent to mention that price undercutting from China PR was negative even during the POI of the original investigation. Anti-dumping duty imposed on the import of subject goods and which has been in force during the injury investigation period has been based on reference price mechanism. The producers/exporters from the subject country kept the prices above reference price level to avoid payment of anti-dumping duty.
- h. No definitive conclusions should be drawn by the Authority based on higher import prices during the POI, and consequent absence or low level of positive dumping margin, price undercutting or price underselling during the POI. In its likelihood examination, the Authority should consider the import prices as if they were (i) reduced to the level existing at the time of original investigation or (ii) reduced below the reference price set by the Authority.
- i. The comparison between the landed price of subject goods from China PR and the domestic selling price of the domestic industry is irrelevant. The Authority should examine the need for continued imposition of anti-dumping duty on subject goods by examining likelihood of dumping and injury in the event of revocation of anti-dumping duty.
- j. In case of reference price based anti-dumping duty, actual import price cannot be simply relied upon for determining price undercutting because the element of anti-dumping duty is inbuilt in import/export price from the subject country. Therefore, price undercutting should be assessed after deducting the 'inbuilt' anti-dumping duty in the import price. If Authority excludes the average antidumping duty as calculated during the original investigation, the price undercutting would turn significantly positive.

- k. The average export price from the subject country during the POI may not be accurate because import price from other countries has been consistently higher than import price from China PR during 2017-18 to 2019-20. Whereas, during the POI, import price from China PR is higher than import price from other countries. Average export price from the subject country has increased significantly in the POI as compared to the previous year. Export price of individual producers/exporters is not verifiable because no producer/exporter has participated in the present sunset review investigation. It is also noted that producers/exporters from the subject country were aware about the precise period of sunset review and therefore it was possible for them to keep the average prices higher for their exports to India. Authority should investigate whether the increase in export price is based on economic rationale or is temporary.

Particulars	Unit	2017-18	2018-19	2019-20	POI (Oct 19 to Mar 21)
Import price from China PR (CIF)	INR/MT	35,822	48,143	46,927	51,203
Import price from other countries (CIF)	INR/MT	43,048	52,823	50,832	49,010

- l. There is also a practice amongst the producers/exporters to specify delivery term as CIF whereas the goods are delivered at ICD and as a result the price on record includes an additional price element of transportation cost from the first port of import to the ICD port. As per Customs Valuation Rules, the freight element from the first port of import to the ICD is not to be included in the value for customs purposes and accordingly the same should also not be included while calculating landed value for anti-dumping investigation.
- m. The capacity utilization of the domestic industry was stable till 2019-20 and thereafter declined during the POI(A).
- n. The profitability of the domestic industry has improved in 2018-19 and thereafter the profitability again declined from 2019-20 onwards. If the current anti-dumping duty protection is withdrawn, it will severely affect the profitability of the domestic industry further.
- o. The cash profits of the domestic industry have improved in 2018-19 and thereafter the profitability again declined in 2019-20.
- p. The ROCE of the domestic industry is quite low and much below the standard 22% return allowed by the Authority.
- q. Quality of the goods produced by the domestic industry is at par with the imported goods. Domestic industry has sufficient capacity to cater to Indian demand and therefore, availability of material is not a constraint. Delivery problems are also almost non-existent. Many of the Indian customers quote the prices at which the imported goods are coming into the country and ask the domestic industry to match the imported prices.
- r. Assessment of inter-se competition between domestic producers in India is irrelevant. Irrespective of inter-se competition, there is clear likelihood of

dumping and injury due to import of subject goods from China PR at low prices. Historical trend in import prices from China PR shows that import prices can decline significantly in a very short span of time.

## **G.2 Submissions made by other interested parties**

41. No other interested party has made any submission with regard to injury and causal link.

## **G.3 Examination by the Authority**

42. Rule 11 of the Rules read with Annexure-II provides that an injury determination shall involve an 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...*”.

43. 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. For the examination of the impact of the dumped imports on the domestic industry in India, indices having a bearing on the state of the industry such as production, capacity utilization, sales volume, inventory, profitability, net sales realization, the magnitude and margin of dumping, etc. have been considered in accordance with Annexure II of the Rules.

44. The submissions made by the domestic industry during the course of the investigation with regard to injury and causal link and considered relevant by the Authority are examined and addressed in the present final findings.

45. In consideration of the various submissions made by the interested parties in this regard, the Authority has examined the current injury, if any, to the domestic industry before proceeding to examine the likelihood aspects of dumping and injury.

46. The Authority has taken note of the various submissions made by the domestic industry on injury and causal link and has analysed the same considering the facts available on record and the applicable laws. The injury analysis made by the Authority ipso facto addresses the submissions made by the domestic industry.

47. In the present sunset review investigation, the Authority has considered a longer period of 18 months from 1<sup>st</sup> October 2019 to 31<sup>st</sup> March 2021 as the POI so that it provides enough insight into the current and likely dumping and injury suffered by the domestic industry. Also, a longer POI was deemed appropriate in the present sunset review since trade in the first quarter of 2020-21 was impacted by Covid-19 and a longer period would be proper to assess the current injury and likelihood of injury to the domestic industry caused due to the alleged dumped imports.



**a. Assessment of Demand**

48. The Authority has determined demand or apparent consumption of the product in India, as the sum of domestic sales of the Indian producers and imports from all sources. The demand so assessed is given in the table below.

S. No.	Particulars	UQM	2017-18	2018-19	2019-20	POI (A)	POI (Oct 19 to Mar 21)
1	Subject Country (China PR)	MT	71,291	1,35,037	44,386	28,476	42,713
		Trend	100	189	62	40	60
2	Other Countries	MT	78,602	97,399	45,864	33,311	49,966
		Trend	100	124	58	42	64
3A	Domestic sales of participating producers	MT	14,99,885	15,43,966	15,07,705	15,06,722	22,60,083
		Trend	100	103	101	100	151
3B	Domestic sales of supporters	MT	***	***	***	***	***
		Trend	100	128	221	221	332
4	Domestic sales of other producers	MT	***	***	***	***	***
		Trend	100	107	120	135	202
5	<b>Total demand</b>	<b>MT</b>	<b>39,61,437</b>	<b>43,12,974</b>	<b>46,76,549</b>	<b>49,37,675</b>	<b>74,06,512</b>
		<b>Trend</b>	<b>100</b>	<b>109</b>	<b>118</b>	<b>125</b>	<b>187</b>

49. It is seen that the demand for subject goods has increased during the entire injury period.

**b. Volume effect of dumped imports**

i. Import volume and share of subject country

50. The effect of the volume of dumped imports from the subject country has been examined by the Authority as follows.

S. No.	Particulars	UQM	2017-18	2018-19	2019-20	POI (A)	POI (Oct 19 to Mar 21)
1	Subject Country (China PR)	MT	71,291	1,35,037	44,386	28,476	42,713
<b>2</b>	<b>Subject country import in relation to -</b>						
A	Total Indian Production	%	2%	3%	1%	1%	1%
B	Consumption	%	2%	3%	1%	1%	1%
C	Total imports	%	48%	58%	49%	46%	46%

51. The Authority notes that imports from subject country has declined during the injury period and POI in absolute terms as well as in relation to total Indian production.

**c. Price effect of dumped imports.**

52. With regards to the effect of dumped imports on prices, it is required to be analyzed whether there has been a significant price undercutting by the alleged dumped imports as compared to the price of the like products in India, or whether the effect of such imports is otherwise

to depress prices or prevent price increases, which otherwise would have occurred in normal course.

53. Accordingly, the impact on the prices of the domestic industry on account of dumped imports of the subject goods from the subject country has been examined with reference to price undercutting and price suppression/depression, if any. For the purpose of this analysis the cost of sales and Net Sales Realization (NSR) of the domestic industry have been compared with the landed price of imports from the subject country.

i. Price Undercutting

54. Price undercutting has been determined by comparing the landed price of imports from the subject country with the net sales realisation of the domestic industry in India.

SN	Particulars	UQM	2017-18	2018-19	2019-20	POI (Oct 19 to Mar 21)
1	Net Sales Realisation	Rs/MT	***	***	***	***
2	Landed Price – China PR	Rs/MT	39,512	53,439	52,089	56,548
3	Price Undercutting – China PR	Rs/MT	***	***	***	***
4	Price Undercutting – China PR	%	***	***	***	***
5	Price Undercutting – China PR	Range	(0-10%)	(10-20%)	(20-30%)	(20-30%)

55. The Authority notes that the landed price of imports is above the selling price of the domestic industry during the period of investigation. Therefore, the price undercutting is negative from China PR.

ii. Price Suppression/Depression

56. In order to determine whether the dumped imports are suppressing or depressing the domestic prices and whether the effect of such imports is to depress prices to a significant degree or prevent price increases which otherwise would have occurred to a significant degree, the Authority notes the changes in the costs and prices over the injury period.

