



**Government of Pakistan
National Tariff Commission**

**Preliminary Determination and Levy of Provisional Antidumping Duties on
Dumped Imports of Wall and Floor Tiles Originating in and / or Exported
from the People's Republic of China**

**A.D.C No.45/2016/NTC/Tiles
February 08, 2017**

Preliminary Determination and Levy of Provisional Antidumping Duties on Dumped Import of Tiles, which Includes Ceramic, Porcelain, Vitrified, Granite Wall and Floor Tiles in Glazed/Unglazed, Polished/Unpolished Finish, Exported From China

The National Tariff Commission (the “Commission”) having regard to Anti-Dumping Duties Act, 2015 (IV of 2015) (the “Act”) and the Anti-Dumping Duties Rules, 2001 (the “Rules”) is responsible to conduct investigation for imposition of antidumping duties to offset dumping of goods into the Islamic Republic of Pakistan (“Pakistan”) after due process and determination of dumping and injury.

2. The Commission is conducting this investigation against dumped imports of Wall and Floor Tiles including Ceramic, Porcelain, Vitrified, Granite, Glazed/Unglazed, Polished / Unpolished Finish (herein after referred to as “Tiles”) into Pakistan originating in and/or exported from People’s Republic of China, under the Act and the Rules.

3. In terms of Section 37 of the Act, the Commission is required to “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 with the Commission at that time.”

4. This investigation was initiated on February 19, 2016. The Commission was required to make preliminary determination in this investigation within 180 days from the date of initiation of investigation i.e. by August 17, 2016. However, the composition of the Commission remained incomplete from March 15, 2016 to September 05, 2016 in the light of decision of Honorable Lahore High Court dated March 15, 2016 in Civil Petitions Nos. 4735/2016. Therefore, the Commission has adjusted the timeline for making preliminary determination (during which the composition of the Commission was incomplete).

5. The preliminary determination in this investigation is based on the information available to the Commission at this time. 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.

A. PROCEDURE

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

7. Receipt of Application

The Commission received a written application under Sections 20 and 24 of the Act, 2015 on December 23, 2015 from M/s Shabbir Tiles & Ceramics Limited, Karachi, (the “Applicant”). The Applicant alleged that Tiles are being exported to Pakistan at dumped prices from the People’s Republic of China (“China”) which has caused and is causing material injury to Pakistan’s domestic industry producing Tiles. The Embassy of China in Islamabad was informed through note verbale date January 04, 2016 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 dumping of Tiles from China and injury to the domestic industry caused therefrom. The requirements of Rule 3 of the Rules, which relate to the submission of information prescribed therein were also found to have been met.

9. 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 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”.

9.2 The domestic industry producing Tiles consist of following seven units and its total installed production capacity of Tiles is 35.42 million SQM per annum:

Table-I
Installed Capacity of the Domestic Industry

S.No	Unit Name	Installed Capacity (Million SQM)
i.	Shabbir Tiles & Ceramics Limited, Karachi (“Stile”)	12.76
ii.	Master Tiles & Ceramic Industries Limited, Gujranwala (“Master”)	9.00
iii.	Karam Ceramics Limited, Karachi, (“Karam”)	3.60
iv.	EMCO Industries Limited, Lahore, (EMCO”)	5.00
v.	Sonex Tiles & Ceramic Industries Limited, Gujranwala, (“Sonex”)	1.40
vi.	Swat Ceramics (Pvt.) Limited, Karachi (“Swat”)	1.50
vii.	Frontier Ceramics Limited, Peshawar, (“Forte”)	2.16
	Total	35.42

10. Standing of the Applicant

10.1 The Applicant fulfills requirements of Section 24 of the Act, which enjoins upon the Commission to assess standing of the domestic industry on the basis of the degree of support for or opposition to the application expressed by the producers of Tiles.

10.2 In the terms of Section 24(1) of the Act, the application shall be considered to have been made by or on behalf of domestic industry only if it is supported by those domestic producers whose collective output constitutes more than fifty per cent 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 states 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 a domestic like product produced by domestic industry.

10.3 The application has been filed by the Applicant, which is one of the major producers of Tiles in Pakistan. According to the information with the Commission, the Applicant produced 7.91 million SQM Tiles out of total production of 20.01 million SQM, which is 40 percent of the total domestic production of Tiles during October 2014 to September 2015. According to the Applicant remaining units of the domestic industry are also supporting the application. In support of this claim the Applicant has submitted letters from these units.

Table-II
Standing of the Applicant

S. No.	Name	%age Share in domestic production	Supporting/ Opposing/ Indifferent
i.	Shabbir Tiles and Ceramic Ltd., Karachi	40	Applicant
ii.	Master Tiles and Ceramic Industries Ltd., Gujranwala	27	Supporting
iii.	Karam Ceramics Ltd., Karachi	16	Supporting
iv.	Sonex Tiles and Ceramic Industries Ltd., Gujranwala	6	Supporting
v.	Forte Ceramics	6	Supporting
vi.	Swat Ceramics (Pvt.) Ltd., Swat	5	Supporting
vii.	Emco Industries Ltd., Karachi	Shut down its tiles production	
	Total	100	

Source: Applicant

10.4 The other domestic producers have supported the application and hence the application is supported by the domestic producers who represent 100 percent production of like product. Furthermore, the above table shows that the Applicant represents 40 percent of the total domestic

production of like product (which is more than 25 percent required under Section 24 (2) of the Act) produced during the period October 01, 2014 to September 30, 2015. Therefore, the application fulfills both the requirements of Section 24 of the Act.

11. Applicant's Views

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

- i. Tiles imported from China into Pakistan and Tiles produced by the domestic industry in Pakistan are like products;
- ii. the exporters/ producers from China are exporting Tiles to Pakistan at dumped prices; and
- iii. export of Tiles by the exporters/ producers from China to Pakistan at dumped prices has caused and is causing material injury to the domestic industry producing Tiles, mainly through:
 - a. Increased volume of dumped imports;
 - b. Price undercutting;
 - c. price depression;
 - d. loss of market share;
 - e. decline in production;
 - f. decline in sales;
 - g. decline in capacity utilization;
 - h. negative effect on profits;
 - i. negative effects on inventories;
 - j. negative effects on employment;
 - k. negative effect on salaries & wages;
 - l. negative effects on return on investment;
 - m. negative effects on ability to raise capital;
 - n. negative effect on growth; and
 - o. magnitude of dumping margin

12. Exporter(s) and Producer(s) involved in Alleged Dumping of Tiles

The Applicant has identified thirty exporters/ producers involved in the alleged dumping of the investigated product from China. The Applicant has stated that there may be other exporters/ producers but it does not have the name and addresses of these exporters/ producers. Furthermore, according to the Applicant "there is a risk that exports could be diverted through other exporters/traders and that producers/exporters could export under a different name". Therefore, the Applicant has requested for imposition of anti-dumping duties on all imports of the investigated product originating in and/or exported from the China.

13. **Initiation of Investigation**

13.1 The Commission upon examining the accuracy and adequacy of the evidence provided in the application established that there is sufficient evidence of alleged dumping of Tiles from China and consequent injury to the domestic industry, to justify initiation of an investigation in accordance with Section 23 of the Act. Consequently, the Commission decided to initiate an investigation on February 18, 2016. In terms of Section 27 of the Act, the Commission issued a notice of initiation, 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 February 19, 2016. Investigation concerning imports of Tiles into Pakistan (classified under PCT³ No. 6907.1000, 6907.9000, 6908.1000, 6908.9010 and 6908.9090) contained in the First Schedule of Customs Act, 1969 (IV of 1969) originating in and/or exported from China was thus initiated on February 19, 2016.

13.2 The Commission notified the Embassy of China in Pakistan on February 19, 2016 with a request to forward notice of initiation to all exporters/producers of Tiles. Copies of notice of initiation were also sent to the exporters/ producers of China, whose complete addresses were available with the Commission, the known Pakistani importers, and the Applicant on February 19-22, 2016, in accordance with the requirements of Section 27 of the Act.

13.3 In accordance with Section 28 of the Act, the Commission also sent copies of full text of the written application (non-confidential version) to the known exporters/ producers in China on February 22, 2016.

14. **Investigated Product and Domestic Like Product**

14.1 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 February 19, 2016.

² The daily “The Nation” and the ‘Jang’ of February 19, 2016 issue.

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”.

14.2 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:

14.3 Investigated Product

14.3.1 The investigated product is Wall and Floor Tiles which includes ceramic, porcelain, vitrified, granite, glazed/unglazed, polished/unpolished finish imported from China (the “Investigated Product”), classified under Pakistan Customs Tariff (“PCT”) Heading Nos. 6907.1000, 6907.9000, 6908.1000, 6908.9010, 6908.9090.

14.3.2 Investigated product is used for walls and floors of bath rooms, kitchens, drawing rooms, TV lounges and bed rooms etc., of houses. Investigated product is also used for interiors and facings of schools, offices, industries, hospitals, airports, restaurants, hotels, cafes, cinema theatres, gymnasiums, mosques, high rise buildings, plazas, supermarkets, shopping malls etc.

14.3.3 Tariff structure during 2015-16 on import of Tiles is given in the following table:

Table-III
Investigated Product and its Tariff Structure

PCT Heading	Description	Custom Duty	Regulatory Duty*
Chapter 69	Ceramic products		
69.07	Unglazed ceramic flags & paving, hearth or wall tiles; unglazed ceramic mosaic cubes and the like, whether or not on a backing.		
6907.1000	-Tiles, cubes and similar articles, whether or not rectangular, the largest surface area of which is capable of being enclosed in a square the side of which is less than seven centimeters.	20%	15%
6907.9000	-Others	20%	15%
69.08	Glazed ceramic flags & paving, hearth or wall tiles, glazed ceramic mosaic cubes and the like, whether or not on a backing		
6908.1000	-Tiles, cubes and similar articles, whether or not rectangular, the largest surface area of which is capable of being enclosed in a square the side of which is less than 7cm	20%	15%
	-Others		
6908.9010	- - - Tiles	20%	15%
6908.9090	- - - Other	20%	15%

* SRO No.482(I)/2009 dated November 13, 2009

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14.4. Domestic Like Product

14.4.1 Domestic like product is Wall and Floor Tiles, which includes ceramic, porcelain, vitrified, granite, glazed/unglazed, polished/unpolished finish (“Tiles”) produced by domestic industry (the “Domestic Like Product”). The domestic like product falls under PCT Nos. 6907.1000, 6907.9000, 6908.1000, 6908.9010 and 6908.9090.

