

(NON-CONFIDENTIAL)



**Government of Pakistan
National Tariff Commission**

REPORT

ON

**PRELIMINARY DETERMINATION AND LEVY OF PROVISIONAL
ANTI-DUMPING DUTY ON DUMPED IMPORTS OF FOOD GRADE
DEXTROSE MONOHYDRATE INTO PAKISTAN ORIGINATING IN
AND/OR EXPORTED FROM THE REPUBLIC OF INDIA.**

ADC NO, 41/2015/NTC/DM

October 27, 2016

Preliminary Determination and Levy of Provisional Anti-Dumping Duty on Dumped Imports of Food Grade Dextrose Monohydrate into Pakistan Originating in and/ or Exported from the Republic of India

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

2. The Commission is conducting an investigation on alleged dumped imports of food grade dextrose monohydrate ("DM") into Pakistan originating in and/or exported from the Republic of India (hereinafter referred to as "India"), under the Act and the Rules. The Commission has made preliminary determination in this investigation under Section 37 of the Act. This report on preliminary determination has been issued in accordance with the Rule 10 of the Rules.

3. In terms of Section 37 of the Act, the Commission shall make a preliminary determination of dumping and injury, if any, not earlier than sixty days and not later than one hundred and eighty days, after initiation of an investigation. Such preliminary determination shall be based on the information available to the Commission at that time. This preliminary determination is based on the information available with the Commission at this point of time.

4. This investigation was initiated on November 13, 2015. Therefore, it was required to make preliminary determination in this case latest by May 12, 2016. But The Lahore High Court ("LHC") on March 15, 2016 held in a writ petition No. 4735/2016 as follows:

"As pointed out earlier, one of the Members does not meet the qualification requirement provided under section 5(2)(a) of the Act,..... Till such time the NTC complies with the requirements of sections 3 and 5 of the Act, the impugned Notice of Initiation shall be held in abeyance and as soon as NTC is functional in terms of sections 3 and 5, it may proceed further with the said notice strictly in accordance with law."

5. Keeping in view the above decision of the LHC, by applying same analogy, proceedings of the all investigations were suspended till the time the Commission become functional in terms of Sections 3 and 5 of the NTC Act 2015. Therefore, the time period during which the Commission was not functional is considered as injunction period for the purposes of this investigation. As the Commission has become functional with effect from September 5, 2016 in terms of Sections 3 and 5 of the NTC Act 2015, therefore, the Commission is required to make preliminary determination in this case latest by October 31, 2016. This preliminary determination is based on the information available with the Commission at this point of time.

A. PROCEDURE

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

7 Receipt of Application

7.1 On September 16, 2015 the Commission received a written application, under Section 20 and 24 of the Act from M/s Rafhan Maize products Ltd. Faisalabad (the Applicant). The Applicant is a producer of food grade dextrose monohydrate. They have alleged that the food grade dextrose monohydrate originating in and/or exported from India are being dumped into Pakistan, which has caused and is causing material injury to the domestic industry, producing food grade dextrose monohydrate.

7.2 The Commission informed the High Commission of the India in Islamabad through note verbal dated October 15, 2015, of the receipt of application in accordance with the requirements of Section 21 of the Act.

8 Evaluation and Examination of the Application

The examination of the application showed that it met the requirements of Section 20 of the Act as it contained sufficient evidence of alleged dumping of the food grade dextrose monohydrate into Pakistan from India 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.

9 The Domestic Industry

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

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

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

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

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

9.2 The domestic industry of food grade dextrose monohydrate consists of the following three units:

- i. Rafhan Maize product Ltd. Faisalabad (the Applicant)
- ii. Habib ADM Ltd., Karachi
- iii. Shafi Gluco Chem Ltd., Karachi

9.3 Investigation of the Commission has shown that M/S Habib ADM Ltd. and Shafi Gluco Chem Ltd. did not/are not producing and selling the food grade dextrose monohydrate. Therefore, the Applicant was the only producer of food grade dextrose monohydrate during the period of investigation (paragraph 14 infra). Thus, only the Applicant constitutes the domestic industry in accordance with Section 2(d) of the Act for the purposes of this investigation.

10. **Standing of the Application**

10.1 Section 24 of the Act enjoins upon the Commission to assess the standing of the domestic industry on the basis of the degree of support for or opposition to the application expressed by the domestic producers of the domestic like product. Section 24(1) of the Act states as follows:

“.... an application shall be considered to have been made by or on behalf of the domestic industry only if it is supported by those domestic producers whose collective output constitutes more than fifty percent of the total production of a domestic like product produced by that portion of the domestic industry expressing either support for or opposition to the application.”

Furthermore, Section 24(2) of the Act provides that:

“..... no investigation shall be initiated when domestic producers expressly supporting an application account for less than twenty five percent of the total production of the domestic like product produced by the domestic

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industry."

10.2 As stated above (paragraph 9.3 supra) that the Applicant was the only producer of food grade dextrose monohydrate during the period of investigation, therefore, the application fulfills requirements of Section 24 of the Act as the Applicant represents 100 percent of the domestic production of the like product.

