



**Government of Pakistan
National Tariff Commission**

REPORT

ON

**FINAL DETERMINATION AND LEVY OF DEFINITIVE ANTIDUMPING DUTIES ON DUMPED
IMPORTS OF COTTON YARN INTO PAKISTAN ORIGINATING IN AND/OR EXPORTED FROM THE
REPUBLIC OF INDIA.**

A.D.C No.38/2015/NTC/CY

February 20, 2017

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

2. The Commission has conducted this investigation on imports of Cotton Yarn (55.5 and above counts) originating in and/or exported from Republic of India (“India”) under the Act and the Rules. The Commission has made final determination in this investigation under Section 39 of the Act. This report on final determination has been issued in accordance with Section 39 of the Act and Article 12.2 of the Agreement on Antidumping.

3. In terms of Section 29 of the Act, the Commission shall, except in special circumstances, conclude an investigation within twelve months, and in no case more than eighteen months, after its initiation. The Commission initiated this antidumping investigation on August 20, 2015 and notice of preliminary determination in this investigation was published in Official Gazette on February 15, 2016.

A. PROCEDURE

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

5. Receipt of Application

5.1 On July 7, 2015, the Commission received a written application under Section 20 of the Antidumping Duties Ordinance, 2015 (now the Anti-Dumping Duties Act 2015) from All Pakistan Textile Mills Association (APTMA), APTMA House, 97-A, Aziz Avenue, Canal Bank, Lahore. The APTMA has filed the said application on behalf of the following seven producers (the Applicants) of Cotton Yarn :

- i. Alhamd Corporation (Pvt) Ltd.
- ii. Acro Spinning & Weaving Mills Limited
- iii. Babri Cotton Mills Ltd.
- iv. Colony Textile Mills Limited
- v. Hasan Limited

- vi. Sally Textile Mills Limited
- vii. Saif Textile Mills Limited

5.2 The Applicants alleged that Cotton Yarn is being exported to Pakistan at dumped prices from India. According to the Applicants, alleged dumped imports of Cotton Yarn from India have caused and are causing material injury to Pakistan's domestic industry producing Cotton Yarn.

5.3 The Commission informed the High Commission of India in Islamabad through note verbale dated July 15, 2015, of the receipt of application in accordance with the requirements of Section 21 of the Ordinance (now the Act).

6. Evaluation and Examination of the Application

6.1 The examination of the application showed that it met the requirements of Section 20 of the Ordinance (now the Act) as it contained sufficient evidence of dumping of Cotton Yarn into Pakistan from India and material injury to the domestic industry caused therefrom. Requirements of Rule 3 of the Rules, which relate to the submission of information prescribed there in were also found to have been met.

7. The Domestic Industry

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

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

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

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

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

7.2 The information and documents provided in the application and the information obtained from APTMA, reveals that there are 35 units in the domestic industry engaged in the production of the Cotton Yarn of fine counts i.e. 55.5 and above counts. Out of these 35 units, 7 units are stated to be themselves importers of Cotton Yarn from India. Further, the share in domestic production of these 7 producers have decreased over the period of time as given in the Table XI below, which is indicative of shift in interest of these producers Hence, these 7 units fall out the definition of the domestic industry in terms of Section 2(d) of the Act.

7.3 Keeping above in view, for the purpose of determination of domestic industry, the other 28 domestic units producing Cotton Yarn have been taken to constitute domestic industry for purpose of determination of standing of the application. Out of these 28 units, seven manufacturers i.e. Applicants have filed this application.

7.4 The Applicants are engaged in the manufacturing, marketing and distribution of Cotton Yarn. The Applicants are neither related to importers and exporters nor did they import Cotton Yarn from India themselves. Therefore, the Applicants are eligible to apply for application of anti-dumping duties.