14.4.2 Domestic like product is used for walls and floors of bath rooms, kitchens, drawing rooms, TV lounges and bed rooms etc., of houses. Investigated product is also used for interiors and facings of schools, offices, industries, hospitals, airports, restaurants, hotels, cafes, cinema theatres, gymnasiums, mosques, high rise buildings, plazas, supermarkets, shopping malls etc.

14.5 Like Products

14.5.1 The Applicant has submitted that the investigated product and the domestic like product are like product on the basis of following reasons:

- The basic raw materials used in their production are identical;
- Their production processes are comparable/similar;
- Their physical properties, nature and quality are similar;
- Their tariff classification is the same;
- They are capable of serving the same or similar end-uses and;
- Consumer perceive and treat them as alternative and perfectly substitutable means of performing particular functions in order to satisfy a particular want or demand and hence both the products are like products as per Section 2(n) of the Act.

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

15. Period of Investigation

15.1 In terms of Section 36 of the Act, period of investigation (the “POI”) is:

“a) 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”.

“b) for the purposes of an investigation of injury, the investigation period shall normally cover thirty-six months”.

15.2 The POI selected for determination of dumping and injury are, therefore, respectively, as follows:

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For determination of dumping	From October 01, 2014 to September 30, 2015
For determination of material injury	From October 01, 2012 to September 30, 2015

16. Information / Data Gathering

16.1 The Commission sent Exporter's Questionnaires to thirty exporters/ producers of Tiles from China on February 22, 2016 and asked them to respond within 37 days of the dispatch of the questionnaires i.e. by March 31, 2016. Exporter's Questionnaire was also provided to the Embassy of China in Islamabad with a request to forward it to all exporters/ producers of the investigated product in China in order to submit requisite information to the Commission.

16.2 The Commission has an access to the import statistics of Pakistan Revenue Automation Limited ("PRAL"), the data processing arm of the Federal Board of Revenue, Government of Pakistan. For the purpose of this preliminary determination the Commission has also used import data obtained from PRAL's database in addition to the information provided by the Applicant, importers and exporters/producers from the Exporting Countries.

16.3 On February 22, 2016 prescribed Questionnaire were sent to Pakistani importers of the investigated product known to the Commission and these importers were asked to respond to the Commission within 37 days of the dispatch of the Questionnaires. None of the Pakistani importers responded to the Commission and provided requisite information.

16.4 On February 22, 2016 Questionnaire was sent to other domestic producers of domestic like product supporting the application and were asked to respond to the Commission within 37 days of the dispatch of the questionnaires. None of the domestic producers of Tiles (other than the Applicant) responded to the Commission and provided requisite information on Questionnaire.

16.5 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. Some of the interested parties have made comments/submitted information which has also been considered while making this preliminary determination.

16.6 Thus the Commission has sought from all available sources, relevant data and information deemed necessary for the purposes of this preliminary determination. In terms of Rule 12 of the Rules, during the course of this investigation, the Commission satisfied itself as to the accuracy of information supplied by the interested parties to the extent possible.

17. Questionnaire(s) Response by the Exporters/ Producers from China

17.1 The Commission sent Exporter's Questionnaire to thirty exporters/ producers of Tiles from China on February 22, 2016 with a request to respond within 37 days. The exporters / producers requested for extension in time period for submission of data / information on Exporter's Questionnaire. After considering the reasons given in their requests for extension in time period,

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the Commission granted extension in time period for submission of information on the Exporter's Questionnaire.

17.2 In response the following exporters/ producers of Tiles from China have submitted information on prescribed Exporter's Questionnaire.

Table-IV
Exporters / Producers Response to the Exporter's Questionnaire

S. No.	Company Name	Status of the Company
i.	Guangdong Hausen Ceramics Ltd Foshan Kihut Ceramics	Producer Exporter (unrelated)
ii.	Guangdong Yongsheng Ceramics Ltd Foshan Ishine	Producer Exporter (unrelated)
iii.	Foshan Chan Cheng Jinyi Ceramics Co. Ltd Foshan Eiffel Ceramic Co. Ltd	Producer Exporter (unrelated)
iv.	Fujian Minqing Xinfeng Ceramics Co. Ltd Fujian Minmetals CBM Ltd	Producer Exporter (unrelated)
v.	Foshan Gold Full House Building Materials Co. Ltd Foshan Clouds Import & Export Co. Ltd	Producer Exporter (unrelated)
vi.	Huida Sanitary ware Co. Ltd Foshan Hexichuangzhan Ceramics Co. Ltd. Zibo Huabang Ceramics Co. Ltd.	Producer/Exporter Producer (unrelated) Producer (unrelated)
vii.	<u>Eagle Brand Group</u> Foshan Shiwan Eagle Brand Ceramics Ltd Foshan Eagle Brand Ceramic Trade Co. Ltd Eagle Brand Ceramics Industrial (Heyuan) Co. Ltd Heyuan Dongyuan Eagle Brand Ceramic Co. Ltd	Exporter Exporter Producer Producer
viii.	Guangdong Overland Ceramic Co. Ltd	Producer cum Exporter
ix.	Foshan Oceanland Ceramics Co. Ltd Super Ceramics Co. Ltd	Exporter Related Producer
x.	<u>Dongpeng Group</u> Foshan Dongpeng Ceramics Co. Ltd Foshan Huashengchang Ceramics Co. Ltd Qingyuan Nafuna Ceramics Co. Ltd Lixian Xinpeng Ceramics Co. Ltd Duilong Deqing Heying Trading Co. Ltd Hunan Dongpeng Building Materials Co. Ltd Guangdong Dongpeng Holding Co. Ltd Chongqing Shiwan Dongpeng Ceramics Co. Ltd Jiangxi Fengyu Commercial and Trading Co. Ltd	Exporter Producer Producer Producer Domestic Seller Domestic Seller Domestic Seller Domestic Seller Domestic Seller

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	Yunnan Xuanpeng Building Materials Co. Ltd Shenzhen Dongpeng Ceramics Co. Ltd Guangzhou Dongpeng Ceramics Co. Ltd Shanghai Dongpeng Ceramics Co. Ltd Shanxi Dongpeng Ceramics Co. Ltd Qingdao Ruipeng Building Materials Co. Ltd Foshan Shunde Dongpeng Ceramics SalesCo. Ltd Guangxi Yuepeng Building Materials Co. Ltd	Domestic Seller Domestic Seller Domestic Seller Domestic Seller Domestic Seller Domestic Seller Domestic Seller Domestic Seller
xi.	Foshan Junjing Industrial Co.	Exporter
xii.	Procelux Co. Ltd	Exporter
xiii.	Foshan Griffth Building Material Ltd.	Exporter
xiv.	Foshan Galaxy Import/Export Co., Ltd	Exporter
xv.	Foshan Hanfei Trading Co Ltd	Exporter
xvi.	Shandong Huasheng International Co. Ltd	Exporter
xvii.	Yekalon Industry Inc	Exporter
xviii.	Fujian Zhongshe Machinery & Equipment Import & Export Co. Ltd	Exporter
xix.	Fuzhou Highway Import and Export Co. Ltd	Exporter
xx.	Foshan Parcos Ceramics Co. Ltd	Exporter

17.3 Individual dumping margins for the exporters mentioned at serial number (v) and (xi) to (xx) of the above table cannot be determined, as they have only provided the information of export sales to Pakistan and could not provide the information of normal value (the information of domestic sales and cost to make & sell) of the producers from whom they purchased the investigated product for exports to Pakistan. The Commission informed on November 10, 2016 the exporters/producers mentioned at serial number (v) and (xi) to (xx) of the above table, that the individual dumping margin cannot be determined on the basis of the insufficient information.

17.4 The Commission found that the number of exporters/producers from China, who cooperated with the Commission in providing sufficient information for calculation of individual dumping margin, is very large as to make it impracticable to determine an individual dumping margin for each known exporter / producer concerned of the investigated product. Therefore, as per Section 14(3) of the Act, the Commission decided to limit its examination to a sample of following exporters/ producers from China who represents largest percentage of exports of investigated product to Pakistan during the POI, on the basis of export data provided by the said exporters/ producers:

Table-V
Sampled Exporters / Producers of Tiles from China

S. No.	Company Name	Status of the Company	Percentage of Total Export*
i.	Fujian Mingqing Xinfeng Ceramics Co. Ltd Fujian Minmetals CBM Ltd	Producer Exporter (unrelated)	45.90%

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ii.	Huida Sanitary ware Co. Ltd Foshan Hexichuangzhan Ceramics Co. Ltd. Zibo Huabang Ceramics Co. Ltd.	Producer/Exporter Producer (unrelated) Producer (unrelated)	34.36%
iii.	Guangdong Hausen Ceramics Ltd Foshan Kihut Ceramics	Producer Exporter (unrelated)	9.62%
iv.	<u>Eagle Brand Group</u> Foshan Shiwang Eagle Brand Ceramics Ltd Foshan Eagle Brand Ceramic Trade Co. Ltd Eagle Brand Ceramics Industrial (Heyuan) Co. Ltd Heyuan Dongyuan Eagle Brand Ceramic Co. Ltd	Exporter Exporter Producer + Domestic Sales Producer	3.69%
v.	Others cooperated (with sufficient information)	Exporters / Producers	6.42%
Total			100.00

* As percentage of total exports of exporters /producers who provided sufficient information for calculation of individual dumping margin from China

17.5 The Commission on November 10, 2016 informed all the cooperating exporters/producers (who provided sufficient information for calculation of dumping margin) with its decision and requested that if these cooperating exporters / producers have any comment on the sample selection of the exporters/ producers they may respond to the Commission within 10 days. In response to the Commission letter dated November 10, 2016, following exporters / producers vide its letter dated November 21, 2016 requested the Commission to calculate their individual dumping margin:

- i. Foshan Dongpeng Ceramics Co. Ltd, China
- ii. Guangdong Yongsheng Ceramics Ltd, China
- iii. Foshan Ishine Co. Ltd, China
- iv. Foshan Chan Cheng Jinyi Ceramics Co. Ltd, China
- v. Foshan Eiffel Ceramic Co. Ltd, China

The Commission under Section 14(2)&(3) of the Act did not accede to the request of above mentioned exporters / producers and informed them on January 17, 2017 that due to very large number of exporters it is impracticable to determine individual dumping margin for them.

