



**Government of Pakistan  
National Tariff Commission**

**REPORT**

**ON**

**PRELIMINARY DETERMINATION AND LEVY OF PROVISIONAL  
ANTI-DUMPING DUTIES ON DUMPED IMPORTS OF POLYESTER  
FILAMENT YARN INTO PAKISTAN ORIGINATING IN AND/OR  
EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA AND  
MALAYSIA**

**A.D.C No. 46/2015/NTC/PFY**

**February 14, 2017**

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Originating in and/or Exported from the People's Republic of China and Malaysia**

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The National Tariff Commission (hereinafter referred to as the Commission) having regard to the Anti-Dumping Duties Act, 2015 (hereinafter referred to as the Act) and the Anti-Dumping Duties Rules, 2001 (hereinafter referred to as the Rules) relating to investigation and determination of dumping of goods into the Islamic Republic of Pakistan (hereinafter referred to as Pakistan), material injury to the domestic industry caused by such imports, and imposition of anti-dumping duties to offset the impact of such injurious dumping, and to ensure fair competition thereof and to the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (hereinafter referred to as the Agreement on Anti-dumping).

2. The Commission is conducting this investigation, on imports of Polyester Filament Yarn (PFY) into Pakistan originating in and/or exported from the People's Republic of China and Malaysia (the "Exporting Countries"), under the Act and the Rules. The Commission has made preliminary determination in this investigation under Section 37 of the Act. This report on preliminary determination has been issued in accordance with the Rule 10 of the Rules.

3. In terms of Section 37 of the Act, the Commission shall make a preliminary determination of dumping and injury, if any, not earlier than sixty days and not later than one hundred and eighty days, after initiation of an investigation. Such preliminary determination shall be based on the information available to the Commission at that time. This investigation was initiated on February 27, 2016. However, the honorable Lahore High Court, Lahore, vide its order dated 15-03-2016 held that the Commission is not properly constituted and directed the Commission not to pass any order till the time it is properly constituted. The Commission was properly constituted on September 05, 2016 and the investigation was resumed accordingly. The period of stay from 15-03-2016 till 05-9-2016 has been excluded from overall timelines of the investigation.

4. 08 importers of PFY have filed writ petition No. 30348/2016 in the Lahore High Court, Lahore against Commission's order of initiation in the this investigation. The Honorable Lahore High Court granted following stay order on 29-09-2016:

" Notice. Till the next date of hearing the Commission shall not pass any adverse order against the petitioners."

5. However, on intervention of the Commission, the Honorable Court was pleased to modify the said order on 11-01-2017 which is as follows:-

*“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 passed by the Commission, while binding on others, will have no effect on the petitioner till further orders of this court.”*

6. On the last date of hearing i.e. 25-01-2017, the Honorable court ordered that “the interim relief already granted to continue.”

7. The preliminary determination is based on the information available to the Commission at this time.

#### **A. PROCEDURE**

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

#### **9. Receipt of Application**

9.1 On January 01, 2016 (formal acceptance date), the Commission received a written application under Section 20 of the Act from Gatron Industries Limited, Karachi and Rupali Polyester Limited, Lahore (the “Applicants”) on behalf of the domestic industry. The application has been filed by the Applicants, who are major producers of the domestic like product.

9.2 The Applicants alleged that PFY is being exported to Pakistan at dumped prices from the Exporting Countries. According to the Applicants, alleged dumped imports of PFY from the Exporting Countries have caused and are causing material injury to Pakistan’s domestic industry producing PFY.

9.3 The Commission informed the Embassies of Exporting Countries in Islamabad through note verbale dated January 07, 2016, of the receipt of application in accordance with the requirements of Section 21 of the Act.

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

10.1 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 PFY into Pakistan from the Exporting Countries and material injury to the domestic industry caused therefrom. Requirements of Rule 3 of the Rules, which relate to the submission of information prescribed therein were also found to have been met.

## **11. The Domestic Industry**

11.1 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”.*

11.2 The information and documents provided in the application show that the domestic industry of PFY comprises of following five units:

- (i) Gatron Industries Limited
- (ii) Rupali Polyester Limited
- (iii) Rupafil Limited
- (iv) Kamal Industries
- (v) Sindh Industries

11.3 The units mentioned at Serial (i) and (ii) are Applicants in this antidumping application. Gatron Industries Limited is a public limited company. The principal business of the company is manufacturing of Polyester Filament Yarn and its raw material i.e. Yarn Grade Polyester Chips. The company also produces bottle grade polyester chips and PET Preforms. Rupali Polyester Limited is also a public limited company. The company has a composite facility to manufacture Polyester Staple Fiber and Polyester Filament Yarn.

11.4 The Applicants are neither related to importers and exporters nor did they import PFY from the Exporting Countries. Therefore, the Applicants are eligible to apply for application of anti-dumping duties.

## **12. Standing of the Application**

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

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

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

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

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

12.3 In terms of Section 24(1) of the Act, an application shall be considered to have been made by or on behalf of the domestic industry only if it is supported by those domestic producers whose collective output constitutes more than fifty percent of the total production of a domestic like product produced by that portion of the domestic industry expressing either support for or opposition to the application. Furthermore, Section 24(2) of the Act provides that no investigation shall be initiated when domestic producers expressly supporting an application account for less than twenty five percent of the total production of domestic like product produced by the domestic industry.

12.4 The application has been filed by the Applicants, who are major producers of the domestic like product. Other units in the domestic industry are indifferent. The Applicants produced 69 percent of the total domestic production of PFY during the period from October 2014 to September 2015. Details of the production during the year are as follows:

**Table - I**

Unit Name	October 14 - September 15
	% share in total production
Gatron Industries Limited	53.48
Rupali Polyester Limited	15.33
Rupafil Limited	21.34
Kamal Industries	9.03
Sindh Industries	0.82
<b>Total</b>	<b>100.00</b>

Source: the Applicants

12.5 The Applicants represent 69% of the domestic production by the domestic industry. Thus the standing requirements as given in section 24 of the Act are met and it is determined that the application is made by or on behalf of the domestic industry.

13. **Applicants' Views**

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

- i. Impose appropriate antidumping duties on alleged dumped imports of PFY in accordance with Section 50 of the Act; and
- ii. Impose provisional measures under Section 43 of the Act to prevent injury being caused during the investigation.
- iii. Exports of PFY by the exporters/producers from the Exporting Countries to Pakistan at dumped prices has caused and is causing material injury to the domestic industry producing PFY mainly through:-
  - a. volume of alleged dumped imports;
  - b. price undercutting;
  - c. production;
  - d. sales;
  - e. capacity utilization;
  - f. market share;
  - g. productivity and wages;
  - h. profits/profitability; and
  - i. return on investment.

13.2 The Applicants requested the Commission to address the injury, caused to the domestic industry which is evident from the above mentioned factors, by initiation of an anti-dumping investigation against dumped imports of PFY from the Exporting Countries and imposition of anti-dumping duties on these imports. It has also been



requested that provisional anti-dumping measures may be imposed to prevent injury being caused during the course of investigation.

**14. Exporters/Foreign Producers of PFY**

14.1 As per information available with the Commission, there are 33 exporters/foreign producers involved in alleged dumping of the investigated product from the Exporting Countries. The Applicants have requested for imposition of anti-dumping duty on all imports of the investigated product originating in and/or exported from the Exporting Countries

**15. Initiation of Investigation**

15.1 The Commission, in accordance with Section 23 of the Act examined the accuracy and adequacy of the evidence provided in application, and established that there was sufficient evidence of alleged dumping of PFY into Pakistan from the Exporting Countries and consequent material injury to the domestic industry. Accordingly, the Commission issued a notice of initiation in accordance with Section 27 of the Act, which was published in the Official Gazette<sup>1</sup> of Pakistan and in two widely circulated national newspapers<sup>2</sup> (one in English language and one in Urdu Language) on February 27, 2016. Investigation concerning alleged dumped imports of PFY into Pakistan classified under PCT No<sup>3</sup>. 5402.3300, 5402.4700 and 5402.6200 originating in and/or exported from the Exporting Countries was thus initiated on February 27, 2016.

15.2 In pursuance of Section 27 of the Act, the Commission notified Embassy of the Exporting Countries in Islamabad of the initiation of investigation (by sending a copy of the notice of initiation) on February 29, 2016 with a request to forward it to all exporters/producers involved in production, sales and export of PFY the Exporting Countries. Copy of the notice of initiation was also sent on March 01, 2016 to known exporters/producers of PFY from China and Malaysia whose addresses were available with the Commission with a request to be registered as an interested party in the investigation with-in 15 days of publication of the notice. Copy of the notice of initiation was also sent to known Pakistani importers and the Applicants on March 01, 2016.

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<sup>1</sup> The official Gazette of Pakistan (Extraordinary) dated February 27, 2016.

<sup>2</sup> The 'Dawn' and 'Nawa.i.wakt' of February 27, 2016 issue.

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

15.3 In accordance with Section 28 of the Act, on March 14, 2016 the Commission sent copy of full text of the written application (non-confidential version) and Exporter's Questionnaire to the exporters of the Exporting Countries who got registered themselves as an interested party in this investigation. On March 16, 2016, copy of the full text of the written application along with Exporter's Questionnaire was also sent to the Embassies of the Exporting Countries in Pakistan with a request to forward it to all exporters/producers involved in production and/or sale/export of PFY.

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

16.1 Section 2 of the Act defines investigated product, domestic like product and like product as follows:

- i. Investigated Product**  
*"a product, which is subject to an antidumping investigation as described in the notice of initiation of the investigation".*
- ii. Domestic Like Product**  
*"means a like product that is produced by the domestic industry".*
- iii. Like Product**  
*"a product which is alike in all respects to an investigated product or, in the absence of such a product, another product which, although not alike in all respects, has characteristics closely resembling those of the investigated product".*

16.2 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:

### **16.3 Investigated Product**

16.3.1 The investigated product is PFY classified under Pakistan Customs Tariff<sup>1</sup> ("PCT") Heading Nos. 5402.3300 (Drawn Textured Yarn) 5402.4700, (Fully Drawn Textured Yarn) and 5402.6200 (Multiple (folded) or cabled PFY in two or three ply) imported from the Exporting Countries. Investigated product is mainly used as raw material in the manufacturing of art silk fabrics and other fabrics. After initiation of investigation, importers and users of colored and specialized yarn approached the Commission and submitted that the same is not being produced by the domestic

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<sup>1</sup> PCT heading in Pakistan is equivalent to Harmonized Commodity Description and Coding System up to six-digit level.

industry. The Commission invited the Applicants to submit their reply to the concerns raised by the importers and users of colored and specialized yarn. In the light of explanations & clarifications from the domestic industry and other stakeholders, the Commission provisionally determined that domestic industry which made the application for antidumping investigation is not producing varieties of colored yarn. The Commission has provisionally excluded colored PFY from the scope of investigated product.