11. Applicant's Views

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

- i. The food grade dextrose monohydrate imported from India into Pakistan and produced in Pakistan by the domestic industry are like products;
- ii Exporters/producers from India are exporting food grade dextrose monohydrate to Pakistan at dumped prices; and
- iii Exports of the food grade dextrose monohydrate by the exporters/producers from India to Pakistan at dumped prices has caused and is causing material injury to the domestic industry mainly through:-
 - a. Significant increase in alleged dumped imports of the food grade dextrose monohydrate
 - b. Decline in sale and market share of the domestic industry.
 - c. Increase inventories.
 - d. Price undercutting the alleged dumped imports.
 - e. Decline in profits and profitability.
 - f. Decline in capacity utilization.

11.2 The Applicant has made following requests to the Commission to:

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

12. Initiation of Investigation

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12.1 The Commission, in accordance with Section 23 of the Act examined the accuracy and adequacy of the evidence provided in application, and established that there was sufficient evidence of alleged dumping of the food grade dextrose monohydrate into Pakistan from India and consequent material injury to the domestic industry. Accordingly, the Commission decided to initiate an investigation in this case on November 11, 2015 and issued a notice of initiation in accordance with Section 27 of the Act, which was published in the Official Gazette¹ of Pakistan and in two widely circulated national newspapers² (one in English language and one in Urdu Language) on November 13 2015. Therefore, investigation concerning alleged dumped imports of the food grade dextrose monohydrate into Pakistan (Classified under PCT³ 1702.3000) Originating in and/or exported from India was thus initiated on November 13, 2015.

12.2 In pursuance of Section 27 of the Act the Commission notified High Commission of the India in Islamabad of the initiation of investigation (by sending a copy of the notice of initiation) on November 17, 2015 with a request to forward it to all exporters/ producers involved in production, sales and export of the food grade dextrose monohydrate in India. Copy of the notice of initiation was also sent to Indian exporters/producers (whose addresses were available with the Commission), Pakistani importers and the Applicant on November 16, 2015.

12.3 In accordance with Section 28 of the Act, on November 19, 2015 copies of full text of the written application (non-confidential version) were sent to all Indian exporters/ producers, whose complete addresses were available with the Commission. On November 19, 2015, copy of the full text of the written application was also sent to the High Commission of the India in Islamabad with a request to forward it to all exporters/ producers involved in production and/or export of the food grade dextrose monohydrate.

13. Investigated Product and Domestic Like Product

13.1 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”.

¹ The official Gazette of Pakistan (Extraordinary) dated November 13, 2015.

² The daily 'Business Recorder' and 'Nawa-e-Waqt' of November 13, 2015 issues.

³ "PCT" is the abbreviation for Pakistan Customs Tariff. PCT heading in Pakistan is equivalent to Harmonized Commodity Description and Coding System up to six-digit level.

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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”.

13.2 For the purposes of this investigation and given the definitions set out above, investigated product and domestic like product are identified as follows:

13.3 **Investigated Product:**

13.3.1 Investigated Product is food grade dextrose monohydrate, which is a white crystalline powder. It is *inter alia* produced from maize corn. The process used for its preparation is called hydrolysis where water treatment is used for converting corn into the food grade dextrose monohydrate.

13.3.2 The investigated product is used as a sweetener in food items; baked products, beverages, confectionery and meat products etc. The investigated product falls under Harmonize Code/ PCT classification code No. 1702.3000.

13.3.3 Following is the current customs tariff structure for import of the food grade dextrose monohydrate:

**Table-I
Customs Tariff Structure**

| PCT No | Description | Customs Duty | | Sales Tax |
|-----------|--|--------------|-------|-----------|
| | | Statutory | SAFTA | |
| 1702.3000 | Glucose and glucose syrup, not containing fructose or containing in the dry state less than 20 % by weight of fructose | 20% | 5% | 17% |

13.4 **Domestic Like Product**

13.4.1 The domestic like product for the purposes of this investigation is food grade dextrose monohydrate, which is a white crystalline powder. It is also produced from maize corn. The process used for its preparation is called hydrolysis where water treatment is used for converting corn into the food grade dextrose monohydrate.

13.4.2 The domestic product is used as a sweetener in food items; baked goods, beverages, confectionery and meat products etc. The domestic like product also falls under Harmonize Code/ PCT classification code 1702.3000.

13.5 **Like Product:**

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13.5.1 In order to establish whether the investigated product and the domestic like product are alike products as contended by the Applicant, the Commission has 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, and the domestic like product are the same i.e. maize corn;
- ii. the investigated product and the domestic like product are produced with a similar manufacturing process;
- iii. both the products have similar appearance. Further, physical properties, nature and quality of the investigated product and the domestic like product are similar;
- iv. both the products are used for similar purposes and are substitutable in use; and
- v. both the products are classified under the same PCT/HS heading numbers.

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

14 Period of Investigation ("POI")

14.1 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".*

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

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For determination of dumping: From October 1, 2014 to September 30, 2015

For determination of injury: From October 1, 2012 to September 30, 2015

15 Exporters/Foreign Producers Involved in Dumping

The Applicant has identified 6 exporters/ foreign producers involved in alleged dumping of the investigated product from India. The Applicant has stated that there may be other exporters and foreign producers of the investigated product, which are not known to them. Therefore, the Applicant has requested for imposition of antidumping duty on all imports of the investigated product originating in and/or exported from India.

16 Information/Data Gathering

16.1 The Commission sent exporter's questionnaire on November 19, 2015 to 6 exporters/ foreign producers whose addresses were available for collection of data and information necessary for this investigation. The exporters/foreign producers were asked to respond within 37 days of dispatch of the questionnaire.