17.6 Questionnaire Response from Fujian Mingqing Xinfeng Ceramics Co. Ltd (Producer) and Fujian Minmetals CBM Co. Ltd., China (Exporter)

17.6.1 The Commission sent exporter's questionnaire to Fujian Mingqing Xinfeng Ceramics Company Limited, China ("Xinfeng") and Fujian Minmetals CBM Co. Limited, China ("Minmetals") on February 22, 2016. Xinfeng and Minmetals in its letter dated March 30, 2016 requested for extension in time period for submission of questionnaire response. The Commission granted extension till April 15, 2016 vide its letter dated April 07, 2016 after considering the reasons given in the request for extension. Their responses were received in the Commission on April 15, 2016.

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17.6.2 According to the information provided in response to the questionnaire, Xinfeng is a limited liability company incorporated under the Company Law of China and engaged in production and sale of the investigated product. The production facility of Xinfeng is located at Minqing, China.

17.6.3 According to the information provided in response to the questionnaire, Minmetals is a joint stock company incorporated under the Company Law of China and engaged only in the sale of the investigated product.

17.6.4 The information submitted by Xinfeng and Minmetals in response to the Exporter's Questionnaire was analyzed at the Commission and deficiencies identified. Accordingly, those data deficiencies were communicated to them vide Commission's letter dated November 09, 2016 and November 18, 2016 respectively.

17.6.5 Xinfeng and Minmetals were asked to provide the deficient information/data no later than November 30, 2016 and December 04, 2016 respectively, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. Xinfeng and Minmetals responded to the deficiencies letter vide their letters dated November 30, 2016 and December 05, 2016 respectively.

17.7 Questionnaire Response from Guangdong Hausen Ceramics Co. Ltd (Producer) and Foshan Kihut Ceramics Co. Limited, (Exporter)

17.7.1 The Commission sent exporter's questionnaire to Guangdong Hausen Ceramics Company Limited, China ("Guandong Hausen") and Foshan Kihut Ceramics Co. Limited, China ("Foshan Kihut") on February 22, 2016. Guandong Hausen and Foshan Kihut in its letter dated March 30, 2016 requested for extension in time period for submission of questionnaire response. The Commission granted extension till April 15, 2016 vide its letter dated April 07, 2016 after considering the reasons given in the request for extension. Its response was received in the Commission on April 15, 2016.

17.7.2 According to the information provided in response to the questionnaire Guandong Hausen is an unlisted limited company incorporated under the Company Law of China and engaged in production and sale of the investigated product. The production facility of Guandong Hausen is located at Guandong, China.

17.7.3 According to the information provided in response to the questionnaire, Foshan Kihut is an unlisted limited company incorporated under the Company Law of China and engaged only in the sale of the investigated product.

17.7.4 The information submitted by Guandong Hausen and Foshan Kihut in response to the Exporter's Questionnaire was analyzed at the Commission and certain deficiencies were

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identified. Accordingly, those data deficiencies were communicated to them vide Commission's letter dated November 09, 2016.

17.7.5 Guangdong Hausen and Foshan Kihut were asked to provide the deficient information/data no later than November 30, 2016, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. Guangdong Hausen and Foshan Kihut responded to the deficiencies letter vide their letters dated November 29, 2016.

17.8 Questionnaire Response from Huida Sanitary Ware Co. Ltd, China (Producer/Exporter)

17.8.1 The Commission sent exporter's questionnaire to Huida Sanitary Ware Co. Ltd, China ("Huida") on February 22, 2016. Huida in its letter dated March 30, 2016 requested for extension in time period for submission of questionnaire response. The Commission granted extension till April 15, 2016 vide its letter dated April 07, 2016 after considering the reasons given in the request for extension. Its response was received in the Commission on April 15, 2016.

17.8.2 According to the information provided in response to the questionnaire Huida is a joint stock company incorporated under the Company Law of China and engaged in production and sale of the investigated product. The production facility of Huida is located at Hebei, China.

17.8.3 The information submitted by Huida in response to the Exporter's Questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those data deficiencies were communicated to it vide Commission's letter dated November 09, 2016.

17.8.4 Huida was asked to provide the deficient information/data no later than November 30, 2016, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. Huida responded to the deficiencies letter vide its letter dated November 30, 2016.

17.8.5 According to the information provided in response to the deficiency letter, Huida explained that it exported the investigated product from its own production plant and from following two unrelated producers:

- i. Foshan Hexichuangzhan Ceramics Co. Ltd., China
- ii. Zibo Huabang Ceramics Co. Ltd., China

Huida provided requisite information (domestic sales and cost of production) of the above-mentioned producers.

17.9 Questionnaire Response by Eagle Brand Group, China

17.9.1 The Commission sent exporter's questionnaire to Eagle Brand Group, China on February 22, 2016. Eagle Brand Group in its letter dated March 28, 2016 requested for extension in time

period for submission of questionnaire response. The Commission granted extension till April 15, 2016 vide its letter dated April 08, 2016 after considering the reasons given in the request for extension. Its response was received in the Commission on April 15, 2016.

17.9.2 The Exporter's Questionnaire was submitted by four related companies within Eagle Brand Group, who were involved into the production, sale and export of the investigated product to Pakistan during the POI. Following are five related companies / exporters from Eagle Brand Group, China:

- i. Foshan Shiwan Eagle Brand Ceramics Ltd
- ii. Foshan Eagle Brand Ceramic Trade Co. Ltd
- iii. Eagle Brand Ceramics Industrial (Heyuan) Co. Ltd
- iv. Heyuan Dongyuan Eagle Brand Ceramic Co. Ltd

17.9.3 According to the information provided in response to the questionnaire. The companies mentioned at Sr. No. (i) and (ii) are exporter or exporting producer of Tiles, while the companies mentioned at Sr. No. (iii) and Sr. No. (iv) are producers of Tiles.

17.9.4 The information submitted by Eagle Brand Group in response to the Exporter's Questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those data deficiencies were communicated to it vide Commission's letter dated November 09, 2016.

17.9.5 Eagle Brand Group was asked to provide the deficient information/data no later than November 30, 2016, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. Eagle Brand Group responded to the deficiencies letter vide its letter dated November 30, 2016.

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 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.

18.2 In order to verify the information provided by the Applicant On-the-Spot-Investigation was conducted at the office and plant of the Applicant, by the concerned officers of the Commission, from April 21 to 23, 2016.

18.3 The data / information provided by the sampled exporters/producers from China will be verified after the preliminary determination.

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 1100 hours to 1300 hours throughout the investigation. This file contains non-confidential versions of the application, response to the questionnaires, submissions, notices, reports, 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 parties to an investigation, upon good cause shown to be kept confidential.

20.2 The Applicant has 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. In addition to this, the Applicant and other interested parties also provided certain information on confidential basis, as its disclosure would cause adverse effect upon them.

20.3 Pursuant to requests made by the Applicant and other interested parties to treat certain information as confidential, 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.

20.4 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 non-confidential file (public file).

21. Written Submissions by the Interested Parties

21.1 All interested parties were invited to make their views/comments known to the Commission and to submit information and documents (if any) not later than 45 days from the date of publication of notice of initiation. The Commission received written submissions/comments from the following:

- i. Faco Trading, Karachi;
- ii. Muhammad Trading Company, Karachi;
- iii. All Pakistan Tiles and Sanitary Merchants Association, Karachi; and
- iv. China Chamber of Commerce of Metal, Minerals and Chemicals, China.

21.2 Views/comments and the information submitted by the above-mentioned interested parties have been considered in making this preliminary determination and Commission's views are given in annotated form at Annexure-I.

B. DETERMINATION OF DUMPING

22. 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”.

23. Normal Value

23.1 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”.

23.2 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.”.

23.3 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

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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

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- “(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.”

24. 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*”.

25. Dumping Determination

25.1 As stated earlier (paragraph 12 supra) the Applicant identified thirty exporters/producers from China involved in dumping of the investigated product into Pakistan. The Commission sent questionnaires to thirty exporters/producers whose complete addresses were available with the Commission (paragraph 17 supra). A copy of the questionnaire was also provided to the embassy of China in Islamabad with a request to forward it to all exporters/producers of the investigated product based in China to submit information to the Commission.

25.2 The Commission received complete response of the questionnaire from following exporters/producers from China (paragraph 17 supra):

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Table-VI
Exporters/Producers who Provided Complete Information

S. No.	Company Name	Status of the Company
i.	Fujian Minqing Xinfeng Ceramics Co. Ltd Fujian Minmetals CBM Ltd	Producer Exporter (unrelated)
ii.	Guangdong Hausen Ceramics Ltd Foshan Kihut Ceramics Co. Ltd	Producer Exporter (unrelated)
iii.	Huida Sanitary Ware Co. Ltd Foshan Hexichuangzhan Ceramics Co. Ltd., Zibo Huabang Ceramics Co. Ltd.,	Producer/Exporter Producer (unrelated) Producer (unrelated)
iv.	<u>Eagle Brand Group</u> Foshan Shiwan Eagle Brand Ceramics Ltd Foshan Eagle Brand Ceramic Trade Co. Ltd Eagle Brand Ceramics Industrial (Heyuan) Co. Ltd Heyuan Dongyuan Eagle Brand Ceramic Co. Ltd	Exporter Exporter Producer Producer
v.	Guangdong Overland Ceramic Co. Ltd	Producer cum Exporter
vi.	Foshan Oceanland Ceramics Co. Ltd Super Ceramics Co. Ltd	Exporter Related Producer
vii.	<u>Dongpeng Group</u> Foshan Dongpeng Ceramics Co. Ltd Foshan Huashengchang Ceramics Co. Ltd Qingyuan Nafuna Ceramics Co. Ltd Lixian Xinpeng Ceramics Co. Ltd Duilong Deqing Heying Trading Co. Ltd Hunan Dongpeng Building Materials Co. Ltd Guangdong Dongpeng Holding Co. Ltd Chongqing Shiwan Dongpeng Ceramics Co. Ltd Jiangxi Fengyu Commercial and Trading Co. Ltd Yunnan Xuanpeng Building Materials Co. Ltd Shenzhen Dongpeng Ceramics Co. Ltd Guangzhou Dongpeng Ceramics Co. Ltd Shanghai Dongpeng Ceramics Co. Ltd Shanxi Dongpeng Ceramics Co. Ltd Qingdao Ruipeng Building Materials Co. Ltd Foshan Shunde Dongpeng Ceramics Sales Co Ltd Guangxi Yuepeng Building Materials Co. Ltd	Exporter Producer Producer Producer Domestic Seller Domestic Seller Domestic Seller Domestic Seller Domestic Seller Domestic Seller Domestic Seller Domestic Seller Domestic Seller Domestic Seller Domestic Seller Domestic Seller Domestic Seller Domestic Seller Domestic Seller Domestic Seller
viii.	Guangdong Yongsheng Ceramics Ltd Foshan Ishine	Producer Exporter (unrelated)
ix.	Foshan Chan Cheng Jinyi Ceramics Co. Ltd Foshan Eiffel Ceramic Co. Ltd	Producer Exporter (unrelated)

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25.3 The Commission found that the number of exporters/producers from China, who cooperated with the Commission in providing sufficient information for calculation of individual dumping margin, is very large as to make it impracticable to determine an individual dumping margin for each known exporter/producer concerned of the investigated product. Therefore, as per Section 14(3) of the Act, the Commission decided to limit its examination to a sample of following exporters/producers from China who represents largest percentage of exports of investigated product on the basis of export data provided by the exporters/ producers.

