

**F. No. 6/25/2023-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: 20.03.2025

**DISCLOSURE STATEMENT
Case No. CVD (OI) - 03/2023**

Subject: Disclosure Statement in the Countervailing investigation concerning imports of “Digital Offset Printing Plates” (DOPP) originating in or exported from China PR and Taiwan.

1. In accordance with Rule 20 of the Customs Tariff (Identification, Assessment and Collection of Countervailing Duty on Subsidized Articles and For Determination of Injury) Rules, 1995, as amended from time to time, the Designated Authority hereby discloses the essential facts under consideration in the matter relating to the above investigation. This Disclosure Statement comprises of the following four Sections:

Section I: General Disclosure

Section II: Determination of countervailability of schemes and Subsidy Margin

Section III: Methodology for Injury determination and examination of Injury and Causal Link

Section IV: Methodology for arriving at non-injurious price (Confidential copy for Domestic Industry only)

2. The sections cited above contain essential facts under consideration of the Designated Authority, which would form the basis for the Final Findings. The reproduction of facts does not tantamount to either acceptance or rejection of any fact/argument/submission. Arguments/submissions made by the domestic industry and the interested parties during the course of the present investigation are reflected in this Disclosure Statement to the extent they are considered relevant to this investigation by the Authority.
3. Notwithstanding the facts given in this Disclosure Statement (including facts given on confidential basis), the Designated Authority would consider all replies given by the interested parties, on merit, in order to arrive at a final determination.
4. In this Disclosure Statement *** represents information furnished by an interested party on confidential basis and so considered by the Authority under the Rules.
5. Interested parties may submit their comments, if any, in the form of soft copy, latest by March 25, 2025 through email to jd12-dgtr@gov.in and dd16-dgtr@gov.in with a copy to [consultant-](#)

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dgtr@govcontractor.in. Since countervailing investigations are time bound, the Designated Authority shall not entertain any request for extension of time.

This issues with the approval of the Designated Authority.

Rajiv Kumar Soni
Director (FT)
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SECTION I

A. BACKGROUND OF THE CASE

1. M/s Technova Imaging Systems (P) Ltd (hereinafter referred to as the “**Domestic Industry**” or “**applicant**”) has filed an application before the Designated Authority (hereinafter referred to as the “**Authority**”), on behalf of the domestic industry, in accordance with the Customs Tariff Act, 1975 (hereinafter referred to as the “**Customs Tariff Act**”) and the Customs Tariff (Identification, Assessment and Collection of Countervailing Duty On Subsidized Articles And For Determination Of Injury) Rules, 1995 (hereinafter referred to as the “**CVD Rules**”) for initiation of countervailing investigation concerning imports of the “**Digital Offset Printing Plates**” (“**product under consideration**” or “**PUC**” or “**subject goods**” or “**Digital Plates**” or “**Digital Offset Printing Plates**”) originating in or exported from China PR and Taiwan (“**subject countries**”).
2. On the basis of the duly substantiated application by the domestic industry, and having satisfied itself, on the basis of prima facie evidence submitted by the applicant, the Authority initiated an investigation vide Notification No. 6/25/2023-DGTR dated 29.09.2023, into the alleged subsidization and consequent material injury and threat of injury to the domestic industry in terms of Rule 6 of the CVD Rules, to determine the existence, degree, and effect of alleged subsidization and to recommend the amount of countervailing duty, which if levied would be adequate to remove the injury to the domestic industry.

B. PROCEDURE

3. The following procedure has been followed with regard to this investigation:
 - i. The Authority notified the Embassies of the subject countries in India about the receipt of the present countervailing application before proceeding to initiate the investigation in accordance with Rule 6(5) of the CVD Rules.
 - ii. The Authority issued a public notice dated 29 September 2023, published in the Gazette of India Extraordinary, initiating the countervailing investigation concerning imports of the subject goods from the subject countries.
 - iii. In accordance with Article 13 of the WTO Agreement on Subsidies and Countervailing Measures (“**ASCM**”), the Authority invited the government of the subject country for consultations in order to provide them an opportunity for clarifying the situation as to the matters referred to in the application.
 - iv. The Authority notes that adequate opportunity was provided to the governments of China and Taiwan, through written communications and consultations, to provide relevant information concerning the existence, operations and administration of various subsidy schemes contended by the applicants, countervailability of the same vis-à-vis the WTO ASCM and

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Indian Rules, and benefits availed by the producers/exporters of the subject countries under these schemes. The responses filed by the Governments of China PR and Taiwan have been taken on record and examined by the Authority.

- v. The Authority sent a copy of the initiation notification on November 9, 2023, to the embassies of the subject countries in India, the known producers and exporters from the subject countries, the known importers/users of the subject imports and other interested parties, as per the information provided by the applicant. The interested parties were requested to provide relevant information in the form and manner prescribed in the initiation notifications and make their submissions known in writing within the time limits prescribed by the initiation notification.
- vi. The Authority also provided a copy of the non-confidential version of the application filed by the applicant to the known producers/exporters, known importers/users and to the embassies of the subject countries in India in accordance with Rule 6(5) of the CVD Rules, 1995 through its email dated November 9, 2023.
- vii. The Embassies of the subject countries in India was also requested to advise the exporters/producers from their countries to submit their responses to the questionnaire within the time limit prescribed by the initiation notification. The Embassies of the subject countries was also sent a copy of the letter and questionnaire sent to the producers/exporters along with the names and addresses of the known producers /exporters from the subject countries.
- viii. The Authority sent questionnaires to the following known producers/exporters in the subject countries in accordance with Rule 7(4) of the CVD Rules, 1995:
 - i Zhejiang Jinruitai New Material Co. Ltd
 - ii Huangshan Jinruitai Technology Co., Ltd
 - iii Anhui Strong State New Materials Co., Ltd.
 - iv Chongqing Huafeng Di Jet Printing Material Co., Ltd
 - v Lucky Huaguang Graphics Co., Ltd
 - vi Kodak (China) Graphic Communications Company Ltd.
 - vii Fujifilm Printing Plate (China) Co., Ltd.
 - viii Fujifilm (China) Investment Co., Ltd.
- ix. On December 1, 2023, the Authority conducted a discussion on the methodology to be adopted for Product Control Numbers (“PCN”) in the subject investigation. Accordingly, the Authority finalized the PCN methodology in the subject investigation vide notification dated January 12, 2024. Thereafter, interested parties were provided time until January 31, 2024, to file a response to the questionnaires circulated by the Authority. Upon the request of the

exporters, the Authority granted an extension until February 15, 2024, to file the questionnaire responses.

- x. In response to the above notification, the following producers/ exporters from the subject countries have submitted the exporter questionnaire response:
- i Zhejiang Jinruitai New Material Co. Ltd
 - ii Huangshan Jinruitai Technology Co., Ltd
 - iii Anhui Strong State New Materials Co., Ltd.
 - iv Chongqing Huafeng Di Jet Printing Material Co., Ltd
 - v Lucky Huaguang Graphics Co., Ltd
 - vi Kodak (China) Graphic Communications Company Ltd.
 - vii Fujifilm Printing Plate (China) Co., Ltd.
 - viii Fujifilm Corporation, Japan
 - ix Fujifilm (China) Investment Co., Ltd.
 - x Eastman Kodak Company
- xi. The producers/exporters from the subject countries who have not submitted the questionnaire response or have not cooperated in the investigation have been treated as non – cooperative in the investigation.
- xii. The Authority also sent questionnaires to the known importers/users of the subject goods in India calling for necessary information in accordance with Rule 7(5) of the CVD Rules, 1995.
- xiii. The following importers/users submitted the importer/user questionnaire responses:
- i Kapoor Imaging Pvt. Ltd.
 - ii Fujifilm India Private Limited
 - iii Kodak India Pvt. Ltd.
- xiv. The Authority has requested to the Directorate General of Commercial Intelligence and Statistics (DGCI&S) to provide the transaction wise import data for the subject goods for the period of investigation and injury period. Upon review of the data received from the DGCI&S data, it was found that multiple line items under one bill of entry were combined into 1 import transaction. On the other hand, the Applicant claimed that the quantitative information can be calculated for each line item depending on the dimensions of the products. Therefore, the Authority could not rely upon the DGCI&S data for the purpose of the initiation of the

investigation and have relied upon the data submitted by the Applicant. However, during the course of the investigation, the Directorate General of Systems & Data Management (DG Systems) was requested to provide transaction-wise details of the imports of the subject goods for the injury investigation period and the period of investigation. The same was received by the Authority and considered for the purpose of the present disclosure statement.

- xv. In accordance with Rule 7(6) of the CVD Rules the Authority provided an opportunity to the interested parties for presenting their views orally regarding the subject investigation through an oral hearing held on January 17, 2025. The interested parties who presented their views in the oral hearing, were requested to file written submissions of the views expressed orally, followed by rejoinder submissions, if any. The interested parties were further directed to share the non-confidential version of the written submissions submitted by them with the other interested parties.
- xvi. The non-injurious price (hereinafter referred to as the 'NIP') has been determined based on the information furnished by the domestic industry on the basis of Generally Accepted Accounting Principles (GAAP) and Annexure III to the AD Rules, 1995 so as to ascertain whether countervailing duty lower than the subsidy margin would be sufficient to remove injury to the domestic industry.
- xvii. The information submitted by the domestic industry has been examined and verified during on site-verification to the extent deemed necessary and has been relied upon for the present disclosure statement.
- xviii. The examination and verification of the information submitted by the cooperating producers/exporters from the subject countries was also carried out to the extent deemed necessary and have been relied upon for the purpose of the present disclosure statement.
- xix. The period of investigation (POI) for the purpose of present investigation is 1st April 2022 to 31st March 2023 (12 months). The injury examination period is from 1st April 2019 - 31st March 2020, 1st April 2020 - 31st March 2021, 1st April 2021 - 31st March 2022, and the POI.
- xx. The Authority made available the non-confidential version of the evidence presented by various interested parties on mutual basis in the manner prescribed through Trade Notice no. 10/2018 dated 7th September 2018. The information/submissions provided by the interested parties on a confidential basis were examined concerning the sufficiency of such confidentiality claims. On being satisfied concerning the sufficiency of the confidentiality claims filed by the interested parties, the Authority has considered such information/submissions as confidential. In case of non-acceptance of confidentiality claims, the interested parties were directed to submit the non-confidential version of the same and circulate it to the other interested parties.

- xxi. The Authority has considered all the arguments raised and information provided by all the interested parties at this stage, to the extent the same are supported with evidence and considered relevant to the present investigation.
- xxii. ‘****’ in these disclosure statement represents information furnished by an interested party on confidential basis and so considered by the Authority under Rule 8 of CVD Rules, 1995.
- xxiii. The exchange rate for the POI adopted by the Authority for the subject investigation is 1 US \$= INR 80.29.

C. PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE

a. Submissions made by the other interested parties

- 4. The other interested parties have made the following submissions with respect to the product under consideration:
 - i. The product under consideration consists of three types: i. Thermal plates; ii. Violet plates; and iii. CtCP/UV CtP plates. The Authority has classified these three types as different PCNs (Product Control Numbers) based on differences in cost and price.
 - ii. In the original investigation, interested parties argued that the domestic industry does not produce certain product types: i. Double Layer CtCP plates; ii. Negative working UV CtP plates; iii. Other variants of Process-less Plates (i.e., Violet and UV CtP) on a commercial scale; iv. Chem-free UV CtP plates on a commercial scale. In the parallel sunset review, the Authority excluded these products. Accordingly, they must be excluded in the present investigation.

b. Submissions made on behalf of the domestic industry

- 5. The following submissions have been made on behalf of the domestic industry with regards to the product under consideration:
 - i. Digital Plates are used in the printing industry for transferring data as an image (dot patterns or text) onto paper or on non-absorbent substrates like tin sheets, poly films, etc. In the printing process using Digital Offset Printing Plates, the digital workflow enables direct transfer of an image from a 'computer to the plate' (CtP) using lasers, unlike the analog workflow that requires an intermediary film to transfer the image.
 - ii. The PUC is freely importable into India and is not subject to any import restriction.
 - iii. Digital Offset Printing Plates are made from high-purity litho-grade aluminium coils coated with a chemical coating. Digital Offset Printing Plates may be either positive (non-exposed area forms image) or negative (exposed area forms image) working plates.

- iv. The coating components, also known as 'sensitizers,' vary for different types of plates. Based on the coating components and laser type of plate setters, the Digital Offset Printing Plates may be broadly classified into three categories, namely: i. Thermal, ii. Violet, and iii. CtCP/UV CtP (Computer-to-Conventional Plate) based on their application.
- v. All types of Digital Offset Printing Plates, in all dimensions, are covered within the scope of the product under consideration, except waterless CtP plates.
- vi. The Authority finalized the product scope after assessing products manufactured by the Domestic Industry, imports of the product, and the end-use and substitutability of domestic and imported products.
- vii. The Digital Offset Printing Plates produced by the Domestic Industry are alike in all respects to the imported digital offset printing plates from the subject countries. The end-use, technical characteristics, and physical characteristics of the imported goods are comparable with the PUC produced by the Domestic Industry.
- viii. The Domestic Industry submitted that to the best of their knowledge, there are no known differences between the imported subject goods and the goods produced by the Domestic Industry.
- ix. Therefore, the products being imported into India are alike in all respects to the products produced by the Domestic Industry.
- x. The Domestic Industry argues that the issues raised have already been resolved in the original investigation and the parallel sunset review. No new product specifications or evidence have been provided to support claims of exclusion, so the original scope must be relied upon.
- xi. The Domestic Industry can manufacture Double Layer - Thermal (Elite) and Violet plates and has the capacity to produce double-layer UV CtCP plates, as confirmed during the original investigation.
- xii. The Domestic Industry manufactures negative working UV CtCP plates, as previously established.
- xiii. The Domestic Industry clarifies it produces violet chem-free plates but notes that no players in the market, including itself, manufacture violet process-free plates or process-free UV CtCP plates. The Domestic Industry can produce chem-free UV CtP plates, though the costs are significantly higher, leading to low commercial demand in India.

c. Examination by the Authority

- 6. The product under consideration is "Digital Offset Printing Plates." Digital offset printing plates are used in the printing industry to transfer data as an image onto paper or on non-absorbent substrates like tin sheets, poly films, etc. In the printing process using Digital Offset

Printing Plates, the digital workflow enables direct transfer of the image from a 'computer to the plate' (CtP) using lasers, unlike the analog workflow that requires an intermediary film to transfer the image.

7. Digital Plates are made from high-purity lithograde aluminium coils coated with a chemical coating. Digital Offset Printing Plates may be either positive (non-exposed area forms image) or negative (exposed area forms image) working plates. The range includes plates that require chemicals for processing the plates and environmentally friendly ones that require no chemicals or water for processing. The coating formulations vary for different types of plates. There are three types of digital offset printing plates, namely:
 - i. Thermal Plates;
 - ii. Violet Plates;
 - iii. CtCP/UV CtP Plates.
8. All types of Digital Offset Printing Plates in all dimensions and thicknesses are covered within the scope of the product under consideration. However, waterless CtP plates are excluded from the scope of the PUC.
9. A meeting on the scope of PUC/PCN was held by the Authority on December 1, 2023, wherein no submissions were made by the interested parties with respect to the exclusion of products from the scope of the investigation. Pursuant to submissions received from the interested parties, the Authority has, vide its communication dated January 12, 2024, clarified the scope of the PUC and PCN methodology to be followed for the present investigation as under:

S. No.	PCN Parameter	Code
1	Computer-to-Conventional Plate (CtCP)/UV Computer-to-Plate (UV CtP)	C
2	Thermal Plates	T
3	Violet Plates	V

10. The Authority notes that certain interested parties have argued that in the original investigation, the Authority included Double Layer CtCP plates, Negative working UV CtP plates, other variants of Process-less Plates (i.e., Violet and UV CtP), and Chem-free UV CtP plates within the PUC since the domestic industry demonstrated no commercial demand for these products. However, they should now be excluded from the scope of the PUC, since the domestic industry continues not to produce these products, and that they were also excluded by the Authority in the parallel sunset review.
11. In this regard, the Authority notes that it decided to not exclude Double Layer CtCP plates, Negative working UV CtP plates, other variants of Process-less Plates (i.e., Violet and UV CtP), and Chem-free UV CtP plates from the scope of the PUC in the parallel sunset review

of anti-dumping duties on the PUC. Following reference from the sunset review investigation is relevant in this regard:

The Authority also notes that the interested parties have failed to provide any evidence to demonstrate that these products are not 'like' domestically produced products. Further, the Authority has examined the issues of exclusions of various types of products from the scope of the investigation in the original investigation, and the interested parties have not made available any new evidence establishing that the applicant does not manufacture any of such products. In view of the same, the Authority does not consider it appropriate to examine these claims of product exclusion made by the interested parties.

12. The interested parties have failed to provide any evidence to demonstrate that these products are not 'like' domestically produced products. Accordingly, the Authority notes that there is no known difference in the subject goods produced by the Indian domestic industry and those imported from the subject countries. The two are comparable in terms of physical characteristics, manufacturing process, functions and uses, product specifications, distribution and marketing, and tariff classifications of the goods. The two are technically and commercially substitutable. The consumers also use the two interchangeably. The Authority holds that the product manufactured by the Applicant constitutes like article to the subject goods being imported into India from the subject countries.
13. The PUC falls under tariff item 8442.50 of the Customs Tariff Act, 1975. The PUC is also being imported under other customs tariff items, including 3701.3000, 3704.0090, 3705.1000, 7606.1190, 7606.9190, and 7606.9290. Imports of PUC made under all the various HS codes have been taken into consideration for the purpose of injury assessment. The customs classification is indicative only and is in no way binding on the scope of the present investigation.

D. SCOPE OF DOMESTIC INDUSTRY AND STANDING

a. Submissions made by the other interested parties

14. The other interested parties have made the following submissions with respect to the Domestic Industry and Standing:
 - i. The applicant, Technova Imaging Pvt Ltd, acknowledged in its application that they imported the subject goods from both subject and non-subject countries during the POI, despite having anti-dumping protection, but did not disclose the reasons for such imports.
 - ii. Interested parties argue that Technova is ineligible to be considered a "Domestic Industry" under Rule 2(b) because it is a significant and habitual importer of the subject goods from the countries under investigation. This increased substantially during the period of investigation, disqualifying it from being treated as a domestic industry. Several past cases,

including Aluminium Foil from China PR (2017), Flax Yarn from China PR (2018), and Glazed/Unglazed Porcelain/Vitrified Tiles from China PR (2017), are cited to support this argument.

- iii. Technova's regular imports contradict the claim that such imports are temporary, as noted in previous investigations where the Designated Authority allowed temporary imports to retain core customers. However, current import data shows that Technova has consistently imported subject goods not only during the POI and injury period but also before and after the POI. This pattern challenges the domestic industry's eligibility under Rule 2(b).
- iv. Rule 2(b) of the CVD Rules stipulates that regular importers of the subject goods cannot be considered a "Domestic Industry." The respondents submit that Technova's imports increased from 100 index points in FY 2019-20 to 354 index points during the POI, further disqualifying it under Rule 2(b).
- v. The Manual of Operating Practices for Trade Remedy Investigations (Para 4.9.20(v)) requires a specific reference from the Director General on the issue of imports by petitioners. The petitioner has not provided any exceptional circumstances for these imports, and the reasons for such imports have been kept confidential.
- vi. The Authority must evaluate compliance with Rule 2(b), as regular imports by the applicant, even though claimed to be temporary, contradict its status as a domestic industry. The applicant's substantial imports, both from subject and non-subject countries, raise questions about its eligibility, as similar producers have been disqualified in previous cases like Soda Ash from Turkey and USA.
- vii. Technova's consistent imports are not insignificant, as claimed, and evidence suggests that these imports were regular, occurring during the injury period, POI, and post-POI. The applicant's imports were neither temporary nor made under a duty-free scheme.
- viii. During the original investigation, the domestic industry's imports accounted for 7% of total imports, but the Authority treated these as temporary. However, current evidence suggests that the domestic industry remains reliant on imports, particularly from subject countries like China and Japan.
- ix. Technova has regularly imported goods from both subject and non-subject countries during the POI, indicating that any decline in domestic production and sales cannot be attributed solely to the subject goods.
- x. The domestic industry is not fully equipped to serve all customers, lacks sufficient technology, and relies on imports to meet demand, which contradicts its claims of being a self-sufficient producer.

- xi. The interested parties have alleged that the Petitioner made false claims regarding the import data for 2020-21 and 2021-22. Consequently, they have submitted a dataset which indicates that during 2019-20 and 2020-22, the domestic industry imported a total of 115,873 SQM.
- xii. The volumes imported by the Petitioner are far too high to be imported for R&D purposes.

b. Submissions made on behalf of the domestic industry

- 15. The following submissions have been made on behalf of the Domestic Industry with regard to the domestic industry:
 - i. Out of total domestic production, the production share of the domestic producer's share is 96%. In view of the same, the domestic producer meets the requisite threshold to constitute domestic industry for the purposes of the present application.
 - ii. In order to qualify as "domestic industry," the domestic producer's production of the PUC must constitute a major proportion of the eligible domestic production. The domestic producer's production meets the threshold requirement.
 - iii. While the domestic producer was constrained to make some imports during the POI, these imports are insignificant when compared to the total production of the domestic producer, total imports of PUC into India, and subject imports of PUC.
 - iv. The Domestic Industry has imported the PUC from both subject and non-subject countries due to each of their two plants undergoing separate routine maintenance shutdowns.
 - v. It may be noted that neither of the plants was shut down at the same time. Consequently, to fulfill its commitments to existing customers, the Domestic Industry imported the PUC as a temporary solution.
 - vi. Furthermore, post COVID-19, the PUC witnessed a pent-up demand, which is evident from the production and sales of the Domestic Industry during the same period. In order to meet the sudden increase in demand from its existing customers, the Domestic Industry imported a limited quantity of the PUC while paying the applicable duties, including anti-dumping duties.
 - vii. The Domestic Industry submits that the imports from the subject countries on account of the above reasons are only 1.8% of its production and 1.2% of the overall demand for the subject goods in the POI period.
 - viii. The Domestic Industry continues to focus on manufacturing the subject goods and was constrained to import the PUC as a temporary measure to serve its existing customers. This does not alter the fundamental characteristic of the Domestic Industry's business, i.e., manufacturing the PUC and supplying it to its customers.

