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F. No. 7/26/2020-DGTR
Government of India
Ministry of Commerce & Industry
Department of Commerce
(Directorate General of Trade Remedies)
4th Floor, Jeevan Tara Building,
5, Parliament Street, New Delhi 110001

Dated: 24th December 2020

NOTIFICATION

FINAL FINDINGS

Case No. SSR-10/2020

Subject: Final Findings in Second Sunset Review (SSR) Anti-dumping investigation concerning imports of 'Front Axle Beam' and 'Steering Knuckles' meant for heavy and medium commercial vehicles originating in or exported from China PR.

F. No. 7/26/2020-DGTR—Having regard to the Custom Tariff Act, 1975 as amended from time to time and the Customs Tariff (Identification, Assessment and Collection of Duty or Additional Duty on dumped Articles and for Determination of Injury) Rules, 1995, as amended from time to time, THEREOF:

I. BACKGROUND

2. **WHEREAS** on the basis of an application filed by a domestic producer of the "Front Axle Beam" (FAB) and "Steering Knuckles" (SK) meant for heavy and medium commercial vehicles (herein after referred to as subject goods), the Designated Authority (hereinafter "Authority") had initiated an antidumping investigation into the imports of the subject goods originating in or exported from China PR vide Notification No. F. No. 7/26/2020-DGTR dated 18th August 2020.
3. The imports of "Front Axle Beam and Steering Knuckles meant for heavy and medium commercial vehicles", originating in or exported from China PR are, at present, subject to anti-dumping measures following an original investigation undertaken by the Designated Authority which was completed in 2010, and thereafter, reaffirmed subject to the first Sunset Review Investigation in 2015. The Original definitive anti-dumping duties were imposed vide Customs Notification No. 50/2010 -Customs dated 12th April 2010 against all imports of Front Axle Beam and Steering Knuckles from China PR. The duties imposed by this Customs Notification were further extended for application vide Customs Notification No.49/2015-Customs (ADD) dated 21st October 2015, after an elaborate

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sunset review examination and is in force up to 20th October 2020. At present, pursuant to the initiation by the Designated Authority of the current sunset review investigation, the Ministry of Finance issued Customs Notification No. 31/2020-Customs (ADD) dated 16 October 2020 extending the anti-dumping duties in force up to 30 November 2020.

4. Whereas, M/s Bharat Forge Ltd., the domestic producer of the subject goods, has filed a duly substantiated application before the Authority, in accordance with the Act and the Rules, alleging likelihood of continuation or recurrence of dumping of the subject goods, originating in or exported from China PR and consequent injury to the domestic industry and requested for initiation of a second sunset review investigation for continuation of the anti-dumping duties, imposed on the imports of the subject goods, originating in or exported from China PR.
5. The scope of the present sunset review covers all aspects of the previous investigation concerning imports of the subject goods, originating in or exported from the subject country.

II. PROCEDURE

6. The procedure described below has been followed with regard to the subject investigation:
 - i. In terms of sub-Rule 5 of Rule 5, the Authority notified the Embassy of the subject country in India about the receipt of the application for initiation of sunset review antidumping investigation.
 - ii. The Embassy of the subject country in New Delhi was also informed about the initiation of the investigations in accordance with Rule 6(2).
 - iii. The Designated Authority sent copies of initiation notification dated 18 August 2020 to the Embassy of the subject country in India, known exporters from the subject country, known importers and other interested parties, and the domestic industry, as per the information available with it. Parties to this investigation were requested to file questionnaire responses and make their views known in writing within prescribed time limit. Copies of the forwarding letter, petition and questionnaire sent to the exporters, were also sent to the Embassy of subject country along with a list of known exporters/producers with a request to advise the exporters/producers from the subject country to respond to the questionnaire within the prescribed time.
 - iv. Copies of the non-confidential version of the petition filed by the domestic industry were made available to the known exporters and the Embassy of the subject country in accordance with Rules 6(3) supra.
 - v. Exporters' Questionnaires were sent to the following known exporters from subject country in accordance with the Rule 6(4) to elicit relevant information.

- a. M/s Hubei Tri-Ring Forging Co Ltd.
 - b. M/s Hubei Tri-Ring Auto Axle Co Ltd.
 - c. M/s Hubei Tri-Ring Motor Steering Co. Ltd.
 - d. M/s Tianrun Crankshaft Co Limited
 - e. M/s Chongqing Qingling Forging Co., Ltd
- vi. The People's Republic of China being a Non Market Economy Country, the Authority informed the known exporters from China PR to furnish necessary information/ evidence, as mentioned in sub-paragraph (3) of paragraph 8 of the Annexure-1 to the Rules to enable the Authority to consider whether market economy treatment should be granted to such cooperating exporters/producers who could demonstrate that they operate under market economy conditions.
- vii. The following producers/exporters exporting the subject goods originating in or exported from the subject country have filed questionnaire responses:
- a. M/s Hubei Tri-Ring Forging Co Ltd.
 - b. M/s Hubei Tri-Ring Auto Axle Co Ltd.
- viii. Questionnaires were sent to the following known importers and consumers of subject goods in India calling for necessary information in accordance with Rule 6(4):
- a. M/s Ashok Leyland Ltd.
 - b. M/s Mahindra Trucks and Buses Ltd.
 - c. M/s VE Commercial Vehicles Ltd.
 - d. M/s Tata Motor Ltd.
 - e. M/s AMW Motors Ltd.
- ix. None of the importers / consumers of the subject goods originating in or exporter from China PR have filed their questionnaire responses or other comments.
- x. The Authority has relied upon the transaction-wise import data reported by Directorate General of Commercial Intelligence and Statistics (DGCI&S) for the period of injury and the POI in the present investigation.
- xi. The Authority made available non-confidential versions of the evidence presented by interested parties in the form of a public file kept open for inspection by the interested parties. Post the outbreak of COVID-19, all interested parties were advised, vide notice dated 06.08.2020 uploaded on DGTR's website, to exchange non-confidential versions (NCV) of their submissions among themselves through email.

- xii. Optimum cost of production and cost to make and sell the subject goods in India, based on the information furnished by the petitioner and on the basis of Generally Accepted Accounting Principles (GAAP), was worked out so as to ascertain a “non-injurious price”.
- xiii. The confidentiality claims of various interested parties in respect of the data submitted by them have been examined. The information, which is by nature confidential or which has been provided on a confidential basis by the interested parties, along with non-confidential summary thereof, has been treated as confidential.
- xiv. The Authority held a public hearing on 11.11.2020 to hear the interested parties orally, which was attended by representatives of the domestic industry and other interested parties. All the parties were asked to file their written submissions and rejoinders thereon. The written submissions and rejoinders received from interested parties were considered in the Disclosure Statement issued on 23rd November, 2020.
- xv. The Authority carried out table verification of the data submitted by the domestic industry to the extent considered necessary and feasible, particularly in view of the ongoing pandemic.
- xvi. In accordance with Rule 16 of the Rules supra, the essential facts/basis considered for the findings were disclosed to the interested parties vide the Disclosure Statement issued on 23rd November, 2020 and comments received thereon have been considered in this Final Findings.
- xvii. Investigation was carried out for the period starting from 1st April, 2019 to 31st March, 2020 (POI). However, the injury investigation covers the period 2016-17, 2017-18, 2018-19 and the POI.
- xviii. *** in this Final Findings represents information furnished by the interested parties on confidential basis and so considered by the Authority under the Rules.
- xix. The Authority has taken weighted average exchange rate for the POI (April 2019- March 2020) as Rs 70.38 = 1 US\$.

III. SCOPE OF PRODUCTS UNDER CONSIDERATION AND LIKE ARTICLE

A. Submissions made by Producers / Exporters / other interested parties

7. None of the exporters, importers or consumers has offered any views with regard to product under consideration.

B. Submissions made by Domestic Industry

8. The Domestic Industry has relied on the findings of the Authority in the previous sunset review investigation to define the PUC and the like article. No specific claims in this regard have been raised by the domestic industry.
9. The domestic industry has claimed that imported product under consideration and the goods manufactured by the domestic industry are “like articles” within the meaning of the term as per the Rules. It has been claimed that the Designated Authority has come to the same conclusion in the final findings of the original investigation and the previous sunset review investigation. Since the present investigation is a sunset review investigation, the Domestic Industry has submitted that the scope of the products under consideration should be the same as that of original investigation.

C. Examination by the Authority

10. The products under consideration in the original investigation and as notified in the initiation notification in this second sunset review investigation are “Front Axle Beams (FAB) and Steering Knuckles (SK) used in medium and heavy commercial vehicles, whether forged or machined”.
11. Front axle beam is a safety critical item as it carries the load of the vehicle and also keeps the steering in place. The function of the Front axle beam is to carry the front weight of the vehicle, to carry the horizontal and vertical loads on bumpy roads and acts as a cushion through spring leaves for a comfortable ride. The steering knuckle is a very critical component and fits on the axle beam through the arms to control the steering of the vehicle.
12. Front axle beam and Steering knuckles are in the category of “parts or accessories of vehicles” falling under Chapter 87 of the Customs Tariff Act under subheading 8708.10.90. These products are also imported under several other customs classifications also. Therefore, the customs classifications given here are only indicative, and are no way binding on the scope of the investigation.
13. As seen in the previous Sunset Review Final Findings for the subject goods, the products, FAB and SK, are first forged out of the steel billets/bars and then machined into the finished product to be fitted into the vehicles. However, the products are sold to the vehicle manufacturers both in forged or machined conditions. While the machined products go directly to be fitted in the vehicles, if the product is supplied in forged conditions, the customer / vehicle manufacturer has to get the forged product machined before fitting into the vehicles. The only difference between the forged and machined product types is the additional machining which is done on the forged product.
14. Therefore, the Authority finds that front axle beams and steering knuckles manufactured and supplied by the domestic industry and imported from the subject country are like articles for the purpose of this sunset review investigation.
15. Front Axle Beams and Steering Knuckles are supplied by the producers and consumed in

the automobiles in terms of numbers. However, weight of various types of FABs and SKs vary depending upon type of Automobiles and design specifications and therefore, the cost per piece/unit varies to a very significant extent though per unit cost in terms of weight tends to remain more or less same. Therefore, the Authority had, in the earlier investigations, considered weight as the appropriate common unit of measurement for the purpose of various determination and fair comparison. Same method has been adopted in this investigation also.

IV. DOMESTIC INDUSTRY AND STANDING

A. Submissions made by Producers / Exporters / other interested parties

16. None of the exporters, importers or consumers has offered any views with regard to the standing of the Domestic Industry.
17. The foreign producers / exporters, Hubei Tri-Ring Auto Co. Ltd. (“HTRA”) and Hubei Tri-Ring Forging Co. Ltd. (“HTRF”), have submitted that no data has been received from the “supporter” company, M/s. Ramkrishna Forgings Ltd. Reference has been made to the requirement under Trade Notice No. 13/2018 dated 27th September 2018, which mandates certain information from the supporter in prescribed formats regarding the economic parameters of the supporter. It is claimed that the failure of the Petitioner to bring the data of the supporter company on record vitiates the Petition under investigation.