SN	Particulars	UQM	2017-18	2018-19	2019-20	POI (Oct'19 to Mar'21)
1	Landed price – Subject country	Rs/MT	39,512	53,439	52,089	56,548
		Indexed	100	135	132	143
2	Cost of sales per Unit – Domestic	Rs/MT	***	***	***	***
		Indexed	100	107	105	109
3	Selling price per Unit – Domestic	Rs/MT	***	***	***	***
		Indexed	100	119	101	108

57. The domestic industry has contended that the high landed value during the POI from the subject country does not seem to be reliable because import price from China PR has been higher than import price from other countries in the POI due to sudden increase in import price from China PR whereas import price from China PR was has remained lower than import price from other countries during the first three years of injury investigation period.

**d. Impact on economic parameters of the domestic industry**

58. Annexure - II to the Anti-Dumping 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. The Anti-Dumping Rules further provide that the examination of the impact of the dumped imports on the domestic industry should include an objective 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. Accordingly, various injury parameters relating to the domestic industry are discussed herein below.

i. Capacity, production, capacity utilization and sales.

59. The Authority has considered capacity, production, capacity utilization and sales volume of the domestic industry over the injury period.

S. No.	Particulars	UOM	2017-18	2018-19	2019-20	POI (A)	POI (Oct 19 to Mar 21)
1	Capacity	MT	35,70,000	35,70,000	35,70,000	37,70,000	56,55,000
		Indexed	100	100	100	106	158
2	Production – PUC	MT	17,58,960	16,83,466	17,60,261	17,48,427	26,22,640
		Indexed	100	96	100	99	149
3	Production – NPUC	MT	14,49,785	15,80,904	13,23,442	11,01,787	16,52,680
		Indexed	100	109	91	76	114
4	Capacity utilization		90%	91%	86%	76%	76%
		Indexed	100	102	96	84	84
5	Domestic Sales	MT	14,99,885	15,43,966	15,07,705	15,06,722	22,60,083
		Indexed	100	103	101	100	151

60. It is seen that:

- a. The capacity of the domestic industry has remained stable during the injury period and has increased marginally during the POI.
- b. The capacity utilization of domestic industry has declined in the POI.
- c. The total production and domestic sales remained constant during the injury period.

ii. Market share of domestic industry in demand

61. The effect of the dumped imports on the market share of the domestic industry in demand has been examined as below:

S. No.	Particulars	UOM	2017-18	2018-19	2019-20	POI (A)	POI (Oct'19 to Mar'21)
1	Subject country	%	2%	3%	1%	1%	1%
		%- Range	0-10%	0-10%	0-10%	0-10%	0-10%
2	Other countries	%	2%	2%	1%	1%	1%
		%- Range	0-10%	0-10%	0-10%	0-10%	0-10%
3	Sales of Domestic industry	%	38%	36%	32%	31%	31%
		%- Range	30-40%	30-40%	30-40%	30-40%	30-40%
4	Sales of Supporters	%	***	***	***	***	***
		%- Range	0-10%	0-10%	10-20%	10-20%	10-20%
5	Sales of Other Indian Producers	%	***	***	***	***	***
		%- Range	50-60%	50-60%	50-60%	50-60%	50-60%

62. It is seen that the market share of the domestic industry has consistently declined during the injury period.

iii. Inventory

63. Inventory position of the domestic industry over the injury period is given below:

Particulars	Unit	2017-18	2018-19	2019-20	POI (A)
Average inventory	MT	62,088	72,988	1,03,634	1,02,539
	Indexed	100	118	167	165

64. It is seen that the average inventory of the domestic industry has increased up to 2019-20 and then declined during POI.

iv. Profit or loss, cash profits and return on investment

65. Performance of the domestic industry has been examined in respect of profits, cash profits and return on capital employed.

SN	Particulars	UOM	2017-18	2018-19	2019-20	POI (A)	POI (Oct 19 to Mar 21)
1	Cost of sales	Rs/MT	***	***	***	***	***
		Trend	100	107	105	109	109
2	Selling price	Rs/MT	***	***	***	***	***
		Indexed	100	119	101	108	108
3	Profit / Loss	Rs Lacs	(***)	***	(***)	(***)	(***)
		Indexed	(100)	473	(263)	(153)	(230)

4	Profit / Loss	Rs/MT	(***)	***	(***)	(***)	(***)
		Indexed	(100)	459	(261)	(152)	(152)
5	Cash profits	Rs Lacs	***	***	***	***	***
		Indexed	100	565	28	131	197
6	Cash profits	Rs/MT	***	***	***	***	***
		Indexed	100	549	27	131	131
7	PBIT	Rs Lacs	***	***	***	***	***
		Indexed	100	419	57	97	146
8	PBIT	Rs/MT	***	***	***	***	***
		Indexed	100	407	57	97	97
9	Return on capital employed	%	***	***	***	***	***
		Indexed	100	385	47	77	77

66. It can be seen from the above table that the profitability of the domestic industry in terms of profits, cash profits, PBIT and ROCE improved in 2018-19 and thereafter declined from 2019-20 onwards.

v. Employment, wages and productivity

67. The situation of the domestic industry with regard to employment, wages and productivity was examined.

S. No.	Particulars	UOM	2017-18	2018-19	2019-20	POI (A)	POI (Oct 19 to Mar 21)
1	No. of employees	Nos.	10,754	10,641	11,993	12,904	12,904
		Indexed	100	99	112	120	120
2	Productivity per day	MT/Day	4,819	4,612	4,823	4,790	4,790
		Indexed	100	96	100	99	99
3	Production per employee	MT/Nos	164	158	147	135	135
		Indexed	100	97	90	83	83

68. It is noted that the production per employee has declined consistently during injury period.

vi. Growth

69. Examination of growth parameters of the domestic industry during the injury period is shown below.

S. No.	Particulars	2018-19	2019-20	POI (A)
1	Production - PUC	-4%	5%	-1%
2	Capacity Utilisation	2%	-5%	-11%
3	Domestic Sales	3%	-2%	0%

4	Profit/(Loss) per MT	***	(***)	***
5	Profit/(Loss) Rs Lacs	***	(***)	***
6	Cash Profit	***	(***)	***
7	PBIT	***	(***)	***
8	ROI%	***	(***)	***

70. The Authority notes that:

- a. The profitability of the domestic industry in terms of profits, cash profits, PBIT and ROCE improved in 2018-19 and thereafter declined from 2019-20 onwards.
- b. The capacity utilization of domestic industry has declined consistently.

vii. Magnitude of dumping

71. It can be seen that the dumping margin is not only more than de-minimis but also substantial.

viii. Ability to raise fresh capital

72. The domestic industry comprises of companies, which are multi-product companies. Therefore, their ability to raise fresh capital remains intact.

## H. FACTORS RELEVANT FOR CAUSAL LINK

73. As per the AD Rules, the Authority, inter alia, is required to examine any known factors other than dumped imports which are injuring or are likely to cause injury to the domestic industry, so that the injury caused by these other factors may not be attributed to the dumped imports. While the present investigation is a sunset review investigation and causal link has already been examined in original investigation, the Authority examined whether other known listed factors have caused or are likely to cause injury to the domestic industry. It was examined whether other factors listed under the AD Rules could have contributed or are likely to contribute to the injury suffered by the domestic industry.

74. With regard to the requirement of examining causal link in the sunset review investigation, the Appellate Body in US — Anti-Dumping Measures on Oil Country Tubular Goods [WT/DS268] considered that:

*“On its face, Article 11.3 does not require investigating authorities to establish the existence of a ‘causal link’ between likely dumping and likely injury.”*

i. Volume and price of imports from third country

75. Apart from China PR, imports of subject goods into India are primarily from Japan and Korea RP. The import price from Japan and Korea RP is significantly higher than the import price from China PR except during POI.

ii. Development of technology

76. The Authority notes that technology for production of the product has not undergone any change.

iii. Trade restrictive practices

77. The Authority notes that there are no trade restrictive practices.

iv. Export performance

78. The Authority has considered data for the domestic operations only. Any possible deterioration in the export performance of the domestic industry, therefore, cannot be a cause for the injury to the domestic industry.

v. Performance of other products

79. The Authority has considered the data relating to the performance of the subject goods only. Therefore, performance of other products produced and sold by the domestic industry will have no bearing on the injury to the domestic industry.

## I. MAGNITUDE OF INJURY MARGIN

80. The Authority has determined the NIP for the domestic industry on the basis of principles laid down in the Anti-Dumping Rules read with Annexure III, as amended. The NIP of the product under consideration has been determined by adopting the information/data relating to the cost of production provided by the domestic industry and duly certified by the practicing accountant for the period of investigation. The NIP has been compared with the landed price from the subject country for calculating injury margin.

