Government of Pakistan
National Tariff Commission

REPORT

ON

Preliminary Determination in Anti-dumping Investigation against Dumped Imports of Wire Rod Originating in and/or Exported from the People’s Republic of China

A.D.C No.39/2015/NTC/WR
April 12, 2016
2. The Commission is conducting this investigation against imports of Wire Rod into Pakistan Originating in and/or exported from People’s Republic of China (“China”), under the Act and the Rules. The Commission has made preliminary determination in this investigation under Section 37 of the Act. This report on preliminary determination has been issued in accordance with the Rule 10 of the Rules.

3. In terms of Section 37 of the Act, the Commission shall make a preliminary determination of dumping and injury, if any, not earlier than sixty days and not later than one hundred and eighty days, after initiation of an investigation. Such preliminary determination shall be based on the information available to the Commission at that time. This investigation was initiated on October 19, 2015. The preliminary determination is based on the information available to the Commission at this time.

A. PROCEDURE

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

5. Receipt of Application

The Commission received a written application from M/s Agha Steel Industries, Karachi, M/s Abbas Steel Industries (Pvt.) Ltd, Karachi and M/s Abbas Engineering Industries Ltd, Karachi (the “Applicants”), on behalf of the domestic industry on September 03, 2015. The Applicants alleged that Wire Rod, produced in China is exported to Pakistan at dumped prices. The Embassy of China in Islamabad was informed through note verbale dated October 1, 2015 of the receipt of application in accordance with the requirements of Section 21 of the Anti-Dumping Duties Ordinance, 2015 (now enacted as Anti-Dumping Duties Act, 2015) and Article 5.5 of the Agreement on Anti-dumping.

6. Evaluation and Examination of the Application

The examination of the application showed that it met the requirements of Section 20 of the Anti-Dumping Duties Ordinance, 2015 (now enacted as Anti-Dumping Duties Act, 2015) and Article 5.3 of the Agreement on Anti-dumping as it contained sufficient evidence of dumping of Wire Rod from China and injury to the domestic industry caused therefrom. The requirements of Rule 3 of the Rules, which relate to the submission of information prescribed therein were also found to have been met.

7. Domestic Industry

7.1 Domestic industry in terms of Section 2(d) of the Act 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 dumped investigated product in such a case “domestic industry” shall mean the rest of the domestic producers.”

7.2 The domestic industry manufacturing Wire Rod comprises of following seven units. The installed production capacity of the domestic industry is 260,000 MT per annum.

Table-I

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Unit Name</th>
<th>Installed Capacity (MT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Agha Steel Industries</td>
<td>110,000</td>
</tr>
<tr>
<td>2.</td>
<td>Abbas Steel Industries (Pvt) Ltd</td>
<td>50,000</td>
</tr>
<tr>
<td>3.</td>
<td>Abbas Engineering Industries Ltd</td>
<td>75,000</td>
</tr>
<tr>
<td>4.</td>
<td>Anwar-e-Madina Wire Industry</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>SAFCO Steel</td>
<td>25,000 (Approx.)</td>
</tr>
<tr>
<td>6.</td>
<td>Sh. Mansoor Steel Mills</td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Ashraf &amp; Co.</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>260,000</strong></td>
</tr>
</tbody>
</table>

Source: the Applicants

8. **Standing of the Application**

8.1 In order to determine whether the application was made by or on behalf of domestic industry and to assess the standing of the domestic industry on the basis of the degree of support for or opposition to the application expressed by the domestic producers of the like product, relevant provisions of Section 24 of the Act have been considered. In terms of Section 24(1) of the Act, 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 support for or opposition to the application.

8.2 Furthermore, Section 24(2) of the Act 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.

8.3 The application has been filed by the Applicants, which are the major producers of Wire Rod in Pakistan. According to the information provided in application only one of the Applicants (Agha Steel Industries) produced *** MT of Wire Rod which is 100 percent of the total domestic production of Wire Rod in 2014-15. Other domestic producers seized their production of Wire Rod during 2014-15 when the volume of dumped imports increased to *** MT, along with imports of *** MT from other sources. Remaining units of the domestic industry are indifferent.
for the purposes of this investigation. The following table shows standing of the antidumping application as per Section 24 of the Act:

### Table – II

**Standing of the Application**

<table>
<thead>
<tr>
<th>S. No</th>
<th>Name</th>
<th>Share in domestic production %</th>
<th>Supporting/ Opposing/ Indifferent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Agha Steel Industries</td>
<td>100%</td>
<td>Applicants</td>
</tr>
<tr>
<td>2.</td>
<td>Abbas Steel Industries (Pvt) Ltd.</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Abbas Engineering Industries Ltd.</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Anwar-e-Madina Wire Industry</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>SAFCO Steel</td>
<td>0%</td>
<td>Indifferent</td>
</tr>
<tr>
<td>6.</td>
<td>Sh. Mansoor Steel Mills</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Ashraf &amp; Co.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

8.4 The above table shows that the Applicants represent 100 percent of the total domestic production during 2014-15. The application fulfils the requirements of Section 24 of the Act and Article 5.4 of the Agreement on Anti-dumping, as the Applicants represents 100 percent of the total domestic production of Wire Rod. Therefore, the application is considered to have been made by the domestic industry as it is supported by 100 percent of the total domestic production of the like product produced by that portion of the domestic industry expressing its opinion.

8.5 On the basis of the above information the Commission has determined that the application was made by the domestic industry as the Applicants represents 100 percent of the domestic production of Wire Rod.

### 9. Initiation of Investigation

9.1 The Commission upon examining the accuracy and adequacy of the evidence provided in the application established that there is sufficient evidence of alleged dumping of Wire Rod from China and consequent injury to the domestic industry, to justify initiation of an investigation in accordance with Section 23 of the Act. Consequently, the Commission decided to initiate an investigation on October 19, 2015. In terms of Section 27 of the Act, the Commission issued a notice of initiation, 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 October 19, 2015. Investigation concerning imports of Wire Rod into Pakistan (classified under PCT³ Nos. 7213.9190, 7213.9990 and 7227.9000 contained in the First Schedule of Customs Act, 1969 (IV of 1969) originating in and/or exported from China was thus initiated on October 19, 2015.

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¹ The official Gazette of Pakistan (Extraordinary) dated October 19, 2015.
³ “PCT” is the abbreviation for Pakistan Customs Tariff. PCT heading in Pakistan is equivalent to Harmonized Commodity Description and Coding System up to eight-digit level.
9.2 The Commission notified the Embassy of China in Pakistan on October 19, 2015 with a request to forward notice of initiation to all exporters/ producers of Wire Rod. Copies of notice of initiation were also sent to the known exporters/ producers of Wire Rod in China whose complete addresses were available with the Commission, the known Pakistani importers, and the Applicants on October 19, 2015 in accordance with the requirements of Section 27 of the Act.

9.3 In accordance with Section 28 of the Act, the Commission also sent copies of full text of the written application (non-confidential version) to the known exporters/producers in China on October 21, 2015 and its Embassy in Pakistan on October 27, 2015.

