

(NON-CONFIDENTIAL)



**Government of Pakistan
National Tariff Commission**

REPORT

ON

**PRELIMINARY DETERMINATION ON DUMPED IMPORTS OF
CONTINUOUS CASTING (STEEL) BILLETS ORIGINATING IN AND/
OR EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA TO
THE ISLAMIC REPUBLIC OF PAKISTAN**

ADC NO 36/2015/NTC/CCB

April 22, 2016

The National Tariff Commission (the "Commission") having regard to the Anti-Dumping Duties Act, 2015 (the "Act") and the Anti-Dumping Duties Rules, 2001 (the "Rules") is responsible to conduct anti-dumping investigations for imposition of anti-dumping duties to offset injurious impact of dumped imports on domestic industry and ensure fair competition thereof and to the WTO's Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (the "Antidumping Agreement").

2. The Commission is conducting an investigation on alleged dumped imports of Continuous Casting (Steel) Billets ("CC Billets") into Pakistan originating in and/or exported from the 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 August 05, 2015. However, certain importers of the CC Billets challenged initiation of this investigation in the honourable Sindh High Court, Karachi (the "SHC") and the SHC passed an injunctive order on September 22, 2015 restraining the Commission from carrying on with the investigation. Therefore, the investigation was suspended. On December 22, 2015 the SHC allowed the Commission to carry on with the investigation but restrained to impose any duty. Decision of the SHC is reproduced below:

"..... Learned Counsel for the Defendant states that they are not going to take any coercive method / action against the plaintiffs in pursuance of impugned notices as it is even otherwise not envisaged under the Anti-Dumping Duties Act 2015. However, he states that the Defendants may be allowed to continue with the investigation and at the end thereof, the Defendants will follow the course of law..... Accordingly, Defendants may carry on the inquiry / investigation in pursuance of the impugned notice at the culmination whereof shall follow the course dictated by law."

4. The time lines for this investigation have been worked out by excluding the stay period i.e. from September 22, 2015 to December 22, 2015. This preliminary determination is based on the information available with the Commission at this point of time.

A. PROCEDURE

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

6. Receipt of Application

6.1 On June 29, 2015, the Commission received a written application under Section 20 and 24 of the Antidumping Duties Ordinance, 2015 (now the Act) from M/s Amreli Steels Limited Karachi, M/S Agha Steel Industries, Ltd. Karachi and M/S ASG Metals Ltd. Karachi (the "Applicants"). The Applicants are producers of CC Billets. They have alleged that CC Billets originating in and/or exported from China are being dumped into Pakistan, which has caused and is causing material injury to the domestic industry, producing CC Billets.

6.2 The Commission informed the Embassy of China in Islamabad through note verbal dated August 05, 2015, of the receipt of application in accordance with the requirements of Section 21 of the Act.

7. Evaluation and Examination of the Application

The examination of the application showed that it met the requirements of Section 20 of the Act as it contained sufficient evidence of dumping of CC Billets into Pakistan from China and material injury to the domestic industry caused therefrom. Requirements of Rule 3 of the Rules, which relate to the submission of information prescribed therein were also found to have been met.

8. The Domestic Industry

8.1 Section 2(d) of the Act defines domestic industry as:

"Domestic industry" means the domestic producers as a whole of a domestic like product or those whose collective output of that product constitutes a major proportion of the total domestic production of that product; except when any such domestic producers are related to the exporters or importers, or are themselves importers of the allegedly dumped investigated product. In such a case "domestic industry" may mean the rest of the domestic producers:

Explanation.- For the purposes of this clause, producers shall be deemed to be related to exporters or importers only if –

**Preliminary Determination on Dumped Imports of CC Billets into Pakistan
Originating in and/ or Exported from the People's Republic of China**

- (i) one of them directly or indirectly controls the other;
- (ii) both of them are directly or indirectly controlled by the same third person; or
- (iii) together they directly or indirectly control a third person:

Provided that there are grounds for believing or suspecting that the effect of the relationship is such as to cause the producer concerned to behave differently from non-related producers. For that purpose one shall be deemed to control another when the former is legally or operationally in a position to exercise restraint or direction over the latter”

8.2 As per the information available with the Commission, the domestic C.C Billets manufacturing industry comprises of the following 18 units. Its installed production capacity is about 1,395,600 MT per annum:

**Table-I
The Domestic Industry**

S.No.	Unit Name	Installed Capacity (MT)
i.	Amreli Steels Limited, Karachi	200,000
ii.	Agha Steel Industries, Karachi	250,000
iii.	ASG Metal Limited, Karachi	195,600
iv.	Aziz Industries Limited	40,000
v.	Karim Aziz Industries Limited	30,000
vi.	Karachi Steel Re-Rolling Mills Ltd.	30,000
vii.	Hattar Steel Mills Limited	48,000
viii.	Mat Cast (Pvt) Limited	24,000
ix.	Ittehad Steel Industries, Limited	30,000
x.	Jabbar Steel Limited, Karachi	40,000
xi.	Iftikhar Steel Limited	36,000
xii.	Sufi Steel Industries Limited	60,000
xiii.	Potohar Steel Industries Limited	20,000
xiv.	M.A Steel Casting Limited	36,000
xv.	Mujahid Enterprises	20,000
Xvi.	Khadim Steel Mills Limited	50,000
xvii.	Mughal Iron & Steel Industries Ltd.	250,000
xviii.	Diamond Metals Ltd.	36,000

Sources: the Applicants

8.3 As stated above (paragraph 8.1 supra) the Act defines domestic industry excluding the domestic producers who are related to the exporters or importers, or are themselves importers of the allegedly dumped product provided that there are grounds for believing or suspecting that the producer concerned behave differently from non-related producers. Mughal Iron and Steel Industries Ltd. (“Mughal Steel”) and Diamond Metals Ltd. are themselves importers of CC Billets and the Mughal

**Preliminary Determination on Dumped Imports of CC Billets into Pakistan
Originating in and/ or Exported from the People's Republic of China**

Steel has opposed this investigation. Therefore, Mughal Steel and Diamond Metals Ltd. have been excluded from the definition of domestic the industry for the purposes of this investigation.

9 **Standing of the Application**

9.1 Section 24 of the Act enjoins upon the Commission 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 domestic like product. Section 24(1) of the Act states as follows:

“.... 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 either support for or opposition to the application.”

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 the domestic like product produced by the domestic industry.”