Total Indian Production

Name of Domestic Producer	Unit	Production Per Annum					
		FAB	SK	FAB %	SK%	Total	Total %
Total Installed Capacity in India	Kgs	110267156	50415764	-	-	160682920	-
Bharat Forge Ltd.	Kgs	***	***	***	***	***	***
Radhakrishna Forgings Ltd.	Kgs	***	***	***	***	***	***
MM Forgings	Kgs	***	***	***	***	***	***
Happy Forge	Kgs	***	***	***	***	***	***
Other Producers Total	Kgs	***	***	***	***	***	***
Total Indian Production	Kgs	6,42,48,800	2,44,08,860	100	100	88657660	100%

B. Submissions made by Domestic Industry

18. The Domestic Industry has made the following submissions regarding its standing:
- a. The Petitioner, M/s. Bharat Forge Limited, accounts for about 40- 60% of the total Indian production of the products under consideration. The Petition has also been supported by M/s Ramkrishna Forgings Ltd. The Petitioner and the supporter named command more than 50% of the total production of the subject goods in India.
 - b. None of the other Indian producers have registered any objection to the filing of this review.
 - c. The Petitioner is a major producer of the subject goods and commands the standing and is eligible to file the present application in terms of Rule 2(b) of the Anti-dumping Rules.
 - d. With respect to the lack of data from the supporting company, the Petitioner has claimed inability to bring on record the data of a competitor company. Such an expectation is untenable and unfounded in law. It has been submitted that the Supporting Company's failure to provide its data to the Authority cannot prejudice the Petition. The participation or non- participation of the supporting company in terms of the requirements of the Trade Notice issued by the Authority cannot determine the legality of the Petition in this case.

C. Examination by the Authority

19. The petition has been filed by M/s Bharat Forge Ltd., Pune. The applicant is one of the leading manufacturers of the subject goods in India and supplies the goods to several countries. Other than the petitioner, M/s Ramkrishna Forgings Ltd., M/s MM Forgings and M/s Happy Forge also produce the subject goods.
20. With respect to the standing of the Petitioner itself, no claims appear to have been raised by the interested parties.
21. With respect to the eligibility of M/s Ramkrishna Forgings Ltd. to be considered a "supporting" company for the purposes of the present petition, certain challenge has been raised by the interested parties.
22. The Authority notes that the petitioner domestic producer is one of the major producers of the subject goods in India. Even discarding the submissions / representation of M/s Ramkrishna Forgings Ltd., the Petitioner would still command a major proportion of the domestic production without any opposition from any other domestic producer for the review application. Accordingly, for the purpose of examination of injury and likelihood of continuation or recurrence of injury the petitioner i.e. M/s Bharat Forge Limited may duly constitute domestic industry in terms of Rule 2(b).

V. MARKET ECONOMY TREATMENT, NORMAL VALUE, EXPORT PRICE AND DUMPING MARGIN

23. Section 9A (5) of Customs Tariff Act, 1975 provides that,

“The anti-dumping duty imposed under this Section 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;

Provided further that where a review initiated before the expiry of the aforesaid period of five years has not come to a conclusion before such expiry, the Anti-dumping duty may continue to remain in force pending the outcome of such a review for a further period not exceeding one year.”

24. Accordingly, in a sunset review investigation the Authority is required to examine:

- Whether the dumping continues after imposition of the antidumping duty and if so, whether it is likely to continue;
- In cases where dumping did not continue, whether the dumping would recur in the event of revocation of anti-dumping duties;
- Whether the domestic industry continued to suffer material injury and if so, whether injury to the domestic industry is likely to continue if the duties are removed;
- In cases where the domestic industry has not suffered continued injury, whether injury to the domestic industry is likely to recur in the event of revocation of anti-dumping duties.

25. Therefore, the Authority will first proceed with the examination of whether dumping of the subject goods continues from the subject country and whether the domestic industry continues to suffer material injury on account of such dumped imports before examining whether dumping is likely to continue or recur if the duties are revoked, and injury is likely to continue or recur in such a situation.

VI. EXAMINATION OF CONTINUATION OF DUMPING: DETERMINATION OF NORMAL VALUES, EXPORT PRICES AND DUMPING MARGINS

26. The Authority notes that two producing exporters from China have submitted their questionnaire responses but have not claimed market economy status. The views of the exporters with regard to determination of dumping margins have been

summarized below.

A. **Submissions made by Producers / Exporters / other interested parties**

27. The submissions made by the participating producers / exporters are summarized below:

- a. The Authority should grant “market economy status” to the Respondents based on the development of market economy of China. In this regard, it is submitted that Section 15(a) (ii) of the Protocol of Accession of the People’s Republic of China to the World Trade Organization expired on 11th December 2016. India no longer has a legal basis under the WTO’s legal framework to treat China PR as non-market economy and thereby determine normal value in anti-dumping investigations concerning imports from China PR using the non-market economy methodology.
- b. The methodology of the Petitioner for determination of Normal Value is inconsistent with the methodology prescribed in the AD Rules. In this regard, reliance was placed on the observation of the Hon’ble Supreme Court in *Shenyang Matsushita S. Battery Co. Ltd. v. Exide Industries Ltd. and others*, (2005) that the Designated Authority can resort to the last alternative in Para 7 of Annexure I of the AD Rules, only when the first two methods have been exhausted. Therefore, the Designated Authority is mandated to arrive at normal value in cases of exports from non-market economy countries such as China in this case, by first exhausting the main options of using the price or constructed value in a market economy third country or the price from such a third country to other countries including India. Only when the first two options have been exhausted, the Designated Authority may apply any other reasonable basis to arrive at the normal value including prices paid or payable in India giving due account to reasonable adjustments.

B. **Submissions made by Domestic Industry**

28. The Domestic Industry has made the following submissions:

- a. China PR is a non-market economy country and is treated as such by various countries including India. Though the provisions of Article 15 of the accession protocol of China to WTO has expired in December 2016, the provisions under Article 2.2.1.1 of ADA read with Article 15(a)(i) of the Accession protocol require certain criteria in para 8 of the Antidumping Rule of India to be satisfied for claiming market economy status by the responding exporters from China PR.
- b. The participating foreign producers / exporters have not filed the necessary questionnaire for claiming market economy treatment.
- c. The normal value for China PR is required to be determined as per procedure described in Para 7 of Annexure I to the Anti-dumping Rules as has been done by the Authority in all recent investigations.
- d. The imports during the POI are low and not very significant to enable a

reasonable assessment of the export price, or dumping margin, which may be adopted by the exporters in the event of withdrawal of the antidumping duties. Reference is made to *Final Findings dated 14th October 2014 in the First Sunset Review Investigation of Anti-Dumping Duty against imports of "Digital Versatile Discs-Recordable of all kinds (DVD-R and DVDRW)" originating in or exported from China PR, Hong Kong and Chinese Taipei*, vide, wherein imports from Hong Kong were NIL and imports from China and Chinese Taipei were low, the Authority held that "the volume of imports of the subject goods being low during the POI and considering the fact that the duty was in force during this period, the dumping margin calculations based on the actual imports or nil imports during the POI may not reflect the true picture of the likely scenario if the duties are revoked." Thus, focus must be on the examination of the likelihood parameters.

- e. The volume of imports in the instant case are low because of (i) imposition of the antidumping duty which has been effective in containing the dumping, and (2) the market situation of the automobile industry in general and medium and heavy vehicles in particular during the injury period. Therefore, it would be appropriate for the Authority to follow the above principles and focus on the likelihood of recurrence of dumping and injury rather than the current dumping and injury.
- f. The Petitioner has constructed the Normal Value only for the purposes of indicating estimates of dumping margins. The Authority may review the same and construct the Normal value on the basis it deems appropriate, after verification of the Questionnaire Response filed by the Respondents.

C. **Examination by the Authority**

- 29. The Authority notes that as per analysis of the import data of DGCI&S, the volume of imports from China PR of Front Axle Beams is only *** MTs and of Steering Knuckles is only *** MTs to India during the POI.
- 30. M/s Hubei Tri-ring Forging Co. Ltd. (HTRF) has filed the questionnaire response as an exporter of Steering Knuckles and M/s. Hubei Tri-ring Auto Axle Co. Ltd. (HTRA) has filed a questionnaire response as exporter of Front Axle Beams. Both the producing exporters are related but have not filed Market Economy Treatment Questionnaire Response claiming MET for determination of normal value on the basis of sales in the home market. During the POI HTRF has exported *** MT of Steering knuckles to India and HTRA has exported *** MT of Front axle beam to India.
- 31. Since no MET Questionnaire has been filed by the two related producers / exporters, the Authority notes that the cost and prices of the Company in the domestic market are not reliable and may not reflect market economy conditions. In any case, due to the failure to file MET Questionnaire, the data of the producers / exporters cannot be used for determination of normal values of the subject goods in China.

VII. **DETERMINATION OF NORMAL VALUES**

- 32. Since the Authority considers that the cost and prices of the responding exporters in

their domestic market may not reflect true market situation, the Authority has considered other alternative provisions in the Rules for determination of the Normal Values in China.

33. Para 7 of the Annexure I to the Anti-dumping Rules. Para 7 of Annexure-I reads as follows:

“7. In case of imports from non-market economy countries, normal value shall be determined on the basis of 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, 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. Account shall also be taken within time limits, where appropriate, of the investigation if any made in similar matter in respect of any other market economy third country. The parties to the investigation shall be informed without unreasonable delay the aforesaid selection of the market economy third country and shall be given a reasonable period of time to offer their comments.”

34. In this connection, the Authority notes the arguments of the interested parties that the Authority should first examine the first and second option in Para 7 of Annexure-I of the AD Rules before exercising the third alternative. In this regard the Authority notes that none of the interested parties have provided any meaningful information for selection of an appropriate third country as a surrogate for construction of the normal value on the basis of cost and prices in that country or price from such country to other countries, including India, as the normal value in China as per the first two alternatives in the Para-7 referred above. The Authority also notes that there is no / insignificant import of the subject goods from any other country during the POI. Therefore, prices from no other country could be adopted for determination of the Normal value in China as per the above provision.
35. In view of the above, the Authority has determined the normal value in China as per the third alternative provided in the Rules referred above.
36. Accordingly, the Normal value for FAB and SK imported during the POI has been determined after due consideration of the consumption norms of the responding exporters and the domestic industry’s most efficient norms achieved during the injury period for the imported FAB and SK in machined conditions. The raw material purchase prices of the domestic industry have been adopted. Cost of utilities has been considered as per the best consumption norms of the domestic industry. All other

elements of cost are based on the optimum production of the domestic industry. A normal profit of 5% on constructed cost has been provided to arrive at the Constructed Normal Value as per the consistent practice of the Authority.

VIII. EXPORT PRICES EXPORT PRICE OF M/S HUBEI TRI-RING AUTO AXLE CO., LTD., CHINA PR (HTRA)

37. During the POI HTRA had exported only Machined Front Axle Beams directly to India and *** pieces of FAB weighing *** MT were exported to India. The reported transactions and the adjustments required to bring them to ex-works were verified from the questionnaire response. Accordingly, the net ex-works export price for FAB has been determined based on the data provided by HTRA.

IX. EXPORT PRICE OF M/S HUBEI TRI-RING FORGING CO., LTD., CHINA PR (HTRF)

38. During the POI, HTRF had exported only Machined Steering Knuckles to India*** Pcs of Steering Knuckles weighing *** MT were exported during the POI. The reported transactions and the adjustments required to bring them to ex-works were verified from the questionnaire response. Accordingly, the net ex-works export price for FAB has been determined based on the data provided by HTRA.

