

**F. No. 7/30/2023-DGTR**  
**Government of India**  
**Department of Commerce**  
**Ministry of Commerce & Industry**  
**(Directorate General of Trade Remedies)**  
**4<sup>th</sup> Floor, Jeevan Tara Building, Parliament Street, New Delhi-110001**

**Dated: 29<sup>th</sup> December 2023**

**INITIATION NOTIFICATION**

**(Case No. CVD-SSR- 13/2023)**

**Subject: Initiation of sunset review investigation of countervailing duty concerning imports of “new pneumatic radial tyres for buses and lorries” originating in or exported from China PR**

**F. No. 7/30/2023-DGTR** Automotive Tyres Manufacturers Association (“ATMA”) has filed an application on behalf of the domestic producers namely Apollo Tyres Limited, J.K. Tyre Industries Limited and MRF Limited (hereinafter collectively referred to as “applicants”) before the Designated Authority (hereinafter referred to as the “Authority”) under the provisions of the Customs Tariff Act 1975, as amended from time to time (hereinafter also referred to as the “Act”) and the Customs Tariff (Identification, Assessment and Collection of Countervailing Duty on Subsidized Articles and for Determination of Injury) Rules, 1995 thereof, as amended from time to time (hereinafter also referred to as the “CVD Rules” or “Rules”) for the initiation of a sunset review investigation of countervailing duties concerning imports of “new pneumatic radial tyres for buses and lorries” (hereinafter referred to as the “subject goods” or “product under consideration”) originating in or exported from China PR (hereinafter referred to as the “subject country”).

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

3. In terms of Article 13 of the Agreement on Subsidies and Countervailing Measures, pre-initiation consultations were held with the officials of the Government of China on 15<sup>th</sup> December, 2023. The Government of China has alleged that the evidence provided in the application regarding subsidy programs is insufficient. The Authority notes that Article 11.2 of

the Agreement on Subsidies and Countervailing Measures provides that “the application shall contain such information as is reasonably available to the applicant”. The Authority considers that the existence of all alleged programs, their countervailability and extent of benefit therein are required to be analysed through an investigation as per the relevant rules.

#### **A. Background**

4. The original anti-subsidy investigation was initiated by the Authority on 27<sup>th</sup> March 2018. The Authority recommended the imposition of definitive anti-subsidy duties on the imports of the subject goods from the subject countries vide final finding no. 6/8/2018-DGAD dated 25<sup>th</sup> March 2019. The definitive measures were imposed by the Ministry of Finance vide Customs Notification No. 1/2019-Customs (CVD), dated 24<sup>th</sup> June 2019.

5. Further, pursuant to a request by filed by the exporters M/s. Shandong Haohua Tire Co. Ltd., China PR along with Guangzhou Exceed Industrial Technology Co. Ltd., China PR and HK Trade Wind Trading Limited, Hong Kong, the Authority initiated new shipper review investigation vide notification dated 20<sup>th</sup> April 2020 for determination of individual countervailing duty. In view of the request received from these exporters for withdrawal of their application, the Authority terminated the new shipper investigation vide notification dated 4<sup>th</sup> March 2021.

#### **B. Product under Consideration**

6. The product under consideration is the same as in the original investigation i.e., *“New/Unused pneumatic radial tyres with or without tubes and/or flap of rubber (including tubeless tyres), having nominal rim dia code above 16" used in buses and lorries/trucks”*.

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

8. The product under consideration is classified under Chapter 40 of the First Schedule to the Customs Tariff Act, 1975. Tyres are classified under HS code 40112010 and tubes and flaps are classified under HS codes 40131020 and 40129049 respectively. The product under consideration is also being imported under the HS code 40118000. The customs classification is only indicative and is not binding on the scope of the present investigation. The Authority shall consider imports of the product under consideration, irrespective of its classification for the purpose of the proposed determination.

#### **C. Like Article**

9. The applicants have claimed that there are no known significant differences in the goods produced by the petitioning domestic producers and that exported from the subject countries. Both products have comparable characteristics in terms of parameters such as physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification. The applicants have claimed that the two are technically and commercially substitutable. Therefore, for the purpose

of present investigation, the subject goods produced by the petitioning domestic producers are being treated as 'like article' to the subject goods originating in or exported from the subject countries.