16.2 On November 19, 2015 a copy of the questionnaire was also sent to the High Commission of the India in Islamabad with a request to forward it to the all exporters/ foreign producers of the investigated product in India.

16.3 M/s Gujarat Ambuja Exports Limited 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. After taking into account the due cause shown the Commission acceded to its request and granted extension in time period for submission of information on exporter's questionnaire till January 11, 2016. Upon examination of the information received from M/s Gujarat Ambuja Exports Limited certain deficiencies were found in the information supplied. These deficiencies were communicated to them and were requested to supply the deficient information. Further details are given at paragraph 17 infra.

16.4 On December 30, 2015 the other exporters/ foreign producers were informed through a letter that in case requisite information/data is not furnished within 15 days, the Commission will use best available information for preliminary and/or final determination of dumping in this case. However, no response received from any of the other exporter/ foreign producer.

16.5 The Commission also sent Questionnaire on November 19, 2015 to Pakistani importers of the food grade dextrose monohydrate requesting them to

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provide information within 37 days of the issuance of the questionnaire. The following importers provided some information in response to the questionnaire:

- i. English Biscuit Manufacturers (Pvt) Ltd Karachi.
- ii. Coronet Foods (Pvt) Ltd, Karachi.

16.6 The Commission has access to the database of import statistics of Pakistan Revenue Automation Limited (“PRAL”), the data processing arm of the Federal Board of Revenue, Government of Pakistan. For the purposes of this preliminary determination the Commission has used import data obtained from PRAL in addition to the information provided by the Applicant, the exporter and the importers.

16.7 Interested parties were also invited to make their views/comments and submit information (if any) relevant to this investigation within 45 days of initiation of investigation, however, the Commission did not receive views/comments from any interested party in this case.

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

17 Questionnaire Response by Gujarat Ambuja Exports Limited.

17.1 The Commission sent exporter’s questionnaire to Gujarat Ambuja Exports Limited (“Gujarat Ambuja”) on November 19, 2015. The Gujarat Ambuja requested for extension in time period for submission of response to questionnaire till January 11, 2016. The Commission acceded to his request after considering the reasons given in the request for extension. Its response was received in the Commission on January 4, 2016.

17.2. According to the information provided in response to the questionnaire, Gujarat Ambuja is a public limited company incorporated in the year 1991 under the Indian Companies Act 1956. It has been engaged in the production, sale and export of the food grade dextrose monohydrate to Pakistan as well as to other countries and in its domestic market during the POI.

17.3. The information submitted by Gujarat Ambuja was analyzed at the Commission and certain deficiencies were identified. Accordingly, those data deficiencies were communicated to it vide Commission’s letter dated January 18, 2016.

17.4. Gujarat Ambuja was asked to provide the deficient information/data no later than 15 days, so as to enable the Commission to consider and analyze the

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same for the purposes of this investigation. Gujarat Ambuja responded to the deficiencies vide its letter dated February 1, 2016. The information provided by the Gujarat Ambuja in its response to the questionnaire has been accepted by the Commission for the purposes of this preliminary determination and its individual dumping margin is calculated on the basis of that information.

18. Verification of the Information

18.1 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 during the course of an investigation, and for this purpose verify the information supplied by the interested parties. Accordingly, the Commission has satisfied itself as to the accuracy and adequacy of information and evidence supplied by the interested parties to the extent possible for the purposes of this preliminary determination.

18.2 In order to verify information/data provided by the Applicant and to obtain further information (if any), officers of the Commission conducted on-the-spot investigation at the office and plant of the Applicant from February 29, 2016 to March 3, 2016.

19 Public File

The Commission, in accordance with Rule 7 of the Rules, has established and maintained a public file at its office. This file remains available to the interested parties for review and copying from Monday to Thursday between 11.00 hours to 13.00 hours throughout the investigation (except public holidays). This file contains non-confidential versions of the application, responses to the questionnaires, submissions, notices, correspondence, and other documents for disclosure to the interested parties.

20 Confidentiality

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

20.2 The Applicant and the exporter/ foreign producer that have provided information in response to the questionnaire have requested to keep confidential the information, which is by nature confidential in terms of Section 31 of the Act. This information` includes data relating to sales, sale prices, cost to make and sell, inventories, production, profit/(loss), return on investment, cash flow, salaries & wages, number of employees and capacity etc.

20.3 On the basis of requests made by the interested parties, the Commission has determined the confidentiality in light of Section 31 of the Act and for the reasons that disclosure of such information may be of significant competitive advantage to a competitor, or because its disclosure would have a significant adverse effect upon the interested parties providing such information. Therefore, the Commission kept all such information confidential for which the interested parties made a request to keep it confidential. However, in terms of Sub-Section (5) of the Section 31, non-confidential summaries of all confidential information, which provides reasonable understanding of the substance, have been placed in public file.

B. DETERMINATION OF DUMPING

21 **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”.

22. **Normal Value**

22.1 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”.

Further, Section 6 of the Act states:

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

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

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

“(2) Sales of a like product destined for consumption in domestic market of an exporting country or sales to an appropriate third country may be

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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.”

22.2 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.”

23 **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”.

24. Dumping Determination

24.1 As stated earlier (paragraph 15 supra) the Applicant identified six exporters/ foreign producers from India involved in alleged dumping of the investigated product. For collection of data/information exporter's questionnaire were sent to all exporters/foreign producers whose addresses were available. Copy of the questionnaire was also provided to the High Commission of India in Islamabad with a request to forward it to all exporters/ foreign producers of the investigated product based in India to submit information to the Commission.