9.2 The application has been filed by the Applicants who have major share, in the total production of C.C. Billets during the year 2014-15. Further, the Applicants submitted letter of support from six producers who account for 21.06 percent of total production during the above mentioned year. Details of the production of different units during 2014-15 and their status with regard to the application are given below:

**Table-II
Standing of the Application**

S.No.	Unit Name	Share in total production	Status
i.	Amreli Steels Limited	29.06%	Applicant
ii.	Agha Steel Industries	15.42%	Applicant
iii.	ASG Metal Limited	2.11%	Applicant
	Applicant's total	46.60%	
iv.	Aziz Industries	2.49%	Supporting
v.	Karim Aziz Industries	2.49%	Supporting
vi.	Karachi Steel Re-Rolling Mills	3.98%	Supporting
vii.	Hattar Steel Mills	4.98%	Supporting
viii.	Mat Cast (Pvt) Limited	3.32%	Supporting
ix.	Ittehad Steel Industries	3.81%	Supporting
	Supporting unit's total	21.06%	
x.	Jabbar Steel, Karachi	4.98%	Indifferent

**Preliminary Determination on Dumped Imports of CC Billets into Pakistan
Originating in and/ or Exported from the People's Republic of China**

xi.	Iftikhar Steel	4.15%	Indifferent
xii.	Sufi Steel Industries	8.29%	Indifferent
xiii.	Potohar Steel Industries	1.66%	Indifferent
xvi.	M.A Steel Casting	4.98%	Indifferent
xv.	Mujahid Enterprises	1.66%	Indifferent
Xvi	Khadim Steel Mills	6.63%	Indifferent
	Indifferent unit's total	32.34%	Indifferent
	Grand Total	100.00%	

Source: the Applicants

9.3 The above table shows that no domestic producer has opposed the application. The Applicants and six other producers supporting the application account for 67.66 percent of the total production of C.C. Billets during the year 2014-15. Since the Applicants and other six producer who are supporting the application account for 67.66 percent of the total production, thus the application fulfils requirements of Section 24 of the Act.

9.4 On the basis of the above information it is determined that the application is made on behalf of the domestic industry as it fulfils the requirements of Section 24 of the Act.

10. Applicants' Views

10.1 The Applicants have, *inter alia*, raised the following issues in the application regarding alleged dumping of CC Billets and material injury to the domestic industry caused therefrom:

- i. Exporters/ producers from China are exporting CC Billets to Pakistan at dumped prices;
- ii. CC Billets imported from China and produced in Pakistan by the domestic industry are like products; and
- iii. Imports of CC Billets from China into Pakistan at dumped prices has caused and is causing material injury to the domestic industry producing CC Billets mainly through:
 - a. price undercutting
 - b. price suppression
 - c. Price depression
 - d. decline in market share
 - e. Negative effects on production;
 - f. Negative effects on capacity utilization
 - g. Negative effects on cash flows
 - h. Increase in losses
 - i. Negative effects on productivity and wages

- j. Negative effects on growth
- k. Ability to raise investment
- l. Return on investment

10.2 The Applicants have further alleged that there is threat of material injury as well to the domestic industry due to increased/increasing trend of alleged dumped imports of the CC Billets

10.3 The Applicants have made following requests to the Commission:

- i. Initiate an investigation against alleged dumping of CC Billets from China under Section 23 of the Act;
- ii. Impose appropriate antidumping duty on alleged dumped imports of CC Billets in accordance with Section 50 of the Act; and
- iii. Impose provisional measures under Section 43 of the Act to prevent injury being caused during the investigation.

11. Initiation of Investigation

11.1 The Commission, in accordance with Section 23 of the Act examined the accuracy and adequacy of the evidence and information provided in the application, and established that there was sufficient evidence of alleged dumping of CC Billets into Pakistan from China and consequent alleged material injury to the domestic industry. Therefore, the Commission decided on July 31, 2015 to initiate an investigation in this case.

11.2 The Commission issued a notice of initiation in accordance with Section 27 of the Act, which was published in the Official Gazette¹ of Pakistan and in two widely circulated national newspapers² (one in English language and one in Urdu Language) on August 05, 2015. Investigation concerning alleged dumped imports of CC Billets into Pakistan originating in and/or exported from China was thus initiated on August 5, 2015 in accordance with Section 27(2) of the Act.

11.2 In pursuance of Section 27 of the Act the Commission notified Embassy of China in Islamabad of the initiation of the investigation (by sending a copy of the notice of initiation) on August 7, 2015 with a request to forward it to all exporters/ producers involved in production, sales and export of CC Billets from China. Copy of the notice of initiation was also sent to Chinese exporters/ producers directly (whose addresses were available with the Commission),

¹ The official Gazette of Pakistan (Extraordinary) dated August 5, 2015.

² The daily 'Dawn' and 'Dunya' of August 5, 2015 issues.

Pakistani importers, the Applicants and other domestic producers on August 05, 2015.

11.3 In accordance with Section 28 of the Act, on August 05, 2015 copies of full text of the written application (non-confidential version) were sent to all Chinese exporters/producers, whose complete addresses were available with the Commission and to the Embassy of China in Islamabad with a request to forward it to all exporters/ producers involved in production, sale and/or export of CC Billets.

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”.

12.2 For the purposes of this investigation and given the definitions set out above, investigated product, domestic like product and like product are identified in the following paragraphs.

12.3 Investigated Product:

12.3.1 The investigated product is C.C. Billets originating in and/or exported from China to Pakistan. It is a semi-finished product of iron and non-alloy steel, and alloy steel. Billets are used by the re-rolling mills in production of Steel Bars, Wire Rods, Beams, Channels and T-iron etc. It is imported under Pakistan Customs Tariff (PCT) Heading Nos. 7207.1110, 7207.1190, 7207.1210, 7207.1290, 7207.1910, 7207.1920, 7207.1990, 7207.2010, 7207.2020, 7207.2090, 7224.1000, and 7224.9000.

12.3.2 The above mentioned PCT headings are described as “billets” and “other” in the Pakistan customs tariff. The Applicants have also included PCT Nos.

**Preliminary Determination on Dumped Imports of CC Billets into Pakistan
Originating in and/ or Exported from the People's Republic of China**

7224.1000, and 7224.9000 with description “other” as investigated product, because the C.C Billets are also cleared/imported under these PCT heading Nos. during the POI. Further, to avoid mis-declaration of billets under other headings, it is necessary to include these PCT Nos. in the definition of investigated product.