#### **D. Domestic Industry and Standing**

10. The application has been filed by Automotive Tyre Manufacturer's Association on behalf of the domestic producers of the product namely, Apollo Tyres Limited, J.K. Tyre Industries Limited and MRF Limited. As per the evidence available on record, production of the applicants, being more than 50% of Indian production, accounts for a major proportion of the total domestic production. The Authority determines that the constituent domestic producers in the present application namely Apollo Tyres Limited, J.K. Tyre Industries Limited and MRF Limited constitute domestic industry as defined under Rule 2(b) of the CVD Rules.

#### **E. Subsidy Programs**

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

#### **I. Schemes previously countervailed in the Original Investigation**

##### **a. Programs in the Form of Grants**

- i. Program no. 1: Fixed Asset Investment Subsidies
- ii. Program no. 2: Reimbursement of Anti-dumping and/or Countervailing Legal Expenses by the Local Governments
- iii. Program no. 3: Special fund for foreign economic and trade development
- iv. Program no. 4: Export Assistance Grant
- v. Program no. 5: Subsidies for Companies Located in the Hefei Economic and Technology Development Zone
- vi. Program no. 6: Anhui Province Subsidies for Foreign-Invested Enterprises
- vii. Program no. 7: Hefei Municipal Export Promotion Policies
- viii. Program no. 8: Various subsidy programs for enterprises located in Hangzhou Economic and Technology Development Area
- ix. Program no. 9: Funds for "Outward Expansion" of Industries in Guangdong Province
- x. Program no. 10: Research and Development Assistance Grant
- xi. Program no.11: Fund for Industrial Transformation and Upgrading / Grants related to technological upgrading, renovation or transformation
- xii. Program no. 12: Special funds for energy saving technology reform / promotion of circular economy/ incentive fund for transformation of energy-saving technology

- xiii. Program no. 13: Grants for purchase of equipments
- xiv. Program no. 14: Special funds for infrastructure construction
- xv. Program no. 15: Various Government grants- Received by producers/exporters of China PR/ Ad hoc grants provided by central, provincial and municipal/regional authorities
- xvi. Program no. 16: Grant for Bringing in Foreign Intellectuals
- xvii. Program no. 17: Grants for Employment Stabilization, Graduates Training and recruitment provided by provincial/prefectural/municipal government authorities
- xviii. Program no. 18: Postdoctoral researchers funding
- xix. Program no. 19: Grants for maintenance and operation of equipments
- xx. Program no. 20: Relocation Compensation provided by provincial/prefectural/municipal government authorities
- xxi. Program no. 21: Ad-hoc grants for implementing specialized projects/pilot projects provided by provincial/prefectural/municipal government authorities
- xxii. Program no. 22: Grants/Awards for Industrial Design
- xxiii. Program no. 23: Grants/Awards for Technological Innovation
- xxiv. Program no. 24: Talent introduction fund
- xxv. Program no. 25: Research report writing expenditure refund
- xxvi. Program no. 26: Service industry development fund
- xxvii. Program no. 27: Self-owned Brand Development Registration Fee refund
- xxviii. Program no. 28: Import Equipment interest subsidy
- xxix. Program no. 29: Export Rewards
- xxx. Program no. 30: Patent Creation and Support Fund
- xxxi. Program no. 31: Listing Fee Grant
- xxxii. Program no. 32: Subsidies for listed companies
- xxxiii. Program no. 33: Shandong Province Key Industry Technical Reform Project Loan Financial Discount Interest Fund
- xxxiv. Program no. 34: Nanhai New District Industrial Park Land Special Fund
- xxxv. Program no. 35: Grants for financing loans and interest
- xxxvi. Program no. 36: Special funds for land in Nanhai New District Industrial Park

**b. Programs in the form of Tax and Vat Incentives**

- xxxvii. Program no. 37: Tax Policies for the deduction of research and development (R&D) expenses
- xxxviii. Program no. 38: Preferential tax policies/ Income Tax Reductions for companies that are recognized as high and new technology companies
- xxxix. Program no. 39: Tax credit concerning the purchase of special equipment

**c. Programs in the Form of Preferential Loans and Lending**

- xl. Program no. 40: Government Policy Lending
- xli. Program no. 41: Preferential Loans to State Owned Enterprises
- xl. Program no. 42: Discounted Loans for Export-Oriented Enterprises and Export Loan Interest Subsidies