81. For determining the NIP, the best utilisation of the raw materials and utilities has been considered over the injury period. Best utilisation of production capacity over the injury period has been considered. Extraordinary or non-recurring expenses have been excluded from the cost of production. A reasonable return (pre-tax @ 22%) on average capital employed (i.e., average net fixed assets plus average working capital) for the PUC was allowed as pre-tax profit to arrive at the NIP as prescribed in Annexure III of the Rules and being followed.

82. Based on the landed price and NIP determined as above, the injury margin for producers/exporters from subject country as determined by the Authority is provided in the table below.

Country	Producer/Exporter	NIP (INR/MT)	Landed Price (INR/MT)	IM (INR/MT)	IM %	Range
China PR	Any Producer/Exporter	***	56,548	(***)	(***)	(20-30%)

## J. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF DUMPING & INJURY

### J.1 Submissions made by the domestic industry

83. The following submissions have been made by the domestic industry during the course of investigation:

- a. The performance of the domestic industry has shown some improvement as a positive outcome of the anti-dumping duty. However, once the anti-dumping duties are removed the subject goods from China PR would enter the Indian market unabated due to excess capacities in China PR and limited or static demand in their local market.
- b. As per the report from QY Research titled “Analysis Report on present development situation in China’s wire rod in 2021-2027”, with a capacity utilization of 86.98% in 2020, the Chinese producers have idle capacities of 25 million tonnes, which could be utilized to produce PUC for export destinations including India:

Particulars (Million Tons)	2018	2019	2020
Capacity	180	186	191
Production	144	157	167
Utilization %	80.16%	84.50%	86.98%
Idle Capacity	36	29	25

- c. The idle capacity in China PR is more than 5 times the total annual demand of subject goods in India:

Particulars (Million Tons)	2018	2019	2020
Idle Capacity	36	29	25
Indian Demand	4.3	4.7	4.9
Idle Capacity in relation to Indian demand (Times)	8	6	5

- d. Chinese producers hold production capacity of 191 million tons and domestic demand in China PR is at 163 Million Tons.

Particulars (Million Tons)	2018	2019	2020
Capacity	180	186	191
Consumption	139	152	163
Capacity available for export	41	34	28

- e. Further, the capacity in China PR is expected to increase significantly in the coming years.



Particulars (Million Tons)	2021	2022	2023	2024	2025	2026	2027
Capacity	205	208	223	234	244	253	268

- f. The average export price from China PR to India of the PUC has remained higher than the export price to other countries. Thus, the Indian market is more lucrative in terms of prices for exporters from China PR as compared to other countries.

Particulars	Unit	2018	2019	2020	POI
FOB Export Price (China PR to Third Countries excluding India)	USD/MT	585	527	501	530

Source: ISSB

Particulars	Unit	2018	2019	2020	POI
FOB Export Price (China PR to India)	USD/MT	664	659	642	669

Source: ISSB

- g. Imports into India from the subject country are occurring even after imposition of anti-dumping duty and even after supply constraints globally that were triggered due to COVID-19 pandemic. Dumping margin on imports from the subject country is also significant during the POI despite imposition of anti-dumping duty:

Particulars	Unit	Method I	Method II
Imports	MT	42,713	42,713
Net Export Price	Rs/MT	37,658	37,658
Normal value	Rs/MT	***	44,336
Dumping Margin	Rs/MT	***	6,678
Dumping Margin	%	***	18%
Trend	Range	10-20%	10-20%

- h. Import of subject goods from China PR are susceptible to sharp decline in price and consequently import quantity from China PR may witness a sudden surge. This is evidenced by the trend in the imports of subject goods as recorded by the Authority in the Final Findings of original investigation dated 30<sup>th</sup> August 2017. Import quantity of subject goods witnessed a sudden surge within a short span of time during the original injury investigation period. The landed value of import of subject goods from China PR witnessed a sharp decline during the original injury investigation period. Similar trend is likely to occur in the event anti-dumping duty is revoked on the subject goods.

- i. Information available regarding exports of subject goods from China PR during the POI shows that majority of exports of China PR to third countries are at dumped and injurious prices.

Particulars	UOM	Dumping Margin		Injury Margin
		Method I	Method II	
Total Exports from China PR	MT	***	***	***
Exports having Positive Dumping margin/injury margin	MT	***	***	***
Exports having Positive dumping margin/injury margin	%	***	***	***
Trend	Range	80-90%	80-90%	20-30%

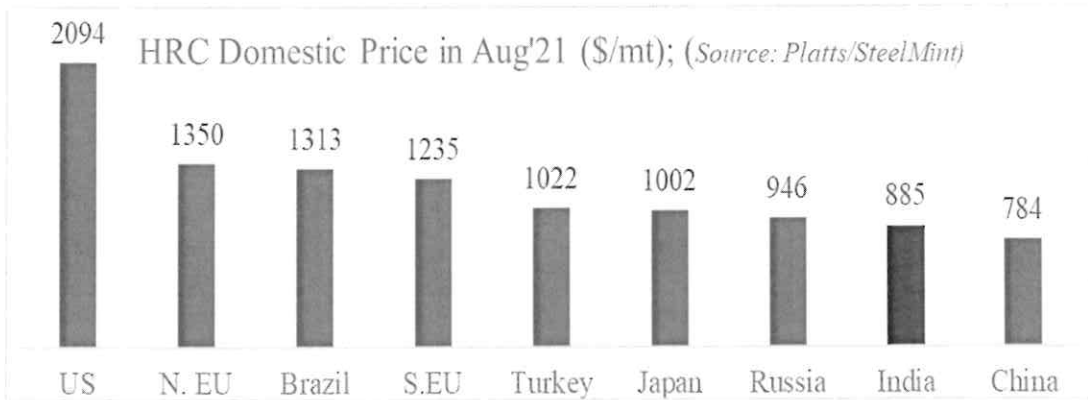
Source: ISSB Data

- j. Majority of exports from China PR to third countries have positive dumping margin. Significant share of exports from China PR to third countries are also below the non-injurious price of domestic industry. If these exports to third countries are diverted to India, upon withdrawal of anti-dumping duty, there is clear likelihood of continuation or recurrence of dumping and injury from China PR.
- k. Following countries have imposed/continued trade remedy measures on imports of subject goods from China PR:

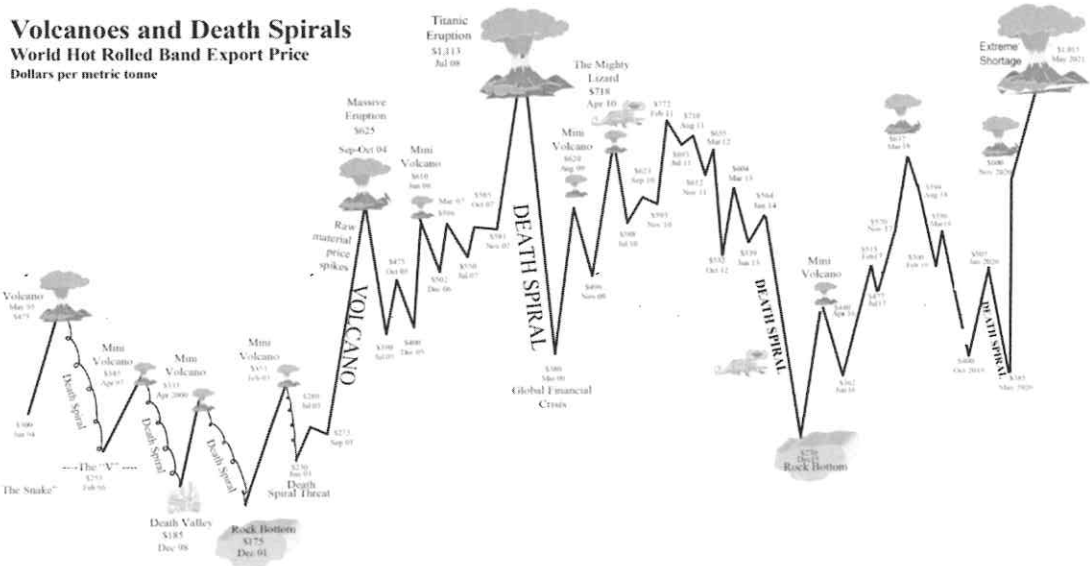
S.No.	Member imposing the measure	Measure description	Product description
1.	Australia	Anti-dumping	Rod in coils
2.	Colombia	Anti-dumping	Bars and rods of low-carbon steel
3.	Dominican Republic	Anti-dumping	Bars and rods
4.	Egypt	Anti-dumping	Bars and rods of iron alloy or non-alloy steel rebar
5.	European Union	Anti-dumping	Wire rod
6.	Indonesia	Anti-dumping	Steel wire rod
7.	Mexico	Anti-dumping	Steel wire rod