Table-VII
Sampled Exporters / Producers of Tiles from China

S. No.	Company Name	Status of the Company
i.	Fujian Minqing Xinfeng Ceramics Co. Ltd Fujian Minmetals CBM Ltd	Producer Exporter (unrelated)
ii.	Guangdong Hausen Ceramics Ltd Foshan Kihut Ceramics	Producer Exporter (unrelated)
iii.	Huida Sanitary ware Co. Ltd Foshan Hexichuangzhan Ceramics Co. Ltd. Zibo Huabang Ceramics Co. Ltd.	Producer/Exporter Producer (unrelated) Producer (unrelated)
iv.	<u>Eagle Brand Group</u> Foshan Shiwan Eagle Brand Ceramics Ltd Foshan Eagle Brand Ceramic Trade Co. Ltd Eagle Brand Ceramics Industrial (Heyuan) Co. Ltd Heyuan Dongyuan Eagle Brand Ceramic Co. Ltd	Exporter Exporter Producer Producer

25.4 In this investigation the Commission has determined individual dumping margins for the producers (who provided necessary information) mentioned at above table. Dumping margins for following producers have been determined on the basis of information provided by them or by their exporters:

- i. Fujian Minqing Xinfeng Ceramics Co. Ltd., China
- ii. Guangdong Hausen Ceramics Ltd., China
- iii. Huida Sanitary ware Co. Ltd., China
- iv. Foshan Hexichuangzhan Ceramics Co. Ltd., China
- v. Zibo Huabang Ceramics Co. Ltd., China
- vi. Eagle Brand Ceramics Industrial (Heyuan) Co. Ltd., China
- vii. Heyuan Dongyuan Eagle Brand Ceramic Co. Ltd., China

25.5 Normal value, export price and individual dumping margins for the above-mentioned exporters/producers have been determined in accordance with Part III, IV and V of the Act on the basis of the information provided by them. However, residual dumping margin/duty rate for non-cooperating exporters/producers has been determined as the highest dumping margin of the exporter/producer from China.

26. **Determination of Export Price for Fujian Mingqing Xinfeng Ceramics Company Limited, China (“Xinfeng”)**

26.1 Export price for Xinfeng has been determined on the basis of the information provided by Fujian Minmetals CBM Co. Limited, China (“Minmetals”) on its export sales from Xinfeng to Pakistan during the POI.

26.2 According to the information, Xinfeng exported the investigated product to Pakistan through Minmetals only. Xinfeng exported *** SQM of the investigated product of different types/sizes to Pakistan during the POI. Export sales to Pakistan, during the POI, were through an un-related trading company i.e. Minmetals. All export sales to Pakistan were to un-related customers. The Commission has determined export price separately for different types and sizes.

26.3 Minmetals exported investigated product at CIF basis. To arrive at the ex-factory level, Minmetals has reported adjustments on account of credit cost, inland freight, ocean freight, bank charges, VAT non-refunded and SG&A expense. Minmetals also reported profit adjustment, however, it was found that it was loss instead of profit and loss cannot be adjusted, therefore, 5 percent profit is adjusted to reach at ex-factory level. 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 the sales transactions.

27. **Determination of Normal Value for Xinfeng**

27.1 Normal value for Xinfeng has been determined on the basis of the information provided by it on its domestic sales made during the POI.

27.2 According to the information, Xinfeng sold different types of Tiles in its domestic market including the types, which were alike to the types of the investigated product exported to Pakistan during the POI. Xinfeng sold *** SQM in the domestic market during the POI. These sales were in sufficient quantities to determine normal value in terms of Section 6(2) of the Act, as these sales were more than 5 percent of the export sales of the investigated product exported to Pakistan during the POI. For the purposes of like to like comparison, normal value is determined only for those types which were comparable to the types of the investigated product exported to Pakistan.

27.3 Analysis of the information provided by Xinfeng revealed that sales of one comparable type were not in ordinary course of trade in terms of Section 7(2) of the Act. Sales of the comparable type, which was not in ordinary course of trade, were 31.45 percent. For the purposes of determination of normal value the Commission has disregarded sales, which were not in ordinary course of trade in accordance with Section 7 of the Act. There were no domestic sales of one of the comparable type and the Commission has taken normal value for the nearest type.

27.4 Xinfeng did not claim any adjustment to arrive at ex-factory level as the payment terms of all domestic sales were “TT at sight” and delivery terms were “ex-works”.

28. **Determination of Export Price for Guangdong Hausen Ceramics Company Limited (“Hausen”)**

28.1 Export price for Hausen has been determined on the basis of the information provided by Foshan Kihut Ceramics Co. Limited, China (“Kihut”) on its export sales from Hausen to Pakistan during the POI.

28.2 According to the information, Hausen exported the investigated product to Pakistan through Kihut only. Hausen exported *** SQM of the investigated product to Pakistan during the POI. Hausen and Kihut did not provide information regarding types and sizes of the investigated product exported to Pakistan. Hausen’s exports to Pakistan during the POI were through an un-related trading company i.e. Kihut only. All export sales to Pakistan were to un-related customers. As separate types/sizes of the investigated product was not provided, therefore, a combined export price has been determined for all types of investigated product.

28.3 Kihut exported investigated product at CIF basis. To arrive at the ex-factory level, Kihut has reported adjustments on account of inland freight and ocean freight. Kihut also provided the net price of each export transaction, therefore, to arrive at the ex-factory level, the Commission adjusted the net price of Kihut with SG&A expense, trader’s profit and VAT non-refunded.

29. **Determination of Normal Value for Hausen**

29.1 Normal value for Hausen has been determined on the basis of the information provided by it on its domestic sales made during the POI.

29.2 According to the information, Hausen sold *** SQM in the domestic market during the POI. These sales were in sufficient quantities to determine normal value in terms of Section 6(2) of the Act, as these sales were more than 5 percent of the export sales of the investigated product exported to Pakistan during the POI. As separate types/sizes of the investigated product was not provided, therefore, one combined normal value has been determined for all types of investigated product.

29.3 Analysis of the information provided by Hausen revealed that some of the sales of the investigated product were not in ordinary course of trade in terms of Section 7(2) of the Act and the sales, which were not in ordinary course of trade were 39.43 percent. For the purposes of determination of normal value the Commission has disregarded sales, which were not in ordinary course of trade in accordance with Section 7 of the Act.

29.4 Hausen did not claim any adjustment to arrive at ex-factory level as the payment terms of all domestic sales were “cash” and delivery terms were “ex-works”.

30. **Determination of Export Price for Heyuan Dongyuan Eagle Brand Ceramic Company Limited (“Heyuan Dongyuan”)**

30.1 Export price for Heyuan Dongyuan has been determined on the basis of the information provided by Foshan Shiwan Eagle Brand Ceramics Ltd (“Foshan Shiwan”), Foshan Eagle Brand Ceramic Trade Co. Ltd (“Foshan Eagal Brand”) and Eagle Brand Ceramics Industrial (Heyuan) Co. Ltd (“HEB”) on its export sales from Heyuan Dongyuan to Pakistan made during the POI.

30.2 According to the information, Heyuan Dongyuan exported the investigated product to Pakistan through Foshan Eagle Brand, Foshan Eagle Brand Trade and HEB. Heyuan Dongyuan exported *** SQM of the investigated product of different types/sizes to Pakistan during the POI. Export sales to Pakistan during the POI, were through related trading companies. All export sales to Pakistan were to un-related customers. The Commission has determined export price separately for different types and sizes of the investigated product.

30.3 Heyuan Dongyuan exported investigated product at FOB basis. To arrive at the ex-factory level, Foshan Eagle Brand, Foshan Eagle Brand Trade and HEB, has reported adjustments on the export price on account of credit cost, inland freight, handling cost, bank charges and VAT non-refunded. To arrive at the ex-factory level, the Commission adjusted the net export price of price of Foshan Eagle Brand, Foshan Eagle Brand Trade and HEB with SG&A expense, trader’s profit. 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 the sales transactions.

31. **Determination of Normal Value for Heyuan Dongyuan**

31.1 Normal value for Heyuan Dongyuan has been determined on the basis of the information provided by it on its domestic sales made during the POI.

31.2 According to the information, Heyuan Dongyuan sold different types of Tiles in its domestic market including the types, which were alike to the types of the investigated product exported to Pakistan during the POI. Heyuan Dongyuan sold *** SQM in the domestic market during the POI. These sales were in sufficient quantities to determine normal value in terms of Section 6(2) of the Act, as these sales were more than 5 percent of the export sales of the investigated product exported to Pakistan during the POI. For the purposes of like to like comparison, normal value is determined only for those types which were comparable to the types of the investigated product exported to Pakistan.

