



**Government of Pakistan  
National Tariff Commission**

**REPORT**

**ON**

**PRELIMINARY DETERMINATION AND LEVY OF PROVISIONAL  
ANTI-DUMPING DUTIES ON DUMPED IMPORTS OF PHTHALIC  
ANHYDRIDE INTO PAKISTAN ORIGINATING IN AND/OR  
EXPORTED FROM THE ITALIAN REPUBLIC, ISLAMIC REPUBLIC  
OF IRAN AND KINGDOM OF THAILAND.**

**A.D.C No. 28/2012/NTC/PA  
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**Preliminary Determination And Levy Of Provisional Antidumping Duties On Imports Of Phthalic Anhydride Into Pakistan  
Originating In And/Or Exported From The Italian Republic, Islamic Republic Of Iran And Kingdom Of Thailand.**

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The National Tariff Commission (hereinafter referred to as the “Commission”) having regard to the Anti-Dumping Duties Ordinance, 2000 (LXV of 2000) (hereinafter referred to as the “Ordinance”) and the Anti-Dumping Duties Rules, 2001 (hereinafter referred to as the “Rules”) relating to investigation and determination of dumping of goods into the Islamic Republic of Pakistan (hereinafter referred to as “Pakistan”), material injury to the domestic industry caused by such imports, and imposition of antidumping duties to offset the impact of such injurious dumping, and to ensure fair competition thereof and to the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (hereinafter referred to as the “Agreement on Antidumping”).

2. The Commission is conducting this investigation on imports of Phthalic Anhydride, (hereinafter referred to as “PA) into Pakistan Originating in and/or Exported from the Italian Republic (“Italy”), Islamic Republic of Iran (“Iran”) and Kingdom of Thailand (“Thailand”) (hereinafter referred to as the “Exporting Countries”) under the Ordinance and the Rules. The Commission has made preliminary determination in this investigation under Section 37 of the Ordinance. This report on preliminary determination has been issued in accordance with Article 12.2 of the Agreement on Antidumping.

3. In terms of Section 37 of the Ordinance, 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 17, 2012. The preliminary determination is based on the information available to the Commission at this time.

**A. PROCEDURE**

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

**5. Receipt of Application**

5.1 On July 6, 2012, the Commission received a written application under Section 20 of the Ordinance from Nimir Chemicals Pakistan Limited., Office No. 01, 7th Floor, Shaheen Complex, Egerton Road, Lahore (the “Applicant”). The Applicant has alleged that PA originating in and/or exported from the Exporting Countries is being dumped into Pakistan, which has caused and is causing material injury to the domestic industry producing PA.

5.2 The Commission informed the Embassies of the Exporting Countries in Islamabad through note verbale dated July 17, 2012, of the receipt of application in accordance with the requirements of Section 21 of the Ordinance.

5.3 The PA is already subject to following antidumping measure in place.

<b>Countries</b>	<b>Rates of Antidumping duties in Place</b>	<b>Date of imposition</b>
Brazil	6.17%	30-09-2010
China	11.84%	30-09-2010
Indonesia	5.87%	30-09-2010
South Korea	7.36%	30-09-2010
Taiwan	27.28%	30-09-2010
India	10.94%	13-02-2006 (Extended)

## **6. Evaluation and Examination of the Application**

6.1 The examination of the application showed that it met the requirements of Section 20 of the Ordinance as it contained sufficient evidence of dumping of PA into Pakistan from the Exporting Countries 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.

## **7. The Domestic Industry**

7.1 Section 2(d) of the Ordinance defines domestic industry as:

*“domestic industry” means the domestic producers as a whole of a domestic like product or those of them whose collective output of that product constitutes a major proportion of the total domestic production of that product, except that when any such domestic producers are related to the exporters or importers, or are themselves importers of the allegedly dumped investigated product in such a case “domestic industry” shall 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;

- (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 and 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”.

7.2 The domestic industry of PA comprises of only one unit, Nimir Chemicals Pakistan Limited (“Applicant”)

7.3 Nimir Chemicals Pakistan Limited (previously Ravi Chemicals Ltd) was incorporated as a public limited company on November 30, 1989 under the Companies Ordinance, 1984. Nimir Chemicals Pakistan Limited is a chemical manufacturing company. Nimir Chemicals Pakistan Limited is neither related to importers or exporters nor it imported PA itself.

## **8. Standing of the Application**

8.1 In terms of Section 24(1) of the Ordinance,

*".... 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 Ordinance 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."*

8.2 As stated above (paragraph 7.2 supra) the domestic industry of PA comprises of the only one unit i.e. the Applicant. The application has been filed by the Applicant, who is the only producer of the domestic like product. The Applicant produced \*\*\*\* Tonnes of PA during April 2011 to March 2012. On the basis of this, it is determined that the application is made by or on behalf of domestic industry as it fulfills the requirements of Section 24 of the Ordinance

## **9. Applicant's Views**

The Applicant, *inter alia*, raised the following issues in application regarding alleged dumping of PA and material injury to the domestic industry caused therefrom:

- i. PA imported from Exporting Countries into Pakistan and PA produced in Pakistan by the domestic industry is like product;
- ii. Exporters/producers from Exporting Countries are exporting PA to Pakistan at dumped prices; and
- iii. Exports of PA by the exporters/producers from Exporting Countries to Pakistan at dumped prices has caused and is causing material injury to the domestic industry producing PA mainly through:
  - a. Volume of dumped imports
  - b. Price undercutting;

- c. Decline in market share;
- d. Negative effect on sales;
- e. Decline in profit margin and operating profit;
- f. Negative effect in capacity utilization;
- g. Negative effect on cash flow; and
- h. Negative effect on inventories;
- i. Negative effect on return on investment; and
- j. Negative effect on employment

#### 10. **Exporters/Foreign Producers of PA**

10.1 The Applicant has identified 3 foreign producers and exporters involved in alleged dumping of the investigated product from the Exporting Countries. The Applicant has provided contact address of 1 foreign exporter/producer. The Applicant has stated that there may be other producers and exporters of the investigated product, which are not known to it. Therefore, the Applicant has requested for imposition of antidumping duty on all imports of the investigated product originating in and/or exported from the Exporting Countries instead of imposition of anti-dumping duty on identified producers/exporters.