S.No.	Member imposing the measure	Measure description	Product description
8.	Thailand	Anti-dumping	High Carbon Steel Wire Rod
9.	Thailand	Anti-dumping	Low Carbon Steel Wire Rods
10.	United States of America	Anti-dumping	Carbon and Certain Alloy Steel Wire Rod
11.	United States of America	Countervailing Duties	Carbon and certain alloy steel wire rod

- l. Anti-dumping investigation was initiated by the European Union on imports of wire rods from Moldova, Turkey and China PR on 8 May 2008. However, anti-dumping duty was imposed on imports of wire rod from China PR for a period of 5 years on 27<sup>th</sup> July 2009. Anti-dumping duty was continued for a further period of five years on imports from China PR pursuant to the expiry review investigation conducted by the European Commission. In the review investigation conducted by the European Union, situation of domestic industry in the European Union was similar to the situation of domestic industry in the present investigation. The domestic industry in the European Union experienced decline in return on investment and profitability during the injury investigation period when there were almost no imports from China PR. However, it did not affect the final conclusion of the European Commission regarding likelihood of dumping and injury due to imports from China PR.
- m. European Commission on 13.10.2021 in the second SSR of ADD on wire rods from China PR has determined that ADD is to be continued for another 5 years, because there is likelihood of dumping and injury due to imports of Wire rods from China PR into European Union. The facts of the present SSR being conducted by the Authority on wire rod from China PR are same as the facts of the 2<sup>nd</sup> SSR conducted by the European Commission.
- n. Similarly, in the review of anti-dumping duty conducted by Australia Anti-dumping Commission (ADC) on import of wire rods in coil from China PR, the ADC has issued its final inquire report in March 2021. ADC determined existence of likelihood of injury due to imports from China PR when there were no imports from China PR into Australia during the injury investigation period and the domestic industry in Australia was incurring losses and its performance was also declining
- o. The domestic steel prices in India have remained lower than international steel prices despite global boom as shown in the table below:



p. The steel prices are cyclical in nature. In 2008 hot rolled/cold rolled steel prices were higher and similar to the current level. In 2009, there was sudden decline in prices and the prices reduced by approximately 65%. Steel prices crashed and reached their lowest levels in December 2015. Prices crashed by almost 52% during this period as compared to 2014 and this is when the domestic producers in India requested Government of India for imposition of anti-dumping duty on various steel products. The below chart clearly depicts the volcanoes and death spirals of the steel market:



Source: World Steel Dynamics – Key Developments 2020

- q. The steel prices are currently on the higher side globally due to high raw material prices and supply side shortage. However, they are not representative of future trends. In fact, going by the cyclical trend of steel prices, it is expected that prices would decline in coming quarters. The word steel dynamics report has projected sharp decline in steel prices in coming months.
- r. Historic trend of prices shows that the decline in prices happen suddenly within 3 to 4 quarters and there is no time to react and seek trade remedial measures at that point of time. In 2015, when the steel prices crashed, a number of steel

companies went into bankruptcy and liquidation proceedings as they were not able to sustain onslaught of low prices.

Examples:

- Bhushan Power & Steel Ltd.
  - Essar Steel India Ltd.
  - Monnet Ispat and Energy Ltd.
  - Bhushan Steel Ltd.
  - Electrosteel Steels Ltd.
  - Usha Martin Ltd.
  - Asian Colour Coated Ispat Ltd.
- s. A healthy and competitive steel industry is critical for nation building. The steel industry in India constitutes around 2% of GDP and generates substantial direct (approx. 5 lakhs) and indirect employment (approx. 20 lakhs).
- t. In 2015, when steel prices crashed, price of wire rod (long products) also dipped during this period to its lowest. Average export prices from China PR dropped to 319 USD/MT (SBB steel prices) in 2015. Average export price from China PR of wire rod (long products) was 460 USD/MT (SBB steel prices) in 2014.

Wire Rod (Long Products)	2015 (Average)	Average (2014)
Export prices from China PR	319 USD/MT	460 USD/MT

Source: SBB Steel Prices - Shanghai

- u. Thus, when global steel prices declined in 2015, export prices of long products from China PR also declined significantly. Producers/exporters from China PR were able to reduce export prices by nearly 140 USD/MT i.e. by more than 30% within a span of few months
- v. Anti-dumping duty in the present reference price form had no adverse impact on public interest as no duty is being collected. We understand that no duty was paid by importers or users upon import of subject goods into India from subject country as imports were made above reference price. However, assuming the existence of fixed/ad-valorem duty, the domestic industry is also providing following examples to demonstrate insignificant impact of duty on the user industry and final consumers in white goods.

#### Example 1: Wire Rod – Cars (Wire and Fasteners)

Price of Car	Rs. 5 lacs
Weight of Wire Rod Products in car = 750 kg*34%*30%	77 kg
Estimated price of wire rod per MT	Rs. 33,825 PMT
Assumed Anti-dumping duty (ADD) @ 20%	Rs. 6,765 PMT
Calculation of ADD per car	=77/1000 * Rs. 6,765
ADD-impact per car	Rs. 521/- or 0.1%

**Example 2: Wire Rod – Cars Tyres**

Price of Car Tyre (15")	Rs. 5000
Weight of Wire Rod Products in car tyre = 9kg * 12%	1.1 kg
Estimated price of wire rod per MT	Rs. 33,825 PMT
Assumed Anti-dumping duty (ADD) @ 20%	Rs. 6,765 PMT
Calculation of ADD per car tyre	=1.1/1000 * Rs. 6,765
ADD-impact per car tyre	Rs. 7.4/- or 0.15%

**Example 3: Wire Rod – Stapler Pins**

Price of Stapler Pins (20 boxes / 1000 pins per box)	Rs. 180
Weight of 20 boxes / 1000 pins per box	0.44 kg
Estimated price of wire rod per MT	Rs. 33,825 PMT
Assumed Anti-dumping duty (ADD) @ 20%	Rs. 6,765 PMT
Calculation of ADD per 20 boxes / 1000 pins per box	=0.44/1000 * Rs. 6,765
ADD-impact per 20 boxes of Stapler Pins	Rs. 2.98/- or 1.65%

w. As is evident from the above table, the impact of approximately 20% anti-dumping duty is 0-2% on the final products made from wire rod.

**J.2 Submissions made by other interested parties**

84. No other interested party has made any submission with regard to likelihood of continuation or recurrence of dumping and injury.

**J.3 Examination by the Authority**

85. The present investigation is a sunset review of anti-dumping duty on the imports of subject goods from China PR. Under the Rules, the Authority is required to determine whether cessation of existing duty is likely to lead to continuance or recurrence of dumping and injury to the domestic industry.

86. There are no specific methodologies available to conduct such a likelihood analysis. However, Clause (vii) of Annexure II of the Rules provides, inter alia, factors which are relevant for threat of injury and the same factors may be used for likelihood analysis in a sunset review as well:

- a) A significant rate of increase of dumped imports into India indicating the likelihood of substantially increased importation.

- b) Sufficiently 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.
- 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; and
- d) Inventories of the article being investigated.

87. The Authority has examined the factors listed in clause (vii) of Annexure II of the Rules to the extent deemed appropriate and also other relevant factors, which could have a bearing on the likelihood of recurrence of dumping and consequent injury to the domestic industry.

88. In this regard, the Authority notes that in *Thai Acrylic Fibre Co. Ltd. vs Designated Authority*, the Hon'ble CESTAT observed as follows with regard to examination of likelihood of injury in a situation where the condition of domestic industry has improved:

*"With respect to the injury determination, if the anti-dumping duty has had the desired effect, the condition of the Domestic Industry would be expected to have improved during the period the anti-dumping duty was in effect. Therefore, 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 producers. Thus the D.A. has to address the question as to whether the Domestic Industry is likely to be materially injured again, if duties are lifted."*

89. In *Borax Morarji Limited vs. Designated Authority*, the Hon'ble Tribunal noted that:

*"The expression 'likely to lead to recurrence' would take within its fold situation where the dumping and injury may not exist at the time of review due to the imposition and continuance of anti-dumping duty which, if allowed to cease to have effect on the expiry of five years, is likely to lead to recurrence of dumping and injury."*

90. The WTO Appellate Body noted in *US- Corrosion-Resistant Steel Sunset Review (Japan) [DS 244]* that the determination in a sunset review investigation is a prospective examination, where the authorities must undertake a forward-looking analysis and seek to resolve the issue of what would be likely to occur if the duty was terminated. The Appellate Body noted:

*"105. This appeal concerns the obligations that apply to investigating authorities with respect to the second of these conditions. It focuses on the particular disciplines with which authorities must comply in determining, in accordance with Article 11.3, "that the expiry of the duty would be likely to lead to continuation or recurrence of dumping". In this Report, we refer to this determination as the "likelihood determination". The likelihood determination is a prospective determination. In other words, the authorities must undertake a forward-looking analysis and seek to resolve the issue of what would be likely to occur if the duty were terminated."*

91. Thus, it is noted that the Authority is required to examine the likelihood of continuation or recurrence of injury in the event of revocation of duty.