- ix. With regard to the imports from the non-subject countries (i.e., the European Union), the imports have been made from its erstwhile technology partner for the purpose of testing and market seeding.
- x. Since the imports by the domestic producer from the subject countries constitute only 1.8% of its total production of the PUC, 1.2% of the total demand, and 3.5% of the import from subject countries, such low imports could not have conferred any undue benefits to the Applicant.
- xi. Indian courts have held that where the principal business of the producer is not importation, it should not be excluded from the scope of domestic industry. A producer who imports a small fraction of its total production, and that too, during production disruptions, should not be considered an importer under Rule 2(b) of the CVD Rules.
- xii. The Petitioner manufactures the subject goods in India as a predominant activity and possesses all the essential characteristics of a manufacturer. The domestic production of the Petitioner accounts for almost 67% of the demand for the subject goods.
- xiii. The Petitioner is the largest producer of the subject goods, accounting for 96% of the total domestic production.
- xiv. The Petitioner continues to focus on domestic production, furthering the Indian government's ambitions of "Make in India" and continues to expand its capabilities to serve domestic customers.
- xv. The Domestic Industry argues that "temporary" imports should not be conflated with "non-recurring." Occasional small imports do not indicate that the industry is a habitual importer or shifting towards trading activities. These imports are driven by short-term needs, and the primary focus remains domestic production.
- xvi. The Authority has consistently considered domestic producers with minimal imports as eligible for domestic industry status in previous anti-dumping investigations. Examples include cases involving natural mica-based pigments, flax yarn, and caprolactam.

c. Examination by the Authority

16. Rule 2(b) of the Rules provides as follows:

“Domestic industry” means the domestic producers as a whole engaged in the manufacture of the like article or those whose collective output of the said article constitutes a major proportion of the total domestic production of that article, except when such producers are related to the exporters or importers of the alleged subsidised article, or like article from other countries or are themselves importers

thereof, the term "domestic industry" may be interpreted as referring to the rest of the producers."

17. The Authority notes that the Application has been filed by M/s. TechNova Imaging Systems (P) Ltd. In addition to TechNova, there is only one other producer of the subject goods, namely HL Printech Pvt. Ltd., who has filed a support letter in the said investigation.
18. The Applicant submitted that it is not related to any of the exporters of the PUC from the subject countries or importers of the PUC from the subject countries. However, the Applicant has submitted that it has imported the PUC from one of the subject countries during the period of investigation.
19. The Authority notes that Rule 2(b) of the CVD Rules provides that the domestic producers which are related to the exporters or importers or which themselves are importers of the allegedly subsidised goods may be excluded from the scope of domestic industry. The usage of the word "may" under Rule 2(b) indicates that producers related to exporters or importers as well as importing producers are not automatically excluded from being part of the domestic industry. The Authority has discretion to determine the inclusion or exclusion of such producers within the scope of the domestic industry on a case-to-case basis after making all due considerations in this regard. In particular, the Authority is required to examine if the Applicant has imported the PUC in such substantial volumes and under such conditions which would render the Applicant ineligible as domestic industry under Rule 2(b) of the CVD Rules.
20. The Authority has also taken note of the arguments raised by interested parties, which assert that the Applicant's imports of the subject goods cannot be characterized as 'temporary,' given that the Applicant had imported the subject goods during the POI of the original investigation as well. The Domestic Industry (DI), in response, contends that the term 'temporary' should not be conflated with 'non-recurring.' The Authority notes that occasional imports made by domestic producers, driven by specific and short-term needs such as unexpected demand surges or production disruptions, should not result in the conclusion that the imports are 'habitual' or not 'temporary' as long as such imports are incidental to its primary role as a domestic manufacturer and do not signify a shift in its business activities toward trading.
21. In this regard, the Authority notes that the details of imports made by the Applicant are as follows:

Particulars	UOM	2019-20	2020-21	2021-22	POI
Imports made by the Applicant from the subject countries	SQM	***	***	***	***
Production Quantity	SQM	***	***	***	***

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Particulars	UOM	2019-20	2020-21	2021-22	POI
Total Imports	SQM	1,45,05,334	73,67,190	86,88,785	1,43,03,156
Total Demand	SQM	***	***	***	***
Imports in relation to:					
- Domestic production	%	0-1%	NIL	NIL	1-2%
- Demand	%	0-1%	NIL	NIL	1-2%
- Subject Imports	%	1-2%	NIL	NIL	3-4%

22. The Authority notes that the volume of imports of the PUC by the Applicant during the POI is insignificant compared to the total imports, total domestic production, or total demand of the country. The volume of imports made by the Applicant in relation to total demand, its domestic sales, and production is in the range of 1-2%. The same has been verified from the DG Systems data.
23. It is noted that the Applicant is the largest producer of the subject goods, constituting about 96% of the total domestic production in the country. Therefore, the imports made by the Applicant are not inconsistent with its role as a domestic producer and do not indicate a shift toward trading or habitual importation.
24. In view of the above, the Authority holds that the Applicant, i.e., TechNova Imaging Systems (P) Ltd., satisfies the requirement of Rule 2(b) of the CVD Rules and is considered to be a domestic industry within the meaning of the rules.
25. Based on the information available on record, the Authority notes that the production of the Applicant in the POI is about 96% of the total Indian production and constitutes a major proportion. Accordingly, the application filed by the Applicant satisfies the criteria of standing in terms of Rule 2(b) of the CVD Rules.

E. CONFIDENTIALITY

a. Submissions made by the other interested parties

26. The other interested parties have made the following submissions with respect to the product under consideration:
- i. The applicant has grossly violated the specific provisions of the Trade Notice No. 10/2018 dated 7.09.2018. The applicant has claimed excessive confidentiality.

b. Submissions made on behalf of the domestic industry

27. The following submissions have been made on behalf of the domestic industry with regard:

- i. The Domestic Industry argues that the interested parties have not provided adequate information regarding the subsidies they availed, as they marked all details as confidential, making it impossible for the Domestic Industry to assess their claims.
- ii. The responses submitted were either fully confidential or lacked meaningful answers, violating transparency standards in trade remedy investigations. The WTO Appellate Body in EC – Fasteners (China) stressed the need for non-confidential summaries to ensure other parties can understand and respond to claims.
- iii. The Authority’s past practice, such as in the Fibreboards case, supports rejecting incomplete or inadequate submissions. The Domestic Industry asserts that the respondents' failure to provide meaningful non-confidential summaries and program-wise details hinders the investigation and calls for the denial of individual subsidy margins for parties that have not fully complied with disclosure requirements.

c. Examination by the Authority

28. With regard to confidentiality of information, Rule 8 of the CVD Rules, 1995 provides as follows:
29. On confidentiality of information, Rule 8 of the Rules reads as follows:

“(1) Notwithstanding anything contained in sub-rule (1), (2), (3), and (7) of Rule 7, sub-rule (2) of Rule 14, sub-rule (4) of Rule 17, and sub-rule (3) of Rule 19, copies of applications received under sub-rule (1) of Rule 6 or any other information provided to the designated authority on a confidential basis by any party in the course of investigation, shall, upon the designated authority being satisfied as to its confidentiality, be treated as such by it and no such information shall be disclosed to any other party without specific authorisation of the party providing such information.

(2) The designated authority may require the parties providing information on a confidential basis to furnish a non-confidential summary thereof in sufficient detail to permit a reasonable understanding of the substance of the confidential information. If, in the opinion of a party providing such information, such information is not susceptible to summary, such party may submit to the designated authority a statement of reasons why summarisation is not possible.

Notwithstanding anything contained in sub-rule (2), if the designated authority is satisfied that the request for confidentiality is not warranted or the supplier of the information is either unwilling to make the information public or to authorise its disclosure in generalised or summary form, it may disregard such information.”

30. The Authority made available non-confidential version of the information provided by - various interested parties to all interested parties through the public file containing non-confidential version of evidence submitted by various interested parties for inspection.
31. The Hon'ble Supreme Court in the case of *Reliance Industries v. Designated Authority*, had emphasized upon the importance of confidentiality. In para 3 of said decision it was reaffirmed that:

“3. ... confidentiality under Rule 7 is not something which must be automatically assumed. Of course, in such cases there is need for confidentiality as otherwise trade competitors would obtain confidential information which they cannot otherwise get. But whether information supplied is required to be kept confidential has to be considered on a case- to-case basis. It is for the Designated Authority to decide whether a particular material is required to be kept confidential.”

32. Accordingly, the Authority examined the information provided by the domestic industry and other interested parties on a confidential basis for sufficiency of such claims in accordance with Rule 8 of the CVD Rules. On being satisfied, the Authority accepted the confidentiality claims, wherever warranted and such information has been considered confidential. Wherever possible, parties providing information on confidential basis were directed to provide sufficient non confidential version of the information filed on confidential basis.
33. With regard to the confidentiality claims over the name of raw materials, production process, imports by the domestic industry as well as NIP range, the Authority notes that the name of raw material, imports in ranges as well as injury margin in ranges has been disclosed by the domestic industry in its submissions including the petition. With regard to the confidentiality over production process, it is noted that such information is confidential in nature and disclosure of such information may adversely impact the domestic industry.

F. MISCELLANEOUS

a. Submissions made by the other interested parties

34. The following submissions have been made on behalf of the domestic industry with regard:
- i. Technova Imaging Pvt. Ltd. has consistently sought and received trade remedy protections, including anti-dumping and countervailing duties, on Digital Offset Printing Plates from various countries since 2011. The duties have been extended repeatedly, most recently against China, Japan, Korea, Taiwan, and Vietnam, with a countervailing investigation initiated against China and Taiwan in September 2023.
- ii. The interested parties submit that the petitioner, Technova, selectively chooses periods of adverse market trends to file for investigations, using trade remedies as a shield against competition.

- iii. In the original investigation, imports under various HS codes (3701.3000, 3704.0090, 3705.1000, 7606.1190, 7606.9190, and 7606.9290) were considered for injury assessment, but in the current investigation, the petitioner has only focused on tariff item 8442.50, potentially skewing the injury analysis by excluding other relevant HS codes. This selective approach may distort the actual import volume and provide an inaccurate assessment of the injury, leading to flawed conclusions. The Authority is urged to scrutinize this selective reporting to ensure the injury assessment reflects the full scope of relevant import data.
- iv. The simultaneous imposition of anti-dumping and countervailing duties must be limited to the extent of injury margin.
- v. The Authority in recently concluded anti-dumping investigation determined an individual margin for KCGCCL with negative injury margin. A similar trend was witnessed in all previous investigation as well. Since the POI of the present CVD investigation is same as recently concluded anti-dumping investigation, the Authority should conclude individual margin for KCGCCL with negative injury margin, leading to nil rate of duty.
- vi. It is submitted that several of the export subsidy programs in this investigation, including Program 1, are already considered for the computation of anti-dumping duty imposed under the sunset review investigation concerning imports of anti-dumping duties concerning imports of “Digital Offset Printing Plates” (DOPP) originating in or exported from China PR, Japan, Korea RP, Vietnam, and Taiwan and the imposition of a countervailing duty leads to a double remedy for the same situation of dumping and export subsidization.
- vii. It is submitted that the Petitioner has failed to provide adequate and accurate evidence for several of the subsidy programs mentioned during the initiation of this investigation and the additional programs proposed to be included in this investigation. The Petitioner should have provided more than just a list of the names of the subsidies as has been done with respect to several of the programs.

b. Submissions made on behalf of the domestic industry

- i. The Domestic Industry argues that the petition for initiating a countervailing duty investigation fully complies with the requirements of Article 11.2 of the SCM Agreement and Rule 6 of the Countervailing Duty Rules.
- ii. The petition provides sufficient evidence for subsidization, injury, and causal link, detailing subsidy programs, implementing legislation, financial contributions, benefits, and specificity. The evidence includes government notifications, WTO notifications, and administrative reports that substantiate the existence of the subsidies.
- iii. The Domestic Industry refutes claims that the petition lacks subsidy calculations, stating that such detailed calculations are unreasonable at the pre-initiation stage due to confidential data.

The responsibility for investigating the extent of subsidization lies with the Authority, and the Domestic Industry has cooperated fully, unlike the foreign producers/exporters.

- iv. Interested parties claimed the Domestic Industry selectively focused on tariff item 8442.50.20 to distort import data. The Domestic Industry responded that the Authority may verify the data and rely on DG Systems or DGCIS data for the investigation.
- v. The Domestic Industry rejects the claim of double remedies from imposing both anti-dumping and countervailing duties on the PUC. They argue that the existing anti-dumping duty does not account for export subsidization, as it was determined solely based on dumping during the original investigation and does not address the effects of subsidies. The Appellate Body in DS379 clarified that double remedies can only occur if subsidies lower export prices, but this requires a fact-specific analysis, which the interested parties have failed to provide. They did not substantiate their argument that the subsidies are export subsidies or show how these subsidies affect export prices. As such, the claim of double remedies is unfounded, and the imposition of both duties is consistent with international trade law and the SCM Agreement.

c. Examination by the Authority

- 35. The Authority notes that certain interested parties have argued that the present subject investigation has been wrongly initiated since the petition filed by the domestic industry does not contain sufficient evidence as required under the CVD Rules. The Authority notes that the applicant has provided a duly substantiated application based on which the present investigation was initiated. The present investigation was initiated based on the data/information provided by the domestic industry and after *prima facie* satisfaction of the Authority that there is sufficient evidence of existence of subsidy, injury and causal link. The application contained all the information relevant for the purpose of initiation of the investigation. Reference is placed on WTO Panel Report in the matter of *China-Countervailing and Anti-Dumping Duties on Grain Oriented Flat-rolled Electrical Steel from the United States* (DS 414) wherein the Panel stated that although definitive proof of the existence and nature of a subsidy, injury and a causal link is not necessary for the purposes of Article 11.3, adequate evidence, showing existence of these elements is necessary in the application. Indeed, in considering the quality of the evidence that should be provided in an application before an investigation is justified, the WTO noted that Article 11.2 of ASCM requires 'sufficient evidence of the existence of a subsidy' to justify initiation, meaning that the evidence should provide an indication that a subsidy actually exists. In the instant case, the applicant provided evidence in the form of nature of the program, authority administering the program, legal basis, eligibility criteria, financial contribution, specificity, benefit, nature of benefit, linkage to producers (wherever possible), and cases where the scheme was held countervailable in their application. The Authority considers evidence provided by the applicant as 'sufficient evidence of the existence of a subsidy' to justify initiation of investigation.

36. As regards examination of the accuracy and adequacy of the evidence and satisfaction of the Authority with regard to sufficiency of evidence to justify initiation, the Authority notes that the applicant provided evidence in the form of decisions of investigating authorities where alleged programs were countervailed. Further, applicant provided other relevant evidence in support of their claim. The Authority notes in this regard that EC in the matter of “*countervailing duty on imports of certain organic coated steel products originating in the People's Republic of China*” made final determination regarding some schemes solely based on determination made by US Decision Memorandum in the matter of Circular Welded Carbon Quality Steel Line Pipe. Under these circumstances, the Authority considers that at the stage of initiation, it is only a question of accuracy and adequacy of the evidence and *prima facie* satisfaction of the Authority. The authority holds that it is not appropriate to contend that there was no evidence for 32 programs in the application. The Authority also notes the decision of the WTO in the matter of *Guatemala Anti-Dumping Investigation Regarding Portland Cement from Mexico (WT/DS60/R)* wherein it was held that it is not necessary that the Authority restricts itself to the evidence brought by the applicant in their petition. The Authority can consider evidence otherwise available in the petition, even if not relied upon by the applicant.
37. The Authority notes the concerns raised by interested parties relating to the non-inclusion of certain HS tariff items covered in the scope of the PUC in the original investigation. In this regard, the Authority has examined and relied on import data from DG Systems to determine the volume of imports of the subject goods made from the subject countries in India. Import data from DG Systems has been examined for all HS tariff items that were covered in the original investigation and that have been reported by the Applicant in the petition. The import data has been sorted into PUC and Non-PUC based on the product description as well as relevant HS tariff items.
38. With regard to the request of the interested parties to limit the imposition of countervailing duties to the extent of the injury margin, the Authority notes that in terms of Section 9B(1)(a) of the Act, no article shall be subject to both countervailing duty and anti-dumping duty to compensate for the same situation of dumping or export subsidization. Considering the above provision, the Authority has taken due care that the product under consideration should not be subject to both anti-dumping and export subsidy. It is further noted that since the POI of anti-dumping and countervailing investigation is same, the Authority has taken due care of the fact that total duty on account of dumping margin and subsidy margin together should not exceed the level of injury margin calculated for the POI.
39. The Authority notes that interested parties have argued that individual margins must be determined for Kodak and Lucky, and Kodak should retain its negative injury margin. It has been argued that this approach has also been followed in the recently concluded sunset review for the anti-dumping duties imposed on imports of DOPP from various countries, including China PR, which had the same POI. In this regard, the Authority notes that it had considered the issue of change in the ownership of Kodak’s shareholding in the original anti-dumping

investigation and the recently concluded sunset review. The Authority has acknowledged that Lucky acquired Kodak China after the POI of the original anti-dumping investigation and noted that “*export pricing behaviour of the merged entity may be evaluated under a review investigation as and when filed by an interested party, in accordance with the relevant Rules/procedure.*” In the recently concluded sunset review, the Authority compared the price behaviour of both entities in the POI, which was the same as the POI in the subject investigation, and found that the pricing behaviour for Lucky and Kodak China remains the same as the original anti-dumping investigation. On that basis, it found it appropriate to extend separate anti-dumping duties to Kodak China and Lucky. In light of these specific facts, the Authority deems it appropriate to impose separate countervailing duties to Kodak China and Lucky in the subject investigation as well. The Authority highlights that this is based on the specific facts and circumstances of the subject investigation, including the evidence and arguments presented before the Authority.

SECTION II

G. DETERMINATION OF SUBSIDY AND SUBSIDY MARGINS**a. Submissions made on behalf of the domestic industry**

40. The following submissions have been made on behalf of the domestic industry:
- vi. The Domestic Industry refutes claims that the Authority failed to comply with Article 13.1 of the **SCM** Agreement regarding consultations with the government of the subject country before initiating the investigation. The Authority duly conducted consultations with the relevant government, as required by Article 13.1, which is a procedural requirement before the initiation of an investigation. The SCM Agreement only mandates sufficient evidence of subsidization, injury, and causal link at the pre-initiation stage, and the Domestic Industry provided such evidence in its petition.
 - vii. The identification of additional subsidy schemes during the investigation, based on responses **from** the respondents and a preliminary determination by the U.S. Department of Commerce, does not require new consultations. The dynamic nature of the investigation allows for new allegations to be examined without the need for separate consultations.
 - viii. Past cases and global practices confirm that consultations are not required for every new fact **or** subsidy discovered during the investigation.
 - ix. Moreover, under Article 13.2, governments have a reasonable opportunity to engage in consultations during the investigation, but no such request was made in this case
 - x. The domestic industry has conducted extensive research to document the subsidies that **Government** of China ("GOC") and the Taiwanese national, provincial, and local authorities provide to the digital plates industry in China and Taiwan, respectively.
 - xi. The GOC has not been forthcoming in disclosing the nature and extent of subsidies that it provides, despite its obligations to do so under the ASCM.
 - xii. The GOC maintains extensive industrial policies aimed at furthering China's economic growth and development which are implemented through subsidy programs that affect every aspect of the Chinese economy, including the production and export of the PUC.
 - xiii. The product under consideration is a downstream product of the aluminium value chain. Therefore, all manufacturers of the product under consideration are also beneficiaries of the subsidies provided to the aluminium value chain.
 - xiv. The domestic industry referred to an OECD report which highlights the impervious nature of **China's** aluminum sector. Some of these subsidies include the provision of inputs and

utilities at cheaper prices, tax concessions, low-interest loans and funding, and other financial incentives.

- xv. China's **tariff** structure also favors downstream activities in the aluminum value chain. It has adopted tools such as high export tariffs and incomplete rebate of Value Added Tax ("VAT") for primary aluminum exports.
- xvi. China, being one of the largest producers of primary aluminum, has made the commodity less accessible to the world, while providing its downstream industry with a cheap supply of primary aluminum.
- xvii. Chinese **authorities** have also implemented policies such as preferential loans, tax incentives, and subsidized energy prices, which have artificially lowered production costs for aluminum manufacturers and the producers of the PUC. This has led to oversupply and a surplus of aluminum in the global market, putting downward pressure on prices and negatively affecting producers in other countries.
- xviii. These market distortions have significant implications for the global aluminum industry and the **downstream** industries, such as for the PUC.
- xix. Domestic industry has further prima facie demonstrated that the financial assistance provided by Taiwanese authorities to the producers of the PUC constitutes countervailable subsidization under Section 9 of the Customs Tariff Act and the CVD Rules.
- xx. Rule 7(8) of the Countervailing Duty Rules allows the Authority to rely on 'facts available' when **exporters** fail to cooperate in the investigation, such as withholding information or impeding the process. This may include using data from the domestic industry's petition, previous determinations, or other reliable sources.
- xxi. The Domestic Industry has alleged that China PR provides a range of countervailable subsidies, including 32 grants and 13 tax programs. For cooperative producers, the subsidy margin is calculated based on the grant amount, with recurring grants divided by the production quantity during the investigation period. Non-recurring grants are allocated over the Average Useful Life (AUL) period, and if the grant amount is below 1% of sales, it is attributed to the year of receipt. Non-cooperative producers are evaluated using 'facts available,' which may include previous subsidy margins from investigations in India or abroad. In the case of selective non-cooperation, the Authority may use available data for the cooperative parts of the investigation, but facts available are applied to non-cooperative areas.
- xxii. The Domestic Industry highlights numerous subsidy margins derived from previous investigations, such as subsidies for foreign trade development funds, policy loans, income tax deductions for R&D, and various others. These margins are considered for non-cooperative producers or selectively non-cooperative producers where the producers did not provide sufficient information. The subsidy margin for each program is based on the facts

available, including decisions made in earlier countervailing duty investigations, whether in India or abroad.