16.3.2 The tariff structure applicable to the investigated product in the PCT headings 5402.3300, 5402.4700 and 5402.6200 is given below in the table II below;

**Table-II  
Tariff Structure**

<b>PCT</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
5402.3300	10	10	10
5402.4700	10	10	10
5402.6200	10	10	10

#### **16.4 Domestic Like Product**

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

16.4.2 The domestic like product is also PFY produced by the domestic industry classified under Pakistan Customs Tariff<sup>1</sup> ("PCT") Heading Nos. 5402.3300 (Draw Textured Yarn), 5402.4700, (Fully Drawn Textured Yarn) and 5402.6200 (Multiple (folded) or cabled PFY but in two or three ply) excluding colored PFY. Domestic like product is mainly used as raw material in the manufacturing of art silk fabrics and other fabrics.

#### **16.5 Like Product:**

16.5.1 The like product is PFY, excluding colored PFY, produced and sold by the foreign producers/exporters of the Exporting Countries in their domestic market and export to countries other than Pakistan and PFY imported into Pakistan from countries other than the Exporting Countries. The like product is classified under PCT/H.S

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<sup>1</sup> PCT heading in Pakistan is equivalent to Harmonized Commodity Description and Coding System up to six-digit level.

heading Nos. 5402.3300, 5402.4700 and 5402.6200. Major uses of the like product are identical to those of the investigated product and domestic like product.

16.5.2 There is no difference between investigated product and the domestic like product. Both products are produced with same/similar inputs and manufacturing process. Both the products have same physical characteristics. Both products are substitutable in use and application.

16.5.3 All the three products (investigated product, domestic like product and the like product) are like products in terms of Section 2(m) of the Act.

## **17. Period of Investigation**

17.1 In terms of Section 36 of the Act, Period of Investigation (hereinafter referred to as "POI") is:

- i. *"for the purposes of an investigation of dumping, an investigation period shall normally cover twelve months preceding the month of initiation of the investigation for which data is available and in no case the investigation period shall be shorter than six months."*
- ii. *"for the purposes of an investigation of injury, the investigation period shall normally cover thirty-six months:*

*"Provided that the Commission may at its sole discretion, select a shorter or longer period if it deems it appropriate in view of the available information regarding domestic industry and an investigated product".*

17.2 The Commission received the application on January 01, 2016 and initiated the investigation on February 27, 2016. The Applicants have provided the information/data up to September 30, 2015 in the application. Therefore, to fulfill the requirement of Section 36 of the Act, the POI selected by the Commission for dumping and injury are, as follows:

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

## **18. Information/Data Gathering**

18.1 The Commission sent Exporter's Questionnaire to all known exporters/foreign producers from the Exporting Countries whose addresses were available with the Commission on March 14, 2016 for collection of data/information. The exporters/foreign producers were asked to respond within 37 days of dispatch of the Questionnaire. On March 16, 2016, the Questionnaire was also sent to the Embassies of the Exporting Countries in Islamabad with a request to forward it to the all exporters/foreign producers of the investigated product in the Exporting Countries.

18.2 The Commission sent exporter's questionnaire to China Chamber of Commerce for imports and Export of Textiles on March 08, 2016 via email for circulating among its members and exporter's questionnaire was dispatched to known exporters/foreign producers on March 14, 2016. 10 exporters/producers requested for extension in time period (beyond 37 days) for submission of information. One week extension was granted these exporters/foreign producers. 15 more exporters/producers requested for extension in time period (beyond 37 days) for submission of information on April 19, 2016. The dead line for submission of questionnaire was April 20, 2016. After taking into account the due cause shown by these exporters/foreign producers in their requests, the Commission acceded to the requests and granted extension in time period for submission of information on Exporter's Questionnaire till April 30, 2016.

18.3 The Commission received filled-in Exporter's Questionnaires from the 29 exporters/producers from China and 01 exporter/producer from Malaysia after the expiration of extended time; i.e. May 02, 2016.

18.4 Due to large number of exporter/foreign producers, the Commission decided to limit the number of exporters/foreign producers from China for detailed examination on the basis of volume of exports. The Commission selected 10 exporters/producers from China on the basis of highest import volume, affiliated companies and varieties of investigated product i.e. DTY and FDY in terms of Section 14 of the Act after the consultation with the cooperating exporters/producers from China under Section 14 (3) of the Act. The selected exporters/producers mentioned below represent the 50.20% of the volume of exports of PFY from China;

- i. Shaoxing Huaqing Polyester and Textile Co. Ltd.
- ii. Zhejiang Hengyi Petrochemicals Co. Ltd.
- iii. Fujian Jinlun Fiber Shareholding Co. Ltd.
- iv. Tongkun Group Co. Ltd.

- v. Tongkun Group Zhejiang Hengsheng Chemical Fibre Co. Ltd.
- vi. Jiangsu Shenghong Science and Technology Corp. Ltd
- vii. Jiangsu Guowang High-Technique Fiber Co., Ltd.
- viii. Jiangsu Zhonglu Technology Development Co Ltd.
- ix. Jiangsu Shenghong Petro Chemical Group Ltd
- x. Jiangsu Shenghong Technology Trading Co., Ltd

18.5 Upon examination of the information received from exporters/foreign producers (10 from China and 1 from Malaysia) which were selected for detailed examination, certain deficiencies were found in the information supplied. These deficiencies were communicated to the exporters/foreign producers and were requested to supply the deficient information.

18.6 On March 14, 2016, Questionnaires were also sent to Pakistani importers of the investigated product known to the Commission and these importers were asked to respond within 37 days of dispatch of the Questionnaires. However, no importer has submitted data/information on prescribed questionnaire.

18.7 The Commission has access to database of import statistics of Pakistan Revenue Automation Limited (PRAL) the data processing arm of the Federal Board of Revenue, Government of Pakistan. For the purpose of this preliminary determination, the Commission has used import data obtained from PRAL in addition to the information provided by the Applicants and the exporters/foreign producers.

18.8 Interested parties were also invited to make their views/comments and submit information (if any) relevant to this investigation within 45 days of initiation of investigation. Many interested party made comments /submitted information germane to this investigation.

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

## **19. Questionnaire(s) Response by Foreign Producers/Exporters Selected for Detailed Examination:**

### **19.1 Questionnaire Response by Recron (M) Sdn, Bhd, Malaysia**

19.1.1 The Commission sent the Exporter's Questionnaire to Recron (M) Sdn, Bhd, ("Recron") on March 14, 2016. Recron applied to the Commission in its letter dated April 13, 2016 for extension of time period for submission of response to questionnaire for two weeks. The Commission granted the extension vide its letter dated April 20, 2016 after considering the reasons given in the request for extension till April 30, 2016. Its response was received in the Commission on May 02, 2016.

19.1.2 According to the information provided in response to the questionnaire, Recron is a private limited company incorporated in Malaysia. The principal activity of the Company are the manufacture of polyester resin, fibre, yarn and fabric; undertaking of fabrics' bleaching, dyeing, printing and finishing, providing engineering services and sale and marketing activities on behalf of its ultimate holding company.

19.1.3 The information submitted by Recron in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those data deficiencies were communicated to it vide the Commission's letter dated January 20, 2017.

19.1.4 Recron was asked to provide the deficient information/data no later than 4 days of issuance of the letter, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. Recron responded to the deficiencies vide its letter dated January 30, 2017.

### **19.2 Questionnaire Response by Shaoxing Huaqing Polyester and Textile Co. Ltd.**

19.2.1 The Commission sent the Exporter's Questionnaire to Shaoxing Huaqing Polyester and Textile Co. Ltd. (hereinafter referred to as "Shaoxing Huaqing") on March 14, 2016. Shaoxing applied to the Commission in its letter dated April 13, 2016 for extension of time period for submission of response to questionnaire for two weeks. The Commission granted the extension vide its letter dated April 20, 2016 after considering the reasons given in the request for extension till April 30, 2016. Its response was received in the Commission on May 02, 2016.

19.2.2 According to the information provided in response to the questionnaire, Shaoxing Huaqing is established by Shaoxing Huaging Knitting Composite Filament Co. Ltd, Zhu Weiping and Hong Kong Fuqiang Investment Inc on November 07, 2002. Shaoxing Huaqing is a public limited company incorporated under the Chinese company laws. It has been engaged in the manufacture, sale and export of PFY to Pakistan as well as to other countries and in its domestic market during the POI.

19.2.3 The information submitted by Shaoxing Huaqing in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those data deficiencies were communicated to it vide the Commission's letter dated January 23, 2017.

19.2.4 Shaoxing Huaqing was asked to provide the deficient information/data no later than 4 days of issuance of the letter, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. Reply to deficiency letter was received on February 9, 2017.

### **19.3 Questionnaire Response by Zhejiang Hengyi Petrochemicals Co. Ltd.**

19.3.1 The Commission sent the Exporter's Questionnaire to Zhejiang Hengyi Petrochemicals Co. Ltd. ("Zhejiang Hengyi") on March 14, 2016. Zhejiang Hengyi applied to the Commission in its letter dated April 13, 2016 for extension of time period for submission of response to questionnaire for two weeks. The Commission granted the extension vide its letter dated April 20, 2016 after considering the reasons given in the request for extension till April 30, 2016. Its response was received in the Commission on May 02, 2016.

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

19.3.3 The information submitted by Zhejiang Hengyi in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those data deficiencies were communicated to it vide the Commission's letter dated January 20, 2017.

19.3.4 Zhejiang Hengyi was asked to provide the deficient information/data no later than 4 days of issuance of the letter, so as to enable the Commission to consider and



analyze the same for the purposes of this investigation. Reply to deficiency letter was received on February 9, 2017.

#### **19.4 Questionnaire Response by Tongkun Group Co. Ltd.**

19.4.1 The Commission sent the Exporter's Questionnaire to Tongkun Group Co. Ltd (hereinafter referred to as "Tongkun Group") on March 14, 2016. Tongkun Group applied to the Commission in its letter dated April 13, 2016 for extension of time period for submission of response to questionnaire for two weeks. The Commission granted the extension vide its letter dated April 20, 2016 after considering the reasons given in the request for extension till April 30, 2016. Its response was received in the Commission on May 02, 2016.

19.4.2 According to the information provided in response to the questionnaire, Tongkun Group is a limited company funded on the basis of Zhejiang Tongkun Chemicals Fiber Group Co., Ltd, got registered under Zhejiang Industry and Commerce Administration on September 27, 1999. The company falls in the category chemical fiber industry. It has been engaged in the manufacture, sale and export of PFY to Pakistan as well as to other countries and in its domestic market during the POI.

19.4.3 The information submitted by Tongkun Group in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those data deficiencies were communicated to it vide the Commission's letter dated January 23, 2017.

19.4.4 Tongkun Group was asked to provide the deficient information/data no later than 4 days of issuance of the letter, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. Tongkun Group responded to the deficiencies vide its letter dated January 30, 2017.

