



**Government of Pakistan
National Tariff Commission**

REPORT

ON

**FINAL DETERMINATION AND LEVY OF DEFINITIVE ANTIDUMPING DUTIES ON IMPORTS OF
POLYESTER STAPLE FIBER (NOT EXCEEDING 2.0 DENIER) (PSF) INTO PAKISTAN ORIGINATING
IN AND/OR EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA.**

A.D.C No.33/2015/NTC/PSF

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Final Determination and levy of definitive antidumping duties on import of Polyester Staple Fiber (not exceeding 2.0 denier)(PSF)
into Pakistan Originating in and/or Exported from the People's Republic of China

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The National Tariff Commission (the "Commission") having regard to the Anti-Dumping Duties Act, 2015 (XIV of 2015) (the "Act") and the Anti-Dumping Duties Rules, 2001 (the "Rules") relating to investigation and determination of dumping of goods into the Islamic Republic of Pakistan ("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 ("Agreement on Antidumping").

2. The Commission has conducted this investigation on imports of Polyester Staple Fiber, (not exceeding 2.0 deniers) ("PSF") originating in and/or exported from People's Republic of China ("China") under the Act and the Rules. The Commission has made final determination in this investigation under Section 39 of the Act. This report on final determination has been issued in accordance with Section 39(5) of the Act and Article 12.2 of the Agreement on Antidumping.

3. In terms of Section 39(1) of the Act, the Commission shall make a final determination of dumping and injury within one hundred and eighty days of publication of a notice of preliminary determination in the Official Gazette. Notice of preliminary determination in this investigation was published in Official Gazette on October 03, 2015.

A. PROCEDURE

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

5. Receipt of Application

5.1 On March 27, 2015, the Commission received a written application under Section 20 of the Anti-Dumping Duties Ordinance, 2015 (now the Act) from Ibrahim Fibres Limited, and ICI Pakistan Limited, (the Applicants). The Applicants alleged that PSF originating in and/or exported from China is being dumped into Pakistan, which has caused and is causing material injury to the domestic industry producing PSF.

5.2 The Commission informed the Embassy of China in Islamabad through note verbale dated March 31, 2015, of the receipt of application in accordance with the requirements of Section 21 of the Ordinance (now the Act).

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 (now the Act) as it contained sufficient evidence of dumping of PSF 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.

7. The Domestic Industry

7.1 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 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 PSF comprises of 8 units, out of which 7 are operational. Dewan Salman Fibre Limited has ceased its operation after 2008. Therefore, it has not been considered as part of the domestic industry. The other 7 operational units are as follows;

- i. ICI Pakistan Limited
- ii. Ibrahim Fibres Limited
- iii. Pakistan Synthetics Limited
- iv. Rupali Polyester Limited
- v. Khalis Fibres Ltd
- vi. T&N Group

vii. EVM

7.3 The Applicants are two out of these seven units. The above units are engaged in the manufacturing, marketing and distribution of PSF. The Applicants are neither related to importers or exporters of investigated product nor imported investigated product by themselves.

8. Standing of the Application

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

"... 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."

8.2 The Applicants are two out of seven domestic producers of PSF in Pakistan. The Applicants produced 84 percent of total domestic production of PSF during the period from January 1, 2014 to December 31, 2014. Details of production of PSF by the domestic industry are as follows:

Table - I
Unit-wise Production during the year 2014

| Sr. No. | Name | Share in Domestic Production (%) | Supporting/ Opposing/ Indifferent |
|---------|-----------------------------|----------------------------------|--------------------------------------|
| 1 | Ibrahim Fibres Limited | 54.97 | Applicant |
| 2 | ICI Pakistan Limited | 29.03 | Applicant |
| 3 | Rupali Polyester Limited | 7.25 | Supporting |
| 4 | Pakistan Synthetics Limited | 2.36 | Indifferent |
| 5 | Khalis Fibres Ltd | 2.91 | Indifferent |
| 6 | T&N Group | 1.74 | Indifferent |
| 7 | EVM | 1.74 | Indifferent |
| Total | | 100 | |

Source: Applicants

8.3 The Applicants represent 84% of the total domestic production by the domestic industry and supported by Rupali Polyester Ltd. which accounts for 7.3% of total domestic production. The Application is supported by 100% of the producers who are expressing their opinion on application and 91% of the total domestic production. Thus the standing requirements as given in section 24 of the Act are met and it was determined at the time of initiation that the application is made by or on behalf of the domestic industry.

9. **Applicant's Views**

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

- i. PSF imported from China into Pakistan and PSF produced in Pakistan by the domestic industry are like products;
- ii. Exporters/producers from China are exporting PSF to Pakistan at dumped prices; and
- iii. Exports of PSF by the exporters/producers from China to Pakistan at dumped prices has caused and is causing material injury to the domestic industry producing PSF mainly through:-
 - a. Volume of dumped imports
 - b. Price undercutting;
 - c. Price Suppression;
 - d. Price depression;
 - e. Decline in market share;
 - f. Negative effect on sales;
 - g. Decline in profit;
 - h. Negative effect in capacity utilization;
 - i. Negative effect on cash flow;
 - j. Negative effect on return on investment;
 - k. Negative effect on employment; and
 - l. Negative effect on ability to raise capital

9.2 The Applicants requested the Commission in the application to address the injury, caused to the domestic industry which was evident from the above mentioned factors, by

initiation of an anti-dumping investigation against dumped imports of PSF from China and imposition of anti-dumping duties on these imports. It has also been requested that provisional anti-dumping measures may be imposed to prevent injury being caused during the course of investigation.

10. Exporters/Foreign Producers of PSF

The Applicants identified 108 foreign producers and 19 exporters involved in alleged dumping of the investigated product from China. In this regard, the Applicants provided contact addresses for 99 foreign producers and 12 exporters. The Applicants stated that there may be other exporters and foreign producers of the investigated product, which were not known to them. Therefore, the Applicants requested for imposition of antidumping duty on all imports of the investigated product originating in and/or exported from China.

11. Initiation of Investigation

11.1 The Commission, in accordance with Section 23 of the Ordinance (now the Act) examined the accuracy and adequacy of the evidence provided in application, and established that there was sufficient evidence of alleged dumping of PSF into Pakistan from China and consequent material injury to the domestic industry. Accordingly, the Commission issued a notice of initiation in accordance with Section 27 of the Ordinance, 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 April 24, 2015. Investigation concerning alleged dumped imports of PSF into Pakistan {classified under PCT No³. 5503.2010} originating in and/or exported from China was thus initiated on April 24, 2015.

11.2 In pursuance of Section 27 of the Ordinance (now the Act), the Commission notified Embassy of China in Islamabad of the initiation of investigation (by sending a copy of the notice of initiation) on April 28, 2015 with a request to forward it to all exporters/producers involved in production, sales and export of PSF from China. Copy of the notice of initiation was also sent on April 28, 2015 to known exporters/producers of PSF from China whose addresses were available with the Commission with a request to be registered as an interested party in the investigation with-in 15 days of publication of the notice. Copy of the notice of initiation was

¹ The official Gazette of Pakistan (Extraordinary) dated April 24, 2015.

² The 'Nation' and the 'Daily Ausaf' of April 24, 2015 issue.

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

also sent to known Pakistani importers and the Applicants and other producers on April 30, 2015.

11.3 In accordance with Section 28 of the Ordinance (now the Act), on April 30, 2015 the Commission sent copy of full text of the written application (non-confidential version) and Exporter's Questionnaire to the 15 Chinese exporters. On April 30, 2015, copy of the full text of the written application along with Exporter's Questionnaire was also sent to Embassy of China in Pakistan with a request to forward it to all exporters/producers involved in production and/or sale/export of PSF from China. The Importer's Questionnaire was also sent to the importers of PSF on April 30, 2015.

12. Investigated Product, Like Product and Domestic 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 as follows:

12.2.1 Investigated Product:

12.2.1.1 The investigated product is PSF not exceeding 2.0 denier originating in and/or exported from China to Pakistan. It is classified under PCT No. 5503.2010. It is generally used in production of blended yarn and pure polyester sewing thread. The blended yarn is used to produce woven and knitted fabrics. After preliminary determination, importers and users of regenerated colored PSF approached the Commission and submitted that the same is not being produced by the domestic industry. The Commission further noted that producers of

regenerated PSF have not supported the Application. So in the light of explanations & clarifications from the domestic industry and other stakeholders, the Commission determined that domestic industry which made the application for antidumping investigation and those supporting the application are not producing varieties of colored PSF and regenerated PSF. The Commission has excluded regenerated PSF and colored PSF from the scope of investigated product. Detailed reasons for exclusion of colored PSF and regenerated PSF from the scope of investigated product have been placed in the public file maintained under Rule 7.

12.2.1.2 Tariff structure during the last three years applicable on import of PSF is given in the following table:

Table-II
Tariff Structure

| Sr. No. | Period | Customs Duty (%) | Concessionary Duty (%)* | Sales Tax (%) |
|---------|---------|------------------|-------------------------|---------------|
| 1 | 2012-13 | 10 | 6 | 16 |
| 2 | 2013-14 | 10 | 6 | 17 |
| 3 | 2014-15 | 10 | 6 | 17 |

*Under Fifth Schedule of Customs Act 1969.

12.2.2 **Domestic Like Product**

12.2.2.1 Under the Section 2(f) of the Act, “Domestic Like Product” means a like product that is produced by the domestic industry.

12.2.2.2 The domestic like product is, PSF not exceeding 2 denier excluding colored PSF and regenerated PSF, produced by the domestic industry. The domestic like product is also classified under PCT No. 5503.2010. The domestic like product is generally used in production of blended yarn and Pure Polyester sewing thread. The blended yarn is used to produce woven and knitted fabrics Major uses of the domestic like product are, therefore, identical to those of the investigated product.

12.2.3 **Like Product:**

12.2.3.1 The like product is PSF, excluding colored PSF and regenerated PSF, produced and sold by the foreign producers/exporters of China in their domestic markets, and export market to countries other than Pakistan and PSF imported into Pakistan from countries other than China. The like product is classified under PCT/H.S heading No. 5503.2010. Major uses of the like product are identical to those of the investigated product and domestic like product.

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

- i. basic raw materials used in the production of the investigated product, the domestic like product, and the like product are the same/similar;
- ii. all the three products (the investigated product, the domestic like product and the like product) are produced with a similar manufacturing process;
- iii. all the three products have similar appearance;
- iv. all the three products are substitutable in use. They are generally used in production of blended yarn and Pure Polyester sewing thread. The blended yarn is used to produce woven and knitted fabrics.
- v. all the three products are classified under the same PCT/HS heading Nos. 5503.2010.

The Commission has determined that the investigated product, the domestic like product and the like product are alike products.

13. Period of Investigation

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 Commission received the application on March 27, 2015 and initiated the investigation on April 24, 2015. The Applicants provided the information/data up to December 31, 2014 in the application. Therefore, to fulfill the requirement of Section 36 of the Act, the POI selected by the Commission for dumping and injury are, as follows:

For determination of dumping: From January 1, 2014 to December 31, 2014

For determination of injury: From January 1, 2012 to December 31, 2014

14. Information/Data Gathering

14.1 The Commission sent Exporter's Questionnaire to following 15 major exporters/foreign producers from China who constitute for more than 98% of total exports of PSF from China to Pakistan on April 30, 2015 for collection of data and information.

- i. Jiangyin Huahong Chemical Fibre Co., Huahong Industrial Zone, Zhouzhuang Town, Jiangyin City, Jiangsu Province, 214423, China.
- ii. Zhangjiagang Chengxin Chemical Fibre Co. Ltd., Houcheng Industrial Zone, Jingang Town, Zhanjiagang City, Jiangsu, China.
- iii. Jiangyin Hailun Chemical Fiber Co Limited, Zhouzhuang Town, Jiangyin, China.
- iv. Shanghai Hengyi Polyester, No. 333 Mu Hua Bei Road, Shanghai, Shanghai, China.
- v. Hangzhou Xiangsheng Import & Export Co. Ltd. Zhejiang Xiaoshan Dangshan, China.
- vi. Suzhou Guoxin Group Taicang 1 Shanghai Road, Economic Development Zone, Taicang, Jiangsu, China.
- vii. Suzhou Zhengbang Chemical Fiber Co., Ltd. Hope Industrial Park, Beiqiao Street, Xiangcheng District, Suzhou, Jiangsu, China.
- viii. Sunshinetex Group Limited Room 1603, Building No. 1, GuoSe Tian Xiang No, 273 Wusi North Rd, Fuzhou, Fujian, China.
- ix. Jiangyin Huafang Technological Synthetic Fibre Co. Ltd., No. 11, Xinhang Road, Changzhou Town, Jiangyin, Jiangsu, China.
- x. Nanyang Textile Co. Ltd., Mazhen Xuxiake Town, Jiangyin City, Jiangsu, China.
- xi. Zhangjiagang Zhengfang Textile Co. Ltd., Dongshan Village, Jingang Town, Co., Ltd., Zhangjiagang City, China.
- xii. Ningbo Dafa Chemical Fiber Co Ltd , Shengshan China Zhejiang Ningbo Cixi Shengshan Industrial Garden, China.

- xiii. Xiamen Xianglu Chemical Fiber Company Limited Lukeng, Haicang Investment Zone, Xiamen Fujian 361026, China.
- xiv. Fujian Zhengqi High-tech Fibre Technology Co., Ltd, Jinjiang Industrial Zone, Yinglin Town, Jinjiang City, Fujian Province, China.
- xv. Shanghai Polytex Co., Ltd., Room 2707 Building A, No.325 Tianyue qiao Road, Shanghai, China.

14.2 The exporters/foreign producers were asked to respond within 37 days of dispatch of the Questionnaire. On April 30, 2015 the Questionnaire was also sent to the Embassy of China in Islamabad with a request to forward it to the all exporters/foreign producers of the investigated product in China.