31.3 Analysis of the information provided by Heyuan Dongyuan revealed that some sales of the comparable types were not in ordinary course of trade in terms of Section 7(2) of the Act. Sales of the comparable types, which were not in ordinary course of trade, ranges from 99.90 percent to 100 percent of sales of a particular type of Tiles.

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31.4 For the purposes of determination of normal value the Commission has disregarded sales, which were not in ordinary course of trade in accordance with Section 7 of the Act. Therefore, normal value for those types whose 100 percent sales were not in ordinary course of trade has been constructed on the basis of cost of production plus administrative, selling and general costs provided by Heyuan Dongyuan and added profit @5% of cost to make and sell in accordance with Section 6 of the Act.

31.5 Heyuan Dongyuan did not claim any adjustment to arrive at ex-factory level.

32. **Determination of Export Price for Eagle Brand Ceramics Industrial (Heyuan) Company Limited, China (“HEB”)**

32.1 Export price for HEB has been determined on the basis of the information provided by Foshan Shiwan Eagle Brand Ceramics Ltd (“Foshan Shiwan Eagle Brand”) and Foshan Eagle Brand Ceramic Trade Co. Ltd (“Foshan Eagle Brand Trade”) on its export sales from HEB to Pakistan made during the POI.

32.2 According to the information, HEB exported the investigated product to Pakistan through Foshan Eagle Brand and Foshan Eagle Brand Trade. HEB exported *** SQM of the investigated product of different types/sizes to Pakistan during the POI. Export sales to Pakistan, during POI, were through related trading companies. All export sales to Pakistan were to un-related customers. The Commission has determined export price separately for different types and sizes.

32.3 HEB exported investigated product at FOB basis. To arrive at the ex-factory level, Foshan Eagle Brand and Foshan Eagle Brand Trade, has reported adjustments on the export price on account of credit cost, inland freight, handling cost, bank charges and VAT non-refunded. To arrive at the ex-factory level, the Commission adjusted the net export price of price of Foshan Eagle Brand and Foshan Eagle Brand Trade with SG&A expense, trader’s profit. 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 the sales transactions.

33. **Determination of Normal Value for HEB**

33.1 Normal value for HEB has been determined on the basis of the information provided by it on its domestic sales made during the POI.

33.2 According to the information, HEB sold different types of Tiles in its domestic market including the types, which were alike to the types of the investigated product exported to Pakistan during the POI. HEB sold *** SQM in the domestic market during the POI. These sales were in sufficient quantities to determine normal value in terms of Section 6(2) of the Act, as these sales were more than 5 percent of the export sales of the investigated product exported to Pakistan during the POI. For the purposes of like to like comparison, normal value is determined only for those types which were comparable to the types of the investigated product.

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33.3 Analysis of the information provided by HEB revealed that some sales of the comparable types were not in ordinary course of trade in terms of Section 7(2) of the Act. Sales of the comparable types, which were not in ordinary course of trade ranges from 99.94 percent to 100 percent of sales of a particular type of Tiles.

33.4 For the purposes of determination of normal value the Commission has disregarded sales, which were not in ordinary course of trade in accordance with Section 7 of the Act. Therefore, normal value for those types whose 100 percent sales were not in ordinary course of trade has been constructed on the basis of cost of production plus administrative, selling and general costs and for profit of the exporter/producer in accordance with Section 6 of the Act.

33.5 HEB did not claim any adjustment to arrive at ex-factory level.

34. **Determination of Export Price for Huida Sanitary Ware Company Limited, China (“Huida”)**

34.1 Export price for Huida has been determined on the basis of its export sales to Pakistan made during the POI.

34.2 According to the information, Huida exported *** SQM of the investigated product of different types/sizes to Pakistan during the POI. Export sales to Pakistan, during the POI were directly to un-related customers. The Commission has determined export price separately for different types and sizes.

34.3 Huida exported investigated product at CIF basis. To arrive at the ex-factory Huida has reported adjustments on the export price on account of inland freight, handling cost, ocean freight, bank charges and VAT non-refunded. 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 the sales transactions.

35. **Determination of Normal Value for Huida**

35.1 Normal value for Huida has been determined on the basis of the information provided by it on its domestic sales made during the POI.

35.2 According to the information, Huida sold different types of Tiles in its domestic market including the types, which were alike to the types of the investigated product exported to Pakistan during the POI. Huida sold *** SQM in the domestic market during POI. These sales were in sufficient quantities to determine normal value in terms of Section 6(2) of the Act, as these sales were more than 5 percent of the export sales of the investigated product exported to Pakistan during the POI. For the purposes of like to like comparison, normal value is determined only for those types which were comparable to the types of the investigated product.

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35.3 Analysis of the information provided by Huida revealed that some sales of the comparable types were not in ordinary course of trade in terms of Section 7(2) of the Act. Sales of the comparable types, which were not in ordinary course of trade ranges from 30.26 percent to 99.04 percent of sales of a particular type of Tiles.

35.4 For the purposes of determination of normal value the Commission has disregarded sales, which were not in ordinary course of trade in accordance with Section 7 of the Act. Therefore, normal value for those types which were not sold in the domestic market has been constructed on the basis of cost of production plus administrative, selling and general costs and for profit of the exporter/producer in accordance with Section 6 of the Act.

35.5 To arrive at the ex-factory level, Huida has reported adjustment on account of credit cost. The Commission has accepted this adjustment and the normal value at ex-factory level is worked out by deducting values reported for this adjustments from the gross value of sales transactions.

36. **Determination of Export Price for Foshan Hexichuangzhan Ceramics Company Limited (“Hexichuangzhan”)**

36.1 Export price for Hexichuangzhan has been determined on the basis of the information provided by Huida on its export sales from Hexichuangzhan to Pakistan during the POI.

36.2 According to the information, Hexichuangzhan exported the investigated product to Pakistan through Huida only. Hexichuangzhan exported *** SQM of the investigated product to Pakistan during the POI. Hexichuangzhan’s exports to Pakistan during the POI, were through an un-related trading company i.e. Huida only. All export sales to Pakistan were to un-related customers. Huida provided type and size wise information of the investigated product exported to Pakistan, whereas, Hexichuangzhan did not provide information regarding types and sizes of the investigated product sold in the domestic market. As separate information regarding types/sizes of the investigated product sold in the domestic market was not provided, therefore, combined export price has been determined for all types.

36.3 Huida exported investigated product at CIF basis. To arrive at the ex-factory level, Huida reported adjustments on account of inland freight, handling cost, ocean freight, bank charges and other charges. To arrive at the ex-factory level, the Commission adjusted the net price of Huida with SG&A expense, trader’s profit and VAT non-refunded.

37. **Determination of Normal Value for Hexichuangzhan**

37.1 Normal value for Hexichuangzhan has been determined on the basis of the information provided by it on its domestic sales made during the POI.

37.2 According to the information, Hexichuangzhan sold *** SQM in the domestic market during the POI. These sales were in sufficient quantities to determine normal value in terms of

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Section 6(2) of the Act, as these sales were more than 5 percent of the export sales of the investigated product exported to Pakistan during the POI. As separate information regarding types/sizes of the investigated product was not provided, therefore, combined normal value has been determined for all types.

37.3 Analysis of the information provided by Hexichuangzhan revealed that some of the sales of the investigated product were not in ordinary course of trade in terms of Section 7(2) of the Act and the sales which were not in ordinary course of trade were 63.50 percent. For the purposes of determination of normal value the Commission has disregarded sales, which were not in ordinary course of trade in accordance with Section 7 of the Act.

37.4 Hexichuangzhan did not claim any adjustment to arrive at ex-factory level as the payment terms of all domestic sales were “cash” and delivery terms were “ex-works”.

38. Determination of Export Price for Zibo Huabang Ceramics Company Limited (“Huabang”)

38.1 Export price for Huabang has been determined on the basis of the information provided by Huida on its export sales from Huabang to Pakistan during the POI.

38.2 According to the information, Huabang exported the investigated product to Pakistan through Huida only. Huabang exported *** SQM of the investigated product to Pakistan during the POI. Huabang’s exports to Pakistan during the POI were through an un-related trading company i.e. Huida only. All export sales to Pakistan were to un-related customers. Huida provided type and size wise information of the investigated product exported to Pakistan, whereas, Huabang did not provide information regarding types and sizes of the investigated product sold in the domestic market. As separate type and size wise information of the investigated product sold in the domestic market was not provided, therefore export price has been determined combined for all types.

38.3 Huida exported investigated product at CIF basis. To arrive at the ex-factory level, Huida reported adjustments on account of inland freight, handling cost, ocean freight, bank charges, customs inspection fee and amendment fee. To arrive at the ex-factory level, the Commission adjusted the net price of Huida with SG&A expense, trader’s profit and VAT non-refunded.

39. Determination of Normal Value for Huabang

39.1 Normal value for Huabang has been determined on the basis of the information provided by it on its domestic sales made during the POI.

39.2 According to the information, Huabang sold *** SQM in the domestic market during the POI. These sales were in sufficient quantities to determine normal value in terms of Section 6(2) of the Act, as these sales were more than 5 percent of the export sales of the investigated product

exported to Pakistan during the POI. As separate types/sizes wise information of the investigated product was not provided, therefore, combined normal value has been determined for all types.

39.3 Analysis of the information provided by Huabang revealed that some of the sales of the investigated product were not in ordinary course of trade in terms of Section 7(2) of the Act and the sales which were not in ordinary course of trade, were 82.46 percent. For the purposes of determination of normal value the Commission has disregarded sales, which were not in ordinary course of trade in accordance with Section 7 of the Act.

39.4 Huabang did not claim any adjustment to arrive at ex-factory level as the payment terms of all domestic sales were “cash” and delivery terms were “ex-works”.

40. Dumping Margin

40.1 The Act defines “dumping margin” in relation to a product as “*the amount by which normal value exceeds its export price*”.

40.2 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 calculated dumping margin by comparing weighted average normal value with weighted average export price at ex-factory level.

40.3 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.

40.4 The Commission has investigated exporters/producers from China mentioned at paragraph 24.5 supra who cooperated and responded to the Commission’s questionnaire. Individual dumping margins for the producers mentioned at paragraph 24.5 supra have been determined and the antidumping duty rate for those producers has been determined on the basis of individual dumping margins calculated for each producer.