#### **19.5 Questionnaire Response by Tongkun Group Zhejiang Hengsheng Chemical Fibre Co. Ltd.**

19.5.1 The Commission sent the Exporter's Questionnaire to Tongkun Group Zhejiang Hengsheng Chemical Fibre Co. Ltd. ("Tongkun Group Zhejiang Hengsheng") on March 14, 2016. Tongkun Group Zhejiang Hengsheng applied to the Commission in its letter dated April 13, 2016 for extension of time period for submission of response to questionnaire for two weeks. The Commission granted the extension vide its letter dated April 20, 2016 after considering the reasons given in the request for extension till April 30, 2016. Its response was received in the Commission on May 02, 2016.

19.5.2 According to the information provided in response to the questionnaire, Hengsheng was funded by Tongkun Group Co., Ltd on November 13, 2000 and go registered in Tongxiang Industry and commerce by city administration. It has been engaged in the manufacture, sale and export of PFY to Pakistan as well as to other countries and in its domestic market during the POI.

19.5.3 The information submitted by Tongkun Group Zhejiang Hengsheng in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those data deficiencies were communicated to it vide the Commission's letter dated January 23, 2017.

19.5.4 Tongkun Group Zhejiang Hengsheng was asked to provide the deficient information/data no later than 4 days of issuance of the letter, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. Tongkun Group Zhejiang Hengsheng responded to the deficiencies vide its letter dated January 30, 2017.

#### **19.6 Questionnaire Response by Fujian Jinlun Fiber Shareholding Co. Ltd**

19.6.1 The Commission sent the Exporter's Questionnaire to Fujian Jinlun Fiber Shareholding Co. Ltd, ("Fujian Jinlun") on March 14, 2016. Fujian Jinlun applied to the Commission in its letter dated April 13, 2016 for extension of time period for submission of response to questionnaire for two weeks. The Commission granted the extension vide its letter dated April 20, 2016 after considering the reasons given in the request for extension till April 30, 2016. Its response was received in the Commission on May 02, 2016.

19.6.2 According to the information provided in response to the questionnaire, Fujian Jinlun was invested and funded by both Jinyuan Textile Company, Changle city, Fujian Province and a Hongkong businessman. The company received investment enterprise approval certificate for Hongkong, Macao of People's Republic of China and corporate business license issued by Fuzhou Business Administration Bureau. It has been engaged in the manufacture, sale and export of PFY specially FDY to Pakistan as well as to other countries and in its domestic market during the POI.

19.6.3 The information submitted by Fujian Jinlun in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those data deficiencies were communicated to it vide the Commission's letter dated January 23, 2017.

19.6.4 Fujian Jinlun was asked to provide the deficient information/data no later than 4 days of issuance of the letter, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. Fujian Jinlun responded to the deficiencies vide its letter dated January 30, 2017.

**19.7 Questionnaire Response by Jiangsu Shenghong Science and Technology Corp. Ltd.**

19.7.1 The Commission sent the Exporter's Questionnaire to Jiangsu Shenghong Science and Technology Corp. Ltd ("Jiangsu Shenghong") on March 14, 2016. Jiangsu Shenghong applied to the Commission in its letter dated April 13, 2016 for extension of time period for submission of response to questionnaire for two weeks. The Commission granted the extension vide its letter dated April 20, 2016 after considering the reasons given in the request for extension till April 30, 2016. Its response was received in the Commission on May 02, 2016.

19.7.2 According to the information provided in response to the questionnaire, Jiangsu Shenghong was setup by Shenghong Group Co., Ltd on July 31, 2011. The company is located at Shichang Road, Shengze Town , Woujiang City. The company is engaged in the manufacture, sale and export of PFY specially DTY to Pakistan as well as to other countries and in its domestic market during the POI.

**19.8 Questionnaire Response by Jiangsu Guowong High Technique Fibre Co. Ltd.**

19.8.1 The Commission sent the Exporter's Questionnaire to Jiangsu Guowong High Technique Fibre Co. Ltd (hereinafter referred to as "Jiangsu Guowong") on March 14, 2016. Jiangsu Guowong applied to the Commission in its letter dated April 13, 2016 for extension of time period for submission of response to questionnaire for two weeks. The Commission granted the extension vide its letter dated April 20, 2016 after considering the reasons given in the request for extension till April 30, 2016. Its response was received in the Commission on May 02, 2016.

19.8.2 According to the information provided in response to the questionnaire, Jiangsu Guowong was invested by Hongkong Guoxin International Holding Group Co., Ltd. The company is in control of Jiangsu Shenghong Science and Technology Co., Ltd. The company is production of different chemical fiber and export of PFY specially DTY to Pakistan as well as to other countries and in its domestic market during the POI.

**19.9 Questionnaire Response by Jiangsu Zhonglu Technology Development Co. Ltd.**

19.9.1 The Commission sent the Exporter's Questionnaire to Jiangsu Zhonglu Technology Development Co. Ltd. (hereinafter referred to as "Jiangsu Zhonglu") on March 14, 2016. Jiangsu Zhonglu applied to the Commission in its letter dated April 13, 2016 for extension of time period for submission of response to questionnaire for two weeks. The Commission granted the extension vide its letter dated April 20, 2016 after considering the reasons given in the request for extension till April 30, 2016. Its response was received in the Commission on May 02, 2016.

19.9.2 According to the information provided in response to the questionnaire, Jiangsu Zhonglu was established jointly by natural persons including ZHU Hongmei, ZHU Yuqin and MIAO Hanlin on July 16, 2007 as a stock company with liability. The business license is issued by Administration Bureau for industry and Commerce of Jiangsu province. The company is in control of Jiangsu Shenghong Science and Technology Co., Ltd. The company is engaged in the manufacture, sale and export of PFY specially DTY to Pakistan as well as to other countries and in its domestic market during the POI.

#### **19.10 Questionnaire Response by Jiangsu Shenghong Petrochemical Group Co. Ltd**

19.10.1 The Commission sent the Exporter's Questionnaire to Jiangsu Shenghong Petrochemical Group Co. Ltd (hereinafter referred to as "Jiangsu Shenghong") on March 14, 2016. Jiangsu Shenghong applied to the Commission in its letter dated April 13, 2016 for extension of time period for submission of response to questionnaire for two weeks. The Commission granted the extension vide its letter dated April 20, 2016 after considering the reasons given in the request for extension till April 30, 2016. Its response was received in the Commission on May 02, 2016.

19.10.2 According to the information provided in response to the questionnaire, Jiangsu Shenghong was set by Shenghong Group Co., Ltd on December 31, 2010. The company license was released by Department of Foreign Trade and Economic cooperation of Suzhou City. The company is located at Wujiang City. The company is a trading company only. It sells the PFY in its domestic market only.

#### **19.11 Questionnaire Response by Jiangsu Shenghong Technology Trading Co. Ltd.**

19.11.1 The Commission sent the Exporter's Questionnaire to Jiangsu Shenghong Petrochemical Group Co. Ltd (hereinafter referred to as "Jiangsu Shenghong Petrochemical") on March 14, 2016. Jiangsu Shenghong Petrochemical applied to the Commission in its letter dated April 13, 2016 for extension of time period for submission of response to questionnaire for two weeks. The Commission granted the extension vide its letter dated April 20, 2016 after considering the reasons given in the request for

extension till April 30, 2016. Its response was received in the Commission on May 02, 2016.

19.11.2 According to the information provided in response to the questionnaire, the company is a trading company only. It sells the PFY in its domestic market only.

## **20. Verification of the Information**

20.1 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.

20.2 In order to verify information/data provided by the Applicants and to obtain further information (if any), officers of the Commission would be conducted on the spot investigation at the Applicants office after preliminary determination. Similarly, on-the-spot investigations at the premises of exporters/producers from the Exporting Countries, who provided information/data in response to the questionnaire would be conducted after this preliminary determination.

## **21. Public File**

21.1 The Commission, in accordance with Rule 7 of the Rules, has established and maintained a public file at its office. This file remains available to the interested parties for review and copying from Monday to Thursday between 1100 hours to 1300 hours throughout the investigation (except public holidays). This file contains non-confidential versions of the application, responses to the questionnaires, submissions, notices, correspondence, and other documents for disclosure to the interested parties.

## **22. Confidentiality**

22.1 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.

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

22.3 On the basis of request made by the Applicants and interested parties, the Commission has determined the confidentiality in light of Section 31 of the Act and for the reasons that disclosure of such information may be of significant competitive advantage to a competitor, or because its disclosure would have a significant adverse effect upon the interested parties providing such information. Therefore, the Commission kept all such information confidential for which the Applicants made a request to keep it confidential.

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

### **23. Views/Comments of Interested Parties**

23.1 The Commission received views/comments from Pakistan Yarn Merchant Association, regarding initiation of this investigation during the course of investigation. The comments which are germane to this investigation have been taken into consideration while making this preliminary determination.

## **B. DETERMINATION OF DUMPING**

### **24. Dumping**

24.1 In terms of Section 4 of the Act dumping is defined as follows:

*“an investigated product shall be considered to be dumped if it is introduced into the commerce of Pakistan at a price which is less than its normal value”.*

### **25. Normal Value**

25.1 In terms of Section 5 of the Act “normal value” is defined as follows:

*“a comparable price paid or payable, in the ordinary course of trade, for sales of a like product when destined for consumption in an exporting country”.*

25.2 Further, Section 6 of the Act states:

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

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

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

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

25.3 Ordinary course of trade is defined in Section 7 of the Act as follows:

*“(1) The Commission may treat sales of a like product in domestic market of an exporting country or sales to a third country at prices below per unit, fixed and variable, cost of production plus administrative, selling and other costs as not being in the ordinary course of trade by reason of price and may disregard such sales in determining normal value only if the Commission determines that such sales were made –*

*“(a) within an extended period of time which shall normally be a period of one year and in no case less than a period of six months;*

*“(b) in substantial quantities; and*

*“(c) at prices which do not provide for the recovery of all costs within a reasonable period of time.*

*“(2) For the purposes of sub-clause (b) of sub-section (1), sales below per unit cost shall be deemed to be in substantial quantities if the Commission establishes that –*

*“(a) a weighted average selling price of transactions under consideration for the determination of normal value is below a weighted average cost; or*

*“(b) the volume of sales below per unit cost represents twenty per cent or more of the volume sold in transactions under consideration for the determination of*

*normal value.*

*“(3) If prices which are below per unit cost at the time of sale are above the weighted average cost for the period of investigation, the Commission shall consider such prices as providing for recovery of costs within a reasonable period of time.”*

## **26. Export Price**

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

## **27. Dumping Determination**

27.1 As stated earlier (paragraph 10 supra) the Applicants identified 33 exporters/producers from the Exporting Countries involved in alleged dumping of the investigated product. The Commission sent Exporter’s Questionnaire to all known exporters/producers of the Exporting Countries on March 14, 2016 for collection of data and information. Questionnaire was also provided to the Embassies of the Exporting Countries in Islamabad with a request to forward it to all exporters/producers of the investigated product based in their countries to submit information to the Commission.

