

Government of Pakistan National Tariff Commission

REPORT

ON

FINAL DETERMINATION AND LEVY OF DEFINITIVE ANTI-DUMPING DUTY ON IMPORTS OF POLYESTER STAPLE FIBRE (NOT EXCEEDING 2 DENIER) ORIGINATING IN AND/OR EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA

A.D.C No.13/2008/NTC/PSF

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The National Tariff Commission (hereinafter referred to as the "Commission") having regard to the Anti-Dumping Duties Ordinance, 2000 (LXV of 2000) (hereinafter referred to as the "Ordinance") and the Anti-Dumping Duties Rules, 2001 (hereinafter referred to as the "Rules") relating to investigation and determination of dumping of goods into the Islamic Republic of Pakistan (hereinafter referred to as "Pakistan"), material injury to the domestic industry caused by such imports, and imposition of anti-dumping duties to offset the impact of such injurious dumping, and to ensure fair competition thereof and to the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (hereinafter referred to as the "Agreement on Antidumping").

2. The Commission has conducted this investigation under the Ordinance and the Rules on imports of polyester staple fibre, not exceeding 2 denier, (hereinafter referred to as "PSF") originating in and/or exported from the People's Republic of China (hereinafter referred to as "China"). The Commission has made final determination in this investigation under Section 39 of the Ordinance. This report on final determination has been issued in accordance with Section 39(5) of the Ordinance and Article 12.2 of the Agreement on Antidumping.

3. In terms of Section 39(1) of the Ordinance, the Commission shall make a final determination of dumping and injury within one hundred and eighty days of publication of a notice of preliminary determination in the official Gazette. Notice of preliminary determination was published in official Gazette on February 06, 2009.

A. <u>PROCEDURE</u>

4. The procedure set out below has been followed with regard to this investigation.

5. <u>Receipt of Application</u>

5.1 On June 26, 2008, the Commission received a written application under Section 20 of the Ordinance from Messers ORR DIGNAM & Co, Advocates, Islamabad on behalf of three domestic producers of Polyester Staple Fibre namely Dewan Salman Fibres Limited, Karachi, Ibrahim Fibres Limited, Faisalabad and ICI Pakistan Limited, Lahore (hereinafter referred to as the "Applicants"). The Applicants alleged that PSF originating in and/or exported from China is being dumped into Pakistan, which has caused and is causing material injury to the domestic industry producing PSF.

5.2 The Commission informed the Embassy of China in Islamabad of the receipt of application in accordance with the requirements of Section 21 of the Ordinance through a note verbale dated July 10, 2008.

6. <u>Evaluation and Examination of the Application</u>

6.1 The examination of the application showed that it met the requirements of Section 20 of the Ordinance as it contained sufficient evidence of dumping of PSF into Pakistan from China and material injury to the domestic industry caused therefrom. Requirements of Rule 3 of the Rules, which relate to the submission of information prescribed therein were also found to have been met.

7. <u>The Domestic Industry</u>

7.1 Section 2(d) of the Ordinance defines domestic industry as:

" "domestic industry" means the domestic producers as a whole of a domestic like product or those of them whose collective output of that product constitutes a major proportion of the total domestic production of that product, except that when any such domestic producers are related to the exporters or importers, or are themselves importers of the allegedly dumped investigated product in such a case "domestic industry" shall mean the rest of the domestic producers".

7.2 As per information obtained by the Commission from different sources, the domestic industry of PSF comprises of the following five units with an installed production capacity of 623,500 MT per annum on three shift basis. All five units were operational during period of investigation (for POI, paragraph 13 infra).

Installed Capacity of the Domestic Industry				
S.No	Unit Name	Capacity (MT)		
i.	Dewan Salman Fibre Ltd, Islamabad	240,900		
ii.	Ibrahim Fibre Ltd, Faisalabad	208,600		
iii.	ICI Pakistan Ltd, Lahore	122,000		
iv.	Pakistan Synthetics Ltd, Karachi	28,000		
v.	Rupali Polyester Ltd, Lahore	24,000		

Table-I Installed Capacity of the Domestic Industry

7.3 The Commission's investigation also revealed that neither the Applicants were themselves importer of the investigated product nor were related to the exporters involved in alleged dumping of the investigated product into Pakistan.

8. <u>Standing of the Application</u>

8.1 In terms of Section 24(1) of the Ordinance,

".... an application shall be considered to have been made by or on behalf of the domestic industry only if it is supported by those domestic producers whose collective output constitutes more than fifty percent of the total production of a domestic like product produced by that portion of the domestic industry expressing either support for or opposition to the application."

Furthermore, Section 24(2) of the Ordinance provides that:

"..... no investigation shall be initiated when domestic producers expressly supporting an application account for less than twenty five percent of the total production of the domestic like product produced by the domestic industry."

8.2 The application was filed by the Applicants, who are major producers of PSF in Pakistan. Other two units in the domestic industry namely Rupali Polyester Limited, Lahore and Pakistan Synthetics Limited, Karachi remained indifferent in this investigation.

8.3 As per information supplied in the application and obtained from other sources, the Applicants produced 89.29 percent of the total domestic production of PSF during the year 2007-08 (April to March, POI for dumping determination). Details of the production of PSF by the domestic industry are as follows:

Unit-wise Production during the year 2007-08					
Name of the Unit	Status	Share in total			
Name of the Offic	Status	production			
Dewan Salman Fibre Limited	Applicant	19.51%			
Ibrahim Fibre Limited	Applicant	43.26%			
ICI Pakistan Limited	Applicant	26.52%			
Rupali Polyester Limited	Indifferent	5.44%			
Pakistan Synthetics Limited	Indifferent	5.27%			
Total 100.00%					

Table-II Unit-wise Production during the year 2007-08

8.4 On the basis of the above information and analysis, the Commission determined that the application has been made on behalf of domestic industry, as it fulfils the requirements of Section 24 of the Ordinance.

9. <u>Applicants' Views</u>

The Applicants, *inter alia*, raised the following issues in the application regarding dumping of PSF and material injury to the domestic industry caused therefrom:

i. PSF imported from China into Pakistan and PSF produced in Pakistan by the domestic industry are like products;

- ii. Exporters/producers from China are exporting PSF to Pakistan at dumped prices; and
- iii. Exports of PSF by the Chinese exporters/producers to Pakistan at dumped prices has caused and is causing material injury to the domestic industry producing PSF mainly through:
 - a. increase in the volume of alleged dumped imports of PSF;
 - b. price undercutting;
 - c. price suppression;
 - d. loss in market share;
 - e. negative effects on capacity utilization;
 - f. negative effects on cash flow;
 - g. decline in employment;
 - h. decrease in return on investment; and
 - i. loss/decline in profits.

10. Foreign Producers/Exporters of PSF involved in Alleged Dumping

The Applicants identified 54 foreign producers and exporters (with complete addresses of 30 producers/exporters) involved in alleged dumping of PSF from China (list of foreign producers/exporters is placed at Annex-I). The Applicants have stated that there may be other producers and exporters but it does not have the names and addresses of those foreign producers/exporters. Therefore, the Applicants requested for imposition of antidumping duty on all imports of PSF originating in and/or exported from China instead of the identified foreign producers/exporters.

11. <u>Initiation of Investigation</u>

11.1 The Commission, upon examining the accuracy and adequacy of the evidence provided in the application, established that there was sufficient evidence of alleged dumping of PSF into Pakistan and consequent material injury to the domestic industry to justify initiation of an investigation. Consequently, a notice of initiation was issued under Section 27 of the Ordinance, which was published in the Official Gazette¹ of Pakistan and in two widely circulated national newspapers² (one in English language and one in Urdu Language) on July 29, 2008.

¹ The official Gazette of Pakistan (Extraordinary) dated July 29, 2008.

² The 'Daily Khabrain and the 'Dawn' of July 29, 2008 issue.

Investigation concerning alleged dumped imports of PSF into Pakistan {classified under PCT³ No. 5503.2010 contained in the First Schedule of Customs Act, 1969 (IV of 1969)} originating in and/or exported from China was thus initiated on July 29, 2008.

11.2 The Commission notified the Embassy of China in Pakistan of initiation of investigation (by sending a copy of the notice of initiation) on July 29, 2008 with a request to forward it to all exporters/producers involved in production, sales and export of PSF from China. Copies of the notice of initiation were sent to 30 Chinese exporters/producers of PSF whose complete addresses were available with the Commission. For the exporters/producers whose addresses were not available with the Commission, the Embassy of China in Islamabad, was requested to forward the same to all exporters/producers involved in export of PSF to Pakistan from China. Copies of the notice of initiation were also sent to known Pakistani importers, the Applicants and indifferent domestic producers (paragraph 8.2 supra) on July 29, 2008 in accordance with the requirements of Section 27 of the Ordinance.

11.3 In accordance with Section 28 of the Ordinance, on July 30, 2008, the Commission sent copies of full text of the written application (non-confidential version) to all Chinese exporters/producers, whose complete addresses were available with the Commission. A copy of the full text of the written application (non-confidential) was also sent to the Embassy of China in Pakistan on July 30, 2008 with a request to forward it to all exporters/producers involved in export of PSF from China.

12. <u>Investigated Product, Like Product and Domestic Like Product</u>

12.1 Section 2 of the Ordinance defines the "investigated product", the "like product", and the "domestic like product" as follows:

i. <u>Investigated Product:</u>

"a product, which is subject to an antidumping investigation as described in the notice of initiation of the investigation".

ii. <u>Domestic Like Product:</u>

"the domestically produced product, which is a like product to an investigated product".

iii. <u>Like Product:</u>

³ "PCT" is the abbreviation for Pakistan Customs Tariff. PCT heading in Pakistan is equivalent to Harmonized Commodity Description and Coding System up to six-digit level.

"a product which is alike in all respects to an investigated product or, in the absence of such a product, another product which, although not alike in all respects, has characteristics closely resembling those of the investigated product".

12.2 For the purposes of this investigation and given the definitions set out above, the investigated product, domestic like product and the like product were identified as follows:

12.2.1 Investigated Product:

The investigated product is PSF not exceeding 2 denier, originating in and/or exported from China into Pakistan. It is classified under PCT No. 5503.2010. It is generally used in woven and knit applications to produce textile and apparel products.

12.2.2 Domestic Like Product

The domestic like product is PSF not exceeding 2 denier produced by the domestic industry in Pakistan. The domestic like product is also classified under PCT No. 5503.2010. The domestic like product is used in woven and knit applications to produce textile and apparel products. Major uses of the domestic like product are, therefore, identical to those of the investigated product.

12.2.3 Like Product:

The like product is PSF not exceeding 2 denier produced and sold by the exporters/foreign producers of China in their domestic markets, and PSF not exceeding 2 denier imported into Pakistan from countries other than China. The like product is classified under PCT/H.S No. 5503.2010. Major uses of the like product are identical to those of the investigated product and domestic like product.

12.3 In order to establish whether the investigated product, the domestic like product and the like product are alike products, as contended by the Applicants, the Commission reviewed all relevant information received/obtained from various sources including the Applicants, and the exporters/foreign producers in the following terms:

- i. basic raw materials used in the production of the investigated product, the domestic like product, and the like product are the same namely Purified Terephthalic Acid ("PTA") and Mono-Ethylene Glycol ("MEG"). However, some Chinese producers are also producing PSF from re-cycled/waste PET material;
- ii. all the three products (the investigated product, the domestic like product and the like product) are produced with a similar manufacturing process;
- iii. all the three products have similar appearance;

- iv. all the three products are substitutable in use. They are mainly used in woven and knit applications to produce textile and apparel products; and
- v. all the three products are classified under the same PCT/HS No. 5503.2010.

12.4 In light of the above, the Commission has determined that the investigated product, the domestic like product and the like product are alike products.

13. <u>Period of Investigation</u>

13.1 In terms of Section 36 of the Ordinance, period of investigation (hereinafter referred to as "POI") is:

- i. "for the purposes of an investigation of dumping, an investigation period shall normally cover twelve months preceding the month of initiation of the investigation for which data is available and in no case the investigation period shall be shorter than six months."
- ii. "for the purposes of an investigation of injury, the investigation period shall normally cover thirty-six months:
 "Provided that the Commission may at its sole discretion, select a shorter or longer period if it deems it appropriate in view of the available information regarding domestic industry and an investigated product".
- 13.2 POI selected for dumping and injury are, therefore, as follows:

For determination of dumping:	From April 1, 2007 to March 31, 2008
For determination of material injury:	From April 1, 2005 to March 31, 2008

14. Information/Data Gathering

14.1 The Commission sent questionnaire, on: July 30, 2008, August 9, 2008 and August 13, 2008 directly to the 32 Chinese exporters/producers (whose complete addresses were available with the Commission) for submission of data and information, and were asked to respond within 37 days of the dispatch of the questionnaire. On July 30, 2008 a copy of the questionnaire was also sent to the Embassy of China in Islamabad with a request to forward it to all Chinese producers/exporters of PSF.