14.3 The following nine exporters/foreign producers responded to the Commission's request for supplying information on the prescribed Exporter's Questionnaire and requested for extension in time period (beyond 37 days) for submission of information:

- i. Jiangyin Huahong Chemical Fiber Co., Limited
- ii. Xiamen Xianglu Chemical Fiber Company Limited
- iii. Fujian Zhengqi High-Tech Fiber Technology Co., Ltd
- iv. Shanghai Hengyi Polyester Fiber Co., Ltd
- v. Jiangyin Hailun Chemical Fiber Co., Limited
- vi. Nanyang Textile Co., Limited.
- vii. Shanghai Polytex Co., Limited
- viii. Suzhou Zhengbang Chemical Fiber Co. Ltd
- ix. Zhangjianang Zhengfang Textiles Co. Ltd

14.4 After taking into account the due cause shown by these exporters/foreign producers in their requests, the Commission acceded to the requests and granted extension in time period for submission of information on Exporter's Questionnaire till June 14, 2015. Filled-in Exporter's Questionnaires from these exporters were received at the Commission on June 15, 2015 and June 22, 2015. Upon examination of the information received from these exporters/foreign producers, certain deficiencies were found in the information supplied. These deficiencies were communicated to the exporters/ foreign producers and were requested to supply the deficient information. Further details are given at paragraph 15 infra.

14.5 The Commission sent letter to the Embassy of China on September 2, 2015; (after expiry of 37 days period and extension granted) stating that so far no response has been

received from exporters/producers other than the above stated 9 exporters/ producers from China on the Exporter's Questionnaire. The other exporters /producers of PSF in China may be advised to submit the data on prescribed questionnaire otherwise the Commission would be constrained to make preliminary and final 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 Act.

14.6 The Commission also sent Questionnaire on May 19, 2015 to domestic producers of PSF other than the Applicants, requesting them to provide information within 37 days of the issuance of the questionnaire. Only one domestic producer i.e. Rupali Polyester Pvt Ltd responded to the Commission's letter however it did not provide the data/information on the prescribed questionnaire to the Commission.

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

14.8 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. An interested party viz All Pakistan Textiles Mills Association (APTMA) has made comments /submitted information which has also been considered while making this preliminary determination.

14.9 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. Questionnaire(s) Response by Chinese Producers/Exporters

As stated earlier, producers/exporters mentioned at Para 14.3 responded on the exporters questionnaires detailed below:-

15.1 Questionnaire Response by Jiangyin Huahong Chemical Fiber Co., Ltd.

15.1.1 The Commission sent the Exporter's Questionnaire to Jiangyin Huahong Chemical Fibre Co. Ltd ("Huahong") on April 30, 2015. Huahong applied to the Commission in its letter dated May 29, 2015 for extension of time period for submission of response to questionnaire for two weeks. The Commission granted the extension for one week vide its letter dated June 9, 2015 after considering the reasons given in the request for extension. Its response was received in the Commission on June 14, 2015.

15.1.2 According to the information provided in response to the questionnaire, Huahong is a private limited company incorporated under the Chinese company laws. It has been engaged in the manufacture, sale and export of PSF to Pakistan as well as to other countries and in its domestic market during the POI.

15.1.3 The information submitted by Huahong in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those data deficiencies were communicated to it vide the Commission's letter dated July 24, 2015.

15.1.4 Huahong was asked to provide the deficient information/data no later than 10 days of issuance of the letter, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. Huahong responded to the deficiencies vide its letter dated August 17, 2015.

15.2 Questionnaire Response by Shanghai Hengyi Polyester Fiber Co. Ltd.

15.2.1 The Commission sent Exporter's Questionnaire to Shanghai Hengyi Polyester Fiber Co. Ltd. ("Hengyi") on April 30, 2015. Hengyi applied to the Commission in its letter dated June 1, 2015 for extension of time period for submission of response to questionnaire for two weeks. The Commission granted extension for one week vide its letter dated June 9, 2015 after considering the reasons given in the request for extension. Its response was received in the Commission on June 22, 2015.

15.2.2 According to the information provided in response to the questionnaire, Hengyi is a limited liability company incorporated under the Chinese company laws. It has been engaged in the manufacture, sale and export of PSF to Pakistan as well as to other countries and in its domestic market during the POI.

15.2.3 The information submitted by Hengyi in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those data deficiencies were communicated to it vide Commission's letter dated July 29, 2015.

15.2.4 Hengyi was asked to provide the deficient information/data no later than 10 days, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. Hengyi responded to the deficiencies vide its letter dated August 17, 2012.

15.3 Questionnaire Response by Xiamen Xianglu Chemical Fiber Company Ltd.

15.3.1 The Commission sent the Exporter's Questionnaire to Xiamen Xianglu Chemical Fiber Company Limited ("Xianglu") on April 30, 2015. Xianglu applied to the Commission in its letter dated May 28, 2015 for extension of time period for submission of response to questionnaire for two weeks. The Commission granted the extension for one week vide its letter dated June 9, 2015 after considering the reasons given in the request for extension. Its response was received in the Commission on June 22, 2015.

15.3.2 According to the information provided in response to the questionnaire, Xianglu is a company limited by shares (joint venture between Taiwan, Hong Kong, Macao and Mainland China). It has been engaged in the manufacture, sale and export of PSF to Pakistan as well as to other countries and in its domestic market during the POI.

15.3.3 The information submitted by Xianglu in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those data deficiencies were communicated to it vide the Commission's letter dated August 6, 2015.

15.3.4 Xianglu was asked to provide the deficient information/data no later than 10 days of issuance of this letter, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. Xianglu responded to the deficiencies vide its letter dated August 18, 2015.

15.4 Questionnaire Response by Jiangyin Hailun Chemical Fiber Co Ltd.

15.4.1 The Commission sent Exporter's Questionnaire to Jiangyin Hailun Chemical Fiber Co Limited, ("Hailun") on April 30, 2015. Hailun applied to the Commission in its letter dated June 1, 2015 for extension of time period for submission of response to questionnaire for two weeks. The Commission granted the extension for one week vide its letter dated June 9, 2015, after

considering the reasons given in the request for extension. Its response was received in the Commission on June 22, 2015.

15.4.2 According to the information provided in response to the questionnaire, Hailun is a Sino-Foreign joint venture private limited company incorporated under the Chinese company laws. It has been engaged in the manufacture, sale and export of PSF to Pakistan as well as to other countries and in its domestic market during the POI.

15.4.3 The information submitted by Hailun in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those data deficiencies were communicated to it vide Commission's letter dated July 29, 2015.

15.4.4 Hailun was asked to provide the deficient information/data no later than 10 days of issuance of this letter, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. Hailun responded to the deficiencies vide its letter dated August 18, 2015.

15.5 Questionnaire Response by Nanyang Textile Co. Ltd.

15.5.1 The Commission sent Exporter's questionnaire to the Nanyang Textile Co. Ltd. ("Nanyang") on April 30, 2015. Accordingly, Nanyang applied to the Commission in its letter dated May 19, 2015 for extension of time period for submission of response to questionnaire for three weeks. The Commission granted the extension vide its letter dated May 27, 2015, after considering the reasons given in the request for extension. Nanyang responded by submitting information/data on the prescribed questionnaire dated June 15, 2015.

15.5.2 According to the information provided by Nanyang, it is a limited liability company incorporated under the Chinese company laws. It has been engaged in the manufacture, sale and export of PSF to Pakistan as well as to other countries and in its domestic market during the POI.

15.5.3 The information submitted by Nanyang in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those deficiencies were communicated to it vide the Commission's letter dated August 12, 2015.

15.5.4 Nanyang was asked to provide the deficient information/data no later than August 22, 2015, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. Nanyang responded to the deficiencies vide its letter dated August 30, 2015.

15.6 Questionnaire Response by Zhangjiagang Zhengfang Textile Co. Ltd.

15.6.1 The Commission sent Exporter's questionnaire to Zhangjiagang Zhengfang Textile Co. Ltd. ("Zhengfang") on April 30, 2015. Zhengfang responded by submitting information/data on the prescribed questionnaire dated June 15, 2015.

15.6.2 According to the information provided by Zhengfang, it is a limited liability company incorporated under the Chinese company laws. It has been engaged in the manufacture and sale of PSF in its domestic market during the POI.

15.6.3 The information submitted by Zhengfang in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those deficiencies were communicated to it vide the Commission's letter dated August 13, 2015.

15.6.4 Zhengfang was asked to provide the deficient information/data no later than August 22, 2015 so as to enable the Commission to consider and analyze the same for the purposes of this investigation. Zhengfang responded to the deficiencies vide its letter dated August 30, 2015.

15.7 Questionnaire Response by Fujian Zhengqi High-Tech Fiber Technology Co., Ltd.

15.7.1 The Commission sent Exporter's Questionnaire to the Fujian Zhengqi High-Tech Fiber Technology Co., Ltd. ("Zhengqi") on April 30, 2015. Accordingly, Zhengqi applied to the Commission in its letter dated May 29, 2015 for extension of time period for submission of response to questionnaire for three weeks. The Commission granted extension for one week vide its letter dated June 9, 2015, after considering the reasons given in the request for extension. Zhengqi responded by submitting information/data on the prescribed questionnaire dated June 15, 2015.

15.7.2 According to the information provided by Zhengqi, is a joint-venture limited liability company invested by Chinese company Jinjiang Jinfu Fibre Co., Ltd and Hongkong Hongda Holding Co., Ltd. It has been engaged in the manufacture, sale and export of PSF to Pakistan as well as to other countries and in its domestic market during the POI.

15.7.3 The information submitted by Zhengqi in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those deficiencies were communicated to it vide the Commission's letter dated August 12, 2015.

15.7.4 Zhengqi was asked to provide the deficient information/data no later than August 23, 2015, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. Nanyang responded to the deficiencies vide its letter dated August 24, 2015.

15.8 Questionnaire Response by Suzhou Zhengbang Chemical Fiber Co. Ltd.

15.8.1 The Commission sent exporter's questionnaire to the Suzhou Zhengbang Chemical Fiber Co. Ltd. ("Zhengbang") on April 30, 2015. Accordingly, Suzhou applied to the Commission in its letter dated June 1, 2015 for extension of time period for submission of response to questionnaire for two weeks. The Commission granted the extension for one week vide its letter dated June 9, 2015, after considering the reasons given in the request for extension. Suzhou responded by submitting information/data on the prescribed questionnaire dated June 15, 2015.

15.8.2 According to the information provided by Zhengbang is a limited liability company incorporated in October 2007 in accordance with Company Law of the People's Republic of China. It has been engaged in the manufacture, sale and export of PSF to Pakistan as well as to other countries and in its domestic market during the POI.

15.8.3 The information submitted by Zhengbang in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those deficiencies were communicated to it vide the Commission's letter dated August 12, 2015.

15.8.4 Zhengbang was asked to provide the deficient information/data no later than August 22, 2015, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. Zhengbang responded to the deficiencies vide its letter dated August 30, 2015.

15.9 Questionnaire Response by Shanghai Polytex Co., Limited.

15.9.1 The Commission sent exporter's questionnaire to the Shanghai Polytex Co., Limited. ("Polytex") on April 30, 2015. Accordingly, Polytex applied to the Commission in its letter dated May 19, 2015 for extension of time period for submission of response to questionnaire for three Weeks. The Commission granted the extension for one week vide its letter dated May 27,

2015, after considering the reasons given in the request for extension. Polytex responded by submitting information/data on the prescribed questionnaire dated June 15, 2015.

15.9.2 According to the information provided by Polytex, it is a limited liability company established on May 07, 2012. Polytex is a trading company having no domestic sales and production. It exported the investigated product purchased from un-affiliated companies during the period of investigation.

15.9.3 The information submitted by Polytex in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those deficiencies were communicated to it vide the Commission's letter dated August 13, 2015.

15.9.4 Polytex was asked to provide the deficient information/data no later than August 23, 2015, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. Polytex responded to the deficiencies vide its letter dated August 30, 2015.

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 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 investigation at the office and plant of the Applicants from June 11 to 17, 2015. Non-confidential summaries of the verification reports re placed in the public file maintained under Rule 7 of the Rules.

16.3 In order to verify information/data provided by the cooperating producers/exporters and to obtain further information (if any), officers of the Commission conducted on-the-spot investigation at the office and plant of the following selected cooperating exporters/producers Applicants from November 13, 2015 to November 24, 2015.

- i. Jiangyin Huahong Chemical Fiber Co., Limited
- ii. Fujian Zhengqi High-Tech Fiber Technology Co., Ltd
- iii. Shanghai Hengyi Polyester Fiber Co., Ltd

- iv. Jiangyin Hailun Chemical Fiber Co., Limited
- v. Nanyang Textile Co., Limited.
- vi. Shanghai Polytex Co., Limited
- vii. Suzhou Zhengbang Chemical Fiber Co. Ltd

Non-confidential summaries of the verification reports are placed in the public file maintained under Rule 7 of the Rules.

17. Public File

The Commission, in accordance with Rule 7 of the Rules, has established and maintained a public file at its offices. This file remained 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, response to the questionnaires, submissions, notices, correspondence, and other documents for disclosure to the interested parties.

18. Confidentiality

18.1 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 parties to an investigation, upon good cause shown to be kept confidential.

18.2 The interested parties 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, growth, investment, salaries & wages, number of employees and capacity.

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.

18.4 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.

19. **Preliminary Determination**

The Commission made a preliminary determination in this case on October 2, 2015 and in terms of Section 37 of the Act, the Commission issued a notice of preliminary determination ("notice of preliminary determination") which was published on October 3, 2015 in Official Gazette of Pakistan and in two widely circulated national newspapers (one English "Daily News" and one Urdu Language ("Daily Express")) notifying preliminary determination and imposition of provisional antidumping duties at following rates for the period of four months effective from October 3, 2015:

Table-III
Provisional Anti-dumping Duty Rates

| Exporter Name | | Provisional Antidumping Duty Rate (%) |
|--|-----------|---------------------------------------|
| Exporters cooperating and examined in detail | Hengyi | 10.53 |
| | Huahong | 7.18 |
| | Hailun | 6.41 |
| Exporters Cooperating but not examined in detail | Xianglu | 7.17 |
| | Nanyang | 7.17 |
| | Zhengbang | 7.17 |
| | Zhengqi | 7.17 |
| | Polytex | 7.17 |
| All others | | 14.92 |

19.2 The Commission also sent notice of preliminary determination and imposition of provisional anti-dumping duties to the Embassy of China in Islamabad, the exporters, the importers and the Applicants in accordance with the requirements of Section 37(4) of the Act. The findings of the Commission in the preliminary determination were as follows:

- i. the application was filed by the domestic industry as the Applicants are the largest producers 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 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 from China 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 depression, decline in market share, production, negative effect on capacity utilization, profitability, productivity and salaries and wages per MT and return on investment in terms of Section 15 and 17 of the Act; and
- vi. There was a causal relationship between dumped imports of the investigated product and the material injury suffered by the domestic industry.