#### 11. **Initiation of Investigation**

11.1 The Commission, in accordance with Section 23 of the Ordinance examined the accuracy and adequacy of the evidence provided in application, and established that there was sufficient evidence of alleged dumping of PA into Pakistan from Exporting Countries and consequent material injury to the domestic industry. Thus initiation of the investigation was justified. Consequently, the Commission issued a notice of initiation in accordance with Section 27 of the Ordinance, which was published in the Official Gazette<sup>1</sup> of Pakistan and in two widely circulated national newspapers<sup>2</sup> (one in English language and one in Urdu Language) on August 17, 2012. Investigation concerning alleged dumped imports of PA into Pakistan {classified under PCT No<sup>3</sup>. 2917.3500. contained in the First Schedule of Customs Act, 1969 (IV of 1969)} originating in and/or exported from Exporting Countries was thus initiated on August 17, 2012.

11.2 In pursuance of Section 27 of the Ordinance, the Commission notified Embassies of Exporting Countries in Islamabad of the initiation of investigation (by sending a copy of the notice of initiation) on August 27, 2012 with a request to forward it to all exporters/producers involved in production, sales and export of PA from the Exporting Countries. Copy of the notice of initiation was also sent to known exporter/producer of

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<sup>1</sup> The official Gazette of Pakistan (Extraordinary) dated August 17, 2012.

<sup>2</sup> The 'Daily Express' and the 'Daily Express Tribune' of August 17, 2012 issue.

<sup>3</sup> PCT heading in Pakistan is equivalent to Harmonized Commodity Description and Coding System up to six-digit level.

PA from Italy whose address was available with the Commission. Copies of the notice of initiation were also sent to known Pakistani importers and the Applicant on August 27, 2012.

11.3 In accordance with Section 28 of the Ordinance, on August 29, 2012 the Commission sent copy of full text of the written application (non-confidential version) and Exporter's Questionnaire to only one known exporter of Exporting Country, on its available address. On August 27, 2012, copy of the full text of the written application along with Exporter Questionnaire was also sent to Embassy of the Exporting Countries in Pakistan with a request to forward it to all exporters/producers involved in production and/or sale/export of PA from Exporting Countries. The Importer's Questionnaire was also sent to the importers of PA on August 29, 2012.

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

12.1 Section 2 of the Ordinance 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:**  
*"the domestically produced product, which is a like product to an investigated product".*
- 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 as follows:

### **12.2.1 Investigated Product:**

12.2.1.1 The investigated product is Phthalic Anhydride ("PA") imported from the Exporting Countries. It is classified under Pakistan Customs Tariff<sup>1</sup> ("PCT") Heading Nos. 2917.3500. The investigated product is in form of white flakes, with mild odour, slightly soluble in ether and hot water.

#### **Specification:**

PA Contents	99.8 % (minimum 98%)
Colour index to hazen	20 APHA



Heat Stability	50 APHA
Boiling point	285 <sup>0</sup>
Solidification point	131 <sup>0</sup>

12.2.1.2 The primary use of Investigated product is in the production of plasticizer used for production of plastics from vinyl chloride. PA is used in manufacturing alkyd resins (Glyptal) and to modify physical properties of synthetic resins.

### 12.2.2 **Domestic Like Product**

12.2.2.1 The domestic like product is Phthalic Anhydride ("PA") manufactured by domestic industry. It is classified under Pakistan Customs Tariff<sup>1</sup> ("PCT") Heading No. 2917.3500. The domestic like product is in form of white flakes, with mild odour, slightly soluble in ether and hot water.

#### **Specification:**

PA Contents	99.8 % (minimum 98%)
Colour index to hazen	20 APHA
Heat Stability	50 APHA
Boiling point	285 <sup>0</sup>
Solidification point	131 <sup>0</sup>

12.2.2.2 Domestic like product is mainly used in production of plasticizer used for production of plastics from vinyl chloride. PA is used in manufacturing of alkyd resins (Glyptal) and to modify physical properties of synthetic resin.

### 12.2.3 **Like Product:**

PA produced by the domestic industry and imported from the Exporting Countries is comparable in terms of physical and chemical characteristics, raw materials, product specifications, chemical formulation, end uses and tariff classification of the goods etc. Investigated product and domestic like product are technically and commercially substitutable. Domestically produced PA and imported PA are classified under the same PCT/HS heading No. 2917.3500.

12.4 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**

13.1 In terms of Section 36 of the Ordinance, Period of Investigation (hereinafter referred to as "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 Commission received the application on July 6, 2012 and initiated the investigation on August 17, 2012. The POI in Application was proposed for dumping was from April 1, 2011 To March 31, 2012 and for injury was from April 1, 2009 To March 31, 2012. Therefore, to fulfill the requirement of Section 36 of the Ordinance, the Commission extended one quarter in POI for dumping and injury.

13.3 the POI selected for dumping and injury are, therefore, as follows:

For determination of dumping:	From April 1, 2011 to June 30, 2012
For determination of injury:	From April 1, 2009 to June 30, 2012

#### **14. Information/Data Gathering**

14.1 The Commission sent Exporter’s Questionnaire to the Polynt S.P.A an exporter from Italy, whose complete address was available with the Commission on August 29, 2012 for collection of data and information. The exporter/foreign producer was asked to respond within 37 days of dispatch of the Questionnaire. On August 29, 2012 copy of the Questionnaire was also sent to the Embassies of Exporting Countries in Islamabad with a request to forward it to the producers/exporters identified by the Applicant, whose addresses were not available with Commission and all other producers/exporters of the investigated/like product in Exporting Countries.

14.2 The Commission received an email on October 4, 2012 from Polynt SPA after expiry of 37 days to response to the Exporter’s questionnaire. Polynt SPA, instead of providing data /information on exporter questionnaire, simply replied that Polynt SPA is not involved in dumping of PA to Pakistan. On October 15, 2012, Commission sent a letter to Polynt SPA with advice to submit data/information on prescribed questionnaire within 15 days of dispatch of this letter, otherwise the Commission would be constrained to make preliminary determination of dumping in this investigation on the basis of best information available including those contained in the application submitted by the domestic industry, in terms of Section 32 of the Ordinance.

