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Committee on Safeguards

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**NOTIFICATION UNDER ARTICLE 12.1(B) OF THE AGREEMENT  
ON SAFEGUARDS ON FINDING A SERIOUS INJURY OR  
THREAT THEREOF CAUSED BY INCREASED IMPORTS**

**NOTIFICATION OF A PROPOSAL TO IMPOSE A MEASURE**

**NOTIFICATION PURSUANT TO ARTICLE 9, FOOTNOTE 2  
OF THE AGREEMENT ON SAFEGUARDS**

INDIA

*(Hot-rolled flat sheets and plates (excluding hot rolled flat products in coil form) of alloy or non-alloy steel having nominal thickness less than or equal to 150 mm and nominal width of greater than or equal to 600 mm)*

The following communication, dated 11 August 2016, is being circulated at the request of the Delegation of India.

In continuation to document Nos. G/SG/N/6/IND/42 dated 10 December 2015 and G/SG/N/6/IND/42/Corr.1 dated 5 January 2016.

**1 INFORMATION ON WHETHER THERE IS AN ABSOLUTE INCREASE IN IMPORTS**

The Product Under Consideration i.e. 'Hot-rolled flat sheets and plates (excluding hot rolled flat products in coil form) of alloy or non-alloy steel having nominal thickness less than or equal to 150 mm and nominal width of greater than or equal to 600 mm' hereinafter referred to as 'PUC' is imported into India from a number of countries. The imports of 'PUC' is given in the table below:

Financial Year	Total Imports (MT)	Trend
2012-13	601667	100
2013-14	323723	54
2014-15	599891	100
2015-16 (up to Sept 15)	384993	--
2015-16 (Annualized)	769986	128

From the table above, it is evident that there is a surge in import in absolute terms i.e. import increased from 601667 MT during the period 2012-13 to 769986 MT during 2015-16 (Annualised).

**a. Share of imports relative to production:**

It is noticed that imports of PUC in India during the POI have also increased in relation to the production of the DI, which would be evident from the table given below:

Financial Year	Total Imports (MT)	All India Production (MT)	Import with respect to total production (%)
2012-13	6,01,667	52,31,948	11
2013-14	3,23,723	52,86,002	6
2014-15	5,99,891	49,18,561	12
2015-16 (Up to Sept.,15)	3,84,993	24,93,601	15
2015-16(A)	7,69,986	49,87,202	15

From the above table, it is evident that there is a sudden, sharp and significant surge in imports during the most recent Period of Investigation, both in absolute terms as well as in relation to total domestic production.

**2 SERIOUS INJURY OR THREAT THEREOF CAUSED BY INCREASED IMPORTS****a. Serious Injury**

An evaluation of the overall position of the Domestic Industry (DI), in the light of almost all the relevant factors, having a bearing on the situation of the DI, shows a significant overall impairment. Evidence of serious injury has been analysed & explained in subsequent paragraphs. It is thus concluded that DI has suffered serious injury and increased imports of the product under consideration threaten to cause serious injury to the DI.

**b. Threat of Serious Injury**

It is noticed that imports of the PUC in India during the Period of Investigation (POI) have not only increased in absolute terms but also increased in relation to production of the DI, which is evident from the table indicated above.

Increase in imports in absolute terms is a clear surge in imports and has a rising trend, which is significant enough to constitute "increased imports" within the meaning of Section 8B of the Customs Tariff Act, 1975.

**3 EVIDENCE OF SERIOUS INJURY**

The increased imports of 'PUC' into India have caused serious injury to the domestic producers as reflected by the following parameters:

**a. Market Share**

Financial Year	Total Import (MT)	Sales of DI (MT)	Captive consumption of DI (MT)	Sales of other Indian Producers (MT)	Total Demand (MT)		Market Share (%)	
						Trend	DI	Import
2012-13	6,01,667	36,55,162	3,83,956	5,36,201	51,76,986	100	71	12
2013-14	3,23,723	34,68,496	1,46,323	9,94,887	49,33,429	95	70	7
2014-15	5,99,891	37,05,573	1,31,978	6,39,349	50,76,791	98	73	12
2015-16(A)	7,69,986	37,10,488	2,18,784	6,94,669	53,93,927	104	69	14

It is seen from the table above that the Imports had a market share of 12% in 2012-13 which increased to 14% during 2015-16(A) whereas the market share of Domestic industry (DI) decreased from 71% to 69% during the same period.

**b. Production**

Year	Production of DI (MT)	Trend
2012-13	46,17,239	100
2013-14	41,03,109	89
2014-15	42,21,200	91
2015-16 (Up to Sept.,15)	21,22,308	
2015-16(A)	42,44,616	92

From the above table, it is evident that the production of the Production of the DI decreased from 4617239 MT in 2012-13 to 4244616 MT in 2015-16 (A).

**c. Change in level of domestic sales**

It is evident that the sales of the Domestic Industry decreased from 3655162 MT in 2012-13 to 3468496 MT in 2013-14. Further, the sales of the applicant during 2015-16 (A) increased to 3710488 MT. There is not much variation in the level of sales.