12.3.3 Following is the current tariff structure for import of CC Billets:

**Table-III
Tariff Structure**

S.No.	PCT No.	Description	Customs duty		Regulatory Duty*
			Statutory	FTA	
	72.07	Semi-finished products of iron or non-alloy steel			
		- Containing by weight less than 0.25% of carbon			
		-- Of rectangular (including square) cross section, the width measuring less than twice the thickness			
i.	7207.1110	--- Billets	5%	5%	15%
ii.	7207.1190	--- Other	5%	5%	15%
		-- Other, of rectangular (other than square) cross section			
iii.	7207.1210	--- Billets	5%	5%	15%
iv.	7207.1290	--- Other	5%	5%	15%
v.	7207.1910	--- Of a cross section 165mmx165mm and above	5%	5%	15%
		-- Other:			
vi.	7207.1920	--- Billets	5%	5%	15%
vii.	7207.1990	--- Other	5%	5%	15%
		- Containing by weight 0.25% or more carbon			
viii.	7207.2010	--- Of a cross section 165mmx165mm and above	5%	5%	15%
ix.	7207.2020	--- Billets	5%	5%	15%
x.	7207.2090	--- Other	5%	5%	15%
	72.24	Other alloy steel in ingots or other primary form; semi-finished products of other alloy steel			
xi.	7224.1000	- Ingots and other primary forms	5%	5%	15%
xii.	7224.9000	- Other	5%	0%	15%

* vide SRO 18(I)/2015 dated 14-01-2015

12.4 Domestic Like Product

The domestic like product for the purposes of this investigation is C.C. Billets produced by the domestic industry. The domestic like product is a semi-finished product of iron and non-alloy steel. It is also used by the re-rolling mills in production of steel bars, wire rods, beams, channels and T-irons etc. The domestic like product is also classified under the same PCT headings as of the investigated product is classified.

12.5 Like Product:

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

- i. basic raw materials used in the production of the investigated product, and the domestic like product are the same/similar;
- ii. the investigated product and the domestic like product are produced with a similar manufacturing process;
- iii. both the products have similar appearance. Further, physical properties, nature and quality of the investigated product and the domestic like product are also similar;
- iv. both the products are used for similar purposes and are substitutable in use; and
- v. both the products are classified under the same PCT/HS heading numbers.

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

13 Period of Investigation ("POI")

13.1 In terms of Section 36 of the Act, Period of Investigation ("POI") is:

- i. *"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."*
- ii. *"for the purposes of an investigation of injury, the investigation period shall normally cover thirty-six months:
"Provided that the Commission may at its sole discretion, select a shorter or longer period if it deems it appropriate in view of the available information regarding domestic industry and an investigated product".*

13.2 The POI selected for the purposes of this investigation for dumping and injury are, as follows:

For determination of dumping: From April 01, 2014 to March 31, 2015

For determination of injury: From April 01, 2012 to March 31, 2015

14 **Exporters/ Producers Involved in Alleged Dumping of CC Billets**

The Applicants has identified 22 exporters/ producers involved in alleged dumping of the investigated product from China. The Applicants has stated that there may be other exporters and producers of the investigated product, which are not known to them, therefore, they has requested for imposition of antidumping duty on all imports of the investigated product originating in and/or exported from China.

15 **Information/Data Gathering**

15.1 The Commission sent exporter's questionnaire to 22 exporters/ producers based in China whose addresses were available to the Commission on August 05, 2015 for collection of data and information necessary for this investigation. The exporters/ producers were asked to supply information within 37 days of dispatch of the questionnaire. None of the exporters/ producers responded. On September 15, 2015 the exporters/ producers were informed through a letter that in case requisite information/data is not furnished within 15 days, the Commission will use best available information for preliminary and/or final determination of dumping in this case. However, no response received from any of the exporter/ producer.

15.2 On August 05, 2015 a copy of the 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 China. However, no response was received from any exporters/ producers from China.

15.3 The Commission also sent questionnaire on August 05, 2015 to Pakistani importers of CC Billets, requesting them to provide information within 37 days of the issuance of the questionnaire. The following importers provided some data/ information on the prescribed questionnaire to the Commission.

- i. Mehboob Re rolling Mills Karachi;
- ii. Mumtaz Steel Corporation; and
- iii. Mustfa Steel, Karachi

15.4 The Commission has access to the database of import statistics of Pakistan Revenue Automation Limited ("PRAL"), the data processing arm of the Federal Board of Revenue, Government of Pakistan. For the purposes of this preliminary

determination the Commission has used import data obtained from PRAL in addition to the information provided by the Applicants and importers.

15.5 Interested parties were also invited to make their views/comments and submit information (if any) relevant to this investigation within 45 days of the initiation of this investigation. Following interested parties have submitted views/comments, which have been taken into account while making this preliminary determination:

- i. Mughal Iron and Steel Industries Ltd., Lahore;
- ii. Razaque Steels POvt. Ltd., Karachi;
- iii. Dewan Steel Mills Ltd., Karachi;
- iv. Ittehad Steel Industries Ltd., Karachi and
- v. Nawab Borthers Steel Mills Pvt., Ltd, Karachi

15.6 Thus, the Commission has sought from all available sources the relevant data and information deemed necessary for the purposes of determination of dumping of the investigated product and injury to the domestic industry in this investigation.

16 Verification of the Information

16.1 In terms of Sections 32(4) and 35 of the Act and Rule 12 of the Rules, during the course of an investigation, the Commission shall satisfy itself as to the accuracy of the information, and for this purpose verify the information supplied by the interested parties. Accordingly the Commission has satisfied itself as to the accuracy and adequacy of information and evidence supplied by the interested parties to the extent possible for the purposes of this preliminary determination.

16.2 In order to verify information/data provided by the Applicants and to obtain further information (if any), officers of the Commission conducted on-the-spot investigations at the offices and plants of the Applicants from January 25 to 30, 2016.

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 11.00 hours to 13.00 hours throughout the investigation (except public holidays). This file contains non-confidential versions of the application, responses to the

questionnaires, submissions, notices, correspondence, and other documents for disclosure to the interested parties.

18 **Confidentiality**

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 the interested parties upon good cause shown to be kept confidential.

18.2 The Applicants have 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, salaries & wages, number of employees and capacity etc. of the domestic like product.

18.3 On the basis of request made by the interested parties, 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. Therefore, the Commission kept all such information confidential for which the interested parties made a request to keep it confidential. However, in terms of Sub-Section (5) of the Section 31 of the Act non-confidential summaries of all confidential information, which provides reasonable understanding of the substance, have been placed in public file.

B. DETERMINATION OF DUMPING

19 **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”.

20. **Normal Value**

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”.