14.3 The Commission also sent letter to the Embassies of Exporting Countries on October 15, 2012, (on expiry of 37 days period) stating that so far no response has been

received from producers/exporters on the Exporter's Questionnaire and therefore the producers/exporters may be advised to submit the data on prescribed questionnaire otherwise the Commission would be constrained to make preliminary determination of dumping in this investigation on the basis of best information available including those contained in the application submitted by the domestic industry, in terms of Section 32 of the Ordinance.

14.4 However, the Commission has not received any response to these letters from any exporter from the Exporting Countries.

14.5 On August 29, 2012 Questionnaires were sent to 10 Pakistani importers of the investigated product known to the Commission and these importers were asked to respond within 37 days of dispatch of the Questionnaires. No importer submitted any data/information on prescribed questionnaire.

14.6 The Commission has access to 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 purpose of this preliminary determination the Commission has used import data obtained from PRAL in addition to the information provided by the Applicant.

14.7 Interested parties were also invited to make their views/comments and submit information (if any) relevant to this investigation within 45 days of initiation of investigation. No interested party have made comments /submitted information.

14.8 Thus, the Commission has sought from all available sources the relevant data and information deemed necessary for the purposes of preliminary determination of dumping and injury therefrom in this investigation

## **15. Verification of the Information**

15.1 In terms of Sections 32(4) and 35 of the Ordinance 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 to the accuracy and adequacy of information supplied by the interested parties to the extent possible for the purposes of this preliminary determination.

15.2 In order to verify information/data provided by the Applicant and to obtain further information (if any), officers of the Commission conducted on-the-spot investigation at the office and plant of the Applicant from October 04, 2012 to October 06, 2012.

**16. Public File**

The Commission, in accordance with Rule 7 of the Rules, has established and maintained a public file at its office. This file remains available to the interested parties for review and copying from Monday to Thursday between 1100 hours to 1300 hours throughout the investigation (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.

**17. Confidentiality**

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

17.2 The Applicant has requested to keep confidential the information, which is by nature confidential in terms of Section 31 of the Ordinance. This information includes data relating to sales, sale prices, cost to make and sell, inventories, production, profit/(loss), return on investment, cash flow, growth, investment, salaries & wages, number of employees and capacity.

17.3 On the basis of request made by the Applicant, the Commission has determined the confidentiality in light of Section 31 of the Ordinance 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 Applicant made a request to keep it confidential.

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

**18. Views/Comments of Interested Parties**

18.1 The Commission received no comments on the application from any foreign producer/exporter.

## **B. DUMPING**

### **19. Dumping**

In terms of Section 4 of the Ordinance 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**

20.1 In terms of Section 5 of the Ordinance “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”.*

20.2 Further, Section 6 of the Ordinance states:

*“(1) when there are no sales of like product in the ordinary course of trade in domestic market of an exporting country, or when such sales do not permit a proper comparison because of any particular market situation or low volume of the sales in the domestic market of the exporting country, the Commission shall establish normal value of an investigated product on the basis of either:*

*“a) the comparable price of the like product when exported to an appropriate third country provided that this price is representative; or*

*“b) the cost of production in the exporting country plus a reasonable amount for administrative, selling and general costs and for profits.*

*“(2) Sales of a like product destined for consumption in domestic market of an exporting country or sales to an appropriate third country may be considered to be a sufficient quantity for the determination of normal value if such sales constitute five per cent or more of the sales of an investigated product to Pakistan:”.*

20.3 Ordinary course of trade is defined in Section 7 of the Ordinance 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.”*

20.4. In case there is no cooperation from the exporter/foreign producer, the Commission may rely on best information available to reach preliminary or final determinations as in terms of Section 32 of the Ordinance. Section 32 of the Ordinance states:

- (1) Subject to Sub-section (2), if, at any time during an investigation, any interested party*  
*(a) refuses access to or otherwise does not provide, necessary information within the period of times as may be prescribed; or*  
*(b) otherwise significantly impedes the investigation.*

*The Commission may reach preliminary and final determinations, whether affirmative or negative, on the basis of the best information available.*

*(2) The provisions of the Schedule to this Ordinance shall be followed in the application of sub-section (1).*

*(3) The Commission shall take due account of any difficulties experienced by interested parties, in particular, small companies, in supplying information requested by it and may, where it deems fit, provide such assistance as is practicable including, but not limited to, extension of any time period prescribed submission of information under this Ordinance.*

*(4) The Commission shall satisfy itself of the accuracy of the information supplied by interested parties during the course of an investigation in such manner as may be prescribed.*

## **20.5 Determination of Normal Value**

20.5.1 To collect information on the normal value, the Commission sent questionnaire to known producers/exporters of the Exporting Countries and the Embassies of the Exporting Countries in Islamabad on August 29, 2012 as mentioned earlier in Para 14 supra. However, no response on the exporter's questionnaire has been received from any exporter from the Exporting Countries. Therefore, the Commission has relied for

determination of normal value on the basis of best available information in terms of Section 32 of the Ordinance.

20.5.2 The Commission has constructed normal values for the Exporting Countries on the basis of information provided by the Applicant. The Applicant relied upon the following methodology for construction of normal value; for raw material costs, the Applicant has used the price of locally purchased raw materials adjusted to ex-factory level. For calculation of labor cost labor hours of domestic industry has been multiplied by labor rate per hour applicable in these countries. Energy consumption of the Applicant is used to calculate energy cost by multiplying it with fuel /petrol rates in the respective countries. Financial cost has been calculated on the basis of interest rates applicable in these countries. Profit has been calculated as 5% of the total constructed cost to make and sell of each Exporting Country. The Commission feels that it is best information available as the domestic prices for these countries are not reasonably available.

## **21. Determination of Export Price**

21.1 The "export price" is defined in Section 10 of the Ordinance as "*a price actually paid or payable for an investigated product when sold for export from an exporting country to Pakistan*".

21.2 The weighted average export price of PA imported from Exporting Countries has been calculated on the basis of customs import data available with PRAL.

21.3 For fair comparison between normal value and export price, both have been compared at ex factory level. Export price has been calculated on the basis of information/data obtained from Pakistan Revenue Automation Limited ("PRAL"). The data obtained from PRAL shows prices at C & F level. These prices have been adjusted to reach at ex-factory level by deducting ocean freight and inland freight. Cost of ocean freight has been calculated on the basis of quotation obtained from a shipping line.

