

(NON-CONFIDENTIAL)



Government of Pakistan
National Tariff Commission

REPORT

ON

TERMINATION OF ANTIDUMPING INVESTIGATION AGAINST ALLEGED DUMPING OF
SEAT BELT PARTS/COMPONENTS INTO PAKISTAN ORIGINATING IN AND/OR
EXPORTED FROM THE REPUBLIC OF KOREA.

A.D.C No.14/2008/NTC/SBPC
July 4, 2009

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 antidumping 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"). The Commission has conducted this investigation under the Ordinance and the Rules against imports of seat belt parts/components at alleged dumped prices, originating in and/or exported from Republic of Korea (herein after referred to as "Korea").

A. PROCEDURE

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

3. **Receipt of Application**

The Commission received a written application from M/s Plastech Autosafe (Pvt.) Limited, Karachi (the "Applicant"), a domestic producer of seat belt parts/components, and seat belts, through its attorney, S.U. Khan Associates, Management Consultants, on June 28, 2008. The Applicant alleged that seat belts parts/components produced in the Republic of Korea (hereinafter referred to as "Korea") are exported to Pakistan at dumped prices, which has caused material injury to the domestic industry producing seat belt parts/components and seat belts. The Embassy of Korea in Islamabad was informed through note verbale dated July 18, 2008, of the receipt of application in accordance with the requirements of Section 21 of the Ordinance.

4. **Applicant's Views**

The Applicant, *inter alia*, raised the following issues in its application regarding dumping of seat belt parts/components and material injury to the domestic industry caused therefrom:

- i. Seat belt parts/components imported from Korea into Pakistan and seat belt parts/components manufactured in Pakistan by the domestic industry are like products;
- ii. the exporter from Korea is exporting seat belt parts/components to Pakistan at dumped prices; and
- iii. export of seat belt parts/components by Korea Delphi to Pakistan at dumped prices has caused and is causing material injury to the domestic industry producing seat belt parts/components, and seat belts mainly through:
 - a) increased volume of imports;
 - b) price undercutting;
 - c) price depression;
 - d) price suppression;
 - d) decline in market share;

- e) negative effect on inventories;
- f) decline in operating profit;
- g) negative effect on cash flow;
- h) negative effect on capacity utilization; and
- i) negative effect on productivity

5. Evaluation and Examination of the Application

The examination of the application showed that, *prima facie*, it met the requirements of Section 20 of the Ordinance as it contained evidence of dumping of all seat belt parts/components from Korea and injury caused by dumped imports of seat belt parts/components to the Applicant on production and sale of seat belts. The Applicant claimed that requirements of Rule 3 of the Rules, which relate to the submission of information prescribed therein were met.

6. Domestic Industry

6.1 Domestic industry in terms of Section 2(d) of the Ordinance is defined as follows:

““domestic industry” means the domestic producers as a whole of the 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.”

6.2 The Applicant is manufacturing seat belt parts/components and seat belts in Pakistan with technical assistance of Autoliv, Australia, which is a wholly owned subsidiary of Autoliv, Sweden. According to the Applicant, there are 34 parts/components of seat belt and the Applicant is manufacturing 24 parts/components locally and importing 10 parts/components, including, Webbing, Webbing Retained, ELR Retractor and Tongue (grey) etc., from Autoliv, Australia.

6.3 The Applicant in its application claimed that it is the only manufacturer of seat belts parts/components and seat belts in Pakistan. The Applicant identified a company i.e., Techno Pack Telecom (Pvt) Ltd., Karachi (hereinafter referred to as “Techno”) as the importer of seat belt parts/components from Korea at alleged dumped prices. At the time of initiation of investigation, the Commission accepted this claim. Consequently, the Commission considered the Applicant as the only manufacturer of seat belt parts/components and seat belts in Pakistan. The application was considered to be filed by the domestic industry.

6.4 Upon initiation, the Commission through letter dated August 5, 2008 informed Techno of initiation of this investigation and also asked to provide information on the importer questionnaire. In response thereto, the Commission received a letter on August 16, 2008 from Techno claiming that the company is an ISO 9001 certified manufacturer of automotive seat belts parts/components and seat belts in Pakistan since 2001. Thereafter, the Commission vide its letter dated August 29, 2008 asked Techno (who uses seat belt parts/components imported from allegedly dumped source by Alpha International, an importer based in Karachi,

Pakistan) to provide requisite information relating to manufacturing of seat belt parts/components and seat belts on the prescribed "Other Domestic Manufacturer's Questionnaire". According to the information provided in response thereto, Techno is a private limited company manufacturing seat belt parts/components and seat belts.

6.5 The analysis of information gathered during investigation shows that besides the Applicant, Techno is another domestic manufacturer of seat belt parts/components and seat belts in Pakistan. The Applicant also alleged that Techno is itself an importer of seat belt parts/components (all parts/components of seat belt) and is related to the exporter and importer of seat belt parts/components from Korea. On the basis of information gathered during the investigation the Commission has determined that Techno was not importer of seat belt parts/components during the POI, rather it is related to the importer of seat belt parts/components within the meaning of Section 2(d) of the Ordinance.