10. **Exporters/Producers Involved in Dumping of Wire Rod**

10.1 The Applicants identified 34 exporters/producers involved in alleged dumping of the investigated product from China. The Applicants stated that there may be other producers and exporters but the Applicants do not have the names and addresses of these exporters/ producers. Therefore, the Applicants requested that anti-dumping duty may be imposed on all imports of Wire Rod from China.

10.2 Upon initiation of the investigation copy of the notice of initiation was sent to the exporters/ producers on October 21, 2015, whose complete postal addresses were available. For other exporters/ producers from China, the Commission requested to the Embassy of China to forward notice of initiation to all exporters/ producers of Wire Rod in China.

11. **Applicants’ Views**

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

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

ii. The exporters/ producers from China are exporting Wire Rod to Pakistan at dumped prices; and

iii. Export of Wire Rod by the exporters/ producers from China to Pakistan at dumped prices has caused and is causing material injury to the domestic industry producing Wire Rod, mainly through:

   a) Significant increase in volume of alleged dumped imports;
   b) Price undercutting;
   c) Price depression;
   d) Price suppression;
   e) Decline in market share;
   f) Decline in profit;
   g) Decline in return on investment;
   h) Decline in productivity;
   i) Decline in capacity utilization;
   j) Negative effect on employment and salaries & wages;
   k) Negative effect on cash flow;
   l) Negative effect on growth;
m) Negative effect on ability to raise capital; and
n) Magnitude of dumping

12. **Investigated Product, Domestic Like Product and Like Product**

12.1 Section 2 of the Act defines investigated product, domestic like product and 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:**
   “means a like product that is produced by the domestic industry”.

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”.

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

12.3 **Investigated Product:**

12.3.1 The Investigated Product is Wire Rod of iron or non-alloy steel and other alloy steel having cross Section diameter between 5.5mm to 14mm (the “Investigated Product”) falling under Pakistan Customs Tariff (“PCT”) Nos. 7213.9190, 7213.9990 and 7227.9000 originating in and/or exported from China into Pakistan.

<table>
<thead>
<tr>
<th>PCT Code</th>
<th>Description</th>
<th>2014-15</th>
<th>2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Customs Duty</td>
<td>Customs Duty in Pak China FTA</td>
</tr>
<tr>
<td>7213</td>
<td>Bars and rods, hot-rolled, in irregularly wound coils, of iron or non-alloy steel.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7213.9190</td>
<td>- Other&lt;br&gt;-- Of circular cross section measuring less than 14 mm in diameter. ---Other</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>7213.9990</td>
<td>---Other</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>7227</td>
<td>Bars and rods, hot-rolled, in irregularly wound coils, of other alloy steel.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7227.9000</td>
<td>-Other</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>

* SRO 236(I)/2016 dated March 21, 2016
12.3.2 Investigated Product is used for fasteners, springs, tire cord, welding rods, prefabricated parallel wire strand, machined parts, automobiles etc.

12.4 **Domestic Like Product**

12.4.1 Under Section 2(f) of the Act, “Domestic Like Product” means a like product that is produced by the domestic industry.

12.4.2 As per information provided in the application and obtained from the Applicants subsequently, the product under consideration is Wire Rod of iron or non-alloy steel and other alloy steel having cross Section diameter between 5.5mm to 14mm (the “Domestic Like Product”) falling under PCT Nos. 7213.9190, 7213.9990 and 7227.9000.

12.4.3 Domestic Like product is used for fasteners, springs, tire cord, welding rods, prefabricated parallel wire strand, machined parts, automobiles etc.

12.5 **Like Product**

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

i. the basic raw material used in the production of the investigated product and the domestic like product are identical;

ii. the two products (the investigated product and the domestic like product) are produced with a similar manufacturing process;

iii. both the products have same/similar color and appearance;

iv. the two products are substitutable in use. They are mainly used for fasteners, springs, tire cord, welding rods, prefabricated parallel wire strand, machined parts, automobiles etc.

v. both the products are classified under the same PCT/HS Nos. 7213.9190, 7213.9990 and 7227.9000

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

13. **Period of Investigation**

13.1 In terms of Section 36 of the Act, 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”.

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“b) for the purposes of an investigation of injury, the investigation period shall normally cover thirty-six months”.

13.2 The POI selected for determination of dumping and injury, are, therefore, respectively, as follows:

For determination of dumping From July 01, 2014 to June 30, 2015
For determination of injury From July 01, 2012 to June 30, 2015

14. **Information/Data Gathering**

14.1 The Commission sent questionnaires on October 20, 2015 to the exporters/producers from China and asked to respond within 37 days of the dispatch of the questionnaires i.e. by November 26, 2015. Questionnaire was also sent to the Embassy of China in Islamabad with a request to forward it to all exporters/producers of the investigated product in order to submit information to the Commission.

14.2 The Commission has an access to the 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 preliminary determination the Commission has also used import data obtained from PRAL’s database in addition to the information provided by the Applicants, importers and exporters/producers from China.

14.3 On October 22, 2015 questionnaires were sent to 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. Some of the Pakistani importers responded to the Commission and provided requisite information.

14.4 Interested parties were also invited to make their views/comments and submit information (if any) relevant to this investigation within 45 days of initiation of investigation. Some of the interested parties have made comments/submitted information which has also been considered while making this preliminary determination.

14.5 Thus the Commission has sought from all available sources, relevant data and information deemed necessary for the purposes of this preliminary determination. In terms of Rule 12 of the Rules, during the course of this investigation, the Commission satisfied itself as to the accuracy of information supplied by the interested parties to the extent possible.

15. **Questionnaire(s) Response by the Exporters/ Producers from China**

15.1 The Commission sent questionnaire to all known exporters/producers from China on October 20, 2015 with a request to respond within 37 days. The following exporters/producers requested for extension in time period (beyond 37 days time period) for submission of information on Questionnaire:

i. Angang Steel Company Limited;
ii. Benxi Beitai Gaosu Steel Wire Rod Co., Limited; and
iii. Jiangsu Shagang International Trade Co., Limited
15.2 After considering the reasons given in their requests for extension in time period, the Commission granted extension in time period for submission of information.

15.3 The Commission, after expiry of the time period given for submission of information on Questionnaire informed the exporters/ producers (who did not respond to Questionnaire) from China through a letter dated January 06, 2016 that in case no information is provided in response to the Questionnaire, the Commission would be constrained to make its preliminary and final determination based on the ‘Best Information Available’ in terms of Section 32 of the Act and Article 6.8 and Annex II of the Agreement on Anti-dumping.

15.4 **Questionnaire Response of Angang Steel Company Limited, China**

15.4.1 The Commission sent Exporter’s Questionnaire to Angang Steel Company Limited (“Angang”) on October 20, 2015. In response, Angang in its letter dated December 09, 2015 requested for extension of time period for submission of response to questionnaire. The Commission granted extension for 07 days vide its letter dated December 11, 2015 after considering the reasons given in the request for extension. Its response was received in the Commission on December 24, 2015.