## **22. Determination of Dumping**

22.1 As stated earlier the Applicant identified three exporters/foreign producers from the Exporting Countries involved in alleged dumping of the investigated product. The Commission sent questionnaire to the only one exporter/foreign producer whose address was available with it to gather information necessary for this investigation. For all other exporters/foreign producers Questionnaire were sent to Embassies of the Exporting Countries in Islamabad with a request to forward it to all exporters/foreign producers of the investigated product based in Exporting Countries to submit information to the Commission. However, no response was received from any exporter/producer of PA from the Exporting Countries.

**23. Dumping Margin**

23.1 The Ordinance 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 Ordinance the Commission shall determine an individual dumping margin for each known exporter or producer of an investigated product.

23.2 Section 12 of the Ordinance 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 constructed on the basis of best available information with weighted average export price at ex factory level.

23.3 The Commission has also complied with the requirements of Section 11 of the Ordinance which states that “*the Commission shall, where possible, compare export price and normal value with the same characteristics in terms of level of trade, time of sale, quantities, taxes, physical characteristics, conditions and terms of sale and delivery at the same place*”.

23.4 Taking into account the requirements of Section 11 of the Ordinance, dumping margin is calculated by comparing constructed ex-factory normal value with the weighted average ex-factory export price. Both figures and the dumping margin from each dumped source are shown below:

**Table-I  
Dumping Margins for Exporting Countries**

Exporting Countries	Normal Value (US\$/MT)	W.A. C&F Export Price (US\$/MT)	W.A Adjusted Exports Price (US\$/MT)	Dumping Margin in		
				Absolute terms	Percentage terms (%)	%age on C&F Basis
Italy	100.00	91.89	87.42	12.58	14.39	13.69
Iran	95.39	90.77	87.79	7.60	8.66	8.37
Thailand	90.75	86.75	81.53	9.21	11.30	10.62

Note: To keep confidentiality, actual figures have been indexed w.r.t Italy’s ex-factory normal price by taking it equal to 100.

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

24.1 In terms of Section 41(2) of the Ordinance “*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) 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 for the alleged dumped imports of the investigated product, set out in paragraph 23.4 supra, appear to be above negligible (*de minimis*) level.



24.3 As regards the volume of dumped imports, Section 41(3) of the Ordinance 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 unless imports of the investigated product from all countries under investigation which individually account for less than three percent of the total imports of a like product collectively account for more than seven per cent of the imports of like product. The information/data on alleged dumped imports of the investigated product and other imports of PA has been obtained from PRAL. Volume of alleged dumped imports of the investigated product and the PA imported from other sources during the POI (April 01, 2011 to June 30, 2012) is given in a table below:

**Table-II  
Volume of Imports of PA during POI**

Country	Volume of Imports in percentage
Italy	61.27
Iran	19.79
Thailand	5.68
Other Sources	13.26
Total	100

Source: PRAL

24.3 On the basis of above information, the Commission has preliminary determined that the volume of dumped imports of the investigated product from Exporting Countries was well above the negligible threshold (less than three percent of volume of total imports of the like product) during POI.

## C. INJURY TO DOMESTIC INDUSTRY

### 25. Determination of Injury

25.1 Section 15 of the Ordinance 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 Ordinance 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 POI. Material injury to the domestic industry has been analyzed in the following paragraphs in accordance with Part VI of the Ordinance.

### 26. Domestic Industry

26.1 For the purposes of this preliminary determination, the Commission has determined that domestic industry manufacturing domestic like product consists of only one unit i.e. the Applicant. Therefore, most of the analysis of the injury factors given in following paragraphs is based on Applicant’s information.

### 27 Volume of Dumped Imports

#### **Facts**

27.1 With regard to the volume of dumped imports, in terms of Section 15(2) of the Ordinance, the Commission considered whether there has been a significant increase in dumped imports, either in absolute terms or relative to the domestic production or consumption of the domestic like product manufactured by the domestic industry during POI.

27.2 In order to assess the impact of the volume of the dumped imports of the investigated product in relation to production and consumption of the domestic like product, the information submitted by the Applicant, and information obtained from

PRAL has been used. The following table shows imports of the investigated product and production of the domestic like product during the period April 01, 2009 to June 30, 2012 (POI for injury):

**Table-III**  
**Imports and Domestic production of PA (MT)**

Year	Dumped Imports (D.I)	Absolute Increase in Dumped Imports	Domestic Production (D.P)	Dumped Imports as % of Domestic Production	% Increase in Dumped Imports relative to D.P.	Domestic Consumption	D.I as % of Domestic Consumption
2009-10	0.00		100.00	0	0	96.97	0
2010-11	0.46	0.46	97.66	0.48	100	91.60	0.51
2011-12	6.66	6.20	100.50	6.63	1,281	94.69	7.04

Source: PRAL and Report of on the spot investigation

Year: April 1 to March 31

Note: To keep confidentiality, the absolute figures have been indexed w.r.t domestic production during 2009-10 as 100.

### Analysis

27.3 The above table shows that the volume of dumped imports in absolute terms increased from zero to \*\*\* MT showing 100% increase in 2010-11 as compared to 2009-10. The volume of dumped imports increased by 1336% in 2011-12 as compared to 2010-11, which shows a significant increase in volume of dumped imports in absolute terms.

27.4 Volume of dumped imports relative to domestic production increased by 100% and 1281% in the years 2010-11 and 2011-12 relative to corresponding previous year. This shows a significant increase in volume of dumped imports relative to domestic production. Similarly the volume of dumped imports relative to domestic consumption increased by 100% and 1280% in year 2010-11 and 2011-12 respectively which shows a significant increase in volume of dumped imports relative to domestic consumption.

27.5 The quarterly analysis of volume of dumped imports seems more intensive as 76% of total imports during the POI from dumped sources were in the second last quarter of POI as shown in table below.