- xxiii. Regarding Taiwan, since no producers from Taiwan participated in the investigation, all Taiwanese exporters are considered non-cooperative. The Domestic Industry provides detailed subsidy margins for various Taiwanese subsidy programs, including income tax credits, duty and tax exemptions, grants, and financial assistance, based on previous investigations and WTO notifications. These margins are derived from available information, as the Taiwanese producers failed to cooperate in the investigation.
- xxiv. The Domestic Industry also points out the issue of incomplete or deficient questionnaire responses from the interested parties. These parties failed to provide program-wise responses or non-confidential summaries, which are critical to the investigation. The Authority's past practice supports rejecting incomplete responses where proper non-confidential summaries are not provided, as exemplified in the Fibreboards case, where the Authority denied an individual subsidy margin for S. Kijchai Enterprise due to incomplete submissions. The Domestic Industry stresses that the lack of adequate disclosure prevents a proper assessment of the subsidies and the calculation of accurate subsidy margins, urging the Authority to reject incomplete responses and rely on the best available facts.
- xxv. The Domestic Industry disputes Fujifilm's claim of not availing any benefits under certain subsidy programs, citing prior findings from the U.S. Department of Commerce (USDOC) that Fujifilm benefited from subsidies such as the Foreign Trade Development Fund Grants and Policy Loans to the Printing Plates Industry. Fujifilm's failure to disclose its full subsidies, including its concealment of the Annual Report and the misrepresentation of certain schemes, reflects non-cooperation and justifies rejecting its responses. The Domestic Industry argues that Fujifilm's incomplete and incorrect disclosures should lead to the denial of individual subsidy margins and the reliance on facts available.
- xxvi. The GOC's submission on subsidy programs is also contradictory to the responses of Chinese producers, further illustrating non-cooperation. For example, the GOC claimed that certain programs like the Foreign Trade Development Fund Grants and Export Assistance Grants did not apply to the producers, but these programs were acknowledged by Kodak, Lucky, and Fujifilm as receiving benefits under these schemes. The GOC's refusal to provide adequate information or respond to necessary appendices, particularly on export assistance and foreign trade development programs, impedes the investigation process and justifies reliance on facts available for determining the subsidies.

b. Submissions made on behalf of the interested parties

- 41. The following submissions have been made on behalf of the interested parties:
 - i. Interested parties have argued that programs which have been terminated should not be countervailed by the Authority in the subject investigation.

- ii. The Authority should not accept the additional subsidy programs alleged by the domestic industry at such a belated stage of the investigation.
- iii. The Authority should have conducted consultations with the exporting countries if it decided to investigate the additional subsidy programs.

c. Examination by the Authority

- 42. The application filed by the domestic industry provided prima facie evidence of the existence of countervailable subsidies in the subject countries on the subject goods.
- 43. The Authority notes that adequate opportunity was provided to the governments of China and Taiwan, through written communications and consultations, to provide relevant information concerning the existence, operations and administration of various subsidy schemes contended by the applicants, countervailability of the same vis-à-vis the WTO ASCM and Indian Rules, and benefits availed by the producers/exporters of the subject countries under these schemes. The responses filed by the Governments of China PR and Taiwan have been taken on record and examined by the Authority.
- 44. The Authority initiated investigation for the following CVD programs wherein the producers of the product under consideration may have potentially received countervailable benefits.

CHINA PR

I. List of programs/schemes identified in the form of Grants in respect of China PR.

- 1. Foreign Trade Development Fund Grant
- 2. Subsidies for Development of Famous Brands and China World Top Brands
- 3. Reimbursement of Anti-dumping or CVD Legal Expenses by Local governments
- 4. State Key Technology Project Fund
- 5. Export Assistance Grant
- 6. Interest Payment Subsidies
- 7. Superstar Enterprise Grant
- 8. National High Technology Research and Development Grant and Fund
- 9. Special Fund for the Development of Renewable Energies
- 10. Suzhou Industrial Park of Jiangsu Province Special Fund for Green Development

11. Anhui Fund for Air Pollution Control
12. Direct Government Grants given by Jiangsu Province

II. List of programs/schemes identified in the form of Tax and VAT incentives in respect of China PR.

13. Enterprise Income Tax (EIT) privileges for Resource Products from Synergistic Utilisation
14. Special Economic Zones preferential tax policies for FIE
15. Import Tariff and Value-Added Tax Exemptions on Imported Equipment in Encouraged Industries
16. VAT reduction/exemption for products generated from synergistic Resource Utilisation
17. Enterprise Income Tax ('EIT') reduction for High and New Technology Enterprise
18. Preferential Pre-Tax Deduction of Research and Development Expenses
19. Accelerated Depreciation of Instruments and Equipment used by High-Tech Enterprises for High-Tech Development and Production
20. Dividend Exemption between Qualified Resident Enterprises
21. VAT Rebates on Domestically-Produced Equipment
22. Income Tax Credit for the Purchase of Domestically Manufactured Equipment
23. Tax credit Concerning the Purchase of Special Equipment
24. Preferential Tax Policies for Clean Development Mechanism
25. Preferential Tax Policies for Enterprises established in SEZ and Pudong New Area of Shanghai

III. List of programs/schemes identified in the form of Less than adequate remuneration (LTAR) in respect of China PR

26. Land Use Rights at Less Than Adequate Remuneration
27. Provision of Power at Less Than Adequate Remuneration
28. Provision of Coal, Steam Coal and Coking Coal at Less Than Adequate Remuneration
29. Exporter Seller's Credit Program
30. Exporter Buyer's Credit Program

31. Export Credit Insurance
32. Preferential Loans for Key Projects and Technologies / Honorable Enterprises
33. Preferential Loans for SOEs
34. Provision of Primary Aluminum at LTAR

TAIWAN

I. List of programs/schemes identified in the form of Tax incentives in respect of Taiwan

1. Income Tax Credit for Research and Development Expenses
2. Duty and Tax Exemptions for In-Zone Enterprises
3. Duty and Tax Exemptions for High Technology Industries
4. Shareholder's Investment Tax Credit for Investment in Newly Emerging, Important and Strategic Industries

II. List of programs/schemes identified in the form of Grants in respect of Taiwan

5. Grants to Promote Certain Activities
6. Grants to Promote International Brands
7. Technology Development Programme for Enterprises
8. Financial Assistance Through the National Development Fund
9. Grants for Development of New Outstanding Projects
10. Self-Evaluation Service for Enterprises Seeking Excellent Performance
11. Conventional Industry Technology Development Fund

III. List of programs/schemes identified in the form of Less than adequate remuneration (LTAR) in respect of Taiwan

12. Subsidies For Companies That Invest in Industrial Parks
 13. Provision of Land at Less Than Adequate Remuneration
45. Post initiation, the producers/ exporters of the subject goods were advised to file response to the questionnaire in the form and manner prescribed and were given adequate time and opportunity to provide verifiable evidence on the existence, degree and effect of the alleged

subsidy program for making an appropriate determination of existence and quantum of such subsidies, if any.

46. On the basis of evidence made available post the initiation of the investigation, including non-confidential summaries of the responses filed by the parties and the countervailing duty determination of the USDOC for the imports of DOPP from China PR into the United States, the domestic industry has also alleged certain ‘new subsidies’ on the basis of evidence made available after the initiation of the investigation:

1. Policy Loans for Printing Plates Industry
2. Provision for Aluminium Sheet for LTAR
3. Provision of Aluminium Foil for LTAR
4. Foreign Trade Support Funds
5. Subsidies for SME to develop markets and other projects
6. Special Funds for the Development of Foreign Trade and Economic Cooperation
7. Subsidies for High Tech Enterprises in 2021
8. Post Subsidy Funds for Municipal Major Science and Technology
9. Financial Subsidies for Enterprise Research and Development
10. Scientific and Technological Achievement Transformation Projects
11. Three Star Rated Enterprise Award
12. Science and Technology Innovation Award
13. Four Star Rated Taxpayer Enterprise Award
14. Good job in unemployment insurance, stabilizing posts, improving skills and prevent unemployment
15. Export Reward Policies
16. Comprehensive Bonded Zone
17. National Skills Revitalization Projects 2012
18. Funds for Advanced Manufacturing
19. Financial Support Discount Funds for Enterprise Innovation and Development
20. Human Resources and Social Security Bureau – Assisting industries to stabilize employment and prevent unemployment
21. Subsidy to encourage enterprises to achieve leapfrog development under several measures for promoting the transformation and upgrading industrial economy and improving quality and efficiency in Haicang district
22. 2021 Industrial Enterprise Technical Reform Subsidy Funds in Haicang District

23. Subsidy to promote stable growth of industrial economy
 24. Stable Operation of Industrial Production in the First Quarter of 2022
 25. Stable Development of Industrial Enterprise
 26. Good Job in Unemployment Insurance, Stabilizing Posts, Improving Skills and Preventing Unemployment
47. The Authority circulated the new subsidy allegations and evidence to all interested parties, including the Governments of China PR and Taiwan, and solicited comments on the allegations. The Authority notes that the identification of additional subsidies during the investigative process is a natural outcome of a comprehensive examination of the facts and reflects the dynamic nature of trade remedial investigations. The Authority is required to assess all facts which are produced during the course of the investigation to accurately determine the extent of subsidization.
48. **China PR:** The following producers (along with their exporters) from China PR filed a questionnaire response in the subject investigation and have accepted availment of the below-mentioned schemes/programs:
- a. Kodak China Graphic Communications Co Ltd.
 - b. Lucky Huaguang Graphics Co. Ltd.
 - c. Fujifilm Printing Plate (China) Co. Ltd.
 - d. Huangshang Jinruitai New Material Co. Ltd
 - e. Anhui Strong State New Materials Co., Ltd.
 - f. Chongqing Huafeng Di Jet Printing Material Co., Ltd

Kodak China Graphic Communications Co Ltd.

49. With regards to the information reported by Kodak China Graphic Communications Co. Ltd. in its questionnaire response, the Authority has examined the following programs:
- i. Foreign Trade Development Funds
 - ii. Preferential Pre-Tax Deduction of Research and Development Expenses
 - iii. Land-Use Rights at Less than Adequate Remuneration
 - iv. Provision of Power at Less than Adequate Remuneration Program
 - v. Provision of Primary Aluminium/Aluminium Sheets/Aluminium Foil
 - vi. Funds for Advanced Manufacturing

- vii. Financial Support Discount Funds for Enterprise Innovation and Development
 - viii. Human Resources and Social Security Bureau – Assisting industries to stabilize employment and prevent unemployment
 - ix. 2021 Industrial Enterprise Technical Reform Subsidy Funds in Haicang District
 - x. Stable Operation of Industrial Production in the First Quarter of 2022
 - xi. Stable Development of Industrial Enterprise
 - xii. Good Job in Unemployment Insurance, Stabilizing Posts, Improving Skills and Preventing Unemployment
50. It is noted that Kodak China Graphic Communications Co. Ltd has self-reported the above programs. Additionally, it also reported other grants which were not alleged by the applicant. The Authority has examined those grants as well.

Lucky Huaguang Graphics Co. Ltd.

51. With regards to the information reported by Lucky Huaguang Graphics Co. Ltd. in its questionnaire response, the Authority has examined the following programs:
- i. Foreign Trade Development Funds
 - ii. Reimbursement of Anti-Dumping or CVD Legal Expenses by Local Governments
 - iii. Enterprise Income Tax privileges for High and New Technology Enterprise
 - iv. Preferential Pre-Tax Deduction of Research and Development Expenses
 - v. Divided Exemption between Qualified Resident Enterprises
 - vi. Land-Use Rights at Less than Adequate Remuneration
 - vii. Provision of Power at Less than Adequate Remuneration Program
 - viii. Preferential Loans for State Owned Enterprises
 - ix. Provision of Primary Aluminium/Aluminium Sheets/Aluminium Foil
 - x. Foreign Trade Support Funds
 - xi. Subsidies for SME to develop markets and other projects
 - xii. Special Funds for the Development of Foreign Trade and Economic Cooperation

- xiii. Subsidies for High Tech Enterprises in 2021
- xiv. Post Subsidy Funds for Municipal Major Science and Technology
- xv. Financial Subsidies for Enterprise Research and Development
- xvi. Scientific and Technological Achievement Transformation Projects
- xvii. Three Star Rated Enterprise Award
- xviii. Science and Technology Innovation Award
- xix. Four Star Rated Taxpayer Enterprise Award
- xx. Good job in unemployment insurance, stabilizing posts, improving skills and prevent unemployment
- xxi. Export Reward Policies
- xxii. Comprehensive Bonded Zone
- xxiii. National Skills Revitalization Projects 2012
- xxiv. Funds for Advanced Manufacturing
- xxv. Financial Support Discount Funds for Enterprise Innovation and Development

52. It is noted that Lucky Huaguang Graphics Co. Ltd. has self-reported receipt of the above programs. Additionally, it also reported the receipt of other grants which were not alleged by the applicant. The Authority has examined those grants as well.

Fujifilm Printing Plate (China) Co. Ltd.

53. With regards to the information reported by Fujifilm Printing Plate (China) Co. Ltd. in its questionnaire response, the Authority has examined the following programs:
- i. Suzhou Industrial Park of Jiangsu Province Special Fund for Green Development
 - ii. Good Job in Unemployment Insurance, Stabilizing Posts, Improving Skills and Preventing Unemployment
 - iii. Stable Operation of Industrial Production in the First Quarter of 2022
 - iv. Land-Use Rights at Less than Adequate Remuneration
 - v. Provision of Power at Less than Adequate Remuneration Program

vi. Provision of Primary Aluminium/Aluminium Sheets/Aluminium Foil

54. It is noted that Fujifilm Printing Plate (China) Co. Ltd. has self-reported receipt of the above programs. Additionally, it also reported the receipt of other grants which were not alleged by the applicant. The Authority has examined those grants as well.

Huangshang Jinruitai New Material Co. Ltd.

55. With regards to the information reported by Huangshang Jinruitai New Material Co. Ltd. in its questionnaire response, the Authority has examined the following programs:

- i. Foreign Trade Development Funds
- ii. Enterprise Income Tax privileges for High and New Technology Enterprise
- iii. Preferential Pre-Tax Deduction of Research and Development Expenses
- iv. Provision of Power at Less than Adequate Remuneration Program
- v. Provision of Primary Aluminium/Aluminium Sheets/Aluminium Foil

56. It is noted that Huangshang Jinruitai New Material Co. Ltd. has self-reported receipt of the above programs. Additionally, it also reported the receipt of other grants which were not alleged by the applicant. The Authority has examined those grants as well.

Anhui Strong State New Materials Co., Ltd.

57. With regards to the information reported by Anhui Strong State New Materials Co. Ltd. in its questionnaire response, the Authority has examined the following programs:

- i. Foreign Trade Development Funds
- ii. Land-Use Rights at Less than Adequate Remuneration
- iii. Provision of Power at Less than Adequate Remuneration Program
- iv. Provision of Primary Aluminium/Aluminium Sheets/Aluminium Foil
- v. Preferential Loans for State Owned Enterprises

58. It is noted that Anhui Strong State New Material Co. Ltd. has self-reported receipt of the above programs. Additionally, it also reported the receipt of other grants which were not alleged by the applicant. The Authority has examined those grants as well.

Chongqing Huafeng Di Jet Printing Material Co., Ltd

59. With regards to the information reported by Chongqing Huafeng Di Jet Printing Material Co. Ltd. in its questionnaire response, the Authority has examined the following programs:

- i. Foreign Trade Development Funds
 - ii. Preferential Pre-Tax Deduction of Research and Development Expenses
 - iii. Land-Use Rights at Less than Adequate Remuneration
 - iv. Provision of Power at Less than Adequate Remuneration Program
 - v. Provision of Primary Aluminium/Aluminium Sheets/Aluminium Foil
60. The Authority has considered the information provided by the producers to the extent possible based on desk study, and determined subsidy margin for programs for which benefit was received or accrued during the POI. The Authority determined that the subsidy programs resulted in the provision of financial contributions in the form of (i) grants, (ii) tax and VAT incentives, and (iii) provision of goods and services at less than adequate remuneration. As a result, benefit was conferred to the producers as a recipient of financial contributions. These programs were also specific because they were limited to certain enterprises.
61. It is noted that Chongqing Huafeng Di Jet Printing Material Co. Ltd. has self-reported receipt of the above programs. Additionally, it also reported the receipt of other grants which were not alleged by the applicant. The Authority has examined those grants as well.
62. The following programs were not availed by any of the responding producers and exporters and therefore are not being examined by the Authority in the absence of any specific information and evidence to quantify subsidy margins for the respective programs and for the purpose of judicial economy.
- i. Enterprise Income Tax (EIT) privileges for Resource Products from Synergistic Utilisation
 - ii. Special Economic Zones preferential tax policies for FIE
 - iii. Import Tariff and Value-Added Tax Exemptions on Imported Equipment in Encouraged Industries
 - iv. VAT reduction/exemption for products generated from synergistic Resource Utilisation
 - v. Preferential Pre-Tax Deduction of Research and Development Expenses
 - vi. Accelerated Depreciation of Instruments and Equipment used by High-Tech Enterprises for High-Tech Development and Production
 - vii. Dividend Exemption between Qualified Resident Enterprises
 - viii. VAT Rebates on Domestically-Produced Equipment

- ix. Income Tax Credit for the Purchase of Domestically Manufactured Equipment
- x. Tax credit Concerning the Purchase of Special Equipment
- xi. Preferential Tax Policies for Clean Development Mechanism
- xii. Preferential Tax Policies for Enterprises established in SEZ and Pudong New Area of Shanghai
- xiii. Provision of Coal, Steam Coal and Coking Coal at Less Than Adequate Remuneration
- xiv. Exporter Seller's Credit Program
- xv. Exporter Buyer's Credit Program
- xvi. Export Credit Insurance
- xvii. Preferential Loans for Key Projects and Technologies / Honorable Enterprises

63. **Taiwan:** The Authority also notes that no producers / exporters of the subject goods from Taiwan have filed questionnaire responses. Accordingly, no individual margin or duty has been determined for these producers.

a. Legal Framework

64. Article VI of the General Agreement on Tariffs and Trade, 1994 (“GATT”) read with Article 19 of the Agreement on Subsidies and Countervailing Measures (“ASCM”) allows importing countries to impose a countervailing duty on subsidized imported goods.

65. Accordingly, Section 9 of the Customs Tariff Act allows the Central Government to impose a countervailing duty on subsidized imports. Section 9(1) of the Customs Tariff Act states as follows:

(1) Where any country or territory pays, bestows, directly or indirectly, any subsidy upon the manufacture or production therein or the exportation therefrom of any article including any subsidy on transportation of such article, then, upon the importation of any such article into India, whether the same is imported directly from the country of manufacture, production or otherwise, and whether it is imported in the same condition as when exported from the country of manufacture or production or has been changed in condition by manufacture, production or otherwise, the Central Government may, by notification in the Official Gazette, impose a countervailing duty not exceeding the amount of such subsidy.

66. The Explanation to Section 9(1) of the Customs Tariff Act contains the same language of Article 1 of the ASCM, which defines a ‘subsidy’ for the purposes of a countervailing duty investigation. It states that a subsidy shall be deemed to exist if:

(a) there is financial contribution by a Government, or any public body in the exporting or producing country or territory, that is, where –

(i) a Government practice involves a direct transfer of funds (including grants, loans and equity infusion), or potential direct transfer of funds or liabilities, or both;

(ii) Government revenue that is otherwise due is foregone or not collected (including fiscal incentives);

(iii) a Government provides goods or services other than general infrastructure or purchases goods;

(iv) a Government makes payments to a funding mechanism, or entrusts or directs a private body to carry out one or more of the type of functions specified in clauses (i) to (iii) above which would normally be vested in the Government and the practice in, no real sense, differs from practices normally followed by Governments; or

(b) a Government grants or maintains any form of income or price support, which operates directly or indirectly to increase export of any article from, or to reduce import of any article into, its territory, and a benefit is thereby conferred.

67. Additionally, Section 9(3) of the Customs Tariff Act states that for a subsidy to be countervailable, it must be:

- a. a financial contribution
- b. by a government or public body
- c. which confers a benefit
- d. to a specific number of persons engaged in the manufacture, production or export of articles, or is based on export performance or local content requirements

68. Rule 7(8) of the Countervailing Duty Rules allows the Authority to rely on ‘facts available’ in the event the exporters fail to cooperate in the investigation. In this regard, it states:

In a case where an interested party refuses access to, or otherwise does not provide necessary information within a reasonable period, or significantly impedes the investigation, the designated authority may record its findings on the basis of facts available to it and make such

recommendations to the Central Government as it deems fit under such circumstance.

b. PROGRAMS FOUND TO BE COUNTERAVAILABLE

Grants

a. Submissions made by the other interested parties

69. The other interested parties have made the following submissions with respect to this:

- i. FFPS got benefit only under (a) Suzhou Industrial Park of Jiangsu Province Special Fund for Green Development, (b) Good Job in Unemployment Insurance, Stabilizing Posts, Improving Skills and Preventing Unemployment (c) Stable Operation of Industrial Production in the First Quarter of 2022, which have also been terminated. The benefit received under this program is neither a prohibited subsidy in terms of Article 3 of the Agreement on Subsidies and Countervailing Measures (ASCM) nor is it countervailable.
- ii. Lucky has availed benefits under (i) Foreign Trade Development Fund Grant, (ii) Reimbursement of Anti-Dumping or Countervailing Duty Legal Expenses by Local Governments, and (iii) Other Government Grants.
- iii. Kodak has availed benefits under (i) Foreign Trade Development Fund Grant and (ii) Other Government Grants.

b. Submissions made on behalf of the domestic industry

70. The following submissions have been made on behalf of the domestic industry:

- i. Fujifilm's claim that it only benefited from three specific schemes, which it argues were terminated, is refuted by the Domestic Industry. Evidence shows that Fujifilm availed more than just those three schemes, with the U.S. Department of Commerce (USDOC) confirming that Fujifilm benefited from additional subsidy programs, including grants, policy loans, and benefits related to aluminum provision and electricity at below-market rates.
- ii. Fujifilm's assertion that certain subsidies are not countervailable is insufficient without evidence or explanation, and it has failed to demonstrate why these programs are not countervailable.
- iii. Furthermore, the termination of subsidy programs after the POI is irrelevant, as benefits provided during the POI must be included in the subsidy margin calculations. Therefore, the Domestic Industry argues that all subsidies Fujifilm received during the POI should be considered in the calculations, regardless of their termination.

c. Examination by the Authority

Foreign Trade Development Fund Grant / Foreign Trade Support Funds / Special Funds for the Development of Foreign Trade and Economic Cooperation

71. The Authority notes that the Government of China has denied the existence of this program during the POI. On the other hand, certain Chinese producers and exporters have confirmed availing benefits under this program.
72. The domestic industry has submitted that the GOC provides grants to support projects of exporting companies to improve the competitiveness of their exported products, develop an export processing base, register trademarks in foreign countries, train foreign trade professionals, and explore international markets. Notably, the USDOC has also countervailed this program for the imports of the PUC from China into the USA in 2024.
73. The domestic industry has provided following documents in support of the program.
- i. Measures for the Administration of Special Funds for Foreign Economic and Trade Development (MOF Circular Cai Qi No. 36 of 2014)
 - ii. Notice on Issuing the Subsidy Fund for Supporting the “Three Foreign” Development Projects in 2022
 - iii. Final determination issued by the United States Department of Commerce (“USDOC”) in the *Countervailing Duty Investigation of Aluminum Lithographic Printing Plates from the People’s Republic of China*
74. ***Financial contribution:*** The Authority notes that since the program involves a direct transfer of funds, it constitutes a ‘financial contribution’ within the meaning of Section 9(1) of the Customs Tariff Act, 1975.
75. ***Benefit:*** Grants *ipso facto* constitute benefit. Annexure IV of the CVD Rules states that where none of the money is repaid, the value of the subsidy should be the amount of the grant. Accordingly, the entirety of the grants received by the producers has been considered a subsidy. None of the producers have demonstrated any repayment of the funds.
76. ***Specificity:*** In accordance with Section 9(3) of the Customs Tariff Act, 1975, Rule 11 of the CVD Rules, and paragraph (a) of Part I of Annexure III, the provision of direct subsidies to a firm contingent upon export performance is an export subsidy, and is thereby, specific.
77. On the basis of the above, the Authority finds that Foreign Trade Development Fund Grants are countervailable subsidies under Section 9 of the Customs Tariff Act. The amount of benefit reported by the cooperating producers/exporters has been considered to quantify benefit.