X. DUMPING MARGIN

39. The ex-works constructed normal values and the net-ex-works export prices have been compared to determine the dumping margin for the responding exporters from China as follows:

a. For HTRA (FAB):

	NV US\$/MT	EP US\$/MT	DM US\$/MT	DM%	DM Range
HTRA (FAB)	***	***	***	***	(10)-1

b. For HTRF (SK):

	NV US\$/MT	EP US\$/MT	DM US\$/MT	DM%	DM Range
HTRF (SK)	***	***	***	***	20-30

XI. DUMPING MARGIN FOR OTHER EXPORTERS FROM CHINA PR

40. Dumping Margins for other exporters from China PR has been determined on facts available basis as follows:

	NV US\$/MT	EP US\$/MT	DM US\$/MT	DM%	DM Range
FAB	***	***	***	***	0-10
SK	***	***	***	***	90-100

XII. DETERMINATION OF INJURY, LIKELIHOOD OF INJURY AND CAUSAL LINK

41. As seen earlier, in a sunset review investigation, with regard to injury examination, the Authority is required to examine:
- Whether the domestic industry continued to suffer injury and if so, whether injury to the domestic industry is likely to continue;
 - In cases where the domestic industry has not suffered continued injury, whether injury to the domestic industry is likely to recur in the event of revocation of anti-dumping duties.
42. The domestic industry has *inter alia* submitted that there is continued dumping of the product under consideration from China PR though the volume of dumped imports is low as a result of current anti-dumping duties and dumping is likely to intensify should the current anti-dumping duty be revoked.
43. Therefore, the Authority has first examined whether the domestic industry continues to suffer material injury on account of dumped imports from the subject country before proceeding to examine the likelihood of continuation or recurrence of injury to the domestic industry in the event of revocation of the duties from the subject country. Examination of material injury to the domestic industry is in accordance with the Article 3 of the AD Agreement and Annexure II to the AD Rules, 1995.
44. 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.
45. The Authority notes that the application for continuation of antidumping duty has been filed by M/s Bharat Forge Limited, who commands a major proportion of total production of the subject goods in India. In terms of Rule 2(b) of the Rules, the petitioner has been treated as the domestic industry for the purpose of this investigation. Therefore, for the purpose of this determination the cost and injury information of the petitioner, constituting the domestic industry, as defined in Rule 2(b), is being examined.

A. **Submissions made by Producers / Exporters / other interested parties**

46. The interested parties have, *inter alia*, argued that:

- a. the petitioner has failed to substantiate likelihood of continuation or recurrence of dumping & injuries in future, if the anti-dumping duties are revoked.
- b. Authority has to assess increase in dumped imports, in absolute or relative to production or consumption in India.
- c. The data pertaining to imports makes it abundantly clear that the volume of subject imports have reduced in both absolute and relative terms.
- d. The Petitioner's submission that foreign producers decreased exports to India in view of the upcoming sunset review is incorrect. Rather, since the subject goods are required for producing commercial vehicles ("CV") such as trucks and lorries, the exports to India have declined in line with the slide in demand for new commercial vehicles in the POI as a result of weakening economic and market conditions in India.
- e. The Authority must obtain statistics of production and sales of commercial vehicles from the Society of Indian Automotive Manufactures (SIAM) to verify the demand statistics and establish that the demand for the subject goods has declined due to decline in demand for commercial vehicles. Similar information also emerges from the Petitioner's Annual Reports.
- f. It is commercially and strategically imprudent for any producer/exporter to reduce the exports to a trickle for one whole financial year, especially to a huge market such as India, merely for the purposes of shaping the outcome of the present investigation. Such an allegation is unfounded and deserves to be set aside.
- g. The volume of subject imports have reduced to a trickle and are absolute insignificant to cause any injury to the domestic industry. The Authority must conclusively hold that there is no volume effect by the subject imports and terminate the investigation accordingly.
- h. The Authority is required to examine whether the dumped imports have caused significant price undercutting; or significant price suppression or depression by the dumped imports.
- i. To determine price effect, price undercutting has to be significant. The price undercutting w.r.t FAB became positive only in the POI only, and then too, only after a decline in landed prices of FAB by Rs. 2.50/- per kg. However, even then, the price undercutting is in the range of 0-10%. Further, price undercutting with respect to SK is merely *** %, which is not "significant".
- j. There is no price underselling / injury margin in the present case. As per the lesser duty rule, anti-dumping duty imposed should be the lesser of the dumping margin or injury margin.

- k. The Petitioner itself has not claimed the subject imports are causing price suppression or depression.
- l. The domestic industry's capacity utilization, domestic production and domestic sales have continuously improved in the years preceding the POI in both FAB and SK. The decline is only in the POI owing to the decline in demand for the subject goods.
- m. The market share of the subject imports have declined significantly in the POI in case of both FAB and SK. At the same time, though the domestic industry's market share has not increased during the POI, its competitors/other Indian producers have performed well in the same market conditions as the Petitioner. Therefore, injury to the domestic industry is not being caused by the subject country imports.
- n. In spite of the decline in the domestic industry's operational parameters, the domestic industry's financial parameters have performed really well in the injury period.
- o. In the case of SK, the domestic industry has reversed all its losses and started to make profits in the POI and the year preceding the POI. In the case of FAB, the domestic industry has not only been profitable throughout the injury period but profitability has sharply increased in the injury period, particularly in the POI.
- p. In the case of FAB, the Petitioner's ROCE has continuously and significantly increased throughout the injury period. In the case of SK, the domestic industry's ROCE has improved and turned positive in 2018-19 and the POI.
- q. In the light of predicted potential increase in demand for the subject goods in India, declining volume of subject imports at increasing prices, strong market position of the Petitioners within the domestic industry and its significantly increased profitability over the injury period, the domestic industry is unlikely to be affected financially. Thus, its ability to raise capital investments will not be affected by the cessation of anti-dumping duties on the miniscule quantity of imports of the subject goods from China PR.
- r. Rule 11 read with Annexure II, paragraph V of the Anti-Dumping Rules requires the Authority to also examine any known factors other than the dumped imports which at the same time are injuring the domestic industry, and the injury caused by these other factors must not be attributed to the dumped imports. Rule 23 of the AD Rules makes it amply clear that Rule 11 is mutatis mutandis applicable in the case of a sunset review. Therefore, causal link can and must be examined by the Authority in a sunset review investigation.
- s. It is the consistent practice of the Authority to examine causality in the case of sunset reviews. Previous three sunset review investigations for NBR originating in or exported from Korea RP cited.
- t. Annexure II, paragraph V of the Anti-Dumping Rules provides that the Authority must examine if dumped imports through the effects of dumping

cause injury to the domestic industry. Coincidence between imports, price undercutting and performance parameters of the domestic industry is to be evaluated to determine causal link.

- u. The domestic industry's capacity utilization, domestic production and domestic sales increased in the same period as imports. However, the domestic industry's profitability had first declined in 2017-18 from the base year before turning positive in 2018-19. Price undercutting had remained at the same levels in 2017-18 and 2018-19. Thus, there was no correlation between the subject imports and performance of the domestic industry, the economic parameters of the domestic industry would have declined in the 2017-18 and 2018-19 in light of increasing imports but instead improved, which shows that there is no correlation between the subject imports and the domestic industry's economic performance. Neither did the domestic industry's economic performance improve when subject imports declined.
- v. The automotive industry has been facing a slowdown since 2019. Front axle beams and steering knuckles are a major component of the chassis used in medium and heavy commercial vehicles, and such a slowdown has affected business volumes and margins across the world.
- w. As per the Petitioner's own submissions in the updated petition, a report prepared by ICRA for the India Commercial Vehicles ("CV") market suggests that the domestic CV demand has witnessed significantly volatility over the past 4-6 quarters as purchase considerations of fleet operators have been significantly influenced by series of factors including demonetisation, implementation of BS- IV emission norms, implementation of Goods & Services Tax (GST), enforcement of overloading norms and more recently regulations related to implementation of blower systems. This is confirmed by the Petitioner's own Annual Reports also.
- x. Any future likelihood of injury would also be due to macro changes going on in the automotive landscape.
- y. No case is borne out for continued injury to the domestic industry. The Authority must conduct a holistic assessment of the likelihood of recurrence of dumping and injury. The Authority has historically relied on the provisions for determination of threat of injury for determination of likelihood of recurrence of injury.
- z. With respect to likelihood of recurrence of dumping and injury, it is submitted that the volume of subject goods imported from the subject country in absolute terms and in relation to both production and consumption declined when comparing data from 2016-17 to POI (2019-20).
- aa. Petitioner has acknowledged in their updated petition as well as oral submissions that that the decline in imports is due to the global slowdown in the auto sector and the production and sales volumes of the subject goods have decreased drastically in view of decline in Commercial Vehicles segment. The auto industry slowdown has been made worse by COVID-19 pandemic.

- bb. the Petitioners' cost has reduced, and their selling price has increased while achieving higher profits. This shows that the Petitioners' pricing is unaffected by the trends of pricing of the subject imports. From the data, it is submitted that the imports from the subject countries are not entering India at prices that have a significant depressing or suppressing effect and neither is there any likelihood that such imports would, in the future, enter India at such suppressive or depressive prices. Based on the observed pricing trends, it appears that the pricing policy of the subject countries does not affect the pricing policy of the petitioners.
- cc. The selling price of the DI has been higher than the cost of sales throughout the injury period.
- dd. "Excess capacity" does not refer to any capacity over and above the domestic demand in a particular country. Rather, it refers to idle capacities that may be engaged, in the future, for production and sale of subject goods to the Indian markets at dumped prices.
- ee. In the case of Hubei Tri-Ring Axle Co. Ltd., capacities have been increased to cater to increased demand of the subject goods from other countries. Since the increased capacities are geared towards exports to other markets, the possibility of utilization of capacity for exporting to India is very unlikely.
- ff. In the case of Hubei Tri-Ring Forging Co. Ltd, most of their production is geared towards catering to the domestic market. With the gradual easing of COVID-related restrictions and improving of the economic situation, domestic demand for PUC in China PR is expected to further increase. Therefore, existing capacities itself will be utilized for catering to domestic demand in China PR and not for exports to India.
- gg. A perusal of questionnaire responses of the Respondents would demonstrate that inventory levels have declined. The Respondents do not hold much inventory of the subject goods, but rather sell the same in the domestic market and / or third country export markets. It is submitted that, based on this parameter, there is no likelihood of recurrence of dumping and injury to the domestic industry.
- hh. The Respondents made nil exports to India during the post-POI period. The Designated Authority must determine whether the revocation of anti-dumping duty is likely to lead to continuation or recurrence of dumping and injury to the domestic industry. To do so, the Designated Authority analyses the present level of dumping and injury and also the likelihood of continuation or recurrence of dumping and injury by assessing the post-POI data, which is more essential in a sunset review investigation. However, in the present investigation, the Petitioner has not provided any post POI data to indicate the likelihood of the continuation or recurrence of dumping and injury, even though data of the post POI 3 months could easily have been supplied.
- ii. The Petitioners have attempted to set up a claim that the producers and exporters in the subject countries are highly export dependent and therefore, in case of revocation of duties, exports to India would surge. The statements made

are extremely generic in nature and in case of the Respondents are factually incorrect. The Petitioner's statements are without any supporting evidence. The Respondents are oriented towards domestic sales and to some extent exports to third countries. As such, no claim is made out for likelihood of dumping and injury to the Indian domestic producers.

