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**GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT OF COMMERCE
DIRECTORATE GENERAL OF ANTI-DUMPING & ALLIED DUTIES**

NOTIFICATION

Udyog Bhavan, New Delhi - 110011

Dated 20th February, 2013

Final Finding

Subject: -Sunset Review (SSR) anti-Dumping investigation concerning imports of Flat Base Steel Wheels, originating in or exported from China PR.

No.15/22/2011-DGAD: Having regard to 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 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) thereof;

A. Background of the Case

1. Whereas, the Authority, having regard to the Customs Tariff Act, 1975, as amended from time to time and the 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, had initiated the original investigation concerning imports of the subject goods from the subject country vide Notification No.14/8/2005-DGAD dated 31st May 2006. The Preliminary Finding was issued by the Authority vide Notification No.14/8/2005-DGAD dated 12th January 2007 and the provisional anti-dumping duty was imposed by the Department of Revenue vide Notification No.51/2007 Customs dated 29th March, 2007. The Final Findings Notification was issued by the Authority vide notification No.14/8/2005-DGAD dated 28th November 2007, recommending imposition of definitive duty. On the basis of the recommendations made by the Authority in the final findings, definitive anti-dumping duty was imposed by the Department of Revenue vide Notifications No.124/2007-Customs dated 31st December, 2007 on the imports of the of the subject goods, originating in or exported from the subject country.

2. And whereas, M/s Zhengxing Wheels Co. Ltd, respondent Chinese exporter in the original as well as the present investigation, filed an appeal before the Central Excise and Service Tax Tribunal (CESTAT), challenging the imposition of anti-dumping duty on the imports of the subject goods.
3. Whereas, the Hon'ble CESTAT vide its order dated 11th August, 2011 remanded the matter back to the Designated Authority for affording post-decisional hearing to the appellants and for making such modifications to the final findings as may be necessary as a result of such post decisional hearing. The operative part of the order, inter alia, is as follows:

“Accordingly we allow these appeals by remand to the Designated Authority for affording post-decisional hearing to the appellants and for making such modifications to the Final Findings as may be necessary as a result of such post decisional hearing. The respondent-domestic industry and other interested parties, if any, shall also be allowed to participate in such post decisional hearing. Any modifications made in the final findings would be considered by giving effect to the same by the government by carrying out the necessary amendment to the impugned notification imposing anti-dumping Duty. This process shall be completed within 6 months from the date of this order and status quo shall be maintained meanwhile. Since we are allowing these appeals by remand, the related stay petitions, MAs and COs stand disposed off.”

4. Whereas, in compliance with the orders of the Hon'ble CESTAT and without prejudice to the rights of the Designated Authority to challenge the orders, the Authority held a post decisional oral hearing for the known interested parties on 13th December 2011 and issued the post decisional findings vide Notification No.14/8/2005-DGAD dated 10th February, 2012, re-affirming its final findings made vide earlier Notification No.14/8/2005-DGAD dated 28th November 2007 and the recommendations made therein. The Authority also filed appeals before the Hon'ble Supreme Court challenging the orders of Hon'ble CESTAT. The concerned exporter from the subject country also challenged the CESTAT's judgement before the Hon'ble Supreme Court. The Hon'ble Supreme Court vide its interim orders dated 31st August, 2012 and 7th September, 2012 directed the concerned parties to deposit the anti-dumping duty in escrow account.
5. Whereas, M/s. Kalyani Lemmerz Limited, Pune and M/s Wheels India Limited, Chennai filed a duly substantiated application before the Authority, on behalf of the domestic industry, in accordance with the Act and the Rules, alleging continued dumping of the subject goods from the subject country despite the anti-dumping measures and likelihood of intensified

dumping and consequent injury to the domestic industry in the event of revocation of the anti-dumping duty. They requested for review, continuation and enhancement of the anti-dumping duties, imposed on the imports of the subject goods, originating in or exported from the subject country.

6. In view of the duly substantiated application filed on behalf of the domestic industry and in accordance with section 9A(5) of the Act, read with Rule 23 of the AD Rules, the Authority initiated a Sunset review investigation vide Notification dated 24.02.2012 to review the need for continued imposition of the duties in respect of the subject goods originating in or exported from the subject country and to examine whether the expiry of such duty is likely to lead to continuation or recurrence of dumping and injury to the domestic industry. The validity of the antidumping duty on the imports of the subject goods from the subject country has been extended up to 27th March, 2013 by the Central Government vide Notification No.16/2012-Customs (ADD) dated 20.03.2012.
7. The scope of the present review covers all aspects of the previous investigation concerning imports of the subject goods originating or exported from the subject country.

B. Procedure

8. The procedure described below has been followed with regard to the subject investigation:
 - a. The embassy of the subject country in New Delhi was informed about the initiation of the investigations in accordance with Rule 6(2).
 - b. The Authority provided copies of the non-confidential version of the application to the known exporters and the embassy of the subject country in accordance with Rules 6(3) supra. A copy of the non-confidential version of the application was also made available in the public file and provided to other interested parties, wherever requested.
 - c. The Authority forwarded a copy of the public notice to the known producers/exporters in China PR (whose names and addresses were made available to the Authority) as follows and gave them opportunity to make their views known in writing within forty days from the date of the letter in accordance with the Rules 6(2) & 6(4):

- i. Zhengxing Wheel Group Co Ltd
- ii. JhejianJingu Automobiles
- iii. Qingdao YTE Products Co Ltd
- iv. Shangdong Sheng Tai Wheel Co Ltd
- v. ShangdongXingmin Wheel Co Ltd
- vi. China ZenixAutroInternatioal Ltd
- vii. Nanjing High Hope Engineering Co Ltd
- viii. Zhejiang Eastern Top Group
- ix. Shengtai Group Co Ltd
- x. ShangdongJinning Wheel Factory
- xi. Xiamen Sunrise
- xii. Fujian Zhengxing Wheel Co Ltd
- xiii. Shandong Detong Wheels Co

d. However, response to the exporter's questionnaire was received only from M/s Zhengxing Wheel Group Co. Ltd, China PR.

e. The Authority forwarded a copy of the public notice to all the following known importers(whose names and addresses were made available to the authority) of subject goods in India and advised them to make their views known in writing within forty days from the date of issue of the letter in accordance with the Rule 6(4):

- xiv. Tata Motors Ltd.
- xv. Eicher Motors Ltd.
- xvi. Asia Motor Works Ltd.
- xvii. Ashok Leyland Ltd.
- xviii. King Kaveri Trading Company,
- xix. York Transport Equipment (AISA) Pte Ltd.
- xx. York Transport Equipment.
- xxi. Swaraj Mazda Ltd.
- xxii. Mahindra & Mahindra Ltd.,
- xxiii. Volvo Trucks India
- xxiv. Man force Truck (I) Ltd.
- xxv. VE Commercial Vehicles Ltd.
- xxvi. Society of Indian Automobile Manufacturers

f. However, response to the importer's questionnaire was received only from the following importers:

- Tata Motors Ltd.
- Ashok Leyland Ltd.

- g. The non-confidential version of the evidences presented by various interested parties were made available by the Authority to the interested parties in the form of a public file and kept open for inspection by them as per Rule 6(7).
- h. Exporters, producers and other interested parties who have neither responded to the Authority, nor supplied information relevant to this investigation have been treated as non-cooperating interested parties.
- i. A Market Economy Treatment (MET) questionnaire was also forwarded to all the known exporters and embassy of China PR with a request to provide relevant information to the Authority within the prescribed time. While for the purpose of initiation the normal value in China PR was considered based on the cost of production of the subject goods in India, duly adjusted, the Authority informed known exporters that it proposes to examine the claim of the applicant in the light of para 7 and para 8 of Annexure I of Anti Dumping Rules, as amended. The exporters/producers of the subject goods from China PR were therefore requested to furnish necessary information/sufficient evidence as mentioned in sub-paragraph (3) of paragraph 8 to enable the Authority to consider whether market economy treatment can be granted to cooperative exporters/producers.
- j. Request was made to the Directorate General of Commercial Intelligence and Statistics (DGCI&S) to arrange details of imports of subject goods for the injury period including POI.
- k. The Authority compared the import data received form DGCI&S and the data furnished by the domestic industry based on secondary source i.e. IBIS and relied upon the DGCI&S data in the present investigation.
- l. Information was sought from the applicants to determine non-injurious price based on the cost of production and cost to make and sell the subject goods in India on the basis of Generally Accepted Accounting Principles (GAAP) to ascertain whether Anti-Dumping duty lower than the dumping margin would be sufficient to remove injury to Domestic Industry. Further, the Authority has determined the non-injurious price for the domestic industry in terms of the principles laid down in Annexure III to the Rules.

- m. The Authority held a public hearing on 30th November, 2012 to hear the interested parties orally. The interested parties present at the time of hearing were advised to file written submissions of the views expressed orally and were also given an opportunity to file rejoinder to the views expressed by other interested parties.
- n. The submissions made by the interested parties during the course of the investigation have been considered in this finding, to the extent considered relevant by the Authority;
- o. On the spot verification of the data/information furnished by the domestic industry and also the co-operating exporter was carried out to the extent considered necessary.
- p. In accordance with Rule 16 of the Rules supra, the essential facts were disclosed by the Authority to the known interested parties vide a disclosure statement issued on 12th February, 2013 and comments received on the same, to the extent considered relevant by the Authority, have been considered in this finding.
- q. Investigations have been carried out by the Authority for the period starting from 1st April, 2010 to 30th September, 2011 (POI). The examination of trends in the context of injury analysis covered the periods 2007-08, 2008-09, 2009-10 & the POI.
- r. ***in this finding statement represents information furnished by an interested party on confidential basis and so considered by the Authority under the Rules.
- s. The exchange rate for the POI has been taken by the Authority as Rs.45.93 = 1 US\$.