Reimbursement of Anti-dumping or CVD legal Expenses by Local Governments

78. The domestic industry has submitted that companies are eligible for a refund of 40% of legal fees incurred for participating in anti-dumping proceedings. Lucky has availed benefits under this program.
79. The domestic industry has relied on the following in support of the program.
- i. Rules for the Implementation of the Support Policy for the Antidumping, Anti-subsidy, Safeguard Investigation Respondent
 - ii. Countermeasures for Antidumping Regarding Export Products of Zhejiang Province
 - iii. Evidence of various trade remedial investigations initiated against Chinese producers of the PUC in various jurisdictions such as Brazil and South Korea
80. ***Financial contribution:*** The Authority notes that since the program involves a direct transfer of funds, it constitutes a ‘financial contribution’ within the meaning of Section 9(1) of the Customs Tariff Act, 1975.
81. ***Benefit:*** Grants *ipso facto* constitute benefit. Annexure IV of the CVD Rules states that where none of the money is repaid, the value of the subsidy should be the amount of the grant. Accordingly, the entirety of the grants received by the producers has been considered a subsidy.
82. ***Specificity:*** The subsidy program can only be available to exporters. Therefore, in accordance with Section 9(3) of the Customs Tariff Act, 1975, Rule 11 of the CVD Rules, and paragraph (a) of the Part of Annexure III, the program is contingent upon export performance, and is an export subsidy.
83. On the basis of the above, the Authority finds that this program is a countervailable subsidy under Section 9 of the Customs Tariff Act. The amount of benefit reported by the cooperating producers/exporters has been considered to quantify benefit.

Export Assistance Grant

84. The domestic industry has submitted that Chinese companies receive export assistance grants to assist in the development of export markets or to recognize export performance. It has provided sufficient prima-facie evidence to establish the existence of the subsidy program. However, neither the GOC nor the cooperating producers have provided sufficient information regarding the program. The Authority notes that Kodak has availed benefits under this program.
85. The domestic industry relied on a study entitled “An Assessment of China’s Subsidies to Strategic and Heavyweight Industries” which analyzed the subsidies granted to Chinese

producers of various products. Importantly, the Authority notes that this program has been held countervailable by the Designated Authority as well as investigating authorities in other countries.

86. The Authority notes that the program was governed under Circular Cooperation Concerning Issuing the Measures for the Administration of International Market Developing Funds of Small-and Medium-Sized Enterprises (for Trial Implementation) (Cai Qi (2000) No. 467) and Detailed Rules for the Implementation of the Measures for Administration of International Market Developing Funds of Small-and Medium-Sized Enterprises (for provisional implementation) (Wai Jing Mao Ji Cai Fa (2001) No. 270). However, both regulations were replaced with Notice of the Ministry of Finance and the Ministry of Commerce on Issuing the Administrative Measures for International Market Developing Funds of Small and Medium-Sized Enterprises (Cai Qi (2010) No. 87) dated May 24, 2010 and further replaced with 2014 Revision (Cai Qi (2014) No. 36 dated April 9, 2014). The program is administered by the Ministry of Commerce, Ministry of Finance along with the provincial authorities of China PR.
87. ***Financial contribution and benefit:*** Grants *ipso facto* confer benefit. Grants constitute a financial contribution within the meaning of Section 9(1) of the Customs Tariff Act, 1975 because they are direct transfer of funds. Annexure IV of the CVD Rules states that where none of the money is repaid, the value of the subsidy should be the amount of the grant. Accordingly, the entirety of the grants received by the producers must be countervailed.
88. ***Specificity:*** In accordance with Section 9(3) of the Customs Tariff Act, 1975, Rule 11 of the CVD Rules, and paragraph (a) of the Part of Annexure III, the provision of direct subsidies to a firm contingent upon export performance is an export subsidy, and is thereby, specific.
89. On the basis of the above, the Authority finds that this program is a countervailable subsidy under Section 9 of the Customs Tariff Act. The amount of benefit reported by the cooperating producers/exporters has been considered to quantify benefit.

Suzhou Industrial Park of Jiangsu Province Special Fund for Green Development

90. The Authority notes that the Government of China has denied the existence of this program during the POI. On the other hand, Chinese producers and exporters have confirmed availing benefits under this program. In particular, Fujifilm has availed benefits under this program. The Authority also notes that the Government of China notified this program to the WTO as required under Article 25 of the SCM Agreement in 2021.
91. Fujifilm has argued that since the program is now terminated, it should not be countervailed. Fujifilm has provided no evidence to establish that it did not benefit from this program under the POI. In fact, it has received funds under this program during the POI.

92. **Financial contribution and benefit:** Grants *ipso facto* confer benefit. Grants constitute a financial contribution within the meaning of Section 9(1) of the Customs Tariff Act, 1975 because they are direct transfer of funds. Annexure IV of the CVD Rules states that where none of the money is repaid, the value of the subsidy should be the amount of the grant. Accordingly, the entirety of the grants received by the producers must be countervailed.
93. **Specificity:** In accordance with Section 9(3) of the Customs Tariff Act, 1975, Rule 11 of the CVD Rules, and paragraph 1(a) of the Part of Annexure II, the grant is limited as a matter of law to industries which control water pollution, and is thereby, specific. The relevant WTO Notification by China under Article 25 of the SCM Agreement also alludes to an eligibility test for the projects which can benefit from this program. It is also specific to the geographical region of Suzhou.
94. On the basis of the above, the Authority finds that this program is a countervailable subsidy under Section 9 of the Customs Tariff Act. The amount of benefit reported by the cooperating producers/exporters has been considered to quantify benefit.

Suzhou Industrial Park Carrier Construction Benefits

95. Fujifilm self-reported this grant, and has availed benefits under this program. Certain companies in the Suzhou Industrial Park are eligible for the following benefits:
- a. A grant upto 10% of the company's total expenditure on carrier construction, which is limited to 2 million yuan in a single year for a period of 2 years; and
 - b. A grant upto 10% of the company's total investment, which is limited to 3 million yuan in a single year, for a period of 2 years.
96. Fujifilm has argued that since the program is now terminated, it should not be countervailed. In this regard, the Authority notes that Fujifilm has received funds under this program during the POI.
97. **Financial contribution and benefit:** Grants *ipso facto* confer benefit. Grants constitute a financial contribution within the meaning of Section 9(1) of the Customs Tariff Act, 1975 because they are direct transfer of funds. Annexure IV of the CVD Rules states that where none of the money is repaid, the value of the subsidy should be the amount of the grant. Accordingly, the entirety of the grants received by the producers must be countervailed.
98. **Specificity:** The Suzhou Industrial Park Investment Promotion Committee provided grants to Fujifilm to support its new project. The project plans to invest a total of 300 million yuan, with an additional registered capital of no less than 30 million US dollars. In accordance with Section 9(3) of the Customs Tariff Act, 1975, Rule 11 of the CVD Rules, and paragraph 1(a) of the Part of Annexure II, the grant is limited as a matter of law to certain industries, and is thereby, specific.

99. On the basis of the above, the Authority finds that this program is a countervailable subsidy under Section 9 of the Customs Tariff Act. The amount of benefit reported by the cooperating producers/exporters has been considered to quantify benefit.

Programs for which insufficient information has been provided by the cooperating producers

100. The questionnaire issued to the foreign producers/exporters clearly required them to provide a standard questions appendix for each program availed by them. However, for the following programs, the producers/exporters have failed to provide a standard questions appendix, and have merely reported the existence of a financial contribution in their questionnaire response:
- a. Subsidies for Small and Medium Enterprises to Develop Markets and Other Projects
 - b. Post Subsidy Funds for Municipal Major Science and Technology / Scientific and Technological Achievement Transformation Projects / Science and Technology Innovation Award / Funding after major science and technology special projects in 2018-19
 - c. Financial Subsidies for Enterprise Research and Development / Research and Development of New Functional Compounds for Digital Offset Plates
 - d. Three Star Rated Enterprise Award / Four Star Rated Taxpayer Enterprise Award
 - e. Good job in unemployment insurance, stabilizing posts, improving skills and prevent unemployment
 - f. Export Reward Policies
 - g. Comprehensive Bonded Zone
 - h. National Skills Revitalization Projects 2012
 - i. Funds for Advanced Manufacturing
 - j. Financial Support Discount Funds for Enterprise Innovation and Development
 - k. Human Resources and Social Security Bureau – Assisting industries to stabilize employment and prevent unemployment
 - l. Subsidy to encourage enterprises to achieve leapfrog development under several measures for promoting the transformation and upgrading industrial economy and improving quality and efficiency in Haicang district
 - m. 2021 Industrial Enterprise Technical Reform Subsidy Funds in Haicang District

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- n. Stable Operation of Industrial Production in the First Quarter of 2022 / Subsidy to promote stable growth of industrial economy
 - o. Stable Development of Industrial Enterprise
 - p. Subsidies for High Tech Enterprises in 2021
 - q. Good Job in Unemployment Insurance, Stabilizing Posts, Improving Skills and Preventing Unemployment
 - r. Regional financial assistance for enterprise R&D in 2021
 - s. Municipal subsidies for R&D of enterprises in 2021
 - t. Key Laboratories Awarded Science and Technology Innovation Fund in 2021
 - u. Personal income tax reimbursement
 - v. Nanyang Haicheng Logistics Co. Ltd. paid subsidies
 - w. Wolong District Finance Bureau grants (Special Fund for Provincial Financial Assistance for Enterprise R&D in 2022)
 - x. China Electronics Technology Group Corporation 18th Research Institute Project Funding
 - y. Announcement of the Investment Plan for the Revitalization and Technological Reform of Key Industries (the Sixth Batch) in the 2010 Central Budget
 - z. Worker Retention Allowance
 - aa. Provident fund center post-expansion benefit
 - bb. 2022 Annual award for key industrial enterprises above designated (steady growth and production promotion)
101. It is seen that the producers/exporters have provided information for various programs without providing sufficient details on the same. Considering facts available on record, the Authority has treated these benefits as countervailable and determined benefits.
102. The amount of benefit reported by the cooperating producers have been considered to quantify their respective benefit.

Calculation of subsidy margin for grants

103. Annexure IV of the CVD Rules states that where none of the money is repaid, the value of the subsidy should be the amount of the grant. For non-cooperating producers, the Authority has relied on facts available including the margin calculated for other cooperating producers.
104. Detailed calculation memos have been annexed to the disclosure statement for further reference.

S. No.	Producer	Subsidy margin for grants
1.	Kodak (China) Graphic Communications Company Ltd.	0-10%
2.	Lucky Huaguang Graphics Co., Ltd	0-10%
3.	Fujifilm Printing Plate (China) Co., Ltd.	0-10%
4.	Huangshan Jinruitai New Material Co. Ltd.	0-10%
5.	Chongqing Huafeng Di Jet Printing Material Co., Ltd	0-10%
6.	Anhui Strong State New Materials	0-10%
7.	All other producers	0-10%

Provision of Goods and Services at Less Than Adequate Remuneration (LTAR)***Preferential Loans for SOEs*****a. Submissions by other interested parties**

105. The other interested parties have made the following submissions:
- i. The name of agency responsible for administering this program is Aerospace Science and Technology Finance Co., Ltd., the address is No. 31, Ping Anli West Street, Xicheng District, Beijing, China. Aerospace Science and Technology Finance Co., Ltd. is a state-owned company.
 - ii. The loans to Lucky have been provided by its related company as private lending rather than commercial loans from financial institution. The interest rates are as per Loan Prime Rate (one-year loan) published on a monthly basis by the National Interbank Funding Center authorized by the People's Bank of China (website <https://www.chinamoney.com.cn/english/bmklpr/>.)
 - iii. Lucky has taken lending from its related company i.e. Aerospace Science and Technology Finance Co., Ltd., hence there is no eligibility requirement that the company has met specifically.

b. Submissions by the domestic industry

106. The domestic industry has made the following submissions:
- i. The domestic industry has submitted that the Chinese government at the central and sub-central levels subsidizes State Owned Enterprises through the State Capital Operating Budget. The SCOB derives income from (i) after-tax profits of SOEs; (ii) capital gains and dividends paid on state-owned shares; (iii) income earned from the transfer of state-owned property rights; (iv) income from the liquidation of state-owned assets; and (v) other state-owned capital operating income.
 - ii. The GOC's provision of preferential loans is a direct transfer of funds from the GOC within the meaning of Section 9(1)(a)(i) of the Customs Tariff Act, 1975. Annexure IV of the CVD Rules states that the amount of subsidy should be the difference between the amount of interest paid on the government loan and the interest normally payable on a comparable commercial loan during the investigation period

c. Examination by the Authority

107. The domestic industry has submitted that the Chinese government at the central and sub-central levels subsidizes State Owned Enterprises through the State Capital Operating Budget. The SCOB derives income from (i) after-tax profits of SOEs; (ii) capital gains and dividends paid on state-owned shares; (iii) income earned from the transfer of state-owned property rights; (iv) income from the liquidation of state-owned assets; and (v) other state-owned capital operating income.
108. The domestic industry has relied on the following evidence:
- a. Ministry of Finance, Notice on Printing and Distributing the Measures for Compilation and Reporting the Central State Capital Operating Budget, Cai Pre No. 133 (Sep. 26, 2017)
 - b. Reports on loans received by Chinese state-owned enterprises
109. **Financial contribution and benefit:** The GOC's provision of preferential loans is a direct transfer of funds from the GOC within the meaning of Section 9(1)(a)(i) of the Customs Tariff Act, 1975.
110. The Authority notes that the responding producers/exporters have not provided sufficient evidence demonstrating that its loan rates are unaffected by government policies and, therefore, not subsidized. The Authority has reviewed the interest cost and loan data provided by the responding producers/exporters and compared it with the benchmark interest rate. In line with the USDOC's approach in the recent 2023 Administrative Review of the Countervailing Duty Order on Common Alloy Aluminum sheet from the People's Republic

of China, for years prior to 2014, the Authority relies on corporate bond rate data from the Bloomberg Fair Value product (ID C507 (U.S. Dollars) and C470 (Euro)). It was discontinued in 2014. For 2015 & 2016, the Authority has relied on corporate bond rate data from Bloomberg's BVAL Curves (U.S. Dollars (ID BVSC0193) and Euro (ID BVSC0403, BVSC0404, & BVSC0405)). From 2017, the Authority has relied on Bloomberg's BVAL Yield Curve (ID IGUUC) for U.S. dollar corporate bond rate data.

111. Annexure IV of the CVD Rules states that the amount of subsidy should be the difference between the amount of interest paid on the government loan and the interest normally payable on a comparable commercial loan during the investigation period. The difference has been factored into the determination of the subsidy margin.
112. **Specificity:** Since the subsidy is conferred only on state owned enterprises, the subsidy is specific within the meaning of Rule 11 and Annexure II of the CVD Rules.
113. On the basis of the above, the Authority finds that this program is a countervailable subsidy under Section 9 of the Customs Tariff Act.

Land Use Rights at Less Than Adequate Remuneration

a. Submissions by other interested parties

114. The other interested parties have made the following submissions with respect to this:
 - i. The name and address of the agency which is responsible for administering this program is Ministry Natural Resources of Nanyang, located at 200m west of sports center, Binhe East Road, Nanyang City, Henan Province,
 - ii. The procedure of acquisition of land is through bidding, auction or quotation, in accordance with the regulation of <The land Provisions of the Ministry of Land and Resources on Assignment of State-owned Construction Land Use Right through Bid Invitation, Auction and Quotation>. By following a bidding, auction or quotation procedure in assignment of right to use state-owned construction land, openness and fairness is maintained. The Company pay the assignment fees according to the Land use right assignment contract and upon meeting the criteria to get land registration.
 - iii. The eligibility criteria is to apply for the assignment of land-use right on, above or under any state-owned construction land within the territory of the People's Republic of China through bid invitation, auction or quotation

b. Submissions by the domestic industry

- i. The domestic industry has submitted that all land in the PRC is owned either by the State or by a collective. Companies and individuals may however purchase 'land use rights'. For industrial land, the leasehold is normally 50 years, renewable for a further 50 years.

- ii. The Government of China provides land use rights at less than adequate remuneration within the meaning of Section 9(1)(a)(iii) of the Customs Tariff Act, 1975.
- iii. Annexure IV of the CVD Rules states that the amount of subsidy as regards the provision of goods or services by the government should be the difference between the price paid by firms for the goods or service, and adequate remuneration for the product or service in relation to prevailing market conditions, if the price paid to the government is less than this amount. Since a government monopoly exists over land, the adequate remuneration will be considered to be the ‘normal price’ at which such land use rights are generally assigned in accordance with Para. (d)(iii) of Annexure IV.
- iv. Since the Chinese Government has complete control over land, it is essential to rely on publicly available information for land benchmark purposes.
- v. The benchmark for land-use rights in China is based on comparable commercial land values in neighboring countries. Thailand, with its similar level of economic development, geographic proximity, and comparable population density, offers a suitable benchmark. The specific benchmark is derived from industrial land prices in Thai industrial estates, parks, and zones, and for the year in which land was procured by the producer.

c. Examination by the Authority

- 115. The domestic industry has submitted that all land in the PRC is owned either by the State or by a collective. Companies and individuals may however purchase ‘land use rights’. For industrial land, the leasehold is normally 50 years, renewable for a further 50 years. Cooperating producers have purchased land from the GOC. GOC has claimed that these transactions were made on market prices, but has not provided any evidence to substantiate the same.
- 116. The domestic industry has relied on the following evidence:
 - a. Property Law of the People’s Republic of China (Order of the President of the People’s Republic of China No 62)
 - b. Land Administration Law of the People’s Republic of China (Order of the President of the People’s Republic of China No 28)
 - c. Law of the People’s Republic of China on Urban Real Estate Administration (Order of the President of the People’s Republic of China No 18)
 - d. Interim Regulations of the People’s Republic of China Concerning the Assignment and Transfer of the Right to the Use of the State-owned Land in the Urban Areas (Decree No 55 of the State Council of the People’s Republic of China)

- e. Regulation on the Implementation of the Land Administration Law of the People's Republic of China (Order of the State Council of the People's Republic of China [2014] No 653)
 - f. Provision on Assignment of State-owned Construction Land Use Right through Bid Invitation, Auction and Quotation (Announcement No 39 of the CSRC)
 - g. Notice of the State Council on the Relevant Issues Concerning the Strengthening of Land Control (Guo Fa (2006) No 31).
 - h. PRC Constitution
117. ***Financial contribution and benefit:*** The Government of China provides land use rights at less than adequate remuneration within the meaning of Section 9(1)(a)(iii) of the Customs Tariff Act, 1975.
118. Annexure IV of the CVD Rules states that the amount of subsidy as regards the provision of goods or services by the government should be the difference between the price paid by firms for the goods or service, and adequate remuneration for the product or service in relation to prevailing market conditions, if the price paid to the government is less than this amount. Since a government monopoly exists over land, the adequate remuneration will be considered to be the 'normal price' at which such land use rights are generally assigned in accordance with Para. (d)(iii) of Annexure IV.
119. Since the Chinese Government has complete control over land, it is essential to rely on publicly available information for land benchmark purposes. In line with the USDOC's approach in the recent 2023 Administrative Review of the Countervailing Duty Order on Common Alloy Aluminum sheet from the People's Republic of China, the benchmark for land-use rights in China is based on comparable commercial land values in neighboring countries. Thailand, with its similar level of economic development, geographic proximity, and comparable population density, offers a suitable benchmark. Thailand's industrial sector has evolved in a manner that aligns closely with China's for the purpose of determining industrial land rates. Several economic and policy-driven factors contribute to this similarity:
- a. Both countries are shifting toward higher-value industries (automotive, electronics, and automation), impacting land pricing in industrial zones.
 - b. In both countries, foreign investment drives industrial land prices, with specific regions experiencing higher land costs due to FDI concentration.
 - c. Thailand's structured industrial development model closely mirrors China's, making their economic development levels comparable in this specific context.