14.2 The following two foreign producers/exporters responded to the Commission's request for supplying information on the exporter questionnaire:

- i. Jiangyin Huahong Chemical Fiber Co., Ltd., Huahong Industrial Park, Zhouzhuang Town, Jiangyin, Jiangsu, China; and
- ii. Zhangjiagang Chengxin Chemical Fiber Co., Ltd., Houcheng IndustrialDevelopment Zone, JinGang Town, Zhangjiagang City, Jiangsu Province, China

However, both of the exporters requested for an extension in time period for submission of information for two weeks i.e. by September 20, 2008 and September 30, 2008 respectively. After taking into account the due cause shown by these exporters in their requests, the Commission acceded to the requests and granted extension in time period for submission of information on exporter's questionnaire. Filled-in exporter's questionnaires from the exporters were received at the Commission on September 20, 2008 and September 29, 2008.

14.3 Upon examination of the information received from both the foreign producers/exporters, certain deficiencies were found in the information supplied. These deficiencies were communicated to the foreign producers/exporters and were requested to supply the deficient information. Further details are given at paragraph 15 infra.

14.4 The other foreign producers/exporters who were requested for information directly or through the Embassy of China in Islamabad did not respond to the Commission's request for information.

14.5 On August 18, 2008 questionnaires were sent to 39 Pakistani importers of the investigated product known to the Commission and these importers were asked to respond to the Commission within 37 days of the dispatch of the questionnaires. Only the following two Pakistani importers responded to the Commission's questionnaire:

- i. Mehmood Textile Mills Limited, Multan; and
- ii. Sarfraz Yaqub Textile Mills (Pvt) Limited, Lahore

14.6 The Commission has an access to the database of import statistics of Pakistan Revenue Automation Limited ("PRAL"), the data processing arm of the Federal Board of Revenue, Government of Pakistan. For the purpose of this investigation, the Commission has used import data obtained from PRAL in addition to the information provided by the Applicants and the foreign producers/exporters.

14.7 Thus the Commission has sought from all available sources the relevant data and information deemed necessary for the purposes of this investigation to determine dumping of the investigated product and injury caused therefrom. In terms of Rule 12 of the Rules, the Commission, during the course of the investigation, satisfied itself as to the accuracy of information supplied by the interested parties to the extent possible for the purposes of this investigation.

15. Questionnaire(s) Response by the Foreign Producers/Exporters

15.1 Questionnaire Response by the Jiangyin Huahong Chemical Fiber Co., Ltd.

15.1.1 The Commission sent questionnaire to Jiangyin Huahong Chemical Fiber Co., Ltd (hereinafter referred to as "Huahong") on July 30, 2008. Its response was received in the Commission on September 20, 2008. According to the information provided in response to the questionnaire, Huahong is a private limited company incorporated under the Chinese company laws on January 17, 2001. It has been involved in the manufacture, sale and export of PSF to Pakistan as well as to other countries and in its domestic market during POI.

15.1.2 The information submitted by Huahong in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those data deficiencies were communicated to it vide Commission's letter dated September 27, 2008.

15.1.3 Huahong was asked to provide the deficient information/data no later than October 07, 2008, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. Huahong requested for extension in time for one week to respond the deficiencies. Huahong responded to the deficiencies vide its letter dated October 13, 2008. However, the information received was still deficient. The Commission, during on-the-spot investigation conducted at the premises of Huahong from 10-12 November 2008, obtained requisite information, which was necessary for the purposes of this investigation.

15.1.4 The Commission accepted the information supplied by Huahong for the purposes of this investigation and the dumping margin (paragraphs 27.2, 28.2, 29.2 and 30 infra) for Huahong is determined on the basis of that information.

15.2 <u>Zhangjiagang Chengxin Chemical Fiber Co. Ltd. ("Chengxin")</u>

15.2.1 The Commission sent questionnaire to Zhangjiagang Chengxin Chemical Fiber Co. Ltd. (hereinafter referred to as "Chengxin") on August 09, 2008. Its response was received at the Commission on September 29, 2008. According to the information provided by Chengxin, it is a private foreign owned limited company incorporated under the Chinese company laws. It has been involved in the manufacture, sale and export of PSF to Pakistan as well as to other countries and in its domestic market during POI.

15.2.2 The information submitted by Chengxin was analyzed at the Commission and certain deficiencies were identified, which were communicated to Chengxin vide Commission's letter dated September 30, 2008.

15.2.3 Chengxin was asked to provide the deficient information/data no later than October 10, 2008. Chengxin responded to the deficiencies vide its letter dated October 13, 2008. However, did not contain all the required information. The Commission asked Chengxin vide its letter

dated October 24, 2008 to provide the deficient information by October 30, 2008. Its response was received at the Commission on October 31, 2008.

15.2.4 The Commission accepted the information supplied by Chengxin for the purposes of this investigation and the dumping margin (paragraphs 27.2, 28.3, 29.3 and 30 infra) for Chengxin is determined on the basis of that information.

16 <u>Verification of the Information</u>

16.1 In terms of Sections 23, 32(4), 35 of the Ordinance and Rule 12 of the Rules, during the course of an investigation, the Commission shall satisfy itself as to the accuracy of the information and verify/examine the accuracy of the information supplied by the Applicants.
16.2 In order to verify the information/data provided by the Applicants and to obtain further information (if any), on-the-spot investigations were conducted at the offices and plants of the Applicants (three units who submitted information/data in application) from August 5, 2008 to August 12, 2008.

16.3 To verify information/data submitted by the two foreign producers/exporters in response to the questionnaire (paragraph 15 supra) and to obtain further information (if any), on-the-spot investigations were conducted at the premises of the foreign producers/exporters in China from 10th to 15th November 2008.

17. <u>Public File</u>

The Commission, in accordance with Rule 7 of the Rules, has established and maintained a public file at its offices. This file remained available to the interested parties for review and copying from Monday to Thursday between 1100 hours to 1300 hours throughout the investigation (except public holidays). This file contains non-confidential versions of the application, response to the questionnaires, submissions, notices, correspondence, and other documents for disclosure to the interested parties.

18. <u>Confidentiality</u>

In terms of Section 31 of the Ordinance, any information, which is marked confidential by the interested parties in their submissions and considered confidential by the Commission, shall, during and after the investigation, be kept confidential. Furthermore, any information, which is by nature confidential in terms of Section 31 of the Ordinance, shall also be kept confidential. However, in accordance with Section 31(5) of the Ordinance, interested parties submitting confidential information were required to submit non-confidential summary(ies) of the confidential information, which shall permit a reasonable understanding of the substance of information submitted in confidence. Non-confidential summaries submitted by different interested parties have been placed in the public file and were available to all interested parties (paragraph 17 supra).

19. <u>Preliminary Determination</u>

19.1 The Commission made its preliminary determination in this investigation on February 04, 2009. In accordance with Section 37 of the Ordinance, the Commission issued a notice of preliminary determination, which was published in Official Gazette of Pakistan and in two widely circulated national newspapers⁴ (one English and one Urdu Language) on February 06, 2009 notifying the preliminary findings and conclusions and imposition of provisional antidumping duty ranging from zero percent (0%) to 10.44percent for a period of four months effective from February 06, 2009:

19.2. The Commission sent notice of preliminary determination to the Embassy of China in Islamabad, the exporters, the importers the Applicant and other domestic producers in accordance with the requirements of Section 37(4) of the Ordinance.

19.3 The findings of the Commission in the preliminary determination were as follows:

- i. the application was filed on behalf of domestic industry as the Applicants represent major proportion of the production of domestic like product;
- ii. the investigated product and the domestic like product are alike products;
- iii. during POI, the investigated product was exported to Pakistan by the exporters/foreign producers from China at prices below their normal value, except one exporter/producer that is Chingxin;
- iv. the volume of dumped imports of the investigated product and the dumping margins established for the Chinese exporters/producers of the investigated product (except the two mentioned at paragraph 14.2 supra) were above the negligible and *de minimis* levels respectively;
- v. the dumping margins expressed as a percentage of weighted average adjusted export price at ex-factory level was ranging between -0.17 percent to 11.47 percent for exporters/foreign producers from China;
- vi. the domestic industry suffered material injury during POI on account of, volume of dumped imports, price suppression, loss in market share, decrease in sales, decline in profits, decline in production and capacity utilization, decline in

⁴ The 'Business Recorder' and the 'Daily Express' of February 06, 2009 issue

employment, negative effects on wages and negative effects on cash flow (in terms of Section 15 and 17 of the Ordinance); and

vii. there was a causal relationship between dumped imports of the investigated product and the material injury suffered by the domestic industry.

20. Disclosure after Preliminary Determination

20.1 In terms of Rule 11 of the Rules, the Commission, upon request made by foreign producers/exporters within fifteen days of the publication of notice of preliminary determination, shall hold disclosure meeting with the producer or the exporter to explain dumping calculation methodology applied for that producer/exporter. The Commission shall also provide an opportunity to producer or exporter or their legal representatives to examine and receive copies of the dumping calculation done by the Commission for their exports.

20.2 Both the exporters/foreign producers for whom individual dumping margins were determined in preliminary determination requested the Commission for disclosure meetings. Such disclosure meetings were held on March 14, 2009 at the offices of the Commission, in which methodology applied for dumping calculations was explained and copies of the detailed calculations for normal value, export price and dumping margin were provided to the representatives of the exporters/foreign producers. The exporters/foreign producers have offered their comments on methodology used in dumping calculations. Those comments have been taken into account in this final determination.

21. <u>Hearing</u>

Upon the request of the All Pakistan Textile Mills Association ("APTMA"), a hearing was held on March 28, 2009 under Rule 14 of the Rules. List of participants is placed at Annexure II. In the hearing, interested parties commented on Commission's preliminary determination. The information submitted by the participants during the hearing, whether orally (oral statements were subsequently confirmed in writing as per Rule 14 of the Rules) or in writing, was made available to other interested parties by placing it in the public file maintained by the Commission (paragraph 17 supra).

22. <u>Views/Comments of the Interested Parties on the Preliminary Determination</u>

22.1 The Commission received views/comments on its preliminary determination made in this investigation (paragraph 19 supra) from the following interested parties:

- i. APTMA
- ii. Ittehad Agencies
- ii. Mesiah International Trading
- iii. N.P Cotton Mills
- iv. Shahbaz Garments (Pvt) Ltd.
- v. The Applicants

22.2 The comments received on the preliminary determination and germane to this investigation under the Ordinance are reproduced in Column A below and the Commission's response thereto are set out in Column B in the following table:

Column A (Views/Comments of interested Parties)

Column B (Commission's Response)

Comments of APTMA

"Wrong Interpretation of section 32(2) of the Ordinance by the Commission"

"The law pertaining to reliance on "best information available" has been wrongly interpreted by the Commission while provisionally determining the dumping margin of 10.44% for other exporters. The Commission has failed to exercise special circumspection as required under Para. 7 of the schedule to the Ordinance pertaining to the "best information available".

"Relying solely on the information provided by Huahong pertaining to the costs of production, plus administrative, selling and general costs, financial expenses and profits, for the purposes of determination of normal value for other exporters, is completely erroneous. Similarly, adjustments pertaining to freight/handling charges, bank charges and credit cost allowed to Huahong for its exports of the investigated product could not be fairly used for determining the export price for other exporters. The Commission was supposed to check the information from other independent sources. Huahong being a major producer of PSF in China and the largest exporter of investigated product to Pakistan works altogether on different scales, economies, preferences and prices, which cannot be equated or used by any stretch of imagination for the construction of normal value or export price for other exporters."

While applying the best information available, the Commission has satisfied all the requirements of Section 32 of the Ordinance and Schedule appended thereto.

The Commission provided ample opportunities to all the exporters of the investigated product to submit necessary information (paragraph 14 supra). The exporters were informed (through notice of initiation and a letter dated August 20, 2008) that in case any interested party refuses or otherwise does not provide the required information, preliminary and/or final

determination by the Commission will be made on the basis of best information available in accordance with Section 32 of the Ordinance and the Schedule appended thereto.