C. Scope of Product under consideration and like article

Submissions made by the Domestic Industry

- 9. Following are the submissions made by the domestic industry with regard to product under consideration and like article:
 - i. The present investigation being the Sun Set Review, the scope of the product under consideration must remain the same as that in the original investigation.
 - ii. No significant development has taken place over the period.

Submissions made by the producers/exporters/other interested parties

10.No relevant submission has been made by the respondent producer/exporter/other interested parties with regard to the scope of the product under consideration (PUC) and like article.

Examination by the Authority

11.The product under consideration, in the original as well as the present sunset review investigation, is “Flat Base Steel Wheels of size 16” nominal diameter to 20” nominal diameter used in tubed tyre application in commercial vehicles” (the subject goods), originating in or exported from China PR. The present investigation being a sunset review, the investigation covers the product covered in the original investigation.

12.Flat base steel wheels are assembly of rim and disc with a demountable ring. Rims and discs are produced in separate lines and welded together to form a wheel, which is mounted on the axles of vehicles and fitted with tyres to enable vehicle movement. Commercial vehicles comprise of buses, lorries including trucks, trailers, tempos, etc. Wheels are classified under Chapter 87 of the Customs Tariff Act under the category of “vehicles other than railway or tramway rolling stock, and parts and accessories thereof” under the sub-heading 8708.70 of the Customs Tariff Act and ITC HS classification. The customs classification is, however, indicative only and is in no way binding on the scope of the present investigation.

13.The present investigation being a sun set review investigation and anti-dumping duties, as earlier recommended by the Authority, being in force on the imports of the subject goods from the subject country, the Authority considers that the scope of the PUC in the present investigation remains the same as that of the original investigation. Moreover, none of the interested parties have made any relevant submission requesting modification (including curtailment) in the scope of the review.

D. Domestic Industry and Standing

Submissions by the Domestic Industry

14.The following are the submissions made by the domestic industry with regard to scope of the domestic industry and standing:

- i. The scope of domestic industry and standing are not relevant in a sun set review.

- ii. The application was filed by M/s. Kalyani Lemmerz Limited and M/s. Wheels India Limited. M/s. Steel Strips Wheels Limited, which commenced commercial production during the period of investigation, has supported the application despite having very low production. None of the constituents of domestic industry have imported the subject product. Therefore, question of possible ineligibility within the meaning of rule 2(b) does not arise.
- iii. The petitioners command nearly 98% share in Indian production in the POI and therefore constitute domestic industry.
- iv. Maxion (Nantong) Wheels Co. Ltd, China PR is a wholly owned subsidiary of lochpe Maxion SA. Kalyani Hayes Lemmerz was acquired by lochpe Holdings LLC, a subsidiary of lochpe Maxion SA in February, 2012, beyond the POI. Since the said development has taken place beyond the POI, it is immaterial to the present investigation. Further, the product produced by Maxion (Nantong) Wheels Co. Ltd, China PR is beyond the scope of the product under consideration of the present investigation. Moreover, the product produced by Maxion (Nantong) Wheels Co. Ltd., China PR has not been exported by them during the POI.

Submissions by the producers/exporters/other interested parties

15. The following are the submissions made by the producers/exporters/other interested parties with regard to scope of the domestic industry and standing:

- i. Kalyani Lemmerz is a subsidiary company of Hayes Lemmerz. Hayes Lemmerz has signed an agreement with lochpe Holdings, LLC, whereby lochpe will acquire Hayes Lemmerz. Thus, presently lochpe is the holding company and controlling Hayes Lemmerz. In effect, lochpe is controlling Kalyani Lemmerz. lochpe has a wholly owned subsidiary in China PR - Maxion (Nantong) Wheels Co. Ltd., which is also producing commercial vehicle wheels. It is very clear that lochpe is the main holding company, while Kalyani Lemmerz and Maxion (Nantong) are its subsidiaries.

Examination by Authority

16. As regards the contention that Kalyani Lemmerz is related to Maxion (Nantong) Wheels Co. Ltd., China PR, the Authority notes from the documents furnished by the concerned producer/exporter itself that the said development has taken place after the POI. Moreover, the product being produced by Maxion (Nantong) Wheels Co. Ltd, China PR is beyond the scope of the product under consideration under the present investigation. Therefore, the Authority notes that the alleged development is not relevant to the present investigation.

17. The application has been filed by M/s. Kalyani Lemmerz Limited and M/s. Wheels India Limited. The Authority notes that subject goods are also being produced by M/s. Steel Strips Wheels Limited, who has commenced commercial production during the period of investigation. In view of the above position and having regard to the Rules and information on record, the Authority holds that M/s. Kalyani Lemmerz Limited and M/s. Wheels India Limited, constitute domestic industry for the purpose of the present sun set review investigation, within the meaning of the Rules

E. Confidentiality

Submissions by the producers/exporters/other interested parties

18. The opposite interested parties have alleged that the domestic industry has claimed excessive confidentiality in the petition.

Submissions by the Domestic Industry

19. The domestic industry, on the contrary, has submitted that excessive confidentiality has been claimed by the exporter in the exporter's questionnaire response.

F. Examination by the Authority

20. The Authority has examined the confidentiality claims of the interested parties. The Authority made available to all interested parties the public file containing non-confidential version of evidences submitted by various interested parties for inspection, upon request as per Rule 6(7).

21. With regard to confidentiality of information Rule 7 of Anti-dumping Rules provides as follows:-

(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.

22. The Authority examined the confidentiality claims of the interested parties and on being satisfied allowed the claim on confidentiality.

G. Miscellaneous Submissions

Miscellaneous submissions by the producers/exporters/importers and other interested parties

23. The following miscellaneous submissions have been made by producers/exporters/importers/other interested parties:

- i. The validity of imposition of ADD on imports of subject goods is still under dispute and not finally settled by Hon'ble Supreme Court. Therefore, until the final disposal of appeal by Hon'ble Supreme Court, DGAD may stay the conduct of the present investigation.
- ii. The initiation of the SSR investigation is faulty since it is based on grossly insufficient and inaccurate petition filed by the domestic industry.
- iii. Had the Domestic Industry really suffered from continued dumping for the past 5 years, it could have preferred a MTR for enhancing duties. Since the domestic industry didn't take remedial action through MTR, it has forgone its right to make claim of continued dumping in SSR case.

- iv. The petitioner has not disclosed that Jantas, Turkey is a related party to Kalyani Lemmerz and they have not co-operated in this investigation. Therefore the data of Jantas, Turkey, related party of petitioner, cannot be relied by the Authority.

24. The following miscellaneous submissions have been made by the domestic industry:

- i. There is no legal basis for the arguments of the opposite interested parties that the validity of imposition of anti-dumping duty on imports of Steel Wheels from China PR is still under dispute and not finally settled by Hon'ble Supreme Court and therefore, until the final disposal of appeal by Hon'ble Supreme Court, DGAD may stay the conduct of the present investigation. There is no direction either by Hon'ble Supreme Court or any other higher authorities to this effect.
- ii. Domestic industry has provided adequate information in the petition and the same is not misleading.
- iii. As regards the contention of the opposite interested parties that Steel Wheels for tubeless tyres cannot be considered as part of the PUC, it is submitted that the petitioners have not considered Steel Wheels for tubeless tyres in determination of volume and value of imports.
- iv. On the one hand the opposing interested parties are disputing consideration of Turkey as a surrogate country and on the other hand are pointing out at lack of relevant information.

Examination by the Authority

25. The relevant miscellaneous submissions made by the interested parties, have been examined and addressed by the Authority as follows:

- i. With regard to the contention that the validity of imposition of ADD on imports of subject goods is still under dispute and has not been finally settled by Hon'ble Supreme Court, the Authority notes that there is no bar on the Authority to conduct and complete the subject investigation.
- ii. With regard to the contention that DI has not disclosed that Jantas, Turkey is a related party to Kalyani Lemmerz, the Authority notes that Turkey is not a subject country and Turkish price has not been relied upon by the Authority in determining the normal value for China PR, as suggested by the domestic industry. The Authority further notes that

the issue of relationship of Kalyani Lemmerz with Jantas, Turkey, as was adequately addressed in the earlier investigation, is a non-issue.

iii. The Authority has relied upon import statistics from the DGCI&S source in respect of product under consideration only.

H. The Authority notes that there is no legal bar on the domestic industry to file an application for sun set review because they had not preferred a mid-term review of existing antidumping duty.

I. **De Minimis Limit**

26. As per the import data received by the Authority from the Directorate General of Commercial Intelligence and Statistics (DGCI&S) and other secondary sources, as well as the data furnished by the cooperating exporters from China PR, the import of the subject goods from the subject country is significant and above de minimis level.

J. **Determination of Dumping Margin, Normal Value and Export Price**

Examination of Market Economy Claims

27. In the present SSR investigation, M/s Zhengxing Wheel Group Co Ltd, China PR, who were treated as non-market economy entity by the Authority in the earlier investigations, claimed market economy treatment by filing MET questionnaire response.