- xliii. Program no. 43: Preferential loans and interest rates to the Tyre Industry

**d. Programs in the form of Export Financing and Export Credit**

- xliv. Program no. 44: Export Credit Insurance Subsidy
- xlv. Program no. 45: Export Seller's Credit
- xlvi. Program no. 46: Export Buyer's Credit
- xlvii. Program no. 47: Other Export Financing from State-Owned Banks

**e. Programs in the Form of Provision of Goods and Services at Less Than Adequate Remuneration (LTAR)**

- xlvi. Program no. 48: Provision of Electricity for Less Than Adequate Remuneration
- xlix. Program no. 49: Land Use Rights at LTAR in Industrial and Other Special Economic Zone
  - i. Program no. 50: Provision of Land to State Owned Enterprises at LTAR
  - ii. Program no. 51: Land Use rights at LTAR for Foreign Invested Enterprises
  - lii. Program no. 52: Land-Use Rights at LTAR in Economic Development Zones
  - liii. Program no. 53: Provision of Carbon Black for Less Than Adequate Remuneration

**II. New Subsidy Programs**

**a. Programs in the Form of Grants**

- i. Program no. 54: National Award for Green Factory
- ii. Program no. 55: Famous Brands of China recognized by central, provincial or municipal/regional authorities
- iii. Program no. 56: Compensation for land acquisition and demolition spending funds
- iv. Program no. 57: Funds for making investments in overseas subsidiaries
- v. Program no. 58: Department of Commerce exchange rate subsidies
- vi. Program no. 59: Grants for fixed asset investment for enterprises in Hubei
- vii. Program no. 60: Special Fund for High-quality Development for enterprises located in Hubei
- viii. Program no. 61: Road Transportation Subsidy
- ix. Program no. 62: Intellectual Property Awards provided by provincial/prefectural/municipal government authorities
- x. Program no. 63: Special funds for high-tech enterprises in Yantai Economic Development Zone
- xi. Program no. 64: Electricity subsidy
- xii. Program no. 65: Enterprise social security subsidy
- xiii. Program no. 66: Transformation and upgrading of key export industries
- xiv. Program no. 67: Incentive funds/ Awards for increasing production and efficiency of key enterprises

- xv. Program no. 68: Incentive funds for Expansion of production-oriented export enterprises
- xvi. Program no. 69: Industrial enterprise disaster relief funds

**b. Programs in the form of Tax and Vat Incentives**

- xvii. Program no. 70: Export tax rebate/Tax Refund on Exports
- xviii. Program no. 71: Accelerated depreciation of fixed assets
- xix. Program no. 72: Tax incentives on urban land use tax for high tech enterprises
- xx. Program no. 73: Refund/Rebate/Remission of taxes and fees by central, provincial or municipal/regional governmental authorities
- xxi. Program no. 74: Import Tariff/Charges and VAT Relief for Imported Equipment
- xxii. Program no. 75: Import Tariff/Charges and VAT Relief for Imported Inputs

**c. Programs in the form of Equity Infusion**

- xxiii. Program no. 76: Grant of Shares in Prometeon Tyre Group S.r.l. to Aeolus Tyres by ChemChina
- xxiv. Program no. 77: Preferential Financing under One Belt One Road Initiative for Companies making Outward Investments
- xxv. Program no. 78: Debt for Equity Swaps

**d. Programs in the Form of Provision of Goods and Services at Less Than Adequate Remuneration (LTAR)**

- xxvi. Program no. 79: Provision of Nylon Tyre Cord Fabric for Less Than Adequate Remuneration
- xxvii. Program no. 80: Provision of Synthetic Rubber for Less Than Adequate Remuneration
- xxviii. Program no. 81: Provision of Natural Rubber for Less than Adequate Remuneration

**e. Programs in the Form of Preferential Financing**

- xxix. Program no. 82: Provision of Loan Guarantee/Credit Loan Guarantee/Export Credit Guarantee by GOC/ State owned Banks

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

**F. Likelihood of continuation/recurrence of subsidy and injury**

13. There is *prima facie* evidence of likelihood of continuation/recurrence of subsidization and consequent injury to the domestic industry in the event of cessation of anti-subsidy duty,



considering third country exports at prices lower than the export price to India and non-injurious price of the domestic industry, trade remedial measures imposed by third countries, capacity additions in the subject country, likely suppression or depression effect of imports in the absence of duties, and likely adverse impact of cessation of anti-subsidy duty on the performance of the domestic industry.