To determine dumping for the exporters who did not cooperate with the Commission and did not provide necessary information in this investigation, the Commission has applied the best information available with it (paragraphs 28.4 and 29.4 infra). The Commission has done this with special circumspection. "Law does not allow imposition of penal anti-dumping duty for non-representation or non-cooperation of exporters".

"The Commission, in this investigation, is not allowed under the law to levy a penal anti-dumping duty against other exporters just for the reason that they were not represented or did not cooperate. In no way does Para. 7 of the Schedule to the Ordinance imply that any situation of non-cooperation should necessarily lead to a result, which is less favorable to the party than if the party had cooperated.

"Moreover, mere non-representation of exporters in an investigation does not necessarily mean non-cooperation. It is erroneous for the Commission to imply form Section 32 or the Schedule to the Ordinance, that any non-representation or non-cooperation by exporters, gives a free hand to the Commission to necessarily impose an anti-dumping duty upon such exporters and that also far too high as compared to the represented exporters, just by way of punishment. Anti-dumping duty against the other exporters could not have been levied just for granted, because they were not represented. It is a cardinal principle of administration of justice that a decision under the law has to be taken on merits irrespective of representation or not by any of the parties."

"Past practice of the Commission as to the level of antidumping duties imposed on other exporters"

"The normal practice of the Commission in the past has been that the value of the highest anti-dumping duty imposed against a represented exporter, in an investigation, either at the stage of preliminary or final determination, was maintained for all other remaining unrepresented/noncooperating exporters. The level of dumping margin imposed in the present investigation for other exporters is contrary to the normal and past practice of the Commission".

"The calculations of the dumping margin for other exporters are not available on the public file. No details of these calculations have been provided by the Commission along with the preliminary determination report."

"Gap between dumping margins of other exporters and two represented exporters is illogical"

"The gap between dumping margins of the two represented exporters and other exporters is completely illogical and irrational, and hints towards the fact that the anti-dumping duty levied against the other exporters is rather a punishment for not cooperating with the Commission. This conduct of the Commission is unwarranted under the law." The Commission has followed due process laid under the Ordinance during down this investigation and provided ample opportunities to the exporters to submit information. However, only two exporters submitted requisite information (paragraph 14.2 supra). The Commission determined individual dumping margins for these two exporters on the basis of the information submitted by them (paragraphs 24 to 30 infra). The Commission was constrained to use best information available under Section 32 of the Ordinance to determine dumping for the exporters who did not cooperate and did not provide necessary information. Paragraph 7 of the Schedule II of the Ordinance clearly states that the Commission has to base its finding on any information from a secondary source that "if an interested party does not co-operate and thus relevant information is being withheld from the Commission". This paragraph further states that, "this situation may lead to a result which is less favourable to the party than if the party did cooperate".

In its previous investigation, the Commission determined antidumping duty for non-cooperating exporters on the basis of best information available under Section 32 of the Ordinance, which was higher than the highest individual dumping margin determined for cooperating exporters (A.D.C No. 12/2006/NTC/PSF). Thus, the Commission has followed its previous practice in this investigation as well.

Calculations of dumping margin contain confidential information in terms of Section 31 of the Ordinance and could not be disclosed to other interested parties. Under Rules 11 and 16 of the Rules it can only be disclosed to the exporter(s) whose information is used for this purpose.

The Commission has determined dumping for the cooperating exporters on the basis of information provided by them. Dumping for non-cooperating exporters has been determined on the basis of best information available in accordance with Section 32 of the Ordinance. In terms of Section 50 of the Ordinance, level of antidumping duty would be equal to dumping margin. Thus the Commission has imposed antidumping duties equal to dumping margin.

"The volume of PSF imported from other exporters during the POI, both individually, as well as collectively, has been very low, in fact negligible, as compared to the volume imported form two major exporters of PSF to Pakistan i.e. Huahong an Chengxin. The Commission has itself times and again in its Preliminary Determination Report acknowledged the fact of the very high volumes of PSF exported to Pakistan during the POI, from Huahong and Chegxin. This makes only a negligible volume of imports from other exporters, as a remainder, which cannot by any means case a material injury to the domestic industry. Therefore, it is a case of no material injury, and should result into termination of the investigation."

"UNDER THE LAW, IMPORTS OF PSF FROM HUAHONG ARE NOT "DUMPED IMPORTS" FOR THE PURPOSES OF DETERMINATION OF INJURY"

"APTMA noticed in the Preliminary Determination Report of the Commission that imports of PSF from Huahong, whose dumping margin is de minims, are being considered as dumped imports for the purposes of determination of injury. This is contrary to the law developed by WTO Panels."

"According to the WTO Panel rulings in Argentina- Poultry Case and EC-Bed Linen Case, dumped imports do not include imports from producers/exporters: a) found not to have dumped; and b) for whom the investigating authorities have determined that the margin of dumping is de minims."

"SUBMISSION OF APTMA NOT PROPERLY CONSIDERED"

"It is evident from the Report of the Preliminary Determination, that written submissions of APTMA have not been properly considered. The Ordinance and the Rules, particularly Section 38 of the Ordinance, which allows the interested parties to submit written submissions, clearly implies and casts an obligation upon the Commission to seriously consider submissions of the interested parties and not just counter them through stereotype responses."

"EXAMINATION AND ANALYSIS OF 'OTHER FACTORS' HAS NOT BEEN CONDUCTED BY THE COMMISSION

"The Commission has claimed in its Preliminary Determination Report specifically, in response (page 20) to APTMA'S submissions that it has "examined and analysed 'other factors' in accordance with Section 18(2) of the Ordinance, which could at the same time cause injury to the domestic industry and found that 'other factors' were not the major reason for material injury to the domestic industry Investigation of the Commission has revealed that volume of dumped imports of the investigated product (exports by the non-cooperating exporters) was well above the negligible threshold (paragraph 31 infra).

Imports of the investigated product from the exporters whose dumping margins are *de minimis* has not been considered as "dumped imports" (paragraphs 31 and 35 infra).

The Commission has considered all views/ comments and information submitted by all interested parties including APTMA in preliminary as well as in final determination

The Commission has examined and analysed other factors as provided under Section 18(2) of the Ordinance (paragraph 47 of preliminary determination report and 49 infra).

during POI (paragph 47 infra)". Such a response by the Commission is at variance with reality as no actual examination or analysis, pertaining to even one of the 'other factors', from the many indicated by APTMA, has been undertaken, mentioned or acknowledged in the Preliminary Determination Report by the Commission... It clearly shows that the Commission has not examined or analysed, the 'other factors', which were provided by APTMA detail, along with evidence, or else details of their examination or analysis could have been found in the Preliminary Determination Report."

"INJURY CAUSED TO DEWAN SALMAN DUE TO 'OTHER FACTORS' NOT TAKEN INTO ACCOUNT BY THE COMMISSION

"Sufficient details and evidence were provided regarding the injury caused to Dewan Salman due to 'other factors', instead of the imports of PSF form China. However, the Commission has completely failed to consider such an important aspect of the investigation.

"The determination of injury does not comply with the requirements of law and is erroneous, as it does not take into account such a significant injury factor of loss suffered by Dewan Salman due to "other factors", such as working capital constraints and non-availability of raw materials. These "other factors" were brought into the knowledge of the Commission and as such were "known' to the Commission in terms of Section 18(2) of the Ordinance."

"DTRE IMPORTS OF PSF FROM CHINA

"It was requested by APTMA in its earlier submission that DTRE imports of PSF from China should not be taken into account by the Commission in reaching the preliminary determination. Furthermore, DTRE imports were required to be segregated from the regular imports of PSF, so that volume and the nature of injury due to DTRE imports, if any, could be identified later." In preliminary and final determinations, the Commission has determined injury to the domestic industry in accordance with Sections 15 and 17 of the Ordinance for entire domestic industry and not separately for each individual industrial unit in the domestic industry. After investigation, the Commission has determined that the domestic industry suffered material injury due to dumped imports of the investigated product (paragraphs 47 and 48 infra)

The Ordinance makes no distinction in imports under different schemes. Section 15(1) of the Ordinance identifies only "dumped imports". The imports of PSF under DTRE scheme entered into the commerce of Pakistan during POI, which were used in production of textile products for exports. Similarly, a major part of sales of the domestic like product by the domestic industry, during POI, was also used in production of textile products meant for exports. Thus imports under DTRE scheme and sales of the domestic like product are the like products and are competing with each other in the same market.

Comments of Ittehad Agencies and Mesiah International Trading

"It is very surprising to see your announcement in Business Recorder dated 6th Feb. 2009 regarding levy of provisional Anti-Dumping duty on dumped import of Polyester Staple Fiber in to Pakistan from China as detailed below:

"1. Jiangyin Hu	Jahong	1.42%

"2. Zhangjiagang Chengxin	-0.14%
"3. All others from China	10.44%

"The main exporters giving injury to the domestic producers are at Serial No. 2 i.e Zhangjiagang Chengxin which is completely exempted from levy of Anti-Dumping duty. We have many evidences that this manufacturer had exported their products of PSF to Pakistan at dumped prices. Please let us have the reasons for your exempting this exporter from levy of Anti-Dumping duty. Only filing of questionnaire cannot save this exporter from levy Anti-Dumping duty."

"When your commission started above-mentioned investigation on 29th July 2008, many trade associations and importers of PSF in to Pakistan from China had sent to you letters of protests against your investigation."

"...... different producers and exporters of PSF from China have been producing different qualities of virgin and recycled PSF, we do not understand how can your commission is of the view that these exporters were exporting their products on dumped prices......" After initiation of this investigation, the Commission asked the exporters to submit necessary information and sent questionnaires to them for this purpose. Only two exporters responded to the questionnaire (paragraph 14 supra). The Commission verified information submitted by these two exporters (paragraph 16 supra) Dumping for these two exporters has been determined on the basis of information submitted by them in accordance with Parts III, IV and V of the Ordinance (paragraphs 24 to 30 infra). After investigation, the Commission has found that Chengxin did not dump investigated product during the POI.

The Commission initiated this investigation after fulfilling requirements of Part VII of the Ordinance. After investigation, the Commission has determined that the PSF imported from China (the investigated product) and the PSF produced in Pakistan (the domestic like product) are alike products in terms of Section 2(m) of the Ordinance (paragraph 12 supra).

Comments of N.P. Cotton Mills (Pvt.) Limited

"At the first instance we would like to say that we do not favour the imposition/levy of Anti-Dumping Duty which is unjust and irrational attempt to deprive the General Public from getting benefit of the low price particularly in the circumstances when the country as well as the entire world has been suffering from severe nature of monetary crunch and economic set back and therefore, we do not favour the imposition/levy of the said duty on the aforesaid Chinese product/exports."

"Regarding the proposed duty notified in the notice dated February 06, 2009 against different exporters of People's Republic of China it transpires that the said proposal has not been given due consideration and prepared on the basis of unsound footings lacking proper investigation of the Chinese product and their relevant prices because the lowest rate of duties have been offered against the products of those China based companies whose prices are lower than the other exporters of the same country whereas higher rate of duties have been proposed against those exporters whose rate/price are much higher than the companies mentioned at Serial No. I and II in the said notice and therefore, the proposed percentages are discriminating, unreasonable and irrational, hence unjustified."

Comments of Shahbaz Garments (Pvt.) Limited

"The levy of anti-dumping duty will make it extremely difficult for exporters like us to compete in international market. Our survival let alone performance will be jeopardized."

Comments of the Applicants

"Unreliability of the data submitted by Huahong"

"the Applicants had submitted their own report and the independent study of an international consultant on the conversion cost of Huahong. We explained that the study contained detailed analysis of production costs of 47 Chinese producers across various industries utilizing PTA and MEG as raw materials including six Chinese producers of PSF including Huahong. According to this report, Huahong's non-feedstock conversion cost is 18.8 cents per kg. In the light of the said reports, we argued that any attempt by Huahong or any other producer to claim that, or to submit data from which it is inferred that, their The Commission initiated and conducted this investigation in accordance with provisions of the Ordinance. The Commission has imposed antidumping duty on dumped imports of the investigated product after following due process and a detailed investigation.

After initiation of the investigation, the Commission requested the exporters to submit necessary information (paragraph 14.1 supra). Only two exporters (Huahong and Chingxin) responded to the Commission (paragraph 14.2 supra). The Commission determined individual dumping margins for these two exporters on the basis of the information submitted by these exporters (paragraphs 24 to 30 infra). Dumping for other exporters who did not cooperate and did not provide information has been determined on the basis of best information available in accordance with Section 32 of the Ordinance (paragraphs 28.4, 29.4 and 30 infra).