27.2 Thirty one exporters/foreign producers (one from Malaysia and thirty from China), provided information in response to the questionnaire. However, the Commission has limited its examination to ten exporters/foreign producers namely, Shaoxing Huaqing, Zhejiang Hengyi, Fujian Jinlun, Tongkun Group, Tongkun Group Zhejiang Hengsheng, Jiangsu Shenghong, Jiangsu Guowang, Jiangsu Zhonglu, Jiangsu Shenghong Petrochemical Company and Jiangsu Shenghong Technology Trading Co Ltd as the Commission is satisfied in terms of Section 14(3) of the Act that the number of the exporters/producers involved is so large as it is impracticable to determine an individual dumping margin of all exporters who have responded to the Commission. However, a residual dumping margin has been determined for all other non-cooperating exporters/foreign producers of the Exporting Countries.

## **28. Determination of Normal Value**

28.1 The Commission received information on domestic sales and cost of production etc. of the like product from sampled exporters/producers from China and Recron, Malaysia. The information submitted by exporters selected for detailed examination, has been used for determination of normal value as discussed below. Normal value for other non-cooperating Chinese exporters/producers has been determined on the basis of best information available in accordance with Section 32 and Schedule to the Act.



## **28.2 Determination of Normal Value for Shaoxing Huaqing**

28.2.1 Normal value for Shaoxing Huaqing is determined on the basis of the information provided by it on its domestic sales made during the POI (provided in Attachment D-3 of the questionnaire response).

28.2.2 According to the information, Shaoxing Huaqing sold PFY (DTY only) in its domestic market including the types, which were comparable to the types of the investigated product exported by it to Pakistan during the POI. Shaoxing Huaqing exported ten models of investigated product to Pakistan. For the purposes of like to like comparison, normal value is determined only for those models which were comparable to the models of the investigated product.

28.2.3 Sales of some of the models in domestic market were in ordinary course of trade while others were not in ordinary course of trade. In cases where sales in ordinary course of trade were more than 5% of export sales to Pakistan of relevant model, the normal value has been worked out on the basis of domestic sales in ordinary course of trade. In all other models, the normal value was determined on the basis of cost to make and sell plus a reasonable amount for profit.

28.2.4 According to Shaoxing Huaqing, during the POI, it sold like product in its domestic market at Ex-mill. The company receives payment in advance. The company has claimed no adjustment in domestic sales. Summary calculation of normal value is placed at Annexure-I.

## **28. Determination of Normal Value for Zhejiang Hengyi**

28.3.1 Normal value for Zhejiang Hengyi is determined on the basis of the information provided by it on its domestic sales made during the POI (provided in Attachment D-3 of the questionnaire response).

28.3.2 According to the information, Zhejiang Hengyi sold different types of PFY (DTY and FDY) in its domestic market including the types, which were comparable to the types of the investigated product exported by it to Pakistan during the POI. Zhejiang Hengyi exported twenty four models of investigated product to Pakistan. For the purposes of like to like comparison, normal value is determined only for those models which were comparable to the models of the investigated product.

28.3.3 Sales of some of the models in domestic market were in ordinary course of trade while others were not in ordinary course of trade. In cases where sales in ordinary

course of trade were more than 5% of export sales to Pakistan of relevant model, the normal value has been worked out on the basis of domestic sales in ordinary course of trade. In all other models, the normal value was determined on the basis of cost to make and sell plus a reasonable amount added for profit.

28.3.4 According to Zhejiang Hengyi, during the POI, it sold like product in its domestic market at Ex-mill. The company receives payment in advance. The company has claimed no adjustment in domestic sales. Summary calculation of normal value is placed at Annexure-II.

#### **28.4 Determination of Normal Value for Tongkun Group**

28.4.1 Normal value for Tongkun Group is determined on the basis of the information provided by it on its domestic sales made during the POI (provided in Attachment D-3 of the questionnaire response).

28.4.2 According to the information, Tongkun Group sold different types of PFY (DTY and FDY) in its domestic market including the types, which were comparable to the types of the investigated product exported by it to Pakistan during the POI. Tongkun Group exported eighteen models of investigated product to Pakistan. For the purposes of like to like comparison, normal value is determined only for those models which were comparable to the models of the investigated product.

28.4.3 Sales of some of the models in domestic market were in ordinary course of trade while others were not in ordinary course of trade. In cases where sales in ordinary course of trade were more than 5% of export sales to Pakistan of relevant model, the normal value has been worked out on the basis of domestic sales in ordinary course of trade. In all other models, the normal value was determined on the basis of cost to make and sell plus a reasonable amount for profit.

28.4.4 According to Tongkun Group, during the POI, it sold like product in its domestic market at Ex-mill. The company receives payment in advance. The company has claimed adjustment in domestic sales on account of VAT. Normal value at ex-factory level for the like product is worked out by deducting value of this adjustment. Summary calculation of normal value is placed at Annexure-III.

## **28.5 Determination of Normal Value for Tongkun Group Zhejiang Hengsheng**

28.5.1 Normal value for Tongkun Group Zhejiang Hengsheng is determined on the basis of the information provided by it on its domestic sales made during the POI (provided in Attachment D-3 of the questionnaire response).

28.5.2 According to the information, Tongkun Group Zhejiang Hengsheng sold different types of PFY (DTY and FDY) in its domestic market including the types, which were comparable to the types of the investigated product exported by it to Pakistan during the POI. Tongkun Group Zhejiang Hengsheng exported nine models of investigated product to Pakistan. For the purposes of like to like comparison, normal value is determined only for those models which were comparable to the models of the investigated product.

28.5.3 Sales of some of the models in domestic market were in ordinary course of trade while others were not in ordinary course of trade. In cases where sales in ordinary course of trade were more than 5% of export sales to Pakistan of relevant model, the normal value has been worked out on the basis of domestic sales in ordinary course of trade. In all other models, the normal value was determined on the basis of cost to make and sell plus a reasonable amount for profit.

28.5.4 According to Tongkun Group Zhejiang Hengsheng, during the POI, it sold like product in its domestic market at Ex-mill. The company receives payment in advance. The company has claimed adjustment in domestic sales on account of VAT. Normal value at ex-factory level for the like product is worked out by deducting value of this adjustment. Summary calculation of normal value is placed at Annexure-IV.

## **28.6 Determination of Normal Value for Jiangsu Shenghong**

28.6.1 Normal value for Jiangsu Shenghong is determined on the basis of the information provided by it on its domestic sales made during the POI (provided in Attachment D-3 of the questionnaire response).

28.6.2 According to the information, Jiangsu Shenghong sold different types of PFY (DTY and FDY) in its domestic market including the types, which were comparable to the types of the investigated product exported by it to Pakistan during the POI. Jiangsu Shenghong exported fourteen models of investigated product to Pakistan. For the purposes of like to like comparison, normal value is determined only for those models which were comparable to the models of the investigated product.

28.6.3 Jiangsu Shenghong comparable types to related and un-related parties in its domestic market during the POI. Analysis of the information revealed that sales to related parties were not at arm's length. Thus in determination of normal value, sales of the comparable types to un-related parties have been taken into account.

28.6.4 Sales of some of the models in domestic market where in ordinary course of trade while others were not in ordinary course of trade. In cases where sales in ordinary course of trade were more than 5% of export sales to Pakistan of relevant model, the normal value has been worked out on the basis of domestic sales in ordinary course of trade. In all other models, the normal value was determined on the basis of cost to make and sell plus a reasonable amount for profit.

28.6.5 According to Jiangsu Shenghong, during the POI, it sold like product in its domestic market at Ex-mill. The company receives payment in advance. The company has claimed no adjustment in domestic sales. Summary calculation of normal value is placed at Annexure-V.

## **28.7 Determination of Normal Value for Jiangsu Guowang**

28.7.1 Normal value for Jiangsu Guowang is determined on the basis of the information provided by it on its domestic sales made during the POI (provided in Attachment D-3 of the questionnaire response).

28.7.2 According to the information, Jiangsu Guowang sold different types of PFY (DTY and FDY) in its domestic market including the types, which were comparable to the types of the investigated product exported by it to Pakistan during the POI. Jiangsu Guowang exported twenty four models of investigated product to Pakistan. For the purposes of like to like comparison, normal value is determined only for those models which were comparable to the models of the investigated product.

28.7.3 Jiangsu Guowang comparable types to related and un-related parties in its domestic market during the POI. Analysis of the information revealed that sales to related parties were at arm's length. Thus in determination of normal value, sales of the comparable types to both, related and un-related, parties have been taken into account.

28.7.4 Sales of some of the models in domestic market were in ordinary course of trade while others were not in ordinary course of trade. In cases where sales in ordinary course of trade were more than 5% of export sales to Pakistan of relevant model, the normal value has been worked out on the basis of domestic sales in ordinary course of

trade. In all other models, the normal value was determined on the basis of cost to make and sell plus a reasonable amount for profit.

28.7.5 According to Jiangsu Guowang, during the POI, it sold like product in its domestic market at Ex-mill. The company receives payment in advance. The company has claimed no adjustment in domestic sales. Summary calculation of normal value is placed at Annexure-VI.

## **28.8 Determination of Normal Value for Jiangsu Zhonglu**

28.8.1 Normal value for Jiangsu Zhonglu is determined on the basis of the information provided by it on its domestic sales made during the POI (provided in Attachment D-3 of the questionnaire response).

28.8.2 According to the information, Jiangsu Zhonglu sold different types of PFY (DTY and FDY) in its domestic market including the types, which were comparable to the types of the investigated product exported by it to Pakistan during the POI. Jiangsu Zhonglu exported eleven models of investigated product to Pakistan. For the purposes of like to like comparison, normal value is determined only for those models which were comparable to the models of the investigated product.

28.8.3 Jiangsu Zhonglu comparable types to related and un-related parties in its domestic market during the POI. However, analysis of the information revealed that sales to related parties were at arm's length. Thus in determination of normal value, sales of the comparable types to both, related and un-related, parties have been taken into account.

28.8.4 Sales of some of the models in domestic market were in ordinary course of trade while others were not in ordinary course of trade. In cases where sales in ordinary course of trade were more than 5% of export sales to Pakistan of relevant model, the normal value has been worked out on the basis of domestic sales in ordinary course of trade. In all other models, the normal value was determined on the basis of cost to make and sell plus a reasonable amount for profit.

28.8.5 According to Jiangsu Zhonglu, during the POI, it sold like product in its domestic market at Ex-mill. The company receives payment in advance. The company has claimed no adjustment in domestic sales. Summary calculation of normal value is placed at Annexure-VII.

## **28.9 Determination of Normal Value for Fujian Jinlun**

28.9.1 Normal value for Fujian Jinlun is determined on the basis of the information provided by it on its domestic sales made during the POI (provided in Attachment D-3 of the questionnaire response).