24.2 However, the Commission has received information in response to the questionnaire only from one exporter/ foreign producer i.e. Gujarat Ambuja.

24.3 Individual dumping margins for the Gujarat Ambuja has been determined on the basis of information provided by it. However, a residual dumping margin/duty rate for all other exporters/producers has been established on the basis of best information available. Details of determination of dumping margins are provided in the following paragraphs.

25. Determination of Normal Value and Export Price for Gujarat Ambuja

25.1 Normal Value of Gujarat Ambuja

25.1.1 Normal value for Gujarat Ambuja has been determined on the basis of the information provided by it in response to the questionnaire.

25.1.2 During the POI, Gujarat Ambuja sold ***** MT of food grade dextrose monohydrate in its domestic market. 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 the Gujarat Ambuja to Pakistan during the POI.

25.1.3 Gujarat Ambuja sold like product to unrelated parties in its domestic market. Therefore, the Commission has determined normal value for Gujarat Ambuja on the basis of its total sales of the like product in domestic market during the POI.

25.1.4 Section 7 of the Act requires the Commission to determine ordinary course of trade for domestic sales to determine normal value. As per the information submitted by M/s Gujarat Ambuja its entire domestic sales were at profit during the POI. Therefore, normal value is determined on the basis of its total sales in the domestic market during the POI.

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25.1.5 Gujarat Ambuja has claimed adjustments in normal value on account of credit cost, commission, excise duty, additional excise duty, value added tax (VAT), additional VAT, Central Sales Tax (CST), freight, freight advance for EX and handling cost. Documents submitted by the Gujrat Ambuja do not confirm credit cost, commission, "Freight Advance for EX" and handling cost. Therefore, these adjustments are not accepted for the purposes of this preliminary determination. Other adjustments on account of VAT, excise duty, CST and freight have been accepted for the purposes of this preliminary determination and the normal value at ex-factory level for the like product is worked out by deducting values of these adjustments. Summary calculations of normal value is placed at Annexure-I.

25.2 Export Price of Gujarat Ambuja

25.2.1 Export price for Gujarat Ambuja 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.

25.2.2 According to the information, Gujarat Ambuja exported **** MT of the investigated product to Pakistan during the POI. During POI, Gujarat Ambuja exported investigated product on C&F basis. To arrive at the ex-factory level it has reported adjustments on account of inland freight, ocean freight, commission, bank charges and handling cost. It has further reported that it took 15 days to reach shipment at destination. Therefore, credit cost is also worked out for 15 days. The Commission has accepted these adjustments and the export price at ex-factory level is worked out by deducting values reported for these adjustments from the gross value of sales transactions. Summary calculations of export price is placed at Annexure-II.

25.3 Determination of Dumping for All Other Exporters

A residual dumping margin for all other exporters/foreign producers who have not provided information in this investigation has been determined, which is the dumping margin determined for Gujarat Ambuja. The Commission is of the view that this is the best representative dumping margin for the exporters/ foreign producers who have not cooperated in this investigation in providing information for the purposes of determination of their individual dumping margin.

26. Dumping Margin

26.1 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 preliminary determination, the Commission has determined individual dumping margin for one exporter who cooperated with the Commission and supplied necessary.

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However, residual dumping margin/antidumping duty rate has been determined for non-cooperating exporters/foreign producers of the India.

26.2 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.

26.3 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”.

26.4 Taking into account all requirements set out above, the dumping margin has been determined as follows.

**Table II
Dumping Margin**

| S.No | Description | Dumping margin |
|------|--|----------------|
| i. | Dumping margin as % of adjusted export price | 7.60% |
| ii. | Dumping margin as % of C&F export price | 7.04% |

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

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

27.2 Section 41(3) of the Act states that the dumping margin shall be considered to be negligible if it is less than two percent, expressed as a percentage of the export price. Dumping margins set out in paragraph 26.4 supra, are well above the negligible (*de minimis*) level of 2 percent.

27.3 As regards the volume of dumped imports, Section 41(3) of the Act provides that the volume of such imports shall normally be regarded as negligible if the volume of dumped imports of an investigated product is found to account for less than three percent of total imports of the like product. The information/data on dumped imports of the investigated product and other

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imports of the food grade dextrose monohydrate has been obtained from PRAL. Volume of alleged dumped imports of the investigated product from the dumped source and food grade dextrose monohydrate imported from other sources during the POI (October 01, 2014 to September 30, 2015) is given in the table below:

**Table-III
Volume of Imports during POI**

| Country | Percentage share of imports |
|----------------|------------------------------------|
| India | 93.60% |
| Other sources | 6.40% |
| Total | 100.00% |

Source: PRAL

27.4 On the basis of above information, the Commission has determined that the volume of dumped imports of the investigated product from India was well above the negligible threshold of 3 percent during the POI.

C. INJURY TO THE DOMESTIC INDUSTRY

28. Determination of Injury

28.1 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...”*

28.2 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

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take into account such other factors as it considers relevant for the determination of injury”.

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

28.4 As stated earlier (paragraph 9.3 supra) only the Applicant produced domestic like product during the POI, therefore, the Applicant is considered as the domestic industry in terms of Section 2(d) of the Act for the purposes of this investigation. Analysis of injury factors carried out in this preliminary determination in the following paragraphs is, therefore, based on the information submitted by Applicants.