20. Disclosure after Preliminary Determination

20.1 In terms of Rule 11 of the Rules, the Commission, upon request made by exporters/foreign producers within fifteen days of the publication of notice of preliminary determination, shall hold disclosure meeting with the producer or exporter to explain dumping calculation methodology applied for that producer/exporter. The Commission shall also provide an opportunity to producer or exporter or their legal representatives to examine and receive copies of the dumping calculation done by the Commission for their exports.

20.2 All exporters for whom the individual dumping margin was determined requested the Commission for disclosure meeting. Such disclosure meeting was held on October 15, 2015 at the offices of the Commission in which information required under Rule 11 of the Rules was provided to the representative of exporters.

21. Hearing

Upon request of the All Pakistan Textiles Mills Association (APTMA) a hearing in this investigation was held on November 3, 2015 under Rule 14 of the Rules. The information submitted by the participants during the hearing, whether orally (oral statements were subsequently confirmed in writing as per Rules 14 of the Rules) or in writing and record note of the hearing prepared by the Commission are available in the public file.

22. Views/Comments of the Interested Parties on the Preliminary Determination

The Commission has received written submissions/comments from the following interested parties on preliminary determination:-

- i. APTMA
- ii. Shoaib Salman Textile Mills
- iii. Fujian Zhengqi High-Tech Fiber Technology Co., Ltd
- iv. Nanyang Textile Co., Limited
- v. Shanghai Polytex Co., Limited
- vi. Suzhou Zhenbang Chemical Fiber Co. Ltd,
- vii. Zhangjianang Zhengfang Textiles Co. Ltd
- viii. Jiangyin Huahong Chemical Fiber Co., Limited
- ix. Shanghai Hengyi Polyester Fiber Co., Ltd
- x. Jiangyin Hailun Chemical Fiber Co., Limited

22.2 The comments received are placed in the public file for review and copying by other interested parties. After the preliminary determination, the exporters/producers namely Nanyang, Zhenbang, Polytex, Zhengfang and Zhengqi which were not selected for detailed examination requested the Commission for detailed examination and on the spot verification of data submitted by these exporters/producers. The Commission acceded to the request of these exporters/foreign producers and included them for detailed examination. Further, these comments were taken into account by the Commission, while making its final determination.

22.3 Comments received and germane to this investigation under the Act are placed at Annexure – I.

23. Disclosure of Essential Facts

23.1 In terms of Rules 14(8) of the Rules, and Article 6.9 of Agreement on Antidumping, the Commission disclosed essential facts, and in this context dispatched Statement of Essential Facts (“SEF”) on January 01, 2016 to all interested parties including the known exporters/foreign producers, the Applicant, the known Pakistani importers, and to the Embassy of China in Islamabad.

23.2 Under Rule 14(9) of the Rules, the interested parties were required to submit their comments (if any) on the facts disclosed in SEF, in writing, not later than fifteen days of such disclosure. The Commission received comments from following interested parties:

- i. Jiangyin Huahong Chemical Fiber Co., Limited
- ii. Fujian Zhengqi High-Tech Fiber Technology Co., Ltd
- iii. Shanghai Hengyi Polyester Fiber Co., Ltd
- iv. Jiangyin Hailun Chemical Fiber Co., Limited
- v. Shanghai Polytex Co., Limited
- vi. Suzhou Zhengbang Chemical Fiber Co. Ltd
- vii. Zhangjianang Zhengfang Textiles Co. Ltd
- viii. Trade Remedy & Investigation Bureau, China

23.3 The comments received on SEF and germane to this investigation under the Act are placed at Annexure – II.

B. DETERMINATION OF DUMPING

24. 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”.

25. Normal Value

25.1 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”.

25.2 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 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:”.

25.3 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.”

26. Export Price

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

27. Dumping Determination

27.1 As stated earlier the Applicants identified 19 exporters and 108 foreign producers from China involved in alleged dumping of the investigated product. The Commission sent Exporter’s Questionnaire to 15 major exporters/foreign producers from China who constitute for more than 98% of total exports of PSF from China to Pakistan on April 30, 2015 for collection of data/information. Questionnaire was also provided to the Embassy of China in Islamabad with a request to forward it to all exporters/foreign producers of the investigated product based in China to submit information to the Commission.

27.2 Nine exporters/foreign producers, provided information in response to the questionnaire, (paragraphs 14.2 and 15 supra). While making preliminary determination, the Commission limited its examination to only three exporters namely, Huahong, Hengyi and Hailun as the Commission was satisfied in terms of Section 14(3) of the Act that the number of the exporters involved is so large as it is impracticable to determine an individual dumping margin of all exporters who have responded to the Commission. However, after preliminary determination, Nanyang Textiles Co. Ltd , Shanghai Polytex Co., Ltd, Suzhou Zhengbang Chemical Fiber Co. Ltd and Zhangjianang Zhengfang Textiles Co. Ltd requested the Commission for individual dumping margin. The Commission acceded to the request of above mentioned exporters. The Commission excluded colored PSF and regenerated PSF from the scope of investigated product. Dumping determination has not been made in respect of Nanyang, Zhengbang, Zhengfang, Shanghai Polytex as they are exporters/producers of colored PSF and regenerated PSF. Furthermore, a residual dumping margin/duty rate has been determined for all other Chinese exporters/foreign producers.

28. Determination of Normal Value

28.1 The Commission received information on domestic sales and cost of production etc. of the like product from exporters/foreign producers namely Huahong, Hailun, Xianglu, Hengyi, and Zhengqi in response to the questionnaires. The information submitted by exporters namely Huahong, Hailun, Hengyi and Zhengqi has been used for determination of normal value as discussed below. Normal value for other non-cooperating Chinese exporters/producers has

been determined on the basis of best information available in accordance with Section 32 and Schedule to the Act.

28.2 Determination of Normal Value for Hengyi

28.2.1 Normal value for Hengyi has been determined on the basis of the information provided by it on its domestic sales and cost to make and sell during the POI as adjusted at Para 28.2.2. According to the information, Hengyi sold investigated product in its domestic market during the POI. It exported the investigated product to Pakistan during the POI.

28.2.2 Hengyi sold the like product in its domestic market during the POI. These sales are in sufficient quantities to determine normal value in terms of Section 6(2) of the Act, as these are more than 5 percent of the export sales of the investigated product exported by it to Pakistan during the POI. It sold like product to un-related customers in its domestic market. Section 7 of the Act requires the Commission to determine ordinary course of trade for domestic sales to determine normal value. Determination of ordinary course of trade in terms of Section 7 of the Act requires determination of cost to make and sell of an investigated product. The cost of raw materials during the POI does not commensurate with the raw material consumption by Hengyi. The Commission has determined the cost of raw material on the basis of raw material purchases reported by Hengyi and the consumption on the basis of production of different products namely PSF, Polyester Chips, and PET Bottle Chip. This raw material cost was used to determine cost to make and sell of investigated product. Investigation has revealed that out of total sales, 39.58 percent sales were at loss while 60.41 percent sales were profitable sales. Below costs sales were in substantial quantities in terms of Section 7(2) of the Act. Furthermore, below costs sales were in extended period of time and its prices did not provide for recovery of all costs within a reasonable period of time. Thus, in determination of normal value for the investigated product, the Commission has disregarded sales, which were not in the ordinary course of trade in accordance with provisions of Section 7 of the Act.

28.2.3 According to Hengyi, during the POI, it sold like product in its domestic market at delivered basis. To arrive at the ex-factory price, Hengyi has claimed adjustment on account of inland freight. The Commission has accepted the adjustment for the purposes of this investigation. Normal value at ex-factory level for the like product is worked out by deducting values of this adjustment.

28.3 Determination of Normal Value for Huahong, China

28.3.1 Normal value for Huahong has been determined on the basis of the information provided by it on its domestic sales and cost to make and sell during the POI as adjusted at Para 28.3.2. According to the information, Huahong sold investigated product in its domestic market during the POI. Huahong sells PSF in the domestic market of different grades i.e. Grade A, Grade B and Grade C. Huahong stated that it exports only Grade A to Pakistan. Details of sales of Grade A, B & C have separately been provided for comparison with exports. However, during on-the-spot investigation, copies of the invoices were obtained. The copies of invoices did not show that a specific sale transaction is of A grade or otherwise. The working details in D-3.2 do not have any column for grade except a mention at D-3 of exporter questionnaire. Normal value has been determined on the basis of all grades collectively.

28.3.2 Out of total domestic sales of PSF, 99.7 percent of sales were sales of like product while 0.3 percent sales were sales of PSF other than investigated product. These sales are in sufficient quantities to determine normal value in terms of Section 6(2) of the Act, as these are more than 5 percent of the export sales of the investigated product exported by it to Pakistan during the POI. It sold like product to un-related customers in its domestic market. Determination of ordinary course of trade in terms of Section 7 of the Act requires determination of cost to make and sell of an investigated product. Raw material cost of all the cooperating exporters/producers using PTA and MEG as raw material was examined in detail. It was found that, on one instance, a certain supplier is selling PTA to two cooperating exporters/producers simultaneously at prices which varied significantly. The purchase price of Huahong was found to be considerably low. Consequently, domestic raw material cost (PTA & MEG) of cooperating exporters/producers was compared and it was found that in certain months, the Huahong's purchase price of PTA and MEG was considerably low as compared to that of other cooperating exporters/producers and published prices at China Chemical Fiber (CCF). Raw materials cost as provided in Appendix-2 of the exporter's questionnaire was significantly lower as compared to the cost calculated on the basis of average purchase price and the standard consumption of PTA and MEG. The raw material purchase price of Huahong, for the months in which it was lower by a margin of more than 5 percent, has been duly adjusted on the basis of average purchase price of other cooperating exporters/producers. This raw material cost was used to determine cost to make and sell of investigated product. Investigation has revealed that out of total sales of investigated product, 43.87 percent sales were at loss while 56.13 percent sales were profitable sales. Below costs sales were in substantial quantities in terms of Section 7(2) of the Act. Furthermore, below costs sales were in extended period of time and its prices did not provide for recovery of all costs within a reasonable period of time. Thus, in determination

of normal value for the above-mentioned types, the Commission has disregarded sales, which were not in the ordinary course of trade in accordance with provisions of Section 7 of the Act.

28.3.3 According to Huahong, during the POI, it sold like product in its domestic market at delivered basis. To arrive at the ex-factory price, Huahong has claimed adjustments on account of indirect tax, credit cost and inland freight. Regarding adjustment on account of credit cost, the company was not able to present evidence for each transaction against which credit cost was claimed. Therefore, adjustment on account of credit cost has not been accepted. The Commission has accepted the adjustment of indirect tax and inland freight. Normal value at ex-factory level for the like product is worked out by deducting values of these adjustments.

28.4 Determination of Normal Value for Hailun, China

28.4.1 Normal value for Hailun has been determined on the basis of the information provided by it on its domestic sales and cost to make and sell during the POI as adjusted at Para 28.2.2. According to the information, Hailun sold investigated product in its domestic market during the POI. It exported the investigated product to Pakistan during the POI. Hailun sells PSF of different deniers in the domestic market. However, it exported only PSF of 1.2 denier to Pakistan. For like to like comparison, normal value has been determined on the basis of sales of PSF 1.2 denier.

28.4.2 Hailun sold like product in its domestic market during the POI. These sales are in sufficient quantities to determine normal value in terms of Section 6(2) of the Act, as these are more than 5 percent of the export sales of the investigated product exported by it to Pakistan during the POI. It sold like product to un-related customers in its domestic market. Section 7 of the Act requires the Commission to determine ordinary course of trade for domestic sales to determine normal value. Raw material cost of all the cooperating exporters/producers using PTA and MEG as raw material was examined in detail. Domestic raw material cost (PTA & MEG) of cooperating exporters/producers was compared and it was found that during the POI, the Hailun's purchase price of PTA and MEG was considerably low as compared to that of other cooperating exporters/producers and published prices at CCF. The raw material purchase price of Hailun, for the months in which it was lower by a margin of more than 5 percent, has been duly adjusted on the basis of average purchase price of other cooperating exporters/producers. Raw materials cost as provided in Appendix-2 was significantly lower as compared to the cost calculated on the basis of average purchase price and the standard consumption of PTA and MEG. This raw material cost was used to determine cost to make and sell of investigated product. Investigation has revealed that out of total sales, 87.59 percent sales were at loss

while 12.41 percent sales were profitable sales. Below costs sales were in substantial quantities in terms of Section 7(2) of the Act. Thus, in determination of normal value for the investigated product, the Commission disregarded sales, which were not in the ordinary course of trade in accordance with provisions of Section 7 of the Act.

28.4.3 According to Hailun, during the POI, it sold like product in its domestic market at delivered basis. To arrive at the ex-factory price, Hailun has claimed adjustment on account of inland freight. The Commission has accepted the adjustment. Normal value at ex-factory level for the like product is worked out by deducting values of this adjustment.

28.5 Determination of Normal Value for Zhengqi, China

28.5.1 Normal value for Zhengqi has been determined on the basis of the information provided by it on its domestic sales and cost to make and sell during POI. According to the information, Zhengqi sold investigated product in its domestic market during POI. It exported the investigated product to Pakistan during POI.

28.5.2 Zhengqi sold like product in its domestic market during POI. It sold like product to unrelated customers in its domestic market. Section 7 of the Act requires the Commission to determine ordinary course of trade for domestic sales to determine normal value. Determining cost to make and sell of an investigated product is part of determination of sales which fall in ordinary course of trade. Investigation has revealed that all sales in domestic market were made at loss. Below costs sales were in substantial quantities in terms of Section 7(2) of the Act. Thus, in determination of normal value for the investigated product, the Commission has disregarded sales, which were not in the ordinary course of trade in accordance with provisions of Section 7 of the Act.

28.5.3 Accordingly the normal value has been constructed on the basis of information provided by its cost to make & sell. A reasonable amount of has been added to cost to make & sell on account of profit.

28.6 Determination of Normal Value for All Other Exporters/Producers from China

28.6.1 The Commission has determined normal value for all others non-cooperating exporters/producers from China on the basis of best information available in accordance with Section 32 of the Act.

28.6.2 For the purposes of determination of normal value for all other exporters of the investigated product from China, the information provided by Hengyi, in response to the questionnaire, on its cost of production plus admin, selling and general costs, and financial expenses is used. The Commission is of the view that it is appropriate to use this information as the best available information for normal value of non-cooperating exporters. The normal value for Hengyi has been adopted for all non-cooperating exporters.