92. In the absence of participation of producers/exporters from subject country, the Authority has relied on facts available for conducting the likelihood analysis.

a. Continued Imports in substantial quantities

93. The volume of imports during the injury investigation period are as follows:

Particulars	Unit	2017-18	2018-19	2019-20	POI (A)	POI
Total Imports	MT	1,49,894	2,32,436	90,250	61,787	92,680
Imports from China PR	MT	71,291	1,35,037	44,386	28,476	42,713
Imports from other countries	MT	78,602	97,399	45,864	33,311	49,966

94. It is seen that imports from subject country continue to be significant both in absolute terms and in relation to total imports into India and Indian demand.

b. Continuation of dumping from subject country

95. Dumping margin and injury margin due to imports from subject country was substantial during the original investigation. The dumping margin in the POI of present sunset review investigation is also substantial and much higher than de-minimis dumping margin.

c. Surplus capacity in China PR

96. It is noted that no producer/exporter from China PR has participated in the subject sunset review. Therefore, no information is available with the Authority based on questionnaire response of producers/exporters from China PR.

97. The Authority has taken note of the available information from QY Research titled “Analysis Report on present development situation and prospect of China’s wire rod in 2021-2027”

Particulars (Million Tons)	2018	2019	2020
Capacity	180	186	191
Production	144	157	167
Utilization %	80.16%	84.50%	86.98%
Idle Capacity	36	29	25

98. The Authority notes that the idle capacity in China PR is more than 5 times the total annual demand of subject goods in India:

Particulars (Million Tons)	2018	2019	2020



Idle Capacity	36	29	25
Indian Demand	4.3	4.7	4.9
Idle Capacity in relation to Indian demand (Times)	8	6	5

99. The Authority further notes that the capacity in China PR is expected to increase significantly in the coming years.

Particulars (Million Tons)	2021	2022	2023	2024	2025	2026	2027
Capacity	205	208	223	234	244	253	268

d. Trade remedial measures by other countries

100. As per the information on record, there are currently a number of trade remedial measures imposed against the subject country by other countries besides India.

101. The Authority notes that almost all the countries having substantial production base for the product under consideration have put in place trade remedy measures against imports of subject goods from subject country.

e. Price attractiveness

102. The information with respect to price attractiveness of the Indian market for Chinese producers/exporters is given in the tables below:

Particulars	Unit	2018	2019	2020	POI
FOB Export Price (China PR to Third Countries excluding India)	USD/MT	585	527	501	530

Source: ISSB

Particulars	Unit	2018	2019	2020	POI
FOB Export Price (China PR to India)	USD/MT	664	659	642	669

Source: ISSB

103. It can be seen that exports of subject goods to third countries by the producers/exporters from China PR are at prices below the export price to India. Thus, Indian market is price attractive for producers/exporters from China PR.

f. Export to third countries at dumped prices

104. The Authority notes the information available regarding exports of subject goods from China PR during POI shows that majority of exports of China PR to third countries are at dumped and injurious prices.

Particulars	UOM	Dumping Margin	Injury Margin
Total Exports from China PR	MT	***	***
Exports having Positive Dumping margin/injury margin	MT	***	***
Exports having Positive dumping margin/injury margin	%	***	***
Trend	Range	80-90%	20-30%

Source: ISSB Data

105. It is observed that substantial share of exports from China PR to third countries have positive dumping margin. Reasonable proportion of exports to third countries from China PR is below the NIP determined for the domestic industry. If the low priced dumped and injurious exports to third countries are diverted to India in the event of revocation of anti-dumping duty, it will cause injury to the domestic industry.

g. Cyclical nature of steel prices

106. The Authority also notes that steel prices are cyclical in nature and have remained extremely volatile over the years. The prices are subject to significant variations with prices peaking over certain periods followed by crashes. Current steel prices show an upward trend due to supply side shortage and high raw material prices. The steel prices are likely to moderate and stabilize in the near future.

h. Insignificant impact of duty on the user industry and final consumers in white goods

107. The Authority notes that the data/information provided by the domestic industry the shows that the impact of ADD on user industry is insignificant.

**K. EXAMINATION OF CONTINUATION OR RECURRENCE OF DUMPING AND INJURY**

108. After examining the submissions made by the interested parties and issues raised therein and considering the facts available on record, the Authority concludes that:

- a. Imports from subject country continue to be significant both in absolute terms and in relation to total imports into India and Indian demand.
- b. The dumping margin and injury margin due to imports from subject country was substantial during the original investigation. The dumping margin in the POI of the

- present sunset review investigation is also substantial and higher than de-minimis dumping margin.
- c. An elaborate likelihood analysis and assessment conducted by the Authority leads to the conclusion that there is a likelihood of continuation/recurrence of dumping and injury to the domestic industry in the event of revocation of duty.
  - d. The Authority has relied on the following factors to conclude existence of likelihood of dumping and injury:
    - i. There are huge surplus capacities for product under consideration available with the producers/exporters in subject country as evidenced from the independent reports available on record.
    - ii. Most of the countries having decent production base for the subject goods have imposed and/or continued trade remedy measures on imports of subject goods from subject country.
    - iii. Examination of information on record regarding export price to third countries from subject country shows that exports to third countries are at prices below the export price to India, which shows that Indian market is more price attractive to exporters from subject country.
    - iv. Examination of information on record regarding export price to third countries from subject country shows that significant exports to third countries are at dumped prices.
    - v. Historical trend of global steel prices show that steel prices are cyclical in nature and there is likelihood of injury to the domestic industry due to imports at low price when there is decline in global steel prices.

## **L. POST DISCLOSURE STATEMENT SUBMISSIONS BY THE INTERESTED PARTIES**

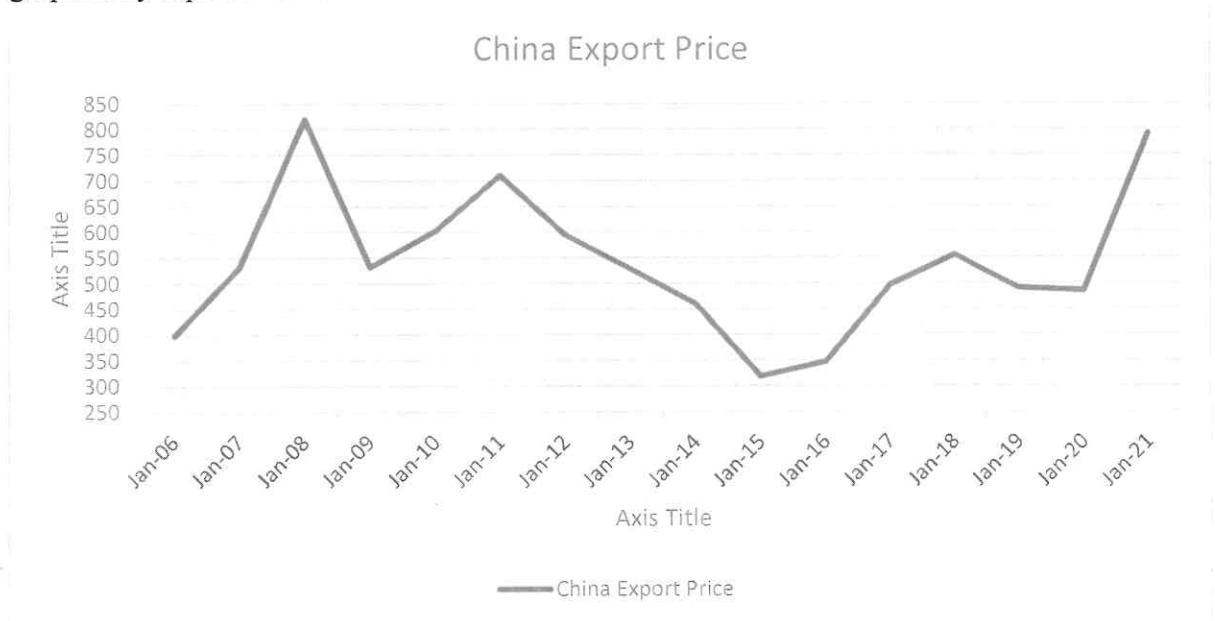
### **L.1. Post disclosure statement submissions by the domestic industry**

109. Following are in brief the post disclosure statement submissions made by the domestic industry:
- a. The import price of the subject goods from China PR are not reliable for undertaking causal link analysis. The import price of the subject goods from China PR has dramatically increased in the POI in comparison to the previous year. During the POI, import price from China PR is higher than import price from third countries despite being consistently lower than price from third countries during 2017-18 to 2019-20. There is no cogent reason for the sudden increase in the import price from China PR during the POI.
  - b. Absence of causal link between import of subject goods from China PR and performance of the domestic industry is not a determinative factor to discontinue the anti-dumping duty on the subject goods. Reliance is placed on the WTO Appellate Body decision in case of US - Anti-dumping duty on OCTG from Mexico.
  - c. The Authority is required to examine the likelihood of continuation or recurrence of injury due to the imports of subject goods from China PR if the anti-dumping duty is revoked.