29. **Volume of Dumped Imports**

Facts

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

29.2 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 volume of dumped imports, either in absolute terms or relative to the production of the domestic like product in Pakistan. The following table shows imports of the investigated product, imports of food grade dextrose monohydrate and domestic production of food grade dextrose monohydrate during the POI:

Table – IV
Volume of Imports and Domestic Production

| Year (Oct –Sept) | Imports from: | | Domestic Industry's production | Dumped imports as % of domestic production |
|---------------------|------------------|------------------|--------------------------------------|---|
| | Dumped source | Other Sources | | |
| 2012-13 | | 10.06 | 100.00 | 0.00% |
| 2013-14 | 13.74 | 35.54 | 109.84 | 12.51% |
| 2014-15 | 45.05 | 3.08 | 103.95 | 43.34% |

Sources: PRAL and the Applicant

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

Analysis

29.3 It appears from the above table that dumped imports of the investigated product increased sharply by 228 percent during the year 2014-15 (the POI for dumping) over previous years imports. The dumped imports, which were 28 percent

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of the total imports during 2013-14 increased to 94 percent of the total imports in the year 2014-15.

29.4 Dumped imports of the investigated product also increased relative to the domestic production. The imports of the investigated product which were 12.51 percent of the domestic production in the year 2013-14 increased to 43.34 percent of the domestic production during the year 2014-15.

Conclusion

29.5 On the basis of the above information and analysis, the Commission has concluded that the dumped imports of the investigated product increased significantly in absolute terms as well as relative to the domestic production of the domestic like product during the POI, thereby causing material injury to the domestic industry on account of volume of dumped imports.

30. Price Effects

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

30.2 Price undercutting

Facts

30.2.1 Weighted average ex-factory price of the domestic like product has been calculated from the information submitted by the Applicant on quantity and value of sales during the POI. Landed cost of the investigated product has been calculated from the information obtained from PRAL. Comparison of the 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-V
Price Undercutting**

| Year (Oct-Sept) | Domestic product's price | Landed cost of dumped imports | Price undercutting: | |
|-----------------|--------------------------|-------------------------------|---------------------|------------|
| | | | Absolute | percentage |
| 2012-13 | 100 | -- | -- | -- |
| 2013-14 | 111 | 78 | 33 | 42.08% |
| 2014-15 | 110 | 82 | 27 | 33.44% |

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Sources: the Applicant and PRAL: Landed cost: C&F price+CD(5%)+2% incidentals

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

Analysis

30.2.2 Analysis of the information provided in the above table shows that the weighted average landed cost of the investigated product remained lower than the prices of the domestic like product. Therefore, the landed cost of the investigated product undercut prices of the domestic like product by 42.08 percent and 33.44 percent in the years 2013-14 and 2014-15 respectively.

Conclusion

30.2.3 On the basis of the above information and analysis the Commission has concluded that the imports of the investigated product significantly undercut prices of the domestic like product during the POI. Therefore, the domestic industry suffered material injury on account of price undercutting due to dumped imports of the investigated product during the POI.

30.3 **Price Depression**

Facts

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

**Table – VI
Price Depression**

| Year (Oct-Sept) | Domestic product's price | Price Depression | |
|-----------------|--------------------------|------------------|------------|
| | | Absolute | Percentage |
| 2012-13 | 100 | -- | -- |
| 2013-14 | 111 | -- | -- |
| 2014-15 | 110 | 1 | 1.31% |

Source: the Applicant

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

Analysis

30.3.2 The above table shows that the price of domestic like product increased by 11.1 percent in the year 20113-14 and decreased by 1.31 percent in the year 2014-15 (the POI for dumping). Therefore, the domestic industry faced price depression during the POI.

Conclusion

30.3.3 On the basis of the above information the Commission has concluded that the domestic industry suffered material injury on account of price depression during the POI.

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30.4 Price Suppression

Facts

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

**Table - VII
Cost to Make and Sell and Ex-factory Price**

| Year (Oct-Sept) | Cost to make & sell | Ex-factory price | Increase in: | | Price Suppression |
|--------------------|------------------------|---------------------|--------------|-------|----------------------|
| | | | Cost to M&S | Price | |
| 2012-13 | 100.00 | 105.98 | -- | -- | -- |
| 2013-14 | 104.97 | 117.76 | 4.97 | 11.78 | -- |
| 2014-15 | 106.86 | 116.22 | 1.89 | -- | 1.89 |

Source: the Applicant

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

Analysis

30.4.2 The above table shows that the average cost to make and sell of the domestic like product increased by 5 percent in the year 2013-14 whereas its price increased by 11 percent in this year. During the 2014-15 cost to make and sell increased by 2 percent whereas price decreased by 1 percent in this year, which is the POI for dumping. Therefore, the domestic industry faced price suppression during this year.

Conclusion

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

31. Effects on Market Share

Facts

31.1 Total domestic demand of the food grade dextrose monohydrate in Pakistan is met through local production and imports. Size of the domestic market is established by adding sales of the domestic like product, imports of the investigated product from India and imports of the like product from other sources. Following table shows the market share from each source during the POI:

Table – VIII

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| Year (Oct-Sep) | Domestic Industry's sales | Imports from: | | Total market |
|----------------|---------------------------|----------------|----------------|--------------|
| | | Dumped Source | Other Sources | |
| 2012-13 | 100.00 (91.54%) | -- | 9.25 (8.46%) | 109.25 |
| 2013-14 | 89.25 (66.33%) | 12.63 (9.39%) | 32.68 (24.29%) | 134.56 |
| 2014-15 | 80.82 (64.62%) | 41.41 (33.11%) | 2.83 (2.27%) | 125.06 |

Sources: PRAL and the Applicant

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

Analysis

31.2 The above table shows that the domestic market of DM increased by 23 percent in the year 2013-14 and declined by 7 percent during the year 2014-15.