29. Determination of Export Price

The Commission received information on export sales of the investigated product from exporters/foreign producers namely Hengyi, Huahong, Hailun, Xianglu and Zhengqi in response to the questionnaires sent to various exporters/foreign producers of China. However, the information submitted by exporters selected for calculation of dumping margin has been used for determination on export price as discussed below. Export price for other exporters/foreign producers has been determined on the basis of the information obtained from PRAL.

29.2 Determination of Export Price for Hengyi, China

29.2.1 Export price for Hengyi is determined on the basis of the information provided by it on its export sales of the investigated product to Pakistan made during the POI.

29.2.2 According to the information, Hengyi exported the investigated product to Pakistan during the POI. All export sales to Pakistan, during the POI, were made to un-related customers.

29.2.3 During the POI, Hengyi exported investigated product on LC at sight basis. To arrive at the ex-factory level, it has reported adjustments on account of commission, inland freight, handling cost, ocean freight, and bank charges. Hengyi stated that it sold the investigated product in Pakistan through two agents namely Alriaz Agencies (Pvt.) Ltd. and Landmark Trading Company. The commission paid to Alriaz Agencies (Pvt.) Ltd. is decided on transaction by transaction basis. Hengyi claims that it didn't pay commission to the other agent Landmark Trading Company during the POI. However, the commission has deducted commission expense, at the same rate at which commission was paid to Alriaz Agencies (Pvt.) Ltd., from the export price for the sales made through Landmark Trading Company. The Commission has accepted other adjustments. During POI, payment terms were LC at sight. On average Hengyi received payment after *** days where payment terms are LC at sight. During POI, Hengyi exported investigated product to Pakistan at CFR Karachi basis. The export price at ex-factory level is

worked out by deducting values reported for accepted adjustments from the gross value of sales transactions.

29.3 Determination of Export Price for Huahong, China

29.3.1 Export price for Huahong is determined on the basis of the information provided by it on its export sales of the investigated product to Pakistan made during the POI.

29.3.2 According to the information, Huahong exported the investigated product to Pakistan during the POI. All export sales to Pakistan, during POI, were made to un-related customers.

29.3.3 During the POI, Huahong exported investigated product mostly on LC at sight at delivered basis. To arrive at the ex-factory level, it has reported adjustments on account of credit cost, commission, handling cost and bank charges. With reference to adjustment of credit cost, during POI, payment terms were either D/P, LC at sight or credit ranging from *** days to *** days after the shipment. On average Huahong received payment after *** days where payment terms are D/P or LC at sight. However, after shipment, Huahong negotiates LC with bank. The company claimed credit cost at interest rate @ *** percent. However, for the POI, the bank of China has published the annual interest rate @ 5.6 percent which was adopted by the Commission for calculation of credit cost. The export price at ex-factory level is worked out by deducting values reported for accepted adjustments from the gross value of sales transactions.

29.4 Determination of Export Price for Hailun, China

29.4.1 Export price for Hailun is determined on the basis of the information provided by it on its export sales of the investigated product to Pakistan made during the POI.

29.4.2 According to the information, Hailun exported the investigated product to Pakistan during the POI. All export sales to Pakistan, during the POI, were made to un-related customers.

29.4.3 During the POI, Hailun exported investigated product mostly on C&F basis. To arrive at the ex-factory level, it has reported adjustments on account of credit cost, commission, inland freight, ocean freight and bank charges. With reference to adjustment of credit cost, during POI, payment terms were either LC at sight or credit ranging from *** days to *** days after the shipment. On average Hailun received payment after *** days where payment terms are LC

at sight. The export price at ex-factory level is worked out by deducting values reported for accepted adjustments from the gross value of sales transactions.

29.5 Determination of Export Price for Zhengqi, China

29.5.1 Export price for Zhengqi is determined on the basis of the information provided by it on its export sales of the investigated product to Pakistan made during POI.

29.5.2 According to the information, Zhengqi exported the investigated product to Pakistan during POI. Its total exports of the investigated product to Pakistan during POI were *** MT. All export sales to Pakistan, during POI, were made to un-related customers.

29.5.3 During POI, Zhengqi exported investigated product at delivered basis. To arrive at the ex-factory level, it has reported adjustments on account of credit cost, inland freight, ocean freight, handling cost and bank charges. With reference to adjustment of credit cost, during POI, payment terms were LC. On average Zhengqi received payment after *** days where payment terms are LC. The export price at ex-factory level is worked out by deducting values reported for accepted adjustments from the gross value of sales transactions.

29.6 Determination of Export Price for All Other Exporters from China.

29.6.1 Export price for non-cooperating exporters from China has been determined on the basis of best information available in accordance with Section 32 of the Act. Information obtained from PRAL is used for the purposes of determination of export price for non-cooperating exporters from China. This is the only information available with the Commission on export sales of the investigated product by the non-cooperating exporters from China.

29.6.2 Values in PRAL's information are reported at C&F level. The C&F export price has been adjusted to the ex-factory level. For this purpose, adjustments on account of commission, inland freight, ocean freight, handling cost, credit cost and bank charges have been made in the C&F price. Information submitted by Hengyi on these adjustments has been used for non-cooperating exporters/producers.

30. Dumping Margin

30.1 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 an individual dumping margin for each known exporter or producer of an investigated product. In this final determination, the Commission has determined individual dumping margin for the two exporters who cooperated with the Commission and supplied necessary information and the definitive antidumping duty rate for these exporters is established on the basis of individual dumping margin determined for each exporter. However, residual dumping margins/antidumping duty rates have been determined for non-cooperating exporters/foreign producers of China.

30.2 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 weighted average normal value with weighted average export price at ex-factory level.

30.3 The Commission has also complied with the requirements of Section 11 of the Act 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”*.

30.4 Taking into account all requirements set out above, the dumping margins have been determined as follows.:

**Table-IV
Dumping Margin**

| Country | Exporter Name | Dumping margin as % of | |
|---------|---|------------------------|-------------|
| | | Export price | C & F price |
| China | Shanghai Hengyi Polyester Fiber Co., Limited. | 8.48 | 7.88 |
| | Jiangyin Huahong Chemical Fiber Co., Limited | 2.82 | 2.82 |
| | Jiangyin Hailun Chemical Fiber Co., Limited | 8.76 | 8.22 |
| | Xiamen Xianglu Chemical Fiber Co. Limited | | 7.81 |
| | Fujian Zhengqi High-Tech Fiber Technology Co., Limited. | 8.30 | 7.72 |
| | All other exporters | 12.43 | 11.51 |

31. Negligible Volume of Dumped Imports & Dumping Margin

31.1 In terms of Section 41(3)(b) of the Act, volume of dumped imports shall normally be regarded as negligible if the volume of dumped imports of an investigated product is found to account for less than 3 percent of total imports of the 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 percent of imports of a like product.

31.2 In this regard, data and information available with the Commission on volume of dumped imports of the investigated product from China and like product from other sources during POI from January 01, 2014 to December 31, 2014 is given in the following table:

Table-V
Volume of Imports during POI

| Country | Volume of Imports |
|---------------|-------------------|
| China | 94 |
| Other Sources | 6 |
| Total | 100 |

Period: January 1, 2014 to December 31, 2014

Source: PRAL & Cooperating exporters/foreign producers

Note: The Figures have been indexed with reference to total Imports

31.3 The above table shows that the volume of dumped imports of the investigated product from China was well above the negligible threshold during POI.

31.4 In terms of Section 41(3)(a) of the Act, dumping margin shall be considered to be negligible if it is less than two per cent, expressed as percentage of the export price. The dumping margins established are well above the negligible threshold during POI.

C. INJURY TO DOMESTIC INDUSTRY

32. Determination of Injury

32.1 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...”*

32.2 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”.

32.3 The Commission has taken into account all factors in order to determine whether the 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 Act.

33. Domestic Industry

33.1 In the notice of initiation and preliminary determination the domestic industry was considered to be constituted of seven units. The preliminary determination was accordingly made and provisional duty was imposed on all varieties of PSF not exceeding 2.0 deniers. However, after preliminary determination some importers of the regenerated colored PSF represented that it is not being manufactured. The Commission after due investigation excluded regenerated PSF and regenerated PSF from scope of investigated product. After exclusion of manufacturers of regenerated PSF and colored PSF, the domestic industry manufacturing domestic like product consists of 4 operational units. These four operational units are as follows:-

- i. ICI Pakistan Limited
- ii. Ibrahim Fibres Limited
- iii. Pakistan Synthetics Limited
- iv. Rupali Polyester Limited

33.2 Two of these four units (mentioned at S. Nos. i, and ii, above) constitute the “Applicants”. Among other two units, only one unit namely Rupali Polyester Ltd supported the application and provided the data in response to the questionnaire sent to it subsequently, however the data was deficient and not as required under the prescribed questionnaire. Details of production of the domestic industry during POI for dumping are as follows:

Table VI
Unit-wise Production during the year 2014

| Sr. | Name | Share in Domestic Production % | Supporting/ Opposing/ Indifferent |
|-------|-----------------------------|--------------------------------|-----------------------------------|
| i. | Ibrahim Fibres Limited | 58.73 | Applicant |
| ii. | ICI Pakistan Limited | 31.01 | Applicant |
| iii. | Rupali Polyester Limited | 7.74 | Supporting |
| iv. | Pakistan Synthetics Limited | 2.52 | Indifferent |
| Total | | 100 | |

Source: Applicants

33.3 According to the above information, the Applicants and supporting producer produced 97.48 percent of total domestic production of the domestic like product during the POI for dumping. The Commission's investigation also revealed that neither the Applicants were themselves importers of the investigated product nor were related to the Chinese exporters involved in dumping of the investigated product into Pakistan.

33.4 On the basis of the above information and analysis, for the purposes of this investigation, the Applicants are considered as the "domestic industry" in terms of Section 2(d) of the Act as they constitute a major proportion of the total domestic production of the domestic like product.

33.5 Analysis of injury factors carried out in this final determination in the following paragraphs is, therefore, based on the information submitted by Applicants. Any inference drawn in this regard from the data of the Applicants would apply to the entire domestic industry.

34 Volume of Dumped Imports

Facts

34.1 With regard to the volume of dumped imports, in terms of Section 15(2) of the Act, 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.

34.2 In order to assess the impact of volume of dumped imports of the investigated product in relation to production and consumption of the domestic like product, the information

Final Determination and levy of definitive antidumping duties on import of Polyester Staple Fiber (not exceeding 2.0 denier)(PSF) into Pakistan Originating in and/or Exported from the People's Republic of China

obtained from PRAL has been used. The following table shows imports of the investigated product and production of the domestic like product during the POI;

**Table-VII
Imports of PSF**

| Year | Dumped Imports | %age of total imports | Increase/ (decrease) in dumped imports | Other Imports | %age of total imports | Increase/ (decrease) in Other imports | Total Imports |
|------|----------------|-----------------------|--|---------------|-----------------------|---------------------------------------|---------------|
| 2012 | 91 | 91 | | 9 | 9 | | 100 |
| 2013 | 87 | 85 | (5) | 16 | 15 | 7 | 102 |
| 2014 | 148 | 94 | 62 | 9 | 6 | (10) | 158 |

Source: PRAL

Year: January 1 to December 31

Note:- The Figures have been indexed with reference to total Imports during 2012

Analysis

34.3 The above table shows that the volume of dumped imports increased in absolute terms in year 2014 showing 71 percent increase in year 2014 as compared to year 2013, which is a significant increase in volume of dumped imports in absolute terms.

34.4 The data in Table given below shows whether there is significant increase in dumped imports of PSF from China relative to domestic production of domestic like product during the POI:

**Table – VIII
Domestic Production and Dumped Imports of PSF**

| Year | Domestic Production | Dumped Imports of PSF from China | Dumped imports as % age of D.P | Increase/ (Decrease) in Dumped Imports relative to D.P. |
|------|---------------------|----------------------------------|--------------------------------|---|
| 2012 | 100 | 23 | 23 | |
| 2013 | 111 | 21 | 19 | (3) |
| 2014 | 106 | 37 | 35 | 16 |

Source: PRAL and the Applicants

Year: January 1 to December 31

Note:- The Figures have been indexed with reference to domestic production in year 2012

34.5 The above table shows that Volume of dumped imports relative to domestic production decreased by 3percent in year 2013 as compared to year 2012 however it increased by 16 percent in the year 2014 as compared to year 2013. This shows an increase in volume of dumped imports relative to domestic production

Conclusion

34.6 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 domestic production during POI.

35. Price Effects

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), and 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). Price effects have been determined on Applicant's information as information on prices of the other producers is not available with the Commission.

35.1 Price undercutting**Facts**

35.1.1 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. 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-IX
Calculations of Price Under-cutting**

| Year* | Domestic Price** | Landed Cost** | Price under-cutting | |
|-------|------------------|---------------|---------------------|------------|
| | | | Absolute | Percentage |
| 2012 | 100 | 94 | 6 | 5.98 |
| 2013 | 1 | 100 | 6 | 5.35 |
| 2014 | 97 | 85 | 11 | 11.69 |

* Year is from 1st Jan to 31st Dec * Price/landed cost without sales tax

Sources: Applicant and cooperating exporters

Note:- The Figures have been indexed with reference to domestic price during 2012

Analysis

35.1.2 The above table shows the changes in landed cost of the investigated product and prices of the domestic like product over the POI. Prices of investigated product undercut prices of domestic like product during POI for injury, however, there was significant increase in the price undercutting in the last year of POI which corresponds to the POI for dumping.

Conclusion

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

35.2 Price Depression

Facts

35.2.1 The Applicants prices of the domestic like product during the last three years are given in table below:

Table - X
Calculation of Price Depression

| Year | Average ex- factory price of domestic like product | Price Depression | |
|------|--|------------------|----------------|
| | | Absolute | Percentage (%) |
| 2012 | 100 | - | - |
| 2013 | 106 | - | - |
| 2014 | 97 | 9 | 8.75 |

Source: The Applicants

Year: January 1 to December 31

Note: The Figures have been indexed with reference to price of domestic like product during 2012

Analysis

35.2.2 The table above shows that the Applicants had to reduce the prices of the domestic like product during the POI for dumping i.e. year 2014. The domestic industry reduced prices during the year 2014 as compared to year 2013. Although the decrease in cost, as reflected in Table –XI, may also pull the price down, the decrease in price is more than double the decrease in cost of production. Thus dumping of PSF from China had a significant price depressing effect.

Conclusion

35.2.3 The Commission has concluded on the basis of the above information and analysis that domestic industry suffered price depression during the POI.

