

F. No. 4/15/2018-DGTR (part-III)
Government of India
Ministry of Commerce & Industry
Department of Commerce
Directorate General of Trade Remedies (DGTR)

Dated: 18th June, 2019

OFFICE MEMORANDUM

Sub: Methodology regarding various forms of ADD/CVD

1. DGTR recommends imposition of Anti-Dumping (ADD) / Countervailing Duties (CVD) as per relevant rules framed under Customs Tariff Act, 1995 which may be in the form of a fixed duty, Ad- valorem duty or on a reference price basis. While the Fixed Duty form of AD is commonly adopted, Reference price is also recommended largely in situations of heterogeneous product with a large number of Product Classification Number (PCN) and high price volatility.

2. The 4 parameters considered for fixing a form of ADD/CVD are as under:

- i. **'Dumping Margin' (DM)** is computed as the difference between the *Normal Value* of the Producer / Exporter of the subject goods and the ex-factory *Export Price* to India. The normal value is computed as per WTO provisions on the basis of producers / exporters domestic sales or sales to countries other than India or computed as the basis of producers / exporters Cost of Production as the case may be.
- ii. **'Injury Margin' (IM)** is computed as the difference between the *Non Injurious Price (NIP)* and the *Landed Value* of imports. The NIP is determined as per principles laid down in Annexure 3 of AD rules.
- iii. **'Subsidy Margin' (SM)** is the actionable subsidy quantified in absolute value.
- iv. **Landed Value (LV)** - The landed value of imports is defined as the assessable value as determined by Customs under the Customs Act, 1962 and all duties of Customs except duties levied under Sections 3, 3A, 8B, 9 and 9A of the Customs Tariff Act, 1975.

The above 4 parameters are evaluated for the '*period of investigation*' (POI) considered in the investigation.

3. The three forms of ADD / CVD which may be considered in different cases are as under:

Fixed Duty:

- i. Fixed duty is equal to the amount which is lower of the 'Dumping Margin (DM)' or 'Injury Margin (IM)' evaluated for a particular Producer / Exporter, during the period of investigation adopted during investigation.

Reference Price:

- ii. The Reference Price is computed as 'Landed Value' + (Lower of Dumping Margin (DM) or Injury Margin (IM)). Both dumping margin and injury margin are computed for the period of investigation adopted during investigation.

Ad-valorem Duty:

- iii. This is recommended in terms of a percentage of CIF price of the imported goods from a particular Producer / Exporter. The percentage is computed as under:

$$\frac{(\text{Lower of DM and IM}) \times 100}{\text{CIF}}$$

4. The following two examples illustrate the methodology adopted to recommend the three forms of ADD / CVD.

CASE - A:

CIF (\$/MT)	LV (\$/MT)	DM or SM (\$/MT)	IM (\$/MT)	FD (\$/MT)	Ad valorem (%)	Reference Price (\$/MT)
1000	1200	100	75	75	7.5%	1275

Here the Injury Margin is lower and hence Reference price is LV plus IM.

CASE - B:

CIF (\$/MT)	LV (\$/MT)	DM or SM (\$/MT)	IM (\$/M)	FD (\$/MT)	Ad valorem (%)	Reference Price (\$/MT)
1000	1200	60	100	60	6%	1260

Here Dumping Margin / Subsidy Margin is lower and hence Reference price is LV plus DM / SM.

5. In case landed value decreases due to decline in export price consequential to changes in raw material prices / other costs, the leviable AD / CVD would increase and in case of increase of export price, the leviable AD / CVD may decrease.

Review of AD/CVD under rule 23

6. Any interested party, including domestic industry, can seek a review under rule 23 and 24 of AD and CVD Rules respectively to alter the quantum or form of existing AD / CVD duty. The changed circumstances which may warrant a review may include changes in raw material prices, costs, duty structure, exchange rate etc. The Authority would consider a fresh POI for such a review and evaluate all key parameters viz dumping margin or subsidy margin, injury margin and landed value for this chosen POI. The modified AD / CVD, including the form, would be based on this comprehensive re-computation.

7. Application for aforesaid review may be filed by any interested party in the prescribed proforma available on DGTR's website, in accordance with the Trade Notice no. 01/2010 dated 17/5/2010.

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