B. Submissions made by Domestic Industry

47. The Domestic Industry has made the following submissions with respect to injury likelihood of injury and causality:
- a. The volume of the dumped imports from the subject country is low, but it is not negligible considering that duties are currently in force and have been for 10+ years.
 - b. The Domestic Industry has been able to improve its performance only due to the anti-dumping duties in force, and despite the automotive market in India facing a demand crunch. Thus, continuation of duties is critical to the survival of the domestic industry.
 - c. The trend of the volume of imports shows that as the period of the present investigation approached, the producers/exporters from the subject country strategically dropped the volume of their exports to India. Naturally, since Sunset Review Investigations occur periodically, all interested parties are able to predict the timing and manage their exports accordingly. This is evidenced by the fact that while the volume of imports was significant in the first two years of the injury investigation period, the same drastically declined during the last two years.
 - d. The volume of dumped imports has remained low during the injury investigation period and therefore, its share in demand etc. will not provide a clear picture about its volume impact on the domestic industry. Authority must examine the potential i.e. likely imports in the event of removal of duty and its likely impact on the domestic industry.
 - e. It is notable that anti dumping duties have been in force against imports from China PR for 10 years. Yet, the majority of imports into India continue to be from China PR only. It is clear that India is an attractive market, and Chinese producers have continued to retain their presence in the Indian market despite duties being in force for 10 years to be able to re-enter this market in greater volume once the duties are removed.
 - f. The pricing of the products under consideration, from China PR, have shown a sharp and unnatural increase in the year prior to the POI, which supports the view that the exporters in China were artificially strategizing their exports in anticipation of a sunset review the period of which is predictable.
 - g. With respect to price undercutting in case of FAB, it is evident that price undercutting without inclusion of ADD is positive in the POI. This shows that in case of revocation of duties, the imports from China PR are likely to undercut the domestic prices of FAB.

- h. With respect to price undercutting in case of SK, it is evident that price undercutting without inclusion of ADD is positive throughout the injury period and even in the POI. This shows a definitive trend that in case duties are revoked, the imports from China PR are going to continue undercutting the domestic prices of SK.
- i. Further, the current price undercutting is determined from very limited export sales. As the volume grows, the impact of these low prices will become significant and materially injury the domestic industry.
- j. In the previous investigation the Authority seen that certain OEM manufacturers in India continued to source small quantities of the subject goods in China to retain a viable source of supply and a small volume of imports during this period is a testimony of that fact. Therefore, the price of these imports is not a critical factor but the capacity of the producers in the subject country to increase their volume and likely price scenario in that case needs to be examined in this sunset review investigation.
- k. With respect to price underselling in the case of FAB as well as SK, it is evident that there is significant underselling. In case of FAB, it is seen that price underselling excluding the quantum of ADD currently in force is significant, in the range of 15 - 25%. In case of SK, there is significant underselling, regardless of whether quantum of ADD is included or not. The price underselling including or excluding the quantum of ADD currently in force is in the range of 100- 200%.
- l. Based on the price effect analysis, it is evident that even though the anti-dumping duties are currently in force, the pricing behaviour of the Chinese producers / exporters continues to be injurious to the Domestic Industry.
- m. There is low volume of Chinese imports in the POI and therefore, their impact in terms of suppression / depression of domestic prices is not evident. However, given the significant levels of dumping, and the price trends as shown in the Petition, it is evident that in case duties are revoked, the import volumes from China PR would soar causing significant injury to the Domestic Industry.
- n. The domestic industry has been able to retain its market share solely due to prevention of unfair imports from China PR by virtue of the anti-dumping duties in force. In the given down turn in general economic condition in India and world over, the Petitioner would face significant losses in case the duty protections were revoked / discontinued.
- o. The Petitioner does not hold significant inventories of the products under consideration. Rather, since the products are made to order, upon specifications of the users / buyers, therefore, the loss of market is better seen in lower capacity utilization rather than in high inventories.
- p. The risk of dumped imports taking over the domestic market being real and foreseeable has acted to curb liberal movement of pricing, in line with general functioning of freely competitive markets. If the imports increase and prices

drop in the domestic market due to dumped imports from the subject country the thin margin will further erode leading to financial losses.

- q. The Petitioner has faced poor returns on capital employed, which can be seen from the data as provided in Format H / Performa IV A.
- r. The production and sales of the subject goods have remained significantly suppressed and shows significant drop in the POI due to several factors including the presence and threat of increased presence of dumped imports into the market.
- s. The trend of imports from China PR shows a likelihood of increased imports, particularly in case of duty revocation. The volume of imports from China PR has steadily increased upto 2018-19, despite the antidumping duty and then nose-dived in the POI. Additionally, the POI contains a period of zero imports due to the national lockdown in China PR owing to the pandemic COVID 19.
- t. The situation of growing imports is compounded by the unique post-pandemic situation, wherein China PR has factories and industry back in motion while Indian producers continue to deal with restrictions on production and marketing owing to continued pandemic situation.
- u. HTRA and HTRF continue to be major producers of the subject goods and there are new capacities that have been added in China as per the market intelligence gathered by the Petitioner and also the Questionnaire Response of the Respondents.
- v. The new capacities have been added without matching increase in domestic consumption or exports to third countries. Therefore, there is an imminent possibility of these capacities being utilised to dumping in India in significantly increased quantities.
- w. The public information pertaining to capacity in China PR has been made available along with the Petition.
- x. The Petitioner has claimed that inventories held by the producers / exporters in China PR would be indicative of likelihood of dumping in India. Further, based on the Questionnaire response filed by the Respondents, it has been submitted that the inventories held by HTRA and HTRF have increased significantly.
- y. While the Chinese producers hold significant capacities, due to present economic condition in China after the US-China Trade war and impact of the Pandemic there is a likelihood of significant drop in the medium and heavy commercial vehicles in the Chinese domestic market in last several months and is likely to continue for some time.
- z. General export dependence of the Chinese economy is well known. Chinese producers are highly export dependent and India has been a target market for Chinese manufacturers for a long time. China has emerged as India's largest trading partner with imports accounting for close to 14% of the total imports into India. Of auto-components, China alone accounts for nearly 20% of the

total imports into India for the item 8708 5000, which includes a wide range of products including the products under consideration.

- aa. In view of the current global economic contraction, the global auto industry in general and Chinese auto sector in particular is expected to undergo a significant contraction. It is estimated that Chinese demand for autos would decline by about 10-20% in the year 2020-21. Resultantly demand for the subject goods would also contract while there is a significant capacity built up in China in the recent years. Therefore, in the absence of a demand from the global auto markets and plummeting domestic market in China, the Chinese producers will have a lucrative market in India to dump their goods as the post COVID outlook of Indian auto market is positive as per news reports.
- bb. It is a settled position of law that causal link analysis is not mandatorily required in sunset review investigations. Reference is made to WTO Appellate Body decision in the case of *Oil Country Tubular Goods from Mexico* (WT/DS282/AB/R dated 2 November 2005). This is so because in sunset review investigations, import volumes and pricing parameters are under the impact of the duties currently in force and it is far too easy for the producers in the exporting country to manipulate volumes and prices during the period of investigation in such a way as to defeat any causality assessment.
- cc. In any case causality is evident from the fact that the subject goods are predominantly imported from China PR only. This shall continue to be so because of the peculiar nature of the product where there is a direct linkage of the vendor and OEMs to establish capacities dedicated to the OEM though a quick switch over is possible.
- dd. As per ICRA Report, the demand for Commercial Vehicles (CVs) fluctuated on QoQ basis for the past four to six quarters. Nevertheless, FY 2018 witnessed healthy recovery in demand for CVs, especially Medium and Heavy Commercial Vehicle (M&HCV) Trucks & Light Commercial Vehicles (LCVs). Apart from favorable regulatory developments, pent-up demand from infrastructure sector would also continue to support demand for tippers, a segment which has outperformed the industry during the current fiscal. The first nine months of FY2019 saw the M&HCV goods segment raced ahead as a result of sustained replacement demand, higher economic activities, government spend on the infrastructure sector. While the next three months' sales were a tad slow, the overall numbers for the fiscal were a new record high, up by 15 percent year on year. This clearly pegs India as one of the largest heavy truck markets and with growing demand.
- ee. After a good growth in 2017-18 and 2018-19, 2019-20 saw a significant drop in demand in M&HCVs on the truck side because of BS-VI introduction and the pre-buy of BS-IV and also a marginal slowdown in the economy. 2020 is expected to see another big drop in demand as compared to 2019 because of the economic slowdown due to Covid-19. Therefore, the demand situation in the country shows a complex pattern. In such a case, presence of the dumped imports in the domestic market is the worst thing that can happen to the domestic industry.

- ff. Given the sensitivity of demand in this sector, the price of the goods determines the choice of supplier. The imported goods and the domestically produced goods are like articles and are used for the same applications/end uses. Pricing is the most important factor for purchasing the article either from imported sources or domestic sources. Since the dumped goods are being introduced in the domestic market and are likely to be introduced in the domestic market at significantly low price if the duties are revoked, the prices and profitability of the petitioning domestic industry would be adversely affected. The domestic industry will be expected to match the dumped prices offered by the importers from the subject country.
- gg. The Respondents' EQR was not shared with the Petitioner until 10th November 2020. In this regard, the Petitioner submits that it was incumbent upon the Respondents to serve a copy of their filing, vide email (given the current pandemic situation).
- hh. The belatedly filed EQR suffers from excessive confidentiality which defeats the practice of serving a non-confidential version of the EQR. The Respondents have claimed confidentiality with respect to, *inter alia*, the accounting period in China, the *names* of raw material / input material, public marketing documents such as brochures, the exchange rate relied upon for conversion from RMB to USD or from USD to INR. The basis of such confidentiality is unclear since the Respondents have not provided any rationale for the same. The Appendix-C, a Declaration by the Legal Representative, has been filed unsigned and therefore, cannot be considered a declaration made in good faith regarding the veracity of the submissions contained in the EQR itself.
- ii. HTRF and HTRA are major producers of the subject goods in China PR and are one of the biggest exporters of the subject goods to India. The information provided by these producer/exporters from China, who have been the only participants in the previous SSR investigation and in the original investigation as well, gives an irrefutable indication of excess capacities in China and the general orientation of Chinese producers towards the Indian market over the last 10-12 years.
- jj. As per data in the EQR, HTRA's capacities are underutilized and liable to be directed towards the Indian market in case of revocation of anti-dumping duties in force. It increased its capacity over the period of injury from 100 indexed units in 2017 to 114 in 2018. Thus, in the POI, the capacity increased by at least 14% compared to 2017. The capacity utilization did not increase commensurately. This indicates that HTRA holds surplus capacity and is currently underutilizing its present capacity.
- kk. Further, trend of sales of HTRA to India increased significantly in the period leading up to the POI and then nosedived right in time for the SSR. HTRA increased production from 100 indexed units in 2017 to 116 indexed units in 2019. Notably, the Sales to the domestic market show a steady trend, from 100 indexed units in 2017 to 138 in 2018 and 134 in 2019. However, the sales to the Indian market show a variable curve, increasing almost 350% between 2017 and 2018 and then declining rapidly and suddenly in 2019 (unsurprisingly, as the SSR period becomes imminent) to a mere 22 indexed

units. This aligns with Petitioner's claims regarding the general behaviour of Chinese producers / exporters, as a sunset review examination becomes imminent.

