

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

**F.No.6/18/2021- 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 8th February, 2022

INITIATION NOTIFICATION
(Case No. CVD (OI)-03/2021

Subject: Initiation of Countervailing duty investigation concerning imports of Saturated Fatty Alcohols from Indonesia, Malaysia and Thailand.

1. VVF (India) Limited (referred to as the ‘applicant’ or ‘petitioner’) has filed an application before the Designated Authority (hereinafter also referred to as the "Authority") in accordance with the Customs Tariff Act, 1975 as amended from time to time (hereinafter also referred to as the "Act") and Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 as amended from time to time (hereinafter also referred to as the "Rules") alleging subsidization of “Saturated Fatty Alcohol” (hereinafter referred to as the “subject goods” or the “product under consideration” or “PUC”), from Indonesia, Malaysia, and Thailand (hereinafter referred to as the subject countries) and requested for initiation of an anti-subsidy investigation for levy of countervailing duties on the imports of the subject goods, originating in or exported from the subject countries.

A. Allegation of Subsidization

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

B. Consultation

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

C. Subsidy Programs

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

I. List of schemes in respect of Indonesia

1. Supply of Crude Palm Kernel Oil at less than adequate remuneration
2. Provision of Electricity at less than adequate remuneration
3. Pioneer industry status
 - a. Tax Holidays
 - b. Tax Benefits Program
4. Schemes for Special Economic Zones
 - i. Reduction of Net Taxable Income
 - ii. Carry Forward of Losses
 - iii. Postponement of Import Duty
 - iv. Duty Exemption on raw materials/supporting goods used in production
 - v. Tax Reduction for Investors investing in an SEZ
 - vi. Tax Holidays
 - vii. Exemption of Income Tax on Imports
 - viii. Relief from Land & Building Tax
5. Schemes governed by Indonesian EXIM Banks
 - a. Export Credit Insurance & Reimbursement of losses
 - b. Export Credit Guarantees & Export Financing
6. VAT and other import duty exemptions on import and export of raw material, capital goods, and the PUC
 - a) Bonded Zones
 - b) Duty-Free Imports of Machinery & Capital Goods
 - c) Exemption of Import Income Tax
 - d) Import Duty Exemption (KITE)
 - e) Import Duty Drawback (KITE)

II. List of schemes in respect of Malaysia

1. Provision of Crude Palm Kernel Oil at less than adequate remuneration
2. Provision of Electricity at less than adequate remuneration
3. Schemes for provisions of land at LTAR
4. Schemes identified as "grants"
 - a) Market Development Grant (MDG)
 - b) Export Credit and Export Financing
 - c) Buyer Credit Guarantee
 - d) Techno fund
 - e) Inno fund
 - f) Cradle Investment Program
5. Business/industry excellence award
6.
 - a) Pioneer status
 - b) Investment Tax Policies/ Allowance

- c) Re-investment Allowance
- d) Accelerated Capital Allowance
- 7. Group Relief
- 8. Industrial Building Allowance
- 9. Incentive for Small and Medium enterprise
- 10. Tax Incentive for R&D
- 11. Double Deduction for Research and Development
- 12. Double Deduction for promotion of Malaysian brand
- 13. Incentive for manufacturing and manufacturing related services in East Coast Economic Corridor
- 14. Drawback on Import duty sales tax and excise duty
- 15. Exemption from import duty and sales tax for outsourcing manufacturing activity
- 16. Exemption from import duty from sales tax on machinery and equipment
- 17. Exemption from Import duty on raw materials/ components
- 18. Double Deduction for promotion of exports
- 19. Allowance for increased Export
- 20. Tax exemption for importers in Free Trade Zone
- 21.
 - a) Research and Development Fund
 - b) Soft Loans to Small and Medium Enterprise

III. List of schemes in respect of Thailand

- 1. Schemes on regulation of raw material prices
 - 2. Schemes under the Bio – Economy policy relating to palm oil downstream industries
 - 3. Schemes on investment promotion
 - 4. Schemes to promote product export (credit insurance)
 - 5. Tax Compensation or Coupons on exports
 - 6. Duty drawback
5. It has been alleged that the above schemes are subsidies since these involve a financial contribution from the Governments of the respective subject countries or other regional or local governments of such respective countries, including public bodies and confer benefit on the recipient (s). These are also alleged to be limited to certain enterprises or groups of enterprises and/or products and/or regions and therefore specific and countervailable. These are also in some cases alleged to be contingent upon the use of domestic over imported goods and/or contingent upon export performance.
6. The Designated Authority reserves the right to investigate other subsidies, which may be found to exist and availed by the producers and exporters of the subject goods, during the course of the investigation.