28. At the stage of initiation, the Authority proceeded with the presumption by treating China PR as a non-market economy country. Upon initiation, the Authority advised the producers/exporters in China to respond to the notice of initiation and provide information relevant to determination of their market economy status. The Authority sent copies of the MET questionnaire to all the known exporters for rebutting presumption of non-market economy in accordance with criteria laid down in Para 8(3) of Annexure-I to the Rules. The Authority also requested Government of China to advise the producers/exporters in their country to provide the relevant information.

29. As per Paragraph 8, Annexure I to the Anti-dumping Rules as amended, the presumption of a non-market economy can be rebutted if the exporter(s) from China PR provide information and sufficient evidence on the basis of the criteria specified in sub paragraph (3) in Paragraph 8 and establish to the contrary. The cooperating exporter/producer of the subject goods from China are required to furnish necessary information/sufficient

evidence as mentioned in sub-paragraph (3) of paragraph 8 in response to the Market Economy Treatment questionnaire to enable the Designated Authority to consider the following criteria as to whether:-

- i. The decisions of concerned firms in China PR regarding prices, costs and inputs, including raw materials, cost of technology and labour, output, sales and investment are made in response to market signals reflecting supply and demand and without significant State interference in this regard, and whether costs of major inputs substantially reflect market values;
- ii. The production costs and financial situation of such firms are subject to significant distortions carried over from the former non-market economy system, in particular in relation to depreciation of assets, other write-offs, barter trade and payment via compensation of debts;
- iii. Such firms are subject to bankruptcy and property laws which guarantee legal certainty and stability for the operation of the firms and
- iv. The exchange rate conversions are carried out at the market rate.

Submissions by the Domestic Industry

30. Following are the submissions made by the domestic industry:

- i. Factual matrix remains the same since the original and review investigations. Chinese companies should not be considered entitled for Market Economy Treatment.
- ii. The respondent Chinese company has undergone multiple changes in its legal status. Even earlier it was a state owned plant. If so, the process by which such state owned plant has been acquired by private entities becomes the key issue for grant of market economy treatment.
- iii. Since no questionnaire response has been filed by the subsidiaries involved in subject goods, the entire response filed by the respondent company is required to be rejected. If the exporter and its subsidiaries are selling the product in the domestic market, normal value cannot be correctly established unless all such companies are investigated by the authority.
- iv. The price of raw materials/utilities cannot be relied upon since the same are procured from related parties as well as state owned entities.

- v. Turkey may be considered as a market economy third country for determination of normal value.
- vi. The raw materials consumption price statement provided by the domestic industry should be considered as the international price of the raw material, after necessary price adjustments.

Submissions by the producers/exporters/other interested parties

31. Following are the submissions made by M/s Zhengxing Wheels Group Co Ltd., China PR and other interested parties:

- i. M/s Zhengxing Wheels Group Co Ltd, China PR is a market economy and therefore their dumping margin should be based on data provided by them. Zhengxing Wheels Group Co Ltd is a wholly owned foreign enterprise with no state interference.
- ii. All HR Coils suppliers are state owned and therefore HR Coil had to be taken from such supplier. However the raw materials and the utilities are procured at arm's length prices.
- iii. Utilities are charged at normal prevailing market rate at not at any subsidized rate. The Company is subject to civil procedure law for China.
- iv. Contention of the domestic industry that all the subsidiaries should have filed a response, irrespective of the fact whether or not they exported the subject goods to India is erroneous.
- v. Domestic industry has proposed that Turkey may be considered as a market economy third country. Without cooperation by Turkish company, the proposal of domestic industry needs to be out rightly rejected.

Examination by the Authority

32. The Authority had not granted market economy treatment to M/s Zhengxing Wheel Group Co Ltd, China PR in the final findings of the original investigation. The non-market status of M/s Zhengxing Wheel Group Co Ltd, China PR was also reaffirmed by the Authority in the CESTAT remanded findings.

33. Despite the non-market status of M/s Zhengxing Wheel Group Co Ltd. established by the Authority in the original investigation and reaffirmed by the Authority in the CESTAT remand findings, M/s Zhengxing Wheel Group Co Ltd claimed market economy treatment once again in the

present sunset review investigation. The Authority examined and verified the MET claim of M/s Zhengxing Wheel Group Co Ltd in the present sunset review investigation. The following are the observations of the Authority in this regard:

- i. M/s Zhengxing Wheel Group Co Ltd, China PR (producer/exporter) claimed to be a *** % subsidiary of M/s China Wheel Ltd, a Hong Kong based company, which in turn is the *** % subsidiary of M/s China Zenix Auto International Ltd, claimed to be a foreign company of British Virgin Islands. M/s China Zenix Auto International Ltd is owned by M/s New Race Ltd holding *** % shares and M/s Richburg Holdings holding *** % shares. The balance*** % shares were stated to be held by public. M/s New Race Ltd is *** % owned by Ms Laifan Chu, claimed to be a Hong Kong resident. Richburg Holdings was stated to be held by three investment companies namely M/s Richwise Investment Financial Ltd (*** %), Richwise Capital International Ltd (*** %) and IMV Associates Ltd (*** %). During the verification, the company could not provide further information/documents as regards the ownership and activities of M/s Richwise Investment Financial Ltd, Richwise Capital International Ltd and IMV Associates Ltd.
- ii. Although the subject producer/exporter claimed that M/s China Zenix Auto International Ltd is only a trading company and not involved in the subject goods, the Authority notes that the name of China Zenix Auto International Ltd is used alternatively with Zhengxing Wheel Group Co Ltd. Further, in the annual report of M/s China Zenix Auto International Ltd, available in the public domain, the company claims the performance of Zhengxing Wheel Group Co Ltd and the subsidiaries, including their exports, as its own performance.
- iii. The Authority notes that the subject company has five subsidiaries in five different places in China namely Zhengxing Group Lafang Wheel Co Ltd, Zhengxing Group Benxi Wheel Co Ltd, Zhengxing Group Chengdu Wheel Co Ltd, Zhengxing Group Hefei Wheel Co Ltd and Huan Zhengxing Wheel Co Ltd, involved in the subject goods either directly or indirectly. It has been acknowledged by the respondent company that Zhengxing Group Lafang Wheel Co Ltd, Zhengxing Group Hefei Wheel Co Ltd, and Zhengxing Group Chengdu Wheel Co Ltd are involved in the production and domestic sale of the subject goods, although not exported the subject goods to India. Despite the involvement in the subject goods, the subsidiary companies did not file response.

- iv. The respondent company was acknowledged to have been set up originally as a collective enterprise by Government of China PR in association with Mr Lai Jianhui, but the company could not substantiate with documentary evidence that the Government of China PR had gone through the process of open bidding and public selection while selecting Mr Lai Jianhui to take over the collective enterprise as the sole proprietor.
- v. Further, the company could not establish with documentary evidence as to how Mr Lai Jianhui, who was simply a manager in Pinghe Automobile Tyre and Bicycle Repair Depot in 1988 could amass so much of financial resources to set up such a huge business conglomerate and become chairman of the group. The company could not also substantiate with documentary evidence that the changes, the company had undergone over the years, were as per open market process and principles.
- vi. In the exporter's response, the company claimed that they have not received any grant/incentive from the Government. But, the annual accounts of M/s China Zenix Auto International Ltd states that they have received substantial Government grants/subsidies including a grant of RMB *** million from Government of China for construction of a new plant. However the company could not explain how a company claimed to be a private company and a foreign venture received such grants/incentives.
- vii. The price of Rims purchased by the company from its ***% owned subsidiary company namely M/s Zhengxing Group Lafang Wheel Co Ltd, also involved in the subject goods, was about ***% lower than the purchases made from sources claimed to be unrelated. On being asked to clarify this aspect, the company could not provide any clarification with documentary evidence.
- viii. The company has procured the major raw materials (HR Coils etc) mostly from State owned companies. The company was asked to justify with documents how the prices of procurement of HR Coils and other raw materials procured from the State owned sources are comparable with the prevailing international market prices. The company could not provide any satisfactory details/documents to that effect.
- ix. As per the annual report of M/s Zenix Auto International the group enjoys a preferential income tax rate of 10% as compared to the 25% rate applicable for others. On being asked to justify such preferential

treatment meted out by the Government of China to the Group, the company could not provide any satisfactory reasons.

- x. The company obtained loans from public and private sources, but could not establish satisfactorily that all such borrowings were repaid with interest as per prevailing bank rate.
- xi. The company could not also establish with documentary evidence the source of fund of the investors/shareholders in the respondent company as well as related companies involved in the subject goods either directly or indirectly.

34. The verification report was sent by the Authority to the concerned producer/exporter for comments. The Authority examined the comments/submissions made by the respondent company in this regard and notes that the company has not provided any satisfactory comments substantiated with documents for most of the observations of the Authority concerning the establishment and changes in the structure of the company, procurement of major raw materials and utilities at prices comparable with prevailing international market prices, source of funds of investors and shareholders, substantial grants/subsidies received by the company from Government source, preferential treatment enjoyed by the company in the matters of payment of income tax and public borrowings, non-filing of response by the subsidiary companies producing the subject goods and selling them in the domestic market, etc. In view of the above position, the Authority holds that M/s Zhengxing Wheel Group Co Ltd, China PR continues to operate under non-market conditions and therefore does not grant market economy status to M/s Zhengxing Wheel Group Co Ltd, China PR.