Further, 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 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. 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 Determination of Dumping of the Investigated Product

22.1 As stated earlier (paragraphs 15.1 and 15.2 supra) the Commission sent questionnaires to 22 exporters/ producers of the investigated product for collection of data/information. 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 based in China to submit information to the Commission. However, the Commission has not received information in response to the questionnaire from any of the exporters/ producers in this investigation. Therefore, dumping of the investigated product in this preliminary determination is determined on the basis of best information available in accordance with Section 32 of the Act. Details of determination of normal value, export price and dumping margin are provided in the following paragraphs.

22.2 Determination of Normal Value

22.2.1 As stated above no Chinese exporter/ producer of the investigated product has provided information on its sales of CC Billets in its domestic market and cost to make and sell, therefore, normal value for the investigated product in this preliminary determination is constructed on the basis of the cost of production in the exporting country plus a reasonable amount for administrative, selling and general costs and profits in accordance with Section 6 of the Act. The construction of normal value is based on the following:

- i. The C&F cost of imported raw materials/inputs of the Applicants is deflated by deducting ocean freight to reach at FOB price. The amount for ocean freight is obtained from the information provided by the Chinese exporters/ producers in another investigation being conducted by the Commission on alleged dumping of galvanized coils/ sheets of iron and steel against Chinese exporters/ producers.
- ii. FOB prices of raw materials/inputs arrived at as per explanation given above are multiplied with the per unit consumption of the raw materials to arrive at raw material cost per unit. Consumption of raw material per unit is based on the yearly average of the Applicants. Inland freight of US\$ 10/MT are added in the FOB cost of raw materials to arrive at ex-works cost of raw materials. The amount for inland freight is obtained from the information provided by the Chinese exporters/ producers in another investigation being conducted by the Commission on alleged dumping of galvanized coils/ sheets of iron and steel against Chinese exporters/ producers.
- iii. Labor hours employed by the Applicants to produce one MT of CC Billets have been multiplied by labour rate applicable in China to arrive at salaries and wages cost for construction of normal value. Labour rate for China is obtained from a website www.tradingeconomics.com/china/wages-in-manufacturing.
- iv. Per unit consumption of other overheads (electricity, fuel/gas etc.) of the Applicants is multiplied with electricity/fuel/gas rates prevailing in China to arrive at overheads cost in construction of normal value. Electricity/fuel/gas rates for China are obtained from the website of the International Energy Agency.
- v. Same amount of per unit fixed cost including depreciation of Applicants have been taken for construction of normal value.
- vi. Selling and admin expenses of the Applicants are taken same for construction of normal value.
- vii. In construction of the normal value, financial charges are calculated by using actual financial charges of one of the Applicants and the same has been deflated by difference between interest rate of China and Pakistan. Interest rate of China is obtained from www.oanda.com

- viii. Profit at the rate of 5 percent of the constructed cost to make and sell has been applied to reach at constructed normal value for the investigated product.

22.3 Determination of Export Price

22.3.1 As no Chinese exporter/ producer of the investigated product has provided information on its exports of the investigated product, therefore, export price is determined on the basis of best information available with the Commission. For this purpose information obtained from PRAL on imports of the investigated product during the POI is used.

22.3.2 The information obtained from PRAL is at C&F level. To reach at ex-factory level C&F export price is adjusted on account of ocean freight, inland freight, handling costs, trader's/exporter's operating costs, bank charges and non-adjustable value added tax (4% of FOB value). These adjustments have been obtained from the information provided by the Chinese exporters/producers in another investigation being conducted by the Commission on alleged dumping of galvanized coils/ sheets of iron and steel against Chinese exporters/ producers.

23. Dumping Margin

23.1 The Act defines "dumping margin" in relation to a product to mean "*the amount by which its normal value exceeds its export price*". In terms of Section 14(1) of the Act the Commission shall determine individual dumping margin for each known exporter or producer of an investigated product. As no Chinese exporter/producer of the investigated product has provided requisite information in this investigation, therefore, a single dumping margin is determined for all exporters/producers of the investigated product in this preliminary determination

23.2 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 established dumping margin by comparing normal value with export price at ex-works level.

23.3 Taking into account all requirements set out above, the dumping margin for dumped imports of the investigated product works out to be 32.73 percent at ex-works level.

24. De minimis Dumping Margin and Negligible Volume of Dumped Imports

24.1 In terms of Section 41(2) of the Act “*an investigation shall be immediately terminated if Commission determines that the dumping margin is negligible or that volume of dumped imports, actual or potential, or injury is negligible.*”

24.2 Section 41(3) of the Act states that the 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 23.3 supra, are well above the negligible (*de minimis*) level.

24.3 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 a like product. The information/data on dumped imports of the investigated product and other imports of CC Billets have been obtained from PRAL. Volume of dumped imports of the investigated product from China and CC Billets imported from other sources during the POI (April 01, 2014 to March 31, 2015) is given in the table below:

Table – IV
Volume of Imports during POI

Country	Imports in:	
	MT	Percentage
China	153,331	88.73%
Other sources	19,466	11.27%
Total	172,797	100.00%

Source: PRAL

24.4 On the basis of above information, the Commission has preliminary determined that the volume of dumped imports of the investigated product from China was well above the negligible threshold during the POI.

C. INJURY TO THE DOMESTIC INDUSTRY

25. Determination of Injury

25.1 Section 15 of the Act sets out the principles for determination of material injury to the domestic industry in the following words:

“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...*

25.2 Section 15 of the Act further provides that:

“No one or several of the factors identified shall be deemed to necessarily give decisive guidance and the Commission may take into account such other factors as it considers relevant for the determination of injury”.

25.3 The Commission has taken into account all factors in order to determine whether domestic industry suffered material injury during the POI. Material injury to the domestic industry has been analyzed in the following paragraphs in accordance with Part VI of the Act.

25.4 As stated earlier (paragraph 6 supra) the application is filed by the three units (the Applicants) who account for 46.60 percent of the total domestic production of the domestic like product. The other producers representing 21.06 percent of the total production are in support of the application and rest representing 32.34 percent are indifferent in this investigation (paragraph 9.2 supra). However, information on injury factors is submitted by the Applicants only. Therefore, analysis of the injury factors carried out in this preliminary determination in the following paragraphs is based on the information submitted by Applicants and any inference derived in this regard from the data of the Applicants would apply to the entire industry as the Applicants account for more major proportion of the total domestic production of the domestic like product and are determined as domestic industry for the purposes of this investigation.