The Commission has imposed antidumping duty on dumped imports after following due process under the Ordinance. The Commission has provided ample opportunities to all interested parties to defend their interests.

The Commission has verified information submitted by Huahong and found it in order and in accordance with the documents/books of accounts. conversion cost is a mere 7.99 cents per kg or 6.38 cents per kg is incredulous and misleading."

"We also referred to the Commission's on the spot investigation report which states that Huahong had filed false information in the questionnaire pertaining to the customs duty paid on imports and inland freight. We contended that the provision by Huahong of falsified and misleading data on cost of production and customs duty undermines the integrity of their remaining data and submissions which, thus, cannot be relied on."

"<u>Price undercutting</u>: We contended that rather than relying exclusively on PRAL data, the Commission should also take into account the data of a government agency and of an independent consultant submitted by the Applicants which establishes price undercutting in Q3 06 and from Q2 07 till Q1 08."

"<u>Price depression</u>: We pointed out that the data submitted by the Applicants showed price depression during Q4 06 and Q1 07."

"<u>Return on investment</u>: We submitted that Table XIX in paragraph 42.1 of the preliminary determination had to be erroneous as investment did not double in the POI and, further, the domestic industry suffered losses. We reiterated that the Applicants had suffered loss on return of investment as claimed in the Application."

"<u>Growth and investment</u>: We requested the Commission to accept the Applicant's plea of injury on this account which necessarily followed from the loss in sales, market share, etc., by the domestic industry. " The Commission has determined price undercutting on the basis of the information supplied by the Applicants and obtained from PRAL. Commission's investigation has showed that the domestic industry suffered material injury on account of price undercutting during the POI (paragraph 36.2 infra).

The Commission has analysed and determined injury on yearly basis. Commission's investigation has revealed that the domestic industry did not suffer material injury on account of price depression (paragraph 36.3 infra).

Investigation of the Commission has shown that the domestic industry did not suffer material injury on account of return on investment during the POI (paragraph 44 infra).

The investigation has shown that the domestic industry suffered on account of market share and sales (paragraphs 37 and 38 infra). However, the domestic industry did not suffer on account of growth and investment during the POI (paragraph 45 infra).

23. <u>Disclosure of Essential Facts</u>

23.1 In terms of Rules 14(8) of the Rules, and Article 6.9 of Agreement on Antidumping, the Commission disclosed essential facts, and in this context dispatched Statement of Essential Facts (hereinafter referred to as the "SEF") on May 05, 2009 to all interested parties including the known exporters/foreign producers, the Applicant, the known Pakistani importers, and to the embassy of China in Pakistan.

23.2 Under Rule 14(9) of the Rules, the interested parties were required to submit their comments (if any) on the facts disclosed in SEF, in writing, not later than fifteen days of such disclosure. The Commission received comments from following interested parties:

- i. The Applicant
- ii. Huahong
- iii. APTMA

23.3 The comments received on essential facts and germane to this investigation under the Ordinance are reproduced in Column A below and the Commission's views/determination thereto are set out in Column B in the following table:

Column A (Views/comments of interested parties)

Comments from the Applicants

"in paragraphs 28.2 and 31.2 that the Commission would determine individual dumping margin for Huahong on the basis of the information provided by it, we trust that, in view of the position explained by the Commission in paragraph 16.1.4, the Commission would not do so if, based on its examination of the information provided by Huahong and the submissions of the Applicants in the matter, it determines that the information provided by Huahong is unreliable and, accordingly, imposes anti-dumping duty on Huahong on the basis of the best available information. "

"The Applicants have also referred to the Commission's on the spot investigation report which stated that Huahong had filed false information in the questionnaire pertaining to the customs duty paid on imports and inland freight. The Applicants contended that the provision by Huahong of falsified and misleading data on cost of production and customs duty undermined the integrity of their remaining data and submissions which, thus, could not be relied on. In view of the above, the Applicants reiterate their request to the Commission to ignore the data submitted by Huahong and to impose anti-dumping duty on Huahong on the basis of the best available information."

Comments of Huahong

"We made a written submission to the Commission requesting admissibility of inland freight for arriving at exfactory prices for domestic sales in China. In preliminary determination this adjustment was not allowed in the absence of documentary evidence. However, after communication with the Commission on this issue, documentary evidence for some of the transactions during the POI was provided to the Commission. We therefore again request the Commission to allow respective adjustment to Huahong."

Comments of APTMA

"While depositing our-hearing written arguments, wherein it was clearly re-demonstrated that the PSF domestic industry did not suffer from any injury as a result of importers from China, we had urged the Commission to terminate the investigation."

Column B (Commission's response

The Commission has analysed and examined the information and documents submitted by the Applicants and Huahong and found that the information submitted by Huahong was as per the record kept by it. Thus the Commission has accepted information submitted by Huahong and dumping for it has been determined on the basis of that information (paragraphs 28.2, 29.2 and 30 infra).

During on-the-spot investigation at the premises of Huahong, the Officers of the Commission found some inconsistencies in the information submitted by it. However, these were removed and the Commission obtained verifiable information/data for the purposes of this investigation. Dumping for Huahong is determined on the basis of that information (paragraphs 28.2, 29.2 and 30 infra).

Huahong was unable to provide documentary evidence for verification of the information provided on account of freight for domestic sales during onthe-spot investigation conducted at its premises. Documents provided by Huahong later on were analysed and found that it could not be considered as an evidence for freight. Thus the Commission did not accept Huahong's claim relating to inland freight (paragraph 28.2.6 infra).

The Commission has determined injury to the domestic in accordance with Sections 15 and 17 of the Ordinance (paragraphs 33 to 46 infra). Investigation of the Commission has revealed that the domestic industry suffered material injury due to dumped imports of the investigated product (paragraphs 47 and 48 infra).

"The issuance itself of the "Statement of Essential Facts" (SEF) indicates that the Commission instead of terminating the investigation is continuing with it for levying definitive anti-dumping duty and that it persists to attribute injury arising from :other factors" to dumped imports in disregard of the Anti-Dumping Duties Ordinance, 2000 and the WTO Anti-Dumping Agreement."

"The purpose of the SEF is to allow interested parties an opportunity to comment on the essential facts" "which shall form the basis of a decision whether to apply definitive antidumping measures under the Ordinance. Prior to the issuance of the SEF, the Commission is obligated to consider the written submissions/comments submitted on the Preliminary Determination by interested parties so that the Commission reaches a conclusion and forms an opinion on the basis of and on the grounds on which it is to proceed ahead in making its Final Determination. This basis is to be reflected in the Statement of Essential Facts and thereafter an opportunity afforded to interested parties to comment on it. The Final Determination is to be based on conclusions recorded in the SEF that have been commented upon by interested parties."

"The Commission is requested to meaningfully consider arguments put forth to it, including those with respect to non-sustenance of injury by the domestic industry as a result of PSF imports from China and to immediately terminate the investigation under intimation to APTMA." The Commission has conducted this investigation in accordance with provisions of the Ordinance and under Rule 14(8) of the Rules, the Commission is obliged to disclose essential facts which shall form the basis for decision of the Commission.

The interested parties were provided an opportunity to comment on essential fact within prescribed time period.

In this investigation, the Commission has considered all information, views/comments submitted by all interested parties including APTMA.

B. DETERMINATION OF DUMPING

24. Dumping

In terms of Section 4 of the Ordinance dumping is defined as follows:

"an investigated product shall be considered to be dumped if it is introduced into the commerce of Pakistan at a price which is less than its normal value".

25. <u>Normal Value</u>

25.1 In terms of Section 5 of the Ordinance "normal value" is defined as follows:

"a comparable price paid or payable, in the ordinary course of trade, for sales of a like product when destined for consumption in an exporting country".

25.2 Further, Section 6 of the Ordinance states:

"(1) when there are no sales of like product in the ordinary course of trade in domestic market of an exporting country, or when such sales do not permit a proper comparison because of any particular market situation or low volume of the sales in

the domestic market of the exporting country, the Commission shall establish normal value of an investigated product on the basis of either:

- "a) the comparable price of the like product when exported to an appropriate third country provided that this price is representative; or
- "b) the cost of production in the exporting country plus a reasonable amount for administrative, selling and general costs and for profits.

"(2) Sales of a like product destined for consumption in domestic market of an exporting country or sales to an appropriate third country may be considered to be a sufficient quantity for the determination of normal value if such sales constitute five per cent or more of the sales of an investigated product to Pakistan:".

25.3 Ordinary course of trade is defined in Section 7 of the Ordinance as follows:

"(1) The Commission may treat sales of a like product in domestic market of an exporting country or sales to a third country at prices below per unit, fixed and variable, cost of production plus administrative, selling and other costs as not being in the ordinary course of trade by reason of price and may disregard such sales in determining normal value only if the Commission determines that such sales were made –

- "(a) within an extended period of time which shall normally be a period of one year and in no case less than a period of six months;
- "(b) in substantial quantities; and
- "(c) at prices which do not provide for the recovery of all costs within a reasonable period of time.

"(2) For the purposes of sub-clause (b) of sub-section (1), sales below per unit cost shall be deemed to be in substantial quantities if the Commission establishes that –

- "(a) a weighted average selling price of transactions under consideration for the determination of normal value is below a weighted average cost; or
- "(b) the volume of sales below per unit cost represents twenty per cent or more of the volume sold in transactions under consideration for the determination of normal value.

"(3) If prices which are below per unit cost at the time of sale are above the weighted average cost for the period of investigation, the Commission shall consider such prices as providing for recovery of costs within a reasonable period of time."

26. Export Price

The "export price" is defined in Section 10 of the Ordinance as "a price actually paid or payable for an investigated product when sold for export from an exporting country to Pakistan".

27. <u>Dumping Determination</u>

27.1 As stated earlier (paragraph 10 supra) the Applicants identified 54 exporters/foreign producers from China involved in alleged dumping of the investigated product. The Commission sent questionnaires to those exporters/foreign producers whose complete addresses were available with the Commission (paragraph 14.1 supra). A copy of the questionnaire was also provided to the Embassy of China in Islamabad with a request to forward it to all exporters/foreign producers of the investigated product based in China to submit information to the Commission.

27.2 Only two exporters/foreign producers, Jiangyin Huahong Chemical Fiber Co., Ltd and Zhangjiagang Chengxin Chemical Fiber Co., Ltd, provided information in response to the questionnaires, (paragraph 14.2 supra). Individual dumping margins in this investigation are determined for the above-mentioned two exporters/foreign producers on the basis of the information provided by them. However, a residual dumping margin/duty rate has been determined for all other exporters/foreign producers who did not cooperate with the Commission in this investigation.

28. <u>Determination of Normal Value</u>

28.1 The Commission received information on domestic sales and cost of production etc. of the like product from the two exporters/foreign producers (paragraph 15 supra) in response to the questionnaire. Normal value in this final determination has been determined on the basis of that information.

28.2 Determination of Normal Value for Huahong

28.2.1 Normal value for Huahong has been determined on the basis of the information provided by it on its domestic sales and cost to make and sell during POI.

28.2.2 According to the information, during POI, Huahong sold two types, semi dull 1.2 denier 38mm cut length and semi dull 1.4 denier 38mm cut length of the like product (PSF) in its domestic market during POI. However, it exported seven types (semi dull 1.2 denier 32mm cut length, semi dull 1.2 denier 38mm cut length, semi dull 1.2 denier 44mm cut length, semi dull 1.2 denier 51mm cut length, semi dull 1.3 denier 38mm cut length, semi dull 1.4 denier 38mm

cut length, and coloured 1.4 denier 38mm cut length) of the investigated product. For the purposes of like to like comparison, normal value is determined separately for each type, denier and cut length to compare with the export price of respective type of the investigated product.

28.2.3 During POI, Huahong produced and sold grade A, grade B and grade C types of the like product in its domestic. However, it exported only grade A type of the investigated product to Pakistan during POI. For purposes of fair comparison of like product and the investigated product, normal value is determined for grade A type only. All its sales of the like product in domestic market were made to un-related parties.

28.2.4 Huahong sold ***** MT of semi dull 1.2 denier 38mm cut length and semi dull 1.4 denier 38mm cut length types of the like product in its domestic market during POI. These sales were in sufficient quantities to determine normal value in terms of Section 6(2) of the Ordinance, as these are more than 5 percent of the export sales of the investigated product exported by it to Pakistan during POI.