15.4.2 According to the information provided in response to the questionnaire, Angang Group has been engaged in the manufacturing, sale and export of Wire Rod to Pakistan as well as to other countries and in its domestic market during the POI.

15.4.3 The information submitted by Angang in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those data deficiencies were communicated to it vide the Commission’s letter dated January 08, 2016.

15.4.4 Angang was asked to provide the deficient information/data no later than 10 days of issuance of this letter, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. Angang responded to the deficiencies letter vide its letter dated January 18, 2016.

15.5 **Questionnaire Response of Benxi Beitai Gaosu Steel Wire Rod Co., Limited, China**

15.5.1 The Commission sent Exporter’s Questionnaire to Benxi Beitai Gaosu Steel Wire Rod Company Limited (“Benxi”) on October 20, 2015. In response, Benxi in its letter dated November 18, 2015 requested for extension of time period for submission of response to questionnaire. The Commission granted extension for 14 days vide its letter dated November 26, 2015 after considering the reasons given in the request for extension. Its response was received in the Commission on December 14, 2015.

15.5.2 According to the information provided in response to the questionnaire, Benxi Group has been engaged in the manufacturing, sale and export of Wire Rod to Pakistan as well as to other countries and in its domestic market during the POI.

15.5.3 The information submitted by Benxi in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those data deficiencies were communicated to it vide the Commission’s letter dated January 08, 2016.
15.5.4 Benxi was asked to provide the deficient information/data no later than 10 days of issuance of this letter, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. Angang responded to the deficiencies letter vide its letter dated January 19, 2016.

15.6 **Questionnaire Response by the Jiangsu Shagang International Trade Co., Limited, China**

15.6.1 The Commission sent Exporter’s Questionnaire to Jiangsu Shagang International Trade Company Limited (“Shagang”) on October 20, 2015. In response, Shagang in its letter dated November 28, 2015 requested for extension of time period for submission of response to questionnaire. The Commission granted extension for 14 days vide its letter dated November 30, 2015 after considering the reasons given in the request for extension. Its response was received in the Commission on December 21, 2015.

15.6.2 According to the information provided in response to the questionnaire, Shagang Group has been engaged in the manufacturing, sale and export of Wire Rod to Pakistan as well as to other countries and in its domestic market during the POI.

15.6.3 The information submitted by Shagang in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those data deficiencies were communicated to it vide the Commission’s letter dated January 08, 2016.

15.6.4 Shagang was asked to provide the deficient information/data no later than 10 days of issuance of this letter, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. Shagang responded to the deficiencies letter vide its letter dated January 18, 2016.

16. **Verification of the Information**

16.1 In terms of Section 35 of the Act, during the course of an investigation, the Commission shall satisfy itself as to the accuracy of the information supplied by the Applicants and other interested parties through on-the-spot-investigation pursuant to Rule 12 of the Rules.

16.2 In order to verify the information provided by the Applicants on-the-spot-investigation was conducted at the offices and plant of the Applicants from November 16-20, 2015. The reports (non-confidential) of on-the-spot investigation have been placed in the Public File.

16.3 The data/information provided by the three exporters/producers from China will be verified after preliminary determination during on-the-spot investigation.

17. **Public File**

The Commission, in accordance with Rule 7 of the Rules, has established and maintained a public file at its office. 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, reports, correspondence, and other documents for disclosure to the interested parties.

18. **Confidentiality**

18.1 In terms of Section 31 of the Act, the Commission shall keep confidential any information submitted to it, which is by nature confidential, or determined by the Commission to be of confidential nature for any other reason, or provided as confidential by parties to an investigation, upon good cause shown to be kept confidential.

18.2 The Applicants has requested to keep confidential the information, which is by nature confidential in terms of Section 31 of the Act. This information includes data relating to sales, sale prices, cost to make and sell, inventories, production, profit/(loss), return on investment, cash flow, growth, investment, salaries & wages, number of employees and capacity. In addition to this, the Applicants and other interested parties also provided certain information on confidential basis, as its disclosure would cause adverse effect upon them.

18.3 Pursuant to requests made by the Applicants and other interested parties to treat certain information as confidential, the Commission has determined the confidentiality in light of Section 31 of the Act and for the reasons that disclosure of such information may be of significant competitive advantage to a competitor, or because its disclosure would have a significant adverse effect upon the interested parties providing such information.

18.4 However, in terms of Sub-Section (5) of Section 31, non-confidential summaries of all confidential information, which provides reasonable understanding of the substance, have been placed in non-confidential file (public file).

19. **Written Submissions by the Interested Parties**

19.1 All interested parties were invited to make their views/comments known to the Commission and to submit information and documents (if any) not later than 45 days from the date of publication of notice of initiation. The Commission received written submissions/comments from the following interested parties:

i. China Iron and Steel Association;
ii. All Pakistan High carbon Steel Wires Manufacturers Association;
iii. Wire Manufacturing Industry Limited;
iv. Pakistan Wire Industries Pvt. Limited;
v. Wire and Cable Products Pvt. Limited;
vii. United Wire Industries Pvt. Limited, and
vii. Nizami Wire Industries Pvt. Limited

19.2 Views/comments and the information submitted by the above-mentioned interested parties have been considered in making this preliminary determination and Commission’s views are given in annotated form at Annex-I.
B. DETERMINATION OF DUMPING

20. Dumping

In terms of Section 4 of the Act 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”.

21. Normal Value

21.1 In terms of Section 5 of the Act “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”.

21.2 However, Section 6 of the Act 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: “.

21.3 Ordinary course of trade is defined in Section 7 of the Act 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.”

22. **Export Price**

The “export price” is defined in Section 10 of the Act as follows:

“a price actually paid or payable for an investigated product when sold for export from an exporting country to Pakistan”.

23. **Dumping Determination**

23.1 As stated earlier the Applicants identified 34 exporters/producers from China involved in alleged dumping of the investigated product. The Commission sent questionnaires to those exporters/ producers whose complete addresses were available with the Commission. A copy of the questionnaire was also provided to the Embassy of China in Islamabad with a request to forward it to all exporters/ producers of the investigated product to submit information to the Commission.

23.2 In response to the questionnaire the following three exporters/ producers of Wire Rod provided requisite information:

i. Angang Steel Company Limited;
ii. Benxi Beitai Gaosu Steel Wire Rod Co., Limited; and
iii. Jiangsu Shagang International Trade Co., Limited

Individual dumping margins in this investigation are determined for the above-mentioned three exporters/ producers on the basis of the information provided by them. Normal value, export price and individual dumping margins for the above-mentioned exporters/producers have been determined in accordance with Part III, IV and V of the Act on the basis of the information provided by them. However, residual dumping margin/duty rate for non-cooperating exporters/producers has been determined as the highest dumping margin of the exporter/producer of the respective country.
24. **Determination of Export Price**

The Commission received information on export sales of the investigated product from exporters/producers mentioned at paragraph 23.2 supra in response to the questionnaires. Export price of investigated product for these exporters/producers in this preliminary determination has been determined on the basis of the information provided by them.