8. Standing of the Application

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

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

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

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

8.2 As per the information supplied in the application, the Applicants produced 42 percent of total domestic production of Cotton Yarn during the period from July 1, 2014 to June 30, 2015. Details of the production of Cotton Yarn produced by the domestic industry are as follows:

Table - I
Unit-wise Production during the year 2015

S #	Name	Share in domestic production (%)	Supporting/ Opposing/ Indifferent (other units)
1	Alhamd Corporation (Pvt) Ltd.	8.22	Applicant
2	Acro Spinning & Weaving Mills Limited	9.48	Applicant
3	Babri Cotton Mills Ltd.	4.06	Applicant
4	Colony Textile Mills Limited	11.98	Applicant
5	Hasan Limited	6.93	Applicant
6	Sally Textile Mills Limited	0.86	Applicant
7	Saif Textile Mills Limited	0.56	Applicant
8	Others (21 Units)	57.91	Indifferent
Total		100	

Source: Applicants

Note: To maintain confidentiality, actual figures have been indexed with respect to the total production of the domestic industry during POI

8.3 The Applicants represent 42.09% of the domestic production by the domestic industry. The Application is supported by 100% of the producers who are expressing their opinion on application and 42.09% of the total domestic production. 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.

9. **Applicant's Views**

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

- i. Cotton Yarn imported from India into Pakistan and Cotton Yarn produced in Pakistan by the domestic industry are like products;
- ii. Exporters/producers from India are exporting Cotton Yarn to Pakistan at dumped prices; and
- iii. Exports of Cotton Yarn by the exporters/producers from India to Pakistan at dumped prices has caused and is causing material injury to the domestic industry producing Cotton Yarn mainly through:-
 - a) Volume of dumped imports
 - b) Price depression;
 - c) Negative effect on inventories;
 - d) Negative effect on cash flow;
 - e) Negative effect on return on investment;
 - f) Negative effect on salaries and wages and productivity;
 - g) Negative effect on ability to raise capital; and
 - h) Magnitude of dumping margin
- iv. There is an imminent threat of material injury to the domestic industry of Cotton Yarn due to dumped imports of Cotton yarn from India.

9.2 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 Cotton Yarn from India and imposition of anti-dumping duties on these imports. It has also been requested that provisional anti-dumping measures may be imposed to prevent injury being caused during the course of investigation.

10. **Exporters/Foreign Producers of Cotton Yarn**

The Applicants have identified 60 exporters/foreign producers involved in alleged dumping of the investigated product from India. The Applicants have stated that there may be other exporters /foreign producers of the investigated product, which are not known to it.

Therefore, the Applicants have requested for imposition of anti-dumping duty on all imports of the investigated product originating in and/or exported from India instead of imposition of anti-dumping duty on identified exporters/foreign producers.

11. Initiation of Investigation

11.1 The Commission, in accordance with Section 23 of the Ordinance (now the Act) examined the accuracy and adequacy of the evidence provided in application, and established that there was sufficient evidence of alleged dumping of Cotton Yarn into Pakistan from India and consequent material injury to the domestic industry. Accordingly, the Commission issued a notice of initiation in accordance with Section 27 of the Ordinance, which was published in the Official Gazette¹ of Pakistan and in two widely circulated national newspapers² (one in English language and one in Urdu Language) on August 20, 2015. Investigation concerning alleged dumped imports of Cotton Yarn into Pakistan {classified under PCT No³. 5503.2010} originating in and/or exported from India was thus initiated on August 20, 2015.

11.2 In pursuance of Section 27 of the Ordinance (now the Act) the Commission notified High Commission of India in Islamabad of the initiation of investigation (by sending a copy of the notice of initiation) on August 26, 2015 with a request to forward it to all exporters/producers involved in production, sales and export of Cotton Yarn from India. Copy of the notice of initiation was also sent on August 26, 2015 to known exporters/producers of Cotton Yarn from India 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 August 26, 2015.

11.3 In accordance with Section 28 of the Ordinance (now the Act), on September 4 , 2015 the Commission sent copy of full text of the written application (non-confidential version) and Exporter's Questionnaire to the exporters of India who got registered themselves as an interested party in this investigation. On September 4, 2015, copy of the full text of the written application along with Exporter's Questionnaire was also sent to High Commission of India in Pakistan with a request to forward it to all exporters/producers involved in production and/or sale/export of Cotton Yarn from India. The Importer's Questionnaire was also sent to the importers of Cotton Yarn on September 4, 2015.

¹ The official Gazette of Pakistan (Extraordinary) dated August 20, 2015.

² The 'Daily News' and the 'Daily Nawa-i-waqt' of August 20, 2015 issue.