**d. Capacity Utilization:** The capacity utilization of the DI decreased from 60% to 49% during the period of investigation, as evident from the table below:

Financial Year	Installed Capacity (MT)	Capacity Utilisation (%)
2012-13	77,38,198	60
2013-14	81,67,598	50
2014-15	83,14,265	51
2015-16 (Up to Sept 15)	43,03,796	--
2015-16(A)	86,07,592	49

**e. Profit and Loss:** The profitability of the DI has declined sharply during 2015-16 (up to Sept 15) and DI recorded loss, as evident from the table below:

Financial Year	Profitability (Rs/MT) Indexed
2012-13	100
2013-14	70
2014-15	52
2015-16 (Up to Sept 15)	(150)

**f. Employment & productivity**

The trend of employment is increasing whereas the trend of productivity per employee is decreasing over the injury period, as evident from the table below:

Financial Year	Production of DI (MT)	No. of Employees (Indexed)	Productivity per Employee(MT) (Indexed)
2012-13	46,17,239	100	100
2013-14	41,03,109	110	80
2014-15	42,21,200	117	78
2015-16(A)	42,44,616	125	73

**g. Inventories**

Inventories have increased from 100 points in 2012-13 to 109 points in 2015-16 (up to Sept 15) as evident from the table below:

Financial Year/Quarter	Inventory (MT)	Inventory (MT) (Indexed)
2012-13	2,56,812	100
2013-14	3,13,029	122
2014-15	2,88,941	113
2015-16 (Up to Sept.15)	2,80,751	109

**h. Unforeseen Developments**

India's bound rates on PUC as per its Schedule of Concessions to the WTO is 40% ad valorem. It is further observed that India has been reducing its applied tariff rates on goods across many sectors. The sole purpose of this exercise is to encourage international trade so that India better assimilates into global trade. This is particularly true for the PUC for which India had a reduced applied rate of 7.5% in 2013-14 and 2014-15. It can be seen that due to the effect of such low applied tariffs of the PUC, there was a chance for the imports of the PUC, under the present circumstances and market conditions has actually increased in sudden, sharp, significant manner into India.

Hence, it is clear that as a result of unforeseen developments and as an effect of obligations under GATT including tariff concessions, imports of the PUC has increased in a sudden, sharp, significant manner into India.

**4 ADJUSTMENT PLAN**

The DI has provided a viable adjustment plan which focuses on cost reduction, optimum utilization and expansion of production capacities which will enable to adjust to the international competition.

**5 PRODUCT INVOLVED**

The Product Under Consideration (PUC) is 'Hot-rolled flat sheets and plates (excluding hot rolled flat products in coil form) of alloy or non-alloy steel having nominal thickness less than or equal to 150 mm and nominal width of greater than or equal to 600 mm' and is classified under Chapter 72 of the Customs Tariff Act, 1975 under tariff heading 7208 and 7225 (72254013, 72254019, 72254020, 7225030 and 73359900).

## **6 PRECISE DESCRIPTION OF THE PROPOSED MEASURE**

DG Safeguards, the competent authority, has recommended to impose safeguard duty at the rate of 10% ad valorem (minus Anti-Dumping duty, if any) on the import of PUC imported at a price below \$504 per MT for first year, at the rate of 8% ad valorem (minus Anti-Dumping duty, if any) on the import of PUC imported at a price below \$504 per MT and at the rate of 6% ad valorem (minus Anti-Dumping duty, if any) on the import of PUC imported at a price below \$504 per MT on imports of ad valorem (minus Anti-Dumping duty, if any) on the import of PUC imported at a price below \$504 per MT.

## **7 FURTHER INFORMATION**

The Final Findings were published in gazette of India on 2 August 2016.

## **8 PROPOSED DATE OF IMPOSITION OF SAFEGUARD MEASURE**

The safeguard measure will be applicable from the date of issue of notification in this regard by the Department of Revenue, Ministry of Finance, Government of India.

### **NOTIFICATION PURSUANT TO ARTICLE 9, FOOTNOTE 2, OF THE AGREEMENT ON SAFEGUARDS**

#### **1 SPECIFY THE MEASURE**

safeguard duty at the rate of 10% ad valorem (minus Anti-Dumping duty, if any) on the import of PUC imported at a price below \$504 per MT for first year, at the rate of 8% ad valorem (minus Anti-Dumping duty, if any) on the import of PUC imported at a price below \$504 per MT and at the rate of 6% ad valorem (minus Anti-Dumping duty, if any) on the import of PUC imported at a price below \$504 per MT on imports of ad valorem (minus Anti-Dumping duty, if any) on the import of PUC imported at a price below \$504 per MT when imported into India has been recommended by DG(Safeguards), the competent authority.

#### **2 SPECIFY THE PRODUCT SUBJECT TO THE MEASURE**

The Product Under Consideration (PUC) is 'Hot-rolled flat sheets and plates (excluding hot rolled flat products in coil form) of alloy or non-alloy steel having nominal thickness less than or equal to 150 mm and nominal width of greater than or equal to 600 mm' and is classified under Chapter 72 of the Customs Tariff Act, 1975 under tariff heading 7208 and 7225 (72254013, 72254019, 72254020, 7225030 and 73359900).

#### **3 SPECIFY THE DEVELOPING COUNTRIES TO WHICH THE MEASURE IS NOT APPLIED UNDER ARTICLE 9.1 OF THE AGREEMENT ON SAFEGUARDS, AND THE IMPORT SHARE OF THESE COUNTRIES INDIVIDUALLY AND COLLECTIVELY**

As the imports from developing nations, as listed in Notification No.19/2016-Customs (NT) dated 5 February 2016, except China PR, Indonesia and Ukraine do not exceed 3% individually and 9% collectively, the import of product under consideration originating from developing nations except China PR, Indonesia and Ukraine will not attract Safeguard Duty in terms of proviso to Section 8B (1) of the Customs Tariff Act, 1975.

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