**Table-III/A**  
**Imports and Domestic production of PA During the POI** (MT)

Period	Dumped Imports (D.I)	Absolute Increase in Dumped Imports	Domestic Production (D.P)	Dumped Imports as % of Domestic Production	% Increase in Dumped Imports relative to D.P.	Domestic Consumption	D.I as % of Domestic Consumption
Apr 11 - June 11	1.52		100.00	1.52	0	87.86	1.73
Jul 11 - Sep 11	0.76	-0.76	83.14	0.91	(40.13)	82.36	0.92
Oct 11 - Dec 11	4.28	3.52	117.05	3.65	301.10	108.95	3.92
Jan 12 - Mar 12	20.73	16.46	111.38	18.61	409.87	108.61	19.09
Apr 12 - June 12	7.53	-13.21	110.09	6.84	(63.24)	102.85	7.32

Source: PRAL and Report of on the spot investigation

Note: To keep confidentiality, the absolute figures have been indexed w.r.t domestic production during 1<sup>st</sup> quarter of POI as 100.

### **Conclusion**

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

### **28. Price Effects**

28.1 Effect of dumped imports on sales price of 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 of production 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:

#### **28.2 Price undercutting**

##### **Facts**

28.2.1 Weighted average ex-factory price of the domestic like product has been calculated from the information submitted by the Applicant on quantity and value of sales during POI. Landed cost of the investigated/dumped product has been calculated from the information obtained from PRAL. Calculation of landed cost has been placed at Annex-IV. Comparison of weighted average ex-factory price of the domestic like product with the weighted average landed cost of the investigated product during POI is given in following table:

**Table-IV**  
**Calculation of Price Undercutting (Rs./MT)**

Year	Average ex- factory price of domestic like product	Average landed cost of dumped imports	Price undercutting	
			Absolute	Percentage (%)
2009-10	100.00	-	-	-
2010-11	117.41	144.34	-	-
2011-12	153.01	160.65	-	-

Source: PRAL and Report of on the spot investigation

Note: To keep confidentiality, average ex factory price of domestic like product during 2009-10 is indexed as 100.

### Analysis

28.2.2 Above table shows that the prices of the domestic like product remained above than the landed cost of the imports from dumped sources. The quarterly analysis of price undercutting is given in table below;

**Table-IV/A**  
**Calculation of Price Undercutting during POI (Rs./MT)**

Period	Average ex- factory price of domestic like product	Average landed cost of dumped imports	Price undercutting	
			Absolute	Percentage (%)
Apr 11 - June 11	100.00	105.75	-	-
Jul 11 - Sep 11	99.24	106.47	-	-
Oct 11-Dec 11	114.39	121.79	-	-
Jan 12-Mar 12	124.32	118.13	6.19	4.98
Apr 12 - June 12	126.33	123.31	3.03	2.40

Source: PRAL and Report of on the spot investigation

Note: To keep confidentiality, average ex factory price of domestic like product during 1<sup>st</sup> quarter of POI is indexed as 100.

### Analysis

28.2.3 The quarterly analysis shows that domestic industry suffered price undercutting in the last 2 quarters of the POI, which is indicative of future price undercutting also. The significance of the price undercutting during last two quarters is magnified by the fact that major volume i.e. 76% of the total dumped imports were made during this period.

**Conclusion**

28.2.4 On the basis of the above facts and analysis, the Commission has concluded that the domestic industry suffered on account of price undercutting during POI due to dumped imports of the investigated product.

**28.3 Price Depression****Facts**

28.3.1 Applicant's prices of the domestic like product during the last three years are given in the following table:

**Table - V**  
**Calculation of Price Depression (Rs./MT)**

Year	Average ex- factory price of domestic like product	Price Depression	
		Absolute	Percentage (%)
2009-10	100.00	-	-
2010-11	117.41	-	-
2011-12	153.01	-	-

Source: Report of on the spot investigation

Note: To keep confidentiality, average ex factory price of domestic like product during 2009-10 is indexed as 100.

The quarterly prices of domestic like product are given in the following table:

**Table - V/A**  
**Calculation of Price Depression during POI (Rs./MT)**

Period	Average ex- factory price of domestic like product	Price Depression	
		Absolute	Percentage (%)
Apr 11 - June 11	100.00	-	-
Jul 11 - Sep 11	99.24	0.84	0.84
Oct 11-Dec 11	114.39	-	-
Jan 12-Mar 12	124.32	-	-
Apr 12 - June 12	126.33	-	-

Source: Report of on the spot investigation

Note: To keep confidentiality, average ex factory price of domestic like product during 1<sup>st</sup> quarter of POI is indexed as 100.

### Analysis

28.3.2 Above tables shows that the Applicant increased price of the domestic like product during the last three years and in POI. The domestic industry only faced minor price depression during one quarter of POI i.e. July – September 2011.

### Conclusion

28.3.3 The Commission has concluded on the basis of the above information and analysis that there was no significant price depression during POI.

### 28.4 Price Suppression

#### Facts

28.4.1 Weighted average cost to make and sell and ex-factory prices of the domestic like product for the POI, calculated on the basis of information provided by the Applicant, are given in the following table:

**Table - VI**  
**Cost to Make and Sell and Ex-factory Price of the Domestic Like Product** (Rs./MT)

Year	Average cost of production of domestic like product	Average ex-factory price of domestic like product	Price Suppression		
			Increase/(decrease) in cost of production	Increase/(decrease) in price	Price suppression
2009-10	100.00	104.33	0.00	0.00	
2010-11	123.18	122.50	23.18	18.17	5.01
2011-12	153.81	159.63	30.63	37.14	

Source: Report of on the spot investigation

Note: To keep confidentiality, average ex factory price of domestic like product during 2009-10 is indexed as 100.

### Analysis

28.4.2 Above table shows that cost to make and sell of the domestic like product increased by 23.2% and 24.9% in the years 2010-11 and 2011-12 respectively. However, Prices increased by 17.4% and 30.3% in the years 2010-11 and 2011-12 respectively. During 2010-11, the domestic industry experienced price suppression of 4.09% but In the year 2011-12, there was no price suppression as increase in price was more than increase in cost. Quarterly analysis reflects price suppression in the 2<sup>nd</sup> and last quarter of POI only, which is given in table below;

**Table - VI/A**  
**Cost to Make and Sell and Ex-factory Price of the Domestic Like Product** (Rs./MT)

Period	Average cost of production of domestic like product	Average ex-factory price of domestic like product	Price Suppression		
			Increase/(decrease) in cost of production	Increase/(decrease) in price	Price suppression
Apr 11 - Jun 11	100.00	103.70	0.00	0.00	
Jul 11 - Sep 11	103.45	102.92	3.45	-0.78	4.86
Oct 11-Dec 11	111.09	118.62	7.63	15.70	
Jan 12-Mar 12	108.25	128.92	-2.84	10.30	
Apr 12 - June 12	110.45	131.01	2.21	2.09	0.16

Source: Report of on the spot investigation

Note: To keep confidentiality, average ex factory price of domestic like product during 1<sup>st</sup> quarter of POI is indexed as 100.