40.5 Dumping margin for the cooperating exporters/producers who were not selected in the sample from China is determined on the basis on the weighted average of dumping margin of the exporters whose individual dumping margin is determined. Residual dumping margins/duty rates for non-cooperating exporters/producers from China have been determined as the highest dumping margin of the producer from China.

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

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Table-VIII
Dumping Margins

Name of Producers from China	Dumping Margin as	
	% of Export Price	% of C&F Price
<u>Producers selected in the Sample</u>		
Fujian Minqing Xinfeng Ceramics Company Limited	22.68	16.34
Guangdong Hausen Ceramics Company Limited	32.30	23.03
Heyuan Dongyuan Eagle Brand Ceramics Co. Limited	91.56	59.18
Eagle Brand Ceramics Industrial (Heyuan) Co. Limited	91.56	59.18
Huida Sanitary Ware Company Limited	6.22	5.21
Foshan Hexichuangzhan Ceramics Company Limited	8.58	6.82
Zibo Huabang Ceramics Company Limited	12.87	9.43
<u>Cooperating Producers not selected in the Sample</u>		
Guangdong Overland Ceramic Company Limited	18.52	14.31
Super Ceramics Company Limited	18.52	14.31
Foshan Huashengchang Ceramics Company Limited	18.52	14.31
Qingyuan Nafuna Ceramics Company Limited	18.52	14.31
Lixian Xinpeng Ceramics Company Limited	18.52	14.31
Guangdong Yongsheng Ceramics Company Limited	18.52	14.31
Foshan Chan Cheng Jinyi Ceramics Company Limited	18.52	14.31
All others	91.56	59.18

41. De minimis Dumping Margins and Negligible Volume of Dumped Imports

41.1 In terms of Section 41(3) of the Act, 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 40.6 supra, are above the *de minimis* level.

41.2 As regards the volume of dumped imports, Section 41(3) of the Act provides that the volume of such imports shall normally be regarded as negligible if the volume of dumped imports of an investigated product is found to account for less than three percent of total imports of a like product unless imports of the investigated product from all countries under investigation which individually account for less than three percent of the total imports of a like product collectively account for more than seven per cent of the imports of like product. The information/data on alleged dumped imports of the investigated product and other imports of Tiles has been obtained from PRAL. Volume of dumped imports of the investigated product and the Tiles imported from other sources during the POI (October 01, 2014 to September 30, 2015) is given in the table below:

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**Table-IX
Volume of Imports of Tiles during the POI**

Country Name	Share as Percentage of total imports
China	75.26
Other sources	24.74
Total	100.00

Source: PRAL

41.3 On the basis of above information, the Commission has determined that the volume of dumped imports of the investigated product from China during the POI was well above the negligible threshold set-out in Section 41(3) of the Act.

C. INJURY TO DOMESTIC INDUSTRY

42. Determination of Injury

42.1 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...”*

42.2 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”.

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

43. Domestic Industry

43.1 In terms of Section 2(d) of the Act, domestic industry is defined as follows:

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“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 of the allegedly dumped investigated product in such case “domestic industry” shall mean the rest of the domestic producers.”

43.2 During the POI, domestic industry manufacturing domestic like product was consisting of seven units with an installed production capacity of 35.42 million SQM and production of 20.009 million SQM per annum.

43.3 The injury analysis carried out in the following paragraphs is based on the information gathered by the Commission for this investigation from the Applicant. Other six domestic producers of Tiles were asked to provide information regarding their units for injury analysis of the domestic industry, however, they did not provide any information.

43.4 The total installed capacity of Tiles of the Applicant during the POI was 12.76 million SQM. The injury analysis carried out in following paragraphs is based on the information gathered by the Commission for this investigation of the Applicant only. The Applicant represent around 40 percent share of the production of the domestic industry, therefore, results drawn for this analysis will project for the domestic industry.

44. Volume of Dumped Imports

Facts

44.1 In order to ascertain whether there has been a significant increase in volume of dumped imports in absolute terms, in terms of Section 15(2) of the Act, the Commission has considered the following import data for the POI:

Table- X
Volume of Dumped Imports

Period*	Dumped Imports	%age increase/(decrease)
2012-13	100.00	--
2013-14	137.09	37.09
2014-15	176.01	28.39

Source: PRAL & Exporters / Producers * October - September

Note: To maintain confidentiality actual figures have been indexed with respect of volume of dumped imports in the year 2012-2013 by taking it equal to 100

Analysis

44.2 The above table shows that the dumped imports of Tiles (the investigated product) from China increased from *** million SQM in 2012-13 to *** million SQM in 2013-14, which further increased to *** million SQM in 2014-15. Dumped imports of the investigated product increased by 28.39 percent in 2014-15 from 2013-14, which is a significant increase in the volume of dumped imports.

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Conclusion

44.3 On the basis of the above information and analysis it is concluded that the dumped imports of the investigated product increased significantly in absolute terms during the POI. Therefore, the domestic industry suffered materially injury on account of volume of dumped imports.

45. Price Effects

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

45.2 Price Undercutting

Facts

45.2.1 The weighted average ex-factory price of the domestic like product and weighted average landed cost of the investigated product during the POI is given in the following table:

Table-XI
Price Undercutting

Period*	Weighted average ex-factory price of domestic like product	Weighted average landed cost of dumped imports	Price undercutting in:	
			Absolute	percentage
2012-13	100.00	110.92	--	--
2013-14	105.56	115.90	--	--
2014-15	98.85	111.88	--	--

Source: Applicant and PRAL

Note: To maintain confidentiality actual figures have been indexed with respect of weighted average ex-factory price of domestic like product in the year 2012-2013 by taking it equal to 100.

Analysis

45.2.2 The above table shows that the dumped imports of the investigated product did not undercut the prices of the domestic like product during the POI. According to the Applicant, it reduced the prices of domestic like product in order to retain the market share.

Conclusion

45.2.3 On the basis of the above information and analysis it is concluded that domestic industry did not suffer material injury on account of price undercutting during the POI.

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45.3 Price Depression

Facts

45.3.1 Information submitted by the Applicant on its prices of the domestic like product is given in the following table:

Table-XII
Price Depression

Period*	Price of domestic like product	Price Depression (Percentage)
2012-13	100.00	--
2013-14	105.56	--
2014-15	98.85	6.36

Source: Applicant * October to September

Note: To maintain confidentiality actual figures have been indexed with respect of weighted average ex-factory price of domestic like product in the year 2012-13 by taking it equal to 100.

Analysis

45.3.2 The above table shows that the weighted average price of domestic like product increased from Rs.***/SQM in 2012-13 to Rs.***/SQM in 2013-14. However, the weighted average price of domestic like product decreased to Rs.***/SQM 2014-15.

Conclusion

45.3.3 On the basis of the above information and analysis it is concluded that domestic industry, suffered material injury on account of price depression.

45.4 Price Suppression

Facts

45.4.1 The weighted average cost to make and sell of the Applicant and ex-factory price of the domestic like product during the POI is given in the following table:

Table-XIII
Price Suppression

Period*	Weighted Avg. ex-factory price	Weighted Avg. Cost to make & sell	Price Suppression	
			Increase/ (decrease) in price	Increase/ (decrease) in cost
2012-13	100.00	95.59	--	--
2013-14	105.56	106.13	5.56	10.54
2014-15	98.85	101.53	(6.70)	(4.60)

Source: Applicant *October to September

Note: To maintain confidentiality actual figures have been indexed with respect of weighted average ex-factory price of domestic like product in the year 2012-13 by taking it equal to 100.

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Analysis

45.4.2 The analysis if the above table shows that the cost of the domestic like product increased by 10.54 percent in 2013-14 and decreased by 4.60 percent in 2014-15, whereas, the price of the domestic like product increased by 5.56 percent in 2013-14 and decreased by 6.70 percent in 2014-15.

Conclusion

45.4.3 The above analysis shows that the domestic industry experienced price suppression during 2013-14.

46. Market Share**Facts**

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

Table-XIV
Market Share

Period*	Sales by the Applicant	Sales by Other Producers	Imports from		Total domestic market
			Dumped Source	Other Sources	
2012-13	20.91	34.29	30.47	14.32	100.00
2013-14	18.29	32.96	41.78	11.11	104.14
2014-15	17.93	31.24	53.63	17.63	120.44

Source: PRAL & the Applicant

*October – September

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

Analysis

46.2 The above table shows that the domestic market of Tiles increased by 4 percent and 15 percent during 2013-14 and 2014-15 respectively. The Applicant's market share decreased from 21 percent in 2012-13 to 18.29 percent in 2013-14, which further decreased to 17.93 percent in 2014-15. Market share of the dumped imports from China increased from 31 percent in 2012-13 to 41.78 percent in 2013-14, which further increased to 53.63 percent in 2014-15. Whereas, market share of imports from other sources increased from 11 percent in 2013-14 to 17.63 percent in 2014-15, which reveals that the dumped imports from China have mainly taken the increase in domestic market.

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Conclusion

46.3 On the basis of above information and analysis, it is concluded that the domestic industry has suffered material injury on account of market share during the POI due to dumped imports of the investigated product from China.

47. Effect on Sales

Facts

47.1 Total sales of the domestic like product of the Applicant and the domestic industry during the POI are given below:

Table-XV
Domestic Sales

Period*	Sales of the Applicant	Sales of the total Domestic Industry
2012-13	37.88	100.00
2013-14	33.14	92.84
2014-15	32.48	89.07

Source: the Applicant

* October - September

Note: To maintain confidentiality actual figures have been indexed with respect to sales of the total domestic industry of 2012-13 by taking it equal to 100.

Analysis

47.2 The above table shows that the sales of the domestic industry as well as of the Applicant decreased throughout the POI. The sales of the Applicant decreased from *** million SQM in 2012-13 to *** million SQM in 2014-15, whereas, the total sales of the domestic industry decreased from *** million SQM to *** million SQM during the same period.

Conclusion

47.3 On the basis of the analysis above, it is, therefore, concluded that the domestic industry suffered material injury on account of decline in sales of domestic like product due to dumped imports.

48. Capacity Utilization

Facts

48.1 The capacity utilization of the Applicant during the POI, as provided by the Applicant were as follows:

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Table-XVI
Capacity Utilization

Period*	Capacity Utilization %
2012-13	67
2013-14	64
2014-15	62

Source: the Applicant *October - September

Analysis

48.2 It may be noted from the above table that the capacity utilization of the Applicant decreased from 67 percent in 2012-13 to 64 percent in 2013-14 and then decreased to 62 percent in 2014-15. Domestic production of the domestic industry decreased from *** million SQM in 2012-13 to *** million SQM in 2014-15. Had there been no dumping, the Applicant would have increased its production in increasing market of Tiles.