35.3 Price Suppression**Facts**

35.3.1 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 Applicants, are given in the following table:

**Table - XI
Cost to Make and Sell and Ex-factory Price of the Domestic Like Product**

| 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 |
| 2012 | 95 | 100 | -- | -- | -- |
| 2013 | 109 | 106 | 14 | 6 | 8 |
| 2014 | 105 | 97 | -4 | -9 | -- |

Source: Applicants. Year: January 1 to December 31

Note:- The Figures have been indexed with reference to price of domestic like product in year 2012

Analysis

35.3.2 Above table shows that cost to make and sell of the domestic like product increased by 14 percent in year 2013 as compared to year 2012 however it decreased by 4 percent in the year 2014 as compared to year 2013. The sale price of domestic industry increased by 6 percent in the year 2013 over the preceding year i.e. 2012 and decreased by and 9 percent in the year 2014 over the year 2013. The domestic industry only suffered price suppression during the year 2013, however during the POI for dumping i.e. year 2014 the domestic industry did not experience price suppression. The price depressing effect of dumping was more dominant than price suppression.

Conclusion

35.3.3 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 suppression during the POI for dumping.

36. Effects on Market Share**Facts**

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

Table – XII
Market Share (MT)

| Year | Share of Applicants in the Domestic Market | | Share of Other Units in the Domestic Market | | Share of Dumped Imports in Domestic market | | Share of Other Imports in Domestic Market | | Total Domestic Market | |
|------|--|----|---|----|--|----|---|---|-----------------------|-----|
| | Quantity | % | Quantity | % | Quantity | % | Quantity | % | Quantity | % |
| 2012 | 69 | 69 | 13 | 13 | 16 | 16 | 2 | 2 | 100 | 100 |
| 2013 | 72 | 70 | 12 | 12 | 16 | 15 | 3 | 3 | 103 | 100 |
| 2014 | 72 | 66 | 9 | 8 | 27 | 24 | 2 | 2 | 110 | 100 |

Source: PRAL and the Applicants

Year: January 1 to December 31

Note:- The figures relating to quantity have been indexed with reference to figure of total domestic market in year 2012

Analysis

36.2 The above table reveals that during the year 2013, the share of domestic industry in the total domestic market was 70 percent but in year 2014, the share of domestic industry decreased and came down to 66 percent, inspite of the fact that the total domestic market increased during the same period.

36.3 The share of dumped imports increased from 15 percent in year 2013 to 24 percent during the year 2014 while the share of other imports decreased from 3 percent to 2 percent in the same period.

Conclusion

36.3 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.

37. Effects on Sales

37.1 The sales of the domestic like product by the Applicants have been provided in the following table:

Table-XIII
Sales by the Domestic Industry

| Year | Sales |
|------|-------|
| 2012 | 100 |
| 2013 | 105 |
| 2014 | 106 |

Source: the Applicants

Year: January 1 to December 31

Note:- The figures have been indexed with reference to figure of sales in year 2012

Analysis

37.2 The above table shows that the sales of domestic industry increased by 5 percent in the year 2013 as compared to year 2012 and further increased in the year 2014. The increase in sales of the domestic industry in year 2013 was due to decrease of sales of the other domestic producers in the domestic market. It may be mentioned that domestic industry made significant investment in 2012 which became operational during 2014. However, domestic industry could not utilize its enhanced capacity due to significant increase in dumped imports.

Conclusion

37.3 On the basis of above information and analysis, the Commission has concluded that sales of the domestic like product increased during the POI. However, the domestic industry was not able to increase its share in the increased market size though its capacity was enough to meet the domestic requirement of PSF.

38. Effects on Production and Capacity Utilization

Facts

38.1 Quantity produced and the capacity utilized by the domestic industry during POI was as follows;

Table-XIV
Installed Capacity, Quantity Produced and Capacity Utilization

| Year | Capacity Utilization (%) |
|------|--------------------------|
| 2012 | 100.00 |
| 2013 | 78.43 |
| 2014 | 68.64 |

Source: the Applicants

Year: January 1 to December 31

Note:- The figures have been indexed with reference to

figure of capacity utilization in year 2012

Analysis

38.2 It may be noted that the installed production capacity of the Applicants increased during the POI. However, the domestic industry was not able to take benefit of the increased capacity due to unfair competition in the form of dumped imports. This is evident from decrease in production in the POI.

Conclusion

38.3 On the basis of the above information and analysis, the Commission has concluded that the domestic industry suffered material injury on account of production and capacity utilization.

39. Effects on Inventories**Facts**

39.1 The Applicants 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-XV
Inventories of Domestic Like Product (MT)

| Year | Opening inventory | Production | Sales | Inter Unit transfer sales (IFL) | Closing inventory |
|------|-------------------|------------|-------|---------------------------------|-------------------|
| 2012 | 6 | 100 | 94 | 7 | 4 |
| 2013 | 4 | 111 | 99 | 8 | 8 |
| 2014 | 8 | 106 | 99 | 7 | 8 |

Source: the Applicants

Year: January 1 to December 31

Note:- The figures have been indexed with reference to figure of production in year 2012

Analysis

39.2 The data given in the table above shows that the inventory of the domestic like product slightly decreased in year 2014 as compared to the year 2013.

Conclusion

39.3 On the basis of the above facts and analysis, the Commission has concluded that the domestic industry did not suffer material injury on account of increase in inventories of the domestic like product during POI.

40. Effects on Profits/Loss

Facts

40.1 As explained earlier, the Applicants are multi-product companies. The profit & loss on the basis of PSF duly adjusted is given below:

**Table -XVI
Profit/(Loss) of the Applicants**

| Year* | Net Profit/(Loss) |
|-------|-------------------|
| 2012 | 100 |
| 2013 | (73) |
| 2014 | (192) |

Source: on the spot investigation report

Year: January 1 to December 31

Note:- The figures have been indexed with reference to figure of profit/(loss) in year 2012

Analysis

40.2 The above table shows that the losses incurred by the Applicants are increasing each year. The net loss of the domestic industry increased by 163 percent in the POI for dumping i.e. year 2014 as compared to year 2013.

Conclusion

40.3 On the basis of the above facts, the Commission has concluded that the domestic industry suffered material injury on account of profitability.

41. Effects on Cash Flow

Facts

41.1 The data provided by the applicants in regard of cash flows and it has been observed that one of the applicants, IFL, reports Cash Flows at group level, i.e., Ibrahim Group, which has other business interests also and, therefore, Cash Flows are not reflective of the PSF business. During the on the spot investigation the IFL was asked to provide separate cash flow for polyester business. The IFL stated it was not possible to separate the cash flow for each product. Hence the table below shows only cash flow figures of ICI from operation, which has separate record with regard cash flow for PSF business. The verified figures of cash flow are as under:

Table -XVII
Cash generated from operations

| Year* | Cash flow from operations |
|-------|---------------------------|
| 2012 | 100 |
| 2013 | 106 |
| 2014 | 138 |

* Year is from 1st January to 31st December

Note:- The figures have been indexed with reference to figure of cash flow in year 2012

Analysis

41.2 The above table shows that the net cash flow of the ICI increased during the POI.

Conclusion

41.3 Owing to the multiple products operations of the domestic industry, the Commission does not conclude any effects of cash flow.

42. Effects on Employment, Productivity and Salaries & Wages

Facts

42.1 Effects on domestic industry's employment, productivity and salaries & wages on yearly basis are ascertained in the table given below:

Table – XVIII
Employment, Wages and Productivity

| Period | Average Number of Employees (Direct) | Salaries & Wages | Productivity Per Worker | Salaries and Wages Per MT |
|--------|--------------------------------------|------------------|-------------------------|---------------------------|
| 2012 | 100 | 100 | 100 | 100 |
| 2013 | 106 | 94 | 105 | 84 |
| 2014 | 105 | 99 | 101 | 93 |

Source: the Applicants

Year: January 1 to December 31

Note:- The figures have been indexed with reference to figures in year 2012

Analysis

42.2 The above data reveals that number of employees slightly decreased from in year 2014. The productivity of the domestic industry decreased in the year 2014. The salaries and wages per MT also increased during the same period because of the fact that the production of domestic industry decreased during the year 2014.

Conclusion

42.3 Based on the above information and analysis, the Commission has concluded that the domestic industry suffered material injury on account of productivity and salaries and wages per MT.

43. Effects on Return on Investment**Facts**

43.1 The information regarding return on investment provided by the Applicants in the antidumping application during the POI was on the consolidated basis. During the on the spot investigation of the Applicants premises, the investigation team was told that the Applicants does not maintain a segregated record of the equity injected for its various segments. Therefore the investigation team calculated investment figures for the purpose of calculation of return on investment on the basis of assets employed for each segment of business of Applicants. The total amount of investment has been arrived at by deducting current liability figure from total assets figure provided in the audited annual accounts of the Applicants. Percentage of assets employed for each business segment has been worked out on the basis of depreciation charged. Percentage of assets being utilized by the each segment has been multiplied by total investment figure to calculate investment for each segment. Return comprises of segment wise profit plus financial charges. The calculated figures of the Applicants return on investment for PSF business is given below:

**Table XIX
Return on Investment**

| Year/Period | Investment | Return on Investment |
|--------------------|-------------------|-----------------------------|
| 2012 | 100 | 100 |
| 2013 | 131 | (3) |
| 2014 | 149 | (57) |

Source: the Applicants

Year: January 1 to December 31

Note: The figures have been indexed with reference to figures in year 2012

Analysis

43.2 The above table shows that the investment in the domestic industry increased and returns on investment decreased through-out the POI.

Conclusion

43.3 On the basis of the above, the Commission has concluded that the domestic industry suffered material injury on account of return on investment.

44. Effect on Growth

Facts/Analysis

44.1 During POI, Ibrahim Fiber Limited has made new investment and installed a new plant. Resultantly, total installed production capacities of the domestic industry for production of the domestic like product increased. A perusal of the table VIII reveals that total domestic demand of PSF remained same which shows that domestic industry has excess capacity than the total demand of PSF in the domestic market.

Conclusion

44.2 On the basis of the above, the Commission has concluded that the domestic industry did not suffer material injury on account of growth and investment during POI.

45. Ability to Raise Capital

Facts/Analysis

45.1 The Applicants ability to raise capital is significantly impacted on account of loss of sales volume and market share, margin erosion and resulting serious financial losses, declining utilization of production capacity, increasing inventory, declining output per worker and negative ROI, all resulting on account of dumping of PSF from China.

Conclusion

45.2 On the basis of the above, the Commission has concluded that the domestic industry has suffered material injury on account of ability to raise capital.

46. Magnitude of Dumping Margins

Facts/Analysis

46.1 Dumping margin calculated ranges from 2.82 percent to 11.51 percent which can be considered as enough to damage the domestic industry. Further, injury factors discussed above show that domestic industry has suffered materially due to dumping of exporters from China.

Conclusion

46.2 On the basis of above, the Commission has concluded that the domestic industry has suffered material injury on account of magnitude of dumping.

47. **Summing up of Material Injury**

47.1 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 dumped imports;
- b. Price undercutting;
- c. Price depression
- d. Decline in market share;
- e. Decline in Production;
- f. Negative effect on capacity utilization;
- g. Negative effect on Profitability;
- h. Negative effect on Productivity and salaries and wages per MT;
- i. Negative effect on Return on Investment;
- j. Negative effect on Ability to Raise Capital; and
- k. Magnitude of Dumping Margin

D. CAUSATION

48. **Effect of Dumped Imports**

48.1 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. In this regard injury factors have been given below;

Table-XX

| Year | Volume of dumped imports (MT) | Price under cutting (%) | Price Depression (%) | Market Share of Domestic Industry (%) | Production of the domestic industry (MT) | Capacity Utilization (%) | Profit/ (Loss) (Rs. Mil) | Productivity (Per Worker) | Salaries and Wages Per MT (Rs.) | Return on Investment (%) |
|------|-------------------------------|-------------------------|----------------------|---------------------------------------|--|--------------------------|--------------------------|---------------------------|---------------------------------|--------------------------|
| 2012 | 100 | 5.98 | --- | 68.59 | 100 | 100 | 100 | 100 | 100 | 10.16 |
| 2013 | 95 | 5.35 | --- | 70.36 | 111 | 78 | (73) | 105 | 84 | -0.34 |
| 2014 | 163 | 11.69 | 8.75 | 65.97 | 106 | 69 | (192) | 101 | 93 | -5.77 |

Note: Absolute figures have been indexed with reference to figures in year 2012

48.2 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 of the domestic like product;
- ii. Domestic industry experienced price undercutting due to dumped imports of the investigated product;
- iii. Domestic industry experienced price depression due to increase in dumped imports during POI.
- iv. Market share of dumped imports of the investigated product increased significantly whereas market share of the domestic like product declined simultaneously;
- v. Production of the domestic like product decreased due to increased share of the dumped imports in domestic market;
- vi. The capacity utilization of the domestic industry decreased due to dumped imports as well as expansion in installed capacity of IFL;
- vii. Domestic industry faced negative effect on profitability;
- viii. Domestic industry faced negative effect on productivity and salaries and wages per MT;
- ix. Domestic industry faced negative effect on return on investment;

49. Other Factors

49.1 In accordance with Section 18(2) of the Act, 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.

49.2 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 China during POI. The imports from sources other than China were insignificant quantities and have reduced. The landed cost of such imports was higher than ex-factory price of the domestic like product and landed cost of investigated product. Following table shows volume and landed cost of PSF imported from other sources during POI:

Table-XXI

| Year | Imports from Other Sources | Landed cost from other sources |
|------|----------------------------|--------------------------------|
| 2012 | 100 | 100 |
| 2013 | 180 | 107 |
| 2014 | 106 | 111 |

Note: The figures have been indexed with reference to figures in year 2012

49.3 The factors mentioned in Section 18(3) of the Act were also examined and it was determined that:

- i. There was no contraction in demand;
- ii. There was no considerable change in technology to produce PSF; and
- iii. The domestic industry did not export PSF during the POI meaning thereby that injury to domestic industry is not because of export performance. Similarly the productivity alone cannot be considered as a major source of injury to the domestic industry.
- iv. During the POI there was no change in trade restrictive practices.