28.2.5 Section 7 of the Ordinance requires the Commission to determine ordinary course of trade for domestic sales to determine normal value. In determination of normal value for the above-mentioned types, the Commission has disregarded sales which were not in the ordinary course of trade as these sales were in accordance with provisions of Section 7 of the Ordinance (paragraph 25.3 supra).

28.2.6 To arrive at the ex-factory price of domestic sales, Huahong claimed adjustments on account of customs duty on import of raw material, credit cost, and inland freight. The Commission has not accepted the adjustment relating to inland freight as the Huahong was not able to substantiate its claim with any documentary evidence during on-the-spot investigation conducted at its premises. Adjustments on account of customs duty on import of raw materials and credit cost have been accepted and the normal value at ex-factory level for 1.2-38 semi dull and 1.4-38 semi dull types of the like product has been worked out by deducting values of these adjustments. Summary calculation of normal value for these types is placed at Annexure-III.

28.3 Determination of Normal Value for Chengxin

28.3.1 Normal value for Chengxin is determined on the basis of the information provided by it on its domestic sales made during POI.

28.3.2 According to the information, during POI, Chengxin sold 1.2 denier and 1.4 denier of various cut lengths of PSF in its domestic market including the deniers and cut lengths, which were alike to the types of the investigated product. For the purposes of like to like comparison,

normal value is determined separately for each type, denier and cut length to compare with the respective type, denier and cut length of the investigated product.

28.3.3 During POI, Chengxin produced and sold semi-dull type of different deniers and cut lengths of PSF in its domestic as well as in international market. All its sales of PSF in the domestic market were made to un-related parties during POI.

28.3.4 Chengxin sold ***** MT of the like product in its domestic market during POI. These sales were in sufficient quantities to determine normal value in terms of Section 6(2) of the Ordinance, as those are more than 5 percent of the export sales of the investigated product exported by it to Pakistan during POI.

28.3.5 Section 7 of the Ordinance requires the Commission to determine ordinary course of trade for domestic sales (paragraph 25.3 supra). Examination of the information revealed that Chengxin's entire domestic sales of the like product were in ordinary course of trade in terms of Section 7 of the Ordinance.

28.3.6 To arrive at the ex-factory price of domestic sales, Chengixn has reported adjustments on account of customs duty on import of raw materials, credit cost and inland freight. The Commission has accepted these adjustments and the normal value at ex-factory level has been worked out by deducting values of these adjustments. Summary calculations of normal value are placed at Annexure-IV

28.4 <u>Determination of Normal Value for Other Exporters/Foreign Producers</u>

28.4.1 Normal value for exporters/foreign producers other than Huahong and Chengixn, who did not cooperate with the Commission in providing information is determined on the basis of best information available in accordance with Section 32 of the Ordinance

28.4.2 For the purposes of determination of normal value for other exporters/foreign producers, the information provided by Huahong in response to the questionnaire on its cost of production plus admin, selling and general costs, financial expenses and profits is used. The Commission was of the view that this is the best available information for this purpose on the basis of following grounds:

- i. Huahong is one of the major producers of PSF in China;
- ii. Huahong produces PSF from basic raw materials i.e. PTA and MEG; and

iii. Huahong is the largest exporter of the investigated product to Pakistan during POI.

28.4.3 Construction of normal value for other exporters/foreign producers is placed at Annexure-V

29. <u>Determination of Export Price</u>

29.1 The Commission received information on export sales of the investigated product from two exporters/foreign producers (Huahong and Chengxin) in response to the questionnaires sent to various exporters/foreign producers (paragraph 14.2 supra). Export price of investigated product for these two exporters/foreign producers in this final determination has been determined on the basis of the information provided by them. Export price for other exporters/foreign producers who did not cooperate with the Commission is determined on the basis of the information PRAL.

29.2 Determination of Export Price for Huahong

29.2.1 Export price for Huahong is determined on the basis of the information provided on its export sales of the investigated product to Pakistan made during POI.

29.2.2 According to the information, Huahong exported grade A semi dull 1.2 denier 32 mm cut length, semi dull 1.2 denier 38 mm cut length, semi dull 1.2 denier 44 mm cut length, semi dull 1.2 denier 51 mm cut length, semi dull 1.3 denier 38 mm cut length, semi dull 1.4 denier 38mm cut length and coloured 1.4 denier 38mm cut length types of the investigated product to Pakistan during POI. Its total exports of the investigated product to Pakistan during POI. Its total exports of the investigated product to Pakistan during POI. All export sales to Pakistan, during POI, were made to un-related parties. Export price is determined separately for each type mentioned above.

29.2.3 During POI, Huahong exported investigated product on C&F basis. To arrive at the exfactory level, it reported adjustments on account of credit cost, bank charges, commission, ocean freight, inland freight and handling cost. The Commission has accepted these adjustments and the export price at ex-factory level has been worked out by deducting values reported for these adjustments from the gross value of sales transactions. Summary calculations of export price are placed at Annexure-VI.

29.3 Determination of Export Price for Chengxin

29.3.1 Export price for Chengxin is determined on the basis of the information provided by it on its export sales of the investigated product to Pakistan made during POI.

29.3.2 According to the information, Chengxin exported semi dull 1.2 denier 32mm cut length, semi dull 1.2 denier 38 mm cut length, semi dull 1.2 denier 44mm cut length and semi dull 1.2 denier 51mm cut length of the investigated product to Pakistan during POI. Its total exports of the investigated product to Pakistan during POI were ***** MT. All export sales to Pakistan, during POI, were made to un-related parties. Export price has been determined separately for each type mentioned above.

29.3.3 During POI, Chengxin exported investigated product on C&F basis. To arrive at the exfactory level, Chengxin reported adjustments on account of credit cost, bank charges, customs duty on raw materials (for some transactions), inland freight in China and ocean freight. The Commission has accepted these adjustments and the export price at ex-factory level has been worked out by deducting values reported for these adjustments from the gross value.

29.3.4 During on-the-spot investigation, it was found that value added tax ("VAT") refund rate on export sales of the investigated product was 11 percent during the POI. VAT at the rate of 17 percent on sales of the like product was levied in the Chinese domestic market. The export price has, therefore, been adjusted at the rate of 6 percent on account of VAT to reach at ex-factory level. Summary calculation of export price for the investigated product is placed at Annexure-VII.

29.4 Determination of Export Price for Other Exporters/Foreign Producers

29.4.1 Export price for Chinese exporters/foreign producers other than Huahong and Chengixn, who did not cooperate with the Commission in providing information has been determined on the basis of best information available in accordance with Section 32 of the Ordinance. Information obtained from PRAL is used for the purposes of determination of export price for non-cooperating exporters from China. This is the only information available with the Commission on export sales of the investigated product by the non-cooperating exporters.

29.4.2 Values in PRAL's information are reported at C&F level. The C&F export price has been adjusted to the ex-factory level. For this purpose same adjustments (freight/handling charges, bank charges and credit cost) have been allowed which were allowed to Huahong for its exports of the investigated product. Calculations of export price for non-cooperating exporters from China are placed at Annexure-VIII.

30. <u>Dumping Margin</u>

30.1 The Ordinance defines "dumping margin" in relation to a product to mean "the amount by which its normal value exceeds its export price". In terms of Section 14(1) of the Ordinance the Commission shall determine an individual dumping margin for each known exporter or producer of an investigated product. In this final determination, the Commission has determined individual dumping margin for the two exporters who cooperated with the Commission and supplied necessary information and the definitive antidumping duty rate for these exporters is established on the basis of individual dumping margin determined for each exporter. However, a single residual dumping margin/antidumping duty rate is determined for all other Chinese exporters/foreign producers of the investigated product who did not cooperate in this investigation.

30.2 Section 12 of the Ordinance provides three methods for fair comparison of normal value and export price in order to establish dumping margin. The Commission has established dumping margin by comparing weighted average normal value with weighted average export price at ex-factory level.

30.3 The Commission has also complied with the requirements of Section 11 of the Ordinance which states that "the Commission shall, where possible, compare export price and normal value with the same characteristics in terms of level of trade, time of sale, quantities, taxes, physical characteristics, conditions and terms of sale and delivery at the same place".

30.4 Taking into account all requirements set out above, the dumping margins have been determined as follows. Calculations of dumping margin are placed at Annexure-IX:

Table-III Dumping Margin					
	Exporter	Dumping ma	rgin as % of		
S. No	Name	Export price C&F price			
1	Huahong	1.56%	1.42%		
2	Chengxin	-0.17%	-0.14%		
3	All others	11.47%	10.44%		

31. <u>Negligible Volume of Dumped Imports</u>

31.1 In terms of Section 41(3) (b) of the Ordinance, volume of dumped imports shall normally be regarded as negligible if the volume of dumped imports of an investigated product is found to account for less than 3 percent of total imports of the like product unless imports of the investigated product from all countries under investigation which individually account for less than three percent of the total imports of a like product collectively account for more than seven percent of imports of a like product.

31.2 In this regard, data and information available with the Commission on volume of dumped imports of the investigated product during POI (from April 01 2007 to March 31, 2008) is given in the table below:

Table-IV

Tuble IV				
Volume of Imports During POI				
Imports from: % of total import				
	Dumped	13.50%		
China	Non-dumped*	75.24%		
	China Total	88.74%		
Other sources		11.26%		
Grand Total		100.00%		

* Non-dumped also includes imports at *de minimis* (less than 2%) dumping margin Source: PRAL

31.3 The above table shows that the volume of dumped imports of the investigated product from China was well above the negligible threshold (less than three percent) for volume of imports of the like product during POI.

32 Other Anti-dumping Investigation on PSF

Earlier, upon request of the Applicants, the Commission conducted an antidumping investigation on dumped imports of PSF from the Republic of Indonesia ("Indonesia"), the Republic of Korea ("Korea"), and the Kingdom of Thailand ("Thailand"). The Commission concluded that investigation on June 05, 2007 and imposed definitive antidumping duties on dumped imports of PSF from the above-mentioned countries ranging from zero to 10.26 percent for a period of five years with effect from February 09, 2007.

C. INJURY TO DOMESTIC INDUSTRY

33. <u>Determination of Injury</u>

33.1 Section 15 of the Ordinance sets out the principles for determination of material injury to the domestic industry in the following words:

"A determination of injury shall be based on an objective examination of all relevant factors by the Commission which may include but shall not be limited to:

"a. volume of dumped imports;

- "b. effect of dumped imports on prices in domestic market for like products; and
- "c. consequent impact of dumped imports on domestic producers of such products..."
- 33.2 Section 15 of the Ordinance further provides that:

" No one or several of the factors identified shall be deemed to necessarily give decisive guidance and the Commission may take into account such other factors as it considers relevant for the determination of injury".

33.3 The Commission has taken into account all factors in order to determine whether the domestic industry suffered material injury during POI. Material injury to the domestic industry has been analyzed in the following paragraphs in accordance with Part VI of the Ordinance.

34. Domestic Industry

34.1 As stated earlier (paragraph 7 supra), the domestic industry manufacturing domestic like product consists of the following five units with an installed production capacity of 623500 MT per annum:

Installed Capacity of the Domestic Industry					
S.No	Unit Name	Capacity (MT)			
i.	Dewan Salman Fibre Ltd, Islamabad	240,900			
ii.	Ibrahim Fibre Ltd, Faisalabad	208,600			
iii.	ICI Pakistan Ltd, Lahore	122,000			
iv.	Pakistan Synthetics Ltd, Karachi	28,000			
v.	Rupali Polyester Ltd, Lahore	24,000			
vi.	Total	623, 500			

Table-V Installed Capacity of the Domestic Industry

34.3 Three of these five (mentioned at S. Nos. i., ii., and iii., above) constitute the "Applicants". The two other units that make up the entire domestic industry in Pakistan namely Rupali Polyester Limited, Lahore and Pakistan Synthetics Limited, Karachi remained indifferent in this investigation, in that these two units have not responded in any manner including the notice of initiation or to the questionnaires sent subsequently. The information in case of these two units has been submitted by the Applicants and obtained from their published annual reports and accounts. Details of production during last three years are as follows:

Table-VI Production of Domestic Like Product During POI

Trouveron of D onlessie Line Trouver D uning 1 of						
Unit Name	Status	2007-08*	2006-07*	2005-06*		
Dewan Salman Fibre Ltd	Applicant	19.51%	32.50%	36.48%		

Ibrahim Fibre Ltd	Applicant	43.26%	36.37%	33.90%
ICI Pakistan Ltd	Applicant	26.52%	22.06%	19.92%
Rupali Polyester Ltd	Indifferent	5.44%	5.37%	4.86%
Pakistan Synthetics Ltd	Indifferent	5.27%	3.70%	4.84%
Total		100%	100%	100%

* Year/period is from 1st April to 31st March

34.4 According to the above information, the Applicants produced 90.30 percent, 90.93 percent and 89.29 percent of total domestic production of the domestic like product during the years 2005-06, 2006-07 and 2007-08 (the POI for injury determination) respectively. The Commission's investigation also revealed that neither the Applicants were themselves importers of the investigated product nor were related to the exporters involved in dumping of the investigated product into Pakistan.