### Conclusion

28.4.3 On the basis of the above information and analysis, the Commission has concluded that the domestic industry suffered material injury on account of price suppression during only 2<sup>nd</sup> and last quarter the year 2011-12 (POI for dumping).

### 29. Effects on Market Share

#### Facts

29.1 The total domestic demand of PA in Pakistan is met through local production and imports. Following table shows the market share from imports and domestic production during the POI.

**Table - VII**  
**Market Share** (MT)

Year	Share of Applicant Industry in the Domestic Market		Share of Dumped Imports in Domestic market		Share of Other Imports in Domestic Market		Total Domestic Market	
	M T	%	M T	%	M T	%	M T	%
2009-10	93.40	93.40	0.00	0.00	6.60	6.60	100.00	93.40
2010-11	91.35	96.70	0.48	0.51	2.64	2.79	94.46	91.35
2011-12	90.25	92.42	6.87	7.04	0.53	0.54	97.65	90.25

Source: PRAL and the on the spot investigation report

Year: April 1 to March 31

Note: To keep confidentiality, Total domestic market in 2009-10 is indexed as 100.



**Analysis**

29.2 The above table reveals that during the year Apr 10-Mar 11, the share of domestic industry in the total domestic market was 96.7% but in 2011-12, the share of domestic industry decreased by 4.2% and came to the level of 92.42%, inspite of the fact that the domestic market was increased during the same period. The quarterly analysis of POI is given below;

**Table -VII/A**  
**Market Share** (MT)

<u>Period</u>	Share of Applicant Industry in the Domestic Market		Share of Dumped Imports in Domestic market		Share of Other Imports in Domestic Market		Total Domestic Market
Apr 11 - June 11	96.97	96.97	1.73	1.73	1.30	1.30	100.00
Jul 11 - Sep 11	92.88	99.08	0.87	0.92	0.00	0.00	93.75
Oct 11 - Dec 11	118.75	95.76	4.87	3.92	0.39	0.31	124.01
Jan 12 - Mar 12	99.31	80.33	23.60	19.09	0.71	0.58	123.62
Apr 12 - June 12	104.95	89.65	8.57	7.32	3.66	3.12	117.07

Source: PRAL and the on the spot investigation report

Note: To keep confidentiality, Total domestic market during 1<sup>st</sup> quarter of POI is indexed as 100.

29.3 Quarterly analysis shows that the share of the applicant was 96.98% in the quarter Apr 11 To June 11 which decreased to 89.65% of the total domestic market in the last quarter of the POI. This reduction in share of the domestic industry is clearly because of dumped imports.

**Conclusion**

29.4 On the basis of above information and analysis, the Commission has concluded that the domestic industry suffered material injury on account of loss of market share due to imports of the investigated product during POI.

**30. Effects on Sales****Facts**

30.1 The domestic industry comprises only one unit i.e. applicant. Sales of the domestic like product and imports of the investigated product are given in the following table:

**Table - VIII**  
**Sales of the PA (MT)**

Year	Sales by domestic industry
2009-10	100.00
2010-11	97.81
2011-12	96.62

Source: the spot investigation report

Year: April 1 to March 31

Note: To keep confidentiality, sales during 2009-10 are indexed as 100.

### Analysis

30.2 The above table shows that the sales of domestic industry decreased by 428 MT (2.2percent) in the year 2010-11 and decreased by 231 MT (1.2 percent) in the year 2011-12. This decrease in sales of the domestic industry was due to decline in total market in 2010-11 and increase in share of dumped imports during the POI. Quarterly analysis of sales during POI is given below;

**Table - VIII/A**  
**Sales of the PA during POI (MT)**

Period	Sales by domestic industry
Apr 11 - June 11	100.00
Jul 11 - Sep 11	95.78
Oct 11 - Dec 11	122.46
Jan 12 - Mar 12	102.41
Apr 12 - June 12	108.23

Source: the spot investigation report

Note: To keep confidentiality, sales during 1<sup>st</sup> quarter of POI are indexed as 100.

30.3 The above table shows that the sales of the domestic industry increased during the last quarters of POI but this increase was due to the increase in size of total domestic market.

### Conclusion

30.4 On the basis of above information and analysis, the Commission has concluded that sales of the domestic like product decreased during POI, hence domestic industry suffered material injury on account of loss in sales due to dumped imports of the investigated product.

**31. Effects on Production and Capacity Utilization**

**Facts**

31.1 Quantity produced and the capacity utilized by the domestic industry during POI was as follows:

**Table-IX  
Installed Capacity, Quantity Produced and Capacity Utilization**

<b>Year</b>	<b>% of Capacity Utilization</b>
2009-10	76.96
2010-11	75.16
2011-12	77.35

Source: on the spot investigation report  
Year: April 1 to March 31

**Analysis**

31.2 It may be noted from the above table that installed production capacity of the Applicant remained same over the period. The production of domestic like product increased during POI. This was primarily because of the fact that exports of investigated product increased during 2011-12. Its capacity utilization, which was 76.96 percent in the year 2009-10 increased to 77.35 percent in the year 2011-12. The quarterly analysis of the capacity utilization also shows that domestic industry increased its production over period and its capacity utilization also increased. Quarterly analysis of capacity utilization is given in table below;

**Table-IX/A  
Installed Capacity, Quantity Produced and Capacity Utilization**

<b>Period</b>	<b>% of Capacity Utilization</b>
Apr 11 - June 11	75.17
Jul 11 - Sep 11	62.5
Oct 11 - Dec 11	87.99
Jan 12 - Mar 12	83.72
Apr 12 - June 12	82.75

Source: on the spot investigation report

### Conclusion

31.3 On the basis of the above information and analysis, the Commission has concluded that the Applicant did not suffer material injury on account of production and capacity utilization.