K. Normal Value for China PR

35. Since Authority has not granted market economy treatment to the responding producer/exporter for the purpose of this disclosure statement, therefore, the normal value has been determined on the basis of Para-7 to Annexure-I to the Rules. Para 7 of Annexure I of the Anti-dumping Rules provide that:

“In case of imports from non-market economy countries, normal value shall be determined on the basis if the price or constructed value in the market economy third country, or the price from such a third country to other countries, including India or where it is not possible, or on any other reasonable basis, including the price actually paid or payable in India for the like product, duly adjusted if necessary, to include a reasonable profit

margin. An appropriate market economy third country shall be selected by the designated authority in a reasonable manner, keeping in view the level of development of the country concerned and the product in question, and due account shall be taken of any reliable information made available at the time of selection. Accounts shall be taken within time limits, where appropriate, of the investigation made in any similar matter in respect of any other market economy third country. The parties to the investigation shall be informed without any unreasonable delay the aforesaid selection of the market economy third country and shall be given a reasonable period of time to offer their comments.”

36. In accordance with the Para 7 of the Annexure 1 of the Anti-dumping rules as mentioned above, normal value is required to be determined on the basis of costs or prices in market economy third country. As regards the submission of the domestic industry that Turkey should be considered as an appropriate surrogate market economy third country for China PR, the responding exporter has argued that that in view of the differential levels of economic development, Turkey should not be considered as a surrogate country for determination of normal value. The Authority notes that in terms of para 7 of the Annexure-I of the Rules, due account should be taken of the level of development of the market economy third country while selecting an appropriate market economy third country. Keeping in view the differential levels of economic development between China PR and Turkey and the level of development of the subject product, the Authority does not consider Turkey as an appropriate market economy third country for China PR and constructed normal value on the basis of cost of production in India.

37. In view of the above position, the normal value has been constructed by the Authority in the present investigation taking into account the international price of the major raw materials, consumption norms, conversion cost, and SGA expenses of the most efficient domestic producer and after adding reasonable profit margin at 5% of cost of sales excluding interest.

L. Export Price

M/s Zhengxing Wheel Group Co Ltd, China PR

38. M/s Zhengxing Wheel Group Co Ltd, China PR (producer/exporter) is the only respondent from China PR who filed questionnaire response. The Authority verified the data furnished by M/s Zhengxing Wheel Group Co Ltd. and notes that the company has exported ***sets (**Kgs) of the subject goods at FOB value of US\$ ***during the POI. The adjustments

claimed on account of Inland Freight, Bank charges and Credit cost. Have been accepted by the Authority after verification during the on-the-spot verification. The net export price worked out by the Authority is ***US\$/Kg.

Export Price for Other Exporters from China PR

39. As no other exporter/producer has provided any information that can be used for determination of the export price, the Authority determined the 'Export Price' for the other exporters from China PR on the basis of 'facts available' on record. The net export price worked out by the Authority is ***US\$/Kg.

M. Dumping Margins

40. Comparing the normal values and export prices at ex-factory level as determined above, the dumping margin for the producers/exporters of subject country is determined by the Authority as follows:-

| Particulars | Zhengxing Wheel Group Co Ltd. | Other Chinese producer/exp orter |
|-------------------------------|-------------------------------|----------------------------------|
| Normal value US\$/Kg | *** | *** |
| Net Export price US\$/Kg | *** | *** |
| Dumping Margin US\$/Kg | *** | *** |
| Dumping Margin per Kg (%) | *** | *** |
| Dumping Margin per Kg Range % | 60-70 | 80-90 |

N. Injury and Causal Link

Submissions by the domestic industry

41. The Domestic Industry has made the following submissions with regard to the injury and causal link:
- i. There is continued dumping of the product under consideration from China;
 - ii. Dumping of the product under consideration is likely to intensify from subject country should the current anti-dumping duty be revoked;

- iii. Volume of imports has increased in absolute terms despite current anti-dumping duties in force;
- iv. Volume of imports is quite significant in relation to production and consumption in India despite existing anti-dumping duties;
- v. Price undercutting with and without prevailing anti-dumping duties are significantly positive;
- vi. Performance of the domestic industry deteriorated in terms of inventories, market share, profits, return on investments, cash flow.
- vii. Performance of the Domestic Industry in terms of production, capacity utilization, domestic sales suffered when compared to changes in demand;
- viii. Even though the domestic industry was able to improve its production and sales volumes to some extent, the increase was disproportionate to the increase in India. Further, domestic industry was unable to earn profits in the current period even after imposition of anti-dumping duty.
- ix. The domestic industry has not yet recovered from the past ill effects of dumping and revocation of anti-dumping duty shall imply intensified injury to the domestic industry in future.
- x. Domestic Industry has been prevented from utilizing its capacities to the fullest extent.
- xi. Both cost of production and selling prices increased over the period, the increase in the selling price is less than the increase in the cost of production. The imports are thus suppressing the prices in the market.
- xii.** The production, sales and capacity utilization of the domestic industry has not shown significant improvements. However, the profitability of the domestic industry has declined.
- xiii. Market share of domestic producers should have substantially increased with the imposition of anti-dumping duties. The domestic industry should have regained the lost market share after imposition of anti-dumping duty. However, market share of the domestic industry has further declined.
- xiv. Despite rising demand and such low prices being offered by the Domestic Industry, the inventories have increased. Sales volumes have not increased in proportion to the demand in the Country, whereas the domestic industry had expected to increase its sales beyond the rate of increase in the demand.
- xv. Domestic industry has not been able to come out of past ill effects of dumping. In fact, performance has further deteriorated.
- xvi. As regards the contention of the opposite interested parties that majority of the economic indices show considerable improvements in the performance of domestic industry, it is submitted that the argument is without any basis. On the contrary, performance of the domestic industry deteriorated significantly in respect of market share, profits,

- return on investment, cash flow; which collectively and cumulative establishes that the domestic industry suffered injury.
- xvii. The demand for the product under consideration increased by 39% whereas imports increased by 142% and the sales of the domestic industry increased only by 19%. The foreign producers do not enjoy any special privileged position in the country wherein they would gain volume by 142% when the demand grew only by 39% as a result of which domestic industry was prevented from increasing its operations to the extent of increase in demand.
- xviii. As regards the contention that imports have increased due to demand supply gap, it is submitted that imports have actually increased due to absorption of anti-dumping duty by the exporter.
- xix. As regards the contention that capacity additions made by domestic industry during the POI will have direct bearing on cost of the product as well as return on investments, it is submitted that there is no such abnormal increase in the capital employed.
- xx. The causal link has already been established in the original investigation. In the present sunset review investigation, the Hon'ble Designated Authority has to examine whether revocation of anti-dumping duty would lead to continuation or recurrence of dumping and injury.
- xxi. Following parameters show that injury to the domestic industry has been caused by the dumped imports and thereby establish causal link:
- a) Imports from the Subject Country have increased in absolute terms, preventing growth of the Domestic Industry to the expected levels.
 - b) Market share of China has shown an increase over the injury period. Consequently, the market share of the domestic industry has declined.
 - c) Imports from China are undercutting the prices of the domestic industry even after addition of applicable anti-dumping duties.
 - d) Profitability and consequently return on investment and cash profit situation of the domestic industry deteriorated.
 - e) The imports are still continuing at dumping prices and further, the extent of dumped imports has remained at significantly higher levels in the POI. Thus, existence of such a situation after imposition of anti-dumping duty gives a clear implication of likelihood of injury.
 - f) Domestic industry is facing continuous injury from the dumping of subject goods. However, there is no reason or justification to believe that revocation of the duty would not lead to increased or continued dumping at a higher level with consequent injury to the domestic industry.

- g) Product under consideration are also imported in the guise of different nomenclature like wheels, wheel rims, wheel disc, assembly of wheel disk and rim, etc. Therefore, such imports should not be excluded from the import data.

Submissions by the producers/exporters/other interested parties

42. Following are the submissions made by the producers/exporters/other interested parties with regard to injury to the domestic industry:

- i. Petition filed by the DI is inaccurate and misleading. Stark difference exists in the data provided in the petition and updated information, of capacity, production and inventory.
- ii. Majority of the economic indices mentioned in Art 3.4 show considerable improvements in the performance of domestic industry.
- iii. The capacity utilization provided by domestic industry is for the entire plant and not for the product under consideration.
- iv. Sale volume and sales price per unit have also increased. Inventory is decreased.
- v. Demand of subject goods in 2008-09 was adversely impacted because of global recession. Therefore, decline in demand in 2008-09 is required to be either adjusted or ignored while examining injury to the domestic industry.
- vi. Imports have shown some increase due to increase in demand and inability of the petitioners to satisfy the demand of the domestic users on time.
- vii. The costs and return on investments may be normalized considering the capacity expansion.
- viii. Production, sales volume, sales value and inventories show a significant improvement during the period of investigation.
- ix. The price undercutting has been incorrectly calculated by the petitioner.
- x. Sales of domestic industry shot up by almost 50% in 2009-10 and went further up by 25% during POI. In comparison, imports increased by 28% only during 2009-10 and by 29% during POI. Thus, while domestic industry's sales succeeded in taking the major part of pie in 2009-10, competition between imports and domestic industry remained healthy during POI. If domestic industry perceives threat due to competition as threat to injury, imports cannot be blamed for that.
- xi. The injury analysis should be done after segregating the PUC from non-PUC.

- xii. Even though the annual report of Wheels India does not contain information relating to product under consideration alone, Wheels India has been able to achieve its highest ever sales and profits during 2011-12, which forms a significant part of POI. Moreover, post POI, the share prices of Wheels India has shot up significantly.