- ll. The data with respect to POI may be tainted by the commercial conditions in China PR as the first country to face lockdowns and national shutdown owing to COVID-19. However, since 2019 data represents a major part of the POI, the same may be noted.
- mm. HTRA's inventories show an increase over the injury period from 100 indexed units in 2017 to 133 indexed units by 2019. Importantly, the increased inventories are held at a cost of significant drop in exports to India as the sunset review period approaches, and without an equal sharp decline in the domestic market or global markets other than India. It is also relevant to note that the inventories held have increased by 33 per cent. This is a significant increase. Further, in the post-COVID scenario, these inventories may be even higher.
- nn. Further HTRA's sales value from domestic sales leading upto the POI, in 2018, is growing at a slower pace than the sales value from export sales to India or other markets. The export sales to other markets has increased by 253% indicating serious export orientation of the producers in China on the face of declining domestic sales in China. It also supports the general information that the Chinese Auto industry is facing a serious demand slide resulting in significant spare capacities with the Chinese producers to produce the subject goods and dump them in India if the duties are lifted. Further, with respect to the trend of sales realisations per unit, the sales realisation per unit of export sales to India shows a higher trend over the injury period and the POI as compared to the sales realisation per unit of domestic sales thus confirming the demand slide in China and price attractiveness of the Indian market to enable intensified dumping in India if the duties are revoked.
- oo. It is unclear why there is different trends in costing information of HTRA with respect to the products meant for domestic consumption and those meant for the Indian markets, with the cost trend for the export products showing a decline during 2018 while the domestic cost shows an increase. It is unclear how the cost calculation has been done, such as to show a different pricing trend for goods meant for domestic consumption vis-à-vis goods meant for the Indian market.
- pp. Appendix 1 of the HTRF's EQR shows that the Respondent has increased its capacity over the period of injury, has significantly increased its sales to India in the period leading up to the POI (with no sales of the subject goods to any other global market) and held significant inventories over the period of injury and in the POI.
- qq. HTRF's capacity increased over the period of injury from 100 indexed units in 2017 to 105 indexed units in 2019 and POI. However, production of the subject goods has not been scaled up to match the capacity expansion. In fact, the significant decline in the capacity utilization from 100 indexed units in 2017 to 86 indexed units in the POI. Thus, recent capacity expansion read with reduced capacity utilization is indicative of surplus and excess capacity held in

reserve by HTRF. This data corroborates the Petitioner's claim that in case of revocation of duty, the surplus capacity would be utilized and is likely to be diverted to India.

- rr. HTRF's Sales to the domestic market show a steady trend, from 100 indexed units in 2017 to 107 in 2018 and 104 in 2019 and then decline to 96 in POI indicating slow down in demand in China. However, the sales to the Indian market show a variable curve, increasing almost 250% between 2017 and 2018 and then declining rapidly and suddenly in 2019 (unsurprisingly, as the SSR period becomes imminent) to a mere 19 indexed units and further lower in the POI.
- ss. HTRF's inventories increased significantly over the injury period from 100 indexed units in 2017 to 253 indexed units by 2019. Importantly, the increased inventories are held at a cost of significant drop in exports to India as the sunset review period approaches, and without an equal sharp decline in the domestic market. It is also relevant to note that the inventories held have increased by almost 230%. This is a significant increase which establishes the fact that there is some serious demand-supply issue in the domestic market. Further, in the post-COVID scenario, these inventories may be even higher and revocation of duty will result in offloading of this inventory and surplus capacity in the Indian market given the fact that this producer-exporter does not have any other market as is evident from its data.
- tt. Finally, the data supplied by the Respondent shows the export orientation of the Respondent and its reliance on Indian markets to deal with its excess capacity and inventory. The data also shows price attractiveness of the Indian market. HTRF does not sell the subject goods to any other country apart from India. Thus, declining domestic demand can only be addressed by way of increase in exports to India, specially in view of capacity expansion by HTRF and high inventories. HTRF's price trends, as can be seen from sales realisation from exports to India have remained stable in the face of declining price trends in the domestic market of China. Therefore, not only are the producers export oriented (specifically and only to India), but it is also evident that the producers have good reason to export to India only as the prices in India remain stable.

C. Examination by the Authority pertaining to Injury parameters

- 48. The Authority notes the arguments of the interested parties and various issues raised therein with regard to the claims of injury and causal link and the counter arguments of the domestic industry on the issues raised by the interested parties. All relevant issues as stated below have been considered in the Final Findings.
- 49. Before proceeding to a detailed assessment of the continued injury or likelihood thereof, the Authority considers it reasonable to note the following:
 - a. As regards the contention that the petition did not contain evidence of post-POI data, the Authority notes that post POI data analysis is though additionally desirable for likelihood is considered in warranting situation. The developments in the injury investigation period and the period of investigation are relevant in a sunset review determination. However, the information for the

post POI period has been verified from the DG systems data and it has been found that there are no imports of subject goods from the responding exporters into India in the said period.

- b. As regards the contention that the present volume of imports is low and does not support the need for continuation of anti-dumping duty, the Authority notes that in sunset review likelihood of continuation or recurrence of dumping and injury is to be examined. Even if import volumes are low at present, the same may not imply absence of any likelihood of dumping and injury in the event of cessation of anti-dumping duty.
 - c. As regards increase in market share of other domestic producers, the Authority notes that in the present scenario of declining demand and continued imposition of anti-dumping duties, changes in market share may not provide a clear position with regard to likelihood parameters. The Authority also notes that the domestic industry has not claimed that it has suffered injury solely because of Chinese imports in India. The present investigation is to examine the likelihood of continuation or recurrence of dumping and injury in the event of cessation of anti-dumping duty taking into account all other factors also which will be addressed in the Final Findings.
 - d. As regards absence of causal link claimed by the interested parties, the Authority notes that absence of causal link in the present period is relevant only in a situation where the Authority concludes that the present injury to the domestic industry is because of current dumped imports into the country. The findings in this regard would examine the situation of continued dumping and injury as well as likelihood of dumping and injury to the domestic industry in the event of cessation of anti-dumping duty.
 - e. The Authority has noted the claim of the interested parties that many of the injury parameters of the domestic industry show improvement and domestic industry remained in profits / grew profits despite decline in demand due to contraction of demand from the downstream automobile sector. However, Authority notes that it needs to evaluate likelihood of dumping and injury in a SSR investigation.
50. Annexure-II of the AD Rules provides 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 articles; and (b) the consequent impact of these imports on domestic producers of such articles. With regard to the volume effect of the dumped imports, the Authority is required to examine whether there has been a significant rate of 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.

51. For the examination of the impact of the dumped imports on the domestic industry in India, all relevant economic factors and indices having a bearing on the state of the industry, including actual and potential decline in sales, profits, output, market share, productivity, return on investments, or utilization of capacity; factors affecting domestic prices; the magnitude of the margin of dumping; actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital or investments have been considered in accordance with Annexure II of the Rules. All economic parameters affecting the Domestic Industry as indicated above have been examined as under:

XIII. Volume Effects of Dumped imports

a) Import volumes & market share

52. With regard to the volume of the dumped imports, the Authority is required to consider whether there has been a significant rate of increase in dumped imports, either in absolute terms or relative to production or consumption in India. The Authority has examined the volume of imports of the subject goods from the subject country and other countries based on the transaction-wise import data provided by DGCI&S, and as correlated with the cooperative producer/exporter.
53. The Authority notes that as per DGCI&S reports and the questionnaire response filed by the cooperating exporters from China, who are reportedly the only exporters from that country, only machined products have been exported to India during the POI. Therefore, the import weight has been converted taking into account the unit weight of the machined products as reported by the exporters. Accordingly, volume of imports of the subject goods are as follows:

Particulars	Unit	2016-17	2017-18	2018-19	2019-20 (POI)
Front Axle Beam					
Imports from China PR	MT	1013.11	1,587.60	2,155.97	182.34
Imports from Other Countries	MT	-	-	-	-
Total Imports	MT	1,013.11	1,587.60	2,155.97	182.34
Steering Knuckle					
Imports from China PR	MT	864.71	1,301.83	1,930.52	127.01
Imports from Other Countries	MT	-	0.68	2.70	1.21
Total Imports	MT	864.71	1,302.51	1,933.23	128.21

54. The data shows an increasing trend between the periods 2016-17 to 2018-19. Thereafter, during the POI, the imports from the subject country has decreased

dramatically.

a) *Assessment of Demand/Apparent Consumption and Market Share in demand*

55. Demand or apparent consumption of the product in India has been assessed based on the domestic sales of the Domestic Industry, other Indian producers, and imports from all sources. Accordingly, estimated demand for FAB in the domestic market is as follows:

FAB					
Particulars	Unit	2016-17	2017-18	2018-19	2019-20 (POI)
Imports from China PR	MT	1013.11	1587.6	2155.97	182.34
	Trend	100	157	213	18
Total Domestic Sales	MT	***	***	***	***
	Trend	100	114	112	59
Demand	MT	***	***	***	***
	Trend	100	115	115	58
Imports from China PR in relation to demand	%	***	***	***	***
	Trend	100	136	186	31
Imports from China PR in relation to Domestic Production	%	***	***	***	***
	Trend	100	134	182	21

56. The estimated demand for SK in the domestic market is as follows:

SK					
Particulars	Unit	2016-17	2017-18	2018-19	2019-20 (POI)
Imports from China PR	MT	864.713	1301.83	1930.52	127.008
	Trend	100	151	223	147
Total Domestic Sales	MT	***	***	***	***
	Trend	100	110	101	71
Demand	MT	***	***	***	***
	Trend	100	112	108	67
Imports from China PR in relation to demand	%	***	***	***	***
	Trend	100	134	206	22
Imports from China PR in relation to Domestic Production	%	***	***	***	***
	Trend	100	140	211	15

57. The foregoing data shows that the demand for the subject goods (FAB & SK) in India increased between 2016-17 and 2017-18. Further, in 2018-19 the demand remained at the same level as 2017-18. In the POI, however, the demand for the subject goods declined considerably.
58. The data shows significant rate of increase in volumes of imports from China PR in relation to growth of sales of the Domestic Industry or other Indian producers as well as significant growth in relation to Indian Demand.
59. Effects of the dumped imports on the domestic sales and market shares have been considered for FAB & SK and on a combined basis. It is seen that the demand of the subject goods has increased during the injury period upto 2018-19 and declined in the POI.
60. As far as FAB is concerned, the market share of the petitioner increased initially in 2017-18 compared to 2016-17 and then declined, hitting a point lower than the base year during the POI. At the same time, imports of FAB from China PR increased throughout the period of injury, upto 2018-19 and crashed in the POI.
61. As far as SK is concerned, the market share of the petitioner increased initially in 2017-18 compared to 2016-17 and then declined, hitting a point lower than the base year during the POI. At the same time, imports of SK from China PR increased throughout the period of injury, upto 2018-19 and crashed in the POI.