### 32. Effects on Inventories

#### Facts

32.1 The Applicant provided data relating to its inventories of the domestic like product during POI. Data for opening and closing inventories for the domestic like product of the POI is given in the following table:

**Table-X**  
**Inventories of Domestic Like Product (MT)**

Year	Opening inventory	Production	Sales		Internal consumption	Closing inventory
			Local	Export		
2009-10	100.0	4908.7	3605.0	402.7	840.8	160.1
2010-11	160.1	4793.8	3697.5	393.6	650.8	212.1
2011-12	212.1	4933.3	3635.8	523.0	659.9	326.7

Source: on the spot investigation report

Year: April 1 to March 31

Note: To keep confidentially, actual figures have been indexed w.r.t opening inventory of the year 2009 by taking it equal to 100

#### Analysis

32.2 The data given in the table above shows that the closing inventory level of the domestic like product increased significantly in year 2010-11 and further increased in year 2011-12. The quarterly analysis also shows the same trend in the increase of the inventory level which is given below;

**Table-X/A**  
**Inventories of Domestic Like Product during POI (MT)**

Period	Opening inventory	Production	Sales		Internal consumption	Closing inventory
			Local	Export		
Apr 11 - June 11	212.1	1198.6	898.2	176.8	123.0	212.8
Jul 11 - Sep 11	212.8	996.6	867.2	199.5	110.9	31.7
Oct 11 - Dec 11	31.7	1403.0	1045.3		205.2	184.1
Jan 12 - Mar 12	184.1	1335.1	825.1	146.7	220.7	326.7
Apr 12 - June 12	326.7	1319.6	935.3	221.4	169.9	320.3

Source: on the spot investigation report

Note: To keep confidentially, actual figures have been indexed w.r.t opening inventory of the year by taking it equal to 100

**Conclusion**

32.3 On the basis of the above facts and analysis, the Commission has concluded that the Applicant suffered material injury on account of increase in inventories of the domestic like product during POI.

**33. Effects on Profits/Loss****Facts**

33.1 Profit and loss position of the Applicant is calculated by the Commission the basis of its quarterly accounts. Table below shows the profit and loss position of the Applicant during POI:

**Table -XI**  
**Profit/(Loss) of the Applicant (Rs/Million)**

Year*	Net Profit/(Loss)
2009-10	100.00
2010-11	41.82
2011-12	123.88

Source: on the spot investigation report

Year: April 1 to March 31

Note: To keep confidentially, actual figures have been indexed w.r.t profit/loss of the year 2009 by taking it equal to 100

**Analysis**

33.2 The above table shows that the Applicant's net profit decreased in the year 2010-11 but increased the year 2011-12. Quarterly analysis of profit and loss position of domestic industry given below;

**Table -XI/A**  
**Profit/(Loss) of the Applicant (Rs/Million)**

Period	Net Profit/(Loss)
Apr 11 - June 11	100.00
Jul 11 - Sep 11	-24.36
Oct 11 - Dec 11	155.68
Jan 12 - Mar 12	149.92
Apr 12 - June 12	142.61

Source: on the spot investigation report

Note: To keep confidentially, actual figures have been indexed w.r.t profit/loss of the 1<sup>st</sup> quarter of POI by taking it equal to 100

**Conclusion:**

33.3 On the basis of the above facts, the Commission has concluded that the domestic industry did not suffer material injury on account of decline in profit.

**34. Effects on Cash Flow**

**Facts**

34.1 The applicant company is a multiproduct company and has consolidated financial statements. During the on the spot investigation, for the purpose of asserting cash flow for each product separately, applicant was asked to provide separate reconciled cash flow statement for each product. It was not possible for Applicant Company to provide the cash flow statement for each product separately. Therefore, total cash flow position of the Applicant has been analyzed. Total net cash flow position of the Applicant during POI is given in the following table:

**Table -XII**  
**Cash Flow Statement** (Rs. in Million)

<b>Year*</b>	<b>Net Cash flow</b>
2009-10	100.0
2010-11	194.5
2011-12	38.9

\* Year is from 1<sup>st</sup> January to 31<sup>st</sup> December

Note: To keep confidentially, actual figures have been indexed w.r.t profit/loss of the year 2009.

**Analysis**

34.2 The above table shows that the net cash flow of the Applicant declined during the year 2011-12.

**Conclusion**

34.3 On the basis of the above, the Commission has concluded that the Applicant has suffered material injury on account of cash flows.

**35. Effects on Employment, Productivity and Salaries & Wages**

**Facts**

35.1 Effects on domestic industry's employment, productivity and salaries & wages on yearly basis and on quarterly basis are ascertained in the following tables:

**Table - XIII  
Employment, Wages and Productivity**

<b>Year</b>	<b>Number of Employees (Direct)</b>	<b>Salaries &amp; Wages (Rs. In Million)</b>	<b>Productivity Per Worker in MT</b>
2009-10	100.00	100.00	100.00
2010-11	98.59	89.75	99.05
2011-12	98.59	99.44	101.93

Source: on the spot investigation report

Year: April 1 to March 31

Note: To keep confidentially, actual figures have been indexed w.r.t number of employees, salaries and productivity of the Year 2009-10 by taking it equal to 100

**Table - XIII/A  
Employment, Wages and Productivity during POI**

<b>Period</b>	<b>Number of Employees (Direct)</b>	<b>Salaries &amp; Wages (Rs. In Million)</b>	<b>Productivity Per Worker in MT</b>
Apr 11 - Jun 11	100.00	100.00	100.00
Jul 11 - Sep 11	101.43	99.48	82.01
Oct 11 - Dec 11	100.00	107.81	117.11
Jan 12 - Mar 12	98.57	107.03	113.05
Apr 12 - June 12	98.57	103.65	111.74

Source: on the spot investigation report

Note: To keep confidentially, actual figures have been indexed w.r.t number of employees, salaries and productivity of 1st quarter of POI by taking it equal to 100

### **Analysis**

35.2 The above data reveals that number of employees remained in the range of \*\*\* during 2009-12.

### **Conclusion**

35.3 Based on the above information and analysis, the Commission has concluded that the domestic industry, did not suffer material injury on account of salaries and wages.

