

A.D.C No.05/2004/NTC/PVCR
National Tariff Commission

Final Determination and levy of Definitive antidumping duty on import of PVC Resin (Suspension Grade) into Pakistan Originating in and/or Exported from the Republic of Korea and the Islamic Republic of Iran

The National Tariff Commission (the "Commission") initiated an investigation on June 25, 2004 under Section 23 of the Anti-Dumping Duties Ordinance, 2000 (the "Ordinance") after establishing that the application lodged by Engro Asahi Polymer and Chemicals 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 PVC Resin (suspension grade) originating in and/or exported from the Republic of Korea ("Korea") and the Islamic Republic of Iran ("Iran") into Pakistan. The Commission made a preliminary determination in this case in terms of Section 37 of the Ordinance and provisional antidumping duties on import of PVC Resin (suspension grade) @ 40.18 percent ad val of C&F price importable from Korean exporter (LG International Corporation) and @ 31.06 percent ad val of C&F price importable from Iranian exporter (Iran Petrochemical Commercial Company) was levied from October 26, 2004 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) L.G International Corporation, LG Twin Towers, 20, Yoido-dong, Youngdungpo- gu, Seoul 150-721, Korea, (ii) Iran Petrochemical Commercial Company ("IPCC"), No. 1339, Valiasr Ave., Vanak Sq, Tehran, Iran, ("Exporters"), (iii) LG Chem, Ltd., LG Twin Towers, 20, Yoido-dong Youngdungpo-gu, Seoul, Korea, and (iv) Bandar Imam Petrochemical Company Ltd. ("BIPC"), No. 310, Kargar Shomali Ave, Tehran, Iran ("Producers")

Product Under Investigation PVC Resin (suspension grade) exported by the Exporters (the "investigated product"). It is classified under Harmonized System (H.S) Code 3904.1000.

Like Product In terms of Section 2 of the Ordinance, the examination revealed that the investigated product and PVC Resin (suspension grade) produced by the domestic industry are produced with same manufacturing process, and the same raw material. 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 January 01, 2003 to March 31, 2004; and
Investigation of injury	from July 01, 2001 to March 31, 2004.

Determination of Normal Value 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 Korean exporter (LG International Corporation) as the Commission did not receive any information from the Korean exporter/producer relating to their domestic sales of PVC Resin (suspension grade) or cost of production. The Commission has determined normal value for the investigated product based on the prices prevailing in Korea during the POI, published in a Chemical Journal "Vinyl Chloride", a magazine published monthly from London by Harriman Chemsult Limited.

The normal value for the investigated product exported by the Iranian exporter ("IPCC") has been determined on the basis of the information provided by IPCC and the Iranian producer ("BIPC"). All sales of PVC Resin (suspension grade) made by IPCC in its domestic market during the POI were at loss (below cost). The investigation showed that the sales at loss (below cost) were: (i) within an extended period of time, (ii) in substantial quantities, and (iii) at prices which did not provide for the recovery of all costs within a reasonable period of time. Thus the Commission determined that, during the POI, IPCC sales of PVC Resin (suspension grade) in its domestic market were not in ordinary course of trade in terms of Section 7 of the Ordinance and hence disregarded. The Commission established normal value for IPCC on the basis of cost to make and sell (cost of production plus administrative, selling, general costs) and profit of the PVC Resin (suspension grade) in Iran in terms of Section 6 of the Ordinance. The cost to make and sell of PVC Resin (suspension grade) in Iran was obtained during on-the-spot investigation conducted at the premises of BIPC

Determination of Export Price Export price has been calculated in accordance with Section 10(1) of the Ordinance. For this purpose data obtained from Pakistan Revenue Automation Limited (“PRAL”), Government of Pakistan, and the information/data submitted by IPCC has been used.

Dumping Margin The dumping margins have been calculated in accordance with Section 12(1) of the Ordinance by comparing the 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 works out to 40.18% and 31.06% for Korean exporter and Iranian exporter respectively.

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 was materially injured due to dumped imports on account of; volume of dumped imports, price undercutting, decline in market share, decline in profits, decline in return on investment and increase in inventories.

Dumped Imports Volume of dumped imports increased by over ten fold in the year 2003 over the year 2002 while production of the domestic like product increased by 8.00 percent in the year 2003 over the year 2002. Based on these facts, the Commission has concluded that increase in production of the domestic like product in relative terms when compared with increase in the dumped imports during the same period was less.

Injury Factors Other than Dumped Imports The Commission also examined factors other than dumped imports, which were causing injury to the domestic industry. One such reason that caused injury to the domestic industry was payment of deferred customs duties in the years 2002 and 2003.

Imposition of Definitive Antidumping Duty In reaching this final 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, @ 40.18% and 31.06% ad val of C&F price on import of PVC Resin (suspension grade), importable from LG International Corporation, Korea and Iran Petrochemical Commercial Company, Iran respectively is hereby imposed on the investigated product for a period of five years effective from October 26, 2004. 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 levyable 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).

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 final determination and levy of definitive antidumping duty 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
February 24, 2005