- d. In the final findings of the European Commission dated 12<sup>th</sup> October, 2021 in the second sunset review concerning imports of wire rod from China PR, the European Commission continued imposition of anti-dumping duty despite the fact that there was no causal link between the injury suffered by the domestic industry and the import of subject goods from China PR. The European Commission noted the fact that the imports from China PR had virtually disappeared during the investigation period and could not have caused injury to the domestic industry. The European Commission in its likelihood examination noted that the producers in China PR possessed excessive spare capacity and that the Chinese producers continue to export to third countries at dumped prices and concluded that there exists likelihood of continuation or recurrence of dumping and injury.
- e. The Australia Anti-Dumping Commission (ADC) in a sunset review investigation concerning the imports of wire rods in coil from China PR dated 12<sup>th</sup> March 2021 concluded that there exists likelihood of injury due to imports from China PR and accordingly continued imposition of anti-dumping duty. The facts before the ADC were also similar to the present sunset review investigation being conducted by the Designated Authority. In the sunset review conducted by ADC, there were no imports from China PR into Australia during the injury investigation period and despite this the domestic industry was incurring losses and its performance was also declining. The findings of the ADC also noted that there is substantial excess capacity with the Chinese steel industry and thus concluded that there exists likelihood of continuation or recurrence of dumping and injury.
- f. The settled legal position and the past practice of the Designated Authority is to examine likelihood of continuation or recurrence of dumping and injury in the event of revocation of duty regardless of the quantum/price of import of subject goods into India during the injury investigation period or the lack of causal link between imports of subject goods and performance of the domestic industry. In this regard, reliance is placed on the following decisions of the Designated Authority:
- Sunset review investigation on anti-dumping duty concerning imports of Partially Oriented Yarn (POY) originating in or exported from China PR – Final Findings dated 10<sup>th</sup> February 2012.
  - Sunset review investigation on anti-dumping duty concerning imports of All Fully Drawn or Fully Oriented Yarn/Spin Drawn Yarn/Flat Yarn of Polyester (non-textured and non-POY) and other yarns' originating in or exported from China PR and Thailand – Final Findings dated 22<sup>nd</sup> September 2015.
  - Sunset review investigation on anti-dumping duty concerning imports of Sodium Nitrite originating in or exported from European Union – Final Finding dated 3<sup>rd</sup> March 2008.
  - Sunset review investigation on anti-dumping duty concerning imports of Sodium Citrate from China PR – Final Findings dated 30<sup>th</sup> April 2020.
  - Sunset review investigation on anti-dumping duty concerning imports of Phenol originating in or exported from South Africa – Final Findings dated 22<sup>nd</sup> December 2020.

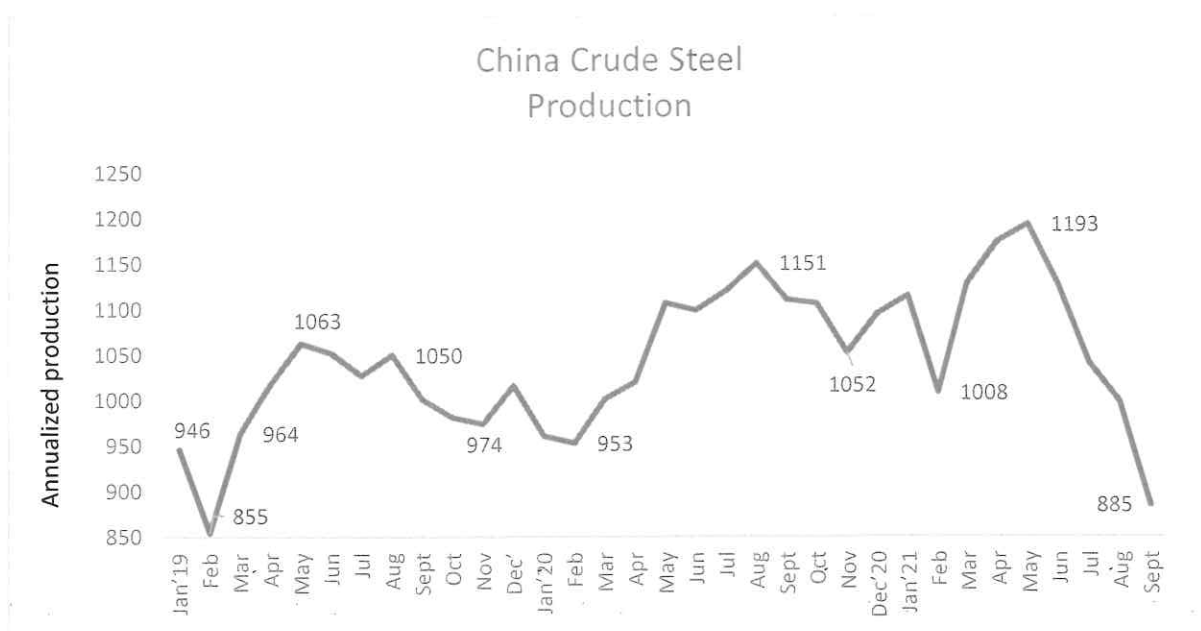
- g. In the aforementioned findings of the Designated Authority, the facts were similar to the facts of the present sunset review investigation on wire rod from China PR.
- h. The Authority has determined the injury margin to be negative for the imports from the subject country. The Authority should consider the fact that no producer/exporter from subject country has participated and therefore Authority is unable to verify export price and injury margin of individual producer(s)/exporter(s) in subject country. Average import price reflected based on DGCI&S data may or may not be correct.
- i. Additionally, producers/exporters from subject country kept prices above reference price level during the injury investigation period. This was done purposely by the producers/exporters of subject country.
- j. The dumping margin during the POI is positive.
- k. The primary element of consideration in a sunset review is the existence of likelihood of continuation or recurrence of dumping and injury. Therefore, negative injury margin during the POI is not determinative to assess the likelihood of injury to the domestic industry.
- l. Considering the cyclical nature of steel prices, the import prices of PUC are likely to decline in a short span of time once the prices reach the peak. If there is no anti-dumping duty in place, the domestic industry will be impacted by imports at low prices that are expected to prevail in future.
- m. In case it is established in a sunset review investigation that there is a likelihood of continuation/recurrence of dumping and injury, the Authority needs to continue the anti-dumping duty irrespective of the fact that injury margin is negative. Reliance is placed on the previous final findings of the Authority in following sunset review investigations:
  - Colour coated/pre-painted flat products of alloy or non-alloy steel originating in or exported from China PR and the European Union – Final Finding dated 8<sup>th</sup> October 2021.
  - Hot-rolled flat products of alloy or non-alloy steel in coils of a width upto 2100mm and thickness upto 25mm from China PR, Japan, Korea RP, Russia, Brazil and Indonesia - Final Finding dated 14<sup>th</sup> September 2021.
  - Cold rolled/cold reduced flat steel products of iron or non-alloy steel, or other alloy steel of all width and thickness - not clad, plated or coated from China PR, Japan, Korea RP and Ukraine - Final Finding dated 14<sup>th</sup> September 2021.
  - 2-Ethyl Hexanol originating in or exported from the European Union, Indonesia, Korea RP, Malaysia, Taiwan and the United States of America – Final Finding dated 8<sup>th</sup> March 2021
  - Nylon Tyre Cord Fabric originating in or exported from China PR – Final Finding dated 29<sup>th</sup> October 2020
  - Acetone originating in or exported from the Korea RP, Saudi Arabia and Taiwan – Final Finding dated 29<sup>th</sup> September 2020
  - Front Axle Beam and Steering Knuckles meant for heavy and medium commercial vehicles originating in or exported from China PR – Final Finding dated 24<sup>th</sup> December 2020
  - Partially Oriented Yarn (POY) originating in or exported from China PR – Final Finding dated 10<sup>th</sup> February 2012