34.5 On the basis of the above information and analysis, the Applicants are considered as the "domestic industry" in terms of Section 2(d) of the Ordinance for the purposes of this investigation, as they constitute a major proportion of the total domestic production of the domestic like product.

34.6 The other two indifferent units in the domestic industry (Rupali Polyester Limited and Pakistan Synthetics Limited) representing about 11 percent of the total domestic production of the domestic like product, were asked to provide information on injury factors for the POI, but neither of them provided the requisite information despite reminders. The Applicants have furnished some information (production capacity, quantity produced and sold) of these two units. The Commission also obtained published annual reports and accounts of these units to get necessary information on other injury factors for these units but was unable to do so due to the following reasons:

- i. Both the units are multi product units¹ and published annual reports and accounts are consolidated for all products; and
- ii. Both the units have different accounting period (from July to June) than POI for injury (from April to March).

34.7 The analysis of injury factors other than production and sales carried out in this final determination in the following paragraphs is, therefore, based on the Applicants' information. Any inference derived in this regard from the data of the Applicants would apply to the entire domestic industry.

¹ Rupali produces PSF and polyester filament yarn and Pakistan Synthetics produces PSF and polyester chips (an intermediate product)

35. Volume of Dumped Imports

Facts

35.1 With regard to the volume of dumped imports, in terms of Section 15(2) of the Ordinance, the Commission considered whether there has been a significant increase in dumped imports, either in absolute terms or relative to the production of the domestic like product by the domestic industry during POI.

35.2 In order to ascertain the volume of dumped imports of the investigated product and production of the domestic like product, information submitted by the Applicants, exporters/ foreign producers and obtained from PRAL has been used. The following table shows imports of the like product during the years 2005-06, 2006-07, and 2007-08 (POI for injury) and production of the domestic like for the aforementioned years:

Volume of Imports and Domestic Production (MT)						
Description	2005-06*		2006-07*		2007-08*	
	Dumped	Non-	Dumped	Non-	Dumped	Non-
	Sources	dumped	Sources	dumped	Sources	dumped
		Sources@		Sources@		Sources@
Imports from:						
China	170.96		3679.03	8125.02	7559.58	42119.64
Indonesia	3593.38	2786.86	6105.99	5490.94	24.07	2494.80
Korea	2373.44	10735.23	1920.85	2945.17	1482.25	1155.88
Thailand	20559.97		12931.84		180.80	
Other Sources		1142.47		1575.06		965.75
Total Imports	26526.79	14835.52	20958.68	21815.21	9246.70	46736.07
Domestic Production	445314.00		450403.00		462207.00	

Table-VII

* Year/period is from 1st April to 31st March

@ Non-dumped also includes imports at *de minimis* (above zero but less than 2%) dumping margin

Analysis

35.3 The Commission has imposed definitive antidumping duties with effect from February 09, 2007 on dumped imports of PSF exported into Pakistan by exporters based in Indonesia, Korea and Thailand (paragraph 32 supra). It appears from the above table that after imposition of definitive antidumping duties on dumped imports from Indonesia, Korea and Thailand, pattern of imports has changed. Imports of the like product from these countries have shifted to China. Combined imports from Indonesia, Korea and Thailand, which were 40048.88 MT in the year 2005-06 have declined to the level of 5337.80 MT in the year 2007-08. Whereas, imports of PSF from China, which were 170.96 MT in the year 2005-06 increased to 11804.04 MT (6904.56 percent) in the year 2006-07 and 49679.22 MT (420.87 percent) in the year 2007-08.

35.4 Imports of the investigated product from Chinese dumped sources (other than Huahong and Chengxin), which were 3679.03 MT in the year 2006-07 increased to 7559.58 MT in the year 2007-08 (the POI for dumping). Thus, dumped imports of the investigated product increased by 105.48 percent during the POI.

35.5 Production of the domestic like product by the domestic industry increased by 1.14 percent in the year 2006-07 and 2.62 percent in the year 2007-08 over production in the years 2005-06 and 2006-07 respectively.

35.6 Imports of the investigated product from dumped sources were 0.82 percent of the domestic production of the domestic like product in the year 2006-07, which increased to 1.64 percent of the domestic production during the year 2007-08 (the POI for dumping).

Conclusion

35.7 On the basis of the above information and analysis, the Commission has concluded that the dumped imports of the investigated product significantly increased in absolute terms as well as relative to production of the domestic like product during POI.

36. <u>Price Effects</u>

36.1 The effect of dumped imports on the sales price of domestic like product in the domestic market has been examined to establish whether there was significant price undercutting (the extent to which the price of the investigated product was lower than the price of the domestic like product), price depression (the extent to which the domestic industry experienced a decrease in its selling prices of domestic like product over time), and price suppression (the extent to which increased cost of production could not be recovered by way of increase in selling price of the domestic like product).

36.2 **Price undercutting**

Facts

36.2.1 Weighted average ex-factory price of the domestic like product has been calculated from the information submitted by the Applicants on quantity and value of sales during POI. Landed cost of the dumped source/dumped investigated product has been calculated from the information obtained from PRAL. Calculations of domestic sales price of the domestic like product and landed cost of the investigated product are placed at Annexure X and XI respectively. Comparison of weighted average ex-factory price of the domestic like product

with the weighted average landed cost of the investigated product during POI is given in following table:

Calculations of Price Under-cutting				
Year/	Domestic	Landed	Price und	ler-cutting
Period*	Price	Cost@	Absolute	Percentage
2005-06	100	#		
2006-07	103.68	99.84	3.84	3.71%
2007-08	110.38	101.96	8.42	7.63%

Table-VIII
Calculations of Price Under-cutting

* Year/period is from 1st April to 31st March

@ Landed cost of dumped source/product

There were almost nil imports (171 MT) during 2005-06. Thus appropriate effects of price undercutting could not be determined for this year.

Note: To keep confidentiality, actual figures have been indexed with respect to the domestic price in the year 2005-06 by taking it equal to 100.00

Analysis

36.2.2 The above table shows that the prices of the investigated product and prices of the domestic like product registered an increase during the years 2006-07 and 2007-08. However, the investigated product undercut prices of the domestic like product by, 3.71 percent in year 2006-07 and 7.63 percent in year 2007-08 (the POI for dumping). Thus, dumped imports of the investigated product undercut price of the domestic like product significantly during the POI.

Conclusion

36.2.5 On the basis of the above, the Commission has concluded that the domestic industry suffered significant material injury on account of price undercutting as dumped imports of the investigated product undercut prices of the domestic like product during POI for dumping.

36.3 <u>Price Depression</u>

Facts

36.3.1 The weighted average ex-factory price of the domestic like product during POI is given in the table below:

Calculation of Price Depression			
Year/Period*	Domestic price	Price depression	
2005-06	100	-	
2006-07	103.68	-	
2007-08	110.38	-	

Table-IX

* Year/period is from 1st April to 31st March

Note: To keep confidentiality, actual figures have been indexed with respect to the domestic price in the year 2005-06 by taking it equal to 100.00

Analysis

36.3.2 Above facts show that domestic industry increased its weighted average ex-factory price of domestic like product throughout POI.

Conclusion

36.3.3 The Commission has concluded on the basis of the above information and analysis that the domestic industry did not suffer material injury on account of price depression during POI.

36.4 **Price Suppression**

Facts

36.4.1 Weighted average cost to make and sell of the domestic like product has been calculated from the information submitted by the Applicants on cost to make and sell during POI. The following table shows the weighted average cost to make and sell and the weighted average exfactory sales price of the domestic like product during POI:

Calculations of Price Suppression				
Year/	Cost to	Ex-factory	Increase/(de	crease) in:
Period*	make & sell	price	Cost to	Price
renou		price	make & sell	
2005-06	98.89	100	-	-
2006-07	104.64	103.68	5.75	3.68
2007-08	118.33	110.38	13.69	6.70

Table-X

* Year/period is from 1st April to 31st March

Note: To keep confidentiality, actual figures have been indexed with respect to the domestic price in the year 2005-06 by taking it equal to 100.00

Analysis

36.4.2 The above table reveals that the weighted average cost to make and sell of the domestic like product increased by 5.81 percent and 13.08 percent during the years 2006-07 and 2007-08 respectively. Weighted average ex-factory price of the domestic like product increased by 3.68 percent and 6.46 percent in the years 2006-07 and 2007-08, respectively. Thus the domestic industry experienced significant price suppression in the years 2006-07 and 2007-08 as it was not able to recover increased cost to make and sell by way of an increase in its selling price.

Conclusion

36.4.3 On the basis of the above information and analysis, the Commission has concluded that the domestic industry suffered material injury on account of price suppression during POI, as it was not able to recover increased cost to make and sell by way of an increase in selling price of domestic like product.

37. Effects on Market Share

Facts

37.1 During POI, domestic demand for PSF in Pakistan was met through sales by the domestic industry and by imports. The domestic consumption of PSF for the POI was ascertained by combining the domestic industry's sales and total imports, and this is referred to here as the total domestic market. The Applicants supplied information on total sales of the domestic like product in domestic market. Information on imports of PSF was obtained from PRAL. The total domestic market of PSF during POI is given in following table:

Market Share			
Description	2005-06*	2006-07*	2007-08*
Sales by domestic industry	100.00	100.82	99.35
Sales by dollestic industry	(91.57%)	(91.37%)	(88.86%)
Imports from China:			
Dumped sources	0.04	0.82	1.68
Dumped sources	(0.03%)	(0.74%)	(1.51%)
Non-dumped sources		1.81	9.37
Tion dumped sources		(1.64%)	(8.38%)
Total from China	0.04	2.63	11.06
	(0.03%)	(2.38%)	(9.89%)
Imports from other Sources	9.17	6.89	1.40
imports nom other bources	(8.40%)	(6.25%)	(1.25%)
Total domestic market	109.21	110.34	111.81

Table -XI

* Year/period is from 1st April to 31st March

Note: To keep confidentiality, actual figures have been indexed with respect to the sales by domestic industry in the year 2005-06 by taking it equal to 100.00

Analysis

37.2 The above table shows that the market share of domestic industry declined from 91.57 percent and 91.37 percent in the years 2005-06 and 2006-07 respectively to 88.86 percent in the year 2007-08. Market share of the imports of PSF from the China increased from 0.03 percent in the year 2005-06 to 2.38 percent in the year 2006-07 and 9.89 percent in the year 2007-08. Market share of dumped imports of the investigated product increased from 0.74 percent in the year 2006-07 to 1.51 percent in the year 2007-08 (the POI for dumping). Market share of the imports from other sources decreased from 6.25 percent in the year 2006-07 to 1.25 percent in the year 2007-08.

Conclusion

37.3 On the basis of above information and analysis, the Commission has concluded that the domestic industry suffered material injury on account market share as its market share declined due to increase in dumped imports of the investigated product during the POI.

38. <u>Effects on Sales</u>

Facts

38.1 As per information obtained from the Applicants, total sales of the domestic like product by the domestic industry in domestic market during POI was as follows:

Sales of the Domestic Like Product			
Year/	Sales by domestic	Increase/(decrease)	
Period*	industry	in sales	
2005-06	100.00	-	
2006-07	100.83	0.83	
2007-08	99.35	(1.48)	

Table -XII Sales of the Domestic Like Product

* Year/period is from 1st April to 31st March

Note: To keep confidentiality, actual figures have been indexed with respect to the sales of the year 2005-06 by taking it equal to 100.00

Analysis

38.2 The above table shows that the sales of the domestic like product by the domestic industry increased by 0.83 percent in the year 2006-07 over the sales during the year 2005-06. However, sales of the domestic like product decreased by 1.48 percent in year 2007-08 (the POI for dumping). Market share of dumped imports of the investigated product increased by 105.48 percent during the years 2007-08 (paragraph 35.4 supra).

Conclusion

38.3 On the basis of above information and analysis, the Commission has concluded that the domestic industry experienced decrease in its sales of the domestic like product due to increased dumped imports of the investigated product during POI, and suffered material injury on this account.