Plastech Autosafe (Pvt.) Limited, (the Applicant)

6.6 The Applicant provided a list of seat belt parts/components in Annexure II of the application. The Applicant during the course of on-the-spot-investigation at its premises from August 18 to 20, 2008 (para 14.1 infra) informed that manufacturing of seat belts consists of two assembly processes, i.e. Front Outer Seat Belt assembly and Buckle assembly. Outer Seat Belt is assembled from 21 parts/components, mainly Sash Guide, Tongue, Webbing, Webbing Retained, ELR Retractor, ELR Bracket, Anchor & Anchor Cover. The Applicant is locally manufacturing the following 15 parts/components of Front Outer Seat Belt:

**List of Front Outer Seat Belt Parts/Components
Locally Manufactured by the Applicant**

S. No.	Part Description	Source Name
1.	Sash Guide	Plastech Autosafe, Karachi
2.	ELR Bracket	Feroz Industries, Karachi
3.	Rivet Medium	MBI, Karachi
4.	Fiber Washer Large	Plastech Autosafe, Karachi
5. /6.	Tongue Stop Male/ Female	Plastech Autosafe, Karachi
7.	Anchor	Research & Dev. Engineering
8.	Anchor Cover	Mehran Engineering, Karachi
9.	Bush Anti Rattle	Plastech Autosafe, Karachi
10.	Bush Webbing Guide	Plastech Autosafe, Karachi
11.	Flange Bolt 35 MM	MBI, Karachi
12.	Flange Bolt Small	MBI, Karachi
13.	Screw 6 MM (Small)	Adamjee Engineering, KHR
14.	Spacer Anchor	Saify Engineering, Karachi
15.	Label (Cotton)	Al-Shafi Printers, Karachi

6.7 The Applicant is importing the following 6 parts/components of Front Outer Seat Belt from Autoliv, Australia and Germany:

**List of Front Outer Seat Belt Parts/Components
Imported by the Applicant**

S. No.	Part Description	Source Name
1.	Tongue (grey)	Autoliv Australia
2.	Webbing	Autoliv, Australia

3.	Webb. Retainer	Autoliv, Australia
4.	ELR 90-90 RH Retractor	Autoliv, Australia
5.	Spring Washer	Autoliv, Australia
6.	Thread Beige	Germany

6.8 There are 13 parts/components of stem buckle and main parts/components for manufacturing stem buckle are Stem, Buckle Cover top & bottom, Channel, Ejector spring, Press button. The Applicant is locally manufacturing 9 parts/components, which are as follows:

**List of Stem Buckle Parts/Components
Locally Manufactured by the Applicant**

S. No.	Part Description	Source Name
1.	Rivet Small	MBI, Karachi
2.	Stem Plate	Research & Dev. Engineering
3.	Buckle Cover Top	Plastech Autosafe, Karachi
4.	Buckle Cover LWR	Plastech Autosafe, Karachi
5.	Flange Bolt Small	MBI, Karachi
6.	Fiber Washer Large	Plastech Autosafe, Karachi
7.	Cantilever & Ejector Assy.	Plastech Autosafe, Karachi
8.	Press Button	Plastech Autosafe, Karachi
9.	Locking Bar	Saify Engineering, Karachi

6.9 The Applicant is importing the following 4 parts/components of stem buckle from Autoliv, Australia:

**List of Stem Buckle Parts/Components
Imported by the Applicant**

S. No.	Part Description	Source Name
1.	Ejector Spring	Autoliv, Australia
2.	Channel-STEM or Steel Wire	Autoliv, Australia
3.	Latch K 12	Autoliv, Australia
4.	Spring Washer	Autoliv, Australia

Techno Pack Telecom (Pvt) Ltd. (Techno)

6.10 As stated in para 6.4 supra Techno provided information to the Commission on Questionnaire, which was verified during on-the-spot-investigation at its premises from December 30 to 31, 2008 (para 14.2 infra). According to which it is engaged in manufacturing of seat belt parts/components and seat belts in Pakistan since 2001. Techno is manufacturing seat belt parts/components and seat belts with the assistance of Korea Delphi Automotive Systems Corp., Korea (hereinafter referred to as "Korea Delphi"). Techno manufactures seat belts from 36 parts/components, and sells seat belts to Pak Suzuki Motor Company, Pakistan.

6.11 The Applicant also claimed during the investigation that Techno is related to the importer of investigated product. The issue whether Techno is related to the Korea Delphi or Alpha international; an importer of seat belt parts/components at alleged dumped prices, has been examined in the light of information and evidence gathered during the investigation and

it was established that Techno is related to Alpha International (the importer of seat belt parts/components from Korea).