E. CONCLUSIONS

50. The conclusions, after taking into account all considerations for final determination, are as follows:

- i. the application was filed by the domestic industry as the Applicants are the largest producers 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 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 from China 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 depression, decline in market share, production, negative effect on capacity utilization, Profitability, Productivity and salaries and wages per MT and return on investment in terms of Section 15 and 17 of the Act; and
- vi. There was a causal relationship between dumped imports of the investigated product and the material injury suffered by the domestic industry.
- vii. The Commission is of view that injury to the domestic industry is material to justify imposition of definitive measures. Therefore, definitive measures are recommended.

51. In reaching this final affirmative determination, the Commission is satisfied that the investigated product has been imported at dumped prices from the China. This has caused material injury to domestic industry during the POI.

F. IMPOSITION OF DEFINITIVE ANTIDUMPING DUTIES

52. In view of the analysis and conclusions with regard to dumping, material injury, and causation, in terms of Section 50 of the Act, the Commission is required to impose antidumping duty on dumped imports of the investigated product not exceeding margin of dumping established.

53. Individual dumping margins have been determined for exporters/foreign producers of the investigated product who cooperated and supplied information necessary and requested for individual dumping margin after preliminary determination. Rate of definitive antidumping duty for these exporters is determined on the basis of their individual dumping margins.

54. A residual dumping margin and antidumping duty rate for all other exporters from China, who did not cooperate, is determined on the basis of best available information in terms of Section 32 of the Act.

55. For the purpose of imposition of lesser duty rule in terms of Section 50 (2) of the Act the Commission has considered injury margin to see whether a lower duty would be adequate to remove injury of the domestic industry. Injury margin works out to be 31.43 percent which is considerably higher from the dumping margins.

56. In terms of Section 50 of the Act, definitive antidumping duties given in the following table are hereby imposed on the dumped imports of the investigated product importable from China for a period of five years effective from October 03, 2015. The definitive antidumping duty rates are determined on C&F value in *ad val.* terms. Definitive antidumping duties at C&F value are equivalent to the final dumping margins determined at ex-factory price level. The dumped investigated product is classified under PCT heading No. 5503.2010 excluding colored PSF.

Table-XXII
Definitive Antidumping Duty Rates

| Country | Exporter Name | Definitive Antidumping Duty (%) |
|---------|---|---------------------------------|
| China | Shanghai Hengyi Polyester Fiber Co., Limited. | 7.88 |
| | Jiangyin Huahong Chemical Fiber Co., Limited. | 2.82 |
| | Jiangyin Hailun Chemical Fiber Co., Limited. | 8.22 |
| | Xiamen Xianglu Chemical Fiber Co. Limited. | 7.81 |
| | Fujian Zhengqi High-Tech Fiber Technology Co., Limited. | 7.72 |
| | All other exporters | 11.51 |

57. PSF imported from sources, other than China shall not be subject to definitive antidumping duties.

58. In accordance with Section 51 of the Act, the definitive antidumping duties shall take the form of *ad val.* duty and be held in a non-lapsable personal ledger account established and maintained by the Commission for the purpose. Release of the dumped investigated product for free circulation in Pakistan shall be subject to imposition of such antidumping duties.

59. Definitive antidumping duties levied would be in addition to other taxes and duties leviable on import of the investigated product under any other law.

60. The definitive antidumping duties would be collected in the same manner as customs duty is collected under the Customs Act, 1969 (IV of 1969) and would be deposited in Commission's Non-lapsable PLD account No. 187 with Federal Treasury Office, Islamabad.

61. The Commission had imposed following provisional antidumping duties on the investigated product vide Official Gazette (extra ordinary) dated October 03, 2015 for a period of four months effective from October 03, 2015:

Table-XXIII
Provisional Antidumping Duty Rates

| Exporter Name | | Provisional Antidumping Duty Rate (%) |
|--|-----------|---------------------------------------|
| Exporters cooperating and examined in detail | Hengyi | 10.53 |
| | Huahong | 7.18 |
| | Hailun | 6.41 |
| Exporters Cooperating but not examined in detail | Xianglu | 7.17 |
| | Nanyang | 7.17 |
| | Zhengbang | 7.17 |
| | Zhengqui | 7.17 |
| | Polytex | 7.17 |
| All others | | 14.92 |

62. In terms of Section 55(2) of the Act, if definitive antidumping duty is lower than the amount of provisionally determined antidumping duty, the difference shall be refunded by the Commission within forty-five days of the final determination. The Commission has imposed definitive antidumping duties in case of China lower than the provisional antidumping duty. Claims for refund of difference between provisional antidumping duty and final antidumping duty with respect to the import of the investigated product would be entertained, if claimed within the stipulated time period under Section 55(2) of the Act.

63. The scope of the investigated product was changed. Colored PSF and regenerated PSF have been excluded from the purview of the investigation and antidumping duty. Accordingly, any provisional antidumping duty paid by the importers of the colored PSF and regenerated PSF would be refunded to the importers of said product.

(Niamat Ullah Khan)
Member
February 02, 2016

(M. Abbas Raza)
Chairman
February 02, 2016

Annexure-I

The comments received on the preliminary determination and germane to this investigation under the Ordinance are reproduced in Column A below and the Commission's response thereto are set out in Column B in the following table:

Table-II
Comments of Interested Parties

| Column – A (Comments of Interested Parties) | Column – B (Commission's Response) |
|--|--|
| <p>Comments of:</p> <ul style="list-style-type: none"> i. Jiangyin Huahong Chemical Fiber, China ii. Shanghai Hengyi Polyester, China iii. Jiangyin Hailun Chemical Fiber, China iv. Rayyin & Partners PRC Lawyers, China v. Shoaib Salman Textile Mills, Pakistan vi. Sahiwal Chamber of Commerce & Industry, Pakistan vii. China Chamber of Commerce for Import & Export of Textiles, China viii. Jiangyin Honestar Imp & Exp Co. Ltd, China <p>Representative of the above mentioned parties made following comments/views:</p> | |
| <p><u>Jiangyin Huahong Chemical Fiber, China</u></p> <p><u>Insufficient Information in Disclosure Documents:</u> The information provided by the Commission in its disclosure documents was insufficient in respect of the following;</p> <p>Total cost to make and sell for determination of below cost sales. The Commission has only provided the cost of raw materials purchased which it has used to calculate total cost. However, total cost to make and sell has not been disclosed.</p> <p>Gross and Net value of below cost sales The Commission only provided quantity of below cost sales. However, it did not provide gross and net value of its below cost sales in the disclosure documents.</p> <p><u>Rejection of Cost of Raw Materials Consumed Provided by Huahong Without any Prior Information.</u> Commission ignored the above provisions of the Act by rejecting the raw materials cost provided by Huahong without any prior information to Huahong.</p> | <p>The request for disclosure meetings was made in terms of Rule 11 of the Rules, which require the Commission to:</p> <ul style="list-style-type: none"> (i) Disclose dumping calculation Methodology applies to the exporter or producer; and (ii) Provide an opportunity to exporter or producer to examine and receive copies of dumping calculations. <p>The dumping calculation methodology was explained and copies of dumping calculations were provided to the representative of the Huahong.</p> <p>A careful perusal of major raw material prices, PTA and MEG during 2013 and 2014, reveals that prices of both raw materials were higher during 2013 as compared to 2014. Thus any opening inventory of raw materials had cost increasing impact. Similarly</p> |

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| <p>As per the above provisions of the Act the Commission should have sought explanation from Huahong, before taking value of raw materials purchases to determine raw materials consumption cost, as to how the value of raw materials consumed commensurate with raw materials purchases.</p> <p><u>Inconsistencies in the Dumping Margin Calculations.</u></p> <p>Use of incorrect cost to determine below cost sales.</p> <p>Use of value of raw materials purchases instead of raw materials consumption.</p> <p>The Commission has used value of raw materials purchases instead of raw materials consumption, which is incorrect.</p> <p>It is understood that value of raw materials consumption is used while determining the cost to make and sell.</p> <p>Raw materials consumption is arrived at after adjustment of value of opening and closing inventory.</p> <p>Use of total cost (for domestic and export sales) instead of cost to make and sell for domestic sales.</p> <p>The Commission has used cost to make and sell for total sales (for local and export sales) instead of cost to make and sell for domestic sales, which is not correct.</p> <p>Huahong maintains separate record of raw materials purchases and consumption for its local and export sales.</p> <p>Huahong provided separate raw materials cost and cost to make and sell for local and export sales in Appendix-2 of its questionnaire response.</p> <p>Cost to make and sell for domestic sales is to be used to determine profitable sales/ sales at loss in order to ensure like for like comparison.</p> <p>The Commission ignored the provisions of Section 5(1) and 7(1) of the Act which require the Commission to determine the normal value as a comparable domestic price of the exporting country which are in ordinary course of trade.</p> | <p>the prices of both raw materials reflected a continuous reducing trend and any inventory of raw materials had also a cost increasing effect on the cost of finished product. There was no logical reason for a lower cost of finished product as compared to average purchase price. Thus there was a clear contradiction between two sets of data furnished by the exporter. Thus the preliminary determination was made by using logically better information which is more appealable in terms or Section 37(1) of the Act. The exporter may establish its cost of raw materials during on the spot investigations which is currently underway.</p> <p>As explained above.</p> <p>The Commission determined cost to make & sell for domestic sales.</p> <p>The Commission determined normal value on the basis of domestic sales which were in ordinary course of trade.</p> |
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| <p>Inappropriate comparison of export sales with the domestic sales.</p> <p>The Commission did not calculate separate dumping margin for each type of the investigated product. Hence it did not comply with the provisions of Section 11 of the Act.</p> <p><i>“To ensure a fair comparison between export price and normal value, 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 for delivery at the same place which shall normally be at ex-factory level. Where an interested party demonstrates to the Commission that any of the factors set out in this sub-section or any other factors identified by such interested party affect price comparability, the Commission shall make due allowance for differences in such factors to the extent that the same affect price comparability.”</i></p> <p>The Commission also disregarded its own practice in the previous investigations concerning PSF and other product wherein the Commission calculated separate dumping margin for each type of the product exported to Pakistan.</p> <p><u>Shanghai Hengyi Polyester, China</u></p> <p><u>Insufficient Information in Disclosure Documents</u></p> <p>The information provided by the Commission in its disclosure documents was insufficient in respect of the following;</p> <p>Total cost to make and sell for determination of below cost sales. The Commission has only provided the cost of raw materials purchased which it has used to calculate total cost. However, total cost to make and sell has not been disclosed.</p> <p>Gross and Net value of below cost sales. The Commission only provided quantity of below cost sales. However, it did not provide gross and net value of its below cost sales in the disclosure documents.</p> | <p>In terms of Section of 11 of the Act, no factor affecting price comparability with regard to type of product was demonstrated before the Commission prior to preliminary determination.</p> <p>The request for disclosure meetings was made in terms of Rule 11 of the Rules, which require the Commission to:</p> <ul style="list-style-type: none">(i) Disclose dumping calculation Methodology applies to the exporter or producer; and(ii) Provide an opportunity to exporter or producer to examine and receive copies of dumping calculations. <p>The dumping calculation methodology was explained and copies of dumping calculations were provided to the representative of the Hengyi.</p> |
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| <p>Inconsistent disclosure documents</p> <p>Disclosure documents were inconsistent, when compared with last few PSF investigations and even a number of other previously conducted investigations.</p> <p>The disclosure documents provided by the Commission in previous investigations were sufficiently elaborative.</p> <p><u>Rejection of Cost of Raw Materials Consumed Provided by Hengyi without any prior information.</u></p> <p>Para 6 of the Schedule to the Antidumping Duties Act 2015 (the Act) provides that: <i>"If evidence or information is not accepted by the Commission, the supplying party shall be informed forthwith of the reasons therefore, and shall be given an opportunity to provide further explanations within a reasonable period, as may be determined by the Commission, due account being taken of the time-limits of an investigation. If the explanations are considered by the Commission as not being satisfactory the reasons for rejection of such evidence or information should be given in any published determinations."</i></p> <p>Commission ignored the above provisions of the Act by rejecting the raw materials cost provided by Hengyi without any prior information to Hengyi.</p> <p>As per the above provisions of the Act the Commission should have sought explanation from Hengyi before taking value of raw materials purchases to determine raw materials consumption cost, as to how the value of raw materials consumed commensurate with raw materials purchases.</p> <p>The value of raw materials consumption provided by Hengyi in its Appendix 2 does not necessarily match with the raw materials purchases. It also includes adjustment of opening and closing inventory.</p> <p><u>INCONSISTENCIES IN THE DUMPING MARGIN CALCULATIONS</u></p> <p><u>Incorrect adjustment of commission for export sales made through Landmark Trading Company.</u></p> <p>The Commission has deducted the commission for sales made through Landmark Trading Company despite of the</p> | <p>A careful perusal of major raw material prices, PTA and MEG during 2013 and 2014, reveals that prices of both raw materials were higher during 2013 as compared to 2014. Thus any opening inventory of raw materials had cost increasing impact. Similarly the prices of both raw materials reflected a continuous reducing trend and any inventory of raw materials had also a cost increasing effect on the cost of finished product. There was no logical reason for a lower cost of finished product as compared to average purchase price. Thus there was a clear contradiction between two sets of data furnished by the exporter. Thus the preliminary determination was made by using logically better information which is more appealable in terms of Section 37(1) of the Act. The exporter may establish its cost of raw materials during on the spot investigations which is currently underway.</p> <p>The reason as to why landmark Trading Company is working free of cost for the exporter were not explained in the reply to deficiency letter. The act of</p> |
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| <p>fact that Hengyi did not pay any commission to Landmark Trading Company during the POI for dumping.</p> <p>Hengyi explicitly stated in its deficiency response that it did not pay any commission to Landmark Trading Company during the POI.</p> <p>The adjustment of the commission for Landmark Trading Company is not correct since neither Hengyi paid any commission to Landmark Trading Company nor it has recorded any commission expense relating to Landmark Trading Company.</p> <p><u>Use of incorrect cost to determine below cost sales.</u></p> <p>Use of value of raw materials purchases instead of raw materials consumption.</p> <p>The Commission has used value of raw materials purchases instead of raw materials consumption, which is incorrect.</p> <p>It is understood that value of raw materials consumption is used while determining the cost to make and sell.</p> <p>Raw materials consumption is arrived at after adjustment of value of opening and closing inventory.</p> <p>Hengyi has proper record of its inventory movement from raw materials purchase to issuance for consumption which can be verified from its records.</p> <p>Use of total cost (for domestic and export sales) instead of cost to make and sell for domestic sales.</p> <p>The Commission has used cost to make and sell for total sales (for local and export sales) instead of cost to make and sell for domestic sales, which is not correct.</p> <p>Hengyi maintains separate record of raw materials purchases and consumption for its local and export sales.</p> <p>Hengyi provided separate raw materials cost and cost to make and sell for local and export sales in Appendix-2 of its questionnaire response.</p> <p>Cost to make and sell for domestic sales is to be used to determine profitable sales/ sales at loss in order to ensure like for like comparison.</p> | <p>Commission was strictly in accordance with the section 32 and item 6 of Schedule to the Act.</p> <p>As explained above.</p> <p>The Commission determined cost to make & sell for domestic sales.</p> |
|--|---|

The Commission ignored the provisions of Section 5(1) and 7(1) of the Act which require the Commission to determine the normal value as a comparable domestic price of the exporting country which are in ordinary course of trade.