Conclusion

48.3 Based on above facts and analysis, it appears that the Applicant suffered material injury on account of production of domestic like product and capacity utilization during POI.

49. Effect on Inventories

Facts

49.1 The data provided by the Applicant on the position of its inventories during the POI was as follows:

Table-XVII
Inventories

Period*	Opening inventory	Production	Domestic Sales	Export Sales	Closing inventory
2012 – 13	7.51	100.00	100.25	2.92	4.34
2013 – 14	4.34	96.87	87.69	2.82	10.71
2014 – 15	10.71	93.12	85.96	2.41	15.45

Source: the Applicant *October - September

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

Analysis

49.2 The above table shows that the closing inventory of the Applicant has increased through the POI. The closing inventory of the Applicant has increased from *** SQM in 2012-13 to *** million SQM in year 2014-15, mainly because of decrease in sales of the domestic like product of

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the Applicant. According to the Applicant due to dumped imports from China, the inventory level of the industry has increased.

Conclusion

49.3 On the basis of the above analysis, it is concluded that the Applicant suffered material injury on account of negative effects on inventories due to dumped imports.

50. Profit and Loss

Facts

50.1 Information submitted by the Applicant on its profit/loss during the POI is given in the following table:

Table-XVIII
Profit / (loss) of the Applicant

Period*	Net Profit /(Loss)
2012-13	(100.00)
2013-14	(802.61)
2014-15	(760.58)

Source: Applicant *October - September

Note: To maintain confidentiality actual figures have been indexed with respect of net profit/(loss) in the year 2012-13 by taking it equal to 100.

Analysis

50.2 The above table shows that the Applicant incurred net losses of Rs.***million in 2012-13, which increased to net loss of Rs.***million in 2013-14. The losses of the Applicant decreased to Rs.*** million in 2014-15. According to the Applicant, the reason behind for lower profitability is the underutilization of production capacity by the domestic industry because of dumped imports.

Conclusion

50.3 On the basis of the above analysis, it is concluded that the domestic industry suffered material injury on account of profits.

51. Employment, Productivity and Salaries & Wages

Facts

51.1 The data submitted by the Applicant on its employment, salaries & wages and productivity during the POI is given in following table:

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Table-XIX
Employment, salaries & Wages and Productivity

Period*	No. of Employees	Salaries & wages	Production	Productivity per worker	Salaries & wages (Rs./SQM)
2012-13	100.00	100.00	100.00	100.00	100.00
2013-14	100.10	112.74	96.87	96.78	116.39
2014-15	96.39	120.47	93.12	96.59	129.51

Source: the Applicant * October - September

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

Analysis

52.2 The above table shows that the employment in the Applicant unit increased from *** in 2012-13 to *** in 2013-14 and decreased to *** in 2014-15. Productivity per worker decreased from *** SQM in 2012-13 to *** SQM in 2014-15. Salaries & wages increased from Rs.***/SQM in 2012-13 to Rs.***/SQM in 2014-15.

Conclusion

52.3 Based on above facts and analysis the Commission has concluded that the Applicant suffered material injury on account of employment, productivity and salaries and wages during the POI.

53. Return on Investment

Facts

53.1 As per the Applicant, return on investment realized by the domestic industry during the POI is given in following table:

Table-XX
Return on Investment

Period*	Return on Investment
2012-13	4.59%
2013-14	(1.54%)
2014-15	(3.01%)

Source: the Applicant *October to September

Analysis

53.2 As shown in the table above, domestic industry's return on investment decreased throughout the POI. Return on investment decreased from 4.59 percent in 2012-13 to negative 3.01 percent in 2014-15.

Conclusion

53.3 Based on above facts and analysis, the Commission has concluded that the domestic industry suffered material injury on account of return on investment during the POI.

54. Effect on Cash Flow

Facts

54.1 The cash flow from operations of the Applicant during the POI is given below:

Table-XXI
Cash Flow

Year*	Cash Flow from Operating Activities
2012-13	(100.00)
2013-14	(188.66)
2014-15	346.02

Source: the Applicant October - September

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

Analysis

54.2 The above table shows that the Applicant's cash flow from its operations improved during the POI. The negative cash flow of Rs *** million in 2013-14 turned into positive cash flow of Rs.*** million in 2014-15.

Conclusion

54.3 From the above information and analysis, it is concluded that the domestic industry did not suffer material injury on account of cash flows during the POI.

55. Effect on Growth

Analysis

55.1 According to the Applicant the ceramic industry in Pakistan has significant potential for exports if supported by a fair domestic market. As the quality of the domestic like product is at par with the best producers elsewhere in the world. If the domestic industry is given fair play from dumped imports from China, it has the potential for earning precious foreign exchange for the national exchequer. However, the growth prospects of the domestic industry have been significantly impaired by the injurious effects of dumped imports. If a level playing field is provided to the domestic industry, it has the potential of becoming the leading ceramic industry.

55.2 The total installed capacity of the domestic industry is 30.42 million SQM, whereas, the total domestic market of Tiles is 49.01 million SQM, therefore, there is negative effect on the growth of the domestic industry due to dumped imports of the investigated product from China.

Conclusion

55.3 From the information and the analysis above, it is concluded that the domestic industry suffered material injury on account of growth due to dumped imports.

56. Ability to Raise Capital

Analysis

56.1 The Applicant is a public limited company listed on Pakistan Stock Exchange, therefore, the effect of any fluctuation in profitability of the company directly impacts the market value of its shares as well as its ability to raise investment from the market.

56.2 Since, the Applicant faced losses during the POI, thus continued dumping has affected the confidence of investors and financial institutions. Resultantly, the ability of domestic industry to raise further investment has already been adversely affected due to dumped imports.

Conclusion

56.3 From the information and analysis above, it is concluded that the domestic industry suffered material injury on account of ability to raise capital due to dumped imports.

57. Magnitude of Dumping Margin

Facts/Analysis

57.1 Magnitude of dumping margin determined is 6.22 percent to 91.56 percent which is well above the *de minimis* level i.e. 2 percent. This huge dumping margin clearly demonstrates the level of material injury to the domestic industry.

Conclusion

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

58. Summing up of Material Injury

On the basis of the information/data and analysis in forgoing paragraphs, the domestic industry has suffered material injury during the POI due to dumped imports of the investigated product on account of:

- i. Increased volume of dumped imports;
- ii. price depression;
- iii. price suppression;
- iv. decline of market share;
- v. decline in production;
- vi. decline in sales;

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- vii. decline in capacity utilization;
- viii. decline in productivity;
- ix. decline in profits;
- x. decline in return on investment;
- xi. negative effects on inventories;
- xii. negative effects on employment;
- xiii. negative effect on salaries & wages;
- xiv. negative effect on ability to raise capital;
- xv. negative effect on growth; and
- xvi. magnitude of dumping margin

D. CAUSATION

59. Other Factors

59.1 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 causing material injury to the domestic industry, in order to ensure that possible injury caused by other factors is not attributed to the dumped imports.

59.2 The investigation of the Commission revealed that the domestic industry did not suffer material injury due to imports of Tiles from sources other than dumped source during the POI. Following table shows the volume and prices of imports from other than dumped source:

Table-XXII
Volume and Prices of Tiles from Sources other than Dumped Source

Period*	Imports from other sources	Weighted Average landed cost of Tiles from other than dumped source	Weighted Average price of domestic like product
2012-13	100.00	100.00	105.67
2013-14	77.59	134.82	111.54
2014-15	123.12	121.46	104.45

Source: PRAL, Applicant * October to September

Note: To maintain confidentiality actual figures have been indexed with respect to imports from other source and weighted average landed cost of Tiles from other than dumped source in the year 2012-13 by taking them equal to 100.

59.3 The above table shows that the volume of imports from sources other than dumped source has decreased from *** million SQM in 2012-13 to *** million SQM in 2013-14, which increased to *** million SQM in 2014-15. The weighted average landed cost of Tiles from sources other

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than dumped source was lower than the weighted average price of domestic like product during 2013-14 and 2014-15.

59.4 Dumped imports accounted for around 75 percent of the total imports throughout the POI. Landed cost of imports from other source was higher than the landed cost of the dumped imports. Since volume of imports from other sources was low as compared with the imports from dumped sources, it is therefore, concluded that the domestic industry did not suffer material injury due to imports of Tiles from sources other than dumped source during the POI.

51.5 In terms of Section 18(3) of the Act, the Commission analyzed that whether there is contraction in demand for Tiles or there are changes in the patterns of consumption of Tiles in Pakistan. Following table shows the total domestic market of Tiles in Pakistan:

Table-XXIII
Market Share

Period*	Sales by the Applicant	Sales by Other Producers	Imports from		Total domestic market
			Dumped Source	Other Sources	
2012-13	20.91	34.29	30.47	14.32	100.00
2013-14	18.29	32.96	41.78	11.11	104.14
2014-15	17.93	31.24	53.63	17.63	120.44

Source: PRAL & the Applicant

*October – September

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

51.6 The above table shows that there is no contraction in demand for Tiles during the POI rather the total demand of Tiles increased from *** million SQM in 2012-13 to *** million SQM in 2014-15. Based on the above facts, the Commission has concluded that there is no contraction in demand for Tiles and there are no changes in the pattern of consumption of Tiles in Pakistan, hence, the domestic industry did not suffer material injury due to contraction in demand and changes in the pattern of consumption of Tiles during the POI.

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

- i. The domestic industry did export Tiles during the POI, however, the quantity exported was between *** SQM to *** SQM, therefore, there is no effect on export performance and productivity of the domestic industry;
- ii. There was no change in trade restrictive practices and competition between foreign producers other than producers from the Exporting Countries and domestic producers; and
- ii. There was no considerable change in technology;

52. Effect of Dumped Imports

52.1 From the foregoing analysis it appears that the volume of the dumped imports significantly increased during 2014-15 which caused significant price depression, decline in production, capacity utilization, sales, market share and productivity. This also resulted in negative effect on inventories, employment, ability to raise capital, salaries & wages, and growth.