Examination by the Authority

43. Rule 11 of Antidumping Rules read with Annexure–II provides that an injury determination shall involve 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....” 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.
44. 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, stock, profitability, net sales realization, the magnitude and margin of dumping, etc. have been considered in accordance with Annexure II of the rules supra.
45. The present investigation is a sunset review of anti-dumping duties in force. Rule 23 provide that provisions of Rule 11 shall apply, mutatis mutandis in case of a review as well. The Authority has therefore determined injury to the domestic industry considering, mutatis mutandis, the provisions of Rule 11 read with Annexure II. Further, since anti-dumping duties are in force on imports of the product under consideration, the Authority considers that the fact of existing anti-dumping duties on the on the imports of subject goods from China PR is required to be considered while examining injury to the domestic industry. The Authority has examined whether existing measure is sufficient or not to counteract the dumping which is causing injury.
46. The Authority notes that the following injury analysis shows the state of the domestic industry and the injury caused by the dumped imports of the subject goods originating in or exported from the subject country. The

Authority has considered and addressed the specific and relevant submissions herein below:

- i. The Authority has examined injury to the domestic industry by considering verified data relating to M/s. Kalyani Lemmerz Ltd, Pune and Wheels India Ltd, Chennai. The Authority has relied upon the imports data from the DGCI&S source by taking the PUC only. However, some imports having different nomenclature such as wheels, wheel rims, wheel disc, assembly of wheel disk and rim, etc, but comparable with the product under consideration in terms of average weight, size and price are also taken in to consideration.
- ii. As regards submission of the domestic industry that because of the global recession in 2008-09 and resultant steep fall in automotive production, parameters such as imports, demand, market share, capacity utilization, productivity, etc should either be adjusted or ignored, the Authority notes that the economic impact due to recession was a global phenomenon.
- iii. As regards the submission that imports have increased due to increase in demand and inability of the domestic industry to satisfy the demand of the domestic users, the Authority notes that the total production capacity of the domestic industry for the PUC is more than the total domestic demand, but their capacity utilization is about 75% only. In the absence of dumped imports the domestic industry could have fulfilled the total domestic demand.
- iv. As regards the submission concerning performance of Wheels India Ltd., the Authority notes that this company is a multi-product Company and its over-all performance cannot be considered as indicative of the performance in respect of the product under consideration. The Authority holds that the performance of the subject company on account of the product under consideration is only relevant for the present investigation and not the company's overall performance and its performance in the stock market.

Volume Effects of Dumped Imports: Import volumes and market shares

Examination by the Authority

47. According to Section 9(A)(5) of the Customs Tariff Act, anti-dumping duty imposed shall, unless revoked earlier, cease to have effect on the expiry of five years from the date of such imposition, provided that if the Central Government, in a review, is of the opinion that the cessation of such duty is likely to lead to continuation or recurrence of dumping and injury, it may, from time to time, extend the period of such imposition for a further period of five years and such further period shall commence from the date of order of such extension.
48. Article 3.1 of the WTO Agreement and Annexure-II of the Rules provide for an objective examination of both, (a) the volume of dumped imports and the effect of the dumped imports on prices, in the domestic market, for the like products; and (b) the consequent impact of these imports on domestic producers of such products. With regard to the volume effect of the dumped imports, the Authority is required to examine whether there has been a significant increase in dumped imports, either in absolute term or relative to production or consumption in India. With regard to the price effect of the dumped imports, the Authority is required to examine whether there has been significant price undercutting by the dumped imports as compared to the price of the like product in India, or whether the effect of such imports is otherwise to depress the prices to a significant degree, or prevent price increases, which would have otherwise occurred to a significant degree.
49. As regards the impact of the dumped imports on the domestic industry Para (iv) of Annexure-II of the Anti-dumping Rules states as follows: *“The examination of the impact of the dumped imports on the domestic industry concerned, shall include an evaluation of all relevant economic factors and indices having a bearing on the state of the Industry, including natural and potential decline in sales, profits, output, market share, productivity, return on investments or utilization of capacity; factors affecting domestic prices, the magnitude of margin of dumping, actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital investments.”*
50. Rule 11 of Antidumping Rules read with Annexure–II provides that an injury determination shall involve 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....” 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 suppress prices to a significant degree or prevent price increases, which otherwise would have occurred, to a significant degree.

51. 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, stock, profitability, net sales realization, the magnitude and margin of dumping, etc. have been considered in accordance with Annexure II of the rules supra.

52. The present investigation is Sun Set Review investigation of anti-dumping duties in force. Rule 23 provide that provisions of Rule 11 shall apply, mutatis mutandis basis in case of a review as well. The Authority has therefore determined injury to the domestic industry considering, mutates mutandis, the provisions of Rule 11 read with Annexure II. Further, since anti-dumping duties are in force on imports of the product under consideration, the Authority considers that the fact of existing anti-dumping duties on imports of the product from China PR is required to be considered while examining injury to the domestic industry. The Authority has examined whether existing measure is sufficient to counteract the dumping which is causing injury.

53. For the purpose of assessing present state of injury, the Authority has examined the volume and price effects of dumped imports of the subject goods on the domestic industry and its effect on the prices and profitability to examine the existence of injury and causal links between the dumping and injury, if any. The Authority has examined injury to the domestic industry by considering information relating to M/s. Kalyani Lemmerz Ltd, Pune and Wheels India Ltd, Chennai, constituting domestic industry under the Rules. The Authority has addressed the relevant issues by undertaking analysis of all mandatory injury parameters.

VOLUME EFFECT: Volume effect of dumped imports and impact on domestic industry:

Demand and Market Share

54. The Authority has determined demand or apparent consumption of the product in the Country as the sum of domestic sales of the Indian Producers and imports from all sources. The demand so assessed can be

seen in the table below. It is seen that demand for the product in the country after a dip in 2008-09 shows an increasing trend thereafter.

| Demand in India | Unit | 2007-08 | 2008-09 | 2009-10 | POI | Annualised POI |
|--------------------------------------|-----------|-----------------|---------------|-----------------|-----------------|-----------------|
| Domestic Industry Sales | MT | 83,433 | 53,647 | 79,450 | 1,48,568 | 99,045 |
| Other Indian Producer Sales | MT | - | - | - | 1,472 | 981 |
| Imports from China (Subject Country) | MT | 28,403 | 25,727 | 30,492 | 53,000 | 35,333 |
| Imports from other countries | MT | 505 | 0 | - | 360 | 240 |
| Total Demand | MT | 1,12,341 | 79,374 | 1,09,942 | 2,03,399 | 1,35,599 |
| Market share In Demand | | | | | | |
| Sales of Domestic Industry | % | 74.27 | 67.59 | 72.27 | 73.04 | 73.04 |
| Sales of other domestic producer | % | - | - | - | 0.72 | 0.72 |
| Imports- Subject Country | % | 25.28 | 32.41 | 27.73 | 26.06 | 26.06 |
| Imports- Other Countries | % | 0.45 | 0.00 | - | 0.18 | 0.18 |

The Authority notes that the market share of the domestic industry has marginally decreased during the POI as compared to the base year, whereas the market share of the subject country has increased marginally during the same period.

Import Volume & market share

55. With regard to volume of the dumped imports, the Authority is required to consider whether there has been a significant increase in dumped imports either in absolute terms or relative to production or consumption in India.

| Particulars | Unit | 2007-08 | 2008-09 | 2009-10 | POI | POI Annualised |
|---|------|---------|---------|---------|----------|----------------|
| Imports from China | MT | 28,403 | 25,727 | 30,492 | 53,000 | 35,333 |
| Production of domestic Industry | MT | 85,811 | 55,298 | 80,263 | 1,51,175 | 1,00,783 |
| Share of Chinese Imports in relation to | | | | | | |
| Total imports into India | % | 98.25 | 100.00 | 100.00 | 99.33 | 99.33 |
| Demand in India | % | 25.28 | 32.41 | 27.73 | 26.06 | 26.06 |
| Production of domestic Industry | % | 33.10 | 46.52 | 37.99 | 35.06 | 35.06 |

The Authority notes from the data given in the table above that there has been consistent increase in the volume of imports in absolute terms from the subject country except in 2008-09 in spite of the anti-dumping duties in force. Further, the subject imports in relation to demand and production of the domestic industry in India has also increased in POI as compared to the base year.

Production, capacity and capacity utilization

56. The Authority notes from the table below that capacity for the product under consideration has remained the same throughout the injury period. The production and capacity utilisation after falling steeply in 2008-09 has improved thereafter.

| Particulars | Unit | 2007-08 | 2008-09 | 2009-10 | POI | POI Annualised |
|----------------------|----------|---------|---------|---------|-------|----------------|
| Installed capacity | Nos.'000 | 3620 | 3620 | 3620 | 5430 | 3620 |
| Production | Nos.'000 | 2409 | 1644 | 2239 | 4087 | 2725 |
| Capacity Utilization | % | 66.55 | 45.42 | 61.85 | 75.27 | 75.27 |

Sales of the Domestic Industry:

57. Sales volume of domestic industry are given in the following table:

| Particulars | Unit | 2007-08 | 2008-09 | 2009-10 | POI | POI Annualised |
|----------------|---------|---------|---------|---------|----------|----------------|
| Domestic Sales | MT | 83,433 | 53,647 | 79,450 | 1,48,568 | 99,045 |
| Trends | Indexed | 100 | 64 | 95 | 178 | 119 |

The Authority notes that the sales volume of the domestic industry shows increasing trend after a steep fall in 2008-09 and the volume of sales has increased in POI as compared to the base year.

