

A.D.C No.06/2004/NTC/UFMC
National Tariff Commission

Final Determination and Levy of Definitive Antidumping Duty on Import of Urea Formaldehyde Moulding Compound into Pakistan Originating in and/or Exported from the People's Republic of China

The National Tariff Commission (the "Commission") initiated an investigation on January 12, 2005 under Section 23 of the Anti-Dumping Duties Ordinance, 2000 (the "Ordinance") after establishing that the application lodged by Dynea Pakistan Limited, Karachi (the "Applicant") on behalf of the domestic industry was in accordance with Sections 20 and 24 of the Ordinance. The subject investigation concerns dumping of Urea Formaldehyde Moulding Compound ("UFMC"), originating in and/or exported from the People's Republic of China ("China") into Pakistan. The Commission made a preliminary determination in this case in terms of Section 37 of the Ordinance and provisional antidumping duties on UFMC importable from China into Pakistan (i) @ 12.15% ad val of C&F price for China Bluestar International Chemicals Co., Ltd (ii) @ 4.31% ad val of C&F price for Sinochem Tianjin Import & Export Corporation (iii) @ 14.89% for Yixing Yungtong Chemical Industry and, (iv) @ 9.77% for all other exporters from China were levied from July 18, 2005 for a period of four months. In accordance with the Ordinance and the Anti-Dumping Duties Rules, 2001 (the "Rules"), the Commission after further investigation has made its affirmative final determination as follows:

Name of Exporters and Foreign Producers (i) China Bluestar International Chemicals Co., Ltd, ("Exporter") (ii) Sinochem Tianjin Import & Export Corporation, ("Exporters"), (iii) Yixing Yungtong Chemical Industry ("Exporter")

Product Under Investigation UFMC exported by the Chinese exporters is the product under investigation (the "investigated product"). It is classified under Pakistan Customs Tariff (PCT) Heading No. 3909.1010 (PCT heading in Pakistan is equivalent to Harmonized Commodity Description and Coding System under Brussels nomenclature upto six digit level).

Like Product In terms of Section 2 of the Ordinance, the examination revealed that the investigated product and UFMC produced by the domestic industry are produced with similar manufacturing process, and with the same raw materials. Both have the same physical characteristics, usage, and tariff classification. Thus it is established that both the products are "like products".

Period of Investigation ("POI")

Investigation of dumping	From July 1, 2003 to September 30, 2004
Investigation of injury	From July 1, 2001 to September 30, 2004

Sampling In view of the apparent large number of exporters/producers from China involved in this investigation, it is impracticable to determine individual margin of dumping for each exporter or producer of UFMC identified by the Applicant. Therefore, the Commission has resorted to sampling in accordance with Section 14(2) of the Ordinance.

On the basis of the criteria set out in section 14 (2) of the Ordinance and the information provided by two exporters and other information available to the Commission, the Commission selected a sample of the following three exporters of UFMC from China (and consequently individual definitive margins of dumping are determined for these three exporters):

- i) Bluestar International Chemical Co., Ltd.,
(former China National Bluestar (Group) Corporation);
No. 19, Beisanhuan East Road, Chaoyang District,
Beijing, China.
- ii) Sinochem Tianjin Import & Export Corporation,
58, Nanjing Road, Tianjin-300042, China
- iii) Yixing Yuntong Chemical Industry Inc.,
88, Far East Road, Fandao Town,
Yxing, Jiangsu, China

The Commission's basis of selection of a sample is the largest representative volume of exports, which could reasonably be investigated within the time available, in consultation with the exporters in accordance with the provisions of Section 14 (2) of the Ordinance.

Determination of Normal Value The normal value of the investigated product exported by China Bluestar International Chemicals Co., Ltd ("Bluestar") has been established in accordance with Section 5(1) of the Ordinance on the basis of comparable price paid or payable, in the ordinary course of trade, for sales of like product when destined for consumption in China. Bluestar purchased the investigated product from a Chinese producer Liyang Yongan Thermoset Co., Ltd ("Liyang"). For purposes of determination of the normal value for Bluestar, information of the domestic sales of Liyang (submitted by Bluestar in Questionnaire) has been used. The gross domestic sales price has been adjusted for domestic freight charges to arrive at ex-factory price.

Sinochem Tianjin Import & Export Corporation ("Sinochem") purchases investigated product for export to Pakistan from two Chinese producers namely, Liyang and Shanghai Wujing Chemicals Co. Ltd. ("Wujing"). The normal value for Sinochem has been calculated on the basis of the information of domestic sales of Liyang and Wujing provided by Sinochem. For purposes of determination of the normal value for Sinochem, information of the domestic sales of Liyang (submitted by Sinochem in Questionnaire) has been used. The gross domestic sales price has been adjusted for domestic freight charges to arrive at ex-factory price. The domestic sales information of Wujing regarding UFMC has been analysed in the Commission and it was found that 99.8 percent of Wujing sales in the domestic market were below cost of production over an extended period of time, which does not provide for recovery of costs within a reasonable period of time. Thus the normal value of Wujing is constructed from the cost of production data provided by Wujing.