6.12 Techno is locally manufacturing the following 14 parts/components of Front Outer Seat Belts through its vendor:

**List of Front Outer Seat Belt Parts/Components
Locally Manufactured by Techno**

S. No.	Part Description	Source Name
1.	Hook	MEM Industries
2.	Bolt	MEM Industries
3./4.	Blue/ Red Fiber Washer	MEM Industries
5./6.	Silver/Black Washer	MEM Industries
7.	Button	MEM Industries
8.	Anchor	MEM Industries
9.	Label	MEM Industries
10.	Silver Spacer	MEM Industries
11.	Black Spacer	MEM Industries
12.	Sliding Bar	MEM Industries
13.	Lower Bracket	MEM Industries
14.	Upper Bracket	MEM Industries

6.13 Techno is using the following 12 parts/components of Front Outer Seat Belt imported from Korea Delphi:

**List of Front Outer Seat Belt Parts/Components
Imported by Techno**

S. No.	Part Description	Source Name
1.	Belt (Webbing)	Korea Delphi
2.	S/Screw	Korea Delphi
3.	Front Face	Korea Delphi
4.	Ejector	Korea Delphi
5.	R. Mounting	Korea Delphi
6.	Cable	Korea Delphi
7.	Pin	Korea Delphi
8.	Shield	Korea Delphi
9.	Spring	Korea Delphi
10.	Cover	Korea Delphi
11.	Rivet	Korea Delphi
12.	Washer	Korea Delphi

6.14 Techno is also locally manufacturing the following 6 parts/components of seat belt buckle through its vendor:

**List of Stem Buckle Parts/Components
Manufactured by Techno**

S. No.	Part Description	Source Name
1.	Buckle Bracket	MEM Industries
2.	Large Spring	MEM Industries
3.	Small Spring	MEM Industries
4.	Cable Rivet	MEM Industries
5.	Pin Rivet	MEM Industries

6.	Solid Rivet	MEM Industries
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6.15 Techno is using the following 4 parts/components of seat belt buckle parts/components imported from Korea Delphi:

**List of Buckle Parts/Components
Imported by Techno**

S. No.	Part Description	Source Name
1.	Cap	Korea Delphi
2.	Bush	Korea Delphi
3.	Covers	Korea Delphi
4.	Bar	Korea Delphi

6.16 The above analysis shows that both the Applicant and Techno are manufacturing seat belt parts/components and seat belts, however, Techno is not manufacturing the investigated product consisting of four parts/components of seat belt. Thus Techno is not considered as part of domestic industry for the purposes of this investigation pertaining to alleged dumping of four parts/components of seat belt (the investigated product, reference para 10.4 infra) and the Applicant is considered as domestic producer of domestic like product (reference para 10.6 infra), thereby it represents the domestic industry producing domestic like product.

7. Standing of the Application

7.1 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 opinion either in 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 domestic like product produced by the domestic industry.

7.2 In the application, Applicant identified Techno as an importer of all seat belt parts/components from allegedly dumped source. The Applicant claimed that it is the only domestic producer of all seat belt parts/components and seat belts at the time of filing of the application. The Commission believed that the Applicant represents 100 percent production of the domestic industry and initiated the investigation on August 5, 2008.

7.3 During the course of investigation, it was revealed that besides the Applicant, Techno is also a domestic manufacturer of seat belt parts/components and seat belts in Pakistan and the Applicant is one of the two manufacturers of seat belt parts/components and seat belts. However, Techno is presently not manufacturing the four parts/components subject to this investigation (para 6.15 supra). The Commission, has therefore, estimated the production of seat belt parts/components (the domestic like product) of the Applicant unit (from the number of seat belts it produced) for the POI (i.e. July 01, 2007 to June 30, 2008), which is given below:

	Production (Nos)	Supporting/opposing the Application
Plastech Autosafe	(100%)	Applicant

7.4 The above table shows that production of seat belt parts/components by the Applicant constitutes 100 percent of total domestic production during the period of investigation. Thus the application fulfills the requirements of Section 24 of the Ordinance.

8. Exporters/Foreign Producers Involved in Alleged Dumping of Seat Belt Parts/Components

8.1 The Applicant identified one exporter/producer involved in alleged dumping of seat belt parts/components from Korea i.e. Korea Delphi. The Applicant also contended that there might be other producers and exporters of seat belt parts/components in Korea, who are not known to the Applicant. In case anti-dumping duty is imposed only on the producer/exporter identified in the application, there are chances that seat belt parts/components may be exported to Pakistan from Korea by other producers/exporters not subject to anti-dumping duty. Therefore, the Applicant requested for imposition of anti-dumping duty on all producers/exporters of investigated product originating in and/or exported from Korea.

8.2 Import data of seat belts parts/components obtained from Pakistan Revenue Automation Limited (PRAL) revealed that there is only one exporter from Korea i.e., Korea Delphi exporting seat belts parts/components to Pakistan.

8.3 Upon initiation of the investigation, copy of the notice of initiation was sent to the Korean exporter/producer on August 05, 2008 identified by the Applicant.

9. Initiation of Investigation

9.1 The Commission examined the accuracy and adequacy of the evidence provided in the application at the time of initiation of investigation and established that there appeared to be sufficient evidence of alleged dumping and injury to justify initiation of the investigation in terms of Section 23 of the Ordinance. Consequently, the Commission decided to initiate an investigation and issued a notice of initiation in terms of 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 August 05, 2008. Investigation concerning imports of seat belt parts/components into Pakistan (classified under PCT³ No. 8708.2190) contained in the First Schedule of Customs Act, 1969 (Act No. IV of 1969) originating in and/or exported from Korea was thus initiated on August 05, 2008.