31.3 The domestic industry's market share decreased from 91.54 percent in the year 2012-13 to 66.33 percent in 2013-14 and further decreased to 64.62 percent in 2014-15. This decline in market share of the domestic industry was partially due to increased total size of the domestic market, which was filled by the imports from other sources as the domestic industry has not enough capacity to fill entire domestic demand (paragraph 33 infra), and partially due to dumped imports.

31.4 Market share of the dumped imports increased from zero in 2012-13 to 9.39 percent in the year 2013-14 and further increased to 33.11 percent in the year 2014-15. Market share of the imports from other sources increased from 8.46 percent in the year 2012-13 to 24.29 percent in the year 2013-14 and decreased 2.27 percent in 2014-15.

Conclusion

31.5 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 during the POI.

32. Effects on Sales

Facts

32.1 The sales of the domestic like product during the POI are given below:

**Table- IX
Sales by the Domestic Industry**

| Year (Oct-Sept) | Sales |
|-----------------|--------|
| 2012-13 | 100.00 |
| 2013-14 | 89.27 |
| 2014-15 | 80.83 |

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Source: the Applicant

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

Analysis

32.2 The above table shows that the domestic industry's sales of domestic like product decreased by 11 percent in the year 2013-14 and 9 percent in 2014-15.

Conclusion

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

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

Facts

33.1 The installed capacity, quantity produced and the capacity utilization of the domestic industry during the POI were as follows:

Table-X
Installed Capacity, Production and Capacity Utilization

| Year | Installed Capacity | Production | Capacity Utilization (%) |
|---------|--------------------|------------|--------------------------|
| 2012-13 | 100.00 | 85.90 | 85.90% |
| 2013-14 | 100.00 | 94.36 | 94.36% |
| 2014-15 | 100.00 | 89.29 | 89.29% |

Source: Applicant

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

Analysis

33.2 The above table shows the installed production capacity of the domestic industry remained same during the POI. Production of the domestic like product increased during the year 2013-14 and decreased in the year 2014-15. Capacity utilization by the domestic industry increased from 86 percent in the year 2012-13 to 94 percent in the year 2013-14 and decreased to 89.3 percent in 2014-15. However, capacity utilization of the domestic industry increased by 3.39 percent in the year 2014-15 as compared to the base year (2012-13).

Conclusion

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

34. **Effects on Inventories**

Facts

34.1 The data relating to accumulation of inventories of the domestic like product

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during the POI is given in the table below:

**Table-XI
Inventories of the Domestic Like Product**

| Year (Oct – Sep) | Opening inventory | Production | sales | | Closing inventory |
|---------------------|----------------------|------------|----------|---------|----------------------|
| | | | Domestic | Exports | |
| 2012-13 | 100.00 | 935.54 | 1017.62 | 5.01 | 12.91 |
| 2013-14 | 12.91 | 1027.63 | 908.21 | 21.02 | 111.31 |
| 2014-15 | 111.31 | 972.47 | 822.42 | 13.81 | 247.55 |

Source: the Applicant

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

34.2 The above table shows that the closing inventory of the domestic like product increased from 12.91 in the year 2012-13 to 111.31 in the year 2013-14 and further increased to 247.55 in 20134-15 in the year 2014-15.

Conclusion

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

35. Effects on Profit/Loss

Facts

35.1 The table below shows the profits earned by the domestic industry on domestic sales of the domestic like product during the POI:

**Table –XII
Profits of the Domestic Industry**

| Year (Oct-Sept) | Profits |
|-----------------|---------|
| 2012-13 | 100.00 |
| 2013-14 | 190.78 |
| 2014-15 | 126.32 |

Source: the Applicant

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

Analysis

35.2 The information provided in the above table shows that the profit of the domestic industry on domestic sales of the domestic like product increased by 91 percent in the year 2013-14 and decreased by 34 percent in the year 2014 -15. However, profits of the domestic industry increased by 26.32 percent in the year 2014-15 as compared to the base year (2012-13).

Conclusion

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35.3 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 profits and profitability during the year 2014 -15 of the POI.

36. Effects on Cash Flows

Facts

36.1 The Applicant is a multi-product company and the cash flows of its operations cannot be determined separately for different products, as number of factors are combine for all products.

36.2 As per Section 17(2) of the Act, *“the Commission shall assess effect of dumped imports in relation to production of a domestic like product in Pakistan when available data permit separate identification of that production on the basis of criteria of production process, producer’s sales and profits: Provided that if such separate identification of that production is not possible, the Commission shall assess effects of dumped imports by examination of the production of the narrowest group or range of products, which includes a domestic like product, for which necessary information can be provided.”*

36.3 Keeping in view the above the cash flows are assessed for entire operations of the Applicant. The cash flows of the operating activities of the Applicant are given in the following table:

**Table-XIII
Net Cash Flow**

| Year | Cash Flow |
|------|-----------|
| 2012 | 100.00 |
| 2013 | 39.79 |
| 2014 | 159.85 |

Source: the Applicant

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

Analysis

36.4 The above table shows that the Applicant’s net cash flow declined during the year 2013 and increased during the year 2014. As it is stated above that cash flows for the domestic like product cannot be determined separately, therefore, no conclusion can be drawn on account of cash flows.