24.1 **Determination of Export Price for Angang Steel Company Limited, China**

24.1.1 Export price for Angang Steel Limited, China (“Angang”) has been determined on the basis of the information provided by it on its export sales to Pakistan made during the POI.

24.1.2 According to the information, Angang exported *** MT Wire Rod to all export markets including Pakistan. It exported *** MT of the investigated product to Pakistan during the POI. Export sales to Pakistan, during the POI, were directly to Pakistani customers and through related trading company i.e. Angang Group International Trade Corporation, China and Angang Group Hong Kong Company Limited, Hong Kong.

24.1.3 To arrive at the ex-factory level, Angang has reported adjustments on account of inland freight, ocean freight and bank charges. 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 the sales transactions.

24.2 **Determination of Export Price for Benxi Beitai Gaosu Steel Wire Rod Co., Limited, China**

24.2.1 Export price for Benxi Beitai Gaosu Steel Wire Rod Co., Limited, China (“Benxi”) has been determined on the basis of the information provided by it on its export sales to Pakistan made during the POI.

24.2.2 According to the information, Benxi exported *** MT Wire Rod to all export markets including Pakistan. It exported *** MT of the investigated product to Pakistan during the POI. Export sales to Pakistan, during the POI, were directly to Pakistani customers and through related trading companies i.e. Benxi Beiying Iron and Steel Group Import and Export Corporation Limited, China and Benxi Iron and Steel Hong Kong Limited, Hong Kong.

24.2.3 To arrive at the ex-factory level, Benxi has reported adjustments on account of inland freight, bank charges and VAT-non refunded. 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 the sales transactions.
24.3 **Determination of Export Price for Shagang International Trade Company Limited, China**

24.3.1 Export price for Jiangsu Shagang International Trade Company Limited (“Shagang”), China has been determined on the basis of the information provided by it on its export sales to Pakistan made during the POI.

24.3.2 According to the information, Shagang Group exported *** MT Wire Rod to all export markets including Pakistan. It exported *** MT of the investigated product to Pakistan during the POI. Export sales to Pakistan, during the POI, were directly to Pakistani customers and through related trading company i.e. Xinsha International PTE Limited and un-related trading companies.

24.3.3 To arrive at the ex-factory level, Shagang has reported adjustments on account of credit cost, ocean freight, inland freight, handling cost, agency charges, port construction and operation charges, bank charges, export rebate and profit adjustment. 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 the sales transactions.

25. **Determination of Normal Value**

25.1 The Commission received information relating to domestic sales and cost of production etc. of the like product from the exporters/producers mentioned at paragraph 23.2 supra in response to the questionnaire. Therefore, normal values for above-mentioned exporters/producers have been determined, on the basis of information provided by them.

25.2 **Determination of Normal Value for Angang Steel Company Limited, China**

25.2.1 Normal value for Angang has been determined on the basis of the information provided by it on its domestic sales made during the POI.

25.2.2 According to the information, Angang sold *** MT in the domestic market during the POI. These sales were in sufficient quantities to determine normal value in terms of Section 6(2) of the Act, as these sales were more than 5 percent of its export sales of the investigated product to Pakistan during the POI.

25.2.3 Analysis of the information provided Angang revealed that some of its domestic sales were not in ordinary course of trade in terms of Section 7(2) of the Act. Sales of the like product, which were not in ordinary course of trade were *** percent of its total domestic sales of Wire Rod and these sales were made over an extended period of time. For the purposes of determination of normal value the Commission has disregarded sales, which were not in ordinary course of trade in accordance with Section 7 of the Act.

25.2.4 To arrive at the ex-factory level, Angang has reported adjustment on account of inland freight. The Commission has accepted this adjustment and the normal value at ex-factory level has been worked out by deducting values reported for this adjustments from the gross value of sales transactions.
25.3 Determination of Normal Value for Benxi Beitai Gaosu Steel Wire Rod Co., Limited, China

25.3.1 Normal value for Benxi has been determined on the basis of the information provided by it on its domestic sales made during the POI.

25.3.2 According to the information, Benxi sold *** MT in the domestic market during the POI. These sales were in sufficient quantities to determine normal value in terms of Section 6(2) of the Act, as these sales were more than 5 percent of its export sales of the investigated product to Pakistan during the POI.

25.3.3 Analysis of the information provided Benxi revealed that some of the sales were not in ordinary course of trade in terms of Section 7(2) of the Act. Sales of the like product, which were not in ordinary course of trade were *** percent of total sales of Wire Rod and these sales were made over an extended period of time. For the purposes of determination of normal value the Commission has disregarded sales, which were not in ordinary course of trade in accordance with Section 7 of the Act.

25.3.4 To arrive at the ex-factory level, Benxi has reported adjustment on account of inland freight and discount. The Commission has accepted these adjustments and the normal value at ex-factory level has been worked out by deducting values reported for these adjustments from the gross value of sales transactions.

25.4 Determination of Normal Value for Shagang International Trade Company Limited, China

25.4.1 Normal value for Shagang has been determined on the basis of the information provided by it on its domestic sales made during the POI.

25.4.2 According to the information, Shagang sold *** MT in the domestic market during the POI. These sales were in sufficient quantities to determine normal value in terms of Section 6(2) of the Act, as these sales were more than 5 percent of its export sales of the investigated product to Pakistan during the POI.

25.4.3 Analysis of the information provided Shagang revealed that all of the sales were in ordinary course of trade in terms of Section 7(2) of the Act.

25.4.4 Shagang did not claim any adjustment to arrive at ex-factory level as the payment terms of all domestic sales were “advance payment” and delivery terms were “ex-works”.

26. Dumping Margin

26.1 The Act defines “dumping margin” in relation to a product as “the amount by which its normal value exceeds its export price”.
26.2 Section 12 of the Act provides three methods for fair comparison of normal value and export price in order to establish dumping margin. The Commission has calculated dumping margin by comparing weighted average normal value with weighted average export price at ex-factory level.

26.3 The Commission has also complied with the requirements of Section 11 of the Act which states that the Commission shall, where possible, compare export price and normal value at the same level of trade i.e. ex-factory level.

26.4 The Commission has investigated three exporters/producers from China who cooperated and provided information in response to the questionnaire. Individual dumping margins for them have been determined and the antidumping duty rates for those exporters/producers are determined on the basis of individual dumping margins calculated for each exporter/producer.

26.5 Dumping margin and antidumping duty rate for all other exporters from China, who did not cooperate, has been determined, as the highest dumping margin of the above mentioned exporter.