XIV. Price Effect of the Dumped imports on the Domestic Industry

62. With regard to the effect of the dumped imports on prices, the Designated Authority is required to consider whether there has been a significant price undercutting by the dumped imports as compared with the price of the like product 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. Therefore, both price undercutting and underselling effects of dumped imports have been examined though the volume of import is low.

a) *Price undercutting*

63. For the purpose of examination of the price undercutting effect of dumped imports, the net sales realization of the domestic industry for both the products have been compared with the landed values of imports of the corresponding products as per DGCI&S data. Only machined form of the products has been imported from China and therefore, selling price of machined products produced and sold by the domestic industry has been considered for determining price undercutting.
64. The price undercutting effect of dumped imports of FAB from the subject country have been examined as follows:

FAB		2016-17	2017-18	2018-19	2019-20 (POI)
Particulars	Unit				
Import Volume	MT	1,013.11	1,587.60	2,155.97	182.34

FAB					
Particulars	Unit	2016-17	2017-18	2018-19	2019-20 (POI)
Assessable Values	Rs Lacs	***	***	***	***
Assessable Price	Rs/Kg	***	***	***	***
Landed price of Imports	Rs/Kg	141.85	139.34	151.60	153
Net Selling Price	Rs/Kg	***	***	***	***
Price Undercutting	Rs/Kg	***	***	***	***
Price Undercutting %	%	***	***	***	***
	Range	(0-10)	(0-10)	(0-10)	0-10

65. It is noted that price undercutting without inclusion of ADD is positive in the POI. For the prior years, even without inclusion of ADD, the price undercutting is negative. When considered with the quantum of ADD included, there is no price undercutting caused by the dumped imports throughout the period of injury or in the POI.
66. The price undercutting effect of dumped imports of SK from the subject country have been examined as follows:

SK					
Particulars	Unit	2016-17	2017-18	2018-19	2019-20 (POI)
Import Volume	MT	864.71	1,301.83	1,930.52	127.01
Assessable Values	Rs Lacs	***	***	***	***
Assessable Price	Rs/Kg	***	***	***	***
Landed price of Imports	Rs/Kg	121.57	121.68	131.29	131.12
Net Selling Price	Rs/Kg	***	***	***	***
Price Undercutting	Rs/Kg	***	***	***	***
Price Undercutting %	%	***	***	***	***
	Range	35-45	35-45	35-45	45-55

b) *Price suppression/depression*

67. To examine the price suppression or depression effects of the dumped imports on the domestic prices the trend of net sale realization of the domestic industry has been compared with the cost of production of the domestic industry and the landed price of the dumped imports for machined products, as follows:

Front Axle Beam					
Particulars	Unit	2016-17	2017-18	2018-19	2019-20 (POI)
Cost of Sales	Rs/Kg	***	***	***	***
	Trend	100	107	113	99
Selling Price	Rs/Kg	***	***	***	***
	Trend	100	103	110	123
Landed Price from China PR	Rs./Kg	141.85	139.34	151.60	153

Front Axle Beam					
Particulars	Unit	2016-17	2017-18	2018-19	2019-20 (POI)
	Trend	100	98	107	105
Steering Knuckle					
Particulars	Unit	2016-17	2017-18	2018-19	2019-20 (POI)
Cost of Sales	Rs/Kg	***	***	***	***
	Trend	100	91	87	115
Selling Price	Rs/Kg	***	***	***	***
	Trend	100	100	109	121
Landed Price from China PR	Rs./Kg	121.57	121.68	131.29	131.12
	Trend	100	100	108	108

68. The above data indicates that in case of FAB, the cost of production had increased upto 2018-19 and then declined significantly in the POI. Overall, the cost of sales between 2016-17 and the POI remained almost the same. The landed price of imports have gone up by about 5% compared to the base year but closed the gap between the domestic industry's selling price and itself, to end up being lower than the selling price of the domestic industry.
69. As far as Steering Knuckles are concerned, Authority notes that the cost of sales of the Domestic Industry increase by about 15% in the POI, compared to the base year. At the same time, even selling price increased. However, selling price has remained lower than cost of sales throughout most of the period of injury and in the POI. It is also relevant that the landed price from China PR did not show a parallel trend, but rather increased at a much slower pace. In the end, it is seen that the landed price (without ADD) undercuts the selling price of the Domestic Industry.
70. Both the Domestic Industry and the interested parties have argued that low volume of imports may not exhibit price suppressed or depression effect. However, the Domestic Industry emphasis on the likely effect in case of increase in volumes of imports, in the event of duty revocation while the interested parties simply limit themselves to this claim.

XV. Examination of Economic parameters relating to the domestic industry

a) *Actual and Potential Impact on Capacity, Production, Capacity Utilization and Sales*

71. Information on capacity, production, capacity utilization and sales volume of the domestic industry is given in the table below:

Particulars	Unit / Currency	UOM	2016-17	2017-18	2018-19	POI
Installed Capacity	MT	Indexed	90-100	90-100	90-100	90-100
Production Quantity	MT	Indexed	100	124	133	97
Capacity Utilization Percentage	%	Indexed	100	124	135	106

72. The capacity and production data of the domestic industry has been reviewed and corrected, as pointed out by the interested parties, taking into account the revised data filed by the domestic industry the non-confidential summary of which was also provided to all the interested parties by the domestic industry.

73. The Authority notes that since the volume of imports of the subject goods during the injury investigation is low, the actual impact of imports on the above parameters may not be significant.

b) *Actual and Potential Impact on Profitability, Profits, return on investment and cash flow*

74. On the basis of the detailed examination of the cost of production and other associated costs as well as selling prices carried out by the Authority, profits earned by the domestic industry from the sales of the subject goods in the domestic market has been worked out as follows:

Front axle beam	Unit	2016-17	2017-18	2018-19	POI
Profit/loss (Machined)	Rs/Kg	***	***	***	***
	Trend	100	(3021)	(2243)	13550
Cash Profit	Rs/Kg	***	***	***	***
	Trend	100	104	96	355
Profit before Interest	Rs/Kg	***	***	***	***
	Trend	100	121	118	455
Return on Capital Employed	%	***	***	***	***
	Trend	100	154	125	220
Steering knuckles	Unit	2016-17	2017-18	2018-19	POI
Profit/loss (Machined)	Rs/Kg	***	***	***	***
	Trend	(100)	(14.86)	110.16	(57.99)
Cash Profit	Rs/Kg	***	***	***	***
	Trend	(100)	(56)	129	122.13
Profit before Interest	Rs/Kg	***	***	***	***
	Trend	(100)	(63)	26	19
Return on Capital Employed	%	***	***	***	***
	Trend	(100)	(90)	(19)	5

75. The Interested parties have stated that the Petitioner's ROCE has continuously and significantly increased, with respect to FAB. Similarly, with respect to SK, the Domestic Industry's ROCE has improved and turned positive.
76. The above data indicates that in case of FAB profit, cash profit, profit before interest and return on capital employed increased sporadically, with definitive growth in time for the POI.
77. In case of Steering knuckles, the domestic industry was in losses throughout the period of injury and in the POI, though the loss per unit has declined over the period of injury. The cash profit, profit before interest and return on capital employed have shown improvement throughout the injury period and in the POI.

c) *Actual and potential impact on Market Share*

78. As indicated earlier, market share of the domestic industry in demand for subject goods has declined from the base year to the POI. The Authority notes that the volume of imports from China has been very low during the injury investigation period which appears to be due to imposition of antidumping duty

d) *Actual and potential impact on Employment, Productivity and Wages*

FAB	Unit	2016-17	2017-18	2018-19	POI
No of Employees- Company	Nos	***	***	***	***
	Trend	100	106	54	51
Salaries & Wages	Rs. Lacs	***	***	***	***
	Trend	100	117	124	16
SK	Unit	2016-17	2017-18	2018-19	POI
No of Employees- Company	Nos	***	***	***	***
	Trend	100	106	54	51
Salaries & Wages	Rs. Lacs	***	***	***	***
	Trend	100	111	118	8

e) *Actual and potential impact on Inventories*

79. The products under consideration are made to order items,

f) *Factors affecting domestic prices*

80. The examination of data indicates that the dumped imports from the subject country, though low in volume, are still entering the Indian market at prices much below the cost of production and selling prices of the domestic industry causing price undercutting and underselling in the Indian market during the POI, when considered excluding the quantum of ADD. There is a significant decline in demand due to general conditions of the automobile sector globally.

g) *Actual and potential impact on Growth*

81. The Authority notes that in a situation of significant decline in demand, growth in various physical and financial parameters need to be properly evaluated would not provide any meaningful guidance on determination of injury on account of dumped imports. This, coupled with the fact that the duties are currently in force, makes it hard to isolate the impact of the dumped imports on growth parameters.

h) *Ability to raise capital investments*

82. The Authority notes that the petitioner is a multi-product company covering several forged and machined products across sectors. Therefore, while their ability to raise capital may not be affected by the performance the production line of the subject goods alone. The company's capacity for fresh investment and expansion of the production line of subject goods is likely to be affected in the current and potential scenario of dumping, coupled with the recession in the auto sector.

i) *Level of dumping & dumping margin*

83. The margin of dumping as a factor for determination of injury indicates that dumping margins of the dumped imports of steering knuckles determined for the subject country are above *de minimis* level and significant. The Authority notes the likelihood of dumping and injury for FAB as well.

XVI. Overall Assessment of current Injury and Causal links

84. The Authority has assessed the impact of the foregoing parameters after receiving the Comments on the Disclosure Statement.

85. The Authority has also examined other factors in the light of the issues raised by the interested parties to evaluate if factors other than imports are responsible for the injury to the domestic industry.

a) *Volume and prices of imports from other sources*

86. It is noted from import data that the subject goods have been imported from the subject country only. The volume of imports from other countries, with respect to FAB, are negligible and with respect to SK are non-existent.

b) *Contraction in demand and / or change in pattern of consumption*

87. As seen above, the demand scenario and pattern of consumption for the subject goods in the domestic market shows there has been a significant decline in demand of the

products concerned over the injury period which has been attributed to various factors, including demonetization, recession in the automobile sector, introduction of BS-IV standards, etc. The interested parties have argued that the injury, if any, is due to the decline in the demand and not because of the insignificant import from the subject country.

88. The Authority notes that there was a global slowdown in the automobiles industry and production and consumption of the commercial vehicles in India had also declined during the injury investigation period leading to a decline in demand for the subject products. Therefore, demand is one of the major factors affecting the physical performance of the domestic industry in terms of production volume and sales. The Authority has examined both volume and price injury during the injury period and its likelihood.

c) *Trade restrictive practices and competition between the foreign and domestic producers*

89. The Authority notes that there are few other producers of the subject goods in India who are also producing and selling in the domestic market. The interested parties have not argued that the impact on the Domestic Industry is owing to factors such as *inter se* competition in the Indian market. Further none of the other producers have reported their data to the Authority or opposed the Petition, the Authority has examined available data and submissions by the interested parties.

90. There is no allegation of unfair competition between the domestic producers or any trade restrictive practices in the domestic market which could have contributed to the injury to the domestic industry.

d) *Development in technology*

91. Neither the Domestic Industry nor the interested parties have cited any change in technology for the production of the subject goods.

e) *Export performance of the domestic industry*

92. Petitioner has significant export of the products under consideration during the injury investigation period as per the table given below. The interested parties have not alleged that any injury to the domestic industry could be a result of poor export performance or increased focus on the export markets, at risk to the domestic market.