120. The specific benchmark is derived from industrial land prices in Thai industrial estates, parks, and zones, and for the year in which land was procured by the producer. The Domestic Industry has submitted a sample benchmark for 2022. The Authority has relied on similar reports for the years of purchase of land by the producers.
121. **Specificity:** Producers of DOPP have received land use rights under this program at preferential pricing.
122. On the basis of the above, the Authority finds that this program is a countervailable subsidy under Section 9 of the Customs Tariff Act

Provision of Power at Less Than Adequate Remuneration

a. Submissions by other interested parties

123. The other interested parties have made the following submissions with respect to this:
 - i. The name and address of the agency responsible for administering this program is China Electric Investment Henan Energy Sales Co., Ltd., located at Room 611, No. 10, Huanghe East Road, Zhengdong New District, Zhengzhou City, Henan Province, China.
 - ii. As mentioned in the <Circular of the National Development and Reform Commission on Further Stepping up the Market-oriented Reform of On-grid Tariffs for Coal-fired Power Generation>, the electricity price is market oriented
 - iii. The activity supported by the program has been reported in Exhibit Programs-27.c. The contract for electricity purchase, is directly signed between Power Distribution Company and the Power Retail User i.e. the company. The price is a retail market transaction price.

b. Submissions by the domestic industry

- i. The domestic industry has submitted that electricity prices in China are set by provinces based on provisions by the Chinese National Development and Reform Commission and provide preferential prices to certain industries. Considering the manufacturing of aluminum plates is encouraged by the GOC, it is likely that the manufacturers of the PUC benefit from preferential pricing as compared to other firms and sectors.
- ii. The Government of China provides power/electricity at less than adequate remuneration within the meaning of Section 9(1)(a)(iii) of the Customs Tariff Act, 1975.
- iii. The provision of goods and services at less than adequate remuneration significantly distorts the market, and allows the producers to produce the PUC with cheaper inputs. Annexure IV of the CVD Rules states that the amount of subsidy as regards the provision of goods or services by the government should be the difference between the price paid by firms for the

goods or service, and adequate remuneration for the product or service in relation to prevailing market conditions, if the price paid to the government is less than this amount.

c. Examination by the Authority

124. The domestic industry has submitted that electricity prices in China are set by provinces based on provisions by the Chinese National Development and Reform Commission and provide preferential prices to certain industries. It has relied on the following evidence:
- a. Circular of the National Development and Reform Commission and the National Energy Administration on Actively Promoting the Market-oriented Power Transactions and Further Improving the Trading Mechanism, Fa Gua Yun Xing [2018] No 1027, issued on 16 July 2018
 - b. Several Opinions of the Central Committee of the Communist Party of China and the State Council on Further Deepening the Reform of the Power System (Zhong Fa [2015] No 9)
 - c. Notice on Fully Liberalizing the Electricity Generation and Consumption Plan for Commercially Operational Users (National Development and Reform Commission [2019] No 1105)
 - d. Circular of the National Development and Reform Commission on Reducing Electricity Cost of Enterprises to Supporting Restoration of Work and Production Development and Reform Price [2020] No 258.
125. The GOC has not provided complete responses to the questionnaire regarding the alleged provision of electricity for LTAR required to determine whether the program is countervailable.
126. National Development Reforms Commission (NDRC), a public body in China, sets the prices of electricity applicable in various provinces in China. Local price bureaus in the Provinces merely act as an executive arm of the decision taken at central level by the NDRC. NDRC issues notices setting tariff for each of the provinces. These notices are formally transposed into local notices adopted by the local price bureaus and implemented at local level. Differential electricity rates applicable for certain sectors and/or at provincial and local level are set in accordance with certain factors, including, the pursuit of the industrial policy goals set by the central and local governments in their 5-year plans and in the sectoral plans.
127. Key large industrial users of electricity are allowed to enter into direct purchasing contracts with power generators instead of buying from the grid. The possibility to enter into such direct contracts is currently not open to all large industrial consumers. At national level, enterprises that do not conform to the national industrial policy and whose products and processes are eliminated should not participate in direct transactions.

128. In practice, direct electricity trading is executed by the provinces. Companies have to apply to provincial authorities for approval to participate in the direct electricity pilot scheme, and they have to fulfil certain criteria. The Authority therefore notes that the program is administered by the GOC along with NDRC.
129. **Financial contribution and benefit:** The Government of China provides power/electricity at less than adequate remuneration within the meaning of Section 9(1)(a)(iii) of the Customs Tariff Act, 1975.
130. The provision of goods and services at less than adequate remuneration significantly distorts the market, and allows the producers to produce the PUC with cheaper inputs. Annexure IV of the CVD Rules states that the amount of subsidy as regards the provision of goods or services by the government should be the difference between the price paid by firms for the goods or service, and adequate remuneration for the product or service in relation to prevailing market conditions, if the price paid to the government is less than this amount.
131. The Authority has adopted the United Nations Comtrade (UN Comtrade) data as the benchmark for evaluating the price of electricity. This recommendation is based on the fact that UN Comtrade data have consistently been recognized for their reliability and accuracy in prior investigations by international trade authorities, including the U.S. Department of Commerce.
132. **Specificity:** Considering the manufacturing of aluminum plates is encouraged by the GOC, it is likely that the manufacturers of the PUC benefit from preferential pricing as compared to other firms and sectors.
133. On the basis of the above, the Authority finds that this program is a countervailable subsidy under Section 9 of the Customs Tariff Act

Provision of Primary Aluminium/Aluminium Sheet/Aluminium Foil at LTAR

a. Submissions by other interested parties

134. The other interested parties have made the following submissions with respect to this:
- i. The pricing is based on the reference pricing of Shanghai Non-ferrous SMM A00 aluminum, Changjiang Spot A00 aluminum, and Shanghai futures aluminum. There is no interference of our government in the fixation of the reference pricing. The reference pricing is governed by the market forces. It is submitted that SMM A00 aluminum, Changjiang Spot A00 aluminum, and Shanghai futures aluminum are merely trading platforms like London Metal Exchange and the methodology of trading is also similar. Essentially, these trading platforms work like Bombay Stock Exchange, National Stock Exchange etc. and do not influence / control the price of the commodities directly or indirectly.

- ii. It is respectfully submitted that export tax is not a subsidy in itself. Had it be the case then there is no need to carry out an investigation as export tax will simply be considered as subsidy.
- iii. The treatment of an export tax/restraint as a form of government-entrusted/directed provision of goods at LTAR is WTO-inconsistent because of the lack of the existence of a “financial contribution” by the Government.
- iv. The same view has also been taken by the Appellate body in the cases of Canda – Aircraft (DS70), China – Measures related to the exportation of various raw materials (DS 394, DS 395, DS 398).
- v. Article 1.1 of the SCM Agreement which is purportedly transposed in Section 9 of the Customs Tariff Act 1975 provides that a subsidy exists if there is financial contribution by a government resulting in a benefit to the recipient.
- vi. Additionally, pursuant to Article 1.2 of the SCM Agreement and Section 9 of the Customs Tariff Act 1975, a subsidy can be countervailed only if it is “specific”.
- vii. In US – Export Restraints, The Panel in that case specifically rejected an effects-based approach for the determination of “financial contribution” and held that by *“introducing the notion of financial contribution, the drafters foreclosed the possibility of the treatment of any government action that resulted in a benefit as a subsidy.”* Additionally, the Panel emphasized that *“it cannot be the case that the nature of a Member government's measure under the SCM Agreement is to be determined solely on the basis of the reaction to that measure by those it affects. Rather, the existence of a financial contribution by a government must be proven by reference to the action of the government.”* The latter proposition was further upheld by the AB in *Canada — Aircraft*.
- viii. In the present case, the applicant industry is trying to establish the existence of a financial contribution pursuant to an effects-based approach i.e., of the imposition of the export tax. Indeed, the applicant industry’s claim of government-entrusted or directed provision of Aluminium Sheet at LTAR is premised on similar grounds as the US in the WTO dispute *US — Export Restraints*, which was struck down by the Panel in that dispute.
- ix. It is submitted that the AB in US—DRAMs (CVD) noted that “Article 1.1(a)(1) [of the SCM Agreement] makes clear that a "financial contribution" by a government or public body is an essential component of a "subsidy" under the SCM Agreement. No product may be found to be subsidized under Article 1.1(a)(1), nor may it be countervailed, in the absence of a financial contribution by a government or public body.”
- x. As demonstrated, these requirements have not been met in the present case. The applicant industry has failed to establish the existence of the entrustment or direction requirement.

- xi. The AB in *US — DRAMs (CVD)* held that “[p]ursuant to paragraph (iv), “*entrustment*” occurs where a government gives responsibility to a private body, and “*direction*” refers to situations where the government exercises its authority over a private body.” Therefore, entrustment and direction provide two different methods or modes through which a Government “*uses a private body as proxy to effectuate*” a “financial contribution” and entail two mutually exclusive and different legal determinations.
- xii. The applicant industry is not able to demonstrate any policy support to the Digital Offset Printing industry through the alleged export restraints resulting in provision of Aluminium Sheets at LTAR.
- xiii. The Panel in *US — Export Restraints* noted that the notion of “delegation” or “command”, contains three elements: “(i) an explicit and affirmative action, be it delegation or command; (ii) addressed to a particular party; and (iii) the object of which action is a particular task or objective.”¹ The AB in *US — DRAMs (CVD)* considered that restricting entrustment to delegation and direction to command is narrow but it did not dismiss these criteria. In a subsequent case, *US — AD and CVD*, the AB clarified the notion that entrustment and direction involves effective control over a private body or delegation of responsibility.
- xiv. Thus, proof still needs to be provided for an affirmative action by a government addressed to a particular party and the object of which action is a particular task or objective as outlined by the *US — Exports Restraints* Panel. Indeed, the AB in *US — DRAMs (CVD)* agreed with the Panel in *US — Export Restraints* that some affirmative action on the part of a government giving responsibility to or exerting authority over a private body is necessary as it explicitly stated that “[o]ne would expect entrustment or direction of a private body to involve some form of **threat or inducement**, which could, in turn, serve as evidence of entrustment or direction.”
- xv. Furthermore, it cannot be overlooked that according to the AB in *US — DRAMs (CVD)*, the term ““*entrusts*” connotes the action of giving responsibility to someone for a task or an object” and for direction that “*the private body under paragraph (iv) is directed “to carry out” a function underscores the notion of authority*”.² Thus, while it is incontestable that to exercise authority, an affirmative action has to exist on the part of the government, to give responsibility some additional steps taken by a government need to be demonstrated which go beyond a mere policy pronouncement in terms of export restraints. This assessment is supported by the determination of the Panel in *US — DRAMs (CVD)*.
- xvi. Additionally, the AB in *US — DRAMs (CVD)* also endorsed the rationale behind the *US — Export Restraints* Panel’s assessment that not all government measures capable of conferring benefits fall within the ambit of Article 1.1(a) of the SCM Agreement and the situation in which the government intervenes in the market in some way, which may or may not have a

1. *US—Export restraints*, Panel Report, para. 8.29.

2. *US-DRAMs (CVD)*, AB Report, paras. 108-113.

particular result simply based on the given factual circumstances and the exercise of free choice by the actors in that market, does not amount to a financial contribution.

- xvii. Indeed, the absence of any affirmative act entrusting or directing private bodies would imply that any macro-economic policy could be deemed to be entrustment or direction and the result of any government policy resulting in a benefit can be equated to a financial contribution which precisely the AB has outlined should not be the case.³
- xviii. Based on the foregoing, it is evident that the AB in *US — DRAMs (CVD)* neither dismissed the three prolonged requirement laid out by the *US — Export Restraints* Panel nor loosened the criteria to permit investigating authorities to find that an export restraint or other similar policy measure of a government amounts to entrustment or direction. In fact, in *US — DRAMs (CVD)*, as the AB clearly held that some affirmative action giving responsibility or exercise authority needs to exist on the part of the government, it logically also implies, as noted by the *US — Export Restraints* Panel, that this affirmative action needs to be addressed to the concerned private parties in light of the objective. In respondents' view, this is inextricably linked to the affirmative action itself and in the absence thereof, the requisite link between the government and the conduct of a private body cannot be established.
- xix. Against this background of the applicable legal standards for the establishment of entrustment or direction of private bodies, the respondents note that the applicant industry has not established any of the three elements outlined by the *US — Export Restraints* Panel and endorsed by the AB.
- xx. In addition to above, it is submitted that there is no policy of the Government of China PR to provide support to the Digital Offset Printing Plates industry.
- xxi. As noted by the Panel in *US — DRAMs (CVD)* “*the expression of a generalized wish does not amount to an affirmative act of delegation or command.*”
- xxii. Against this background, it is noted that the applicant industry has not been able to provide any policy of the Chinese Government which says that the export tax is imposed to subsidize the producers of the subject goods.
- xxiii. It is also submitted that the applicant industry has failed to establish the relationship between export restraints and prices of Aluminium Sheets in China PR. Furthermore, the applicant industry has not provided any evidence to demonstrate that the export tax imposed by the Government of China PR forced the Chinese producers of Aluminium Sheets to sell their produce in the Chinese market at LTAR or restricted their freedom to fix their prices.

³. *US — DRAMs (CVD)*, AB Report, para. 296.

- xxiv. In view of the above, it is submitted that the alleged subsidization of the Aluminium Sheets (LTAR) is not countervailable under the Indian law as well as under the Agreement on Subsidies & Countervailing Measures.
- xxv. The subsidy margin and injury should be evaluated on monthly basis since the price of aluminium, a key raw material is fluctuating.
- xxvi. Lucky and Kodak purchase aluminum coils from unrelated suppliers that are not state-owned. The price of the aluminum coils is the total market price of aluminum and the processing fee provided in the buyer-seller contract. If this Authority decides to adopt international pricing, the maximum prices of aluminium are in the range of \$3600/ \$3700 as per the International Monetary Fund data.

b. Submissions by the domestic industry

- i. Fujifilm argues that it purchases aluminium from unrelated private suppliers at arm's length prices, relying on reference pricing from trading platforms like Shanghai Non-ferrous SMM and Shanghai futures aluminium, which it claims are governed by market forces. However, the Domestic Industry argues that this claim ignores the broader market distortions caused by the Government of China's (GOC) regulatory interventions.
- ii. The GOC's export restraints, such as the 30% export tariff on primary aluminium and incomplete VAT rebates, artificially suppress domestic aluminium prices, benefiting downstream industries like Fujifilm. Even private suppliers are impacted by these state-backed measures, which result in the supply of aluminium at below-market rates (LTAR), despite Fujifilm's assertion that its suppliers operate independently.
- iii. The Domestic Industry further asserts that the export restraints imposed by the GOC qualify as financial contributions under the SCM Agreement, as they involve affirmative government actions that distort the aluminium market. These measures restrict exports, create a domestic surplus, and suppress prices, providing indirect benefits to downstream industries. The GOC's actions, including export taxes and incomplete VAT rebates, are seen as deliberate interventions to ensure that primary aluminium remains available at reduced costs for domestic industries.
- iv. These measures fulfill the criteria for "entrustment or direction," as outlined in the SCM Agreement, where the government directs private actors to behave in a manner that aligns with industrial policy objectives.
- v. The Domestic Industry also highlights that historical approaches, including comparisons to international benchmarks, demonstrate the financial advantage conferred by these interventions, supporting the argument that the GOC's actions are countervailable subsidies that distort competition.

c. Examination by the Authority

135. The domestic industry has submitted that most producers of primary aluminum in China are state-owned enterprises. Notably, the GOC exercises meaningful control over these entities and uses them to effectuate its goals of upholding the socialist market economy, allocating resources, and maintaining the predominant role of the state sector. China produces over 99 percent of the primary aluminum it consumes, and about 37 percent of domestic consumption is from state owned enterprises.
136. The GOC has imposed a 30 percent export tariff on primary aluminum. Such export restraints discourage exportation of the good, thus, artificially increasing the supply of primary aluminum in the domestic market and lowering domestic prices. Additionally, incomplete rebates of VAT for exporters are a specific tool used by China to favour exports of certain products. China-based exporters may be eligible for VAT rebates that range from zero to a full refund of the typical 17% VAT rate, depending on the product they export. Exports of primary aluminium are entitled to zero or near-zero rebates in the period.
137. As a result, the domestic market for primary aluminum has been distorted through the intervention of the GOC, and is provided at less than adequate remuneration to Chinese producers of DOPP.
138. With regard to the argument that since aluminium is purchased from private suppliers, and not from the government, the Authority notes that the Government of China exercises its authority over private bodies to compel them to provide primary aluminium to the downstream industries at a cheaper price through its regulatory mechanism (as explained in the preceding sections). Specifically, the export restraints imposed by the GOC, such as the 30% tariff on primary aluminium and the incomplete Value Added Tax rebate for aluminium exports, significantly distort the aluminium market in China. By artificially suppressing domestic prices for primary aluminium, these measures provide downstream manufacturers of PUC with aluminium at LTAR. Consequently, even private suppliers benefit from these state-backed measures.
139. ***Financial contribution and benefit:*** Certain export restraints constitute a financial contribution within the meaning of Section 9(1) of the Customs Tariff Act, 1975 because they are an indirect transfer of funds. This position has been affirmed by the Authority in investigations concerning various products such as “*Saturated Fatty Alcohol*” from *Indonesia, Malaysia and Thailand* and “*Continuous Cast Copper Wire Rods*” from *Indonesia, Malaysia, Thailand and Vietnam*.

140. The WTO Panel and Appellate Body has clarified the legal standard for entrustment and direction in cases such as *US – Export Restraints*⁴ and *US – DRAMs (CVD)*⁵.
- a. Entrustment involves the government giving responsibility to a private body to perform a specific function.
 - b. Direction refers to the government exercising its authority over a private body to compel it to perform a specific task.
 - c. The government’s actions must go beyond general regulatory powers and include affirmative acts that establish a link between the government’s intervention and the behavior of private actors.
 - d. Evidence of entrustment or direction may involve explicit commands, inducements, or implicit mechanisms, provided there is a demonstrable link between the government’s actions and the resulting conduct of private entities.
141. The Authority notes that GOC’s export restraints represent affirmative government actions. These measures are designed to achieve a specific objective, *i.e.*, ensuring the availability of low-cost primary aluminium for domestic downstream industries. No evidence to the contrary has been provided by the GOC or other Chinese producers.
142. The Authority has adopted the United Nations Comtrade (UN Comtrade) data as the benchmark for evaluating the price of aluminum. This recommendation is based on the fact that UN Comtrade data have consistently been recognized for their reliability and accuracy in prior investigations by international trade authorities, including the U.S. Department of Commerce (as referenced in the 2023 Administrative Review of the Countervailing Duty Order on Common Alloy Aluminum Sheet from the People’s Republic of China). UN Comtrade provides a comprehensive overview of export prices on a Free on Board (FOB) basis, covering a wide range of aluminium. The detailed nature of these data, which includes the total quantity and value of exports from each country to the global market. Given the fluctuating prices of aluminium, the Authority has evaluated the subsidy on a monthly basis.
143. **Specificity:** The subsidies are provided to firms which use primary aluminum/aluminium sheets/aluminium foil as raw materials, and is thereby, specific, within the meaning of Rule 11 and Annexure II of the CVD Rules.
144. On the basis of the above, the Authority finds that this program is a countervailable subsidy under Section 9 of the Customs Tariff Act.

⁴ Panel Report in United States – Measures Treating Exports Restraints as Subsidies (WT/DS194/R).

⁵ Report of the Appellate Body in United States – Countervailing Duty Investigation On Dynamic Random Access Memory Semiconductors (Drams) From Korea (WT/DS296/AB/R).

Calculation of subsidy margin

145. Annexure IV of the CVD Rules states that the amount of subsidy as regards the provision of goods or services by the government should be the difference between the price paid by firms for the goods or service, and adequate remuneration for the product or service in relation to prevailing market conditions, if the price paid to the government is less than this amount. For non-cooperating producers, the Authority has relied on facts available including the margin calculated for other cooperating producers.
146. Detailed calculation memos have been annexed to the disclosure statement for further reference.

S. No.	Producer	Goods/Services	Subsidy margin
1.	Kodak (China) Graphic Communications Company Ltd.	Aluminium	0-10%
		Power	0-10%
2.	Lucky Huaguang Graphics Co., Ltd	Aluminium	20-30%
		Loans	0-10%
		Land	0-10%
		Power	0-10%
3.	Fujifilm Printing Plate (China) Co., Ltd.	Primary Aluminium	0-10%
		Aluminium Sheets	10-20%
		Aluminium Foil	0-10%
		Power	0-10%
4.	Huangshan Jinruitai New Material Co. Ltd.	Aluminium	0-10%
		Power	0-10%
5.	Chongqing Huafeng Di Jet Printing Material Co., Ltd	Aluminium	10-20%
		Power	0-10%
		Land	0-10%
6.	Anhui Strong State New Materials	Aluminium	20-30%
7.		Land	0-10%
8.		Loans	0-10%
9.	All other producers	Aluminium	20-30%
		Power	0-10%
		Land	0-10%
		Loans	0-10%
		Aluminium Sheets	10-20%
		Aluminium Foil	0-10%

TAXES***Preferential Pre-Tax Deduction of Research and Development Expenses*****d. Submissions by other interested parties**

147. The other interested parties have made the following submissions with respect to this:
- i. The name and address of the agency responsible for administering of the program is Xiamen Haicang District Tax Bureau, address is No.7 Binhu North Road, Haicang District, Xiamen, Fujian Province, China.
 - ii. According to Article 30 of the Law of the People's Republic of China on Enterprise Income Tax research and development expenses incurred by enterprises in the development of new technologies, new products and new techniques, may be additionally deducted at the time of calculating taxable income
 - iii. The application form is the Annual Enterprise Income Tax Declaration Form which is downloaded from Tax reporting system. Since the company submits these forms with the tax bureau it is then verified and approved. Thus, there is no specific approval document for the aforesaid program.

e. Examination by the Authority

148. The program is administered by the Ministry of Science and Technology, Ministry of Finance and the State Administration of Taxation and governed under Article 30.1 of the Corporate Income Tax Law of the PRC, Article 95 of the Regulations for the Implementation of Law of the People's Republic of China on Enterprise Income Tax and the Announcement of the Ministry of Finance and the State Administration of Taxation on Further Improving the Pretax Super Deduction Policy for Research and Development Expenses, Announcement No. 7 (2023)
149. Under this program, as per Article 1 and Article 30.1 of the Corporate Income Tax Law, with regards to enterprises and other organizations which have incomes shall be payers of the enterprise income tax and shall be eligible for deduction of expenses related to research and development of new technologies, new products and new techniques. Further, as per Article 95 of the Regulations for the Implementation of the Enterprise Income Tax Law of the People's republic of China, the deduction of research and development expenses mentioned in Article 30 (1) of the Enterprise Income Tax Law refers to the research and development expenses incurred by enterprises for the development of new technologies, new products, and new processes without forming intangible assets.
150. This program allows enterprises to deduct research expenditures incurred in the development of new technologies, products, and processes. If eligible research expenditures do not "form part of the intangible assets value," a recipient may take an additional 50% deduction from

taxable income on top of the actual accrual amount. Where these expenditures form the value of certain intangible assets, the recipient may amortize the expenditures based on 150% of the intangible assets' costs.