26.6 Taking into account all requirements set out above, the dumping margins have been determined as follows:

<table>
<thead>
<tr>
<th>Exporter/ Producer</th>
<th>Dumping Margin as %age of Export Price</th>
<th>Dumping Margin as %age of C&amp;F Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angang Steel Company Limited</td>
<td>10.15</td>
<td>8.18</td>
</tr>
<tr>
<td>Benxi Beitai Gaosu Steel Wire Rod Co., Limited</td>
<td>-8.47</td>
<td>-7.65</td>
</tr>
<tr>
<td>Jiangsu Shagang International Trade Co., Limited</td>
<td>11.54</td>
<td>10.38</td>
</tr>
<tr>
<td>All others</td>
<td>11.54</td>
<td>10.38</td>
</tr>
</tbody>
</table>

27. **De minimis Dumping Margins and Negligible Volume of Dumped Imports**

27.1 In terms of Section 41(3) of the Act, dumping margin shall be considered to be negligible if it is less than two percent, expressed as a percentage of the export price. Dumping margins, set out in paragraph 26.6 supra, are above the *de minimis* level except Benxi.

27.2 As regards the volume of dumped imports, Section 41(3) of the Act provides that the volume of such imports shall normally be regarded as negligible if the volume of dumped imports of an investigated product is found to account for less than three percent of total imports of like product. The data obtained from PRAL of volume of dumped imports of Wire Rod from all sources during the POI (July 01, 2014 to June 30, 2015) is given in the table below:
Table-V

Volume of Imports of Wire Rod during POI

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>87.99</td>
</tr>
<tr>
<td>Other sources*</td>
<td>12.01</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Source: PRAL

* imports of other sources include the imports of Benxi

27.3 It appears from the above table that the volume of dumped imports of Wire Rod from China during the POI was above the negligible threshold set-out in Section 41(3) of the Act.

C. INJURY TO DOMESTIC INDUSTRY

28. Determination of Injury

28.1 Section 15 of the Act 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…”

28.2 Material injury to the domestic industry is summarized in the following paragraphs.

29. Domestic Industry

29.1 In terms of Section 2(d) of the Act, domestic industry is defined as follows:

“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 of the allegedly dumped investigated product in such case “domestic industry” shall mean the rest of the domestic producers.”

29.2 The domestic Wire Rod manufacturing industry consists of the seven units (Applicants and other 4 units) with an installed production capacity of 260,000 MT per annum.
29.3 The injury analysis carried out in following paragraphs is based on the information of the Applicants gathered by the Commission for this investigation.

30. **Volume of Dumped Imports**

**Facts**

30.1 In order to ascertain the volume of dumped imports of the investigated product, the Commission obtained import data from PRAL.

30.2 With regard to the volume of dumped imports, in terms of Section 15(2) of the Act, the Commission considered whether there has been a significant increase in volume of dumped imports, either in absolute terms or relative to the production of the domestic like product in Pakistan. The following table shows imports of the investigated product during the POI:

<table>
<thead>
<tr>
<th>Period*</th>
<th>Dumped Imports of IP</th>
<th>% age Increase/Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-13</td>
<td>100.00</td>
<td>--</td>
</tr>
<tr>
<td>2013-14</td>
<td>113.73</td>
<td>13.73</td>
</tr>
<tr>
<td>2014-15</td>
<td>143.90</td>
<td>26.52</td>
</tr>
</tbody>
</table>

Source: PRAL

*July-June

Note: In order to maintain confidentiality actual figures have been indexed with respect to the figure of dumped imports of the year 2012-13.

**Analysis**

30.3 The above table shows that the volume of dumped imports increased from *** MT in 2012-13 to *** MT in 2013-14, which further increased to *** MT in 2014-15. The volume of dumped imports increase by 13.73 percent in 2013-14 as compared to previous year and by 26.52 percent in the year 2014-15 as compared to the previous year reflecting significant increase in volume of dumped imports in absolute terms. It may be noted that 15 percent regulatory duty was imposed during 2014-15, even then the volume of dumped imports increased significantly.

**Conclusion**

30.4 On the basis of the above analysis, the Commission has concluded that the dumped imports have significantly increased in absolute terms during the POI and the domestic industry suffered material injury due to significant increase in the volume of dumped imports.
### 31. Price Effects

#### 31.1 Price Undercutting

The effect of dumped imports on the sales price of domestic like product in Pakistan has been examined to establish whether there has been significant price undercutting (the extent to which the price of the imported product is lower than the price of the domestic producers), price depression (the extent to which the domestic producers experienced a decrease in its selling prices over time), and price suppression (the extent to which increases in the cost of production could not be recovered in selling price by the domestic producers).

#### 31.2 Price Undercutting

**Facts**

31.2.1 Comparison of weighted average ex-factory price of the domestic like product with weighted average landed cost of the investigated product during the POI is given in the following table:

<table>
<thead>
<tr>
<th>Period*</th>
<th>Average ex-factory price of domestic like product</th>
<th>Average landed cost of investigated product</th>
<th>Price under-cutting</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Absolute</td>
</tr>
<tr>
<td>2012-13</td>
<td>100.00</td>
<td>101.12</td>
<td>--</td>
</tr>
<tr>
<td>2013-14</td>
<td>106.62</td>
<td>103.79</td>
<td>2.83</td>
</tr>
<tr>
<td>2014-15</td>
<td>107.52</td>
<td>84.77</td>
<td>22.76</td>
</tr>
</tbody>
</table>

Source: PRAL, Applicants

* *July - June

Note: In order to maintain confidentiality actual figures have been indexed with respect to the figure of average ex-factory price of the year 2012-13.

**Analysis**

31.2.2 It appears from the above table that the weighted average landed cost of the investigated product was lower than the weighted average ex-factory price of the domestic like product in 2013-14 and 2014-15. The landed cost of the investigated product undercut the weighted average price of domestic like product by 2.66 percent in 2013-14 and by 21.17 percent in 2014-15. Due to price undercutting of 21.17 percent, two of the Applicants seized their production of Wire Rod in 2014-15.

**Conclusion**

31.2.3 On the basis of the above, the Commission has concluded that the prices of the investigated product undercut the prices of domestic like product during the POI. The domestic industry suffered material injury on account of price undercutting due to dumped imports.
31.3 **Price Depression**

**Facts**

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

<table>
<thead>
<tr>
<th>Period*</th>
<th>Weighted Average ex-factory price of domestic like product</th>
<th>Price Depression</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-13</td>
<td>100.00</td>
<td>--</td>
</tr>
<tr>
<td>2013-14</td>
<td>106.62</td>
<td>--</td>
</tr>
<tr>
<td>2014-15</td>
<td>107.52</td>
<td>--</td>
</tr>
</tbody>
</table>

Source: Applicants * July - June  
Note: In order to maintain confidentiality actual figures have been indexed with respect to the figure of average ex-factory price of the year 2012-13.

**Analysis**

31.3.2 The above table shows that the weighted average ex-factory price of domestic like product increased from Rs. ***/MT in 2012-13 to Rs. ***/MT in 2013-14 which further slightly increased to Rs. ***/MT in 2014-15.

**Conclusion**

31.3.3 On the basis of the above analysis, the Commission has concluded that the domestic industry did not experienced price depression during the POI. The domestic industry did not suffer material injury on account of price depression.