Price Effect - Price effect of dumped imports and impact on domestic industry:

58. The impact on the prices of the domestic industry on account of imports of the subject goods from the subject country have been examined with reference to price undercutting, price underselling, price suppression and price depression. For the purpose of this analysis the cost of production, net sales realization (NSR) and the non-injurious price (NIP) of the domestic industry have been compared with landed value of imports from the subject country. A comparison for subject goods during the period of investigation was made between the landed value of dumped imports and the domestic selling price in the domestic market. In determining the net sales realization of the domestic industry, taxes, rebates, discounts and commission offered by the domestic industry have been adjusted. The price underselling is an important indicator of assessment of injury; thus, the Authority has worked out a non-injurious price and compared the same with the landed value to arrive at the extent of price underselling. The non-injurious price has been evaluated for the domestic industry by appropriately considering the cost of production for the product under consideration during the POI. The position is as follows:

Price Undercutting and Underselling:

Price Undercutting

59. The price undercutting/underselling effects are examined below:

| Particulars | Unit | 2007-08 | 2008-09 | 2009-10 | POI |
|-----------------------|--------|---------|---------|---------|-------|
| Net Sales realisation | Rs./Kg | *** | *** | *** | *** |
| Landed value with ADD | Rs./Kg | 50.35 | 67.49 | 59.37 | 61.67 |
| Landed value without | Rs./Kg | 36.02 | 51.65 | 43.53 | 45.83 |

| | | | | | |
|---------------------------------------|---------|-------|-------|-------|-------|
| ADD | | | | | |
| Price Undercutting without ADD | | | | | |
| Price Undercutting without ADD | Rs/Kg | *** | *** | *** | *** |
| Price Undercutting without ADD | % | *** | *** | *** | *** |
| Price Undercutting without ADD | Range % | 30-40 | 20-30 | 25-35 | 30-40 |
| Price Undercutting with ADD | | | | | |
| Price Undercutting with ADD | Rs/Kg | *** | *** | *** | *** |
| Price Undercutting with ADD | % | *** | *** | *** | *** |
| Price Undercutting with ADD | Range % | 5-15 | 0-10 | 0-10 | 5-15 |

Price Underselling

| Particulars | Unit | POI |
|--|---------|-------|
| Non injurious price of the domestic industry | Rs/Kg | *** |
| Landed value with ADD | Rs./Kg | *** |
| Landed value without ADD | Rs/Kg | *** |
| Price Underselling with ADD | Rs./Kg | *** |
| Price Underselling without ADD | Rs/Kg | *** |
| Price Underselling with ADD | % | *** |
| Price Underselling without ADD | % | *** |
| Price Underselling with ADD | Range % | 10-20 |
| Price Underselling without ADD | Range % | 50-60 |

The Authority notes that landed price of imports is far below the selling price of the domestic industry, thus resulting in significant price undercutting, both with and without anti-dumping duty. Furthermore, the landed price of imports

both with and without anti-dumping duty is substantially less than the non-injurious price, thus resulting in positive price underselling.

Price Suppression and Depression

60. To examine the price suppression and depression effects of the dumped imports on the domestic prices, the trend of net sales realization of the domestic industry has been compared with the cost of production. The data given below shows that the domestic industry's selling price has remained below its cost of sales throughout the injury period except in 2009-10, signifying existence of price suppression effect.

| Particulars | Unit | 2007-08 | 2008-09 | 2009-10 | POI |
|--------------------|-------------|----------------|----------------|----------------|------------|
| Cost of Sales | Rs/kg | *** | *** | *** | *** |
| Trend | Indexed | 100 | 128 | 105 | 123 |
| Selling price | Rs/kg | *** | *** | *** | *** |
| Trend | Indexed | 100 | 123 | 107 | 124 |

Examination of other Injury Parameters

61. After having examining the effect of dumped imports on the volumes and prices of the domestic industry and major injury indicators like volume and value of imports, capacity, output, capacity utilization and sales of the domestic industry as well as demand pattern with market shares of various segments, other economic parameters which could indicate existence of injury to the domestic industry are analyzed hereunder:

Profit/loss, return on investment and cash flow

62. The return on investment, profit/loss before and after interest and cash profit are as shown in the table below:

| Particulars | Unit | 2007-08 | 2008-09 | 2009-10 | POI | POI Annualised |
|--------------------|-------------|----------------|----------------|----------------|------------|-----------------------|
| Cost of Sales | Rs/KG | *** | *** | *** | *** | *** |
| Trend | Indexed | 100 | 128 | 105 | 123 | 123 |
| Selling Price | Rs/KG | *** | *** | *** | *** | *** |
| Trend | Indexed | 100 | 123 | 107 | 124 | 124 |

| | | | | | | |
|-----------------------------------|----------|-------|-------|-----|------|------|
| Profit/loss | Rs/KG | *** | *** | *** | *** | *** |
| Trend | Indexed | (100) | (637) | 58 | (26) | (26) |
| Profit/loss | Rs. Lacs | *** | *** | *** | *** | *** |
| Trend | Indexed | (100) | (410) | 55 | (47) | (31) |
| Profit before interest and tax | Rs. Lacs | *** | *** | *** | *** | *** |
| Trend | Indexed | 100 | (58) | 195 | 295 | 197 |
| Return on capital employed (ROCE) | % | *** | *** | *** | *** | *** |
| Trend | Indexed | 100 | (59) | 125 | 99 | 99 |
| Cash Profit | Rs. Lacs | *** | *** | *** | *** | *** |
| Trend | Indexed | 100 | (58) | 205 | 313 | 209 |

The Authority notes that both the cost of sales and selling price of the domestic industry have increased in POI as compared to the base year as well as the preceding year. However, the increase in selling price is lower than the increase in the cost of sales as compared to the base year as well as the immediate preceding year. The domestic industry continues to suffer losses throughout the injury period with the exception of 2009-10 in which period, it made a marginal profit. The cash profit during the POI (annualized) has declined significantly as compared to the base year as well as the immediate preceding year. Similarly, the ROCE has also declined significantly during the POI as compared to the base year as well as the immediate preceding year.

Inventories:

63. The data given in the table below shows that the inventory position of the domestic industry has improved during POI as compared to the base year as well as the preceding years.

| Inventories | Unit | 2007-08 | 2008-09 | 2009-10 | POI |
|--------------------|-------------|----------------|----------------|----------------|------------|
| Opening stock | MT | *** | *** | *** | *** |
| Closing stock | MT | *** | *** | *** | *** |
| Average stock | MT | 1,931 | 1,883 | 1,342 | 901 |

Employment and wages

64. From the table given below, the Authority notes that both the employment and wages of the domestic industry has increased throughout the injury period in POI as compared to the base year.

| Particulars | Unit | 2007-08 | 2008-09 | 2009-10 | POI | POI Annualised |
|-------------|----------|---------|---------|---------|-----|----------------|
| Employment | Nos | *** | *** | *** | *** | *** |
| Trend | Indexed | 100 | 93 | 102 | 104 | 104 |
| Wages | Rs. Lacs | *** | *** | *** | *** | *** |
| Trend | Indexed | 100 | 88 | 92 | 179 | 119 |

Productivity

65. The Authority notes from the table below that productivity of the domestic industry has increased sharply during the POI as compared to the preceding years.

| Productivity | Unit | 2007-08 | 2008-09 | 2009-10 | POI |
|---------------------------|--------|---------|---------|---------|--------|
| Productivity per employee | MT | *** | *** | *** | *** |
| Productivity per day | MT/day | 245.17 | 157.99 | 229.32 | 287.95 |

O. Magnitude of Dumping Margin

66. The Authority notes that the dumping margin of the imports of the subject goods from the subject country is positive and above de-minimis.

P. Growth

67. The Authority notes that the domestic industry has shown positive growth in some of the economic parameters such as production, domestic sales, and productivity in POI as compared to the base year. However, profit, cash profit, ROCE, etc have deteriorated in POI as compared to the base year. The Authority further notes that, the volume of imports from the subject country in absolute terms has increased significantly during the

POI although its market share has declined marginally as compared to the immediate preceding year.

Q. Causal Link

68. Under Section 9A (5) of the Act, the Authority is required to examine the likelihood of dumping and injury and the need for continuation of duties. Notwithstanding this, the Authority examined whether other known factors could have caused injury to the domestic industry as follows:

- i. **Imports from Third Countries:** - The Authority notes that Imports of product under consideration from other countries are negligible and therefore could not have caused injury to the domestic industry.
- ii. **Contraction in Demand:** - The Authority notes that there is no contraction in demand as the demand of the subject goods in the country has consistently increased throughout the injury period, except 2008-09 affected by global recession.
- iii. **Pattern of consumption:** - It is noted that no significant change in the pattern of consumption for the subject goods has come to the knowledge of the Authority, nor any interested party has made any submission to that regard.
- iv. **Conditions of competition:-** The Authority notes that the investigation has not shown that conditions of competition or trade restrictive practices are responsible for the claimed injury to the domestic industry.
- v. **Developments in technology:** - The Authority notes that the investigation has not shown that there was any significant change in technology which could have caused injury to the domestic industry.
- vi. **Export performance of the domestic industry: -**

| Particulars | Unit | 2007-08 | 2008-09 | 2009-10 | POI | POI Annualised |
|---------------|---------|---------|---------|---------|-----|----------------|
| Exports Sales | MT | *** | *** | *** | *** | *** |
| Trend | Indexed | 100 | 92 | 73 | 127 | 85 |

It is noted that the volume of export sales of the domestic industry has sharply decreased in POI as compared to the base year. However, the price and profitability in the domestic and export market has been segregated by the Authority for the purpose of assessing injury to the domestic industry. .