#### **G. Initiation of sunset review investigation**

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

#### **H. Subject countries**

15. The subject country for the present countervailing duty investigation is China PR.

#### **I. Period of investigation**

16. The applicants have proposed period of investigation as 1<sup>st</sup> April 2022 to 30<sup>th</sup> June 2023 (15 months) for the purpose of the present investigation. The applicants have submitted that consideration of July 2022 – June 2023 as the investigation period would result in significant practical difficulties for the preparation of the costing data for the applicant domestic industry as these are multi-product companies having several plants. The applicant companies further submitted that there would be no material difference in the merits of the case as the present case is based on continuation of subsidies and likelihood of injury which do not have any bearing on the period considered as POI. The Authority examined import volume and import price from the DGCI&S data considering the period April 2022 to June 2023 (annualised) and July 2022 to June 2023. It was observed that there was no material difference between import volume, value and CIF price. In addition, the present investigation is concerning likelihood of continuation/recurrence of subsidies and injury. The Authority has therefore, accepted the period of investigation proposed by the applicants which is 1st April 2022 to 30th June 2023 (15 months).

17. The injury investigation period has been considered as the period of investigation and the three preceding financial years, i.e. 2019-20, 2020-21, 2021-22.

#### **J. Procedure**

18. The sunset review investigation will cover all aspects of the final findings published vide Notification No. 6/8/2018-DGAD dated 25<sup>th</sup> March 2019. The Authority will also

undertake likelihood analysis of continuation/ recurrence of subsidization and injury in the event of expiry of countervailing duty in force.

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

#### **K. Submission of Information**

20. All communication should be sent to the Authority via email at the email addresses [adg13-dgtr@gov.in](mailto:adg13-dgtr@gov.in), [adv11-dgtr@gov.in](mailto:adv11-dgtr@gov.in), [jd12-dgtr@gov.in](mailto:jd12-dgtr@gov.in), [ad12-dgtr@gov.in](mailto:ad12-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 producers/exporters from the subject country, their government through their embassy in India, the importers and users in India known to be concerned with the subject goods and the domestic producers are being informed separately to enable them to file all the relevant information in the form and manner prescribed within the time-limit set out below.

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 the email addresses mentioned hereinabove.

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 interested parties.

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

#### **L. Time Limit**

25. Any information relating to the present investigation should be sent to the Authority via email at the email addresses [adg13-dgtr@gov.in](mailto:adg13-dgtr@gov.in), [adv11-dgtr@gov.in](mailto:adv11-dgtr@gov.in), [jd12-dgtr@gov.in](mailto:jd12-dgtr@gov.in), [ad12-dgtr@gov.in](mailto:ad12-dgtr@gov.in) within thirty days (30 days) from the date of receipt of the notice as per Rule 7(4) of the CVD Rules. It may, however, be noted that in terms of explanation of the said Rule, the notice calling for information and other documents shall be deemed to have been received within one week from the date on which it was sent by the Designated Authority or transmitted to the appropriate diplomatic representative of the exporting country. If no information is received within the prescribed time limit or the information received is incomplete, the Authority may record its finding on the basis of the facts available on records in accordance with the Rules.

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



#### **M. Submission of information on confidential basis**

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

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

33. The interested parties can offer their comments on the issues of confidentiality claimed by the domestic industry within 7 days from the date of circulation of the non-confidential version of the documents in terms of paragraph 23 of this initiation notification.

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


35. The Authority may accept or reject the request for confidentiality on examination of the nature of the information submitted. If the Authority is satisfied the request for confidentiality is not warranted or if the supplier of the information is either unwilling to make the information public or to authorize its disclosure in generalized or in summary form, it may disregard such information.

36. The Authority on being satisfied and accepting the need for confidentiality of the information provided, shall not disclose it to any party without specific authorization of the party providing such information.

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

#### **N. Non-cooperation**

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



**Anant Swarup**  
**Designated Authority**