26. **Volume of Dumped Imports**

Facts

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

26.2 With regard to the volume of dumped imports, in terms of Section 15(2) of the Act, the Commission has considered whether there has been a significant increase in the 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-V
Volume of dumped Imports**

**Preliminary Determination on Dumped Imports of CC Billets into Pakistan
Originating in and/ or Exported from the People's Republic of China**

Year	Imports from:			Domestic Industry's production		
	Dumped source	Other Sources	Total imports	Applicants	Others	Total
2012-13	0.00	5.42	5.42	31.78	68.22	100.00
2013-14	0.98	4.31	5.29	48.41	68.90	117.31
2014-15	29.97	3.80	33.77	57.81	60.04	117.86

Sources: the Applicants & PRAL

Note: To maintain confidentiality actual figures have been indexed with respect to the total production in the year 2012-13 by taking it equal to 100

Analysis

26.3 It appears from the above table that dumped imports of the investigated product increased significantly in absolute terms from 5039 MT in the year 2013-14 to 153,331 MT in the year 2014-15 as well as relative to domestic production during the POI. The dumped imports which were 2 percent and 1 percent of the Applicants and total production respectively in the year 2013-14 increased to 52 percent and 25 percent respectively in the year 2014-15.

Conclusion

26.4 On the basis of the above information and analysis, the Commission has concluded that the dumped imports of the investigated product increased significantly in absolute terms as well as relative to the domestic production during the POI.

27. Price Effects

27.1 Effect of dumped imports on sales price of the domestic like product in the domestic market has been examined to establish whether there was significant price undercutting (the extent to which the price of the investigated product was lower than the price of the domestic like product), price depression (the extent to which the domestic industry experienced a decrease in its selling prices of domestic like product over time), or price suppression (the extent to which increased cost could not be recovered by way of increase in selling price of the domestic like product). Effects of dumped imports on price of the domestic like product are analyzed in following paragraphs:

27.2 Price undercutting

Facts

27.2.1 Weighted average ex-factory price of the domestic like product has been calculated from the information submitted by the Applicants on quantity and value of sales during the POI. Landed cost of the investigated product has been calculated from the information obtained from PRAL. Comparison of weighted average ex-factory price of the domestic like product with the weighted average landed cost of the investigated product during the POI is given in following table:

**Preliminary Determination on Dumped Imports of CC Billets into Pakistan
Originating in and/ or Exported from the People’s Republic of China**

**Table-VI
Price Undercutting**

Year (April-March)	Domestic product’s price	Landed cost of dumped imports	Price undercutting in:	
			absolute	percentage
2012-13	100.00	--	--	--
2013-14	97.32	87.22	10.10	11.58%
2014-15	102.09	85.32	16.77	19.65%

Sources: the Applicants & PRAL

Note: To maintain confidentiality actual figures have been indexed with respect to domestic industry’s price in the year 2012-13 by taking it equal to 100

Analysis

27.2.2 Analysis of the information provided in the above table shows that the weighted average landed cost of the investigated product was lower than the weighted average ex- factory price of the domestic like product during the POI. Therefore, landed cost of the investigated product undercut price of the domestic like product significantly by 19.65 percent during the POI for dumping.

Conclusion

27.2.3 On the basis of the above information and analysis the Commission has concluded that the domestic industry suffered material injury on account of price undercutting due to dumped imports of the investigated product during the POI.

27.3 Price Suppression

Facts

27.3.1 Weighted average cost to make and sell and ex-factory prices of the domestic like product for the POI are given in the following table:

**Table – VII
Weighted average Cost to Make & Sell and Ex-factory Price**

Year (Apr-March)	Cost to make & sell	Ex-factory price	Increase/(decrease) in:		Price Suppression
			Cost to M&S	Price	
2012-13	100.00	86.34	--	--	--
2013-14	100.12	84.03	0.12	-2.31	--
2014-15	152.56	88.15	52.43	4.12	48.31

Source: the Applicants

Note: To maintain confidentiality actual figures have been indexed with respect to cost to make and sell in the year 2012-13 by taking it equal to 100

Analysis

27.3.2 The above table shows that weighted average cost to make and sell of the domestic like product increased by 12 percent in the year 2013-14, however it increased drastically 52 percent, whereas weighted average ex-factory price of the domestic like product decreased by 3 percent in the year 2013-14 and increased by 5 percent during 2014-15.

**Preliminary Determination on Dumped Imports of CC Billets into Pakistan
Originating in and/ or Exported from the People's Republic of China**

27.3.3 Investigation of the Commission has shown that extra ordinary increase in weighted average cost to make and sell of the domestic industry in the year 2014-15 was due to sharp decline in production of M/s ASG Metals Limited, one of the Applicants, which resulted in exorbitant increase in its fixed costs. The conversion cost of M/s ASG Metals Limited increased by 106 percent in the year 2014-15. To make an unbiased and objective analysis of the price suppression cost to make and sell and prices of all the three applicants are analysed below separately:

27.3.4 Following table shows Amreeli Steel’s production, sales, cost to make and sell, and sales price of CC Billets during the POI:

**Table – VIII
Production, Sales, Cost to Make & Sell and Price of Amreeli Steel**

Year (Apr-March)	Production	Sales#	Cost to make & sell	Ex-factory price	Increase/(decrease)		Price Suppression
					Cost to M&S	Price	
2012-13	100.00	0.00	--	--	--	--	--
2013-14	122.40	1.60	100.00	93.07	--	--	--
2014-15	131.46	2.32	108.37	107.67	8.37	14.59	--

Source: Amreeli Steel Ltd. # About 98% of the its production was in-house used by the Amreeli Steel
Note: To maintain confidentiality actual figures have been indexed with respect to production in the year 2012-13 and cost to make & sell in 2013-14 by taking them equal to 100

27.3.5 The above table shows that the cost to make and sell of the Amreeli Steel Limited increased by 8 percent in the year 2014-15 while its sales price increased by Rs. 16 percent during this year. Therefore, it did not suffer injury on account of price suppression. However, it consumed all of its production in house and was not able to sell in the market on this price. It sold only 2 percent of its production in the market. In case it had not consumed his own production in house, its volume of production must be dropped, which results an increase in fixed production costs. In this scenario the Amreeli Steel might also face price suppression.