37. Effects on Employment, Productivity and Salaries & Wages

Facts

37.1 The data relating to the employment, salaries & Wages and productivity of the

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domestic like product during the POI is given in the following table:

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

| Year (Oct – Sep) | Number of Employees | Productivity per worker |
|------------------|---------------------|-------------------------|
| 2012-13 | 100.00 | 251.16 |
| 2013-14 | 101.64 | 271.44 |
| 2014-15 | 101.64 | 256.87 |

Source: the Applicant

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

Analysis

37.2 The above table shows that the productivity per worker increased by 8 percent in 2013-14 and decreased by 5 percent in 2014-15.

Conclusion

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

38. Effects on Return on Investment (ROI)

Facts

38.1 The Applicant is a multi-product company and the investment and return on investment cannot be determined separately for different products, as number of factors are combine for all products.

38.2 Keeping in view the above the effects on investment and return on investment are assessed for entire operations of the Applicant. The information on investment and return on investment of the Applicant are provided in the following table:

**Table-XV
Return on Investment**

| Year (Oct-Sept) | Total Investment | Return on investment | ROI (%) |
|-----------------|------------------|----------------------|---------|
| 2012-13 | 1000.00 | 38.12 | 38.12 |
| 2013-14 | 122.36 | 44.33 | 36.23 |
| 2014-15 | 142.10 | 51.85 | 36.49 |

Source: the Applicant

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

Analysis

38.3 The above table shows the Applicant’s return on investment remained at the

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same level during the years 2013-14 and 2014-15. As it is stated above that the ROI for the domestic like product cannot be determined separately, therefore, no conclusion can be drawn on account of ROI.

39. Effects on Growth and Investment

Facts/Analysis

39.1 As stated earlier that the domestic demand of the food grade dextrose monohydrate increased during the POI (paragraph 31.2 supra), however, installed production capacity of the domestic industry remained the same (paragraph 33 supra). The Applicant has claimed that he committed to invest US \$ ** million to double his installed capacity of the food grade dextrose monohydrate, however, due to dumped imports of the investigated product it could not invested in this regard.

Conclusion

39.2 As the Applicant has not substantiated his claim with documentary evidence, therefore, no conclusion can be drawn on growth and investment.

40. Summing up of Material Injury

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

- i. Significant increase in volume of dumped imports;
- ii. Significant price undercutting by the dumped imports;
- iii. Price suppression;
- iv. Price depression;
- v. Decline in market share;
- vi. Decline in sales
- vii. Decline in productivity;
- viii. negative effect on level of inventories; and

D. CAUSATION

41. Effect of Dumped Imports

41.1 From the foregoing analysis it appears that the volume of the dumped imports significantly increased during 2014-15 which, at the same time caused significant price undercutting, price suppression, decline in market share, decline in sales, decline in profits, and decline in productivity of the domestic industry.

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

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

42. Other Factors

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

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

42.2 Volume of Other Imports

42.2.1 The Commission has preliminarily determined that the domestic industry did not suffer material injury due to other factors including imports of the food grade dextrose monohydrate from sources other than the dumped source during the POI. Volume of imports from other sources, dumped source and sales by the domestic industry are provided in the following table to analyze whether there is contraction in demand of the food grade dextrose monohydrate or there are changes in its patterns of consumption in accordance with Section 18(3) of the Act:

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**Table-XVI
Total Domestic Market of Food Grade Dextrose Monohydrate**

| Year (Oct-Sep) | Domestic Industry's sales | Imports from: | | Total market |
|----------------|---------------------------|---------------|---------------|--------------|
| | | Dumped Source | Other Sources | |
| 2012-13 | 100.00 | -- | 9.25 | 109.25 |
| 2013-14 | 89.25 | 12.63 | 32.68 | 134.56 |
| 2014-15 | 80.82 | 41.41 | 2.83 | 125.06 |

Sources: PRAL and the Applicant.

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

42.2.2 The above table shows that the domestic market increased during 2013-14 and slightly decreased in the year 2014-5, however it was above the base year i.e. 2012-13. Therefore, there was no contraction in domestic demand of the food grade dextrose monohydrate during the POI.

42.2.3 The above table shows that the volume of imports of the food grade dextrose monohydrate from sources other than the dumped source declined significantly whereas volume of dumped imports of the investigated product increased significantly during POI. The market share of imports from other sources declined from 24 percent in the year 2013-14 to 2 percent in the year 2014-15, which shows volume of imports from other sources were not the cause of injury to the domestic industry rather it is the volume of dumped imports which have caused material injury to the domestic industry during the POI.

42.3 Landed Cost of Other Imports

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

**Table-XVII
Landed Cost and Prices of Food Grade Dextrose Monohydrate**

| Year | Landed Cost of: | | Domestic industry's price |
|---------|-----------------|---------------|---------------------------|
| | Other sources | Dumped Source | |
| 2012-13 | 93.56 | -- | 100.00 |
| 2013-14 | 107.66 | 78.21 | 111.11 |
| 2014-15 | 114.81 | 82.18 | 109.66 |

Sources: PRAL and the Applicant

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

42.3.2 The above table shows that the landed cost of the food grade dextrose monohydrate imported from other sources was above than the landed cost of the investigated product as well as the ex-factory price of the domestic like product during the year 2014-15 (the POI for dumping). Therefore, the Commission is of the

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view that the imports of the food grade dextrose monohydrate from other sources were not the cause of injury to the domestic industry during the POI.