28.9.2 According to the information, Fujian Jinlun different types of PFY (DTY and FDY) in its domestic market including the types, which were comparable to the types of the investigated product exported by it to Pakistan during the POI. Fujian Jinlun exported fifteen models of investigated product to Pakistan. For the purposes of like to like comparison, normal value is determined only for those models which were comparable to the models of the investigated product.

28.9.3 Sales of some of the models in domestic market were in ordinary course of trade while others were not in ordinary course of trade. In cases where sales in ordinary course of trade were more than 5% of export sales to Pakistan of relevant model, the normal value has been worked out on the basis of domestic sales in ordinary course of trade. In all other models, the normal value was determined on the basis of cost to make and sell plus a reasonable amount for profit.

28.9.4 According to Fujian Jinlun, during the POI, it sold like product in its domestic market at Ex-mill or delivered basis. The company has claimed adjustment in domestic sales on account of freight. Normal value at ex-factory level for the like product is worked out by deducting value of this adjustment. Summary calculation of normal value is placed at Annexure-VIII.

## **28.10 Determination of Normal Value for Recron (M) Sdn, Bhd**

28.10.1 Normal value for Recron is determined on the basis of the information provided by it on its domestic sales made during the POI (provided in Attachment D-3 of the questionnaire response).

28.10.2 According to the information, Recron sold different types of PFY (DTY and FDY) in its domestic market including the types, which were comparable to the types of the investigated product exported by it to Pakistan during the POI. Recron exported one hundred and forty six models of investigated product to Pakistan. For the purposes of like to like comparison, normal value is determined only for those models which were comparable to the models of the investigated product.

28.10.3 Sales of some of the models in domestic market where in ordinary course of trade while others were not in ordinary course of trade. In cases where sales in ordinary course of trade were more than 5% of export sales to Pakistan of relevant model, the normal value has been worked out on the basis of domestic sales in ordinary course of trade. In all other models, the normal value was determined on the basis of cost to make and sell plus a reasonable amount has been added for profit.

28.10.4 According to Recron, during the POI, it sold like product in its domestic market at delivered basis. The company has claimed adjustment on account of freight, insurance and value loss adjustment. Adjustment of value loss adjustment has been claimed on account of different grades of a specific model. The exporter has submitted that it determines the grade on the basis of quality of product, unevenness of bobbin size and dyeing guarantee. The Commission is of the view that factors like unevenness of bobbin size do not significantly alter the characteristics of the investigated product therefore the Commission has not made distinction between the investigated product on the basis of grades hence this adjustment is provisionally rejected in normal value as well as export price. The Commission has accepted the freight and insurance adjustments. However, the value of these adjustments will be verified during on-the-spot verification. Normal value at ex-factory level for the like product is worked out by deducting values of this adjustment. Summary calculation of normal value is placed at Annexure-IX.

## **29. Determination of Export Price**

29.1 The Commission received information on export sales of the investigated product from sampled exporters in response to the questionnaires sent to various exporters/foreign producers of China. The information submitted by exporters selected for calculation of dumping margin has been used for determination on export price as discussed below. Export price for non-cooperating exporters/foreign producers has been determined on the basis of best information available in accordance with Section 32 and Schedule to the Act.

### **29.2 Determination of Export Price for Shaoxing Huaqing**

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

29.2.2 According to the information, Shaoxing Huaqing exported the investigated product to Pakistan during the POI. Its exports of the investigated product to Pakistan

during the POI were \*\*\* MT. All export sales to Pakistan, during the POI, were made to un-related customers.

29.2.3 During the POI, Shaoxing Huaqing exported investigated product on Payment against documents and LC basis. To arrive at the ex-factory level, it has reported adjustments on account of commission, inland freight, ocean freight and bank charges. The Commission has calculated credit cost on the basis of interest rate and number of days provided by other companies in response to questionnaires and deficiency letters. The Commission has provisionally accepted other adjustments. The adjustments claimed would be verified during on-the-spot investigation visit. The export price at ex-factory level is worked out by deducting values reported for accepted adjustments from the gross value of sales transactions. Summary calculations of export price are placed at Annexure-X.

### **29.3 Determination of Export Price for Zhejiang Hengyi**

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

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

29.3.3 During the POI, Zhejiang Hengyi exported investigated product LC at sight or 90 days duration and at delivered basis. To arrive at the ex-factory level, it has reported adjustments on account of credit cost, commission, inland freight, ocean freight, handling cost and bank charges. The Commission has provisionally accepted adjustments. The adjustments claimed would be verified during on-the-spot investigation visit. The export price at ex-factory level is worked out by deducting values reported for accepted adjustments from the gross value of sales transactions. Summary calculations of export price are placed at Annexure-XI.

### **29.4 Determination of Export Price for Tongkun Group**

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



29.4.2 According to the information, Tongkun Group exported the investigated product to Pakistan during the POI. Its exports of the investigated product to Pakistan during the POI were \*\*\* MT during POI. All export sales to Pakistan, during the POI, were made to un-related customers.

29.4.3 During the POI, Tongkun Group exported investigated product mostly at delivered basis. The payment terms were LC at sight. To arrive at the ex-factory level, it has reported adjustments on account of credit cost, commission, inland freight, insurance, ocean freight and bank charges. The Commission has calculated the credit cost for the company on the information provided by it and other cooperating companies. The Commission has provisionally accepted adjustments. The adjustments claimed would be verified during on-the-spot investigation visit. The export price at ex-factory level is worked out by deducting values reported for accepted adjustments from the gross value of sales transactions. Summary calculations of export price are placed at Annexure-XII.

## **29.5 Determination of Export Price for Tongkun Group Zhejiang Hengsheng Chemical Fiber**

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

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

29.5.3 During the POI, Zhejiang Hengsheng exported investigated product on LC at sight basis. To arrive at the ex-factory level, it has reported adjustments on account of credit cost, commission, inland freight, ocean freight and bank charges. The Commission has calculated the credit cost on the basis of information provided by the company. The Commission has provisionally accepted other adjustments. The adjustments claimed would be verified during on-the-spot investigation visit. The export price at ex-factory level is worked out by deducting values reported for accepted adjustments from the gross value of sales transactions. Summary calculations of export price are placed at Annexure-XIII.

## **29.6 Determination of Export Price for Jiangsu Shenghong Science and Technology Corporation Limited.**

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

29.6.2 According to the information, Jiangsu Shenghong exported the investigated product to Pakistan during the POI. Its exports of the investigated product to Pakistan during POI were \*\*\* MT. All export sales to Pakistan, during POI, were made to un-related customers.

29.6.3 During the POI, Jiangsu Shenghong exported investigated product on payment against documents or LC at sight and at delivered basis. To arrive at the ex-factory level, it has reported adjustments on account of commission, inland freight, ocean freight, handling cost and bank charges. The Commission has provisionally accepted these adjustments. However, the adjustments claimed would be verified during on the spot investigation. The export price at ex-factory level is worked out by deducting values reported for accepted adjustments from the gross value of sales transactions. Summary calculations of export price are placed at Annexure-XIV.

## **29.7 Determination of Export Price for Jiangsu Guowang High-Technique Fiber Co. Ltd**

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

29.7.2 According to the information, Jiangsu Guowang exported the investigated product to Pakistan during the POI. Its exports of the investigated product to Pakistan during POI were \*\*\* MT. All export sales to Pakistan, during POI, were made to un-related customers.

29.7.3 During the POI, Jiangsu Guowang exported investigated product on payment against documents or LC at sight and at delivered basis. To arrive at the ex-factory level, it has reported adjustments on account of commission, inland freight, ocean freight, handling cost and bank charges. The Commission has provisionally accepted these adjustments. However, the adjustments claimed would be verified during on the spot investigation. The export price at ex-factory level is worked out by deducting values reported for accepted adjustments from the gross value of sales transactions. Summary calculations of export price are placed at Annexure-XV.

## **29.8 Determination of Export Price for Jiangsu Zhonglu Technology Development Co. Ltd**

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

29.8.2 According to the information, Jiangsu Zhonglu exported the investigated product to Pakistan during the POI. Its exports of the investigated product to Pakistan during POI were \*\*\* MT. All export sales to Pakistan, during POI, were made to un-related customers.

29.8.3 During the POI, Jiangsu Zhonglu exported investigated product on payment against documents or LC at sight and at delivered basis. To arrive at the ex-factory level, it has reported adjustments on account of commission, inland freight, ocean freight, handling cost and bank charges. The Commission has provisionally accepted these adjustments. However, the adjustments claimed would be verified during on the spot investigation. The export price at ex-factory level is worked out by deducting values reported for accepted adjustments from the gross value of sales transactions. Summary calculations of export price are placed at Annexure-XV.

## **29.9 Determination of Export Price for Fujian Jinlun**

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

29.9.2 According to the information, Fujian Jinlun exported the investigated product to Pakistan during the POI. Its exports of the investigated product to Pakistan during POI were \*\*\* MT. All export sales to Pakistan, during POI, were made to un-related customers.

29.9.3 During the POI, Fujian Jinlun exported investigated product on payment against documents or LC at sight and at delivered basis. To arrive at the ex-factory level, it has reported adjustments on account of commission, credit cost, inland freight, ocean freight and bank charges. The Commission has provisionally accepted these adjustments. However, the adjustments claimed would be verified during on the spot investigation. The export price at ex-factory level is worked out by deducting values reported for accepted adjustments from the gross value of sales transactions. Summary calculations of export price are placed at Annexure-XVI.

## **29.10 Determination of Export Price for Recron (M) Sdn, Bhd, Malaysia**

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

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

29.10.3 During the POI, Recron exported investigated product on cash or credit basis and at delivered basis. To arrive at the ex-factory level, it has reported adjustments on account of commission, inland freight, ocean freight, insurance, handling cost, bank charges and value loss adjustment. The Commission has rejected the value loss adjustment on the basis of reason mentioned at normal value determination section. The Commission has calculated for sales which were on credit basis. The Commission has provisionally accepted these adjustments. However, the adjustments claimed would be verified during on the spot investigation. The export price at ex-factory level is worked out by deducting values reported for accepted adjustments from the gross value of sales transactions. Summary calculations of export price are placed at Annexure-XVII.

## **30. Dumping Margin**

30.1 The Act defines "dumping margin" in relation to a product to mean "*the amount by which its normal value exceeds its export price*". In terms of Section 14(1) of the Act the Commission shall determine an individual dumping margin for each known exporter or producer of an investigated product. In this preliminary determination, the Commission has determined individual dumping margin for the eight exporters who cooperated with the Commission and supplied necessary information and the provisional antidumping duty rate for these exporters is established on the basis of individual dumping margin determined for each exporter. However, residual dumping margins/antidumping duty rates have been determined for non-cooperating exporters/foreign producers of the Exporting Countries.