Export Sales	Unit	2016-17	2017-18	2018-19	POI
Front Axle Beams	MT	***	***	***	***
Trend	Index	100	135	144	103
Forged	MT	***	***	***	***
Machined	MT	***	***	***	***
Steering Knuckles	MT	***	***	***	***
Trend	Indexed	100	129	153	137

Forged	MT	***	***	***	***
Machined	MT	***	***	***	***

93. The Authority notes that the exports of FAB and SK produced by the petitioner increased over the injury period and in the POI. The Authority has noted that the injury to DI is on account of its domestic sales without any impact of export sales.

f) *Magnitude of injury and injury margin*

94. For determination of injury margin the Authority has determined the Non-Injurious Price (NIP) for the domestic industry as per Annexure III of the Anti-Dumping Rules. The Non-injurious price so determined has been compared with the weighted average landed value of the goods imported during the POI as per DGCIS&S data. Accordingly, the margins of injury for the products under consideration imported from the subject country are as follows:

Particulars	Unit	HTRA FAB	Non-cooperative exporters for FAB	HTRF SK	Non-cooperative exporters for SK
Landed Price of Imports from China PR without ADD	Rs./Kg	***	***	***	***
NIP	Rs./Kg	***	***	***	***
Injury Margin without ADD	Actual	***	***	***	***
	%	***	***	***	***
	Range	(30)-(20)	(20)-(10)	10-20	40-50

95. The Authority also notes that since this is a sunset review investigation, and the total volumes of imports from the subject country as well as volume exported by the responding exporters during the period of investigation are low, therefore, for assessment of dumping and injury margins both imports into India and the exports by the respondent producer/exporter to third country needs to be referenced.

96. The Authority notes that this being a sunset review investigation while the duties were in force, the current injury margin may not provide a clear indication of the future level of injurious imports because the dumping margins estimated are significantly positive though volumes are low. Therefore, the Authority has looked at the likelihood aspects of continuation or recurrence of dumping and injury through various other parameters as stated in the following paragraphs.

XVII. Examination by the Authority pertaining to Likelihood of Injury parameters

97. Despite the Anti-dumping duty on imports of Steering Knuckles from China PR is in place, it is noted that dumping margin and injury margin for injury period is positive and quite significant. Since no other exporter/ producer responded, Authority holds

the aforesaid observation even for non-cooperative exporters.

98. As regards Front Axle Beam, Authority has examined likelihood of dumping and injury by examining following parameters:
- Significant rate of increase of dumped imports into India indicating the likelihood of substantially increased importation;
 - Whether imports are entering at prices that will have a significant depressing or suppressing effect on domestic prices, and would likely increase demand for further imports; and
 - Inventories of the article being investigated.
 - Total and surplus capacities of Products under Consideration in the subject countries during the proposed POI and 3 years prior thereto;
 - Quantities and Prices of exports by producers / exporters in the subject countries to countries other than India. In case individual data for producers / exporters especially for whom individual assessment has been done is not available, aggregated information for the subject country may be provided;
 - Export orientation of producers / exporters in subject countries. In case data for producers / exporters for which individual assessment has been done is not available, aggregated information for the subject country may be given;
 - Justification as to why the Indian market would be chosen as a destination for exports notwithstanding (a) to (c) above, after withdrawal of anti-dumping duties. The attractiveness of the Indian market to be justified;
99. To examine these parameters, following data of respondent producer/exporters has been referenced.

A. Export Orientation:

Export Orientation of HTRA for FAB					
Particulars	% Of Sales	2016-17	2017-18	2018-19	POI
Production Capacity	Pieces	***	***	***	***
	Indexed	100	114	114	114
Capacity Utilization	%	***	***	***	***
	Indexed	100	94	101	88
Total Sales	Piece	***	***	***	***
Domestic Sales	Piece	***	***	***	***
Sales to Domestic Market	%	***	***	***	***
Export Sales to Third Countries	Piece	***	***	***	***
	%	***	***	***	***
Export sales to India	Piece	***	***	***	***
	%	***	***	***	***

Export Sales to India as a % of total exports	%	***	***	***	***
	% Range	35-55	35-55	5-15	5-15

Export Orientation of HTRF for SK					
Particulars	Unit	2016-17	2017-18	2018-19	POI
Installed Capacity	Pieces	***	***	***	***
	Indexed	100	102	105	105
Capacity Utilization	%	***	***	***	***
	Indexed	100	96	95	86
Total Sales	Pieces	***	***	***	***
Domestic Sales	Pieces	***	***	***	***
Sales to Domestic Market	%	***	***	***	***
Export Sales to India	Pieces	***	***	***	***
Export Sales to India	%	***	***	***	***
Export Sales to Third Countries	Pieces	0	0	0	0
Export Sales to Other Countries	%	0	0	0	0
Export Sales to India as a % of total exports	% Range	80 - 100%	80 - 100%	80 - 100%	80 - 100%

<u>Capacities of other known producers/exporters</u>				
Particulars	Unit	Forging Capacity (POI)	2021-2022	2022-2023
Chongqing Qingling Forging Co., Ltd	MT	***	***	***
TIANRUN CRANKSHAFT CO., LTD	MT	***	***	***
M/s Hubei Tri-ring Auto-Axle Co., Ltd	MT	***	***	***

M/s Hubei Tri-ring Forging Co., Ltd	MT	***	***	***
Total Capacity in China		3,03,888	3,03,888	3,03,888
Source: Annexure N of Petition and Exporter Questionnaire responses				

100. The Authority notes that the DI has provided the capacities of various producers/exporters in the petition. It is further noted that the disposable capacity of the respondent producer/exporters have increased in the injury period.

B. Third country exports:

101. On the basis of unit price available, it is noted that third country prices are higher which indicates the dumping of subject goods into India. To evaluate the dumping behavior of respondent producer/exporters, Authority notes that as no information regarding the Ist two options, to determine the Normal Value, has been provided, Authority has adopted Constructed Normal Value to evaluate the dumping. However, it is also important to note that the export price trend of respondent producer/exporter to third country other than India indicates that the export prices of subject goods to third countries are higher than India.

Particulars	Unit	2016-17	2017-18	2018-19	2019-20 (POI)
Front Axle Beam- HTRA					
Sales in Domestic Market	RMB/Piece	***	***	***	***
Export to India	RMB/Piece	***	***	***	***
Export to Other Countries	RMB/Piece	***	***	***	***

C. Diversion of Exports to India:

102. Authority notes that the respondent producer/exporter's inventories are high coupled with India as an attractive destination. During the injury period, the share of exports of FAB from China PR in total demand is 4-5%. Given the surplus capacities and export orientation of the respondent producer/exporter and also keeping in view the consistent high share of exports of respondent producer/exporter to India in the years prior to POI, the Authority considers that there is diversion of exports of subject goods from third countries to India in event of cessation of AD duty.
103. The Authority notes that the consistently high share of imports from subject country in the years prior to POI, availability of high unutilized capacities and high resultant

inventories will have significant impact towards the likelihood of recurrence of injury and dumping from imports from China. It is also noted that the increase in volume of import from subject country is likely to erode the market share of domestic industry if AD duty is rescinded.

Particulars	UOM	2017	2018	2019	POI
Inventory for HTRA	Piece	***	***	***	***
	Indexed	100	115	133	74
Inventory for HTRF	Piece	***	***	***	***
	Indexed	100	254	253	230

104. The inventories of subject goods for respondent producers are noted to be extremely high.

XVIII. Post Disclosure Comments

Comments by domestic industry

Disposable Capacities / Surplus Capacities in China PR

105. As noted by Authority, HTRA and HTRF continue to be major producers of the subject goods and there are new capacities that have been added in China as per the EQR filed by these Respondents and data submitted by Applicant clearly establishes that there is surplus capacity in China PR.
106. However, the price behaviour of the exporters from China in the previous investigations and the capacities to produce and export on marginal cost pricing basis has a potential to significantly undercut and undersell the domestic industry in the Indian market to capture the market if the duties are revoked to utilise their spare capacities.

Inventories

107. The Authority has noted that inventories held by the producers / exporters in China PR are indicative of likelihood of dumping in India. In the present matter, both HTRA and HTRF have reported significant volumes of inventory (particularly in the period of declined sales to India, i.e., 2019). This is indicative of the likelihood of a surge of imports from China PR in case of revocation of duties.
108. Further, it may be noted that while the Chinese producers hold significant capacities, due to present economic condition in China after the US-China Trade war and impact of the Pandemic there is a likelihood of significant drop in the medium and heavy commercial vehicles in the Chinese domestic market in last several months and is likely to continue for some time.

Export Orientation of Chinese producers & Attractiveness of the Indian Market

109. The Authority has noted that share of imports from subject country is consistently high in the years prior to POI, availability of high unutilized capacities and high

resultant inventories will have significant impact towards the likelihood of recurrence of injury and dumping from imports from China.

110. Further the Applicant submits that information submitted in previous submissions clearly establishes that there is an imminent likelihood of recurrence of dumping in large volume in the event of withdrawal of the duties. Any significant increase in volume of imports will adversely affect the delicate situation in which the domestic is operating in view of the condition of the domestic auto market at the moment. In a contracting global market, an increased volume of dumped import will cause significant volume and price impact on the domestic industry.
111. Further, as noted by Authority the participating exporter data shows clearly that HTRA had increased its export volumes to India by about 300% while HTRF had increased its export volumes to India by about 250% in 2018 compared to 2017. This, coupled with the fact that these increases to India are significantly greater than their export orientation towards other global markets (HTRF has NIL sales of subject goods to other markets), shows the export orientation of Chinese producers particularly targeting the Indian market.
112. The Authority may take cognizance of fact that the current pandemic situation has created serious demand crunch in the global auto sector, including India and China and in such a situation revocation of duty will irreparably injure the domestic industry if the antidumping duty is revoked. Authority has made an assessment that there is continuation of dumping, though the volume of imports are low due to the antidumping duty in force, and the performance of the domestic industry has also remained affected by several factors, including the presence of dumped imports from the subject country, the continuation, intensification and/or recurrence of dumping and injury to the domestic industry is likely and imminent.

Comments by responding exporters

113. The data regarding sales by the Respondents shows that their exports to India have been declining while exports to other countries and sales in the domestic market have been increasing. Also, the subject goods are made-to-order and customized depending on the requirements of the customers. Thus, it would not be possible to easily substitute one product for another and export a product intended for one customer to another. In any case with the decline in demand from the user segment in India, the Respondents have been more geared towards exporting to other countries and also demand from their own domestic market.
114. Even the existing customer base in India with the Respondents is limited to just one customer, with demand by other customers from the Respondents having dried up due to the antidumping duties in force for the past ten years. Even if the anti-dumping duty is lifted, it would be difficult for the Respondents to gain market share with the domestic industry and other producers dominating the market. Thus, the Respondents are not only not oriented towards increasing their exports to India but also will not be able to increase their exports to India if anti-dumping duties on the subject imports are lifted.