- Clear Float Glass from Pakistan, Saudi Arabia and UAE – Final Finding dated 7<sup>th</sup> November 2019.
  - Nonyl Phenol originating in or exported from Chinese Taipei – Final Finding dated 8<sup>th</sup> November 2013.
  - Plain Medium Density Fibreboard having thickness 6mm or more originating in or exported from China PR, Malaysia, Thailand, Sri Lanka – Final Finding dated 8<sup>th</sup> January 2021.
  - Carbon Black used in Rubber Applications originating in or exported from China PR and Russia – Final Finding dated 22<sup>nd</sup> December 2020.
  - PVC Suspension Grade Resin from China PR, Thailand and USA – Final Finding dated 18<sup>th</sup> July 2019.
- n. The Hon'ble Gujarat High Court in *Nirma Limited vs. UOI* [Order dated 23<sup>rd</sup> February 2017, Special Civil Application No. 16426-16427/2016] has also stated that negative injury margin cannot form the basis for determining that there is no likelihood of dumping and/or injury.
- o. The domestic industry requests the Authority to specifically note and consider the observations of the European Commission in its decision dated 12<sup>th</sup> October 2021 continuing anti-dumping duty on imports of wire rod from China PR following a second sunset review investigation pertaining to likelihood of continuation or recurrence of dumping and injury.
- p. The domestic industry requests the Authority to specifically note and consider the determination of the ADC on likelihood of continuation or recurrence of dumping and injury on import of wire rods in coil from China PR as determined in its final inquire report of 12<sup>th</sup> March 2021.
- q. In a non-market economy like China PR, the factors contributing to production and demand are not transparent and there may be sudden changes in price, surge in exports and spurts in production. Volatility of Chinese exports has been evidenced by average export price of long products/Wire Rod from China PR. The sudden fluctuation in the average price of the subject goods from China PR has been graphically represented below:



Domestic industry is likely to suffer in case of sudden drop in price of subject goods from China PR in the absence of reference price based anti-dumping duty.

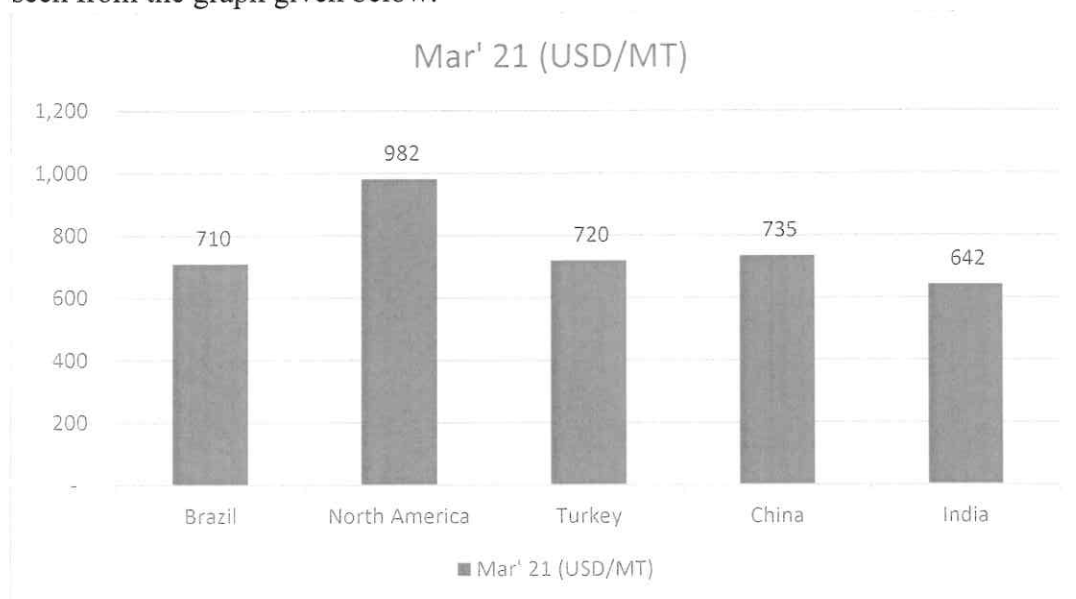
- r. The VAT refund rate for subject goods from China PR is at 0% from 2013 onwards and continues to be at 0% during the POI of the present sunset review investigation and post-POI period. Despite 0% VAT refund, imports from China PR have been substantial from 2013 onwards. In the event of discontinuation of present anti-dumping duty on subject goods from China PR, it is likely that the exports of subject goods to India will increase drastically and is likely to cause injury to the domestic industry.
- s. The production of crude steel in China PR is unpredictable and undergoes several fluctuations. The annualised production (in Million Tonnes) of crude steel in China PR is given in the graph given below:



It is clear from the graph that the production of crude steel in China PR is unpredictable and undergoes several fluctuations. The unpredictable fluctuations in crude steel production and its consequent effects on price of subject goods indicates likelihood of continuation and recurrence of dumping and injury in the event the current anti-dumping duty is discontinued.

- t. The present sunset review investigation had been initiated along with three other sunset review investigations (HR Flat Steel Products, CR Flat Steel Products and Colour Coated/Pre-painted Flat Steel Products) on import of various steel products from *inter alia* China PR. The Authority has noted that there is a likelihood of continuation or recurrence of dumping and injury from *inter alia* China PR and has recommended for continuation of anti-dumping duty in the other three sunset review investigations and should follow the same stand in the present matter.
- u. The factual matrix of the other three sunset review investigations was similar to the present sunset review investigation on wire rod from China PR, as can be seen from the following parameters:
- Existence of positive dumping margin and negative injury margin;
  - Import price of subject goods being significantly higher than the domestic selling price of the domestic industry;

- Decline in imports from subject country during the POI;
  - Decline in performance of the domestic industry during the POI;
  - Factors such as surplus capacity, price attractiveness, dumping in third country markets etc. indicating the likelihood of continuation or recurrence of dumping and injury.
- v. The domestic price of long products/wire rod in India has remained lower than the international price of long products/wire rod despite global boom as can also be seen from the graph given below:



Source: SBB Steel Prices

- w. A significant portion of the production of subject goods in India is by MSME sector. Continuation of the duty will also help in safeguarding the interest of MSME sector.
- x. Anti-dumping duty in the present reference price form had no adverse impact on the users as no duty was paid by importers or users upon import of subject goods into India from subject country because imports were made above reference price.
- y. The impact of approximately 20% anti-dumping duty is merely 0-2% on the final products made from wire rod.

## **L.2 Post disclosure statement submissions by other interested parties**

110. No other interested party has made any submissions in response to the disclosure statement.

## **L.3. Examination by the Authority**

111. The Authority has examined the post disclosure statement comments of the domestic industry and notes that most of the comments are reiterations which have already been examined suitably and addressed adequately in the relevant paragraphs of these final findings. The issues raised for the first time in the post disclosure comments/submissions by the domestic industry and considered relevant by the Authority are examined below.



112. With regard to the submission that absence of causal link between import of subject goods from China PR and performance of the domestic industry is not a determinative factor to discontinue the anti-dumping duty on subject goods, the Authority is mindful of the fact that causal link is not the determinative factor in a sunset review investigation. In a sunset review investigation, the focus is on examining the likelihood of continuation or recurrence of dumping and injury in the event of revocation of duty. In this regard, the Authority notes that WTO Appellate Body observed in US – Anti-dumping duty on OCTG from Mexico [WT/DS282/AB/R] has observed that:

*“On its face, Article 11.3 does not require investigating authorities to establish the existence of a "causal link" between likely dumping and likely injury. Instead, by its terms, Article 11.3 requires investigating authorities to determine whether the expiry of the duty would be likely to lead to continuation or recurrence of dumping and injury.*

*Therefore, what is essential for an affirmative determination under Article 11.3 is proof of likelihood of continuation or recurrence of dumping and injury, if the duty expires..... These being the requirements for a sunset review under Article 11.3, we do not see that the requirement of establishing a causal link between likely dumping and likely injury flows into that Article from other provisions of the GATT 1994 and the Anti-dumping Agreement. Indeed, adding such a requirement would have the effect of converting the sunset review into an original investigation, which cannot be justified.”*

113. The Authority has duly noted the recent decisions of the European Commission in the second sunset review investigation on imports of wire rod from China PR and of Anti-dumping Commission of Australia in the first sunset review investigation on imports of steel rod in coil from China PR concluding existence of likelihood of continuation/recurrence of dumping and injury in the event of revocation of anti-dumping duty on imports from China PR. The Authority has taken note of the observations of the European Commission and the Anti-dumping Commission of Australia in reaching its conclusion in the present sunset review investigation.
114. The Authority has also taken note of various final findings cited by the domestic industry in its post disclosure comments wherein the anti-dumping duty was recommended to be continued despite lack of causal link between imports and injury to the domestic industry. The Authority is also mindful of the fact that every investigation is different and the conclusion drawn are based the unique facts and conclusion in each case.
115. The Authority has accordingly conducted assessment of likelihood of continuation or recurrence of dumping and injury by examining what would be the likely situation of dumping from subject country and injury to the domestic industry if existing anti-dumping duty on imports of subject goods from subject country is discontinued.