39. <u>Effects on Production and Capacity Utilization</u>

Facts

39.1 The installed production capacity of the entire domestic industry to produce domestic like product is 623500 MT per annum on three shift basis. Quantity produced and the capacity utilized by the domestic industry during POI were as follows:

Table-XIII					
Prod	Production and Capacity Utilization (MT)				
Year/	Installed	Quantity	Capacity		
Period*	Capacity	Produced	Utilization		
2005-06	623500	462207.00	74.13%		
2006-07	623500	450403.00	72.24%		
2007-08	623500	445314.00	71.42%		
+) / /	• 1• 6 1-	1 · · · · · · · · · · · · · · · · · · ·	1		

* Year/period is from 1st April to 31st March

Analysis

39.2 It may be noted from the table above that the production of domestic like product decreased by 11804 MT and 5089 MT in the years 2006-07 and 2007-08. Resultantly the capacity utilization decreased from 74.13 percent in the year 2005-06 to 72.24 percent in the year 2006-07 and 71.42 percent in the year 2007-08.

Conclusion

39.3 On the basis of the above information and analysis, the Commission has concluded that the domestic industry suffered material injury on account of production and capacity utilization during POI.

40. <u>Effects on Inventories</u>

Facts

40.1 The Applicants provided data relating to their inventories of the domestic like product during POI. Data for opening and closing inventories for the domestic like product of the Applicants is given in the following table:

	Inventories of Domestic Like Product		
Year/		Opening	Closing
	Period*	Inventory	Inventory
	2005-06	100.00	97.99
	2006-07	97.99	84.16
	2007-08	84.16	69.91

Table-XIVInventories of Domestic Like Product

* Year/period is from 1st April to 31st March **Note:** To keep confidentiality, actual figures have been indexed with respect to the opening inventory in the year 2005-06 by taking it equal to 100.00

Analysis

40.2 The data given in the table above shows that the inventory level of the domestic like product decreased throughout POI.

Conclusion

40.3 On the basis of the above facts, the Commission has concluded that the domestic industry did not suffer material injury on account of increase in inventories of the domestic like product during POI.

41. <u>Effects on Profits/Loss</u>

Facts

41.1 Profit and loss position for the domestic industry was determined on the basis of the information supplied by the Applicants in their Profit and Loss Account Statements on sales of the domestic like product. Applicants do not maintain separate profit and loss account for sales of the domestic like product for domestic sales, for export sales and for chips sales. Thus effect on profits is determined on the basis of domestic sales, export sales of PSF and chips sales of the Applicants during POI. However, export sales of PSF and chips sales by the Applicants were not in substantial quantities. Export sales were 5.63 percent, 4.15 percent and 2.74 percent and chips sales were 3.04 percent, 2.73 percent and 0.80 percent of total sales during the years 2005-06, 2006-07 and 2007-08 respectively. The table below shows the profit and loss position of the Applicants during POI:

Year/	Profit/(Loss)		
Period*	Total	Rs. per	% of sales
		MT	value
2005-06	100.00	100.00	1.58%
2006-07	(13.27)	(13.33)	(0.2%)
2007-08	(448.42)	(463.49)	(6.63%)

 Table -XV

 Profit/(Loss) of the Applicants

* Year/period is from 1st April to 31st March **Note:** To keep confidentiality, actual figures have been indexed with respect to the profits in the year 2005-06 by taking it equal to 100.00

Analysis

41.2 The above table shows that the domestic industry earned profits on sales during the year 2005-06. In the years 2006-07 and 2007-08, the domestic industry incurred losses. Losses increased during the year 2008-09 (POI for dumping)

Conclusion:

41.3 On the basis of the above facts, the Commission has concluded that the domestic industry incurred heavy losses and has suffered material injury on account of profits during the POI for dumping.

42. Effects on Cash Flow

Facts

42.1 The cash flow position through operating activities of the domestic industry was determined on the basis of the information provided by the Applicants. Net cash flow position of the Applicants during POI is given in the following table:

Cash Flow Position		
Year/Period*	Net cash inflow	
2005-06	100.00	
2006-07	77.17	
2007-08	(42.25)	
*)/ / ' 1' (1+ A '1+ 01+)/		

Table -XVI

 Year/period is from 1st April to 31st March
 Note: To keep confidentiality, actual figures have been indexed with respect to the cash inflow in the year 2005-06 by taking it equal to 100.00

Analysis

42.2 The above table shows that the net cash inflow of the domestic industry decreased in the year 2006-07. In year 2007-08 cash inflow became negative.

Conclusion

42.3 On the basis of the above, the Commission has concluded that the domestic industry has suffered material injury on account of cash flow.

43. <u>Effects on Employment, Productivity and Salaries & Wages</u>

Facts

43.1 Employment in domestic industry declined during POI. The employment, productivity, salaries and wages of the domestic industry are determined on the basis of Applicants' information, which were as follows during POI:

]	Employment, Productivity and Salaries & Wage				
	Year/	Number of	Productivity	Salaries &	
	Period*	Employees	per worker	wages Rs.	
			in MT	per MT	
	2005-06	100	97.42	100.00	
	2006-07	95	100.21	113.90	
	2007-08	87	107.06	120.98	

Table -XVII Employment, Productivity and Salaries & Wages

* Year/period is from 1st April to 31st March

Note: To keep confidentiality, actual figures have been indexed with respect to the number of employees and salaries and wages in the year 2005-06 by taking it equal to 100.00

Analysis

43.2 The above table shows that the employment in the domestic industry decreased by 5.00 percent and 8.42 percent in the years 2006-07 and 2007-08 respectively. However, productivity per worker increased from 97.42 MT in the year 2005-06 to 100.21 MT per worker in year 2006-07 and 107.06 MT per worker in the year 2007-08 due to decrease in number of employees.

43.3 Salaries and wages per MT for production of the domestic like product increased by 13.90 percent and 6.22 percent in the years 2006-07 and 2007-08 respectively.

Conclusion

43.4 Based on the above information and analysis, the Commission has concluded that the domestic industry did not suffer material injury on account of productivity, but it suffered material injury on account of employment and wages.

44. Effects on Return on Investment

Facts

44.1 Return on investment realized by the domestic industry during POI is determined on Applicants' information. Following table shows the investment and return on investment of the Applicants during POI:

Investment and Keturn on Investment			
Year*	Total Investment	Return on	
		Investment	
2005-06	100.00	4.57%	
2006-07	215.20	4.00%	
2007-08	201.58	4.23%	

Table -XVIIIInvestment and Return on Investment

* Year/period is from 1st April to 31st March

Note: To keep confidentiality, actual figures have been indexed with respect to the total investment in the vear 2005-06 by taking it equal to 100.00

Analysis

44.2 The above table shows that the investment in the domestic industry increased and return on investment decreased during the year 2006-07. However, in the year 2007-08, investment decreased and return on investment increased.

Conclusion

44.3 On the basis of the above, the Commission has concluded that the domestic industry did not suffer material injury on account of return on investment during the POI.

45. Effects on Growth and Investment

Facts/analysis

45.1 According to the Applicants, one of the Applicants' unit (Ibrahim Fibres Ltd.) had plans to enhance its capacities but due to dumping of the investigated product it has postponed its plans of expansion. However, the Applicants did not submitted any evidence in support of this claim.

45.2 During POI total installed production capacities of the domestic industry for production of the domestic like product were more than the domestic demand (paragraphs 34.1 and 39.1 supra). In this situation no further investment in the industry can be expected.

Conclusion

45.2 On the basis of the above, the Commission has concluded that the domestic industry did not suffer material injury on account of growth and investment due to imports of the investigated product.

46. <u>Ability to Raise Capital</u>

Facts/analysis

46.1 The Applicants alleged difficulties in raising capital due to dumping of the investigated product. However, it did not submit any documentary evidence in support thereof.

Conclusion

46.2 The Commission has concluded that the domestic industry did not suffer material injury in respect of its ability to raise capital due to imports of the investigated product.

47. <u>Summing up of Material Injury</u>

47.1 The facts and analysis in the preceding paragraphs (paragraphs 33 to 46 supra) shows that the domestic industry has suffered material injury during POI on account of:

- i. significant increase in volume of dumped imports of the investigated product;
- ii. significant price undercutting;
- iii. significant price suppression;
- iv. decline in market share;
- v. decline in sales;
- vi. decline in profits;
- vii. decline in production and capacity utilization;
- viii. negative effects on cash flow; and
- ix. negative effects on employment and salaries & wages.

47.2 During POI, dumped imports of the investigated product increased while production of the domestic like product decreased (paragraph 35.4 supra).

47.3 The Domestic industry was not able to increase its prices of the domestic like product to a level where it could accommodate the rising cost to make and sell during POI. Therefore, it suffered on account of price suppression and resultantly incurred losses.

47.4 The domestic industry lost its sales and market share during POI. Although there was an expansion in demand and market size of PSF during POI but the domestic industry was not able to increase its sales and maintain its market share. Imports of the investigated product increased sharply while sales by the domestic industry declined (paragraph 37.1 supra).

47.5 Production of the domestic like product decreased during POI, consequently, employment in the domestic industry also declined.

47.6 It is, therefore, concluded that the domestic industry suffered material injury due to dumped imports of the investigated product as evident, *inter alia*, from reduced market share and sales, price undercutting, price suppression, decline in capacity utilization, falling employment, and increased losses/reduced profits etc during the POI.

D. <u>CAUSATION</u>

48. <u>Effects of Dumped Imports</u>

48.1 On the basis of the analysis and conclusions, the Commission has concluded that there was a causal link between dumped imports of the investigated product and material injury suffered by the domestic industry. The investigation revealed that the following happened simultaneously during POI:

- i. volume of dumped imports of the investigated product increased significantly while production and sales of the domestic like product decreased;
- ii. The domestic industry experienced price undercutting and price suppression as because of lower landed cost of the dumped investigated product;
- iii. domestic industry lost significant market share while market share of investigated product increased significantly;
- iv. profits of the domestic industry declined during POI; and

v. domestic industry faced decrease in employment during POI.

48.2 The imposition of definitive antidumping duty with effect from February 09, 2007 on dumped imports of PSF into Pakistan from Indonesia, Korea and Thailand (paragraph 32 supra) resulted in shift of imports from these countries to China. Following table shows the import of PSF and sales by the domestic industry during POI:

Table-XIX					
Description	2005-06*	2006-07*	2007-08*		
Imports from:					
China	0.04	2.63	11.06		
Indonesia	1.42	2.58	0.56		
Korea	2.92	1.08	0.59		
Thailand	4.58	2.88	0.04		
Other Sources	0.25	0.35	0.21		
Total other than China	9.17	6.89	1.40		
Sales by domestic industry	100.00	100.82	99.35		

Year/period is from 1st April to 31st March. Source: PRAL
 Note: To keep confidentiality, actual figures have been indexed with respect to the sales by the domestic industry in the year 2005-06 by taking it equal to 100.00

48.3 The above table shows, after imposition of definitive antidumping duties on dumped imports of PSF from Indonesia, Korea and Thailand, imports from these sources sharply declined (by 26.68 percent and 81.80 percent) in the years 2006-07 and 2007-08 respectively. On the other hand, imports of PSF from China, which were almost nil in the year 2005-06 increased sharply by 6475.00 percent and 320.53 percent in the years 2006-07 and 3007-08 respectively. This shows that the domestic industry did not benefit from imposition of antidumping duties on dumped imports of PSF imported from Indonesia, Korea and Thailand. The real beneficiaries of imposition of antidumping duty are exporters of the investigated product.

48.4 European Commission ("EC"), and United States ("US") have imposed antidumping duties on dumped imports of PSF exported to European Union, and the US from China in second quarter of the year 2005, and December 2006 respectively. According to Emerging Textiles, a company based in France, which publishes statistical reports about the international fiber, textile and clothing markets, that after imposition of antidumping duties by EC and US, Chinese exports of PSF have increased to Pakistan, India and Bangladesh. Thus targeting Pakistani market, which has injured and/are causing injury to the domestic industry.

49. <u>Other Factors</u>

49.1 In accordance with Section 18(2) of the Ordinance, the Commission also examined factors, other than dumped imports of the investigated product, which could at the same time cause injury to the domestic industry, in order to ensure that possible injury caused by other factors is not attributed to the dumped imports.