30.2 Section 12 of the Act provides three methods for fair comparison of normal value and export price in order to establish dumping margin. The Commission has established dumping margin by comparing weighted average normal value with weighted average export price at ex-factory level.

30.3 The Commission has also complied with the requirements of Section 11 of the Act which states that;

*“the Commission shall, where possible, compare export price and normal value with the same characteristics in terms of level of trade, time of sale, quantities, taxes, physical characteristics, conditions and terms of sale and delivery at the same place”.*

30.4 Taking into account all requirements set out above, the dumping margins have been determined as follows. Calculations of dumping margin are placed at Annexure-XVIII:

**Table-III  
Dumping Margin**

Country	Exporter Name	Dumping margin %age of Export Price
China	i) Shaoxing Huaqing Polyester and Textile Co. Ltd.	4.03
	ii) Zhejiang Hengyi Petrochemicals Co. Ltd.	5.01
	iii) Fujian Jinlun Fiber Shareholding Co. Ltd	7.23
	iv) Tongkun Group Co. Ltd.	0.24
	v) Tongkun Group Zhejiang Hengsheng Chemical Fibre Co. Ltd.	
	vi) Jiangsu Shenghong Science and Technology Corp. Ltd	7.08
	vii) Jiangsu Guowang High-Technique Fiber Co., Ltd.	
	viii) Jiangsu Zhonglu Technology Development Co Ltd.	
	ix) Jiangsu Shenghong Petro Chemical Group Ltd	
	x) Jiangsu Shenghong Technology Trading Co., Ltd	
	xi) All other cooperating exporters/producers	
		xii) All other exporters/producers
Malaysia	xiii) Recron (M) Sdn, Bhd	10.86
	xiv) All other exporters/producers	10.86

30.5 As mentioned earlier, the Commission has selected exporter mentioned at Serial (v) because it is related to exporter mentioned at Serial (iv). Similarly exporter mentioned at (vi), (vii), (viii), (ix) and (x) are related companies. The Commission has worked out a weighted average dumping margin which will be applied on the companies falling in same group.

30.6 A residual dumping margin/duty rate has been determined for all other exporters/foreign producers of the Exporting Countries who did not cooperate with the Commission in this investigation. The Commission has determined that dumping margin calculated for Jiangsu Shenghong, China will be applied to all other Chinese exporters/foreign producers. Similarly, dumping margin calculated for Recron, Malaysia will be applied to all other Malaysian exporters/foreign producers.

30.7 Weighted average duty rate has been calculated for nineteen cooperating exporters/foreign producers not included for detailed investigation in this preliminary determination on the basis of the weighted average dumping margin of the exporters/foreign producers selected for detailed examination in terms of Section 14 of the Act. Weighted average duty rate for others cooperating Chinese exporters/producers is 6.12%. Calculation of Weighted average duty rate for others cooperating Chinese exporters/producers is placed at (Annexure – XIX).

**31. *De minimis* Dumping Margin and Negligible Volume of Alleged Dumped Imports**

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

31.2 Section 41(3) of the Act states that the dumping margin shall be considered to be negligible if it is less than two percent, expressed as a percentage of the export price. Dumping margin for the alleged dumped imports (except Tongkun Group Co. Ltd. and Tongkun Group Zhejiang Hengsheng Chemical Fibre Co. Ltd.) of the investigated product, set out in paragraph 23.4 supra, appear to be above negligible (*de minimis*) level.

31.3 As regards the volume of dumped imports, Section 41(3) of the Act provides that the volume of such imports shall normally be regarded as negligible if the volume of dumped imports of an investigated product is found to account for less than three percent of total imports of a like product 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 PFY has been obtained from PRAL. Volume of alleged dumped imports of the investigated product and PFY imported from other sources during the POI (October 1, 2014 to September 30, 2015) is given in a table below:

**Table-IV**  
**Volume of Imports of PFY during POI**

Country	Volume of Imports in:
China	69.88
China non-dumped	8.16
Malaysia	15.10
Others Countries	6.87
Total	100.00

Period: July 1, 2014 to June 30, 2015

Source: PRAL

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

### C. INJURY TO DOMESTIC INDUSTRY

#### 32. Determination of Injury

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

*“A determination of injury shall be based on an objective examination of all relevant factors by the Commission which may include but shall not be limited to:*

- a. volume of dumped imports;*
- b. effect of dumped imports on prices in domestic market for like products; and*
- c. consequent impact of dumped imports on domestic producers of such products...”*

32.2 Section 15 of the Act further provides that:

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

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

**33. Domestic Industry**

33.1 As stated in Para 11.2 above, the information and documents provided in the application show that the domestic industry of PFY comprises of following five units:

- (i) Gatron Industries Limited
- (ii) Rupali Polyester Limited
- (iii) Rupafil Limited
- (iv) Kamal Industries
- (v) Sindh Industries

33.2 The units mentioned at Serial (i) and (ii) are Applicants in this antidumping application. Gatron Industries Limited is a public limited company. The principal business of the company is manufacturing of Polyester Filament Yarn and its raw material i.e. Yarn Grade Polyester Chips. The company also produces bottle grade polyester chips and PET Preforms. Rupali Polyester Limited is also a public limited company. The company has a composite facility to manufacture Polyester Staple Fiber and Polyester Filament Yarn.

33.3 The information supplied in the application shows that the Applicants produced 69 percent of the total domestic production of PFY during the period from October 2014 to September 2015. Details of the production during the year are as follows:-

**Table - V**

Unit Name	October 14 - September 15	
	% share in total production	
Gatron Industries Limited	53.48	
Rupali Polyester Limited	15.33	
Rupafil Limited	21.34	
Kamal Industries	9.03	
Sindh Industries	0.82	
<b>Total</b>	100.00	

Source: the Applicants

33.4 The Applicants represent 69% of the domestic production by the domestic industry. Thus the standing requirements as given in section 24 of the Act are met and it is determined that the application was made by or on behalf of the domestic industry.

33.5 On the basis of the above information and analysis, for the purposes of this investigation, the Applicants are considered as the "domestic industry" in terms of



Section 2(d) of the Act as they constitute a major proportion of the total domestic production of the domestic like product produced by the domestic industry.

33.6 Analysis of injury factors carried out in this preliminary determination in the following paragraphs is, therefore, based on the information submitted by Applicants.

#### **34 Volume of Dumped Imports**

##### **Facts**

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

34.2 In order to assess the impact of volume of dumped imports of the investigated product in relation to production and consumption of the domestic like product, the information obtained from PRAL has been used. Following table shows the change in imports of the investigated product in absolute terms during POI:

**Table-VI**  
**Absolute change in alleged Dumped Imports**

Period	Volume of Dumped Imports (MT)	% of dumped imports to domestic production
2012-13	100.00	248.64
2013-14	108.43	302.23
2014-15	109.46	313.77

Source: the Applicants Year is from October to September

Note: Actual figures have been indexed with reference to the figure of volume of dumped imports for the year 2012-13.

##### **Analysis**

34.3 It appears from the above table that the dumped imports increased by 8.43 percent in the year 2013-14 over the imports of the year 2012-13. Imports of the investigated product increased by 0.95 percent in the year 2014-15 over the imports in the year 2013-14.

34.4 It appears from the above table that the dumped imports were 248.64 percent of the domestic production in the year 2012-13. The dumped imports increased to 302.23 percent and to 313.77 percent of the domestic production during the year 2013-14 and 2014-15 respectively. Above information and analysis shows that the volume of alleged

dumped imports of the investigated product increased significantly in absolute terms and relative to domestic production during the POI.

### 35. Price Effects

Effect of dumped imports on sales price of domestic like product in the domestic market has been examined to establish whether there was significant price undercutting (the extent to which the price of the investigated product was lower than the price of the domestic like product), price depression (the extent to which the domestic industry experienced a decrease in its selling prices of domestic like product over time), 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:

#### 35.2 Price undercutting

##### **Facts**

35.2.1 Price undercutting is calculated in the following table on the basis of the information provided in application on ex-factory price of the domestic like product and landed cost of the investigated product:

**Table-VII**  
**Calculation of Price Undercutting**

Period	Average Domestic Price (Rs/Kg)	Average Landed Cost of Dumped Imports (Rs/Kg)	Price Undercutting (Rs/Kg)	Price Undercutting (%)
2012-13	100.00	90.09	9.91	9.91
2013-14	105.97	77.08	28.89	27.26
2014-15	88.22	79.05	9.17	10.40

Source: the Applicants Year is from October to September.

Note: Actual figures have been indexed with reference to the figure of average domestic price for the year 2012-13.

##### **Analysis**

35.2.2 The information provided in the above table shows that the weighted average landed cost of the investigated product imported from the Exporting Countries was lower than ex-factory price of the domestic like product during the years 2013, 2014 and 2015. Resultantly, the investigated product undercut prices of the domestic like product at the rate of 9.91 percent, 27.26 percent and 10.40 percent during the year 2013, 2014 and 2015 respectively.

**35.3 Price Depression****Facts**

35.3.1 The weighted average ex-factory price of the domestic like product of the PFY for the POI is given in the following table:

**Table-VIII**

Year	Ex-factory Price (Rs./kg)	
	Prices of domestic like product	Price Depression
2012-13	100.00	----
2013-14	105.97	----
2014-15	88.22	17.97

Source: the Applicants Year is from October to September.

Note: Actual figures have been indexed with reference to the figure of price of domestic like product for the year 2012-13.

**Analysis**

35.3.2 The above table shows that ex-factory sales price of the domestic like product increased during the year 2014. However, the ex-factory sales price of the domestic like product decreased during the year 2014-15 by an amount of Rs. \*\*\*/kg. Thus there is a price depression of 16.95%. Price depression is because of reduction in cost to make and sell of domestic like product.

**35.4 Price Suppression****Facts**

35.4.1 Information/ data submitted by the Applicants on weighted average cost to make and sell and ex-factory price of the domestic like product during the POI is given in the following table:

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

Period	Average Cost to Make & Sell (Rs/Kg)	Domestic Average Price (Rs/Kg)	Increase/ (Decrease) in Average Cost to Make and Sell	Increase/ (Decrease) in Average Domestic Price	Price Suppression (Rs/Kg)
2012-13	100.00	93.46	----	----	----
2013-14	121.69	99.04	21.69	5.58	16.10
2014-15	93.60	82.45	-28.09	-16.59	----

Source: the Applicants. Year is from October to September

Note: Actual figures have been indexed with reference to the figure of average cost to make & sell for the year 2012-13.

**Analysis**

35.4.2 The domestic industry experienced significant price suppression during 2013-14. However, the domestic industry did not experience price suppression during the POI for dumping.