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

12. Investigated Product, Like Product and Domestic Like Product

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

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

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

12.2.1 Investigated Product:

12.2.1.1 The investigated product is Cotton Yarn carded or combed, of 55.5 and above Counts, originating in and/or exported from India to Pakistan. It is classified under PCT No. 5205.1500, 5205.2700, 5205.2800, 5205.3500, 5205.4700 and 5205.4800. It is generally used in weaving mills for production of cotton fabrics.

12.2.1.2 The tariff structure applicable to the investigated product in the PCT headings 5205.1500, 5205.2700, 5205.2800, 5205.3500, 5205.4700 and 5205.4800 is given below in the table II below;

**Table-II
Tariff Structure**

S. #	PCT code	Description	Year		
			2012-13	2013-14	2014-15
			Customs Duty	Customs Duty	Customs Duty
1	5205.1500	Measuring less than 125 decitex (exceeding 80 metric number)	0	0	5

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2	5205.2700	Measuring less than 106.38 decitex but not less than 83.33 decitex (exceeding 94 metric number but not exceeding 120 metric number)	0	0	5
3	5205.2800	Measuring less than 83.33 decitex (exceeding 120 metric number)	0	0	5
4	5205.3500	Measuring per single yarn less than 125 decitex (exceeding 80 metric number per single yarn)	0	0	5
5	5205.4700	Measuring per single yarn less than 106.38 decitex but not less than 83.33 decitex (exceeding 94 metric number but not exceeding 120 metric number per single yarn)	0	0	5
6	5205.4800	Measuring per single yarn less than 83.33 decitex (exceeding 120 metric number per single yarn)	0	0	5

12.2.2 **Domestic Like Product**

12.2.2.1 Under the Section 2(f) of the Act, “Domestic Like Product” means a like product that is produced by the domestic industry. The domestic like product is Cotton Yarn carded or combed, 55.5 and above Counts, produced by the domestic industry in Pakistan. The domestic like product is also classified under PCT Nos. 5205.1500, 5205.2700, 5205.2800, 5205.3500, 5205.4700 and 5205.4800. The domestic like product is generally used in weaving mills for production of cotton fabrics. Major uses of the domestic like product are, therefore, identical to those of the investigated product.

12.2.3 **Like Product:**

12.2.3.1 The like product is Cotton Yarn carded or combed, 55.5 and above Counts, produced and sold by the Indian exporters/foreign producers of Cotton Yarn in their domestic market and export markets to countries other than Pakistan. Further, it also includes Cotton Yarn exported from the countries other than India to Pakistan. The like product is generally used in weaving mills for production of cotton fabrics. Major uses of the like product are, therefore, identical to those of the investigated product and domestic like product.

12.2.3.2 The investigated product, the domestic like product and the like product are comparable in terms of physical and chemical characteristics, product specifications, chemical

formulation, end uses and tariff classification of the goods etc. Investigated product, the domestic like product and the like product are technically and commercially identical.

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

13. Period of Investigation

13.1 In terms of Section 36 of the Act, Period of Investigation ("POI") is:

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

ii. *"for the purposes of an investigation of injury, the investigation period shall normally cover thirty-six months:*

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

13.2 The Commission received the application on July 7, 2015 and initiated the investigation on August 20, 2015. The Applicants have provided the information/data up to June 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:	July 1, 2014 to June 30, 2015.
For determination of injury:	July 1, 2012 to June 30, 2015

14. Information/Data Gathering

14.1 The Commission sent Exporter's Questionnaire to all known exporters/foreign producers from India whom addresses were available with the Commission on September 4, 2015 for collection of data/information. The exporters/foreign producers were asked to respond within 37 days of dispatch of the Questionnaire. On September 4, 2015, the Questionnaire was also sent to the High Commission of India in Islamabad with a request to forward it to the all exporters/foreign producers of the investigated product in India.

14.2 The Commission's request for supplying information on the prescribed Exporter's Questionnaire was responded by 18 exporters/foreign producers with the request for extension in time period (beyond 37 days) for submission of information. 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 October 25, 2015.