42.4 Investigation has also shown that there was no major change in the exports of the food grade dextrose monohydrate by the Applicant during the POI for injury. Thus, there was no change in export pattern of the domestic industry during POI. Following table shows exports of the food grade dextrose monohydrate by the Applicant during the POI:

**Table-XVIII
Exports by the Applicant**

| Year (Oct – Sep) | Exports |
|------------------|---------|
| 2012-13 | 100 |
| 2013-14 | 420 |
| 2014-15 | 276 |

Source: the Applicant

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

42.5 Other factors mentioned in Section 18(3) of the Act were also analyzed and it was found that:

- i. There was no change in trade restrictive practices and competition between foreign producers other than producers from the dumped source and domestic producer; and
- ii. There was no considerable change in technology to produce food grade dextrose monohydrate during the POI;

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

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

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

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inventories, and productivity of the domestic industry.

E. CONCLUSIONS

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

- i. the application was filed by the domestic industry of the food grade dextrose monohydrate;
- ii. the investigated product and the domestic like product are like products in terms of the provisions of the Act;
- iii. during POI, the investigated product was exported to Pakistan by the exporters/ foreign producers from India at prices below its normal value;
- iv. the volume of dumped imports of the investigated product and the dumping margins established for the exporters/ foreign producers of the investigated product are above the negligible and *de minimis* levels;
- v. the dumping margins expressed as a percentage of weighted average adjusted export price at ex-factory level is worked out 4.18 percent;
- vi. during the POI the domestic industry suffered material injury on account of volume of dumped imports, price undercutting, price suppression, decline in market share, decline in sales, decline in productivity and increase in inventories in terms of Section 15 and 17 of the Act; and
- vii. there is a causal relationship between dumped imports of the investigated product and the material injury faced by the domestic industry.

F. IMPOSITION OF PROVISIONAL ANTIDUMPING DUTY

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

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

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

Provided further that the amount of the provisional anti-dumping duty shall not exceed the margin of dumping as provisionally established, but it may be less than the margin if such lesser duty would be adequate to remove the injury to the Domestic Industry.”

46. In view of the analysis and conclusions with regard to dumping, material injury, and causation, imposition of provisional antidumping duty on dumped imports of the investigated product is needed in accordance with Section 43 of the Act to prevent injury being caused to the domestic industry during the course of this investigation.

47. Individual dumping margins have been determined for the exporter/producer of the investigated product who supplied information for this investigation and the provisional rate of antidumping duty for this exporter/producer is determined according to his individual dumping margin.

48. A residual dumping margin/duty rate for all other exporters/foreign producers who have not provided information in this investigation has been determined.

49. For the purpose of imposition of lesser duty in accordance with Section 43(1) of the Act the Commission has calculated injury margin to ascertain whether a lower duty would be adequate to remove injury being suffered by the domestic industry due to dumped imports of investigated product. The calculation of injury margin for the POI for dumping is given below:

**Table-XIX
Calculation of Injury Margin**

| Description | |
|---|--------|
| Cost to make & Sell of the domestic industry during POI for dumping (2013-14) | 100.00 |
| Profit which was realized during 2013-14 | 12.18 |
| Estimated non-injurious price of the domestic like product | 112.18 |
| C & F price of investigated product during POI (2014-15) | 76.17 |
| Landed cost of investigated product during POI (2014-15) | 81.50 |
| Injury Margin (Non-injurious price less landed cost) | 30.69 |
| Injury Margin as percentage of landed cost of the investigated product | 37.65% |

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

50. As the injury margin determined above is more than the dumping margin (paragraph 26.4 supra), therefore, lesser duty rule will not apply in this case and the provisional antidumping duty will be equal to the dumping margin. Keeping in

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view the provisions of Section 43 of the Act, following provisional antidumping duty rates are hereby imposed on the dumped imports of the investigated product importable from India for a period of four months effective from October 28, 2016. The provisional antidumping duties rates are determined on C&F value in *ad val.* terms. The food grade dextrose monohydrate is classified under PCT heading No. 1702.3000.

**Table-XX
Provisional Anti-dumping Duty Rates**

| Exporter Name | Provisional duty rate (% of C&F) |
|---|----------------------------------|
| Gujarat Ambuja Exports Limited, Ahmedabad, Gujarat, India | 7.04% |
| All other exporters/producers from India | 7.04% |

51. Food grade dextrose monohydrate imported from other sources (other than India) and other types of dextrose monohydrate such as pharmaceutical grade shall not be subject to the provisional antidumping duty, however, Pakistan Customs is requested to make sure that the antidumping duty is not circumvented by mis-declaration of food grade into other types of dextrose monohydrate (pharmaceutical grade) as all types of dextrose monohydrate are imported under same PCT heading.

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

53. Provisional antidumping duty levied on import of the investigated product would be in addition to other taxes and duties leviable on its imports under any other law.

54. The provisional antidumping duty 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.

(Tipu Sultan)
Member
October 27, 2016

(Robina Ather)
Member
October 27, 2016

(Abdul Khaliq)
Member
October 27, 2016

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(Qasim M. Niaz)
Chairman
October 27, 2016