151. The domestic industry has relied on the following evidence:
- a. Article 30(1) of the EIT Law
 - b. Article 95 of the Implementation Rules for the Enterprise Income Tax Law of the PRC
 - c. MOF Circular Cai Shui No. 119 of 2015
 - d. MOF Circular Cai Shui No. 34 of 2017
 - e. MOF Circular Cai Shui No. 64 of 2018
 - f. MOF Circular Cai Shui No. 99 of 2018
152. ***Financial contribution and benefit:*** The Government of China provides a tax deduction under the program. Tax benefits constitute a financial contribution within the meaning of Section 9(1)(ii) of the Customs Tariff Act, 1975 because the tax deduction is in the form of government revenue foregone. Annexure IV of the CVD Rules states that the amount of subsidy should be the difference between the amount of tax actually paid by the recipient company during the investigation period and the amount that would have been paid at the normal rate of tax.
153. ***Specificity:*** In accordance with Section 9(3) of the Customs Tariff Act, 1975, Rule 11 of the CVD Rules, and paragraph 1(a) of the Part of Annexure II, the tax deduction is limited because it is limited to research and development in eligible high-technology sectors.
154. On the basis of the above, the Authority finds that this program is a countervailable subsidy under Section 9 of the Customs Tariff Act.

Enterprise Income Tax privileges for High and New Technology Enterprise

a. Submissions by other interested parties

155. The other interested parties have made the following submissions with respect to this:
- i. In order to receive benefit under this program, an enterprise needs to be recognized as a hi-tech enterprise. In order to be a hi-tech enterprise, an enterprise has to satisfy various conditions.
 - ii. The program is not a countervailable subsidy as it is not contingent on export performance, use of domestic over imported goods, being located within designated regions, being specific or any other criteria.

b. Examination by the Authority

156. Based on the information provided by the applicant and the responding producer/exporter in China PR, it is seen that, under this program, a company that applies successfully for the Certificate of High and New Technology Enterprise benefits from a reduced income tax of 15% compared to the normal rate of 25%. In order to be recognized as a High and New Technology Enterprise, an enterprise has to satisfy various conditions mentioned within Article 10 of the Administrative Measures for the Determination of High and New Technology Enterprises. Several aluminium products have been identified as High and New Technology products
157. As evidence of the program, the domestic industry has relied on the following:
- Article 28 of the PRC Law on Enterprise Income Tax (2007).
 - Regulations for the Implementation of Law of the People's Republic of China on Enterprise Income Tax (2007).
 - Notice of the Ministry of Science and Technology, the Ministry of Finance, and the State Administration of Taxation on Revision and Issuance of the Administrative Measures for the Identification of High-tech Enterprises" (Guokefahuo [2016] No. 32)
158. The program is administered by the Ministry of Science and Technology, Ministry of Finance, and the State Administration of Taxation. The Authority also notes that this program has been earlier examined by the Designated Authority and some other investigating Authorities and found countervailable.
159. **Financial contribution and benefit:** The Government of China provides a tax reduction under the program. Tax benefits constitute a financial contribution within the meaning of Section 9(1)(ii) of the Customs Tariff Act, 1975 because the tax deduction is in the form of government revenue foregone. Annexure IV of the CVD Rules states that the amount of subsidy should be the difference between the amount of tax actually paid by the recipient company during the investigation period and the amount that would have been paid at the normal rate of tax.
160. **Specificity:** Since the benefit under the program is limited to certain types of enterprises, the program is specific within the meaning of Section 9(3) of the Customs Tariff Act, 1975, Rule 11 of the CVD Rules.
161. On the basis of the above, the Authority finds that this program is a countervailable subsidy under Section 9 of the Customs Tariff Act.

Calculation of subsidy margin

162. Annexure IV of the CVD Rules states that, depending upon the tax subsidy, the amount of subsidy should be the difference between the amount of tax actually paid by the recipient company during the investigation period and the amount that would have been paid at the normal rate of tax. For non-cooperating producers, the Authority has relied on facts available including the margin calculated for other cooperating producers.
163. Detailed calculation memos have been annexed to the disclosure statement for further reference.

S. No.	Producer	Subsidy margin for grants
1.	Kodak (China) Graphic Communications Company Ltd.	0-10%
2.	Lucky Huaguang Graphics Co., Ltd	NIL
3.	Fujifilm Printing Plate (China) Co., Ltd.	NIL
4.	Huangshan Jinruitai New Material Co. Ltd.	0-10%
5.	Anhui Strong State New Materials	NIL
6.	Chongqing Huafeng Di Jet Printing Material Co., Ltd	NIL
7.	All other producers	0-10%

Taiwan

164. No producer from Taiwan has participated in the subject investigation. Accordingly, the Authority is relying on the facts available for benefits alleged to be received by Taiwanese producers. Specifically, the subsidies notified by the Government of Taiwan to the WTO under Article 25 of the SCM Agreement have been assessed by the Authority. The Authority has not assessed the countervailability of any other programs alleged by the domestic industry.

Duty and Tax Exemptions for In-Zone Enterprises

165. The domestic industry has submitted that all 'in-zone' enterprise industries are entitled to certain exemptions.
166. Products manufactured by in-zone enterprises shall be subject to customs duties, commodity taxes and business taxes when they are shipped to leviable areas.
167. The Taiwanese authorities provide a tax rate reduction under the program. Tax benefits constitute a financial contribution within the meaning of Section 9(1)(ii) of the Customs Tariff Act, 1975 because the tax reduction is in the form of government revenue foregone.

168. Annexure IV of the CVD Rules states that the amount of subsidy should be the amount of tax that would have been payable by the recipient company at the standard applicable tax rate during the investigation period.
169. In accordance with Section 9(3) of the Customs Tariff Act, 1975, Rule 11 of the CVD Rules, and paragraph (a) of the Part of Annexure III, the provision of the subsidy is limited to enterprises situated in 'In-Zone' areas.

Duty and Tax Exemptions for High Technology Industries

170. The domestic industry has submitted that this program is implemented to stimulate the research and innovation of industrial technology and to promote the development of advanced technology. The "Science Park" has been established by introducing sophisticated industries and personnel with advanced technological backgrounds into a designated zone. All Park enterprises are entitled to exemption of Customs duties, commodity tax, and business tax on imported machinery and equipment, raw materials, commodities, fuel, and semi-finished products.
171. The Taiwanese authorities provide a tax rate reduction under the program. Tax benefits constitute a financial contribution within the meaning of Section 9(1)(ii) of the Customs Tariff Act, 1975 because the tax reduction is in the form of government revenue foregone.
172. Annexure IV of the CVD Rules states that the amount of subsidy should be the amount of tax that would have been payable by the recipient company at the standard applicable tax rate during the investigation period.
173. In accordance with Section 9(3) of the Customs Tariff Act, 1975, Rule 11 of the CVD Rules, and paragraph (a) of the Part of Annexure III, the provision of the subsidy is limited to 'high technology' enterprises situated in Science Parks.

Grants to Promote Certain Activities

174. The domestic industry has submitted that the Taiwanese authorities "may provide grants or guidance to promote" a variety of activities. Nine activities are identified as eligible for grants:
- i. Promotion of industrial innovation or R&D.
 - ii. Provision of guidance relating to industrial technology and industrial upgrading.
 - iii. Encouraging enterprises to establish innovation or R&D centers.
 - iv. Assisting in the establishment of innovation or R&D institutions.
 - v. Promoting collaboration between industries, academic institutions, and research institutions.
 - vi. Encouraging enterprises to participate in manpower cultivation in schools.
 - vii. Ensuring that there is an adequate supply of industrial human resources.

- viii. Helping local industries to innovate.
 - ix. Other matters relating to the promotion of industrial innovation or research and development.
175. Grants *ipso facto* confer benefit. Grants constitute a financial contribution within the meaning of Section 9(1) of the Customs Tariff Act, 1975 because they are direct transfer of funds.
176. Annexure IV of the CVD Rules states that where none of the money is repaid, the value of the subsidy should be the amount of the grant. Accordingly, the entirety of the grants received by the producers must be countervailed.
177. In accordance with Section 9(3) of the Customs Tariff Act, 1975, Rule 11 of the CVD Rules, and paragraph 1(a) of the Part of Annexure II, the grant is limited as a matter of law to certain enterprises and industries, i.e., companies investing in R&D, and is thereby, specific.

Technology Development Programme for Enterprises

178. The domestic industry has submitted that any company established according to the Company Law with sound financial standing and research and development department that has made significant achievements in the past, and which is currently staffed by competent specialists, in Taiwan, may apply for this fund to offset the costs of the following activities:
- i. Research and development of advanced technologies that may be aptly characterized as vital and innovative in the long term.
 - ii. Technologies research and development that enhance vertical or horizontal integration and drive the forming of industry chain ecosystems or clusters.
 - iii. Establishment of research and development centers in Taiwan that create innovative technologies and services.
 - iv. Development of innovative or integrative manufacturing technology by small and medium sized businesses.
179. The assistance funds to be granted shall not exceed 50% of the total amount of the following expenses:
- i. Costs incurred for full-time and/or part-time research personnel;
 - ii. Costs of consumable instruments and raw materials;
 - iii. Costs for use and maintenance of R&D equipment;
 - iv. Costs for technology transfer; and
 - v. Domestic travel expenses.
 - vi. Rewards for patent application.
180. Grants *ipso facto* confer benefit. Grants constitute a financial contribution within the meaning of Section 9(1) of the Customs Tariff Act, 1975 because they are direct transfer of funds.

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181. Annexure IV of the CVD Rules states that where none of the money is repaid, the value of the subsidy should be the amount of the grant. Accordingly, the entirety of the grants received by the producers must be countervailed.
182. In accordance with Section 9(3) of the Customs Tariff Act, 1975, Rule 11 of the CVD Rules, and paragraph 1(a) of the Part of Annexure II, the grant is limited as a matter of law to certain enterprises and industries.

Program	Subsidy Margin	Rationale
Duty and tax exemptions for in-zone enterprises	3.10%	For 2020, Taiwan granted business tax exemptions worth NT\$ 13,130 million, and export sales were worth NT\$ 423,826 million. The subsidy margin can be approximated by dividing the total amount of business tax exemption by the total export value. See WTO Notification 2021 (Under Article 25.1 of the SCM Agreement).
Duty and tax exemptions for high technology industries	3.63%	For 2022, Taiwan granted business tax exemptions worth NT\$ 101,085 million, and export sales were worth NT\$ 2,784,974 million. The subsidy margin can be approximated by dividing the total amount of business tax exemption by the total export value. WTO Notification 2023 (Under Article 25.1 of the SCM Agreement)
Grants to promote certain activities	0.064%	For 2022, Taiwan provided grants worth NT\$ 1,809,825,000, and export sales were worth NT\$ 2,784,974 million. The subsidy margin is the proportion of the total grants given to export sales in 2022. See WTO Notification 2023 (Under Article 25.1 of the SCM Agreement)
Technology Development Programme for Enterprises	0.15%	For 2022, Taiwan provided grants worth NT\$ 4,258,051,000, and export sales were worth NT\$ 2,784,974 million. The subsidy margin is the proportion of the total grants given to export sales in 2022. See WTO Notification 2023 (Under Article 25.1 of the SCM Agreement)

Subsidy Margin

S. No.	Producer	Subsidy margin
CHINA PR		
1.	Kodak (China) Graphic Communications Company Ltd.	0-10%
2.	Lucky Huaguang Graphics Co., Ltd	30-40%
3.	Fujifilm Printing Plate (China) Co., Ltd.	10-20%
4.	Huangshan Jinruitai New Material Co. Ltd.	10-20%

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S. No.	Producer	Subsidy margin
5.	Chongqing Huafeng Di Jet Printing Material Co., Ltd	20-30%
6.	Anhui Strong State New Materials	20-30%
7.	All other producers	40-50%
TAIWAN		
8.	All other producers	0-10%

SECTION III**H. METHODOLOGY OF INJURY ASSESSMENT AND EXAMINATION OF CAUSAL LINK****a. Submissions made by the other interested parties**

183. The other interested parties have made the following submissions with regard to injury and causal link:
- i. The producer/exporter submits that the Indian printing plates market has an annual demand of 48 million square meters, while domestic production fulfils only 50% of this demand, creating a heavy reliance on imports to meet the remaining 50%.
 - ii. Imports from subject countries declined by 5% from the base year (2019-20) to the POI. Technova's own imports from subject countries constituted around 3-4%, further indicating that imports are not driving injury.
 - iii. During the POI, import volumes normalized after a decline during the pandemic years (2020-21 and 2021-22). The producer/exporter requests these pandemic years be excluded from analysis, with 2019-20 used as the base year for comparison.
 - iv. The producer/exporter contends that any increase in imports during the POI should not be seen as a genuine rise but rather as a return to pre-pandemic levels.
 - v. The significant demand-supply gap in India allows exporters considerable leverage over pricing, making it unlikely that all exporters are engaging in dumping or that subsidies are specifically targeted at the Indian market.
 - vi. Import prices from China increased significantly during the POI, while the landed price of imports rose faster than the domestic selling price. For instance, from 2019-20 to 2022-23, the landed price from China rose from Rs./MT 217 (index 100) to Rs./MT 311 (index 145), while domestic prices only increased from index 100 to 133.
 - vii. Price undercutting is negligible, as landed prices with anti-dumping duties (ADD) are higher than domestic prices. The producer/exporter argues that there is no price effect from imports that could negatively impact the domestic industry.
 - viii. The price undercutting and injury margins are within the same range, showing that imports are not causing significant harm. If the Net Sales Realization (NSR) and Non-Injurious Price (NIP) are equal, this suggests import pricing is not detrimental.
 - ix. The domestic industry's claim that imports undercut their prices is contradicted by the rising landed price of imports, which has outpaced domestic price increases.

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- x. Given the price increase of imports by more than 43% and the domestic price increase of only 32%, the industry's claims of undercutting appear unfounded.
- xi. The producer/exporter submits that price injury should be evaluated at the Product Control Number (PCN) level to get a more granular assessment, rather than applying a broad assessment across product types.
- xii. CRISIL reports show a strong financial position for Technova, with a 35% year-on-year revenue growth in fiscal 2023 and an improved outlook from "Stable" to "Positive" in 2024.
- xiii. Technova's revenue growth of 38% in fiscal 2022 was supported by market reopening post-COVID, with expectations for further improvement due to stabilized commodity prices and pricing flexibility.
- xiv. Technova enjoys a diversified customer base, strong cash accruals, low leverage, and high interest coverage, contradicting claims of injury.
- xv. Despite consistently raising its NSR, the domestic industry claims losses, which respondents attribute to mismanagement or internal inefficiencies rather than imports.
- xvi. Technova's strong financial performance, as reflected in CRISIL reports, suggests that its claims of likely injury are exaggerated, and the purpose of continued protection may be to enhance profit margins.
- xvii. The respondents argue that, despite increasing profitability and financial stability, the domestic industry has not expanded its capacity or addressed production issues, leading to continued reliance on imports.
- xviii. Domestic production only fulfills about 50% of the total market demand for printing plates, and the domestic industry has not expanded its capacity despite claims of capacity expansion plans.
- xix. The producer/exporter notes that domestic production of PUC increased significantly during the POI compared to prior years, rising from 68 index points in FY 2020-21 to 93 index points during the POI. This shows the domestic industry is capable of improving production without relying solely on trade protections.
- xx. Productivity per employee increased during the POI, rising from 68 index points in FY 2020-21 to 94 index points during the POI, indicating operational efficiency.
- xxi. Inventory levels for the domestic industry declined significantly by around 45% during the POI, further contradicting claims of injury.
- xxii. Despite claims of expanding capacity, the domestic industry has not sufficiently scaled production to meet domestic demand, exacerbating the reliance on imports.

- xxiii. The respondents argue that the 22% Return on Capital Employed (ROCE) used by the DGTR in calculating the Non-Injurious Price (NIP) is inflated and does not reflect current market realities, such as lower interest and corporate tax rates.
- xxiv. CESTAT rulings have raised concerns about the reasonableness of the 22% ROCE, suggesting that actual profits earned during non-dumping periods should be used to calculate NIP.
- xxv. The EU follows a practice of determining reasonable returns based on profits earned during non-dumping periods, which the DGTR should consider adopting.
- xxvi. The producer/exporter submits that applying a uniform 22% ROCE on both debt and net worth components of capital employed results in excessive profit margins for the domestic industry, distorting injury and price underselling calculations.
- xxvii. There are discrepancies in the import data presented by the applicant, particularly regarding volumes from China, which distorts the injury claims. The producer/exporter requests that Technova's own imports be excluded from overall import volumes to provide a more accurate analysis.
- xxviii. The domestic industry's claim of circumvention through non-subject countries is unsubstantiated, as imports from non-subject countries remain de minimis.
- xxix. The domestic industry contends that NIL duty imports are causing injury, but respondents argue that these imports are non-injurious based on the final findings.
- xxx. The domestic industry claims increased production costs, but declining aluminum prices (a major component of production) contradict this claim.

b. Submissions made by the Domestic Industry

- i. In order to determine the impact of imports, the Domestic Industry has provided relevant information on volume injury, price injury, and performance on economic parameters for the PUC.
- ii. The Domestic Industry also clarifies that the Authority has duly verified the relevant information regarding injury and the profitability of the company with regard to the PUC.
- iii. The volume of imports from the base year to the POI has seen a slight decline. This decrease can be attributed to the anti-dumping duties that have deterred imports from the subject countries to a certain degree, particularly from countries other than China PR and Taiwan. The Domestic Industry asserts that while imports from other countries have decreased, imports from China PR and Taiwan have increased during the injury period.

- iv. Import levels during the POI have shown a significant increase when compared to the previous year, specifically in FY 2021-22.
- v. The Domestic Industry submits that the imports of the subject goods in relation to the Domestic Industry's production have remained the same in the POI as compared to the base year. The imports in relation to production did not witness any decline despite anti-dumping duties in place.
- vi. Subject imports in relation to the demand have remained the same in the POI as compared to the base year. However, the share of imports from China PR has increased from 31% in the base year to 33% in the POI.
- vii. It may be noted that there is a significant increase in the subject imports in relation to both domestic production and demand in the POI, as compared to the previous year, i.e., 2021-22.
- viii. It is interesting to note that the imports of the subject goods from China PR in relation to the production have increased compared to the base year. The imports from China PR were about 46% of the Domestic Industry's production in the year 2019-20, which has increased to 49% in the POI.
- ix. Imports from the subject countries are coming at prices below the domestic selling price of the Domestic Industry, thus heavily undercutting its selling price and injuring the Domestic Industry. These declining prices have directly led to increased losses.
- x. The imports are coming into India at a much lower price compared to the non-injurious price, and are therefore, causing severe and material injury to the Domestic Industry. Such low-priced imports have adversely affected the performance of the Domestic Industry by preventing it from achieving a fair selling price.
- xi. Price suppression is the inability of the Domestic Industry to reflect the impact of its change in the cost to its sales price. Price suppression is a delta between the change in cost vis-à-vis changes in the selling prices of the Domestic Industry in the domestic market.
- xii. The cost to make and sell has increased substantially for the Domestic Industry, i.e., by 41 indexed points in the POI compared to the base year 2019-20. During the same period, the Domestic Industry could not increase the selling price of the PUC commensurately with the increase in its cost, on account of imports from the subject countries. Further, the price suppression increased substantially in the POI on account of dumped imports.
- xiii. The market share of the imports from China PR has increased from 31% in the base year to 33% in the POI, and by 12% in the POI as compared to the previous year.
- xiv. The market share of the Domestic Industry has decreased by 9% in the POI as compared to the previous year despite a substantial rise in the demand of the subject goods.

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- xv. The market share of the Domestic Industry has also witnessed a decrease in the POI as compared to the base year.
- xvi. The market share of the subject countries other than China PR and Taiwan has declined, mainly on account of the imposition of anti-dumping duties.
- xvii. The domestic sales of the Domestic Industry declined at a much faster pace compared to the decline in the production of the PUC. This is clearly on account of the continued dumped imports from the subject countries, particularly from China PR.
- xviii. The domestic sales of the Domestic Industry declined despite a substantial rise in the demand for the subject goods.
- xix. The production and capacity utilization of the Domestic Industry has also declined in the POI compared to the base year.
- xx. The productivity per day has declined from 100 indexed points in the base year to 93 indexed points in the POI. The no. of employees has also decreased by 2 indexed points.
- xxi. At the same time, the wages to the employees increased by 11 indexed points in the POI, as compared to the base year.
- xxii. Continued and incessant dumped imports from the subject countries have led to a significant decline in all the financial performance indicators of the Domestic Industry, such as PBIT, cash profits, and return on capital employed.
- xxiii. The losses of the Domestic Industry have more than doubled in the injury period. The Domestic Industry's losses have increased by 315 indexed points in the POI as compared to the base year. This is primarily on account of the substantial pricing pressure from the exporters from the subject countries, particularly from China PR.
- xxiv. The Domestic Industry incurred cash losses during the injury period and the same has intensified in the POI.
- xxv. The return on capital employed declined by 220 indexed points in the POI as compared to the base year.
- xxvi. The level of the inventories of finished goods has increased substantially in the POI compared to the base year 2019-20.
- xxvii. The dumped imports have clearly caused a deterioration in the financial performance of the Domestic Industry's PUC business. The PUC is part of a large product portfolio for the Domestic Industry, and the decline in the financial performance has adversely affected the Domestic Industry's overall capability to attract capital at competitive rates.