31.4 **Price Suppression**

**Facts**

31.4.1 The following table shows the weighted average cost of production (“COP”) and the weighted average ex-factory sales price of the domestic like product during the POI:
Table-IX
Price Suppression

<table>
<thead>
<tr>
<th>Period*</th>
<th>Weighted Average cost to make &amp; sell of domestic like product</th>
<th>Weighted Average ex-factory price of domestic like product</th>
<th>Price Suppression Increase/(decrease) in COP</th>
<th>Increase/(decrease) in price</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-13</td>
<td>100.00</td>
<td>100.00</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>2013-14</td>
<td>107.52</td>
<td>106.62</td>
<td>7.52</td>
<td>6.62</td>
</tr>
<tr>
<td>2014-15</td>
<td>109.60</td>
<td>107.52</td>
<td>2.08</td>
<td>0.90</td>
</tr>
</tbody>
</table>

Source: Applicants  
Note: In order to maintain confidentiality actual figures have been indexed with respect to the figures of Weighted Average cost to make & sell of domestic like product and Average ex-factory price of domestic like product of the year 2012-13 for their respective columns.

Analysis
31.4.2 The above table shows that the weighted average cost to make and sell of the domestic industry increased by Rs. ***/MT in 2013-14, which further increased by Rs. ***/MT in 2014-15. The domestic industry could not increase its price as the compared to the increase in cost to make and sell during 2013-14 and 2014-15.

Conclusion
31.4.3 On the basis of the above analysis, the Commission has concluded that the domestic industry suffered material injury on account of price suppression during the POI for dumping.

32. Effects on Sales

Facts
32.1 The Applicants’ sales of domestic like product made during the POI are given in table below:

Table-X
Effect on Domestic Sales

<table>
<thead>
<tr>
<th>Period*</th>
<th>Domestic Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-13</td>
<td>100.00</td>
</tr>
<tr>
<td>2013-14</td>
<td>136.50</td>
</tr>
<tr>
<td>2014-15</td>
<td>8.52</td>
</tr>
</tbody>
</table>

Source: Applicants  
Note: In order to maintain confidentiality actual figures have been indexed with respect to the figure of domestic sales of the year 2012-13.
Analysis
32.2 The above table shows that the domestic industry’s sales of domestic like product increased from *** MT in 2012-13 to *** MT in 2013-14, which sharply decreased to *** MT in 2014-15. It may be noted that sharp decrease in sales was a result of two Applicants seized their production of domestic like product due to significant increase in the volume of dumped imports.

Conclusion
32.3 On the basis of above analysis the Commission has concluded that the domestic industry suffered material injury on account of decline in sales of domestic like product due to dumped imports.

33. Effects on Profits

Facts
33.1 The table below shows the profit and loss figures of the Applicants for the POI:

<table>
<thead>
<tr>
<th>Period*</th>
<th>Net Profit/(Loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-13</td>
<td>(100)</td>
</tr>
<tr>
<td>2013-14</td>
<td>(224.73)</td>
</tr>
<tr>
<td>2014-15</td>
<td>(20.54)</td>
</tr>
</tbody>
</table>

Source: Applicants * July - June
Note: In order to maintain confidentiality actual figures have been indexed with respect to the figure of net profit/(loss) of the year 2012-13.

Analysis
33.2 The above table demonstrates that the Applicants suffered losses throughout the POI. It may be noted that during the POI of dumping, two of the Applicants closed down their operations due to the heavy influx of alleged dumped imports therefore, the loss is less which only represent of one of the Applicants i.e. Agha Steel Limited.

Conclusion:
33.3 On the basis of available facts, the Commission has concluded that the domestic industry suffered material injury on account of profitability due to dumped imports during the POI.

34. Effects on Production and Utilization of Capacity

Facts
34.1 The installed capacity, quantity produced and the capacity utilization of the Applicants during the POI were as follows:
Report of Preliminary Determination in Antidumping Investigation against Dumped Imports of Wire Rod Originating in and/or Exported from People’s Republic of China

Table-XII
Production and Capacity Utilization

<table>
<thead>
<tr>
<th>Period*</th>
<th>Capacity Utilization (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-13</td>
<td>8.89</td>
</tr>
<tr>
<td>2013-14</td>
<td>11.10</td>
</tr>
<tr>
<td>2014-15</td>
<td>0.22</td>
</tr>
</tbody>
</table>

Source: Applicants * July - June

Analysis

34.2 It may be noted from the table above that the installed capacity of the Applicants remained constant throughout the POI. The capacity utilization of the domestic industry slightly increased from 8.89 percent in 2012-13 to 11.10 percent in 2013-14, but it sharply decreased to 0.22 percent in 2014–15. The sharp decrease in the production and capacity utilization indicates the fact that two of the Applicants have seized their operations due to significant increase in dumped imports.

Conclusion

34.3 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 the POI due to dumped imports.

Effects on Market Share

Facts

35.1 The total domestic demand for Wire Rod in Pakistan is met through local production and imports. To establish the size of Pakistan market, the production of domestic like product in Pakistan, imports of the investigated product and imports from other countries have been used and the figures for the POI are as follows:
Report of Preliminary Determination in Antidumping Investigation against Dumped Imports of Wire Rod Originating in and/or Exported from People’s Republic of China

Table-XIII
Market Share

<table>
<thead>
<tr>
<th>Period*</th>
<th>Sales by the Domestic Industry</th>
<th>Imports</th>
<th>Total domestic market (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Dumped Source</td>
<td>Other than Dumped Sources</td>
</tr>
<tr>
<td>2012-13</td>
<td>22.18</td>
<td>63.13</td>
<td>14.68</td>
</tr>
<tr>
<td>2013-14</td>
<td>26.81</td>
<td>63.56</td>
<td>9.63</td>
</tr>
<tr>
<td>2014-15</td>
<td>1.80</td>
<td>86.42</td>
<td>11.78</td>
</tr>
</tbody>
</table>

Source: PRAL, Applicant s * July – June

Analysis
35.2 The above table shows that the market share of the domestic industry was 22.18 percent in 2012-13 which increased to 26.81 percent in the year 2013-14 and then sharply decreased to 1.80 percent in 2014-15. Whereas, the market share of dumped imports increased throughout the POI, it increased from 63.13 percent in 2012-13 to 94.47 percent in 2014-15 which is the period of dumping. Market share of imports from other sources decreased from 14.68 percent in 2012-13 to 11.78 percent in 2014-15. Due to significant increase in the volume of dumped imports, two of the Applicants seized their production of the domestic like product in 2014–15.

Conclusion
35.3 On the basis of the above analysis, the Commission has concluded that the domestic industry lose market share during the POI due to increased dumped imports from China. The domestic industry suffered material injury due to dumped imports.