9.2 The Commission notified the Embassy of Korea in Pakistan by sending a copy of the notice of initiation of investigation on August 05, 2008. The Embassy was also requested to forward notice of initiation to all the other exporters/producers of seat belt parts/components

¹ The official Gazette of Pakistan (Extraordinary) dated August 05, 2008.

² 'The Nation' and the 'Daily Asas' of August 05, 2008 issue.

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.

based in Korea, as the Commission did not had the addresses of all exporters/producers of seat belts parts/components in Korea. Copy of notice of initiation was also sent to Korea Delphi, to the known Pakistani importer, and to the Applicant on August 05, 2008, in accordance with the requirements of Section 27 of the Ordinance.

9.3 In accordance with Section 28 of the Ordinance, on August 06, 2008, the Commission also sent copies of full text of the written application (non-confidential version) to Korea Delphi and to the Embassy of Korea in Pakistan. The Embassy was also requested to forward non-confidential version of the application to all the other exporters/foreign producers of seat belt parts/components based in Korea.

10. Investigated Product, Domestic Like Product and Like Product

10.1 Section 2 of the Ordinance defines the “investigated product”, the “like product”, and the “domestic like product” as follows:

i. Investigated Product

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

ii. Domestic Like Product

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

iii. Like Product

“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”.

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

Investigated Product:

10.3 Applicant in the application mentioned that the investigated product is seat belt parts/components (all parts/components), originating in and/or exported from Korea into Pakistan. The investigated product is classified under PCT No. 8708.2190 and is used for manufacturing seat belts for cars. The information gathered during the investigation showed that the Applicant is manufacturing seat belts from 34 parts/components. As stated in paras 6.7 & 6.9 supra the Applicant is importing 10 parts/components from Autolive, Australia and Germany, these parts/components were excluded from the list of investigated product. Similarly the Applicant is locally manufacturing 24 parts/components of seat belt, which are given in paras 6.6 and 6.8 supra.

10.4 According to the information provided by Techno and verified during on-the-spot-investigation, it is manufacturing seat belts from 36 parts/components and is using 16 parts/components of seat belt imported from Korea Delphi by Alpha International. Out of these 16 parts/components the Applicant is also importing 12 parts/components and is locally manufacturing the following 4 parts/components of seat belt, which are imported by

Alpha International. Thus on the basis of above information the Commission determined that, the following four seat belt parts/components constitute investigated product for the purposes of this investigation:

<u>S.No.</u>	<u>Seat Belt Part/Component</u>
1.	Front Face (Sash Guide)
2.	Covers (Buckle Cover Top/Lower)
3.	Pin Retractor (Locking Bar)
4.	Bar (Press Button)

Domestic Like Product

10.5 The domestic like product is seat belt parts/components produced by the Applicant in Pakistan. The domestic like product is also classified under PCT No. 8708.2190. The domestic like product is used in manufacturing of seat belts for cars.

10.6 The information provided by the Applicant shows that there are 34 parts/components of seat belt and it is locally manufacturing 24 parts/components. The Commission has determined that out of these 24 parts/components, only the following four seat belt parts/components constitute domestic like product:

<u>S.No.</u>	<u>Seat Belt Part/Component</u>
1.	Sash Guide (Front Face)
2.	Buckle Cover Top/Lower (Covers)
3.	Locking Bar (Pin Retractor)
4.	Press Button (Bar)

10.7 In order to establish whether the investigated product and the domestic like product are like products as contended by the Applicant, the Commission reviewed all the relevant information received/obtained from various sources including the Applicant and Techno in the following terms:

- i. the basic raw materials used in production of the investigated product and the domestic like product were same/similar;
- ii. all the four parts/components (the investigated product and the domestic like product) are produced with a similar manufacturing process;
- iii. the investigated product (consisting of four seat belt parts/components) and domestic like product are substitutable in use. They are mainly used in manufacturing of seat belts for cars; and
- iv. the investigated product (consisting of four seat belt parts/components) and domestic like product are classified under the same PCT/HS No. 8708.2190.

Like Product

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

11. Period of Investigation

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

- "a) 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.
- "b) 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".

11.2 The POI for dumping and injury are, therefore, respectively, as follows:

For determination of dumping:	From July 01, 2007 to June 30, 2008
For determination of material injury:	From July 01, 2005 to June 30, 2008

12. Information/Data Gathering

12.1 The Commission sent questionnaire along with full text of the written application (non confidential version) on August 6, 2008 to Korea Delphi and asked to respond within 37 days of the dispatch of the questionnaires i.e., by September 11, 2008. A questionnaire was also sent to the Embassy of Korea in Islamabad on August 6, 2008 with a request to forward it to all the other exporters/producers of the investigated product in Korea.