27.3.6 Following table shows Agha Steel’s production, sales, cost to make and sell, and sales price of CC Billets during the POI:

**Table – IX
Production, Sales, Cost to Make & Sell and Price of Agha Steel Ltd.**

Year (Apr-March)	Production	Sales #	Cost to make & sell	Ex-factory price	Increase/(decrease)		Price Suppression
					Cost to M&S	Price	
2012-13	100.00	19.31	100.00	86.34	--	--	--
2013-14	154.28	0.64	93.61	97.15	-6.39	10.81	--
2014-15	364.42	2.17	82.96	83.51	-10.65	-13.65	--

Source: Agha Steel Ltd.
During the POI about 100% of the its production was in-house used by the Agha Steel

**Preliminary Determination on Dumped Imports of CC Billets into Pakistan
Originating in and/ or Exported from the People's Republic of China**

Note: To maintain confidentiality actual figures have been indexed with respect to production in the year and cost to make & sell in 2012-13 by taking them equal to 100

27.3.7 The above table shows that the cost to make and sell of the Agha Steel Limited decreased during 2014-14 and 2014-15 while its sales price increased during 2013-14 and decreased in 2014-15. Therefore, it does not suffer injury on account of price suppression. However, decrease in cost to make and sell was due to increase in production, but it consumed all of its production in house. It was not able to sell in the market at this price. In case it had not consumed its own production in house, its volume of production must be dropped, which results in an increase in fixed production costs. In this scenario the Agha Steel might also face price suppression.

27.3.8 Following table shows ASG Metal's production, sales, cost to make and sell, and sales price of the CC Billets during the POI:

**Table – X
Production, Sales, Cost to Make & Sell and Price of ASG Metals Ltd.**

Year (Apr-March)	Production	Sales#	Cost to make & sell	Ex-factory price	Increase/(decrease)		Price Suppression
					Cost to M&S	Price	
2012-13	00	00	00	00	--	--	--
2013-14	100.00	96.85	100.00	83.72	--	--	--
2014-15	33.82	31.05	169.32	88.39	69.32	4.67	64.64

Source: ASG Metals Ltd.

27.3.9 The above table shows that the cost to make and sell of the ASG Metals Limited exorbitantly increased by 69 percent in the year 2014-15 due to decline in production while its sales price increased only 6 percent. As landed cost of the investigated product was lower than the price of the domestic like product (paragraph 27.2 supra) the ASG Metals was not able to sell its product in the market. Further, it has no in-house consumption of CC Billets, therefore, it has to cut down its production. Resultantly, its fixed cost increased sharply. Therefore, it suffered injury on account of price suppression.

Conclusion

27.3.10 On the basis of the above information and analysis, the Commission has concluded that the domestic industry suffered material injury on account of price suppression during the POI.

27.4 Price Depression

Facts

27.4.1 Weighted average ex-factory prices of the domestic like product prevailed during POI are given in table below:

**Preliminary Determination on Dumped Imports of CC Billets into Pakistan
Originating in and/ or Exported from the People's Republic of China**

**Table – XI
Price Depression**

Year	Domestic product's price	Price Depression	
		Absolute	Percentage
2012-13	100.00	-	-
2013-14	97.32	-2.68	2.68%
2014-15	102.09	-	-

Source: the Applicants

Note: To maintain confidentiality actual figures have been indexed with respect to domestic industry's price in the year 2012-13 by taking it equal to 100

Analysis

27.4.2 The table above shows that the price of the domestic like product decreased by 3 percent in the year 2013-14 and increased by 5 percent in the year 2014-15. So there was no price depression during the POPI.

Conclusion

27.4.3 On the basis of the above information and analysis the Commission has concluded that the domestic industry did not suffer material injury on account of price depression during the POI.

28. Effects on Market Share

Facts

28.1 Total domestic demand for the CC Billets in Pakistan is met through local production and imports. Size of the domestic market is established by adding sales of domestic like product, imports of the investigated product from China and imports of like product from other sources. Following table shows the market share from each source during the POI:

**Table – XIII
Market Share**

Year	Sales by the domestic industry			Imports from:		% increase in total Market
	Applicants#	Others	Total	Dumped source	Other sources	
2012-13	29%	66%	95%	0	5%	--
2013-14	41%	55%	96%	1%	3%	18%
2014-15	36%	43%	79%	19%	2%	31%

Sources: PRAL and the Applicants

#: Sales include including in-house use as well

Analysis

28.2 The above table shows that the domestic market of CC Billets increased by 18 percent and 31 percent during the years 2013-14 and 2014-15 respectively.

28.3 The domestic industry's market share declined from 96 percent in the 2013-14 to 79 percent in 2014-15. Market share of the dumped imports increased from zero in 2012-13 to 19 percent in the years 2014-15. However, share of imports from other sources decreased from 5 percent in 2012-13 to 2 percent in 2014-15.

Conclusion

28.3 On the basis of above information and analysis, the Commission has concluded that the domestic industry suffered material injury on account of market share as its market share declined significantly due to dumped imports of the investigated product during the POI.

29. Effects on Sales

Facts

29.1 The sales in the domestic market of the domestic like product by the Applicants during the POI are given below:

**Table- XIV
Sales by the Applicants**

Year (Apr-March)	Sales	% increase/ (decrease)
2012-13	100.00	--
2013-14	706.88	607%
2014-15	279.02	-61%

Source: the Applicants

Note: To maintain confidentiality actual figures have been indexed with respect to the sales in the year 2012-13 by taking it equal to 100

Analysis

29.2 The above table shows that the Applicant's sales of domestic like product in the domestic market increased significantly (607%) in 2013-14, however their sales declined significantly (61%) in the year 2014-15 (the POI for dumping).

Conclusion

29.3 On the basis of above information and analysis, the Commission has concluded that the domestic industry suffered material injury on account of sales of the domestic like product during the POI.

30. Effects on Production and Capacity Utilization

Facts

30.1 The installed production capacity, quantity produced and the capacity utilization of the Applicants during the POI were as follows:

**Table – XV
Capacity Utilization by the Applicants**

**Preliminary Determination on Dumped Imports of CC Billets into Pakistan
Originating in and/ or Exported from the People's Republic of China**

Year	Capacity Utilization
2012-13	48%
2013-14	42%
2014-15	46%

Source: the Applicants

Analysis

30.2 The investigation of the Commission has shown that the installed capacity, quantity produced and capacity utilization of the Applicants increased during the POI.

Conclusion

30.3 Based on above facts and analysis, the Commission has concluded that the domestic industry did not suffer material injury on account of installed capacity, production and capacity utilization during the POI.