**36. Effects on Market Share****Facts**

36.1 The total domestic demand of the PFY in Pakistan is met through local production and imports. To establish the size of Pakistani market, the Applicants have used their own and Rupafil sales, estimated sales of Kamal Industries and Sindh Industries, imports of the investigated product and imports of PFY from other sources. Following table shows the market share from each source of supply during the POI:

**Table-X  
Market Share**

Period	Volume of Sales of Local Industries (MT)	Volume of Dumped Imports (MT)	Volume of non-dumped imports (MT)	Volume of Other Imports (MT)	Total Domestic Market (sales of local industry plus all imports) (MT)
2012-13	33.97	56.78	1.29	7.95	100.00
2013-14	28.91	61.57	3.14	7.18	100.79
2014-15	31.65	62.15	6.28	5.24	105.33

Source: the Applicants and PRAL

Note: Actual figures have been indexed with reference to the figure total domestic market for the year 2012-13.

**Analysis**

36.2 The above table shows that the domestic market of PFY expanded by 0.79 percent and 4.50 percent in the year 2013-14 and 2014-15 respectively. It is evident from the table above that share of alleged dumped imports increased whereas share of domestic industry and other imports decreased during the POI for injury.

**37. Effects on Sales****Facts**

37.1 Sales of the domestic like product are given in the following table:

**Table-XI**  
**Sales of the Applicants (MT)**

Year	Sales of the Applicants	Increase/ (Decrease)
2012-13	100.00	----
2013-14	84.35	(15.65)
2014-15	84.12	(0.23)

Source: the Applicants

Note: Actual figures have been indexed with reference to the figure of sales of the Applicants for the year 2012-13.

**Analysis**

37.2 The above table shows that the sales by the Applicants decreased by \*\*\* MT during 2014 as compared to 2013. Furthermore, the sales of the Applicants decreased by \*\*\* MT during 2015 as compared to 2014.

**38. Effects on Production and Capacity Utilization****Facts**

38.1 The installed capacity, quantity produced and the capacity utilization of the Applicants during the POI are provided in following table:

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

Period	Capacity (MT)	Capacity Utilization (%)
2012-13	100.00	91.48
2013-14	100.00	78.36
2014-15	100.00	81.88

Source: the Applicants

Note: Actual figures have been indexed with reference to the figure of capacity and capacity utilization for the year 2012-13.

**Analysis**

38.2 The capacity and production of the Applicants have been calculated at 75 denier equivalent based on an accepted industry norms. Domestic market of PFY experienced expansion during the POI for injury, however, the domestic industry was not able to utilize its installed capacity due to alleged dumped imports. It may be noted from the above table that the capacity utilization of the domestic industry increased during the year 2014-15 but it was still significantly lower than the year 2012-13.

**39. Effects on Inventories****Facts**

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

**Table-XIII**  
**Inventories** (MT)

Period	Opening inventory	Production	Sales	WIP adjustment	Closing inventory
2012-13	11.61	100.00	103.72	0.04	7.85
2013-14	7.85	89.21	87.48	(0.07)	9.64
2014-15	9.64	86.74	87.24	0.00	9.15

Source: the Applicants

Note: Actual figures have been indexed with reference to the figure of production for the year 2012-13.

**Analysis**

39.2 The above table shows that closing inventory increased from \*\*\*MT to \*\*\*MT. However, it decreased to \*\*\*MT in year 2014-15.

**40. Effects on Profit/Loss****Facts**

40.1 Information submitted by the Applicants on its profits on production and sale of the domestic like product is given in the following table:

**Table-XIV**  
**Profit/Loss of the Applicants** (Rs in '000)

Year	Net profit/(loss)
2012-13	(100.00)
2013-14	(145.19)
2014-15	(215.16)

Source: the Applicants

Note: Actual figures have been indexed with reference to the figure of the Applicants for the year 2012-13.

**Analysis**

40.2 It appears from the above table that the Applicants loss, which was Rs. \*\*\* in the year 2013-14 increased to Rs. \*\*\* in year 2014 and further increased to Rs. \*\*\* in year 2014-15.

**41. Effects on Cash Flow****Facts**

41.1 Cash generation was also effected due to alleged dumped imports of the investigated product. Information submitted by the Applicants on its net cash flow is given below:

**Table-XV  
Cash Flows of the Applicants**

<b>Period</b>	<b>Cash Flows (Rs 000)</b>
2012-13	(100.00)
2013-14	(60.22)
2014-15	(69.30)

Source: the Applicants

Note: Actual figures have been indexed with reference to the figure of cash flow for the year 2012-13.

**Analysis/Conclusion**

41.2 The Applicants Cash Flow position for the POI for Injury is provided in table above. The cash flows of Rupali were negative in all quarters of POI for injury. Cash flows of Gatron were negative in 6 out of 12 quarters. It is pertinent to mention in this regard that cash flows of both Rupali and Gatron are reported on consolidated basis for all business segments. Therefore, it is not possible to calculate cash flows of GIL and RPL for PFY business segments separately.

**42. Effects on Employment, Productivity and Salaries & Wages****Facts**

42.1 The Applicants employment, production and the salaries and wages paid during the POI is given in following table:

**Table-XVI  
Employment, Productivity and Salaries & Wages per MT**

<b>Year</b>	<b>No. of Employees</b>	<b>Salaries &amp; Wages Amount in Rs</b>	<b>Production in MT</b>	<b>Productivity per worker (MT/Period)</b>	<b>Salaries &amp; Wages per MT</b>
2012-13	100.00	100.00	100.00	100.00	100.00
2013-14	76.31	103.76	89.21	116.90	116.30
2014-15	92.83	114.83	86.74	93.46	132.35

Source: the Applicants

Note: Actual figures have been indexed with reference to the figure of no. of employees, salaries & wages, production, productivity per worker and salaries & wages per MT for the year 2012-13.

**Analysis**

42.2 The above table shows that the employment in the domestic industry increased during the POI. However, productivity per worker decreased in the year 2014-15 as compared to the productivity in the year 2013-14. Salaries and wages per MT increased during the POI.

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

43.1 Return on investment realized by the domestic industry during the POI is given in following table:

**Table-XVII**  
**Return on Investment** ('000 Rs)

Period	Return on Investment (%)
Jul 2012 – June 2013	(100.00)
Jul 2013 – June 2014	(140.39)
Jul 2014 – June 2015	(251.81)
July 2015 – Sept 2015	(119.36)

Source: the Applicants

Note: Actual figures have been indexed with reference to the figure of return on investment for the year 2012-13.

**Analysis**

43.2 The above table shows that the return on investment remained negative during the POI for injury.

**44. Ability to Raise Capital****Facts/Analysis**

44.1 The Applicants have stated, "the Applicants ability to raise capital is significantly impacted on account of loss of sales volume and market share, margin erosion and resulting serious financial losses, declining utilization of production capacity, negative cash flows, increasing inventory, declining output per worker and negative ROI, all resulting on account of dumping of PFY from China and Malaysia. It is also evident that the capacity of domestic industry has been stagnant for last few years despite growth in the domestic market. However, due to under-utilization of even existing capacity, there are no avenues for raising capital for expansion of domestic industry as long as dumping of PFY from China and Malaysia remains unchecked.



45. **Summing up of Material Injury**

45.1 The above analysis shows that the dumped imports increased by 8.43 percent in the year 2013-14 over the imports of the year 2012-13 and further increased by 0.95 percent in the year 2014-15 over the imports in the year 2013-14. The analysis further shows that the volume of dumped imports were 248.64 percent of the domestic production in the year 2012-13 which increased to 302.23 percent in year 2013-14 and further increased to 313.77 percent of the domestic production in year 2014-15.

45.2 Analysis of the prices showed that the weighted average landed cost of the investigated product imported from the Exporting Countries was lower than ex-factory price of the domestic like product during the years 2012-13, 2013-14 and 2014-15. Resultantly, the investigated product undercut prices of the domestic like product at the rate of 9.91 percent, 27.26 percent and 10.40 percent during the year 2013, 2014 and 2015 respectively. It is revealed during the investigation that ex-factory sales price of the domestic like product increased during the year 2013-14 but started decreasing during the year 2014-15 by an amount of Rs. \*\*\*/kg. Thus there was a price depression of 16.95%. The domestic industry experienced significant price suppression during 2013-14.

45.3 The analysis showed that sales by the Applicants decreased by \*\*\* MT during 2013-14 as compared to 2012-13 and further decreased by \*\*\* MT during 2014-15 as compared to 2013-14. The statistics showed that domestic market of PFY experienced expansion during the POI for injury, however, the domestic industry was not able to utilize its installed capacity effectively. This resulted in increase in losses, which was Rs. \*\*\* in the year 2012-13 increased to Rs. \*\*\* in year 2013-14 and further increased to Rs. \*\*\* in year 2014-15.

45.4 Analysis of the cash flow showed that cash flow of Rupali was negative in all quarters of POI for injury. Cash flow of Gatron was negative in 6 out of 12 quarters. The employment in the domestic industry increased during the POI which caused increased in salaries and wages per MT. However, productivity per worker decreased in the year 2014-15 as compared to the productivity in the year 2013-14. The return on investment remained negative during the POI for injury due to heavy losses. The Applicants ability to raise capital is significantly impacted on account of loss of sales volume and market share, margin erosion and resulting serious financial losses, declining utilization of production capacity, negative cash flows, increasing inventory, declining output per worker and negative ROI.

45.5 Investigation of the Commission has revealed that the volume of dumped imports have significantly increased during the POI. These imports are causing price undercutting resulting into price depression. The Applicants were able to gain some market share in the last year after losing it by reducing prices. However, dumped imports are continuously increasing their market share by undercutting prices of the domestic industry. Selling below cost to make and sell has resulted into huge losses and negative effects on return on investment and ability to raise capital. In this scenario, the Commission has provisionally determined that the domestic industry has suffered material injury due to dumped imports.

#### **D. CAUSATION**

##### **46. Effect of Dumped Imports**

46.1 On the basis of the analysis and conclusions, the Commission has concluded that there was a causal link between dumped imports of the investigated product and material injury suffered by the domestic industry.

46.2 The investigation has revealed that the 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 undercutting due to dumped imports of the investigated product;
- iii. Market share of dumped imports of the investigated product increased significantly whereas market share of the domestic like product declined simultaneously;
- iv. Sales of the domestic like product decreased due to increased share of dumped imports in domestic market;
- v. Production of the domestic like product decreased due to increased share of the dumped imports in domestic market;
- vi. The capacity utilization of the domestic industry decreased due to dumped imports;
- vii. Domestic industry faced negative effect on profitability;

- viii. Domestic industry faced negative effect on productivity and salaries and wages per MT;
- ix. Domestic industry faced negative effect on return on investment;

#### 47. Other Factors

47.1 In accordance with Section 18(2) of the Act, the Commission also examined factors, other than dumped imports of the investigated product, which could at the same time cause injury to the domestic industry, in order to ensure that possible injury caused by other factors is not attributed to the dumped imports.