- xxviii. Chinese exporters evaded anti-dumping duties by mis-declaring the origin of imports as Sri Lanka and Spain, leading to a significant influx of underpriced goods that severely impacted the Domestic Industry. This circumvention nullified the benefits of the duties.
- xxix. The Domestic Industry's capacity expansion plans were further delayed by the COVID-19 pandemic, which brought unforeseen challenges, including reduced demand, lockdowns, and financial pressures, preventing them from taking full advantage of the duties in place.
- xxx. Despite these challenges, the Domestic Industry has made investments and plans to expand its capacity, contingent on the enforcement of anti-dumping duties. Without continued duty protection, the industry would face renewed competition from dumped imports, threatening its growth and sustainability.
- xxxi. Some parties argued that they are selling products above the Non-Injurious Price (NIP) and should not be considered injurious to the Domestic Industry. The Domestic Industry agreed that fairly priced imports are not harmful but highlighted that a substantial volume of imports from subject countries are being dumped at prices below the NIP, causing significant injury.
- xxxii. While non-injurious imports exist, the Domestic Industry emphasized that dumped imports at injurious prices continue to harm the Domestic Industry by undercutting prices, eroding market share, and reducing profitability. The Authority must recognize the impact of these injurious imports.
- xxxiii. Some interested parties argue there is no volume effect in the current investigation and suggest comparing import volumes in the Period of Investigation (POI) to FY 2019-20, dismissing data from FY 2020-21 and 2021-22 due to COVID-19. The Domestic Industry counters that such analysis would skew the assessment, as the anti-dumping duties deterred imports, and import volumes during the POI have significantly increased compared to FY 2021-22.
- xxxiv. Certain parties argue the Domestic Industry caused its own injury by importing 3-4% of subject imports. The Domestic Industry clarifies that import volumes are calculated after excluding its own imports, refuting this claim.
- xxxv. Interested parties argue that imports have not affected prices. However, the Domestic Industry demonstrates that Chinese import prices have consistently been lower than its net sales realization, causing significant price suppression. Although domestic costs rose by 23%, domestic prices only increased by 17%, highlighting the impact of suppressed Chinese prices.
- xxxvi. Kapoor disputes the 26% increase in the Domestic Industry's production costs, citing a decrease in London Metal Exchange (LME) aluminium prices. The Domestic Industry counters that the (i) information provided is unreliable, (ii) the CSP of aluminium has increased at LME, and (iii) cost increase is due to premiums and procurement costs, verified by the Authority during on-site inspections.

xxxvii. Kapoor relies on a CRISIL report showing TechNova's financial performance, but the Domestic Industry argues the report covers TechNova's overall business, not just DOPP. The report also highlights that the removal of anti-dumping duties led to significant imports and competition, confirming injury to the Domestic Industry.

c. Examination by the Authority:

184. In consideration of the various submissions made by the interested parties and the domestic industry in this regard, the Authority has examined injury to the domestic industry on account of subsidized imports from the subject country.

185. Rule 13 of the CVD Rules deals with the principles governing the determination of injury which provides as follows:

In the case of imports from specified countries, the designated authority shall give a further finding that the import of such article into India causes or threatens material injury to any industry established in India, or materially retards the establishment of an industry in India. (2) Except when a finding of injury is made under sub-rule (3), the designated authority shall determine the injury, threat of injury, material retardation to the establishment of an industry and the causal link between the subsidised import and the injury, taking into account inter alia, the principle laid down in Annexure I to the rule. (3) The designated authority may, in exceptional cases, give a finding as to the existence of injury even where a substantial portion of the domestic industry is not injured if – (i) there is a concentration of subsidised imports into an isolated market, and (ii) the subsidised imports are causing injury to the producers of almost all of the production within such market

186. The Authority notes that it is not necessary that all parameters of injury show deterioration. Some parameters may show deterioration, while some others may not. The Authority considers all injury parameters for assessing the financial parameters of the domestic industry. The Authority has examined the injury parameters objectively considering the facts and arguments submitted by the domestic industry and the other interested parties.

187. The Authority notes that the imports have been made in various units of measurement, including SQM, KGs, Pieces, and cases. The import volume has been determined in SQM based on the standard conversion norm i.e., 1.32 SQM per KG. With respect to the imports not made in SQM or KG, their quantity has been converted on the basis of the information indicated (quantities, dimensions etc.,) in the products' import transaction description. The sorted DG Systems data has been considered for the purpose of assessment of the injury in the present disclosure statement.

188. The Authority has examined the effect of subsidized imports on the state of the Domestic Industry in the paragraphs below.

Assessment of demand

189. The Authority has defined, for the purpose of the present investigation, demand or apparent consumption of the product under consideration in India as the sum of domestic sales of the domestic industry and other Indian producers and imports from all sources. The demand so assessed is given in the table below.

Particulars	UOM	2019-20	2020-21	2021-22	POI
Import from Subject Countries	SQM	12441030	5789697	7351282	14225726
	Indexed	100	47	59	114
Import Non-Subject Countries	SQM	6,56,716	10,82,464	19,61,069	19,17,453
	Indexed	100	165	299	292
Import from countries attracting ADD	SQM	1,612,110	1,498,953	1,306,937	76,842
	Indexed	100	93	81	5
Total Imports	SQM	1,45,05,334	73,67,190	86,88,785	1,43,03,156
	Indexed	100	51	60	99
Sales of Domestic Industry	SQM	***	***	***	***
	Indexed	100	73	95	94
Sales of other domestic producer	SQM	***	***	***	***
	Indexed	100	23,100	1,73,463	1,67,345
Total Demand/Consumption	SQM	***	***	***	***
	Indexed	100	66	86	98

190. It is noted that the demand for the subject goods declined in 2020-21 as compared to 2019-20 but increased thereafter in 2021-22 and the POI. The decline in the demand of the subject goods in the year 2020-21 and 2021-22 is on account of COVID 19 pandemic.

Volume effect of imports from subject countries

191. With regard to the volume of the imports, the Authority is required to consider whether there has been a significant increase in imports, either in absolute terms or relative to production or consumption in India. For the purpose of injury analysis, the Authority has relied on the transaction wise import data procured from DG systems.

Relative Increase in the imports

192. The import volumes of the subject goods from the subject countries during the injury period and the period of investigation in relation to the production of the domestic industry and demand of the subject goods are as follows:

Particulars	UOM	2019-20	2020-21	2021-22	POI
Imports in relation to Production of the Petitioner					
Subject Countries	%	***	***	***	***
	Range	40-50	20-30	20-30	40-50
Non-Subject Countries	%	***	***	***	***
	Range	0-10	0-10	0-10	0-10
Countries attracting ADD	%	***	***	***	***
	Range	0-10	0-10	0-10	0-10
Total Imports	%	***	***	***	***
	Range	40-50	30-40	30-40	40-50

Imports in relation to Demand in the country					
Subject Countries	%	***	***	***	***
	Range	20-30	20-30	20-30	30-40
Countries attracting ADD	%	***	***	***	***
	Range	0-10	0-10	0-10	0-10
Non-Subject Countries	%	***	***	***	***
	Range	0-10	0-10	0-10	0-10
Total Imports	%	***	***	***	***
	Range	30-40	30-40	30-40	30-40

Absolute Increase in the imports

193. The import volumes of the subject goods from the subject countries during the injury period and the period of investigation in absolute terms of the subject goods are as follows:

Particulars	UOM	2019-20	2020-21	2021-22	POI
Import from Subject Countries	SQM	12,441,030	5,789,697	7,351,282	14,225,726
- China	SQM	12,207,384.0	5,685,095.0	7,215,315.00	13,528,498.0
- Taiwan	SQM	233,646.00	104,602.00	135,967.00	697,228.00
Imports from countries other than subject countries attracting ADD	SQM	1,612,110	1,498,953	1,306,937	76,842
- Japan	SQM	1,044,526.00	636,933.00	138,105.00	25,889.00
- South Korea	SQM	553,851.00	862,020.00	1,168,832.0	50,953.00

- Vietnam	SQM	13,733.00	-	-	-
Imports from Non-Subject Countries	SQM	452,194.00	78,540.00	30,566.00	588.00
Total Imports	SQM	14,505,334.0	7,367,190.0	8,688,785.00	14,303,156.0

194. It is seen that:

- a. The volume of imports from the subject countries has increased in the POI compared to the base year 2019-20.
- b. The imports from subject countries in relation to production of the domestic industry and demand has increased

Price effect of the imports from subject countries

195. With regard to the price effect of the imports from the subject countries, it is required to be analysed whether there has been a significant price undercutting by the alleged imports as compared to the price of the like products in India, or whether the effect of such imports is otherwise to depress prices or prevent price increases, which otherwise would have occurred in the normal course. The impact on the prices of the domestic industry on account of the imports from the subject countries has been examined with reference to price undercutting, price suppression and price depression, if any.

Price Undercutting

196. To determine price undercutting, a comparison has been made between the landed value of the product and average selling price of the domestic industry, net of all rebates and taxes, at the same level of trade. The prices of the domestic industry were determined at the ex-factory level:

Particulars	UOM	2019-20	2020-21	2021-22	POI
NSR of domestic industry	INR/SQM	***	***	***	***
Trend	Indexed	100	100	114	133
Landed Price from subject countries	INR/SQM	208	244	292	298
Trend	Indexed	100	117	140	143
Price Undercutting	%	***	***	***	***
Trend	Indexed	100	26	4	67
Price Undercutting	% - Range	10-20%	0-10%	0-10%	10-20%

197. It is seen that there is positive price undercutting throughout the injury period and POI.

Price suppression/depression

198. In order to determine whether the effect of imports depress prices to a significant degree or prevent price increases which otherwise would have occurred in normal course, the Authority has examined the changes in the costs and prices of the domestic industry (at ex-factory level excluding direct selling overheads) over the injury period.

Particulars	UOM	2019-20	2020-21	2021-22	POI
Cost to make and sell	INR/SQM	***	***	***	***
Trend	Indexed	100	96	115	142
Domestic selling price	INR/SQM	***	***	***	***
Trend	Indexed	100	100	114	133
Landed Price	INR/SQM	208	244	292	298
Trend	Indexed	100	117	140	143

199. The Authority notes that the domestic industry experienced price pressure from imports. As evident from the table above, the selling price of the domestic industry has been consistently below the cost to make and sell. The gap between the cost to make and sell and selling price has increased in the POI compared to the base year.

200. With regard to the claims of a few interested parties that the raw material cost of the domestic industry has not moved in tandem with the change in the prices of aluminium as per the London Metal Exchange (LME), the domestic industry has submitted that the prices quoted on LME are the price of base metal. The lithographic aluminium coil includes additional charges such as conversion cost, metal premium, energy surcharge etc. The Authority has verified the cost of purchase of aluminium by the domestic industry.

Economic Parameters of the domestic industry

201. The CVD Rules require that the determination of the injury shall involve an objective examination of the consequent injury of the subject imports on the domestic producers. With regard to the consequent impact of these imports on the domestic producers of such products, the CVD Rules further provide that the examination of the impact of the subsidized imports on the domestic industry would include an objective evaluation of all relevant economic factors and indices having a bearing on the state of industry, including actual and potential decline in sales, profits, output, market share, productivity, return on investments or utilization of capacity; factors affecting domestic prices, actual and potential negative effects

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on cash flow, inventories, employment, wages, growth, ability to raise capital investments. Accordingly, performance of the domestic industry has been examined over the injury period.

Production, capacity, capacity utilization and sales volumes

202. The performance of the domestic industry with regard to capacity, production, sales and capacity utilization over the injury period was as below:

Particulars	UOM	2019-20	2020-21	2021-22	POI
Capacity	SQM	***	***	***	***
Trend	Indexed	100	100	100	100
Production of PUC	SQM	***	***	***	***
Trend	Indexed	100	68	91	96
Capacity Utilization	%	***	***	***	***
Trend	Indexed	100	68	89	93
Domestic Sales - PUC	SQM	***	***	***	***
Trend	Indexed	100	73	95	94

203. It is seen that:

- i. The production of the PUC has declined in the POI compared to the base year 2019-20. Further, the Authority notes that the production of PUC has increased significantly in the POI compared to the production in the year 2020-21 and 2021-22.
- ii. The Authority notes that capacity utilization of the domestic industry is more than 100%. However the domestic industry submitted that it has been able to improve its production by continuous process improvement and debottlenecking.
- iii. The domestic sales of the domestic industry have declined in the POI compared to the base year 2019-20. It is pertinent to note that imports from subject countries have increased during the same period.

Market Share

204. Market share of the imports and domestic industry have been examined as below:

Particulars	UOM	2019-20	2020-21	2021-22	POI
Import from Subject Countries	SQM				
- China	SQM	1,22,07,384	56,85,095	72,15,315	1,35,28,498
- Taiwan	SQM	2,33,646	1,04,602	1,35,967	6,97,228
Imports from countries attracting ADD					
- Japan	SQM	10,44,526	6,36,933	1,38,105	25,889

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- South Korea	SQM	5,53,851	8,62,020	11,68,832	50,953
- Vietnam	SQM	13,733	-	-	-
Imports from Non-Subject Countries	SQM	4,52,194	78,540	30,566	588
Total Imports	SQM	1,45,05,334	73,67,190	86,88,785	1,43,03,156
Domestic Industry	SQM	***	***	***	***
Sales of the other producers	SQM	***	***	***	***
Total Demand	SQM	***	***	***	***
Total Demand	Indexed	100	66	86	98
<i>Market Share</i>					
Import from Subject Countries	%				
- China	%	***	***	***	***
	Indexed	100	71	69	113
- Taiwan	%	***	***	***	***
	Indexed	100	68	68	305
Imports from countries attracting ADD	%	***	***	***	***
	Indexed	100	167	100	0
Imports from Non-Subject Countries	%	***	***	***	***
	Indexed	100	26	8	0
Total Imports	%	***	***	***	***
	Indexed	100	77	70	101
Domestic Industry	%	***	***	***	***
	Indexed	100	110	110	96
Sales of the Supporter	%	***	***	***	***
	Indexed	100	35,043	2,02,335	1,70,881
Total Demand	%	100%	100%	100%	100%

205. The Authority notes that the domestic industry has lost its market share which is captured by the other domestic producer. Further, the market share of total imports has remained stable whereas the market share of China PR and Taiwan has increased from 69 indexed points to 113 indexed points and 68 indexed points to 305 indexed points respectively. It is also observed that the imports from the subject countries (particularly from China PR and Taiwan) have increased in the POI compared to the base year.

Inventories

206. Inventory position of the domestic industry over the injury period is given in the table below:

Particulars	UOM	2019-20	2020-21	2021-22	POI
Opening Inventories	SQM	***	***	***	***

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Closing Inventories	SQM	***	***	***	***
Average Inventories	SQM	***	***	***	***
Trend	Indexed	100	91	55	55

207. It is noted that the inventories of the domestic industry have declined over the injury period.

Profitability, cash profits and return on capital employed

208. Profits, cash profits and return on capital employed of the domestic industry over the injury period is given in the table below:

Particulars	UOM	2019-20	2020-21	2021-22	POI
Profit/(Loss) before interest and tax (PBIT)	INR in Lacs	***	***	***	***
Trend	Indexed	(100)	(146)	(216)	(391)
Profit/(Loss) before interest and tax (PBIT)	INR/SQM	***	***	***	***
Trend	Indexed	(100)	(200)	(228)	(417)
Cash Profits/(Losses)	INR in Lacs	***	***	***	***
Trend	Indexed	(100)	(280)	(597)	(2,010)
Cash Profits/(Losses)	INR/SQM	***	***	***	***
Trend	Indexed	(100)	(384)	(632)	(2,142)
Capital employed	INR in Lacs	***	***	***	***
Trend	Indexed	100	101	104	129
Return on capital employed	%	***	***	***	***
Trend	Indexed	(100)	(144)	(208)	(302)

209. The Authority notes that the performance of the domestic industry has further declined. The profits, cash profits and return on capital have further declined compared to the base year. The domestic industry is incurring cash losses with negative return on capital employed.

Employment, wages and productivity

210. The Authority has examined the information relating to employment, wages and productivity, as given below:

Particulars	UOM	2019-20	2020-21	2021-22	POI
Productivity per day	SQM/Day	***	***	***	***
Trend	Indexed	100	68	89	93
Employment	Nos	***	***	***	***
Trend	Indexed	100	101	102	98

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Wages	INR in Lacs	***	***	***	***
Trend	Indexed	100	83	105	114

211. It is noted that the number of employees has remained stable over the injury period. The productivity per day has declined over the injury period, however, wages has increased over the period of investigation.

Ability to raise capital investment

212. The Authority notes that the performance of the domestic industry has declined concerning its PUC business. The domestic industry suffered losses as well as recorded a negative decline in return on capital employed. Thus, the imports have adversely impacted the ability of the domestic industry to raise its capital investment.

Magnitude Of Injury Margin

213. The non-injurious price of the product under consideration has been determined by adopting the verified information/data relating to the cost of production for the period of investigation. The non-injurious price has been considered for comparing the landed price from the subject countries for calculating the injury margin. For determining the non-injurious price, the best utilisation of the raw materials by the domestic industry over the injury period has been considered. The same treatment has been carried out with the utilities. The best utilisation of production capacity over the injury period has been considered. It is ensured that no extraordinary or non-recurring expenses are charged to the cost of production. A reasonable return (pre-tax @ 22%) on average capital employed (i.e. average net fixed assets plus average working capital) for the product under consideration was allowed as pre-tax profit to arrive at the non-injurious price.

214. Certain interested parties have argued to examine the cost of production and allocation methodologies followed for the determination of non-injurious price and injury claimed by the domestic industry. In this regard, the Authority notes that it has examined and verified the records of the domestic industry including but not limited to the allocation of the cost, to its satisfaction while computing the non-injurious price as well as the claims of injury made by the domestic industry. With regard concerns on the allocation of infrastructural cost of non-PUC products to PUC, the Authority has examined allocations made and allowed the cost appropriately for computation of NIP. The Authority has followed the principles laid down in Annexure III for computation of the non-injurious Price as indicated the table below.

215. The landed price for the cooperative producers / exporters from the subject countries has been determined on the basis of the data provided by the producers / exporters. For all the non-cooperative producers/exporters from the subject countries, the Authority has determined the landed price based on the facts available.

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216. Some of the interested parties averred that handling, loading, unloading charges should be considered for purpose of computation of landed value. The Authority has computed the landed price of based on assessable value of the subject goods which in in line with the consistent practice followed by the Authority. The landed price as computed by the Authority is indicated in the table below.
217. Based on the landed price and non-injurious price determined as above for the PCNs prescribed by the Authority, the weighted average injury margin for producers/exporters has been determined by the Authority and the same is provided in the table below

Injury Margin Table

SN	Producer	NIP	Landed Price	Injury Margin	Injury Margin	Range
		USD/SQM	USD/SQM	USD/SQM	%	%
1	China PR					
a	Lucky Huaguang Graphics Co. Ltd.	***	***	***	***	30-40
b	Kodak China Graphic Communications Co. Ltd.	***	***	***	***	Negative
c	Fujifilm Printing Plate (China) Co. Ltd.	***	***	***	***	0-10
d	Anhui Strong State New Materials Co., Ltd.	***	***	***	***	10-20
e	Huangshan Jinruitai Technology Co., Ltd.	***	***	***	***	20-30
f	Chongqing Huafeng Di Jet Printing Material Co., Ltd	***	***	***	***	30-40
g	Any other	***	***	***	***	30-40
4	Taiwan	***	***	***	***	
a	All	***	***	***	***	30-40

I. THREAT OF MATERIAL INJURY

a. Submissions made by the other interested parties

- i. The applicant’s claims regarding the threat of material injury are unsubstantiated, as they rely on flawed logic. The mere existence of spare capacities in exporting countries does not automatically justify injury recurrence without considering global demand-supply dynamics.
- ii. The applicant’s assertion that the Indian market is price attractive contradicts its claim of lower import prices. In a market with a demand-supply gap, foreign sellers would logically

charge a premium. Additionally, the applicant has not provided sufficient data on inventories and price scenarios to support its injury claims.

- iii. The domestic industry claims that producers in subject countries, especially China, have significant spare capacity. It must be demonstrated how this capacity would be directed to the Indian market. Past cases, such as Aniline from the USA and Japan, have shown that surplus capacity is insufficient to prove threat of material injury without further justification.
- iv. The petitioner references anti-dumping duties imposed on China by other countries, including Brazil, South Korea, Chinese Taipei, and the EU. However, the imposition of duties by other countries does not automatically imply that the product will be diverted to the Indian market.
- v. The domestic industry attributes its continued injury to imports, but its performance has deteriorated despite the imposition of duties. This indicates that the injury is likely caused by other factors, not imports, as detailed in previous submissions.

b. Submissions made by the Domestic Industry

- i. Imports of the PUC from the subject countries continue to be dumped despite the existence of anti dumping duty and are subsidized. .
- ii. Subsidized imports come from the subject countries in significant volumes.
- iii. The Domestic Industry continues to suffer from price and volume injury despite the imposition of anti-dumping duties.
- iv. Financial and economic performance has declined substantially over the past four years.
- v. Domestic Industry is forced to sell products at low prices, significantly impacting profitability.
- vi. Despite anti-dumping duties, consistent profitability has not been maintained.
- vii. Return on Capital Employed (ROCE) is negative and far lower than the benchmark rate of 22%.
- viii. There is positive price undercutting, price underselling, price depression, and price suppression, as detailed in Part VI of the Petition.
- ix. Injury is expected to continue and worsen if duties are withdrawn.
- x. In 2018, the Authority did not recommend continuing duties against China PR, leading to a substantial increase in injury to the Domestic Industry in a short period.
- xi. Substantial excess and idle capacities exist in China PR for the production of the product under consideration (PUC).

- xii. China PR's installed capacities exceed 1025 million SQM, while domestic demand is estimated at only 180-200 million SQM.
- xiii. Excess capacity of about 825 million SQM is directed toward export markets.
- xiv. India's market size for the subject goods is around 45 million SQM annually.
- xv. The excess capacity in China PR is nearly 20 times greater than India's total domestic demand.
- xvi. If duties are withdrawn, China PR's excess capacity will likely be utilized for increased exports to India.
- xvii. China's aluminum market is distorted due to state intervention, as noted in OECD reports from 2019 and 2024.
- xviii. China has managed high input costs and low aluminum prices through sustained state support.
- xix. China's tariff structure supports downstream aluminum activities, with high export tariffs and incomplete VAT rebates on primary aluminum exports.
- xx. China provides preferential loans, tax incentives, and subsidized energy prices to aluminum manufacturers and PUC producers.
- xxi. This lowers production costs and leads to an oversupply of aluminum in the global market, affecting other countries' producers.
- xxii. These market distortions have created significant challenges for the Domestic Industry.
- xxiii. Chinese exporters engage in trade malpractices, such as transshipment and false declarations of origin (e.g., declaring origin as Sri Lanka or Spain instead of China PR).
- xxiv. These malpractices flood the Indian market with unfairly priced products, undermining the Domestic Industry.
- xxv. Imports of the subject goods are priced substantially lower than domestic prices.
- xxvi. With increased demand and anti-dumping measures in other countries, India becomes an attractive market for exporters from subject countries.
- xxvii. Various jurisdictions, including Brazil, South Korea, Taiwan, the USA, and the EU, have imposed anti-dumping duties on digital plates from China PR, highlighting the global recognition of China's dumping practices and increasing the likelihood of redirected excess production to India if duties are withdrawn.