14.3 The Commission received filled-in Exporter's Questionnaires from the following 20 exporters/producers from India after the expiration of extended time;

- i. Shreedhar Cotsyn (Pvt) Ltd.
- ii. Veebee Yarnntex Private Limited
- iii. NSL Textiles Limited
- iv. Super Spinning Mills Limited
- v. Sree Lalitha Parameswari Spinning
- vi. Prasuna Vamsikrishna Spinning Mills Pvt Ltd.
- vii. Mohan Spintex India Limited
- viii. Trident Limited
- ix. Nagreeka Exports Limited
- x. Prime Urban Development India
- xi. K.A.S Industries India Pvt Ltd.
- xii. SjlT Spinning Mills (P) Ltd.
- xiii. The Priyadarsini Cooperative
- xiv. SjlT Textiles Pvt Ltd.
- xv. Prima Products Pvt Ltd.
- xvi. Vardhman Textiles Ltd.
- xvii. Nahar Spinning Mills Ltd.
- xviii. Arun Spinning Mills (P) Ltd.
- xix. Thiagarajar Mills (P) Ltd.
- xx. Premier Mills Pvt Ltd.

14.4 Due to large number of exporter/foreign producers, the Commission decided to limit the number of exporters/foreign producers from India for detailed examination on the basis of volume of exports. The Commission selected 8 exporters/producers from India on the basis of highest import in terms of Section 14 of the Act after the consultation with the cooperating exporters/producers from India under Section 14 (3) of the Act. The selected

exporters/producers mentioned below represent the 38.5% of the volume of exports of Cotton Yarn from India;

- i. Veebee Yarnntex Private Limited
- ii. NSL Textiles Limited
- iii. Super Spinning Mills Limited
- iv. Sree Lalitha Parameswari Spinning
- v. Prasuna Vamsikrishna Spinning Mills Pvt Ltd
- vi. Mohan Spintex India Limited
- vii. Trident Limited
- viii. Nagreeka Exports Limited

14.5 Upon examination of the information received from these 8 exporters/foreign producers 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. Further details are given at paragraph 15 infra.

14.6 On September 4, 2015 Questionnaires were also sent to 9 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.

14.7 The Commission also sent Questionnaire on September 16, 2015 to domestic producers of Cotton Yarn other than the Applicants, requesting them to provide information within 37 days of the issuance of the questionnaire. However no other producer provided the data/information on the prescribed questionnaire to the Commission.

14.8 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.

14.9 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.

Only one interested party namely Cotton Textiles Export Promotion Council of India (TEXPROCIL) made comments /submitted information germane to this investigation.

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

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

15.1 Questionnaire Response by Veebee Yarnntex Private Limited

15.1.1 The Commission sent the Exporter's Questionnaire to Veebee Yarnntex Private Limited (hereinafter referred to as "Veebee") on September 4, 2015. Veebee applied to the Commission in its letter dated September 25, 2015 for extension of time period for submission of response to questionnaire for three weeks. The Commission granted the extension vide its letter dated October 9, 2015 after considering the reasons given in the request for extension. Its response was received in the Commission on October 26, 2015.

15.1.2 According to the information provided in response to the questionnaire, Veebee is a private limited company incorporated under the provisions of Indian Companies Law in force on date of incorporation. It has been engaged in the manufacture, sale and export of Cotton Yarn to Pakistan as well as to other countries and in its domestic market during the POI.

15.1.3 The information submitted by Veebee 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 15, 2016.

15.1.4 Veebee was asked to provide the deficient information/data no later than 5 days of issuance of the letter, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. Veebee responded to the deficiencies vide its letter dated February 3, 2016.

15.2 Questionnaire Response by Mohan Spintex India Limited

15.2.1 The Commission sent the Exporter's Questionnaire to Mohan Spintex India Limited (hereinafter referred to as "Mohan Spintex") on September 4, 2015. Mohan Spintex applied to

the Commission in its letter dated September 24, 2015 for extension of time period for submission of response to questionnaire for 45 days. The Commission granted the extension vide its letter dated October 9, 2015 after considering the reasons given in the request for extension upto October 25, 2015. Its response was received in the Commission on October 26, 2015.

15.2.2 According to the information provided in response to the questionnaire, Mohan Spintex is a public limited company incorporated as a public limited company under the erstwhile Companies Act, 1956. It has been engaged in the manufacture, sale and export of Cotton Yarn to Pakistan as well as to other countries and in domestic market during the POI.

15.2.3 The information submitted by Mohan Spintex 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 15, 2016.

15.2.4 Mohan Spintex was asked to provide the deficient information/data no later than 5 days of issuance of the letter, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. Mohan Spintex responded to the deficiencies vide its letter dated January 20, 2016.