36. Effects on Return on Investment

Facts
36.1 The following is the information regarding the return on investment of the Applicants:

<table>
<thead>
<tr>
<th>Period*</th>
<th>Return on Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-13</td>
<td>-5.39</td>
</tr>
<tr>
<td>2013-14</td>
<td>-12.20</td>
</tr>
<tr>
<td>2014-15</td>
<td>-1.12</td>
</tr>
</tbody>
</table>

Source: Applicants * July - June
Analysis
36.2 The above table shows that the return on investment of the domestic industry remains negative during the POI. During 2014-15, two of the Applicants seized their operations, thus the figure of the year 2014-15 represents only one Applicant i.e. Agha Steels Limited which also shows very low return on investment.

Conclusion
36.3 On the basis of the above, the Commission has concluded that the domestic industry suffered material injury on account of return on investment.

37. Effects on Cash Flow

Facts
37.1 The following is the information regarding the cash flow positions of the domestic industry during POI:

| Table-XV |
|------------------|------------------|
| **Cash Flow**    |                  |
| **Period**       | **Cash Inflow/ (Outflow)** |
| 2012-13          | (100.00)         |
| 2013-14          | (76.25)          |
| 2014-15          | 27.66            |

Source: Applicants * July - June
Note: In order to maintain confidentiality actual figures have been indexed with respect to the figure of cash inflow/(outflow) of the year 2012-13.

Analysis
37.2 The above table shows that cash flow during 2012-13 and 2013-14 were in negative but in 2014-15 it improved to a positive value of Rs. *** million. It may be noted that cash flows in 2014-15 is of only one of the Applicants i.e. Agha Steels Limited, as due to significant volume of dumped imports, heavy losses and negative cash flows, two of the Applicants seized their operations.

Conclusion
37.3 On the basis of the above, the Commission has concluded that the Applicants suffered material injury on account of cash flow during the POI due to dumped imports.
38. **Effects on Inventories**

**Facts**

38.1 The data relating to accumulation of inventories of the domestic like product during the POI is given in the table below:

**Table-XVI**

**Effect on Inventories**

<table>
<thead>
<tr>
<th>Period*</th>
<th>Opening Inventory</th>
<th>Production</th>
<th>Domestic Sales</th>
<th>Closing Inventory</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-13</td>
<td>10.44</td>
<td>100.00</td>
<td>95.52</td>
<td>14.92</td>
</tr>
<tr>
<td>2013-14</td>
<td>14.92</td>
<td>124.83</td>
<td>130.38</td>
<td>9.37</td>
</tr>
<tr>
<td>2014-15</td>
<td>9.37</td>
<td>2.49</td>
<td>8.13</td>
<td>3.73</td>
</tr>
</tbody>
</table>

Source: Applicants * July - June

Note: In order to maintain confidentiality actual figures have been indexed with respect to the figure of production of the year 2012-13.

**Analysis**

38.2 The above table shows that the closing inventory of the Applicants decreased from *** MT in 2012–13 to *** MT in 2013–14, which further decreased to *** MT in 2014–15. The decrease in the inventories was mainly because the Applicants have lowered their production due to dumped imports and seizure of production of domestic like product by two of the Applicants in 2014-15. It may be noted that closing inventory as a percentage of sales have increased from 7.18 percent to 45.82 percent in period of dumping that shows Applicants were not able to sell in the domestic market.

**Conclusion**

38.3 On the basis of the analysis above, the Commission has concluded that the domestic industry suffered material injury on account of changes in inventories level during the POI.

39. **Effects on Employment, Productivity and Wages**

**Facts**

39.1 Following is the information regarding employment, productivity and wages of the domestic industry producing Wire Rod as given below in the table:
Table-XVII
Employment, Productivity and Wages

<table>
<thead>
<tr>
<th>Period*</th>
<th>No. of Employees</th>
<th>Salaries &amp; Wages</th>
<th>Production</th>
<th>Productivity</th>
<th>Salaries and Wages Rs./ MT</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-13</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>2013-14</td>
<td>113</td>
<td>121.92</td>
<td>124.83</td>
<td>110.37</td>
<td>97.65</td>
</tr>
<tr>
<td>2014-15</td>
<td>23</td>
<td>5.60</td>
<td>2.49</td>
<td>11.11</td>
<td>224.70</td>
</tr>
</tbody>
</table>

Source: Applicants  
* July – June  
Note: In order to maintain confidentiality actual figures have been indexed with respect to the figure of each column of the year 2012-13.

Analysis
39.2 The above table shows that the number of employees increased from *** in 2012-13 to *** in 2013-14 and then decreased to only *** in 2014-15. Salaries and wages per MT increased from Rs. ***/MT in 2012-13 to Rs. ***/MT in 2014-15. Whereas, the productivity per worker increased from ***/MT in 2012-13 to ***/MT in 2013-14 and then it significantly decreased to only ***/MT in 2014-15. The prime reason for the decrease in employment, salaries & wages and productivity was decrease in production and seizure of operations by two of the Applicants who were unable to compete with heavy influx of dumped imports from China.

Conclusion
39.3 On the basis of the facts mentioned above, it is concluded that the domestic industry suffered material injury account of employment, salaries & wages and productivity during POI due to dumped imports.

40. Effect on Growth

Facts/Analysis
40.1 At present total installed production capacities of the Applicants are 235,000 MT which is more than the domestic demand i.e. approximately 100,000 MT, however, the Applicants were unable to utilize reasonable part of installed capacity, mainly due to dumped imports, and was able to sell only *** MT in the same period due to significant volume of dumped imports. In this situation no further investment in the industry is expected and no further growth is needed.

Conclusion
40.2 Based on above facts and analysis the Commission has concluded that the domestic industry suffered material injury on account of growth and investment.
41. **Effect on Ability to Raise Capital**

**Facts/Analysis**
41.1 According to the Applicants and above analysis, with continuous significant increase in the volume of dumped imports, huge losses and closure of production of two of the Applicants, the domestic industry’s ability to raise further investment have deteriorated, although there was no requirement of increasing capital investment.

41.2 From the information and evidence submitted by the Applicants, it appears that the domestic industry suffered material injury on account of ability to raise capital during the POI.

42. **Magnitude of Dumping Margins**

**Facts/Analysis**
42.1 Dumping margin calculated ranges from 10.15 percent to 11.54 percent which can be considered as enough to damage the domestic industry. Further, injury factors discussed above show that domestic industry has suffered materially due to dumping of exporters/producers from China.

**Conclusion**
42.2 On the basis of facts and analysis above, the Commission has concluded that the domestic industry has suffered material injury on account of magnitude of dumping.