- xxviii. The Domestic Industry provided evidence that China's total installed capacity for the PUC is over 1025 million SQM, with domestic demand at only 180-200 million SQM, leaving an excess of around 825 million SQM dedicated to export markets. In contrast, India's market size is only 45 million SQM annually, making China's excess capacity nearly 20 times India's total demand.
- xxix. Although the PUC lacks a dedicated HS tariff code, making it difficult to provide third-country export data, the Domestic Industry established that the subject countries are export-oriented and adopt unfair practices globally. Countries like Brazil, Taiwan, Korea RP, and the USA have imposed duties on DOPP imports from China.
- xxx. China's state-supported aluminium market gives its producers an unfair advantage by allowing them to undercut global competitors, including those in India. Other countries like Brazil, South Korea, and the USA have imposed anti-dumping measures against Chinese exports to combat this threat.

c. Examination by the Authority

- 218. Clause (vii) of Annexure II of the Rules provides, inter alia, for factors which are required to be taken into consideration, to determine threat of material injury:
 - a. A significant rate of increase of subsidized imports into India indicating the likelihood of substantially increased importation.
 - b. Sufficiently freely disposable, or an imminent, substantial increase in, capacity of the exporter indicating the likelihood of substantially increased subsidized exports to Indian markets, taking into account the availability of other export markets to absorb any additional exports.
 - c. 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
 - d. Inventories of the article are being investigated
- 219. The Authority has, *inter alia*, considered the above requirements and following parameters in order to determine whether there is threat of material injury. Additionally, the Authority has examined all the relevant information brought on record by the domestic industry and the other interested parties.

Significant Rate of increase of subsidized imports

- 220. The Authority notes that while the overall imports of the PUC have remained stable, the imports from subject countries have increased significantly in the POI compared with the imports made in the year 2020-21 & 2021-22. The imports from the subject countries are provided in the table below:

Particulars	UOM	2019-20	2020-21	2021-22	POI
Subject Countries	SQM	12441030	5789697	7351282	14225726

	Indexed	100	47	59	114
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221. The Authority notes that imports have continued to increase even after imposition of anti-dumping duty.

Continued and existing dumping and injury

222. The Authority notes that the imports of the product under consideration in the current period of investigation are at dumped prices despite anti-dumping duties in existence. It is also noted that the performance of the domestic industry has significantly deteriorated in respect of the profits, cash profits and the return on capital employed. It is also seen that the subject imports are undercutting the prices of the domestic industry.

Surplus and disposable capacities

223. Based on the information made available by the interested parties, the Authority notes that there are substantial excess and idle capacities to produce the PUC in the subject countries (particularly from China PR). The domestic industry submitted that the total installed capacities in China PR are in excess of 1025 million SQM, whereas the total demand in the country is estimated to be only 180-200 million SQM. The excess capacities of about 825 million SQM are dedicated for the export markets. The excess capacities are about 20 times of the Indian demand. The Authority notes that none of the interested parties have provided any information or evidence contrary to the claims made by the domestic industry.
224. Further, the analysis of the questionnaire response filed by the responding exporters from the subject countries shows as follows:

Particulars	Unit	Exporters from China PR
Installed Capacity	SQM	***
Production	SQM	***
Capacity Utilization	%	***
Total Sales	SQM	***
Export Sales	SQM	***
Surplus capacities	SQM	***

Export Orientation – Ratio of export sales to total sales	%	40-50%
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225. As can be seen from the above,

- a. The producers and exporters have far higher capacities than the total Indian demand. Further, the unutilized capacities available with the participating producer and exporters is about 55% of the Indian demand.
- b. The producers and exporters are highly export oriented with about 49%-54% of the total sales are exported from respective countries. These exports can be diverted to India.

Imposition of duties by various countries

226. The applicant has submitted that the various countries have imposed anti-dumping duties on the PUC against China PR and other countries. The details of the same are provided as under:

- a. Brazil: Brazil has extended definitive anti-dumping duty for a period of five years on the PUC imported from China PR, Chinese Taipei, the USA, the EU, and the UK on May 4, 2021. The duties range from USD 0.19 – 2.38/KG.
- b. South Korea: South Korea has extended anti-dumping duty for a period of five years on the PUC imported from China PR on October 25, 2022. The duties range from 8.78 – 10.32%.
- c. Chinese Taipei: On May 25, 2023, the Ministry of Finance of Chinese Taipei initiated an anti-dumping investigation on the PUC originating in or imported from China PR. In June 2024, Chinese Taipei imposed duties on imports from China PR. The duties range from 13.52% - 76.89%.
- d. United States of America: The United States has definitively determined that Chinese exports of DOPP to the US are being both dumped and subsidized. The CVD duties range from 38.5 – 231.98%, while the anti-dumping duties range from 164.30-477.59%.

227. The Authority notes that the exporters and producers from the subject countries are dumping the PUC into India despite anti-dumping duty in force. The domestic industry has claimed that the dumping behaviours clearly establishes that in the event of cessation of the antidumping duty, the producers/exporters from the subject countries will continue to dump the product into India.

Suppressing and depressing effect of imports

228. As seen from the injury assessment, the imports from the subject countries are suppressing the prices of the domestic industry as well as undercutting the selling price of the domestic industry. The same is evident from the table below:

Particulars	UOM	2019-20	2020-21	2021-22	POI
Cost to make and sell	INR/SQM	***	***	***	***
Trend	Indexed	100	96	115	142
Domestic selling price	INR/SQM	***	***	***	***
Trend	Indexed	100	100	114	133
Landed Price	INR/SQM	208	244	292	298
Trend	Indexed	100	117	140	143

229. It is seen that in the period of investigation, the landed price of the subject imports is below the selling price and cost of sales of the domestic industry. The Authority notes that with the expiry of measures, the imports will have a significant depressing or suppressing effect on prices of the domestic industry.

J. CAUSAL LINK AND NON – ATTRIBUTION ANALYSIS

a. Submissions made by the other interested parties

230. Various interested parties have made following submissions:
- i. Injury due to internal competition: The real reason for any injury suffered by the applicant is internal competition.
 - ii. A new producer, HL Printech Solutions Pvt. Ltd., began commercial production in FY 2020-21.
 - iii. HL Printech Solutions Pvt. Ltd. increased its production significantly from 100 index points in FY 2020-21 to 431 index points during the POI, an increase of approximately 3.3 times.
 - iv. The domestic sales of other producers rose substantially from 100 index points in the base year to 167,345 index points during the POI.
 - v. The injury, if any, suffered by the applicant is due to the pricing strategies of other domestic producers, especially the new entrant, HL Printech Solutions Pvt. Ltd.
 - vi. The export sales of the applicant's PUC declined by around 22% during the POI compared to the base year, increasing the per-unit fixed cost. Any injury to the applicant is due to this decline in export sales.
 - vii. The applicant has enjoyed duty protection since December 2012, for approximately 11.5 years. The injury, if any, is due to mismanagement and poor business decisions by the applicant.

- viii. The respondents request that the Authority not attribute any injury suffered by the applicant to imports from China PR and Japan, as other factors are responsible for any harm experienced.
- ix. The domestic industry claimed during the oral hearing that it is a major producer and exporter of the product under consideration, and is price competitive in export markets.
- x. This raises concerns about the domestic industry's performance in India, where it claims injury due to dumped imports, while being price competitive in export markets.
- xi. The domestic industry should address why it is competitive in export markets but struggles in its own home market.
- xii. The domestic industry's claims of Chinese dumping and large production capacity raise questions about its ability to compete globally while claiming injury at home.
- xiii. The information provided by the domestic industry shows a decline in export volume during the injury period.
- xiv. The trends in domestic selling prices and export selling prices have been similar throughout the injury period.

b. Submissions made by the Domestic Industry

- i. The claim that TechNova is attributing costs from obsolete infrastructure to the production of the PUC is incorrect. Only costs directly associated with PUC production are reported.
- ii. Arguments that new producers, such as HL Printech, are creating competition for the Domestic Industry are dismissed. HL Printech's market share is minimal and has no impact on the Domestic Industry's performance.
- iii. Claims that the Domestic Industry is injured due to export losses are irrelevant, as the injury analysis pertains exclusively to domestic sales. TechNova's export sales represent a small portion of its overall business and have little impact on its financial performance.
- iv. While there was a fall in demand during the pandemic, the Domestic Industry's performance improved slightly due to a reduction in imports from subject countries. However, as conditions normalized, dumped imports surged again, leading to a decline in sales during the POI.
- v. Claims of injury due to mismanagement or poor business decisions are unsupported by evidence. The Domestic Industry has consistently made prudent decisions to maintain competitiveness, and the injury is directly attributable to intensified dumping.

- vi. The conflict has disrupted supply chains and increased costs globally, but it has affected all parties in the investigation equally. The conflict did not affect dumping patterns, as import prices did not increase at the same rate as production costs, indicating dumping continued regardless of geopolitical issues.

c. Examination by the Authority

231. As per the Rules, the Authority, inter alia, is required to examine any known factors other than subsidized imports which are injuring to the domestic industry, so that the injury caused by these other factors may not be attributed to the subsidized imports.-
232. Volume and value of imports from third countries: The Authority notes that imports from countries other than subject countries are insignificant. Therefore, imports from third countries cannot be the reason for the injury suffered by the domestic industry.
233. Contraction in demand and pattern of consumption: The Authority notes that the demand of the subject goods has been stable with minor decline. Therefore, imports from contraction in the demand of subject goods cannot be cause of injury to the domestic industry. Further, Authority notes that there is no material change in the pattern of consumption of the product under consideration, to which the injury suffered by the domestic industry can be attributed.
234. Conditions of competition and trade restrictive practices: There are no trade restrictive practice or conditions of competition which cause injury to the domestic industry. With regard to the inter-se competition between the domestic producers, the Authority notes that the domestic producers including the domestic industry face competition from the imports from the subject countries.
235. Development of technology: None of the interested parties have furnished any evidence to demonstrate significant changes in the technology that could have caused injury to the Domestic Industry.
236. Performance of other products of company: The Authority notes that the performance of other products being produced and sold by the Domestic Industry does not appear to be a possible cause of injury to the Domestic Industry. In any event, the Authority has considered the performance of PUC only for the purpose of the injury assessment.
237. Export performance: The Authority has considered the performance of domestic operations only for injury analysis of domestic industry.
238. Pricing strategy and other management decisions by the Domestic Industry: The Authority notes that the interested parties have argued that the Domestic Industry has adopted poor pricing strategies which have resulted in loss of profitability. In this regard, the Authority is unable to identify any such reason for the injury.

K. INDIAN INDUSTRY INTEREST AND OTHER ISSUES**a. Submissions made by other interested parties**

239. The interested parties have made following submissions:
- i. The domestic industry, particularly Technova, faces regular quality and supply disruption issues. Problems such as spot issues, lining issues, and sensitivity variations have been reported with Technova's plates. In contrast, imported plates offer consistent quality, making them preferable for users seeking reliable printing outputs. Despite these issues and the clear demand-supply gap, domestic producers, including Technova, have not made significant efforts to scale up production or improve product quality.
 - ii. Technova, in partnership with Agfa, has failed to maintain quality or expand production sufficiently to meet domestic demand, while restrictions prevent producers from countries like China from entering the Indian market.
 - iii. The imposition of countervailing duties could increase costs for industries reliant on the PUC, including printing and publishing companies, by raising the cost of imports. This cost increase could result in higher prices for printed materials, packaging, and related products, which would ultimately be passed on to consumers.
 - iv. Higher prices could reduce the competitiveness of the Indian printing and publishing sectors, both domestically and internationally, and hurt profit margins in industries that operate on thin margins.
 - v. Maintaining the duties could disrupt established supply chains, especially for companies with tight margins that depend on affordable and stable supplies of DOPP.
 - vi. If domestic production cannot meet demand, the increased costs due to countervailing duties could cause production delays, reduced output, or decreased profitability for the user industry. The broader economic impact should also be considered, as the printing and packaging industries contribute significantly to employment and ancillary sectors in India. MSMEs, in particular, would struggle with the higher input costs, threatening their financial stability and growth prospects.
 - vii. The continuation of duties could lead to increased operational costs for the downstream industries reliant on DOPP, disrupting supply chains and negatively impacting the broader economy. The producer/exporter argues that the ongoing reliance on imports is necessary to bridge the demand-supply gap, and the imposition of ADD harms the downstream industry without addressing the root causes of the domestic industry's struggles.

- viii. Digital offset printing plates produced by Chinese manufacturers are of superior quality, without the technical issues faced with Technova's products, which use outdated technology.
- ix. The printing industry comprises different types of operations based on run-length. Long runs for large quantities (e.g., newspapers) where plate costs are a smaller share of operational expenditure. Medium runs for print volumes like brochures and catalogs, which may not justify the higher setup costs of traditional offset printing. Short runs for on-demand or limited quantities (e.g., business cards), where plate costs can account for up to 85% of total expenditure, making price changes impactful.
- x. The imposition of countervailing duties on digital offset printing plates significantly affects the packaging printing industry by increasing raw material costs and squeezing profit margins in an already price-sensitive market.
- xi. The increased costs also negatively impact plate bureaus and pre-press houses, which rely heavily on digital offset plates. The imposition of duties strains their financial positions.
- xii. Protecting local manufacturers is important, but the claim that imposing countervailing duties is crucial for India's self-sufficiency in this sector is unfounded.
- xiii. The Domestic Industry is already protected by way of anti-dumping duty for a substantial period. Considering demand supply gap, the interest of downstream industry should be protected.

b. Submissions made by the Domestic Industry

- i. Imposition of countervailing duties will have a negligible effect on downstream industries, with a 20% average duty translating to only 0.5% to 1.5% of the average cost of a print job in segments like newspaper, commercial, and packaging printing. No users opposing duties have demonstrated any adverse public interest impacts from the duties.
- ii. Non-continuation of duties would lead to the shutdown of the Domestic Industry, which is critical for India's self-reliance in the printing sector, essential for industries such as media, publishing, and packaging.
- iii. The DOPP market often has urgent needs, especially in sectors like newspapers and packaging. Relying on imports introduces risks of delays, quality issues, and price volatility, which are unacceptable in critical sectors.
- iv. The Domestic Industry has proven its ability to meet urgent demands efficiently, as seen during the COVID-19 lockdown.
- v. During the lockdown, global supply chains were disrupted, but the Indian newspaper industry continued to function due to the availability of domestically produced DOPP.

- vi. With imports unavailable, the nation relied on domestic manufacturers, demonstrating the importance of a robust Domestic Industry for national security and continuity of essential services.
- vii. Despite the strategic importance of DOPP, the Domestic Industry is struggling to survive due to unfairly priced imports being sold at artificially low prices.
- viii. These imports are significantly undercutting domestic manufacturers' prices, making it economically unviable for the Domestic Industry to continue operations.
- ix. The closure of domestic plants would result in substantial job losses and make India entirely dependent on imports.
- x. This would jeopardize India's ability to respond to future emergencies that require quick and reliable supply.
- xi. Parties argued that imported plates are preferred due to consistent quality, while domestic plates often have quality issues. The Domestic Industry noted that TechNova has one of the lowest rejection rates and emphasized that trade remedial duties are intended to ensure fair pricing, not limit competition based on product quality.

c. Examination by Authority

- 240. The Authority considered whether imposition of countervailing duties shall have adverse public interest. For the same, the Authority examined whether the imposition of countervailing duty on imports of the product under investigation would be against the larger public interest. This determination is based on consideration of information on record and interests of various parties, including domestic industry, importers, and consumers of the product.
- 241. The Authority issued gazette notification inviting views from all the interested parties, including importers, consumers, and other interested parties. The Authority also prescribed a questionnaire for the consumers to provide relevant information with respect to the present investigation, including the possible effects of the countervailing duties on their operations. The Authority sought information on, inter-alia, the interchangeability of the product supplied by various suppliers from different countries, ability of the consumers to switch sources, the effect of countervailing duties on the consumers, factors that are likely to accelerate or delay the adjustment to the new situation caused by the imposition of the countervailing duties.
- 242. It is noted that the purpose of countervailing measures, in general, is to eliminate injury caused to the domestic industry by the unfair trade practices so as to re-establish a situation of open and fair competition in the Indian market, which is in the general interest of the country. The Authority recognizes that the imposition of countervailing duties might affect

the price levels of the product under consideration as well as other downstream products manufactured by using the subject goods in India. However, fair competition in the Indian market will not be reduced by the imposition of countervailing measures. On the contrary, the imposition of countervailing measures would prevent the decline of the domestic industry that may ensue as a consequence of low-priced imports from the subject countries and help maintain the wider availability of choices to the consumers of the product under consideration.

243. The Authority had prescribed an economic interest questionnaire which was sent to all interested parties to this review investigation. Only the domestic industry has responded to the economic interest questionnaire. The domestic industry has supplied information related to the domestic industry as well as the user industry.
244. It has also been claimed that there is a demand and supply gap in the country. However, the Authority notes that the demand-supply gap does not justify unfair pricing. The Authority notes that the trade remedial measures are not imposed to block imports, but to create a level playing field in the domestic market. The user industry of the PUC can continue to import at fair prices. The Authority notes that existence of a viable domestic industry is important for the user industry to avoid being excessively dependent on imports leading to high chances of supply chains disruptions.
245. The interested parties have claimed that there are quality issues such as spot issues, lining issues, and sensitivity variations etc., in the domestically manufactured products. On the other hand, the domestic industry has claimed that it has one of the lowest rejection rates in the industry and submitted relevant data in this regard. The Authority notes that the trade remedial measures aim to ensure that all products, whether domestic or imported, are priced fairly and do not undermine the Domestic Industry through unfair competition.
246. The Authority notes that the interested parties have not demonstrated how the prices of subject goods have adversely impacted the consumers. On the other hand, the domestic industry has submitted quantified information showing that the impact of the countervailing duties on the user industry would be miniscule. The domestic industry submitted that the current prevalent countervailing duties (assuming an average rate of 20%) translate to a cost increase of merely 0.5% to 1.5% of the average cost of a print job in the predominant end-use segments such as the newspaper printing segment, commercial printing segment, and packaging printing segment. From the information on record, the Authority notes that the impact of countervailing duty is not significant to the consumers of the product under consideration.
247. The domestic industry procures its main raw material (litho grade aluminium coil) from Hindalco to the extent of their manufacturing capacity. The Authority notes that any decline the production of the PUC by the domestic industry would adversely impact the operations

of Hindalco for litho grade aluminium coils since the domestic industry is the only large manufacturer of the subject goods in the country.

248. With regard to the argument that the domestic industry is already protected by way of an anti-dumping duty for a substantial period, and therefore, a countervailing duty is not required, the Authority notes that the imposition of countervailing duty would only be to the extent of the injury caused to the domestic industry, i.e., the injury margin calculated for the domestic industry for the POI. Therefore, the parallel imposition of duties does not provide any extra protection but only offsets the injury caused by unfair trade practices.
249. The essential facts of the investigation gathered by the Authority during the course of the investigations and analyzed by the Authority in the present disclosure statement are being disclosed to the interested parties in order to enable these interested parties to offer their comments on these facts. The Authority would conclude on the matter after receiving the comments of the interested parties on this disclosure statement.

Section IV: Methodology for arriving at non-injurious price (Confidential copy for Domestic Industry only)**E. METHODOLOGY FOR DETERMINATION OF NON-INJURIOUS PRICE**

15. The non-injurious price of the product under consideration has been determined by adopting the verified information / data relating to the cost of production for the period of investigation (1 April 2022 to 31 March 2023) in respect of the domestic industry. Detailed analysis / examination and reconciliation of the financial and cost records maintained by the company, wherever applicable, were carried out for this purpose. The non-injurious price for the domestic industry has been determined in terms of the principles outlined in Annexure – III to the Rules as briefly described below:

- a) **RAW MATERIAL COST:** The best utilization of raw materials by the domestic producers, over the period of investigation and preceding three years period, at the rates prevailing in the period of investigation was considered.
- b) **COST OF UTILITIES:** The best utilization of utilities by the domestic producers, over the period of investigation and preceding three years' period, at the rates prevailing in the period of investigation was considered.
- c) **PRODUCTION:** The best utilization of production capacity over the period of investigation and preceding three years' period was considered.
- d) **SALARY & WAGES:** Propriety of the expenses grouped under this head and charged to the cost of production was examined. Salary and wages paid was reviewed and reconciled with the financial records of the domestic industry.
- e) **DEPRECIATION:** The reasonableness of the amount of depreciation charged to the cost of production was examined to ensure that no charge has been made for facilities not deployed on the production of the subject goods.
- f) **IDENTIFICATION AND ALLOCATION/APPORTIONMENT OF EXPENSES:** The expenses to the extent identified to the PUC were directly allocated and common expenses or overheads classified under factory, administrative and selling overheads were apportioned on reasonable basis. It is ensured that no extraordinary or non-recurring expenses were charged to the cost of production.

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- g) **REASONABLE RETURN ON CAPITAL EMPLOYED:** A reasonable return (pre-tax) at 22% on average capital employed (that is Average Net Fixed Assets and Average Working Capital) for the product under consideration was allowed for recovery of interest, corporate tax and profit. Interest is allowed as an item of cost of sales and after deducting the interest, the balance amount of return has been allowed as pre-tax profit to arrive at the Non-injurious Price.
- h) **NON-INJURIOUS PRICE FOR THE DOMESTIC INDUSTRY:** The NIP for the product under consideration is proposed as ***/SQM for UV CtP, Rs. ***/SQM for Thermal and Rs. ***/SQM for Violet.