31. Effects on Inventories

Facts

31.1 The data relating to the Applicants' inventories of the domestic like product during the POI is given below:

**Table – XVI
Applicants Inventories of the Domestic Like Product**

Year (Apr-Mar)	Opening Inventory	Production	In-house Consumption	Domestic Sales	Closing Inventory
2012-13	100.00	3,996.41	3,579.53	139.98	376.90
2013-14	376.90	6,085.28	5,267.96	989.46	204.77
2014-15	204.77	7,267.54	6,834.94	390.57	246.81

Source: the Applicants

Note: To maintain confidentiality actual figures have been indexed with respect to the opening inventory in the year 2012-13 by taking it equal to 100

31.2 The above table shows that the closing inventory level of the domestic like product increased in the year 2014-15, the POI for dumping, as compared to the previous year's closing inventory.

Conclusion

31.3 On the basis of the above information and analysis the Commission has concluded that the domestic industry suffered material injury on account of level of inventory of the domestic like product during the POI.

32. Effects on Profit/Loss

Facts

32.1 The table below shows the profits/(loss) and profitability on production and sales of the domestic like product of the Applicants during the POI:

**Table – XVII
Profits/(Loss) of the Applicants**

Year (April-March)	(Loss)
2012-13	(100.00)
2013-14	(811.77)
2014-15	(1,281.20)

Source: Applicants

Note: To maintain confidentiality actual figures have been indexed with respect to the loss in the year 2012-13 by taking it equal to 100

Analysis

32.2 The information provided in the above table shows that the combined loss of the Applicants increased during the POI. Similarly loss per MT of sales also increased during the POI

Conclusion

32.3 On the basis of the above facts and analysis the Commission has concluded that the domestic industry suffered material injury on account of profits and profitability during the POI.

33. Effects on Cash Flows

Facts

33.1 The Applicants are multi-product companies and the cash flows cannot be determined separately for different products, as number of factors of cash flows are combine for all products.

33.2 As per Section 17(2) of the Act, *the Commission shall assess effect of dumped imports in relation to production of a domestic like product in Pakistan when available data permit separate identification of that production on the basis of criteria of production process, producer's sales and profits:*

Provided that if such separate identification of that production is not possible, the Commission shall assess effects of dumped imports by examination of the production of the narrowest group or range of products, which includes a domestic like product, for which necessary information can be provided."

33.3 Keeping in view the above the effects on cash flows are assessed for entire operations of the Applicants. Therefore, Applicants total cash flows for the POI are provided in the following table:

**Table – XVIII
Net Cash Flow**

**Preliminary Determination on Dumped Imports of CC Billets into Pakistan
Originating in and/ or Exported from the People's Republic of China**

Year (April-March)	Net Cash inflow
2012-13	(100.00)
2013-14	(986.29)
2014-15	(1,504.74)

Source: the Applicants

Note: To maintain confidentiality actual figures have been indexed with respect to the cash flow in the year 2012-13 by taking it equal to 100

Analysis

33.4 The above table shows that the domestic industry's net cash flow from its operations declined significantly during 2013-14 and during 2014-15.

Conclusion

33.5 On the basis of above information and analysis the Commission has reached the conclusion that the domestic industry suffered material injury on account of cash flows during the POI for dumping.

34. Effects on Employment, Productivity and Salaries & Wages

Facts

34.1 The data relating to the employment, salaries & Wages and productivity of the Applicants during the POI is given in the following table:

**Table – XIX
Employment, Productivity and Wages**

Year	Number of Employees	Productivity per worker	Salaries & Wages
2012-13	100.00	47.84	123.85
2013-14	176.16	41.37	104.04
2014-15	166.55	52.25	186.89

Source: the Applicants

Note: To maintain confidentiality actual figures have been indexed with respect to the number of employees in the year 2012-13 by taking it equal to 100

Analysis

34.2 The above table shows that the employment in the domestic industry increased during the year 2013-14 and decreased during 2014-15. The productivity per worker increased during the POI. Salaries and wages per MT also increased during POI.

Conclusion

34.3 Based on above facts and analysis the Commission has concluded that the domestic industry suffered material injury on account of employment during the POI.

35. Effects on Return on Investment

Facts

35.1 As stated earlier that the Applicants are multi-product companies, therefore the investment and return on investment cannot be determined separately for different products as investment (equity/loans) is made for entire company. Based on the total profits (before tax), long term finance, markup paid, debt and equity of the entire company the investment and return on investment is determined as follows:

**Table-XX
Return on Investment**

Year	ROI
2012-13	6.72%
2013-14	5.63%
2014-15	4.16%

Source: the Applicants

Analysis

35.2 The above table shows that the Applicants combined return on investment declined during the POI from 6.72 percent in 2012-13 to 4.16 percent in 2014-15.

Conclusion

35.3 On the basis of above information the Commission has reached on the conclusion that the domestic industry suffered material injury on account of cash flows during the POI.

36. Effects on Growth and Investment

Facts/Analysis

36.1 As stated earlier that there is significant growth in domestic demand/market of CC Billets in the country (paragraph 28 supra), therefore, keeping in view this aspect the domestic has made considerable investment in this sector and has enhanced its installed production capacities during the POI. However, it is not able to utilize increased capacities due to dumped imports of the investigated product (paragraph 30 supra)

Conclusion

36.2 In view of the above information it is concluded that the domestic industry did not suffer material injury on account of growth and investment during the POI.

37. Magnitude of Dumping Margins

Facts/Analysis

The dumping margin of 32.73 percent determined for imports of the investigated product (paragraph 23 supra) is considered enough to cause material injury to the domestic industry. Further, injury factors discussed above show that domestic industry has suffered materially injury due to dumped imports of the investigated product.

38. 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 the POI on following accounts:

- i. Significant increase in volume of dumped imports in absolute terms;
- ii. Significant price undercutting due to the dumped imports;
- iii. Significant price suppression;
- iii. Decline in market share;
- iv. Decline in sales
- v. Negative effects on inventories;
- vi. Negative effects on cash flows
- vii. Increase in losses;
- viii. Negative effects on employment;
- ix. Decline in return on Investment; and
- x. Magnitude of the dumping margin.

D. CAUSATION

39. Effect of Dumped Imports

39.1 From the foregoing analysis it appears that the volume of the dumped imports significantly increased in absolute terms during 2014-15 which, at the same time caused significant price undercutting, price suppression, decline in market share, decline in sales, increase in losses, negative effects on employment and

inventories, and decline in return on investment of the domestic industry.