12.2 Korea Delphi did not respond to the Commission's questionnaire within the prescribed time period. Korea Delphi, after expiry of time period given to respond, was informed vide letter dated September 15, 2008 that since it has not provided requisite information on the prescribed questionnaire within the stipulated time period of 37 days, the Commission may make preliminary and final determination of dumping on the basis of Best Information Available in terms of Section 32 of the Ordinance and, Article 6.8 and Annexure II to the Agreement on Antidumping.

12.3 As stated in paragraph 6.4 *supra*, the Commission received a letter on August 16, 2008 from Techno (initially identified as importer by the Applicant) claiming that the company is ISO 9001 certified manufacturer of seat belt parts/components and automotive seat belts in Pakistan since 2001. The Commission vide its letter dated August 29, 2008 asked Techno, who are using investigated product imported from Delphi Korea by Alpha International, to provide requisite information relating to manufacturing of seat belt parts/components and seat belts on a prescribed questionnaire. They were further informed that all information

asked for in the prescribed questionnaire including cost to make and sell of complete seat belt as per Appendix 3 of the questionnaire may be provided at the earliest.

12.4 The Commission maintains a database of import statistics, obtained on quarterly basis, from PRAL, the data processing arm of the Federal Board of Revenue, Government of Pakistan. For the purpose of this investigation the Commission has also used import data obtained from PRAL in addition to the information provided by the Applicant.

13. Questionnaire(s) Response by Techno Pack Telecom (Pvt.) Ltd.

13.1 As stated in paragraph 6.4 supra, the Commission vide its letter dated August 29, 2008 asked Techno to provide requisite information relating to manufacturing of seat belt parts/components and seat belts by it on the prescribed questionnaire. The Commission through its letter dated September 15, 2008 reminded Techno that information on prescribed questionnaire has not been submitted within the stipulated time period. Questionnaire response from Techno was received in the Commission on October 18, 2008. According to the information provided in response to the questionnaire by Techno, it is a private limited company manufacturing seat belt parts/components and seat belts.

13.2 The information submitted by Techno in response to the questionnaire included list of seat belt parts/components locally manufactured and those purchased from the importer. However, Techno did not provide essential information for the purpose of this investigation to the Commission in the questionnaire, including, Techno's sales volume, total size of domestic market, Techno's share in the domestic market, inventories, production, installed capacity, capacity utilization and cost of production. Accordingly, these data deficiencies were communicated to Techno through an e-mail message dated October 19, 2008.

13.3 Techno was asked to provide the deficient information/data no later than October 27, 2008, so as to enable the Commission to consider and analyze the data for the purposes of this investigation. Techno provided the deficient information regarding its sales volume, total size of domestic market, Techno's share in the domestic market, inventories, production, installed capacity, capacity utilization, but did not provide cost of production despite repeated verbal requests over telephone and during meetings with the officers of the Commission.

14. Verification of Information

14.1 In order to verify the information/data provided by the Applicant and to obtain further information, on-the-spot investigation was conducted at the offices and plant of the domestic producer from August 18 to 20, 2008. On-the-spot investigation was also conducted at the offices and plant of Techno from December 30 to 31, 2008. During on-the-spot investigation, Techno provided production and sales figures of seat belts for one financial year i.e. 2007-08.

14.2 According to the information provided by Techno and further information obtained during on-the-spot-investigation which was verified from the record maintained at its offices and plant during on-the-spot investigation, it is manufacturing seat belts by using 20 locally manufactured and 16 parts/components of seat belt imported from Korea Delphi by Alpha

International. Out of these 16 parts/components the Applicant is manufacturing only 4 parts/components, which are considered as investigated product in this investigation.

14.3 The Applicant is locally manufacturing 24 parts/components of seat belt (reference paras 6.6 and 6.8 supra) whereas Techno is manufacturing 20 parts/components locally and importing 16 parts/components of seat belt from Korea Delphi. A detailed comparison of parts/components imported and manufactured locally by Techno and the Applicant is given below:

**Comparison of the Applicant Parts/Components
with that of Techno**

S. No.	Front Outer Seat Belt Part/Components of Techno	Local/Imported through Alpha	S. No.	Front Outer Seat Belt Part/Components of the Applicant	Local/Imported			
1.	Belt (Webbing)	Imported	1.	Webbing	Imported			
2.	S/Screw	Imported	2.	Screw	Imported			
3.	*Front Face	Imported	3.	Sash Guide	Local			
4.	Ejector	Imported	4.	Tongue	Imported			
5.	R. Mounting (Retractor)	Imported	5.	ELR 90-90 Retractor	Imported			
6.	Cable (Retractor)	Imported						
7.	Shield (Retractor)	Imported						
8.	Spring (Retractor)	Imported						
9.	Cover (Retractor)	Imported						
10.	Rivet (Retractor)	Imported						
11.	Washer (Retractor)	Imported						
12.	*Pin (Retractor)	Imported				6.	Locking Bar	Local
13.	Cap	Imported						
14.	Bush	Imported				7.	Latch K-12	Imported
15.	*Buckle Covers	Imported				8.	Buckle Cover Top	Local
			9.	Buckle Cover Lower	Local			
16.	*Bar	Imported	10.	Press Button	Local			
			11.	ELR Bracket	Local			
	Lower Bracket							
17.	Upper Bracket	Local						
18.	Button	Local	12.	Tongue Stop Male/ Female	Local			
19./ 20	Blue/Red Fiber Washer	Local	13.	Fiber Washer Large	Local			
21.	Silver Washer	Local	14.	Spring Washer	Imported			
22.	Black Washer	Local	15.	Spring Washer (Bracket)	Imported			
			16.	Anchor Cover	Local			
23.	Anchor	Local	17.	Anchor	Local			
24.	Label	Local	18.	Label (Cotton)	Local			
25.	Silver Spacer	Local	19.	Spacer Anchor	Local			
26.	Black Spacer	Local	20.	Bush Anti Rattle	Local			
27.	Sliding Bar	Local						
28.	Bolt	Local	21.	Screw 6 MM (Small)	Local			
29.	Hook	Local						
30.	Buckle Bracket	Local	22.	Stem Plate	Local			
31.	Large Spring	Local	23.	Ejector Spring	Imported			
32.	Small Spring	Local	24.	Channel - Stem	Imported			

			25.	Cantilever & Ejector Assy.	Local
33.	Cable Rivet	Local	26.	Flange Bolt Small	Local
34.	Pin Rivet	Local	27.	Rivet Small	Local
35.	Solid Rivet	Local	28.	Fiber Washer Large	Local
36.	Thread	Local	29.	Thread	Imported
			30.	Bush Webbing Guide	Local
			31.	Flange Bolt 35 MM	Local
			32.	Web Retainer	Imported
			33.	Rivet Medium	Local
			34.	Spring Washer	Imported

* The items highlighted in the above table are being considered as investigated product for the purpose of this investigation.

15. Public File

The Commission, in accordance with Rule 7 of the Rules, has established and maintained a public file at its offices. This file remains available to the interested parties for review and copying from Monday to Thursday between 1100 hours to 1300 hours throughout the investigation. 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.

16. Confidentiality

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.

17. Preliminary Determination

17.1 The Commission made preliminary determination in this investigation on the basis of best information available in terms of Section 32 of the Ordinance and published a notice in the official Gazette and press on February 3, 2009. Based on the information gathered by the Commission till the time of preliminary determination, it was found that the investigated product does not comprise of all seat belt parts/components (as contended by the Applicant) rather it consists of four seat belt parts/components.

17.2 The Applicant stated in the application that Techno is the importer of seat belt parts/components and later claimed that Techno is related to the importer (Alpha International), and the Commission was still investigating this issue as per preliminary determination. The Commission asked the Applicant and Techno to substantiate their respective claims. Thus, determination of "domestic industry" under Section 2 (d) of the Ordinance was not made in the preliminary determination. Standing of the application in terms of sub-sections (1) and (2) of Section 24 of the Ordinance was also not determined because the issue of what constitutes the domestic industry was not resolved. Injury to the domestic industry was therefore, also not determined.

18. Hearing

18.1 A hearing was held at the Commission on March 25, 2009 in pursuance of Rule 14 of the Rules on the request of the Applicant (i.e. Plastech Autosafe). The hearing was attended by the representatives of the Applicant, Techno, S.U. Khan Associates (attorney of the Applicant). Record note of the hearing is annexed.

18.2 During the hearing the Applicant mainly raised the following issues:

- (i) As Techno and Alpha International (importer of seat belt parts/component) both are related companies, Techno stands excluded from the definition of domestic industry as per section 2(d) of the Antidumping Duties Ordinance 2000;
- (ii) Techno is not recognized manufacturer of seat belt parts/components from EDB. However it is an assembler of seat belts only.
- (iii) Techno did not provide sufficient and crucial information including cost of production. This fact has been pointed out by the Commission in its preliminary determination.

18.3 The above issues raised by the Applicant during the hearing have been considered in this report. The Commission's views, on issues as listed in para 18.2 supra, are contained in paragraphs 6.11, 6.10, and 13.3 supra respectively.

18.4 Techno mainly raised the following issues during the hearing:

- (i) Techno represents major part of domestic industry, hence initiation of investigation was not correct.
- (ii) Plastech provided false information that it is the only domestic producer of seat belt parts/components. Techno has more depth in production of seat belt parts/components as it is locally producing/assembling the retractor which is a key component of a seat belt.
- (iii) Evidence provided by the Applicant for normal value is seat belt and not its parts/components as seat belt parts/components are not sold in the market. Similarly these parts are not sold by the Applicant in the domestic market.
- (iv) EDB has recognized two domestic manufacturers of seat belts and there is a room for another manufacturer based on growing demand of this item. However, the Applicant desires that Techno should windup its manufacturing to monopolize the domestic market of seat belts.

18.5 The Commission's views, on issues raised by Techno as listed in para 18.4 supra, are contained in paragraphs 6.16, 6.3 supra & 24 (iii), 19.2.9 and 22 & 23 infra respectively.