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

- i. Volume of dumped imports of the investigated product increased significantly in absolute terms;
- ii. Domestic industry experienced price depression and price suppression due to dumped imports of the investigated product;
- iii. Domestic industry experienced decline in sales, production, capacity utilization, market share, productivity and profits due to dumped imports;
- iv. Domestic industry faced negative effect on inventories, employment, ability to raise capital, salaries and wages and growth.

E. CONCLUSIONS

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

- i. the application was filed by the domestic industry as the Applicant represent 40 percent of the production of domestic like product;
- ii. the investigated product and the domestic like product are alike products;
- i. during the POI, the investigated product was exported to Pakistan by the exporters/ producers from China at prices below its normal value;
- iv. the volume of dumped imports of the investigated product and the dumping margins established for the exporters/ producers of the investigated product from China are above the negligible and *de minimis* levels respectively;
- v. the dumping margins expressed as a percentage of weighted average adjusted export price at ex-factory level is ranging between 6.22 percent to 91.56 percent for exporters/ producers from China;

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- vi. the domestic industry suffered material injury on account of volume of dumped imports, price depression, price suppression, decline in production, sales, market share, profits, productivity, capacity utilization; negative effect on inventories, employment, ability to raise capital, salaries & wages, and growth 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 to the domestic industry.

F. IMPOSITION OF PROVISIONAL ANTIDUMPING DUTY

54. 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 to prevent injury being caused to the domestic industry during the course of this investigation in accordance with Section 43 of the Act.

55. Individual dumping margins have been determined for the exporters/producers of the investigated product who supplied information for this investigation and the provisional rate of antidumping duty for these exporters/producers is determined.

56. In terms of Section 43 of the Act, following provisional antidumping duty rates are hereby imposed on the dumped imports of the investigated product importable from the Exporting Countries for a period of four months effective from January 31, 2017. The provisional antidumping duties rates are determined on C&F value in *ad val.* terms. Tiles is classified under PCT heading Nos. 6907.1000, 6907.9000, 6908.1000, 6908.9010 and 6908.9090.

Table-XXIV
Provisional Anti-dumping Duties

Name of Producers from China	Provisional Antidumping Duty Rate (%)
<u>Producers selected in the Sample</u>	
Fujian Minqing Xinfeng Ceramics Company Limited	16.34
Guangdong Hausen Ceramics Company Limited	23.03
Heyuan Dongyuan Eagle Brand Ceramics Co. Limited	59.18
Eagle Brand Ceramics Industrial (Heyuan) Co. Limited	59.18
Huida Sanitary Ware Company Limited	5.21
Foshan Hexichuangzhan Ceramics Company Limited	6.82
Zibo Huabang Ceramics Company Limited	9.43
<u>Cooperating Producers not selected in the Sample</u>	
Guangdong Overland Ceramic Company Limited	14.31
Super Ceramics Company Limited	14.31
Foshan Huashengchang Ceramics Company Limited	14.31
Qingyuan Nafuna Ceramics Company Limited	14.31

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Lixian Xinpeng Ceramics Company Limited	14.31
Guangdong Yongsheng Ceramics Company Limited	14.31
Foshan Chan Cheng Jinyi Ceramics Company Limited	14.31
All others	59.18

57. Tiles imported from sources, other than China shall not be subject to these provisional antidumping duties.

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

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

60. The provisional 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. Importers of Tiles namely M/S Maw & Company, M/s Marosh, M/s M.I Sanitary Store, M/S Tile & Tiles Trading Company, and M/s Qureshi Sons approached the Honorable Lahore High Court, Lahore vide writ petition Nos. 1868/2017, 1207/2017 and 25307/2016. The Honorable Lahore High Court held that:

“As far as interim relief granted on 29.09.2016 is concerned, the same is modified in the manner that the proceedings initiated under the Notice of initiation shall continue, primary determination or final determination or any other order passed by the Commission, while binding on others, will have no effect on the petitioner till further orders of this court.”

In pursuance of the above orders, the preliminary determination and levy of provisional antidumping duties will have no effect on the petitioners till further orders of the court.

(Tipu Sultan)
Member
February 08, 2017

(Abdul Khaliq)
Member
February 08, 2017

(Robina Ather)
Member
February 08, 2017

(Qasim M. Niaz)
Chairman
February 08, 2017

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Annexure-I

<u>Comments of Interested Parties</u>	<u>NTC View</u>
<p style="text-align: center;"><u>M/s Faco Trading & M/s Muhammad Trading Company</u></p> <p>“It may be noted that data of sold quantity could only be verifiable from the sales tax returns, while no other document is credible.”</p> <p>“In the circumstance it is clear that the applicant do not meet the requirement of a written application prescribed under Section 20 and 24 of Anti-Dumping Duties Ordinance 2015.”</p> <p style="text-align: center;"><u>All Pakistan Tiles & Sanitary Merchant Association</u></p> <p>“Master Tiles & Ceramics Ltd and Shabbir Tiles & Ceramics Ltd had applied for a similar imposition of anti-dumping duty on import of tiles from Spain, UAE, Malaysia and Iran. However the application declined by your department vide its notice ADC No. 30/2013/NTC/Tiles dated December 02, 2014 and investigation is terminated. This also reflects the credibility of the applicants.”</p> <p>“Protection to local industry on Ceramic Tiles the total duty element is 21%custom duty+15%RD+17% Sales tax+3%Additional sales tax+6%income tax and 2% extra tax aggregating to 77% on calculation of compounded basis by customs. In case of Porcelain Polished Tiles it is 20%Custom duty+20%RD+17%Sales tax+3%additional sales tax+6%income tax</p>	<p>The Commission verified the information submitted by the Applicant including the information regarding sales. The non-confidential report of “on-the-spot verification” is placed in the public filed maintained at the Commission.</p> <p>Applicant fulfilled all the requirements of application and Section 20 and 24 of the Act, therefore, the Commission initiated this investigation.</p> <p>The application filed by the Applicant on December 23, 2015 fulfilled all the requirements of application and Section 20 and 24 of the Act, therefore, the Commission initiated this investigation on February 19, 2016. Please also note that anti-dumping investigation against dumped imports of Tiles from Spain, UAE, Malaysia and Iran was the case against different sources and for different POI.</p> <p>The purpose of the anti-dumping duty is to provide level playing field to the domestic industry against dumped imports and not protection to the domestic industry.</p>

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<p>and 2% extra tax which aggregates to 82% on compounded basis”</p> <p><u>M/s China Chamber of Commerce of Metal Minerals and Chemicals (CCCMC)</u></p> <p>“No “Letter of Support” has been provided either Shabbir Tiles and by any of the remaining members of the Domestic Industry, expressing their support in respect of the Application. OASIS, being neither a producer of the Domestic Like Product nor a trade representative of the Domestic Industry.”</p> <p>“It is pertinent to note that the information/data provided in Table 10.3, 10.4.1, 10.4.2, 10.4.3, and 10.5 of the Non-Confidential Application, which is indexed under the umbrella of Section 31, is available in the public domain and therefore any claim of confidentiality is ill-founded and liable to be rejected.”</p> <p>“Certain qualities of tiles are not even in production by the Applicant nor by any other domestic producer of the IP nor do they have the capability to produce such grades of the product. The domestic industry is only producing Digital Inkjet wall tiles, polished porcelain floor tiles and ceramic floor tiles. Whereas under PCT Head 6907.1000, cubes are included which the domestic industry is not producing and therefore is not in competition of imports of such products. Additionally, under PCT Head 6908.1000, Tiles are included in which a square side is less than 7 cm, whereas the Applicants only have the capacity to make tiles 20 cm or above.”</p> <p>“The Applicant has not provided the Annual Reports of any of the members of the Domestic Industry to substantiate, authenticate and give credence to its alleged claims of the injury that is being suffered by the Domestic Industry on account of the</p>	<p>All the units of the domestic industry producing Tiles supported the application submitted by OASIS on behalf of the domestic industry.</p> <p>The Applicant has provided non-confidential summaries of the confidential information. However, please refer to this report of preliminary determination for further details.</p> <p>The investigated product is Wall and Floor Tiles which includes ceramic, porcelain, vitrified, granite, glazed/unglazed, unpolished finish imported from China, classified under Pakistan Customs Tariff Heading Nos. 6907.1000, 6907.9000, 6908.1000, 6908.9010, 6908.9090 excluding borders and cubes.</p> <p>The Applicant has provided its annual reports for the POI, however, none of the other domestic producer provided information on the prescribed questionnaire.</p>
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<p>allegedly dumped imports of the Investigated Product from the Exporting Countries. So much so, the same has not even been provided as “confidential”.”</p> <p>“CCCMC most respectfully submits that the normal value constructed by the Applicant within the Application is totally incorrect and it does not represent the actual prices of the Investigated Product in China.”</p> <p>“The Applicant has admitted on Page 37 of the Application that the reason for any suffering and price undercutting is directly attributable to a reduction in its selling price, which was adjusted because the Applicant was adjusting the product mix and also offering discounts to its customers. It is evident from the information provided by the Applicant in the Non-Confidential Application, that due to poor marketing strategy and miss-management, the Applicant was lowering their selling price and was not suffering any injury due to volume of dumped imports.”</p> <p>“The All-Pakistan Ceramic Tiles Manufacturers Association (APCTMA) has informed the Federal Board of Revenue Customs (the “FBR”) that documents reveal massive arrival of dumped and smuggled Iranian tiles every month. However, a much bigger quantity smuggled into Pakistan from Iran is not documented. The association informed the FBR chairman that <i>“importers had imported over 3.2 million square metres of tiles from Iran in March 2014 which was the highest ever quantity of tiles imported from one single country in a month”</i>. The local industry has informed the government that Iranian tiles worth Rs.12 billion were dumped into the local market in just one year despite some marginal re-valuation by the Federal Board of Revenue (FBR).”</p>	<p>The Commission has determined export price, normal value and dumping margin for the investigated producers at Part-B “Determination of Dumping” of this report preliminary determination.</p> <p>Please refer to the price effects at paragraph 45 of the report of the preliminary determination.</p> <p>Smuggling does not fall under the purview of the Commission and the Commission does not have verifiable information regarding alleged volume of smuggled imports and its prices. Therefore, it is impossible to ascertain the impact of such alleged smuggled imports from Iran.</p>
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