## **M. INDIAN INDUSTRY'S INTERESTS AND OTHER ISSUES**

116. The Authority has considered whether the continuation of anti-dumping duty would have adverse public interest. This determination is based on the consideration of the information on record and interests of various parties, including the domestic industry, the importers and the users/consumers of the product.
117. The Authority issued a gazette notification inviting views concerning the subject sunset review investigation from all the interested parties, including the importers, the consumers/users and other interested parties. However, none of the interested parties except domestic industry have participated in the investigation and shared data/ details with the Authority. Even though the Authority has prescribed formats for the users to quantify the impact of the anti-dumping duty and elaborate how the continuation of the anti-dumping duty would adversely impact them, it is noted that none of the importers/users have participated in the investigation and provided any relevant information.
118. The product is under freely importable category, and, therefore can be freely imported from various countries. The continuation of anti-dumping measures would not restrict the imports from the subject country in any way and, therefore, would not affect the availability of the product to the consumers. With the continuation of anti-dumping fair competition in the Indian market will not be reduced. 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. The continuation of anti-dumping measures would remove the unfair advantages gained by those foreign producers who indulge in dumping practices and would thus prevent the decline in the performance of the domestic industry.
119. The subject goods are used in several applications and sectors including but not limited to automotive components, welding electrodes, springs, wire mesh, fasteners including nuts and bolts, nails, railway sleepers, general engineering, binding wires for construction industry, armoured cables etc.
120. It is noted that the domestic industry has submitted quantified information showing that the impact of the continuation of the anti-dumping duty shall be miniscule on the final product. As per information made available by domestic industry, it is noted that hypothetically assuming an anti-dumping duty @20% on PUC, the impact would be insignificant i.e., 0-2% on final products made from wire rod such as stapler pins, car tyres etc.
121. Reference price-based duty that is in force and that is recommended by the Authority in the present sunset review would ensure that users and importers of product under consideration are not penalised when imports into India are at fair prices. Reference price-based duty also ensures that the domestic industry is not injured from low priced/unfairly priced imports into India. Thus, reference price-based duty strikes a fine balance between the interest of importers and users on one hand and domestic industry on the other hand in the present case.

122. The Authority notes that there are a large number of producers of the product under consideration in India and so there is healthy competition in the Indian market and continuation of anti-dumping duty would not lead to monopolistic or oligopolistic situation in the Indian market for the subject goods. A significant portion of the production of subject goods in India is by the MSME sector. So, continuation of the duty will also help in safeguarding the interest of the MSME sector.
123. The Authority notes that the Indian steel industry is critical for Indian economy taking into account its contribution to Indian GDP, direct and indirect employment generation and its support to linked downstream services such as transport services, port facilities etc. Continuation of duty would act as a safety net for the domestic industry from unfair trade practices, the cyclical nature of global steel prices that are projected to decline in near future and fluctuating export prices of long products/wire rods from China PR.

## **N. CONCLUSION**

124. Having regard to the contentions raised, information provided and submissions made and facts available before the Authority as recorded above and on the basis of the above analysis of the likelihood of continuation or recurrence of dumping and injury to the domestic industry, the Authority concludes that:
- i. The applicant domestic producers constitute domestic industry under Rule 2(b) of the Rules and the application filed by the applicant on behalf of domestic producers satisfies the criteria of standing in terms of Rule 5(3) of the Rules.
  - ii. The application contained sufficient evidence to justify initiation of present sunset review.
  - iii. The Authority considered a longer period of 18 months from October 2019 to March 2021 as POI. A longer POI was deemed appropriate in the present sunset review since trade in the first quarter of 2020-21 was impacted by Covid-19 and that it would be more appropriate to assess the current injury and likelihood of injury to the domestic industry caused due to the alleged dumped imports.
  - iv. Considering the normal value and export price for the subject goods, the dumping margin for the subject goods from the subject country has been determined based on facts available as no producer/exporter from subject country has participated. The dumping margin for the subject country is significant. Thus, there is continued dumping of the subject goods from the subject country.
  - v. There is a decline in the performance of the domestic industry during the POI, it cannot be attributed to the dumped imports during POI.
  - vi. The Authority conducted an elaborate likelihood analysis and notes as follows:
    - a. There are huge surplus capacities for product under consideration available with the producers/exporters in the subject country as evidenced from the independent reports available on record.
    - b. Examination of information on record regarding export price to third countries from subject country shows that significant exports to third countries are at dumped prices.
    - c. Most of the countries having reasonable production base for the subject goods have imposed and/or continued trade remedy measures on imports of subject goods from subject country. In fact, the European Commission in its recent

decision dated 12<sup>th</sup> October 2021 in the second sunset review investigation has continued the anti-dumping duty on imports of wire rod from China PR.

- d. Examination of information on record regarding export price to third countries from subject country shows that exports to third countries are at prices below the export price to India, which shows that Indian market is more price attractive to exporters from subject country.
  - e. Historical trend of global steel prices show that steel prices are cyclical in nature and there is likelihood of injury to the domestic industry due to imports at low price when there is decline in global steel prices.
  - f. Historical trend of export price of wire rod from China PR shows that the Chinese export prices are highly volatile and there is likelihood of injury to the domestic industry due to imports at low price when there is decline in Chinese export prices of wire rod.
- vii. Assessment conducted by the Authority leads to the conclusion that there is a likelihood of continuation/recurrence of dumping and injury to the domestic industry in the event of revocation of duty.
  - viii. The Authority further notes that there is healthy competition in the Indian market and continuation of anti-dumping duty would not lead to monopolistic or oligopolistic situation in the Indian market for the subject goods.
  - ix. Reference price-based duty in the present sunset review would ensure that users and importers of product under consideration are not penalised when imports into India are at fair price.

## **O. RECOMMENDATIONS**

125. The Authority notes that the sunset review was initiated and notified to all interested parties and adequate opportunity was given to the domestic industry, exporters, importers/users and other interested parties to provide information on the aspects of dumping, injury and the causal link and likelihood of continuation or recurrence of dumping and injury. Having initiated and conducted the sunset review in terms of provisions laid down under the Rules, the Authority is of the view that continued imposition of anti-dumping duty is required on the imports of the subject goods from the subject country.
126. The Authority recommends continuation of anti-dumping duty on the imports of the subject goods described in Col. 3 of the duty table below originating in or exported from the subject country for a period of 5 years from the date of notification to be issued in this regard by the Central Government. The anti-dumping duty is recommended as the difference between the landed value of the subject goods described in Col. 3 of the duty table below and the amount indicated in Col. 7 of the duty table appended below, provided the landed value is less than the value indicated in Col. 7. If the landed value is more than the value indicated in Col. 7, anti-dumping duty will not be applicable. The landed value of imports for this purpose shall be the assessable value as determined by the customs under the Customs Act, 1962 and applicable level of custom duties except duties levied under Section 3, 3A, 8B, 9, 9A of the Customs Tariff Act, 1975.


127. The Authority notes that one producer/exporter from China PR had participated in the original investigation and was accorded an individual rate of duty. This producer/exporter from China PR has not participated in the present sunset review investigation. In such a scenario, the Authority deems appropriate not to extend the existing individual duty rate awarded to the said producer/exporter.

**DUTY TABLE**

<b>S. No</b>	<b>Headin g/Subhe ading</b>	<b>Description of goods</b>	<b>Country of origin</b>	<b>Country of export</b>	<b>Produce r</b>	<b>Amoun t</b>	<b>Uni t</b>	<b>Curre ncy</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
1	7213 and 7227	Bars and rods, hot rolled, in irregularly wound coils, of iron or non-alloy steel or alloy steel, excluding (i) bars and rods containing indentations, ribs, grooves or other deformations produced during the rolling process falling under tariff item 72131090 (commonly known as rebars or TMT bars), (ii) bars and rods of stainless steel falling under tariff heading 7221 and (iii) bars and rods of high-speed steel falling under tariff heading 72271000	China PR	Any country including China PR	Any	546	MT	USD
2	-do-	-do-	Any country other than China PR	China PR	Any	546	MT	USD

**P. FURTHER PROCEDURE**

128. An appeal against the order 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 this Act.

  
**(Anant Swarup)**  
**Designated Authority**