B. DETERMINATION OF DUMPING AND MATERIAL INJURY TO DOMESTIC INDUSTRY

19. Determination of Dumping

19.1 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”.

19.2 Normal Value

19.2.1 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”.

19.2.2 However, Section 6 of the Ordinance and Article 2.2 of the Agreement on Antidumping states:

“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”.

19.2.3 As stated earlier in para-12.2 supra, the exporter/producer of investigated product in Korea i.e Korea Delphi did not respond to the Commission’s questionnaire within the prescribed time period, therefore, normal value of investigated product could not be determined on the bases of prices in exporting country pursuant to Section 5 of the Ordinance.

19.2.4 Similarly comparable price of the like product when exported by Korea Delphi to an appropriate third country are also not available.

19.2.5 Third option for determination of normal value is constructed value. Section 6 (1) (b) of the Ordinance provides bases for constructed value:

“(b) the cost of production in the exporting country plus a reasonable amount for administrative, selling and general costs and for profits.”

19.2.6 Section 8 (1) of the Ordinance states that “ ... the Commission shall normally calculate costs on the basis of records kept by an exporter or a producer under investigation provided that such records are in accordance with the generally accepted accounting principles of an exporting country and reasonably reflect the costs associated with the production and sale of a like product.”

19.2.7 Section 8 (2) of the Ordinance further stipulates that "...the amounts for administrative, selling and general costs and for profits shall be based on actual data pertaining to production and sales in the ordinary course of trade of a like product for consumption in an exporting country by any exporter or producer under investigation."

19.2.8 In this investigation the exporter/producer from Korea did not provide any information in response to questionnaire, including cost of production of seat belt parts/components. In such a situation the Commission may determine normal value on the basis of Best Information Available (BIA) in terms of Section 32 of the Ordinance as paragraph 7 of the Schedule to the Ordinance provides that:

"If the Commission has to base its findings, including those with respect to normal value, on any information from a secondary source, including any information supplied in an application for initiation of an investigation, it shall do so with special circumspection. In such cases, the Commission shall, where practicable, check the information from other independent sources at their disposal, such as published price lists, official import statistics and customs returns, and from the information obtained from other interested parties during the investigation provided that if an interested party does not co-operate and thus relevant information is being withheld from the Commission, this situation may lead to a result which is less favourable to the party than if the party did co-operate.

19.2.9 In its application for initiation of investigation, the Applicant provided evidence of normal value in the form of sale receipt of sale of *** seat belt sets. The unit value of a seat belt set shown in the receipt is *** Korean Won, which is equal to US\$***. From the retail price of US\$ *** per seat belt set, the Applicant deducted 10 % VAT, 10% margin of retailer to arrive at ex-factory price. From ex-factory price of seat belt set the Applicant deducted assembly cost (by assuming assembly cost of *** Won) to arrive at cost of all seat belt parts/components (34 parts/components). Thus the ex-factory cost of all 34 parts/components of a seat belt worked out to be US\$8.056. This information is with regard to all parts/components of seat belt (collectively), whereas the Commission has determined investigated product as only four parts/components and the Applicant did not provide information of domestic prices of these four parts/components in Korea. Further the price of complete seat belt has been taken from the market in Korea and the Commission was not able to verify the accuracy and adequacy of this evidence, whether this relates to Korea Delphi or any other producer.

19.2.10 Therefore, the normal value of investigated product could not be determined using the information provided by the Applicant as indicated in paragraph 7 of the Schedule to the Ordinance.

19.3 Export Price

19.3.1 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".

19.3.2 As stated earlier the Applicant identified investigated product as all 34

parts/components of seat belt in its application and provided export price of all parts/components. Further the exporter/foreign producer from Korea of the investigated product did not provide requisite information.

19.3.3 To determine export price of the investigated product the Commission has used import data obtained from Pakistan Revenue Automation Limited (PRAL), which shows imports of investigated product from Korea. To calculate export price of investigated product during the POI, imports data from PRAL is used, according to which 726,600 nos of investigated product were imported during the POI and average C&F price of investigated product (four parts/components) was US\$0.068. Since the Applicant provided estimated figures for ocean freight charges and inland freight charges (which could not be verified from independent source), the Commission was unable to calculate ex-factory export price of investigated product.

19.4 Dumping Margin

19.4.1 The Ordinance defines “dumping margin” in relation to a product as “the amount by which its normal value exceeds its export price”. 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 establishes dumping margin by comparing weighted average normal value with weighted average export price at ex-factory level. As stated in paragraph 19.2.10 supra, the Commission is unable to determine normal value of investigated product from the information available with it, therefore, the dumping margin of the investigated product could not be determined.

20. De minimis Dumping Margins and Negligible Volume of Dumped Imports

20.1 In terms of Section 41(3) of the Ordinance, dumping margin shall be considered to be de minimis if it is less than two percent, expressed as a percentage of the export price. Since the Commission is unable to determine normal value of investigated product from the information available with it, the dumping margin of the investigated product could not be determined.

