

**Preliminary Determination and levy of Provisional Antidumping Duty on imports of Formic Acid 85% into Pakistan Originating in and/or Exported from the Republic of Finland and the Federal Republic of Germany**

The National Tariff Commission (the “Commission”) initiated an antidumping investigation on September 08, 2005 under Section 23 of the Anti-Dumping Duties Ordinance, 2000 (the “Ordinance”) after establishing that the application lodged by Tufail Chemical Industries Ltd., Lahore (the “Applicant”), a domestic producer of Formic Acid 85% (“FA 85%”) was in accordance with Sections 20 and 24 of the Ordinance. The investigation concerns alleged dumping of FA 85%, originating in and/or exported from the Republic of Finland (“Finland”) and the Federal Republic of Germany (“Germany”). In accordance with the Ordinance and the Anti-Dumping Duties Rules, 2001 (the “Rules”), the Commission has, after investigation, determined the following on a preliminary basis:

**Exporters and Foreign Producers:** The Applicant identified following exporters/foreign producers involved in the dumping of FA 85% into Pakistan and requested for the imposition of antidumping duty on FA 85% importable from the identified exporters/foreign producers:

- i. Kemira Oyj, Porkkalankatu 3, 00101 Helsinki, Finland (“Kemira”)
- ii. BASF, Zentralabteilung Steuern, ZRS – C 104, 67056 Ludwigshafen, Germany (“BASF”)

In terms of Section 27 of the Ordinance, the Commission upon initiation forwarded a copy of Notice of Initiation to both the exporters/producers of FA 85% from Finland and Germany. The Commission also forwarded the Notice of Initiation to the Embassies of Finland and Germany in Islamabad with a request to forward the same to Kemira and BASF respectively.

**Product Under Investigation:** FA 85% exported by Kemira and BASF is the product under investigation (the “investigated product”). It is classified under Pakistan Customs Tariff (PCT) No. 2915.1100 (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 although the investigated product and FA 85% produced by the domestic industry are produced with different manufacturing processes, and from different raw materials, the end product produced is the same i.e., FA 85%. Both have the same physical characteristics, usage, and tariff classification. Thus it is provisionally established that both the products are “like products”.

**Period of Investigation (“POI”):**

Investigation of dumping	From July 1, 2004 to June 30, 2005
Investigation of injury	From July 1, 2002 to June 30, 2005

**Determination of Normal Value:** In order to determine the normal value of the investigated product exported by Kemira, the Commission in accordance with Section 6(1) (b) of the Ordinance has resorted to Kemira’s cost of production of the investigated product during the POI as the total domestic sales of the like product of Kemira were less than five percent of its export sales of an investigated product to Pakistan. Therefore, the Commission in terms of Section 6(1) (b) of the Ordinance established normal value for Kemira on the basis of cost to make and sell (cost of production plus administrative, selling and general cost) and reasonable profit. The information on cost of production of Kemira was obtained during on-the-spot investigation at its premises.

The Commission in terms of Section 5(1) of the Ordinance has established normal value for BASF on the basis of comparable price paid or payable, in the ordinary course of trade, for sales of a like product when destined for consumption in Germany based on the information provided by BASF in the exporter’s questionnaire and the information obtained during on-the-spot investigation.

**Determination of Export Price:** Export prices for Kemira and BASF have been calculated in accordance with Section 10(1) of the Ordinance. For this purpose information/data submitted by Kemira and BASF in the exporter’s questionnaire and obtained during on-the-spot investigation 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 provisional dumping margins expressed as percentage of weighted average C&F export price thus work out to be 16.49% and 6.16% for Kemira and BASF 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 on preliminary basis established that the domestic industry suffered material injury on account of significant increase in dumped imports in absolute terms; significant price undercutting; price suppression; loss in market share; negative effects on capacity utilization; negative effects on productivity; decline in profits and increase in inventories. However, injury caused due to other factors is not significant as compared to the injury caused by dumped imports.

**Dumped Imports:** Volume of dumped imports of the investigated product increased by 38 percent in FY 2004 over FY 2003 and by 1.4 percent in FY 2005 over FY 2004. On an annualized basis 80 to 84 percent imports of the investigated product during the POI were from dumped sources.

**Injury Factors other than Dumped Imports:** The Commission has also examined factors other than dumped imports, which were causing injury to the domestic industry. Injury caused due to these factors is not attributed to dumped imports.

**Imposition of Provisional Antidumping Duty:** In reaching this preliminary 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 order to prevent material injury in course of this investigation, the Commission, pursuant to the powers conferred upon it under Section 43 of the Ordinance, has decided to impose provisional antidumping duties @ 16.49% and @ 6.16% ad valorem of C&F export price on the investigated product (Formic Acid 85%) importable from Kemira and BASF respectively for a period of four months effective from March 9, 2006.

The provisional antidumping duty shall take the form of security by way of cash deposit in Commission's Non-lapsable PLD Account No. 187 with Federal Treasury Office Islamabad. The provisional antidumping duty would be collected in the same manner as customs duty under the Customs Act, 1969 (IV of 1969).

**Disclosure meeting:** Pursuant to Rule 11 of the Rules, the exporters/foreign producers of the investigated product may request for a disclosure meeting within 15 days of the date of publication of this notice.

**Hearing:** Any party registered as an interested party in this case may, if it so wishes, request a hearing in accordance with Rule 14 of the Rules within 30 days of the publication of this notice by contacting Secretary, National Tariff Commission, State Life Building No.5, Blue Area, Islamabad. Telephone No. 0092-51-9202839, Fax No.0092-51-9221205.

**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](http://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.

By order of the Commission.

**(Omer Moin Chaudhry)**  
Director (Admin & Coordination)  
March 08, 2006