

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

**F.No. 6/21/2019-DGTR
Government of India
Ministry of Commerce & Industry
Department of Commerce
Directorate General of Trade Remedies
4th Floor, Jeevan Tara Building, 5, Parliament Street, New Delhi -110001

Dated 29th October 2019

INITIATION NOTIFICATION

Case No. CVD-07/2019

Subject: Initiation of Anti-Subsidy Investigation concerning imports of Styrene Butadiene Rubber from Korea RP.

F. No. 6/21/2019-DGTR: M/s Indian Synthetic Rubber Pvt Ltd and M/s Reliance Industries Ltd (hereinafter also referred to as the Petitioners or Applicants) have filed an application before the Designated Authority, in accordance with 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 determination of injury) Rules, 1995, as amended from time to time, (hereinafter also referred to as the Rules), alleging subsidization of Styrene Butadiene Rubber (hereinafter also referred to as the subject goods), from Korea RP (hereinafter also referred to as the subject country) 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 country.

A. Allegation of Subsidization

1. The petitioners have alleged that the producers/exporters of the subject goods in the subject country have benefitted from the actionable subsidies provided at various levels by the Governments of the subject country, including the government of different provinces and Municipalities in which producers/exporters are located, and other 'Public bodies'. The petitioners have 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

2. In terms of Article 13 of ASCM, invitation for consultations was sent to the representatives of the Government of Korea RP on 09.10.2019 and 15.10.2019. However, the Government of Korea has not responded on the two invitations sent for consultation.

C. Subsidy Programs

3. The prima facie evidence provided by the petitioners shows that the producers and exporters of the subject goods in Korea have benefitted from a number of subsidies granted by the Government of Korea and/or other public bodies as listed below:

A. Scheme identified in form of Equity infusion/direct transfer of funds

1. Program No 1: Corporate restructuring /Debt restructuring

B. Scheme identified in form of indirect taxes

2. Program No 2: Duty draw back –Refund of customs duties on raw materials for exports /
Duty Drawback on Non-Physically Incorporated Items and Excess Loss Rate

C. Schemes identified in form of Grants

3. Program No 3: Various government grants as per the Annual report of SBR producers or manufactures Ad-hoc Subsidies
4. Program No 4: Renewable Energy Projects Set-up Policy
5. Program No 5: Research & Development Projects Support Policy/ Corporate Tax
Exemption/Reduction for Companies within Special R&D Zones

D. Schemes identified in form of Preferential lending

6. Program No 6: Preferential lending by Industrial Bank of Korea

4. It has been alleged that the above schemes are subsidies since they involve a financial contribution from the Government of the respective subject country or other regional or local government of such respective country, including public bodies and confer benefit on the recipient (s). They are also alleged to be limited to certain enterprises or groups of enterprises and/or products and/or regions and therefore specific and countervailable. They are also in some cases alleged to be contingent upon the use of domestic over imported goods and/or contingent upon export performance.
5. 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 investigation.

D. Allegation of Injury and Casual Link

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

E. Initiation of the Investigation

7. The Authority finds that there is prima facie evidence of existence of countervailable subsidies on production and export of the subject goods in the subject country and such subsidized imports are causing material injury to the domestic industry through their price effects
8. 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

9. The application has been filed by M/s Indian Synthetic Rubber Pvt Ltd and M/s Reliance Industries Limited, which are the only producers of subject goods and therefore, accounts for total Indian production. The petitioners satisfy the standing and constitutes Domestic Industry within the meaning of the Rules

G. Product under consideration

10. Product under consideration in the present investigation is Emulsion Styrene Butadiene Rubber (hereafter referred to as “E-SBR”) limited to SBR 1500 and SBR 1700 series.
11. It is derived from two monomers namely styrene and butadiene. The polymerization of the two monomers is done through two processes namely, solution (S-SBR) and emulsion (E-SBR). The product under consideration in the present investigation is limited to the SBR that comes out from emulsion process i.e. E-SBR.
12. The product finds its primary usage in the production of tires and tire retread compounds. The other areas of usage of E-SBR include house ware mats, drain board trays, shoe sole and heels, chewing gum, food container sealants, tires, conveyor belts, sponge articles, adhesives and caulks, automobiles mats, brake and clutch pads, hose, V-belts, flooring, military tank pads, hard rubber battery box cases, extruded gaskets, rubber toys, molded rubber goods, shoe soling, cable insulation and jacketing, pharmaceutical, surgical, and sanitary products, food packaging, etc.
13. The product under consideration is classified under Chapter 40 of Customs Tariff Act, 1975 under subheading 400219. The customs classification is only indicative and not binding on the scope of the investigation.

H. Like Article

14. The petitioners have claimed that the goods produced by the domestic industry are like articles to the subject goods originating in or exported from the subject country. It has been stated that there is no significant difference in the subject goods produced by the petitioners and those exported from subject country. The petitioners claim that the two are technically and commercially substitutable. For the purpose of present investigation, the subject goods produced by the domestic industry are being treated as 'like articles' of the subject goods imported from the subject country.

I. Country Involved

15. The country involved for the purpose of current investigation is Korea RP.

J. Period of Investigation

16. The period of investigation (POI) in the present investigation is April 2018 to March 2019 (12 months). The injury investigation period will however cover the periods 2015-16, 2016-17, 2017-18 and the POI.

K. Procedure & Submission of information

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

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

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

L. Time limit

19. Any information relating to the present investigation should be sent in writing so as to reach the Authority at the address mentioned above not later than 40 (forty) days from the date of publication of this notification. The Government of subject country, known exporters and

importers, who are being addressed separately, are however required to submit the information within 40 (forty) days from the date of the letter addressed to them separately. If no information is received within the prescribed time limit or the submitted information is incomplete, the Authority may record its findings on the basis of the facts available on record in accordance with the Rules.

M. Submission of Information on Non-Confidential basis

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

N. Non cooperation

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

O. Inspection of Public File

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

(Sunil Kumar)
Special Secretary & Designated Authority