20.2 Section 41(3) of the Ordinance states that the volume of dumped imports shall normally be regarded as negligible if the volume of alleged dumped imports of an investigated product is found to account for less than three percent of total imports of like product. As the Commission could not determine the margin of dumping for the investigated product, the imports of the investigated product would not be termed as dumped imports. Therefore, the volume of dumped imports could not be analysed to ascertain whether it was negligible.

C. MATERIAL INJURY TO DOMESTIC INDUSTRY

21. Determination of Injury

21.1 Section 15 of the Ordinance sets out the principles for determination of material injury to the domestic industry and provides as follows:

“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...”

21.2 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”.

21.3 The Applicant made injury analysis in its application in relation to effects of alleged dumped imports on production and sale of seat belts. According to the Applicant, it is not possible to assess material injury with reference to the import of investigated product, as it is manufacturing and selling seat belts and not selling parts/components of seat belt. The domestic like product is not sold in Pakistan, rather seat belts (in which these parts/components are used) are sold to the car assemblers in Pakistan.

21.4 As stated earlier (para 19.2.9 and 19.2.10 supra) the normal value of investigated product could not be determined by using the information provided by the Applicant in terms of paragraph 7 of the Schedule to the Ordinance and therefore, margin of dumping for investigated product was also not calculated. This means that the Applicant failed to establish (with credible evidence) before the Commission that investigated product is sold by Delphi Korea to Pakistan at dumped prices. As it has been concluded that dumping cannot be determined from the available data/information, there is no need to determine injury on account of alleged dumped imports.

21.5 The Commission has concluded that since it could not be established that the investigated product was dumped into Pakistan during the POI, there is no need under the Ordinance to determine consequent material injury to the domestic industry in accordance with Part VI of the Ordinance.

22 Competition between the Domestic Producers

22.1 One of the factor which transpired from this investigation is that there is another domestic producer of seat belts in Pakistan namely Techno and the total domestic demand for seat belts is met through local production of two units (i.e. Plastic Autosafe and Techno). To establish the size of the Pakistan market, sales of domestic like product by the Applicant and Techno have been used. Following table shows the market share from each source of supply during the POI:

Year	Sales by domestic industry	Sales by Techno	Total domestic market
2005-06	(51.60%)	(48.40%)	100.00%

(Nos.)

2006-07	(44.54%)	(70.68%)	115.22%
2007-08	(34.23%)	(68.69%)	102.92%

Source: Data provided by the Applicant and Techno

22.2 The above table shows that market share of the Applicant decreased from 51.60 percent in 2005-06 to 34.36 percent in 2007-08, whereas, market share of its competitor (i.e. Techno) increased from 48.40 percent to 68.69 percent during the same period. The above data shows that there is competition between the two companies to take maximum share of domestic market.

D. CONCLUSIONS

24. On the basis of above, following conclusions are drawn:

- i. the application filed by the Applicant did not contain complete information regarding domestic industry as required in Rule 3 of the Rules, as it claimed that it is the only domestic producer of all seat belt parts/components and seat belts at the time of filing of the application, and identified another domestic producer of seat belt parts/components and seat belts as importer.
- ii. Techno another domestic producer of seat belt parts/components and seat belts does not produce the investigated product (four parts/components of seat belt). Therefore, it is excluded from domestic industry producing like product. Further Techno was also found to be related to the importer of the investigated product (M/s Alpha International).
- iii. the applicant provided false and misleading information regarding domestic industry producing seat belts, as it identified another producer of seat belt parts/components and seat belts as importer of seat belt parts/components. The Techno provided false information regarding its relationship with importer of investigated product i.e. M/s Alpha International.
- iv. the Applicant identified all seat belt parts/components as investigated product in its application, however, from the information gathered by the Commission during this investigation it has been determined that investigated product consists of only four parts/components of seat belt;
- v. the investigated product and the domestic like product determined by the Commission are alike products;
- vi. the exporter/producer of investigated product from Korea did not provide information in response to the Exporter's Questionnaire, and the Applicant did not provide information/evidence of normal value of investigated product i.e. four parts/components of seat belt and therefore, normal value of investigated product could not be determined as per paragraph 7 of the Schedule to the Ordinance;
- vii. since the Commission was unable to determine normal value of the investigated product, dumping of investigated product could not be established;

- viii. as the Applicant did not provide sufficient evidence to determine dumping, there was no need under the Ordinance to determine consequent injury to the domestic industry on account of alleged dumped imports;
- ix. it appears from the information available with the Commission that the Applicant was facing competition from the other producer of seat belts (i.e. Techno), who has partly taken the market share from the Applicant.

25. Section 41 of the Ordinance provides that the Commission may terminate an investigation at any time if it is satisfied that there is no sufficient evidence of either dumping or injury to justify proceeding with an investigation.

26. In the light of forgoing, the Commission has reached the conclusion that there is no sufficient evidence of dumping and injury to justify proceeding further with this investigation. In exercise of the powers conferred by Section 41 of the Ordinance, the Commission hereby terminates this investigation.

(Bilal Khan)
Member
July 4, 2009

(Muhammad Ikram Arif)
Chairman
July 4, 2009