15.3 Questionnaire Response by Super Spinning Mills Limited

15.3.1 The Commission sent the Exporter's Questionnaire to Super Spinning Mills Limited (hereinafter referred to as "Super Spinning") on September 4, 2015. Super Spinning applied to the Commission in its letter dated September 25, 2015 for extension of time period for submission of response to questionnaire for 60 days. The Commission granted the extension vide its letter dated October 9, 2015 after considering the reasons given in the request for extension upto October 25, 2015. Its response was received in the Commission on November 4, 2015.

15.3.2 According to the information provided in response to the questionnaire, Super Spinning is a public limited company incorporated under the provisions of Indian Companies Law in force as on date. It has been engaged in the manufacture, sale and export of Cotton Yarn to Pakistan as well as to other countries during the POI. Super Spinning submitted that it did not sell the IP in its domestic market during the POI.

15.3.3 The information submitted by Super Spinning 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 15, 2016.

15.3.4 Super Spinning was asked to provide the deficient information/data no later than 5 days of issuance of the letter, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. However, Super Spinning did not respond to the deficiencies. The data submitted by the Super Spinning was too much deficient to determine export price individually for super spinning. Therefore, the Commission has determined dumping margin for Super Spinning on the basis of best available information and treated Super Spinning in all other non-cooperating exporters.

15.4 Questionnaire Response by Sree Lalitha Parameswari Spinning

15.4.1 The Commission sent the Exporter's Questionnaire to Sree Lalitha Parameswari Spinning (hereinafter referred to as "Sree Lalitha") on September 4, 2015. Sree Lalitha applied to the Commission in its letter dated October 5, 2015 for extension of time period for submission of response to questionnaire for 3 weeks. The Commission granted the extension vide its letter dated October 9, 2015 after considering the reasons given in the request for extension upto October 25, 2015. Its response was received in the Commission on October 26, 2015.

15.4.2 According to the information provided in response to the questionnaire, Sree Lalitha is a Private Limited Company limited by shares, duly incorporated under the provisions of Indian Companies Law in force as on date. It has been engaged in the manufacture, sale and export of Cotton Yarn to Pakistan as well as to other countries and in domestic market during the POI.

15.4.3 The information submitted by Sree Lalitha 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 18, 2016.

15.4.4 Sree Lalitha was asked to provide the deficient information/data no later than 5 days of issuance of the letter, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. Sree Lalitha responded to the deficiencies vide its letter dated February 3, 2016.

15.5 Questionnaire Response by Prasuna Vamsikrishna Spinning Mills Pvt Ltd

15.5.1 The Commission sent the Exporter's Questionnaire Prasuna Vamsikrishna Spinning Mills Pvt Ltd (hereinafter referred to as "Prasuna") on September 4, 2015. Prasuna applied to the Commission in its letter dated September 29, 2015 for extension of time period for submission of response to questionnaire for 45 days. The Commission granted the extension vide its letter dated October 9, 2015 after considering the reasons given in the request for extension upto October 25, 2015. Its response was received in the Commission on October 24, 2015.

15.5.2 According to the information provided in response to the questionnaire, Prasuna is a Private Limited Company, duly incorporated under the provisions of Indian Companies Law in force as on date. It has been engaged in the manufacture, sale and export of Cotton Yarn to Pakistan as well as to other countries and in domestic market during the POI.

15.5.3 The information submitted by Prasuna 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 18, 2016.

15.5.4 Prasuna was asked to provide the deficient information/data no later than 5 days of issuance of the letter, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. Prasuna responded to the deficiencies vide its letter dated January 22, 2016.

15.6 Questionnaire Response by NSL Textile Limited

15.6.1 The Commission sent the Exporter's Questionnaire NSL Textile Limited (hereinafter referred to as "NSL") on September 4, 2015. NSL applied to the Commission in its letter dated September 29, 2015 for extension of time period for submission of response to questionnaire upto November 15, 2015. The Commission granted the extension vide its letter dated October 9, 2015 after considering the reasons given in the request for extension upto October 25, 2015. Its response was received in the Commission on October 24, 2015.

15.6.2 According to the information provided in response to the questionnaire, NSL is a company limited by shares, duly incorporated under provisions of Indian companies law in force as on date. It has been engaged in the manufacture, sale and export of Cotton Yarn to Pakistan as well as to other countries and in domestic market during the POI.