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

- i. Volume of dumped imports of the investigated product increased significantly in absolute terms as well as relative to the domestic production;
- ii. Domestic industry experienced price undercutting and price suppression due to dumped imports of the investigated product;
- iii. Domestic industry experienced decline in sales, market share, increase in losses and negative effects on inventories and employment of the domestic like product; and
- iv. the domestic industry has not only suffered material injury during the POI because of increased dumped imports but at the same time it is facing threat of material injury which is imminent in future due to sharp increase in imports from China at dumped prices.

40. Other Factors

40.1 In accordance with Section 18(2) and 18(3) of the Act, the Commission has examined following factors other than dumped imports which could at the same time cause injury to the domestic industry, in order to ensure that possible injury caused by other factors is not attributed to the injury caused by dumped imports:

- i. Volume and price of imports not sold at dumping prices;
- ii. Contraction in demand or changes in the patterns of consumption;
- iii. Trade restrictive practices and competition between and domestic producers;
- iv. Developments in technology; and
- v. Export performance and productivity of domestic industry.

40.2 Volume of Other Imports

40.2.1 The Commission has preliminarily determined that the domestic industry did not suffer material injury due to other factors including imports of CC Billets from sources other than the dumped source during the POI. Volume of imports from other sources, dumped source and sales by the domestic industry are provided in the following table to analyze whether there is contraction in demand for the CC

**Preliminary Determination on Dumped Imports of CC Billets into Pakistan
Originating in and/ or Exported from the People's Republic of China**

Billets or there are changes in its patterns of consumption in accordance with Section 18(3) of the Act:

**Table-XXI
Total Domestic Market of CC Billets**

Year	Domestic Industry's sales#	Imports from:		Total market
		Dumped Source	Other Sources	
2012-13	100.00	0.00	5.57	105.57
2013-14	119.62	1.01	4.43	125.06
2014-15	128.96	30.82	3.91	163.69

Sources: PRAL and the Applicants. # including in-house consumption

Note: To maintain confidentiality actual figures have been indexed with respect to the domestic industry's sales in the year 2012-13 by taking it equal to 100

40.2.2 The above table shows that there was no contraction in domestic demand of CC Billets during the POI rather domestic market increased 18 percent and 31 percent in the years 2013-14 and 2014-15 respectively. Thus there was no contraction in demand or there was no change in pattern of consumption of the CC Billets during the POI.

40.2.3 The above table shows that the volume of imports of CC Billets from sources other than the dumped source declined whereas volume of dumped imports of the investigated product increased significantly during the POI. The market share of imports from other sources declined from 5 percent in the year 2012-13 to 4 percent and 2 percent during 2013-14 and 2014-15 respectively, which shows volume of imports from other sources were not the cause of injury to the domestic industry rather it is the volume of dumped imports which have caused material injury to the domestic industry during the POI.

40.3 Landed Cost of Other Imports

40.3.1 Following table shows the landed cost from other sources and dumped source, and weighted average price of the domestic like product:

**Table-XXII
Landed Cost and Prices of CC Billets**

Year	Landed Cost of:		Domestic industry's price
	Other sources	Dumped Source	
2012-13	90.23	--	100.00
2013-14	85.83	87.22	97.32
2014-15	84.20	85.32	102.09

Sources: PRAL and the Applicant

Note: To maintain confidentiality actual figures have been indexed with respect to the domestic industry's price in the year 2012-13 by taking it equal to 100

40.3.2 The above table shows that, during the POI, the landed cost of the CC Billets imported from other sources was lower than the landed cost of the

investigated product as well as the ex-factory price of the domestic like product. However, there volume was not only much less than the volume of dumped imports rather its share was only 2 percent during the POI for dumping (paragraph 40.2 supra). Therefore, the Commission is of the view that the imports of the CC Billets from other sources were not the cause of injury to the domestic industry during the POI.

40.4 Investigation has also shown that there was no exports of the CC Billets by the Applicants throughout the POI for injury. Thus there was no change in export pattern of the domestic industry during POI.

40.5 Other 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 producers other than producers from the dumped source and domestic producer; and
- ii. There was no considerable change in technology to produce CC Billets during the POI;

40.6 Based on the above information and analysis the Commission has concluded that there was no other factor which has caused material injury to the domestic industry during the POI except dumped imports of the investigated product.

41. Causal Relationship between Dumped Imports of the Investigated Product and Material Injury to the Domestic Industry

Examination of the volume of dumped imports and its prices show a causal relationship between dumped imports of the investigated product and material injury to the domestic industry during the POI, as volume of dumped imports increased significantly at dumped prices which simultaneously undercut and suppress prices of the domestic like product and adversely affected production, sales, market share, profits/profitability, inventories, cash flows and employment of the domestic industry.

E. CONCLUSIONS

42. After taking into account all considerations, evidences, information and analysis the Commission has reached the following conclusions for the purposes of this preliminary determination:

- i. the application was filed by the domestic industry as the Applicants

represented 46.60 percent and it is supported by the producers who account for 21 percent of the production of domestic like product during the POI;

- ii. the investigated product and the domestic like product are like products in terms of the provisions of the Act;
- iii. during 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 are above the negligible and *de minimis* levels;
- v. the dumping margins expressed as a percentage of weighted average adjusted export price at ex-factory level is worked out 32.73 percent;
- vi. during the POI the domestic industry suffered material injury on account of volume of dumped imports, price undercutting, price suppression, decline in market share, sales, increase in losses, negative effects on cash flows, employment and inventories 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 faced by the domestic industry.
- viii. After initiation of this investigation regulatory duty at the rate of 15 percent on imports of CC Billets is imposed with effect from January 14, 2015.

F. NON-IMPOSITION OF PROVISIONAL ANTIDUMPING DUTY

44. Section 43(1) of the Act empowers the Commission to impose provisional anti-dumping duty and states as follows:

“The Commission may impose provisional measures if it makes an affirmative preliminary determination of dumping and injury, and determines that provisional measures are necessary to prevent injury being caused during the course of an investigation:

Provided that provisional measures shall not be applied sooner than sixty days from the date of initiation of the investigation:

Provided further that the amount of the provisional anti-dumping duty shall not exceed the margin of dumping as provisionally established, but it may be

less than the margin if such lesser duty would be adequate to remove the injury to the Domestic Industry.”

51. As stated earlier (paragraph 3 supra) that the honourable Sindh High Court has restrained the Commission from taking any coercive action in this case and regulatory duty at the rate of 15 percent has been imposed on imports of the CC Billets, therefore, no provisional antidumping duty on imports of the investigated product is imposed.

Sd/-
(Niamatullah Khan)
Member
April 22, 2016

Sd/-
(M. Abbas Raza)
Chairman
April 22, 2016