Likelihood of dumping and injury

Submissions by the domestic industry

69. Following are the submissions made by the domestic industry:

- i. China is the major exporter of Steel Wheel, attracting anti-dumping duties from several other countries. Although USA has revoked the anti-dumping duty, Argentina has imposed provisional anti-dumping duty on dumped imports of subject goods from China.
- ii. Imports from the subject country are undercutting the prices of the Domestic Industry in the Indian market. There existed a significant price undercutting in the whole injury period. Even after the existence of the current anti-dumping duty, imports from the subject country are undercutting the domestic prices.
- iii. The landed price of imports is substantially below the cost and selling price of the Domestic Industry. Thus, in the event of cessation of current anti-dumping duty and if the domestic industry chooses to sell at the import prices, the Domestic Industry would suffer significant financial losses.
- iv. The exporters and producers from the subject country have continued to export the material at the dumped prices even after the imposition of the anti-dumping duty. There is no reason to consider that revocation of duties in the present case would not result in intensified dumping from China PR.
- v. It is submitted that producers in China PR maintain huge capacities to produce steel wheels as shown in the table given below. In case of revocation of anti-dumping duty, the volume of subject goods' imports is bound to increase further.

| S.No. | Producers in China | Capacity (Nos.) |
|-------|-------------------------------------|-----------------|
| 1. | Shandong Jining Wheel Factory | 1.5 million |
| 2. | Shandong Shengtai, Shandong | 4 million |
| 3. | Xiamen Sunrise Wheel Group Co. Ltd. | 4 million |
| 4. | Zhejiang Jingu Company Ltd. | 17 million |
| 5. | ShangdongXingmin Wheel Co. Ltd. | 6 million |
| 6. | Fujian Zhengxing Wheel Co. Ltd. | 5.2 million |

| | | |
|----|---|--------------|
| 7. | China Zenix Auto International Ltd. | 12.5 million |
| 8. | Shengtai Group Shandong Detong Wheels Co. | 1 million |

- vi. As per US preliminary determination on Steel wheels from China, the capacity and production of a few Chinese producers is as tabulated below:

(Quantity in 1000 units)

| Particulars | 2008 | 2009 | 2010 | 2011 projected | 2012 projected |
|--------------------|-------|-------|-------|-------------------|-------------------|
| Chinese Capacity | 4,604 | 4,604 | 6,724 | 7,261 | 11,973 |
| Chinese Production | 3,000 | 2,660 | 4,899 | 6,067 | 9,682 |

- vii. Producers in China have built capacities far in excess of its domestic demand and are unutilized. Further, the exporters from China PR have very high export orientation worldwide as can be seen in the table below. Hence, the dumping and injury is likely to recur at aggravated level in case the existing anti-dumping duties are revoked at this stage.

| S.N. | Producers In China | Export percentage |
|------|--|-------------------|
| 1. | Shandong Jining Wheel Factory | 71% - 80% |
| 2. | Shandong Shengtai, Shandong | 31%-40% |
| 3. | Xiamen Sunrise | 61%-70% |
| 4. | Zhejiang Jingu Company Ltd. | 51% - 60% |
| 5. | Shandong Xingmin Wheel Co. Ltd. | 31%-40% |
| 6. | Fujian Zhengxing Wheel Co. Ltd. | 30% |
| 7. | Nanjing High Hope Engineering Co., Ltd | 91%-100% |
| 8. | Shandong Detong Wheel Co. Ltd. | 71%-80% |

- viii. In the event of revocation of the anti-dumping duty, the product is likely to be dumped more intensively and undercut the prices of the domestic industry more significantly.
- ix. The Chinese producers are already exporting the product under consideration to a number of countries. Therefore, in the event of cessation of anti-dumping duties, the Chinese producers are likely to divert their third country exports to Indian market.

Submissions by the producers/exporters/other interested parties

70. Following are the submissions made by the producers/exporters/other interested parties:

- i. Likelihood of injury in the event of revocation of anti-dumping duty is untenable. The arguments raised by domestic industry in its petition clearly indicate absence of any likelihood or recurrence of injury to the domestic industry.
- ii. The product under consideration in respect of the ADD imposed by USA, Argentina etc is different from that of the Indian investigation and hence the likelihood analysis basing on the same is not correct.

Examination by the Authority

71. The present investigation is a sun set review of anti-dumping duties imposed on the imports of subject goods from China PR. Under the Rules, the Authority is required to determine whether continued imposition of anti-dumping duty is warranted. This also requires examination of whether the duty imposed is serving the intended purpose of eliminating injurious dumping. In the present investigation, as there are continued dumped imports, the Authority is not required to examine whether revocation of duty is likely to lead to continued dumping of the product. However, considering the fact that the dumping margin in the original as well as the present investigation is significant and that there are favorable market conditions in the Indian market as far as demand and price for the subject goods are concerned, the Authority has reason to believe that dumping will intensify if the duty is revoked. It is a matter of fact that despite the anti-dumping measures in force, the subject country could maintain a significant presence in the Indian market to the detriment of the domestic industry. The following analysis speaks about the likelihood of intensification of dumping and aggravated injury to the domestic industry in the event of revocation of the duty:

Level of current and past dumping margin

- i. Volume of import of the subject goods, originating in or exported from the subject country, has significantly increased despite the existence of anti-dumping duties. Given the significant price undercutting during the entire injury period, price suppression during the injury period of the present investigation and considering the capacity in China and demand in India, the volume of dumped import is likely to increase further in the event of revocation of anti-dumping duty. Considering the

magnitude of dumping margin in the earlier investigation and the dumping margin determined by the Authority in this investigation, it is evident that the exports of the subject goods, originating in or exported from the subject country, were continued to be made at dumped prices injuring the domestic industry despite the anti-dumping duty in force. The Authority, therefore, concludes that the dumped imports of the subject goods from the subject country are likely to intensify in the event of revocation of the anti-dumping duties.

Price attractiveness of Indian market

- ii. The price at which the subject goods are being exported by China PR to India is an indicator of the likelihood of continuation/intensification of dumping. At the landed price in India, there is significant undercutting both with and without duty. Thus, with the revocation of anti-dumping duties, the Indian prices would be too attractive for the Chinese producers to intensify their exports to India at dumped prices and there is strong likelihood that Indian consumers would resort to large scale imports of the subject goods from China.

Export orientation of foreign producers

- iii. From the available information it is evident that the Chinese producers/exporters are very much export oriented. From the annual report of M/s Zenix Auto International, the parent company, it is evident that India is the largest international market and a preferred destination for the company and it has well laid out plans to maximize its exports of the subject goods to India. Considering the high demand and favorable market conditions for the subject goods in India and the high production capacity and export orientation of the Chinese producers, the Authority holds that if the existing antidumping duties are withdrawn, the entire demand for the subject goods in India can be catered by the Chinese producers by replacing the Indian producers.

Market share of China PR in the Indian market

- iv. The Authority notes that despite the anti-dumping duty in place, the subject country has maintained a significant share in the Indian market during the entire injury period.

R. Magnitude of Injury and injury margin

72. The non-injurious price of the subject goods produced by the domestic industry as determined by the Authority in terms of Annexure III to the AD

Rules has been compared with the landed value of the exports from the subject country for determination of injury margin during the POI and the injury margin so worked out is as under:

| Particulars | Unit | Zhengxing Wheel Group Co Ltd. | Other Chinese producer/ exporter |
|--|-------------|--------------------------------------|---|
| Non injurious price of the domestic industry | Rs/Kg | *** | *** |
| Landed price without ADD | Rs/Kg | *** | *** |
| Injury margin | Rs/Kg | *** | *** |
| Injury margin | US\$/Kg | *** | *** |
| Injury margin | % | *** | *** |
| Injury margin % range | Range % | 45-55 | 60-70 |

S. Indian industry's interest and other issues

73. The Authority recognizes that the imposition of anti-dumping duties might affect the price levels of the product in India. However, fair competition in the Indian market will not be reduced by the anti-dumping measures. On the contrary, imposition of anti-dumping measures would remove the unfair advantages gained by dumping practices, prevent the decline of the domestic industry and help maintain availability of wider choice to the consumers of subject goods. The Authority notes that the imposition of the anti-dumping measures would not restrict imports from the subject country in any way, and therefore, would not affect the availability of the product to the consumers. The consumers could still maintain two or even more sources of supply.

74. The purpose of imposing 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. Further, imposition of anti-dumping duties, would not affect the availability of the product to the consumers.

T. Post Disclosure Comments

75. Following are the post disclosure comments made by the producer/ exporter/importers/other interested parties:

- i. The ownership details of the Chinese producer or exporter under investigation would have to be established to the extent the capital is owned by Chinese individuals or Chinese entities. Such a requirement cannot be extended to encompass non-Chinese company, i.e. a company incorporated outside China.
- ii. The subsidiary companies, who are involved in the manufacture and sale of subject goods in the domestic market, are not involved in exports to India. Therefore they did not file response.
- iii. Zhengxing has procured rims from its related company. The related company has charged the normal rate of profit. Further, related company does not have to incur any selling and distribution expenses. Therefore, price charged by related company is less than the price at which the rims are purchased from unrelated entity.
- iv. Zhengxing is subjected to an Income Tax Rate of 15% as it has been recognized as a "High and New Technology Enterprise". This does not amount to State interference in the operations of the company.
- v. The product under consideration in the present investigation is Flat Base Steel Wheels of size 16" to 20" nominal diameter used in tubed tyre application. The authority must remove those transactions which do not contain a complete steel wheel and do injury analysis.
- vi. There is no price depression since there is no fall in the selling price of the domestic industry during the injury analysis period. Even there is no price suppression as well.
- vii. The performance of the domestic industry improved substantially with the imposition of anti-dumping duties. Revocation of anti-dumping duties would not lead to deterioration in the performance of the domestic industry.
- viii. The landed value of subject goods during 2008-09 was highest. During the same year, loss suffered by the domestic industry is also highest. Therefore, there is no causal link between the imports into India and the injury to the domestic industry.
- ix. In a sunset review, the authority has no legal right whatsoever to vary or modify the duty. The scope of sunset review is only to come to a conclusion that the expiry of antidumping duty is likely to lead to continuation or recurrence of dumping and injury.