49.2 The Commission's investigation revealed that the domestic industry also suffered some injury on account of market share and sales of the domestic like product due to non-dumped imports of the investigated product and the like product from sources other than China during POI. However, injury caused by these imports cannot be considered significant as its weighted average C&F price was above the weighted average C&F price of the dumped imports of the investigated product. Following table shows the volume and weighted average C&F prices of dumped, non-dumped imports of the investigated product and other imports (like product) during POI (from 1st April 2007 to 31st March 2008):

Volume and C&F Prices of Imported PSF			
Imports from:	Quantity	C&F Price	
	(MT)		
China			
Dumped	7559.58	100.00	
Non-dumped*	42119.64	108.34	
Other sources	6303.55	133.44	

Table -XX
Volume and C&F Prices of Imported PSF

Source: PRAL

* Non-dumped also includes imports at *de minimis* (above zero but less than 2%) dumping margin

Note: To keep confidentiality, actual prices have been indexed with respect to the C&F price in the year 2005-06 by taking it equal to 100.00

49.3 The Commission has also analysed export performance of the Applicants to determine whether decline in exports of the domestic like product was a cause of material injury to the domestic industry. Exports of PSF by the Applicants declined during POI. Domestic sales and export sales of the domestic like product by the Applicants during POI are given in the following table:

Table -XXISales by the Applicants

Suics by the ripplicants					
Year/Period*	Domestic sales#	Export sales	Total Sales		
2005-06	97.37%	2.63%	100%		
2006-07	98.41%	1.59%	100%		
2007-08	98.81%	1.19%	100%		

* Year/period is from 1st April to 31st March # inclusive of inter-unit sales

49.4 The above table shows that the export sales of the domestic like product declined by 66.48 percent and 37.75 percent in the years 2006-07 and 2007-08 respectively. However, volume of export sales was insignificant during POI (2.63 percent, 1.59 percent and 1.19 percent of the total sales in the years 2005-06, 2006-07 and 2007-08 respectively).

49.5 On the basis of the above analysis, the Commission has determined that decline in export sales of the domestic like product during POI was not a cause of material injury to the domestic industry.

49.6 The factors mentioned in Section 18(3) of the Ordinance were also examined and it was determined that:

- i. There was no change in competition between foreign producers/ exporters of China, producers/exporters from other sources and domestic producers; and
- ii. There was no considerable change in technology to produce PSF.

E. <u>CONCLUSIONS</u>

50. The conclusions, after taking into account all considerations for this final determination, are as follows:

- i. the application was filed on behalf of domestic industry as the Applicants represent major proportion of the production of domestic like product;
- ii. the investigated product and the domestic like product are alike products;
- iii. during POI, the investigated product was exported to Pakistan by the exporters/foreign producers from China at prices below their normal value, except one exporter/producer that is Chingxin (paragraph 30.4 supra);
- viii. the volume of dumped imports of the investigated product and the dumping margins established for the Chinese exporters/producers of the investigated product (except the two mentioned at paragraphs 30.4 supra and 55 infra) were above the negligible and *de minimis* levels respectively;
- ix. the dumping margins expressed as a percentage of weighted average adjusted export price at ex-factory level is ranging between -0.17 percent to 11.47 percent for exporters/foreign producers from China;
- x. the domestic industry suffered material injury during POI on account of, volume of dumped imports, price undercutting, price suppression, decline in market share, sales, profits, production and capacity utilization, employment and

negative effects on wages and cash flows (in terms of Section 15 and 17 of the Ordinance); and

xi. there was a causal relationship between dumped imports of the investigated product and the material injury suffered by the domestic industry.

F. IMPOSITION OF DEFINITIVE ANTI-DUMPING DUTY

51. In view of the analysis and conclusions with regard to dumping, material injury, and causation, the Commission is required to impose antidumping duty on dumped imports of the investigated product equal to dumping margin under Section 50 of the Ordinance.

52. Individual dumping margins have been determined for the two Chinese exporters/foreign producers of the investigated product who supplied information necessary for the purposes of this investigation and rate of definitive antidumping duty for these exporters is determined on the basis of their individual dumping margins (paragraphs 27 to 30 supra).

53. A residual dumping margin and antidumping duty rate for all other exporters from China, who did not cooperate, is determined on the basis of best available information in terms of Section 32 of the Ordinance (paragraphs 27 to 30 supra).

54. In terms of Section 50 of the Ordinance, definitive antidumping duty at the rate of 10.44 percent *ad valorm* is hereby imposed on dumped imports of the investigated product importable from China, except for the exporters/foreign producers mentioned at paragraph 55 infra, for a period of five years effective from February 06, 2009. The definitive antidumping duty rate is determined on C&F value in *ad val.* terms. The definitive antidumping duty at C&F value is equivalent to the dumping margins determined at ex-factory price level (paragraph 30 supra). The dumped investigated product is classified under PCT heading No. 5503.2010:

55. Definitive anti-dumping duty has not been imposed on exports of the investigated product if it is produced and exported by the following exporters/foreign producers as these exporters/foreign producers were found either not to be dumping or the dumping margin was found to be *de mininis* (less than 2%) in terms of Section 41 of the Ordinance during POI:

i. Jiangyin Huahong Chemical Fiber Co., Ltd., Huahong Industrial Park, Zhouzhuang Town, Jiangyin, Jiangsu, China ii. Zhangjiagang Chengxin Chemical Fiber Co., Ltd., Houcheng Industrial Development Zone, JinGang Town, Zhangjiagang City, Jiangsu Province, China

56. PSF imported from sources, other than China shall not be subject to this definitive antidumping duties. However, the Commission has imposed antidumping duties on dumped imports of PSF imported from Indonesia, Korea and Thailand with effect from February 09, 2007 (paragraph 32 supra). Those antidumping duties would remain in force as per the rates announced by the Commission in its notice No. 12/2006/NTC/PSF, published in the Official Gazette and national press on June 07, 2007.

57. In accordance with Section 51 of the Ordinance, the definitive antidumping duty shall take the form of *ad valorm* duty and be held in a non-lapsable personal ledger account established and maintained by the Commission for the purpose. Release of the dumped investigated product for free circulation in Pakistan shall be subject to imposition of such antidumping duty.

58. Definitive antidumping duty levied would be in addition to other taxes and duties leviable on import of the investigated product under any other law.

59. The definitive antidumping duties would be collected in the same manner as customs duty is collected under the Customs Act, 1969 (IV of 1969) and would be deposited in Commission's Non-lapsable PLD account No. 187 with Federal Treasury Office, Islamabad.

60. The Commission had imposed provisional antidumping duty at 10.44 percent *ad valorm* on the investigated product vide Official Gazette (extra ordinary) dated February 6, 2009 for a period of four months effective from February 06, 2009. In terms of Section 55(2) of the Ordinance, if the definitive antidumping duty is lower than the amount of provisionally determined antidumping duty, the difference shall be refunded by the Commission within forty-five days of the final determination.

61. Since the Commission has imposed definitive antidumping duty equal to the provisional antidumping duty, no claim for refund of antidumping duty would be entertained with respect to the import of the investigated product under Section 55(2) of the Ordinance.

Member June 03, 2009 Chairman June 03, 2009

Annex-I

List of Foreign Producers/Exporters

- 1. Yizheng
- 2. Zhejiang Yuandong Chemical Fiber Group Co.
- 3. Hongshan Farm Xiaoshan Zhejiang Province China
- 4. Zhejiang Tianyuan Fabric Co., Ltd
- 5. Huaxin Chemical Fiber Co.,Ltd
- 6. Chongqing New Century Chemical Fiber Co. Ltd.
- 7. Jiangsu Jiangnan High Polymer Fiber Co.Ltd
- 8. Beijing Detong Chemical Fiber Industry Co.Ltd
- 9. Jiangsu Jinxue Group Co.Ltd
- 10. Foshan Tianma Chemical Fiber Co.Ltd
- 11. Jiangyin Jinyan Chemical Fiber Co.Ltd
- 12. Shanghai Lianji Heqian Stocks Ltd.
- 13. Shanghai Lianji Heqian Stocks Ltd.
- 14. Shanghai Alison Group Co.Ltd
- 15. Jiangyin Wanxiang Group Co.,Ltd
- 16. Sichuan Huvis Chem.Fiber CO.,Ltd
- 17. Jiangyin Huahong Chemical Fiber Co., Ltd.
- 18. Zhangjiagang Huitai Chemical Fibre Co., Ltd.
- 19. Zhejiang Shangyu, Zhejiang 312361
- 20. Haiyan Jingcheng Chemical Fiber Co., Ltd.
- 21. Chuzhou Prosperity Environmental Protection Color Fibre Co., Ltd
- 22. Zhejiang Kangxin Chemical Fiber Co., ltd
- 23. Jiangyin Changsheng Chemical Fiber Co., Ltd.
- 24. Jiangsu Jinxue Group Co., Ltd.
- 25. Nantong Teijin Co., Ltd
- 26. Hangzhou Chemical Fibre (Group) Company
- 27. Far Eastern Industries (Shanghai) Ltd
- 28. Jinan Zhenghao Advanced Fiber Co., ltd
- 29. Sichuan Polyester Co.,Ltd
- 30. Shandong Wanjie Fiber
- 31. Tj Sinopec, Dagang
- 32. CNPC Liaoyang Branch
- 33. CNPC Liaoyang MMF
- 34. FE Polychem (Yuanfang)
- 35. SPC, Jinshan
- 36. Jiangsu Huaxi Special Fibres
- 37. Jiangsu Sanfangxiang
- 38. Jiangyin Changsheng
- 39. Jiangsu Xinsu
- 40. Wujiang Differential
- 41. Zhangjiagang Bangcheng/Zashang
- 42. Jiangsu Huaxi Baochang Chem Fib

- 43. Cixi Kanxin
- 44. Shaoxing Yuandong
- 45. Zh. (Shaoxing) Cifu
- 46. Zh. Wanxiang
- 47. Fj. Jinlun Petrochem
- 48. Jingxing (FJ) CF Tex
- 49. Xiang Lu
- 50. Qingdao Gaohe
- 51. Sinopec Luoyang Hongda MMF
- 52. Sc. Pes,Zigong
- 53. Suzhou Goixin Group Taicang Hengxiang Imp&Exp. Co. Ltd
- 54. Itochu Asia

Annex-II

S No.	Name of the Office/Party	Name of the Participant		
1.	National Tariff	(i)	Mr. M. Ikram Arif, Chairman	
	Commission	(ii)	Mr. Bilal Khan, Member	
		(iii)	Ms. Batool Iqbal Qureshi, Member	
		(iv)	Mr. M. Abdul Khaliq Chishty, DG	
		(v)	Mr. Khizar Hayat, Director	
		(vi)	Mr. Imran Zia, Director	
		(vii)	Mr. Muhammad Hamood-ur-Rauf Dy. Director	
		(viii)	Mr. Ahmed Sheraz, Legal Officer	
2.	All Pakistan Textile Mills	(i)	Mr. Anis-ul-Haq,	
	Association (APTMA)	(ii)	Mr. S.A.S Shah,	
		(iii)	Mr. Majid Ali Majid	
3.	Dewan Salman Fibres Ltd.			
	Ibrahim Fibre Ltd.	(i)	Mr. Ali Zaman	
	ICI Pakistan Ltd	(ii)	Ms. Saira Nishtar	
		(iii)	Mr. Abdul Sattar Khan	
		(iv)	Mr. Bilal Salahuddin	
		(v)	Mr. Javed Sheikh	
		(vi)	Mr. Shahid Raza	
4.	Jiangyin Huahong	(i)	Mr. Saifullah Khan	
	Chemical Fibre Co. Ltd.	(ii)	Mr. Muhammad Shamshad	
		(')		
5.	Zhangjiagang Chengxin	(i)	Mr. Saifullah Khan	
	Chemical Fiber Co. Ltd.	(ii)	Mr. Muhammad Shamshad	
6.	Embassy of the People's Republic of China	(i)	Mr. Liu Guotao	

List of Participants of the Hearing

Annex-III

Summary Calculations of Normal Value for Huahong

Annex-IV

Summary Calculations of Normal Value for Chingxin

Annex-V

Summary Calculations of Normal Value for Others (Non-Cooperating Exporters).

Annex-VI

Summary Calculations of Export Price for Huahong

Annex-VII

Summary Calculations of Export Price for Chengxin.

Annex-VIII

Summary Calculations of Export Price for Others (Non-Cooperating Exporters).

Annex-IX

Summary Calculations of Dumping Margin

Annex-X

Summary Calculations of Domestic Sales price of the Domestic Like Product

Annex-XI

Summary Calculations of Landed Cost of the Investigated Product