43. **Summing up of Material Injury**

Facts and analysis in the preceding paragraphs shows that the domestic industry has suffered material injury due to dumped imports of the investigated product during POI on account of:

i. Significant increase in volume of dumped imports;
ii. Significant price undercutting;
iii. Significant price Suppression;
iv. Decline in market share;
v. Decline in sales;
vi. Decline in production;
vii. Decline in profit;
viii. Decline in productivity;
ix. Decline in return on investment;
x. Decline in capacity utilization;
xi. Negative effect on inventories;
xii. Negative effect on employment and salaries & wages;
xiii. Negative effect on cash flow;
xiv. Negative effect on growth, and
xv. Magnitude of dumping margins
44. Other Factors

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

44.2 The investigation of the Commission revealed that the domestic industry did not suffer material injury due to imports of Wire Rod from sources other than dumped source during the POI. Following table shows the volume and prices of imports from other than dumped source:

<table>
<thead>
<tr>
<th>Period*</th>
<th>Volume of imports from other than dumped source (MT)</th>
<th>Weighted Average landed cost of Wire Rod from other than dumped source</th>
<th>Weighted Average price of domestic like product</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-13</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>2013-14</td>
<td>74.11</td>
<td>104.56</td>
<td>106.62</td>
</tr>
<tr>
<td>2014-15</td>
<td>84.41</td>
<td>101.07</td>
<td>107.52</td>
</tr>
</tbody>
</table>

Source: PRAL, Applicants

* July - June

Note: In order to maintain confidentiality actual figures have been indexed with respect to the figure of each column of the year 2012-13.

44.3 The above table shows that the volume of imports from sources other than dumped source has decreased from *** MT in 2012-13 to *** MT in 2013-14, which increased to *** MT in 2014-15. Whereas, the weighted average landed cost of Wire rod from sources other than dumped source was almost equal to the weighted average price of domestic like product in 2012-13 and 2013-14, however, it was lower in the dumping year when two of the Applicants seized their operations. Hence it is concluded that the domestic industry did not suffer material injury due to imports of Wire Rod from sources other than dumped source during the POI.

44.4 In terms of Section 18(3) of the Act, the Commission analyzed that whether there is contraction in demand of Wire Rod or there are changes in the patterns of consumption of Wire Rod in Pakistan. Following table shows the total domestic market of Wire Rod in Pakistan.
Table-XIX
Total Domestic Market of Wire Rod

<table>
<thead>
<tr>
<th>Period*</th>
<th>Sales by domestic industry</th>
<th>Imports from</th>
<th>Total Domestic Market</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Dumped Source</td>
<td>Other Sources</td>
</tr>
<tr>
<td>2012-13</td>
<td>22.18</td>
<td>63.13</td>
<td>14.68</td>
</tr>
<tr>
<td>2013-14</td>
<td>30.28</td>
<td>71.80</td>
<td>10.88</td>
</tr>
<tr>
<td>2014-15</td>
<td>1.89</td>
<td>90.85</td>
<td>12.39</td>
</tr>
</tbody>
</table>

Source: PRAL, Applicants  * July - June

Note: In order to maintain confidentiality actual figures have been indexed with respect to the figure of total domestic market of the year 2012-13.

44.5 The above table shows that there is no contraction in demand for Wire Rod during the POI rather the total demand for Wire Rod increased from *** MT in 2012-13 to *** MT in 2014-15. Based on the above facts, the Commission has concluded that there is no contraction in demand of Wire Rod and there are no changes in the pattern of consumption of Wire Rod in Pakistan, hence, the domestic industry did not suffer material injury due to contraction in demand and changes in the pattern of consumption of Wire Rod during the POI.

43.6 The factors mentioned in Section 18(3) of the Act were also analyzed and it was found that:

i. There was no change in trade restrictive practices and competition between foreign producers other than producers from China and domestic producers; and

ii. There was no considerable change in technology;

D. CAUSATION

45. Effect of Dumped Imports

45.1 From the foregoing analysis it appears that the volume of the dumped imports significantly increased during 2014-15 which caused price undercutting, price suppression, decline in production, sales, capacity utilization, market share, profits, and productivity. This also resulted in negative effect on cash flows, return on investment and growth.

45.2 It appears from the analysis that there was a perfect time correlation between increase in dumped imports and injury to the domestic industry. Therefore, it is concluded that following happened simultaneously during the POI:

i. Volume of dumped imports of the investigated product increased significantly in absolute terms;
ii. Domestic industry experienced price undercutting and price suppression due to dumped imports of the investigated product;

iii. Domestic industry experienced decline in production, sales, capacity utilization, market share, profits, productivity and was unable to raise capital due to dumped imports;

iv. Domestic industry faced negative effect on return on investment, growth and cash flows;

E. CONCLUSIONS

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

i. the application was filed by the domestic industry as the Applicants represent 100 percent of the production of domestic like product;

ii. the investigated product and the domestic like product are alike products;

iii. during the POI, the investigated product was exported to Pakistan by the exporters/producers from China at prices below its normal value;

iv. the volume of dumped imports of the investigated product and the dumping margins established for the exporters/producers of the investigated product from China are above the negligible and de minimis levels respectively except Benxi;

v. the dumping margins expressed as a percentage of weighted average adjusted export price at ex-factory level are in the range of 10.15 percent to 11.54 percent for exporters/producers from China;

vi. the domestic industry suffered material injury on account of significant increase in the volume of dumped imports, price undercutting, price suppression, decline in production, sales, market share, profits, productivity and growth and negative effect on cash flow, and return on investment in terms of Section 15 and 17 of the Act; and

vii. there is a causal relationship between dumped imports of the investigated product and the material injury to the domestic industry.

F. NON-IMPOSITION OF PROVISIONAL ANTIDUMPING DUTY

47. In reaching this preliminary determination, the Commission is satisfied that the Wire Rod has been imported from China at dumped prices. However, the Government of Pakistan vide SRO 236(I)/2016 dated March 21, 2016 imposed regulatory duty on imports of Wire Rod at the following rates:

(%)
Report of Preliminary Determination in Antidumping Investigation against Dumped Imports of Wire Rod Originating in and/or Exported from People’s Republic of China

<table>
<thead>
<tr>
<th>PCT Code</th>
<th>Description</th>
<th>Regulatory Duty</th>
</tr>
</thead>
<tbody>
<tr>
<td>7213</td>
<td>Bars and rods, hot-rolled, in irregularly wound coils, of iron or non-alloy steel.</td>
<td></td>
</tr>
<tr>
<td>7213.9190</td>
<td>- Other&lt;br&gt;--- Of circular cross section measuring less than 14 mm in diameter.&lt;br&gt;---Other</td>
<td>30</td>
</tr>
<tr>
<td>7213.9990</td>
<td>---Other</td>
<td>30</td>
</tr>
<tr>
<td>7227</td>
<td>Bars and rods, hot-rolled, in irregularly wound coils, of other alloy steel.</td>
<td></td>
</tr>
<tr>
<td>7227.9000</td>
<td>-Other</td>
<td>25</td>
</tr>
</tbody>
</table>

48. The tariff structure applicable to Wire Rod industry shows that the Government has imposed Regulatory Duty @ 25-30 percent on imports of Wire Rod besides 10 percent customs duty, therefore, the Commission has decided not to impose provisional antidumping duties in the presence of 10 percent customs duty plus 30 percent regulatory duty. However, the investigation may continue till the final determination. Moreover, the impact of regulatory duty and the final antidumping duties will be assessed in final determination and final antidumping duties will be levied accordingly.

(Niamatullah Khan)  
Member  
April 12, 2016

(M Abbas Raza)  
Chairman  
April 12, 2016