- x. The authority should re-calculate the landed value of Zhengxing on the basis of average freight of their supplies to Tata and Leyland.

76. Following are the post-disclosure comments made by the domestic industry:

- i. Domestic industry submits that the duty should be imposed in terms of US\$. Rupee has depreciated significantly and therefore, the definitive duties may kindly be expressed in US\$. The depreciation of INR has impacted the costs of the raw materials, utilities and other costs.
- ii. Weight of the wheels applied by the domestic industry is lower than the wheel supplied by Chinese producers. Therefore, in order to ensure fair comparison, the eventual determination of dumping margin and injury margin should be done after converting NIP and import price on numbers for the limited purpose of determination of injury margin. Further, normal value determined on weight basis should be eventually expressed in numbers before comparing with the export price to reflect the realistic dumping margin and injury margin.
- iii. Annexure III does not require warranty cost to be deducted from the calculation of NIP. However, if warranty cost is excluded from the NIP, the same should also be excluded from the import price in order to conduct a fair comparison.

Examination by the Authority

77. The post-disclosure comments, considered relevant by the Authority, are addressed below:

- i. As regards the submissions concerning market economy issues; the Authority notes that the same are mere reiterations of their earlier submissions without being substantiated with documents and have already been addressed adequately and appropriately in the relevant sections of this finding. The post disclosure comments by the concerned producer/exporter do not rebut their non-market position.
- ii. As regards the contention that the ownership details of the Chinese producer or exporter under investigation cannot be extended to encompass non-Chinese companies, the Authority notes that the

non-Chinese companies operating in China are also subject to Chinese Law and the non-market economy prevailing in China PR.

- iii. The Authority notes that the contention that the subsidiary companies, who are involved in the manufacture and sale of subject goods in the domestic market and not involved in exports to India need not file response, is incorrect. It is the responsibility of the Chinese companies to rebut their non-market economy status by filing the required questionnaire responses.
- iv. As regards the substantial difference in the price of raw material procured from the related and unrelated sources, M/s Zhengxing in their post disclosure comments submitted, without substantiating with documents, that they could procure rims from their related company at a lesser price as compared to the open market price because the related company do not have to incur any selling and distribution expenses and also charge only nominal profit. The Authority notes that such unsubstantiated submissions are not acceptable.
- v. As regards the contention of M/s Zhengxing that lesser rate of income tax is being charged on them as they are recognized as a “High and New Technology Enterprise” and therefore it does not amount to State interference, the Authority notes that the subject exporter has not demonstrated that they have been granted by the Government such a status in terms of any policy of the Government. The impact of such differential rate of tax on the cost and price of the product of the company cannot be denied as well.
- vi. As regards the contention that in a sun set review the Authority has power only to extend the period of duty and duties cannot be enhanced; the Authority notes that the relevant rules & regulations on the subject empowers the Authority to modify the duties as well, based on the facts and merits of each case. Further, the Authority has been recommending modified duties in a number of cases concerning sunset review investigations.
- vii. The Authority notes that the contention regarding absence of price suppression effect is incorrect. Based on the actual data of the domestic industry it is observed that during the injury period excluding 2009-10, the cost of sales is higher than the selling price in absolute value, indicating price suppression effect.

- viii. The Authority notes that both the landed value and the loss per unit of subject goods during 2008-09 was the highest. This is mainly due to domestic industry not able to increase its selling price to a reasonable level due to dumped imports from the subject country. This is the position prevailing in the entire injury period. Therefore, the contention of the exporter/importers that there is no causal link is not correct.
- ix. The Authority notes that the contention that the performance of the domestic industry improved substantially with the imposition of anti-dumping duties and therefore, revocation of anti-dumping duties would not lead to deterioration in the performance of the domestic industry is incorrect. In the present investigation, data analysis shows that price-undercutting and price underselling, with and without anti-dumping duty, are positive. Further, the imports of the subject goods from the subject country have continued substantially and at dumped prices despite the anti-dumping measures in force. Moreover, the likelihood analysis also shows that subject country is in a position to dump the subject goods into India at a much intensified manner aggravating injury to the domestic industry, in the event of revocation of anti-dumping duty.
- x. As regards the contention that the transactions which do not contain a complete steel wheel should not be considered, the Authority notes that the transaction-wise imports data from the DGCIS source in respect of PUC only has been considered in the present investigation. However, some imports having different nomenclature such as wheels, wheel rims, wheel disc, assembly of wheel disc and rim, etc, but comparable with the product under consideration in terms of average weight, size and price, are also taken into consideration by the Authority.
- xi. As regards the contention of domestic industry for determination of NIP in terms of number instead of weight, the Authority notes that in the original investigation as well as in the present investigation, the Authority has taken weight as the appropriate unit of measurement for the subject goods for fair comparison and analysis.
- xii. Annexure III mandates the Authority to exclude post manufacturing expenses while assessing NIP. The Authority has therefore, not considered the warranty expenses, which is in the nature of post manufacturing expenses, for determination of NIP. As far as landed value is concerned, the same has been determined by the Authority as per the practice of DGAD.

- xiii. The Authority has recomputed the landed value of the exports made by the co-operative exporter by considering the ocean freight incurred by Tata Motors and Ashok Leyland who are the major importers of the subject goods from the subject exporter.
- xiv. As regards the submission of the Domestic industry that Rupee has depreciated significantly and therefore, the definitive duties may be expressed in US\$, the Authority notes that the Authority has recommended the duty in terms of US\$ as per its normal practice.

U. CONCLUSIONS

78. Having regard to the contentions raised, information provided and submissions made by the interested parties and facts available before the Authority as recorded in this final finding and on the basis of the above analysis of the state of continuation of dumping and consequent injury and likelihood of continuation/recurrence of dumping and injury, the Authority concludes that:

- i. Imports from China PR have increased over the injury period and continue to command a significant share;
- ii. Volume of dumped imports is quite significant in relation to production and consumption in India;
- iii. There has been continued dumping of the subject goods from China PR and the dumping is likely to continue and increase if the anti-dumping duty is allowed to cease.
- iv. Price undercutting has been significantly positive during the entire injury period both with and without anti-dumping duty;
- v. Price underselling has been significantly positive both with and without anti-dumping duty;
- vi. The performance of the domestic industry in terms of market share, profits, return on investments, cash profit, etc. has deteriorated in POI, whereas the same should have normally improved after imposition of anti-dumping duties;
- vii. Although the domestic industry has shown positive growth in some of the economic parameters such as production, domestic sales, and productivity during the POI, the improvement in the economic health of the domestic industry is largely due to the imposition of the anti-dumping measures;
- viii. The subject goods are entering the Indian market at dumped prices

and the dumping margin is above de-minimis.

- ix. Should the present anti-dumping duties be revoked, dumping of the subject goods will intensify causing further injury to the domestic industry.

V. Recommendations

79. Having concluded as above, the Authority is of the view that the anti-dumping measure is required not only to be extended, but also to be increased in respect of imports of the subject goods, originating in or exported from the subject country as specified in the duty table below.

80. Having regard to the lesser duty rule followed by the Authority, the Authority recommends imposition of anti-dumping duty equal to the lesser of the margin of dumping and the margin of injury, so as to remove the injury to the domestic industry. Accordingly, the anti-dumping duty equal to the amount indicated in Col. 9 of the table below is recommended to be imposed concerning all imports of the subject goods, originating in or exported from the subject country, by the Central Government.

Duty Table

| S. No | Sub-Heading/ Tariff Item | Description of Goods | Country of Origin | Country of Export | Producer | Exporter | Amount of Duty | Unit of Measurement | Currency |
|-------|-----------------------------|---|---------------------------------|---------------------------------|---|-----------------------------------|----------------|---------------------|----------|
| (1) | (2) | (3) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
| 1 | 8708.70 | Flat Base Steel wheels of nominal diameter 16"- 20" | China PR | China PR | M/s Zhengxing Wheel Group Co Ltd: | M/s Zhengxing Wheel Group Co Ltd: | 512.64 | MT | US\$ |
| 2 | -do- | -do- | China PR | China PR- | Any combination of producer/ exporter (other than in S. No.1 above) | | 613.00 | MT | US\$ |
| 3 | -do- | -do- | China PR | Any country other than China PR | Any | Any | 613.00 | MT | US\$ |
| 4 | -do- | -do- | Any country other than China PR | China PR | Any | Any | 613.00 | MT | US\$ |

W. Further Procedures

81. Landed value of imports for the purpose shall be the assessable value as determined by the Customs Authority 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.
82. An appeal against this order shall lie before the Customs, Excise and Service Tax Appellate Tribunal in accordance with the Customs Tariff Act.

(J.S. Deepak)
Designated Authority