## **36. Effects on Return on Investment**

### **Facts**

36.1 The Applicant return of investment are given below in the table:

**Table XIV  
Return on Investment**

Year/Period	Return on investment
2009-10	100.0
2010-11	44.6
2011-12	66.7

Source: on the spot investigation report

Year: April 1 to March 31

Note: To keep confidentially, actual figures have been indexed w.r.t return on investment of year 2009 by taking it equal to 100

**Analysis**

36.2 The return on investment of the Applicant has increased in 2011-12.

**Conclusion**

36.3 On the basis of the above, the Commission has concluded that the Applicant did not suffer injury on account of return on investment during POI.

**37. Ability to Raise Capital**

**Facts**

37.1 The Applicant return of investment are given below in the table:

**Table-XV  
INVESTMENT**

<u>Year*</u>	Investment ( Long term loan + Equity) (Rs.in Million)
2009-10	100.0
2010-11	96.8
2011-12	173.3

Source: Applicant

\* Year is from 1<sup>st</sup> January to 31<sup>st</sup> December

Note: To keep confidentially, actual figures have been indexed w.r.t figures of year 2009 by taking it equal to 100

**Analysis**

37.2 The investment of the Applicant has increased in 2011-12.

**Conclusion**

37.3 On the basis of the above, the Commission has concluded that the Applicant did not suffer injury on account of ability to raise capital during POI.



**38. Growth:**

**Facts**

38.1 Effects on domestic industry's growth is ascertained in the following table:

**Table-XVI  
GROWTH**

Year*	Growth (Rs.in Million)
2009-10	100.0
2010-11	40.0
2011-12	890.9

Source: Applicant

\* Year is from 1<sup>st</sup> January to 31<sup>st</sup> December

Note: To keep confidentially, actual figures have been indexed w.r.t figures of year 2009 by taking it equal to 100

**Analysis**

38.2 The applicant industry has growth in 2011-12.

**Conclusion**

38.3 On the basis of the above, the Commission has concluded that the Applicant did not suffer injury on account of growth during POI.

**39. Threat of material injury to the domestic industry:**

39.1 As evident from forgoing analysis, the domestic industry has not only suffered material injury during the dumping POI because of increased dumped imports but at the same time it is facing threat of material injury in the imminent future mainly because during the last quarters of dumping POI it has been observed that the volume of dumped imports increased sharply and simultaneously have undercut the prices of the domestic industry by a significant percentage of 4.89% and 2.40.

**39. Summing up of Material Injury**

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

- a. Volume of alleged dumped imports;
- b. Price undercutting;
- c. Price suppression;
- d. Decline in market share;
- e. Decline in sales;
- f. Negative effect on inventories;
- g. Negative effect on cash flows.

## D. CAUSATION

### 40. Effect of Dumped Imports

On the basis of the analysis and conclusions, the Commission has concluded that there was a causal link between dumped imports of the investigated product and material injury suffered by the domestic industry. The investigation has revealed that the following happened simultaneously during POI:

- i. Volume of dumped imports of the investigated product increased significantly in absolute as well as relative to production and consumption of the domestic like product;
- ii. Domestic industry experienced price undercutting due to dumped imports of the investigated product;
- iii. Domestic industry experienced price suppression due to dumped imports of the investigated product;
- iv. Market share of dumped imports of the investigated product increased significantly and market share of the domestic like product declined simultaneously;
- v. Inventories of the domestic like product relatively increased more than the increase in production;
- vi. Domestic industry faced negative effect on sales and cashflow.

### 41. Other Factors

41.1 In accordance with Section 18(2) of the Ordinance, the Commission also examined factors, other than dumped imports of the investigated product, 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 dumped imports.

41.2 The Commission's investigation showed that the domestic industry did not suffer injury due to imports of the like product from sources other than the Exporting Countries during POI as imports from sources other than Exporting Countries were reducing. As evident from Table-VII pertaining to share in domestic market, there were

imports of \*\*\* MT of the like product from other sources during 2009-10 which stand reduced to \*\*\* MT during the dumping POI of 2011-12.

41.3 The factors mentioned in Section 18(3) of the Ordinance were also examined and given below

**i. Contraction in demand or changes in the pattern of consumption:**

With reference to Table-VII pertaining to share in domestic market, it is evident that there was contraction in demand during 2010-11. However during 2011-12, the demand was increased almost to the level of base year of 2009-10 and thus there was no injury on this account to the applicant during the dumping POI.

**ii. Trade restrictive practices of and competition between foreign and domestic producers:**

No trade restrictive practices have been observed, neither any competition from the domestic producers is faced by the Applicant. Reason being, the applicant is the only producer of the domestic like product in Pakistan.

**iii. Export performance and productivity of the domestic industry:**

The domestic industry exports during 2011-12 were at the highest level which increased its productivity to some extent. So the export had positive effect on the performance of the domestic industry as in the absence of increased exports, the injury sustained by the domestic industry by dumped imports would have been much higher.

**E. CONCLUSIONS**

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

- i. the application was filed by the domestic industry as the Applicant is the sole producer of the domestic like product in domestic market;
- ii. the investigated product and the domestic like product are like products;
- iii. during POI, the investigated product was exported to Pakistan by the exporters/foreign producers from Exporting Countries at prices below its normal value;
- iv. the volume of dumped imports of the investigated product and the dumping margins established for the exporters/producers of the investigated product from Exporting Countries were above the negligible and *de minimis* levels respectively.
- v. the domestic industry suffered material injury during POI on account of significant increase in volume of dumped imports, price undercutting, price suppression, decline in market share, sales, negative effect on cash flow and inventories in terms of Section 15 and 17 of the Ordinance; and
- vi. however, there was a weak causal relationship between dumped imports of the investigated product and the material injury suffered by the domestic industry.
- vii. The Commission is of the view that level of injury is not adequate to justify imposition of provisional measures. Therefore, no provisional measures are recommended, however the investigation

is not being terminated and will be carried on till the final determination of the investigation.

(Zamir Ahmed)  
Member  
February 4, 2013

(Naimatullah Khan)  
Member  
February 4, 2013

(Prince Abbas Khan)  
Chairman  
February 4, 2013