COUNTERVAILING / INITIATION

DGTR opens countervailing duty investigation into insoluble sulphur from China

DGTR initiates a countervailing duty investigation into insoluble sulphur from China, whose producers are alleged to benefit from 79 listed programs.

THE DIRECTORATE General of Trade Remedies has initiated a countervailing duty investigation, dated September 30, 2026, into imports of Insoluble Sulphur originating in or exported from China. The application was filed by OCCL Limited, the sole producer of the product in India.

KEY FACTS

MEASURE
Countervailing

STAGE
Initiation

COUNTRIES
China

DATED
September 30, 2026

REFERENCES

Case No. - CVD/OI/008/2026

F. No. 6/48/2026-DGTR

CG-DL-E-07102026-276917

HS CODES 3

2802 00 10
3812 39 30
3824 99 00

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The Directorate General of Trade Remedies has initiated a countervailing duty investigation, dated September 30, 2026, into imports of Insoluble Sulphur originating in or exported from China. The application was filed by OCCL Limited, the sole producer of the product in India.

The product is already subject to anti-dumping duties on imports from China and Japan, implemented by Notification No. 13/2025-Customs (ADD) dated June 6, 2025. An anti-absorption investigation concluded by final findings dated September 18, 2026 that there was a need for modification of the quantum of that duty. Insoluble sulphur is a polymeric sulphur used as a vulcanization agent in rubber applications, with more than 90% of its consumption in India in the tire industry. It is classifiable under tariff items 2802 00 10 and 3812 39 30, and is also imported under 3824 99 00.

The applicant alleges that producers and exporters in China benefit from 79 listed programs, including preferential loans, income tax and VAT incentives, provision of land, electricity, water and shipping for LTAR, export credits and grants, regional funds and equity infusions. The Government of China did not attend the consultation meeting scheduled on September 28, 2026.

The period of investigation is April 1, 2025 to March 31, 2026. The applicant's prima facie evidence shows adverse effects on market share, capacity utilization, profitability, cash profits and return on capital employed. Interested parties must file responses on the SETU portal within 37 days of circulation of the non-confidential application, and may comment on the product scope and PCN methodology within 15 days of transmission of the intimation letters.

Measure	Countervailing
Stage	Initiation
Case number	Case No. - CVD/OI/008/2026
File number	F. No. 6/48/2026-DGTR
Dated	September 30, 2026
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Product	Insoluble Sulphur

What it covers	Insoluble sulphur is a polymeric sulphur which is insoluble in carbon disulphide (CS2), generally used as a vulcanization agent in some rubber applications to resist blooming; more than 90% of its consumption in India is in the tire industry. The customs classifications are indicative only and in no way binding on the scope, and the applicant has not proposed any PCN methodology.
Customs codes	2802 00 10, 3812 39 30, 3824 99 00
Countries	China
Applicant	OCCL Limited
Period of investigation	1st April 2025 to 31st March 2026 (12 months)
Injury period	1st April 2022 to 31st March 2023, 1st April 2023 to 31st March 2024, 1st April 2024 to 31st March 2025 and the POI
Findings	• The applicant alleges that producers and exporters in China benefit from subsidies at various levels of government, including provincial and municipal governments and public bodies; the notification lists 79 programs, grouped as preferential lending, tax and VAT incentives, goods/services at LTAR, export financing/programmes, regional subsidies, grants (residual) and equity related. • The programs are alleged to involve a financial contribution and confer a benefit, and to be contingent on export performance or limited to certain enterprises, products or regions, and so specific and countervailable; the Authority reserves the right to investigate other subsidies found during the investigation. • The Government of China was given an opportunity for consultation under Article 13 of the ASCM at a meeting scheduled on September 28, 2026, but did not attend. • The prima facie evidence shows adverse effects on the domestic industry's market share, capacity utilization, profitability, cash profits, return on capital employed, growth and price performance, and the applicant claims that price suppression and depression by the subsidized imports have prevented it from recovering full cost; the persistence of injury despite the anti-dumping duties in force is stated to show that subsidized imports continue at injurious prices. • The applicant is the sole producer in India; its minuscule imports from China into its SEZ unit for technical evaluation and R&D do not warrant its exclusion from the domestic industry, and the application satisfies Rule 6(3) of the Anti-Subsidy Rules.
Recommendation	The Authority initiates a countervailing duty investigation under Section 9 of the Act read with Rule 6 of the CVD Rules to determine

the existence, degree and effect of any alleged subsidization and to recommend the amount of countervailing duty that, if levied, would be adequate to remove the injury to the domestic industry.

Time limits

- Interested parties to comment on the scope of the PUC and PCN methodology: within 15 days from the date of transmission of the intimation letters to the known interested parties and the diplomatic representative(s) of the subject country, running concurrently with the main time limit
- Interested parties to intimate their interest and file questionnaire responses and submissions on the SETU portal (Case ID CVD/OI/008/2026): within 37 days from the date on which the non-confidential version of the application is circulated by the Authority or transmitted to the appropriate diplomatic representative of the exporting country
- Requests for extension of time: at least one day before the expiry of the time limit stipulated in this notification
- Comments on the confidentiality claimed by the domestic industry: within 7 days of the receipt of the non-confidential version of the application

The notification (PDF, 845 KB)

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