47.2 The Commission's investigation showed that the domestic industry did not suffer injury due to imports of the like product from sources other than the Exporting Countries during the POI. The imports from sources other than the Exporting Countries were in lesser quantities. The landed cost of such imports were higher than ex-factory price of the domestic like product and landed cost of investigated product. Following table shows volume and landed cost of PFY Yarn imported from other sources during the POI:

**Table XVII**  
**Imports from Other Sources**

Year	Volume of Dumped Imports (MT)	Imports from Other Sources (MT)	Landed Cost from dumped sources (Rs./MT)	Landed cost from other sources (Rs./MT)
2012-13	100.00	14.01	100.00	115.72
2013-14	108.43	12.64	85.56	123.08
2014-15	109.46	9.23	87.75	109.95

Note: Actual figures have been indexed with reference to the figure of imports from volume of dumped imports and landed cost from dumped sources for the year 2012-13.

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

- i. There was no contraction in demand;
- ii. There was no change in technology to produce PFY; and
- iii. The domestic industry did not export PFY during the POI meaning thereby that injury to domestic industry is not because of export

performance similarly the productivity alone cannot be considered as a major source of injury to the domestic industry.

- iv. During the POI there was no change in trade restrictive practices.

## E. CONCLUSIONS

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

- i. the application was filed on behalf of the domestic industry as the Applicants represent 69% of the domestic production. Application is supported by 100% of the producers who are expressing their opinion on application;
- ii. the investigated product and the domestic like product are like products;
- iii. the volume of dumped imports of the investigated product and the dumping margins established for the exporters/producers of the investigated product from the Exporting Countries were above the negligible and *de minimis* levels respectively.
- iv. the domestic industry suffered material injury during the POI on account of increase in volume of dumped imports, price undercutting, decline in production, decline in sales, decline in market share, negative effect on productivity and wages, decline in profits and negative effect on return on investment in terms of Section 15 and 17 of the Act; and
- v. there was a causal relationship between dumped imports of the investigated product and the material injury suffered by the domestic industry.

**F. NON-IMPOSITION OF PROVISIONAL ANTIDUMPING DUTY**

49. In view of the analysis and conclusions with regard to dumping, material injury, and causation, the Commission is of the view that imposition of provisional anti-dumping duty on the investigated product is not necessary to prevent injury being caused to the domestic industry due to dumped imports during the course of an investigation.

(Abdul Khaliq)  
Member  
February 14, 2017

(Robina Ather)  
Member  
February 14, 2017

(Tipu Sultan)  
Member  
February 14, 2017

Qasim M. Niaz  
Chairman  
February 14, 2017

The comments received on during the course of investigation and germane to this investigation under the Act are given in Column A below and the Commission's response thereto are set out in Column B in the following table. Following interested parties commented during the course of investigation.

- i. The Gujranwala Art Silk Yarn Merchants Association, Pakistan (association representing importers of PFY)
- ii. Pakistan Yarn Merchants Association, Pakistan (association representing importers of PFY)
- iii. Landmark Trading Company, Pakistan (an importer of PFY)
- iv. A. B. International Agency, Pakistan (an importer of PFY)
- v. M/s. M. Usman, Pakistan (an importer of PFY)
- vi. S. S International, Pakistan (an importer of PFY)
- vii. Goodluck Hoisery House, Pakistan (an importer of PFY)
- viii. Western Silk Mills, Pakistan (an importer of PFY)
- ix. Taicang City Xinwanli Textile Co. Ltd, China (an exporter of PFY)
- x. Jinjiang Jinfu Chemical Fiber & Polymer Co. Ltd, China (an exporter of PFY)
- xi. Xiamen Xianglu Chemical Fiber Co. Ltd, China (an exporter of PFY)
- xii. Fujian Jinlun Fiber Shareholding Co Ltd, China (an exporter of PFY)
- xiii. Hangzhou Xiaoshan Donglong Chemical Fiber Co, Ltd. China, (an exporter of PFY)
- xiv. Gatron Industries Limited and Rupali Polyester Limited, Pakistan (domestic producers of PFY and the Applicants)

Summary of the comments made by representative of the above mentioned parties made is as follows:-

**Table-II**  
**Comments of Interested Parties**

<b>Column - A (Comments of Interested Parties)</b>	<b>Column - B (Commission's Response)</b>
<p><b><u>Summary of Comments of importers and importer associations:</u></b></p> <p>Comments made by the importers and associations of importers can be broadly categorized in following categories:-</p> <ul style="list-style-type: none"><li>▪ Variants of PFY not manufactured by the Applicants</li><li>▪ Separate injury analysis for DTY and FDY</li><li>▪ Industry Identification</li><li>▪ Sampling Issues</li></ul>	

**Variants of PFY not manufactured by the Applicants**

Importers of PFY stated in various submissions that the Applicants are not producing variants of PFY e.g. dope dyed FDY, cationic FDY and FDY mono yarn. Furthermore, the Applicants are not producing colored PFY.

**Separate investigation or separate injury analysis of DTY and FDY**

FDY and DTY are not same products, as both have different manufacturing process, a different appearance, are not substitutable and have different PCT classification. Generally, the yarn usage would take the fabric designs, composition, weight, drape, hands-feeling, costing and other subjective criteria for consideration.

We request the NTC not to merge the investigations of DTY and FDY and follow the practice being followed by other investigating authorities or a separate injury analysis as per Section 15 of the Act.

**Industry Identification**

The Applicants who are supporting antidumping application have identified themselves as Gatron Industries Limited and Rupali Polyester Limited. Whereas three remaining domestic producers namely Rupafil, kamal Industries and Sindh Industries have been shown as indifferent. The indifference about support of the application by the two producers (Kamal Industries and Sindh Industries) being smaller units is understandable. However, in-difference attitude of Rupafil Limited is not understandable as:-

- a) Its a sister concern of one of the Applicatns. i.e. Rupali Polyester Limited, and
- b) Authorized officer for both the units i.e. Rupali Polyester Limited and Rupafil Limited is one and the same i.e. Mr. Abdul Hayee.

In view of the above situation we would also request the NTC to take into account the data of Rupafil Limited as it otherwise alone represents 21.34% of domestic production during the dumping POI as against 15.32% represented by Rupali Polyester Limited.

**Sampling Issues**

FDY and DTY are two different product categories

The Commission has excluded colored PFY, on provisional basis, from the scope of investigated product. The Commission will further investigate this aspect during the on-the-spot verification of domestic industry.

Please see comments of domestic industry at Serial 1 below. It is added that the domestic industry is manufacturing FDY and DTY. The Commission, as per its past practice, have determined the effect of dumped imports of PFY on domestic industry on cumulative basis.

After initiation of investigation, indifferent producers of PFY, including Rupafil, were invited to provide data. However, Rupafil did not provide requisite data stating, in addition, that it supports the investigation.

The Commission has revised its sampling and

and dumping margin for one category is not representative of the other category. The sample selected by the Commission consists of companies who are exporting DTY to Pakistan.

**Summary of Comments of exporters:**

Taicang City Xinwanli Textile Co. Ltd, China (an exporter of PFY) requested that an individual dumping margin may be calculated for the exporter as it has provided response to the Commission's exporter questionnaire.

Jinjiang Jinfu Chemical Fiber & Polymer Co. Ltd, China (an exporter of PFY), requested that an individual dumping margin may be calculated for the exporter as it has provided response to the Commission's exporter questionnaire.

Xiamen Xianglu Chemical Fiber Co. Ltd, China (an exporter of PFY), requested that an individual dumping margin may be calculated for the exporter as it has provided response to the Commission's exporter questionnaire.

Fujian Jinlun Fiber Shareholding Co Ltd, China (an exporter of PFY) submitted that it is the second largest exporter of FDY and the sample selected by the company does not contain any major exporter of FDY. On the basis of above, the company requested that an individual dumping margin may be calculated for the exporter as it has provided response to the Commission's exporter questionnaire.

Hangzhou Xiaoshan Donglong Chemical Fiber Co, Ltd. China, (an exporter of PFY), submitted that it has exported colored PFY to Pakistan and the sample selected by the company does not contain any major exporter of FDY. The company submitted that the Applicants are not producing colored PFY so colored PFY may be excluded from the scope of investigation. In case the Commission decides not to exclude colored PFY from scope of investigation, the Commission may calculate an individual dumping margin may be calculated for the exporter as it has provided response to the Commission's exporter

major producers of FDY were included for detailed examination.

As explained above.

Fujian Jinlun Fiber was included in the sample and individual dumping margin was calculated for the exporter.

The Commission has excluded colored PFY, on provisional basis, from the scope of investigated product. The Commission will further this aspect during the on-the-spot verification of domestic industry.



questionnaire.

**Summary of the Comments of Gatron Industries Limited and Rupali Polyester Limited, Pakistan (domestic producers of PFY and the Applicants)**

1. Incorrect product definition (as alleged by PYMA):

The HS codes mentioned in the Application describe the scope of PFY products that the local industry is producing and which is being dumped in Pakistan. The description of the products are immaterial as the product is called by different names which are interchangeable. The key is the HS codes under which all the PFY is classified viz. 5402.3300, 5402.4700 and 5402.6200. Fully Drawn Textured Yarn should read as Fully Drawn Yarn.

2. FDY and DTY are Separate Products and have distinct uses (as alleged by PYMA):

It is however highlighted here that the local PFY industry has the ability to manufacture and is manufacturing all categories of PFY based on the domestic market demand. The injury has to be seen on an overall perspective of the PFY industry.

All types of the Polyester Filament Yarn which the domestic industry are producing are being imported into Pakistan under HS codes 5402.3300, 5402.4700 and 5402.6200. Therefore, it is impossible to exempt any grades of PFY falling in these HS Codes from levy of anti-dumping duties as all of these products are substitutable. Therefore, the potential exclusion of any of these types of Polyester Filament Yarn from the scope of investigation, which the Applicants strongly oppose, will provide a safe haven to exporters and importers of dumped PFY to evade anti-dumping duties by mis-declaration and evasion of duty.

3. International practices of treating FDY and DTY separately

It is pointed out here that in the earlier investigation by the Commission of dumping of FDY and DTY in year 2005, the Commission, in its determination in the matter, accepted the stance of the Applicants by assessing a cumulative weighted average dumping

Please see the comments of importers and association of importers. However, the Commission has excluded colored PFY, on provisional basis, from the scope of investigated product. The Commission will further this aspect during the on-the-spot verification of domestic industry.

Please see the comments of importers and association of importers. However, it is added that the domestic industry is manufacturing FDY and DTY. The Commission, as per its past practice, have determined the effect of dumped imports of PFY on domestic industry on cumulative basis.

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<p>margin for DTY and FDY, respectively.</p> <p>4. Insufficient capacities, quality issues &amp; types not being produced by local producers (as alleged by PYMA)</p> <p>It is reiterated that the Applicants / domestic industry have capability to produce all types of polyester yarn falling under HS Codes 5402.3300, 5402.4700 and 5402.6200 subject to adequate local demand and fetching of fair prices in the local market.</p>	
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