Inappropriate comparison of export sales with the domestic sales.

The Commission did not calculate separate dumping margin for each type of the investigated product. Hence it did not comply with the provisions of Section 11 of the Act.

To ensure a fair comparison between export price and normal value, 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 for delivery at the same place which shall normally be at ex-factory level. Where an interested party demonstrates to the Commission that any of the factors set out in this sub-section or any other factors identified by such interested party affect price comparability, the Commission shall make due allowance for differences in such factors to the extent that the same affect price comparability.

The Commission also disregarded its own practice in the previous investigations concerning PSF and other product wherein the Commission calculated separate dumping margin for each type of the product exported to Pakistan.

Hailun Chemical Fiber Co. Limited.

INCONSISTENCIES IN THE DUMPING MARGIN CALCULATIONS.

The Commission did not calculate separate dumping margin for each type of the investigated product. Hence it did not comply with the provisions of Section 11 of the Act reproduced as under:

To ensure a fair comparison between export price and normal value, 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 for delivery at the same place which shall normally be at ex-factory level. Where an interested party demonstrates to the Commission that any of the factors set out in this sub-section or any other factors

In terms of Section of 11 of the Act, no factor affecting price comparability with regard to type of product was demonstrated before the Commission prior to preliminary determination.

In terms of Section of 11 of the Act, no factor affecting price comparability with regard to type of product was demonstrated before the Commission prior to preliminary determination.

identified by such interested party affect price comparability, the Commission shall make due allowance for differences in such factors to the extent that the same affect price comparability.

The Commission also disregarded its own practice in the previous investigations concerning PSF and other product wherein the Commission calculated separate dumping margin for each type of the product exported to Pakistan.

Sales Price of PSF varies between different types/ deniers. The ratio of sales of different types also varies between domestic sales and exports to Pakistan which affects the price comparability when all types are compared as a whole.

Rayyin & Partners PRC Lawyers

Individual Dumping Margins

Whether number of exporters or producers involved in this case is so large to the extent that it justifies the Commission sampling method for calculation of individual dumping rate? We respectfully remind the Secretary that 11 exporters responded and submitted responses to the exporter's questionnaires in the previous investigation on the same products initiated by the Commission in 2012, and the Commission calculated individual dumping margin for each of 11 companies. The reasoning of sampling method in the current case, obviously, is lack of justification comparing previous practice on the weighing of number of exporters involved.

All of our clients have, in accordance with the requirements of the Commission, duly provided responses and supplementary responses to the Commission which contain full and complete information as the basis to calculation of individual dumping margins. In this sense, the Commission is in the position holding all necessary information to calculate individual dumping margin for each of these companies. Considering this fact, it is believed that the Commission must have made full review and analysis into exporter's responses duly submitted by our clients before issuing supplementary questionnaires to our clients, while it is not reasonable that the Commission decide not to calculate individual dumping margin for our clients after duly submission of supplementary responses by the four companies.

The above reasoning adopted in the preliminary determination neglects the important fact that even selected companies represent 84% percentage of sales volume of total imports from China. However, dumping

The Commission acceded to the request of Rayyin & Partners PRC Lawyers and included the exporters represented by the said firm in detailed examination and calculated individual dumping margin for exporters of investigated product in final determination.

practices allegedly made by selected companies could not evidence the existence of dumping practices by our clients. It is, therefore, unfair for our clients, who have been fully cooperative companies, and have done their endeavors to prove their exports of products concerned into Pakistan without the alleged dumping, even though they are not the largest exporters involved, they have provided, upon receipt of exporter's questionnaires and supplementary questionnaires, full and complete information, as requested, to the Commission.

Shoab Salman Textile Mills

"We M/s Shoab Salman Textile Mills Sahiwal are performing the business of Open End Spinning and are producing the yarn with the blending of recycled colored polyester. We are importing recycled colored (Black & Red) polyester from China for the manufacturing of yarn, due to non-availability of the said polyester in Pakistan. "You are therefore, requested, to kindly exempt our unit from Anti-dumping duty to import of colored recycled PSF."

Sahiwal Chamber of Commerce & Industry

It is submitted that our members companies/textile mills are importing recycled colored (black & red) PSF from China for the manufacturing of yarn owing to non-availability of the said polyester fiber in Pakistan. Since, imposing of antidumping duty on the import from China at the rate 14.92% which they could not afford. Further we understand that recycled color is not available in our country. In this regards a copy of M/s Khalis Fiber Pvt Ltd is enclosed. The contents of said letter are self-explanatory. Hence exemption from Anti-Dumping duty on import of colored recycle PSF from China is requested. It is requested that to kindly exempt textile units from Anti-Dumping Duty on import of colored recycle PSF from China.

China Chamber of Commerce for Import & Export of Textiles (CCCT)

Comments on the use of sampling method for calculating the dumping margin for Chinese companies:

The Notice claims that nine Chinese exporters/products responded the questionnaire, and for the reasons of large number of respondent exporters/producers, the commission chose the three largest export companies as sampled companies, and grant weighted average tax rate of three sampled companies to other respondents. We considered that there is no sufficient reason to support

In the light of explanations sought from stakeholders, the Commission has decided to exclude the regenerated PSF and colored PSF from the scope of investigated product.

In the light of explanations sought from stakeholders, the Commission has decided to exclude the regenerated PSF and colored PSF from the scope of investigated product.

The Commission calculated individual dumping margin for all exporters/producers who requested for individual dumping margin after preliminary determination.

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the use of the method and conclusions; further, it is also unfair for other non-sampled exporters/producers. We explained as follows:

Firstly in June, 2012 the Commission initiated an investigation in terms of the same products, in which the Commission calculated individual dumping margins for the 11 companies respectively, however, this time there are only 8 exporters/producers responded the exporter's questionnaire, which means the situation cannot be defined as too much. Adopting sampling method is contrary to the previous case and it is also unconscionable.

Secondly, the investigation authorities handed out the questionnaire to every respondent exporters/producers registered and, each company has spent a lot of time and manpower to furnish the questionnaire, and all companies participating in this investigation were all positively overall to cooperate. Furthermore, in August , 2015 the investigation authorities also issued every company a supplementary questionnaire, and Chinese companies completed the supplementary questionnaire truthfully. Therefore, we considered that the investigation authorities have already reviewed every company's answer and determined each company's dumping margin, but in the final determination other non-sample companies' data are not adopted, which is very unfair for those respondents who actively cooperated with the authorities in this investigation and submitted questionnaire truthfully.

Moreover, the dumping behavior of the sample companies cannot prove that dumping behavior also existed in non-sampled companies. It is unreasonable to determine the dumping behavior of non-sampled companies based on weighted average of sample companies ranking by export volume, especially in the circumstance that non-sampled companies have already submitted completed and real information and data in accordance with the requirements of the commission.

The problem of price suppression:

The Notice mentioned that due to price suppression caused by Chinese export, domestic product price has been falling. Even if in the quarter that cost increased the price is still low, this injured the industry. However, table 21 on page 49 of the Petition shows that the price of Pakistan domestic industry is floating in accordance with the cost, the cost raise the price raise or the cost decline the price decline. It indicates that the price of Pakistan domestic industry did not influenced by the price of Chinese exports and, there is no sufficient evidence to support price suppression, In addition, the Petition claims that in several months sales costs rose and did not lead to price increase, which means the so called "price

The Commission concluded that there is no injury to domestic industry on account of price suppression.

suppression” is not persistent, in other words, it is not caused by the dumping of imported products, but the normal business situation fluctuations, and therefore price suppression cannot be fully identified.

The assessment of the market share:

We still insist our position that although petition claims that the decline of domestic products in Pakistan’s market is caused by the increase of China’s products, the actual situation is that in recent years Pakistan is a steady growth market and demand for polyester staple fiber is growing; the increase in the share of Chinese products is accompanied by the steady growth of the market. Petition did not provide directly, sufficient evidence to confirm the casual link between the increase of Chinese products and decrease of Pakistan products.

The causal link between imports of products and the injury to the domestic industry:

The petitioner did not prove that the change in market share is caused by Chinese export. In the field of business, the reason caused the market share decline may have many aspects including its production capacity, sales ability, product quality, technical level and so on. Moreover, in competition of Pakistan market, there is not only Chinese exporters and Pakistan producers, but also some other countries involved. The notice also claims that they have investigated exporters from the third countries; and there is no other factors injured domestic industry except Chinese influence, However, we believe global PSF industry is a close supply and demand chain, price of PSF is influenced by raw materials, especially the oil seriously, and it is also influenced by the demand of the downstream textile companies deeply. We hope Pakistan Authorities can re-assess the influence of the upstream and downstream market changes to the domestic industry.

Jiangyin Honestar Imp & Exp Co. Ltd

“we Jiangyin Honestar Imp & Exp Co. Ltd is factory which only produce recycled polyester staple fiber which is produced from PET bottle flakes, and we are only selling black recycled polyester fiber to Pakistan and this black recycled polyester staple fiber is not produced in Pakistan. So our black recycled PSF should not fall in anti-dumping duty.

Polyester Staple Fiber’s demand in Pakistani market is increasing steadily. However, the domestic producers have not been able to increase their sales in the expanding market. at the same time, share of imports from China have significantly increased.

Causal link between imports of investigated product and injury to the domestic industry has been established by the Commission in its reports of preliminary determination and final determination.

In the light of explanations sought from stakeholders, the Commission has decided to exclude the regenerated PSF and colored PSF from the scope of investigated product.

Annexure - II

Comments of Interested Parties on Statement of Essential Facts

| Column A (Views/comments of interested parties) | Column B (Commission's response) |
|---|---|
| <p>Comments of Huahong Chemical Fiber Limited. Representative of the Huahong made following comments/views:</p> | |
| <p>In the same para i.e. para 22.2.1, it is stated that <i>Huahong sells PSF in the domestic market of different grades i.e. Grade A, Grade B and Grade C. Huahong stated that it exports only Grade A to Pakistan. Details of sales of Grade A and Grade B have separately been provided for comparison with exports. However, during on-the-spot investigation, copies of the invoices were obtained. The copies of invoices did not show that a specific transaction is of A grade PSF or B grade PSF. Normal value has been determined on the basis of Grade A and Grade B collectively.</i> In this regard, we would like to mention that during on-the-spot investigation, Huahong has shown to the Commission's investigation team all the relevant domestic sales invoices and their supporting documents. Each domestic sales invoice was accompanied by a voucher and a warehouse slip. Warehouse slip was actually used as an evidence of domestic shipping. All the warehouse slips contained the grade of PSF relating to each invoice. These warehouse slips were shown to the Commission's investigation team mentioning the grades of PSF. We would therefore request the Commission to kindly compare the domestic sales of Grade A with the export sales to calculate the correct dumping margin for Huahong.</p> | <p>During on-the-spot investigation, copies of the invoices were obtained. The copies of invoices did not show that a specific sale transaction is of A grade or otherwise. The working details in D-3.2 do not have any column for grade except a mention at D-3 of exporter questionnaire. Normal value has been determined on the basis of all grades collectively.</p> |
| <p>It has been mentioned in para 22.2.2 that <i>"Raw material cost of all the cooperating exporters/producers using PTA and MEG as raw material was examined in detail. It was found that, on one instance, a certain supplier is selling PTA to two cooperating exporters/producers simultaneously at prices which varied significantly. The purchase price of Huahong was found to be considerably low. Consequently, domestic raw material cost (PTA & MEG) of cooperating exporters/producers was tabulated and it was found that in certain months, the Huahong's purchase price of PTA and MEG was considerably low as compared to that of other cooperating exporters/producers. Raw materials cost as provided in Appendix-2 was significantly lower as compared to the cost calculated on the basis of average purchase price and the standard consumption of PTA and MEG. The raw material purchase price of Huahong, for the months in which it was lower by a margin of more than 5%, has been duly adjusted on the basis of average purchase price of other cooperating exporter/producers."</i> This methodology of the Commission for calculation of raw materials cost of Huahong is in contradiction of Section 8 of the Act which requires the Commission to calculate the cost on the basis of records of the exporter/ producer to be investigated. In the normal business, the purchase price for one type of material could be different for different companies. All the</p> | <p>The Commission selected seven cooperating producers/exporters for detailed examination. Out of seven, four producers/exporters are producing PSF from PTA and MEG and three producers/exporters are producing PSF from PET bottles. Raw material prices of four producers, who are using PTA and MEG for manufacturing PSF were compared. It was found raw material prices of Jiangyin Hailun Chemical Fiber Co Ltd and Jiangyin Huahong Chemical Fiber Co Limited is abnormally low as compared to other two cooperating producers namely Shanghai Hengyi and Fujian Zhengqi High-tech Fiber Technology Co Ltd. It may also be added that an adjusting factor of 5% price variation has already been given. The discounts of more than 5% are not normal. In one case, it was observed that Huahong purchase price was lower by 23.26% from another purchaser who purchased on the same date. Furthermore, the weighted average raw material purchase prices of Huahong and Hailun are low as compared to that of Hengyi, Zhengqi and published prices in China Chemical Fiber (CCF). In view of these discrepancies, raw material prices of Huahong and Hailun cannot be</p> |