Since Yixing Yuntong Chemical Industry Inc., ("Yixing") (third Chinese exporter selected in sample) did not provide the requisite information, the Commission has relied on best information available in terms of Section 32 and schedule to the Ordinance for determination of normal value of the investigated product. For the purpose of the determination of normal value for Yixing, the weighted average ex-factory domestic sales price of Liyang has been used (being the best available information), a producer for which information was provided by Bluestar.

Determination of Export Price Export price has been calculated in accordance with Section 10(1) of the Ordinance, which provides that an export price shall be a price actually paid or payable for an investigated product when sold for export from an exporting country to Pakistan. For this purpose data obtained from Pakistan Revenue Automation Limited ("PRAL"), the data processing arm of the Central Board of Revenue, Government of Pakistan, and the information/data submitted by the sampled exporters has been used. The Commission made adjustments for (i) inland freight (ii) ocean freight (iii) bank charges (iv) interest cost and (v) gross profit/commission, as claimed by Bluestar and Sinochem.

Dumping Margin The dumping margins have been calculated in accordance with Section 12(1) of the Ordinance by comparing the weighted average normal value at ex-factory level with the weighted average export price at ex-factory level. The definitive dumping margins expressed as percentage of weighted average C&F export price thus work out to 10.61% for Bluestar, 3.43% for Sinochem, 11.58% for Yixing and 7.80% for all other Chinese exporters.

Injury to the Domestic Industry Injury to the domestic industry has been determined in accordance with Part VI of the Ordinance. The Commission has established that the domestic industry suffered material injury due to significant increase in dumped imports in absolute terms, due to price depression, price suppression, increase in inventories decline in profit, and negative effect on cash flow, and on account of negative effect on ability to raise capital and investment.

Dumped Imports Volume of dumped imports increased in absolute terms by 888MT in the FY 2003-04 over the FY 2002-03 while production of the domestic like product increased by 939 MT in the FY 2003-04 over the FY 2002-03. Based on the facts the Commission concludes that there has been a significant increase in dumped imports in absolute terms.

Injury Factors Other than Dumped Imports The Commission also examined factors other than dumped imports, which were causing injury to the domestic industry.

Imposition of Definitive Antidumping Duty In reaching this definitive affirmative determination, the Commission is satisfied that the investigated product has been imported at dumped prices. This has caused material injury to domestic industry during the POI. In terms of Section 50 of the Ordinance, by notification in the official Gazette, definitive antidumping duty, equal to the dumping margins given in table below, is hereby imposed on the investigated product for a period of five years effective from July 18,2005:

Exporters	Definitive Antidumping Duty on C&F Value
Bluestar	10.61%
Sinochem	3.43%
Yixing	11.58%
Other exporters from China	7.80%

The definitive antidumping duty shall take the form of *ad val* duty and will be held in a non-lapsable personal ledger account established and maintained by the Commission for this purpose. Release of the investigated product for free circulation in Pakistan shall be subject to imposition of such antidumping duty. Definitive antidumping duty levied would be in addition to other taxes and duties leviable on import of the investigated product under any other law. The definitive antidumping duty would be collected in the same manner as customs duty is collected under the Customs Act, 1969 (IV of 1969).

Refund In terms of section 55(2) of the Ordinance, if the definitive antidumping duty is lower than the amount of provisionally determined antidumping duty, the difference shall be refunded by the Commission within forty-five days of the final determination. The definitive antidumping duty imposed on Chinese exporter/producer is lower than the amount of provisionally determined antidumping duty, therefore, the difference shall be refunded. The Commission, informs the importers of UFMC from Chinese exporters/producer to send their request for refund of any duty that may have been paid (under the Commission's Provisional Determination on imports from Chinese Exporter/Producer) to the extent of the difference between the rate of duty for the Final Determination and the rate of duty for the Provisional Determination to the Secretary, National Tariff Commission, State Life Building No. 5, Blue Area, Islamabad within a period of *thirty* days.

Disclosure meeting Pursuant to Rule 16 of the Rules, the Exporters and/or the Producers may request for disclosure meeting within 15 days of the date of publication of this notice.

Further Information A non-confidential version of the report on preliminary determination has been placed on public file established and maintained by the Commission. It has also been posted on the Commission's website: www.ntc.gov.pk. The public file shall be available to the interested parties, registered with the Commission for the purposes of this investigation, for review and copying at the offices of the Commission, from Monday to Thursday between 1100 hrs to 1300 hrs.

Authority Under Law This investigation has been conducted under the Ordinance (No. LXV of 2000). This notice is published pursuant to Section 39 of the Ordinance.
By order of the Commission.

(Mrs. Batool Iqbal Qureshi)
Secretary