D. Allegation of Injury and Casual Link

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

E. Initiation of the Investigation

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

F. Domestic Industry

10. The application has been filed by M/s VVF India Limited. The applicant is not related to the exporters or importers of the alleged dumped article. The applicant has not imported the subject goods during the period of investigation.
11. There is one more producer of the subject goods in India, that is, M/s Godrej Industries Limited. However, the applicant has claimed that M/s Godrej Industries Limited has imported the subject goods during the period of investigation, and thus, is not eligible to be treated as a part of the domestic industry. The applicant has provided estimates of production of M/s Godrej Industries Limited. On the basis of such estimates, it is noted that the applicant accounts for a major proportion of the domestic production irrespective of whether or not Godrej Industries Limited production is included in the eligible domestic production. Thus, the applicant meets the standing requirement in terms of Rule 2(b) and Rule 6(3) of the Rules for the purpose of present investigation.

G. Product under consideration

12. The product under consideration in the present application is "Saturated Fatty Alcohol" a carbon chain length of C10, C12, C14, C16 or C18 (not including branched isomers) including single saturated fatty alcohols (also referred to as 'single cuts') and their blends. Saturated Fatty Alcohol is primarily used for manufacturing consumer hygiene and personal care products such as shampoo, soap, detergents etc.

H. Product Control Number (PCN)

13. Based on the request of the domestic industry, the Authority proposes the following PCNs in order to have PCN to-PCN based fair comparison for computing the subsidy and injury margin.

PCN	Product description (Carbon Chain length)
1000	C 10
1200	C 12
1214	C 1214
1400	C 14
1216	C 1216
1218	C 1218
1600	C 16
1416	C 1416
1618	C 1618
1800	C 18

14. Interested parties may offer their comments, if any, on the PCN methodology latest by 22nd February, 2022.
15. Unblended fatty alcohols are classified under heading 2905.17 or 2905.19, while blended alcohols are classified under heading 3823.70 of Schedule I to the Customs Tariff Act, 1975. Under the heading 3823.70, they are imported under the following tariff entries:
- i. 3823.70.10
 - ii. 3823.70.20
 - iii. 3823.70.40
 - iv. 3823.70.90

The applicant has claimed that the subject goods are also being imported under other headings of Chapter 38 and 29 of the Customs Tariff Act, 1975.

16. The customs classification above is indicative only and in no way binding on the scope of the product under consideration in this investigation.

I. Like Article

17. The petitioner has claimed that the goods produced by the domestic industry are like articles to the subject goods originating in or exported from the subject countries. It has been stated that there is no significant difference in the subject goods produced by the petitioner and those exported from the subject countries. The petitioners has claimed that the two are technically and commercially substitutable. 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 imported from the subject countries.

J. Countries Involved

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

K. Period of Investigation

19. The Period of investigation (POI) in the present investigation is October' 2020 to September' 2021. The injury investigation period covers the period April 2018 - March 2019, April 2019-March 2020, April 2020 – March, 2021 and the POI.

L. Procedure and Submissions of information

20. In view of the special circumstances arising out of COVID-19 pandemic, all communication should be sent to the Designated Authority via email at email addresses adg12-dgtr@gov.in, dir12-dgtr@gov.in, jd-14-dgtr@gov.in, dd17-dgtr@gov.in. It should be ensured that the narrative part of the submission is in searchable PDF/MS Word format and data files are in MS Excel format.
21. The known exporters, their Government through their Embassies in India, the importers and users in India known to be concerned with the subject goods and the domestic industry are being informed separately to enable them to file all the relevant information in the form and manner prescribed within the time-limit set out below.
22. Any other interested party may also make its submissions relevant to the investigation in the form and manner prescribed within the time-limit set out below on email address mentioned above.
23. Any party making any confidential submission before the Authority is required to make a non-confidential version of the same available to the other parties.