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| <p>purchase prices reported by Huahong have been supported by evidences in the form of purchase invoices and ledger accounts. All these evidences have been shared with the Commission's investigation team during their visit and copies of all such evidences have also been provided. It is not justified to assume that the highest purchase prices for some exporters/producers are the correct ones, while the actual price of the largest sampled cooperating exporters/producers is wrong. It is not just on the part of the Commission to inflate the cost of raw materials of an exporter/ producer on presumptive basis just because the other exporter/ producer purchased expensive raw materials. We would therefore request the Commission to use the actual purchase prices of Huahong as a basis for determination of its cost to ensure compliance with Section 8 of the Act.</p> | <p>relied upon and the same have been adjusted on the basis of raw material purchase prices of Zhengqi and Hengyi.</p> |
| <p>Comments of Hengyi Representative of the Hengyi made following comments/views:</p> | |
| <p>It has been noted from para 23.2.3 that the Commission has deducted commission expense in case of sales through Landmark Trading Company. In this regard, we would refer to our comments on the report for on-the-spot investigation dated December 30, 2015 and our comments on preliminary determination dated November 13, 2015 in which we have requested the Commission not to deduct commission in this case. It has been clarified in detail that reason for not paying the commission to Landmark Trading Company is the market development. Hengyi believes that the determination of the investigating authority needs to be based on the records examined and verified during the investigation. The correct records of the Hengyi show that there was no payment of commission to Landmark Trading Company which has been verified by the Commission's investigation team. There is no evidence on record showing that Hengyi either paid the commission for those sales, or the sales were cross subsidized with commission paid for sales of other products. NTC cannot make the commission adjustment simply and solely based on its suspicion or guess with no supporting evidence. Hengyi explained the reason for non-payment of commission to Landmark Trading Company that this is due to the fact that the agent wants to work with Hengyi to explore the PSF market of Pakistan, and at this initial stage of market exploration, the agent cannot get good price for Hengyi and therefore did not charge commission, with the expectation that when the exploration stage is over and prices are better, the agent will start to charge commission.</p> <p>Therefore, Hengyi respectfully requests NTC to correct its methodology in the preliminary determination and not deduct commission for those transactions for which Hengyi actually did not paid commission in its normal business.</p> | <p>During on-the-spot investigation, the investigating team inquired that why Landmark Trading Company is not charging any commission for the services performed. Hengyi told that Landmark Trading Co., is providing indenting services for other products of Hengyi in Pakistan and receives commission for the sale of these products, meanwhile, on sale of PSF the agent is not charging any commission from Hengyi. This means that the commission earned on sale of PSF in Pakistan by Landmark Trading Company is being cross subsidized on other products. Accordingly, the Commission is of the view that adjustment of US\$ ***/MT should be for all exports sales to Pakistan.</p> |

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| <p>In addition to the above, the Commission is also requested to accept the cost of raw materials provided by Hengyi in its Appendix-2 since it has been verified by the Commission's investigation team.</p> | <p>The raw materials have been charged on the basis of consumption factor of PTA and MEG into PSF, PET Bottles and PET Chips according to respective production.</p> |
| <p>Comments of Hailun Representative of the Hailun made following comments/views:</p> | |
| <p>It has been mentioned in para 22.4.2 that <i>“raw materials cost of all the cooperating exporters/ producers using PTA and MEG as raw material was examined in detail. Domestic raw material cost (PTA & MEG) of cooperating exporters/ producers was tabulated and it was found that during the POI, the Hailun’s purchase price of PTA and MEG was considerably low as compared to that of other cooperating exporters/ producers. The raw materials purchase price of Hailun, for the months in which it was lower by a margin of more than 5%, has been duly adjusted on the basis of average purchase price of other cooperating exporters/ producers.”</i> This methodology of the Commission for calculation of raw materials cost of Hailun is not correct. In the normal business, the purchase price for one type of material could be different for different companies. All the purchase prices reported by Hailun have been supported by evidences and have also passed the verification by the Commission’s investigation team. The Commission could not just presume that the highest purchase prices for some exporters/producers are the correct ones, while the lower price of two largest sampled cooperated exporters/producers would be wrong. It is not just on the part of the Commission to inflate the cost of raw materials of an exporter/ producer on presumptive basis just because the other exporter/ producer purchased expensive raw materials.</p> <p>In our written comments submitted on November 13, 2015 regarding methodology adopted by the Commission for dumping margin calculation of Hailun as well as in our written comments on report for on-the-spot investigation, we have requested the Commission to conduct a model specific comparison to workout dumping margin for Hailun. The Commission, at para 24.5 has stated that <i>the Commission has also complied with the requirements of Section 11 of the Act 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”.</i> However, the Commission has conducted comparison of all the product types as a whole instead of model specific (i.e. denier specific) comparison for calculation of dumping margin. Hailun has explained in detail the impact on sales prices of PSF by different deniers during the verification. Hailun would therefore request the</p> | <p>As above.</p> <p>The Commission has considered the request of Hailun and worked out dumping margin on basis of denier wise comparison of export price and normal value.</p> |

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| <p>Commission to conduct model specific comparison for calculation of dumping margin to ensure compliance with Section 11 of the Act.</p> | |
| <p>Trade Remedy and Investigation Bureau's Comments:- Trade Remedy and Investigation Bureau made following comments/views:</p> | |
| <p>Fair comparison of export price and normal value Article 2.4 of the WTO Antidumping Agreement requires the investigating authority to make a fair comparison of export price and normal value, and make due allowance for differences which affect price comparability, including, inter alia, differences in physical characteristics. We understand that for the PSF, there are products of different deniers, and the prices are affected by the deniers of the products. Consequently, to make a fair comparison of export price and normal value, the investigating authority should make due adjustment, typically by making a model-specific (denier-specific) comparison of export price and normal value, which is exactly the past practice of the NTC in two antidumping investigations on the PSF from China, respectively conducted in year 2009 and 2013. However, we noticed that, in the preliminary determination of this investigation, for the calculation of dumping margins, the NTC has conducted comparison of export price and normal value for all products under investigation as a whole, instead of conducting a model-specific comparison. Such methodology fails to meet the requirement of fair comparison in the WTO Antidumping Agreement, and also deviates from the NTC's own practice in the past.</p> | <p>After preliminary determination, Hailun Chemical Fiber Co Ltd requested the Commission to work out dumping margin by comparing model-specific (denier-specific) export price and normal value. The Commission has considered the request of Hailun and worked out dumping margin on basis of denier wise comparison of export price and normal value.</p> |
| <p>Rejection of the respondent's cost of production on their records. We noticed that, in the said Statement of Essential Facts, for some respondents, for example Jiangyin Hailun Chemical Fiber Co Ltd and Jiangyin Huahong Chemical Fiber Co Limited, NTC has rejected certain raw material purchase prices and further the cost of production of the respondents on their respectively verified records on the ground that the purchase price of the respondents were low and essentially applied facts available by using the purchase prices of some other respondents to establish cost of production for these respondents. As for the respondent Fujian Zhengqi High-tech Fiber Technology Co Ltd, the normal value has been constructed on the basis of information provided by Hengyi regarding cost to make & sell, instead of its own records. We recall that Article 2.2.1.1 of the WTO Antidumping Agreement required the investigating authority to calculate costs on the basis of records kept by the respondents. We believe the purchase and cost of production data of the said respondents have been fully verified during the verifications. Therefore, it is unreasonable to reject the purchase prices of the said respondents simply because they were lower than those some other respondents, for it</p> | <p>It may be noted that verification is a process which start from analyzing the data submitted by the exporters/foreign producers and culminate at on- the-spot verification reports. It is not fair to say that verification process is only limited to the time spent on the premises of exporter/foreign producers and collection of documents only. Data/information was obtained during on-the-spot verification and analysis of the investigating team was conveyed to the cooperating exporters/producers for comments. The cooperating producers/exporters have submitted comments on the verification reports. The Commission selected seven cooperating producers/exporters for detailed examination. Out of seven, four producers/exporters are producing PSF from PTA and MEG and three producers/exporters are producing PSF from PET bottles. Raw material prices of four producers, who are using PTA and MEG for manufacturing PSF were compared. It was found raw material</p> |

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| <p>is natural for different companies to purchase raw material at different prices, as the bargaining power, delivery methods or conditions of the raw materials could all affect the purchase prices. As for Fujian Zhengqi, even if its domestic sales were not made in the ordinary course of trade, the normal value should be constructed on the basis of its own records instead of information provided by Hengyi.</p> <p>Furthermore, Article 6.8 of the WTO Antidumping Agreement set special conditions for applying facts available, and paragraph 3 of Annex II requires all information which is verifiable and appropriately submitted should be taken into account when determinations are made. Since the said respondents have fully cooperated with the investigating authority, it is not in compliance with the WTO rules to reject their own records which have been verified and substitute with data from other respondents.</p> | <p>prices of Jiangyin Hailun Chemical Fiber Co Ltd and Jiangyin Huahong Chemical Fiber Co Limited is abnormally low as compared to other two cooperating producers namely Shanghai Hengyi and Fujian Zhengqi High-tech Fiber Technology Co Ltd. The trade remedy and investigation bureau has mentioned that Huahong and Hailun may be able to obtain raw material at lesser prices due to bargaining power. Volume of the raw material purchased is a critical factor for establishing bargaining power. It may be noted that quantity of raw material purchased by Zhengqi and Hengyi are two times more than that of Huahong and Hailun. Zhengqi and Hengyi were better in terms of bargaining power because they are acquiring large amount of raw materials as compared to Huahong and Hailun. The prices of four exporters during POI and quantities purchased exporters are given in Annexure-I. It may also be added that an adjusting factor of 5% price variation has already been given. The discounts of more than 5% are not normal. In one case, it was observed that Huahong purchase price was lower by 23.26% from another purchaser who purchased on the same date. Furthermore, the weighted average raw material purchase prices of Huahong and Hailun are low as compared to that of Hengyi, Zhengqi and published prices in China Chemical Fiber (CCF). In view of these discrepancies, raw material prices of Huahong and Hailun cannot be relied upon and the same have been adjusted on the basis of raw material purchase prices of Zhengqi and Hengyi. As for Fujian Zhengqi, the Commission determined normal value on the basis of its own records instead of information provided by Hengyi.</p> |
| <p>Comments of Zhengqi Representative of the Zhengqi made following comments/views:</p> | |
| <p>Even all domestic sales were made at loss; to construct normal value investigation team shall adopt Zhengqi's cost to makes & sell adding reasonable profit in precedence. In another words, if domestic sales were made at loss, it is sales can be disregarded, rather than cost.</p> <p>According to WTO AGREEMENT ON IMPLEMENTATION OF ARTICLE VI OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE 1994 (hereinafter referred to as "Antidumping Agreement"), if sales of like product in domestic market fall in ordinary course, normally constructed normal value shall refer to cost records kept by respondent.</p> <p>Zhengqi cannot agree investigation team's statement that</p> | <p>For Fujian Zhengqi, the Commission determined normal value on the basis of its own cost to make & sell plus reasonable amount for profit.</p> |

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| <p>“all sales in domestic market were made at loss” also. Zhengqi believes investigation team’s calculation for cost of make & sell is not in line with “Accounting System for Business Enterprises of PR China”.</p> <p>Regarding depreciation: In the Appendix 2 – Cost of Production of Zhengqi investigation team sent through email on December 28th 2015, investigator firstly directly collect “1602.06 Manufacturing Overheads-Depreciation-PSF department in 2014” 775537.73 RMB to PSF’s depreciation cost and then allocated the rest depreciation occurred in other departments in the year of 2014 86,852,082 RMB into PSF and other products according to yearly production quantities.</p> <p>This method brings two times of depreciation to PSF factory and lead PSF product unfairly burdened depreciation occurred in other factories. And moreover, since Zhengqi started to produce PSF in November 2014, depreciation occurred before November is not related to PSF, this allocation method also leads PSF burdened previous inequitable costs.</p> <p>Regarding other manufacturing overheads, Investigation team allocated other manufacturing overheads in 2014 except depreciation into different products according to yearly production quantities. However, since PSF start to produce in November, this method leads unfair previous costs to PSF product also.</p> <p>For PSF products, Zhengqi allocated depreciation and other manufacturing overheads monthly in November and December 2014 and added two months’ figure to get the cost in Appendix 2. We provided cost records for these two months during verification, we added same table with translation in Attachment 1 – Zhengqi’s monthly cost records for November and December 2014. And attached, we also provide calculation table for manufacturing overheads allocation, please refer Attachment 2 – Calculation Table for Manufacturing Overheads and Direct Labour.</p> <p>According to cost records from Zhengqi, manufacturing overheads burdened by PSF in November and December 2014 was 3950370.47RMB, average manufacturing overheads for each metric ton of products is 781 RMB/Ton. However, manufacturing overheads investigation team allocated to PSF is 60209867 Yuan, average is 1046 RMB/Ton. The difference is huge and not in line with Chinese market practice.</p> | <p>Deprecation is one of the ingredients of the manufacturing overheads. The investigating team has charged one expense mentioned at chart of account no. 1602.06 which is exclusive to Staple unit. Rests of the depreciation is allocated on the basis of production quantity.</p> <p>The exporter submitted that manufacturing overheads were allocated amongst different products on the basis of production quantities. The Commission has adopted the same basis and calculated manufacturing overheads excluding depreciation on the basis of production quantities of different products.</p> |
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| <p>According to WTO antidumping agreement <i>"2.2.1.1 For the purpose of paragraph 2, costs shall normally be calculated on the basis of records kept by the exporter or producer under investigation, provided that such records are in accordance with the generally accepted accounting principles of the exporting country and reasonably reflect the costs associated with the production and sale of the product under consideration."</i>, we believe investigation team shall use Zhengqi's provided figures in cost records in precedence.</p> <p>Regarding direct labor, According to Zhengqi's practice, firstly, among different factories (factory I produces DTY FDY POY and PET; factory II produces PET and PSF) monthly direct labors were direct collected from payroll list kept by the company. And in factory II, direct labors were allocated to PET and PSF according to production quantities in each month. We provided payroll list for November and December 2014 in the Attachment 3 – Payroll List for November and December 2014. To check total payroll in cost records please select workshop, salary for staff in offices and management staff was recorded in administrative expenses. And to check payroll for factory II, we can select department including words "factory II", please note the payroll in list may slight different with payroll in cost records since cost records adopted monthly provision figures.</p> <p>To conclude for comments no.2, in Zhengqi's cost records, PSF cost of make & sell is 3570471RMB, each metric ton is 6389.99RMB, please see Attachment 4 – Appendix 2 – Cost of Products_ submitted in the comments on verification report. However, for domestic sales, we have 4 transactions during POI, two of them were made at loss, and the other two were made at profit. So that sales shall not be disregarded for normal value.</p> | <p>During on-the-spot investigation, it was informed that, manufacturing salaries and wages were allocated among different products on the basis of production quantity. However, there was some calculation error in the amounts allocated to products for above mentioned two expenses. The allocation of these expenses among different products has been revised on the basis of production quantity as agreed during on the spot investigation and afterwards.</p> |
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