115. In Para 100, the Authority has provided a table containing capacities of other known producers/exporters to assess capacities in China PR, which includes Tianrun Crankshaft Co., Ltd. The Respondents however submit that this particular producer does not manufacture the subject goods in China PR and the same can be understood from the public website of the said company itself, accessible at <http://www.tianrun.com/en/channels/57.html>. In fact, they are manufacturers of crankshafts, which is fitted in engines and is totally different from the subject goods. Therefore, capacity of this company must be removed from the total capacities of the subject goods in China PR.

Excess Capacity

116. In Para 101, the Authority has noted that the disposable capacities of the Respondents have increased in the injury period. The Respondents however submit that this assessment is incorrect and reiterate their previous submissions that their capacity utilizations are at optimal levels. No producer of the subject goods, including the domestic producers in India such as the Petitioner, will use their entire capacity. Therefore, the Authority's assessment that there is surplus capacity with the Respondents is wholly incorrect.
117. The Respondents further submit that in the case of HTRA, capacities have been increased to cater to increased demand of the subject goods domestically and from other countries. Since the increased capacities are geared towards domestic sales and exports to other markets, the possibility of utilization of capacity for exporting to India is very unlikely. In the case of HTRF, most of their production is geared towards catering to the domestic market. With the gradual easing of COVID related restrictions and improving of the economic situation, domestic demand for PUC in China PR is expected to further increase. Therefore, existing capacities itself will be utilized for catering to domestic demand in China PR and not for exports to India.
118. The Respondents further submit that, given the availability of other export markets in Europe and the United States, disposable capacities available with Respondents in China PR are oriented towards domestic sales and third country exports. There is no likelihood of recurrence/continuance of dumping (if any) if anti-dumping duties are allowed to cease.

Third country exports

119. In Para 102, the Authority has noted that the export price trend of respondent producer/exporter to third country other than India indicates that the export prices of subject goods to third countries are higher than India. The Respondents respectfully submit that this does not imply that the subject goods are being dumped into India by the Respondents, in case the Authority were to arrive at this conclusion in the final findings.
120. The Respondents submit that an apple-to-apple comparison between the exports to India and exports to other countries cannot be made since the subject goods are made-to-order, which are customized according to the customer's needs, as noted by the Authority in the Disclosure Statement itself. Some of these exports to third countries require a higher and different type of machining. Further, since the other countries to whom the Respondents export the subject goods are further away from India, the

export prices are bound to be higher on account of higher ocean freight, warehousing costs, and insurance costs. As a result, there is bound to be a marked difference in the prices of the goods exported to various customers in various countries. Thus, export prices to other countries are not relevant for analyzing export prices to India. The Respondents also submit that the Authority must rely on the data provided in the questionnaire response which would clearly show that the subject goods exported to the third countries are of a different variation.

Diversion of exports to India

121. In Paras 103 and 104, the Authority has noted that the consistently high share of imports from subject country in the years prior to POI, availability of high unutilized capacities and high resultant inventories with the Respondents' coupled with attractiveness of the Indian market will have significant impact towards the likelihood of recurrence of injury and dumping from imports from China PR. As a result, the Authority has proposed to consider the diversion of exports from third countries to India in case of cessation of duty. The Respondent submits that they don't agree with the Authority in this regard.
122. With regard to imports from the subject country, the Respondents submit that it has already been noted that the volume of subject imports in relative to demand in India have been low over the injury period. The domestic industry and other domestic producers occupy the major proportion of the market share. With the domestic industry and other domestic producers dominating the market already, the increase in the Respondents' market share upon cessation of anti-dumping duty is very unlikely. Thus, the Authority may please reconsider its findings in this regard.
123. Without prejudice to the aforesaid submissions, the Respondents submit that the domestic industry has already been granted sufficient protection by way of anti-dumping duties for the last ten years. Despite such protection, the Domestic Industry has failed to cater to the demand for specific grades by certain consumers in India. Therefore, even otherwise, existence of inventory with the Respondents does not indicate that the exports to India will increase in the event of cessation of duty.
124. Additionally, the inventories of both HTRA and HTRF have declined in the POI. The decline in HTRA's inventory was very drastic. However, the relatively higher inventory level of HTRF was propelled by HTRF's higher domestic sales in China PR. As a result, the Authority's assertions in Para 104 about the Respondents having "extremely high" inventory levels is incorrect.
125. The Respondents also submit that the volume of exports to third countries and domestic sales of the PUC has actually increased. So there is no likelihood of diversion of exports to India if anti-dumping duty is discontinued.

XIX. Examination by the Authority

126. Authority notes the submission on capacity of DI and has corrected the same in view of petition revised by DI and the capacity adopted for NIP computation. Noting the submissions of responding producer/exporter that terms of import price has not been correctly mentioned/captured, Authority has corrected the error based on the submissions and relevant records.

127. The Authority notes the post disclosure comments by the interested parties regarding the issue of likelihood of dumping and injury on cessation of existing AD duty. The Authority notes that imports of Steering Knuckles in POI have been found to be dumped and also injurious, though the imports have reduced significantly in POI and are nil in post POI as per DG systems data. As regards Front Axle Beam, both dumping margin and injury margin are noted to be negative in POI and imports being significantly lowered. Further in post POI, imports of Front Axle Beam are nil as per DG systems data. The Authority however had observed in the disclosure that imports of front axle beam are undercutting the DI's prices in POI. The 3rd country exports by the responding producer/exporter indicate that their prices are higher than those exported to India and thus there exists a likelihood of dumping on a likely diversion of exports to India on cessation of existing AD duty. The responding producer/exporter has refuted the aspect of dumping based on their third country exports but not substantiated the same with any evidence and data. The Authority noted that in the original investigation concluded in 2010, the share of Front Axle Beam in total demand was about 25%. As per data provided by the responding producer/exporter, though their domestic sales is 90% of total production, the exports which account for 10% includes India as a preferred destination with the India's share being even 50% in one of the years of injury period. Therefore, if the diversion of exports to India happens post cessation of existing AD duty and the original levels of exports are attained by the subject country, there could be a significant market erosion of Domestic Industry if 25% of the demand is captured by the subject country.
128. The Authority also notes that the demand of subject goods including sales of Domestic Industry have decreased over the Injury period due to slowdown of automobile industry. Keeping in view that one of the subject goods, that is, Steering Knuckles continues to be dumped and injurious and the other, that is, Front Axle Beam is undercutting the domestic prices with likelihood of diversion of subject goods in near future on account of easing logistics post pandemic and cessation of duty, the Authority holds that it may be appropriate to recommend continuance of AD Duty on Steering Knuckles on the basis of dumping margin/injury margin evaluated for POI as per Lesser Duty Rule and continuation of existing AD duty on Front Axle Beam for a period of 30 months from the date of levy of the recommended duty.
129. Imports have reduced significantly in POI and have become nil in post POI and further keeping in view that it is the 2nd SSR, tenure of 30 months of continued measure is proposed. In past cases also, Authority has curtailed the terms of extended duty.

XX. Conclusion

130. Having regard to the submissions made in the investigation, the post disclosure comments and facts available, the Authority concludes that:
- a. Steering knuckles exported from the subject country are at prices below their normal value, thus resulting in its dumping into India. The imports of Steering knuckles are undercutting the prices of the domestic industry in the market. Both dumping and in jury margin for steering knuckles are positive in POI.

- b. Dumping margin and injury margin for Front Axle Beam (FAB) are negative during POI. However, there is a likelihood of recurrence of dumping and consequential injury to the domestic industry, if anti-dumping duties are rescinded.
- c. There is a strong likelihood of recurrence of Injury to the domestic industry in the event of cessation of anti-dumping duty because of continued dumped imports from the subject country;
- d. The Authority thus considers it necessary to recommend continuation of definitive ADD on imports of the subject goods from the subject country.

XXI. Recommendations

131. Having concluded as above, the Authority is of the view that the antidumping measure is specified in the duty table below.

132. Having regard to the lesser duty rule, the Authority recommends imposition of anti-dumping duty equal to the lesser of the margin of dumping and the margin of injury on imports of Steering Knuckles from the subject country evaluated for POI. Further, the Authority recommends continuation of anti-dumping duty on imports of Front Axle Beam as notified under Customs Notification No. 50/2010-Customs dated 12th April 2010. Accordingly, the anti-dumping duty equal to the amount indicated in the column no. 7 of table below is recommended to be imposed by the Central Government on the imports of the Front Axle Beam (FAB) and Steering Knuckles (SK) used in medium and heavy commercial vehicles originating in or exported from the subject country, **for 30 months** from the date of levy of the recommended duty.

Duty Table


S. No.	Heading/ Sub- Heading	Description of Goods	Country of Origin	Country of Export	Producer	Duty Amount	Currency	Unit
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1.	87081090 87089400	Front Axle Beam used in medium and heavy commercial vehicles	China PR	China PR	Hubei Tri-ring Auto Axle Co. Ltd.	0.35	US\$	KG
2.	87081090 87089400	Front Axle Beam used in medium and heavy	China PR	China PR	Any other producer except Hubei Tri-ring Auto	0.63	US\$	KG

		commercial vehicles			Axle Co. Ltd			
3.	87081090 87089400	Front Axle Beam used in medium and heavy commercial vehicles	China PR	Any Country other than China PR	Hubei Tri-ring Auto Axle Co. Ltd.	0.35	US\$	KG
4.	87081090 87089400	Front Axle Beam used in medium and heavy commercial vehicles	China PR	Any Country other than China PR	Any other producer except Hubei Tri-ring Auto Axle Co. Ltd	0.63	US\$	KG
5.	87081090 87089400	Front Axle Beam used in medium and heavy commercial vehicles	Any Country other than China PR	China PR	Hubei Tri-ring Auto Axle Co. Ltd.	0.35	US\$	KG
6.	87081090 87089400	Front Axle Beam used in medium and heavy commercial vehicles	Any Country other than China PR	China PR	Any other producer except Hubei Tri-ring Auto Axle Co. Ltd	0.63	US\$	KG
7.	87081090 87085000	Steering Knuckles (SK) used in medium and heavy commercial vehicles	China PR	China PR	Hubei Triring Forging Co. Ltd.	0.47	US\$	KG
8.	87081090 87085000	Steering Knuckles (SK) used in medium and heavy commercial vehicles	China PR	China PR	Any other producer except Hubei Triring Forging Co. Ltd.	1.09	US\$	KG
9.	87081090 87085000	Steering Knuckles (SK) used in medium and heavy	China PR	Any Country other than China PR	Hubei Triring Forging Co. Ltd.	0.47	US\$	KG

		commercial vehicles						
10.	87081090 87085000	Steering Knuckles (SK) used in medium and heavy commercial vehicles	China PR	Any Country other than China PR	Any other producer except Hubei Triring Forging Co. Ltd.	1.09	US\$	KG
11.	87081090 87085000	Steering Knuckles (SK) used in medium and heavy commercial vehicles	Any Country other than China PR	China PR	Hubei Triring Forging Co. Ltd.	0.47	US\$	KG
12.	87081090 87085000	Steering Knuckles (SK) used in medium and heavy commercial vehicles	Any Country other than China PR	China PR	Any other producer except Hubei Triring Forging Co. Ltd.	1.09	US\$	KG

XXII. FURTHER PROCEDURE

133. An appeal against the order of the Central Government arising out of these findings shall lie before the Customs, Excise and Service Tax Appellate Tribunal in accordance with the relevant provisions of the Customs Tariff Act, 1975.


(B. B. Swain)

Special Secretary & Designated Authority