M. Time-Limit

24. Any information relating to the present investigation should be sent in writing so as to reach the Authority at the email addresses adg12-dgtr@gov.in, dir12-dgtr@gov.in, jd-14-dgtr@gov.in, dd17-dgtr@gov.in within thirty days from the date of receipt of the notice as per Rule 6(4) of the Rules. It may, however, be noted that in terms of the explanation of the said Rule, the notice calling for information and other documents shall be deemed to have been received within one week from the date on which it was sent by the Designated Authority or transmitted to the appropriate diplomatic representative of the exporting country. If no information is received within the prescribed time-limit or the information received is incomplete, the Authority may record its findings on the basis of the facts available on record in accordance with the Rules.
25. All the interested parties are hereby advised to intimate their interest (including the nature of interest) in the instant matter and file their questionnaire responses within the above time limit.
26. The interested parties are further advised to keep a regular watch on the official website of DGTR i.e., www.dgtr.gov.in for any updated information with respect to this investigation.

N. Submission of information on confidential basis

27. Any party making any confidential submission or providing information on confidential basis before the Authority is required to simultaneously submit a non-confidential version of the

same in terms of Rule 8(2) of the Rules and the Trade Notices issued in this regard. Failure to adhere to the above may lead to rejection of the response / submissions.

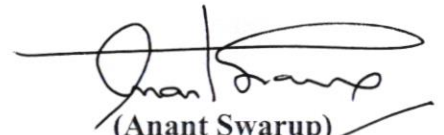
28. The parties making any submission (including Appendices/Annexes attached thereto), before the Authority including questionnaire response, are required to file Confidential and Non-Confidential versions separately.
29. The “confidential” or “non-confidential” submissions must be clearly marked as “confidential” or “non-confidential” at the top of each page. Any submission made without such marking shall be treated as non-confidential by the Authority, and the Authority shall be at liberty to allow the other interested parties to inspect such submissions.
30. The confidential version shall contain all the information which is by nature confidential and/or other information which the supplier of such information claims as confidential. For information which are claimed to be confidential by nature or the information on which confidentiality is claimed because of other reasons, the supplier of the information is required to provide a good cause statement along with the supplied information as to why such information cannot be disclosed.
31. The non-confidential version is required to be a replica of the confidential version with the confidential information preferably indexed or blanked out (in case indexation is not feasible) and summarized depending upon the information on which confidentiality is claimed. The non-confidential summary must be in sufficient detail to permit a reasonable understanding of the substance of the information furnished on confidential basis. However, in exceptional circumstances, the party submitting the confidential information may indicate that such information is not susceptible to summary, and a statement of reasons why summarization is not possible must be provided to the satisfaction of the Authority.
32. The Authority may accept or reject the request for confidentiality on examination of the nature of the information submitted. If the Authority is satisfied that the request for confidentiality is not warranted or if the supplier of the information is either unwilling to make the information public or to authorize its disclosure in generalized or summary form, it may disregard such information.
33. Any submission made without a meaningful non-confidential version thereof or without good cause statement on the confidentiality claim shall not be taken on record by the Authority.
34. The Authority on being satisfied and accepting the need for confidentiality of the information provided, shall not disclose it to any party without specific authorisation of the party providing such information.

O. Inspection of Public File

35. A list of all the interested parties will be uploaded on DGTR’s website along with the request therein to all of them to email the non-confidential version of their submission to all other interested parties since the public file will not be accessible physically due to ongoing global covid-19 pandemic.

P. Non-cooperation

36. In case where an interested party refuses access to, or otherwise does not provide necessary information within a reasonable period, or significantly impedes the investigation, the Authority may declare such interested party as non-cooperative and record its findings on the basis of the facts available to it and make such recommendations to the Central Government as deemed fit.


(Anant Swarup)
Designated Authority