15.6.3 The information submitted by NSL 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, 2016.

15.6.4 NSL was asked to provide the deficient information/data no later than 5 days of issuance of the letter, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. NSL responded to the deficiencies vide its letter dated January 25, 2016.

15.7 Questionnaire Response by Nagreeka Exports Limited

15.7.1 The Commission sent the Exporter's Questionnaire Nagreeka Exports Limited (hereinafter referred to as "Nagreeka") on September 4, 2015. Nagreeka applied to the Commission in its letter dated September 24, 2015 for extension of time period for submission of response to questionnaire for 60 days. The Commission granted the extension vide its letter dated October 9, 2015 after considering the reasons given in the request for extension upto October 25, 2015. Its response was received in the Commission on October 25, 2015.

15.7.2 According to the information provided in response to the questionnaire, Nagreeka is a company limited by shares, duly incorporated under provisions of Indian companies law in force as on date. It has been engaged in the manufacture, sale and export of Cotton Yarn to Pakistan as well as to other countries and in domestic market during the POI.

15.7.3 The information submitted by Nagreeka 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 22, 2016.

15.7.4 Nagreeka was asked to provide the deficient information/data no later than 5 days of issuance of the letter, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. Nagreeka responded to the deficiencies vide its letter dated February 4, 2016.

15.8 Questionnaire Response by Trident India Limited

15.8.1 The Commission sent the Exporter's Questionnaire Trident India Limited (hereinafter referred to as "Trident") on September 4, 2015. Trident applied to the Commission in its letter dated October 1, 2015 for extension of time period for submission of response to questionnaire

for 60 days. The Commission granted the extension vide its letter dated October 9, 2015 after considering the reasons given in the request for extension upto October 24, 2015. Its response was received in the Commission on October 25, 2015.

15.8.2 According to the information provided in response to the questionnaire, Trident is a company limited by shares, duly incorporated under provisions of Indian companies Act, 1956. It has been engaged in the manufacture, sale and export of Cotton Yarn to Pakistan as well as to other countries and in domestic market during the POI.

15.8.3 The information submitted by Trident 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 22, 2016.

15.8.4 Trident was asked to provide the deficient information/data no later than 5 days of issuance of the letter, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. Trident responded to the deficiencies vide its letter dated January 30, 2016.

16. Verification of the Information

16.1 In terms of Sections 32(4) and 35 of the Act and Rule 12 of the Rules, during the course of an investigation, the Commission shall satisfy itself as to the accuracy of the information and for this purpose verify the information supplied by the interested parties. Accordingly the Commission has satisfied itself as to the accuracy and adequacy of information supplied by the interested parties to the extent possible for the purposes of this investigation.

16.2 In order to verify information/data provided by the Applicants and to obtain further information (if any), officers of the Commission conducted on-the-spot investigation at the office and plant of the Applicants from March 28, 2015 to April 05, 2016. Non-confidential summaries of the verification reports re placed in the public file maintained under Rule 7 of the Rules.

16.3 In order to verify information/data provided by the cooperating producers/exporters and to obtain further information (if any), officers of the Commission conducted on-the-spot investigation of the following selected cooperating exporters/producers Applicants from November 14 to 30, 2016.

- i. Veebee Yarnntex Private Limited
- ii. NSL Textiles Limited
- iii. Sree Lalitha Parameswari Spinning
- iv. Prasuna Vamsikrishna Spinning Mills Pvt Ltd
- v. Mohan Spintex India Limited
- vi. Trident Limited
- vii. Nagreeka Exports Limited

16.4 On the spot investigation of Trident Limited and Nagreeka Exports was conducted at its Delhi and Mumbai office respectively. For rest of the above mentioned exporters, on the spot investigation was conducted at the office of TEXPROCIL. Non-confidential summaries of the verification reports are placed in the public file maintained under Rule 7 of the Rules.

17. Public File

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

18. Confidentiality

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

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

18.3 On the basis of request made by the interested parties, the Commission has determined the confidentiality in light of Section 31 of the Act and for the reasons that disclosure of such

information may be of significant competitive advantage to a competitor, or because its disclosure would have a significant adverse effect upon the interested parties providing such information. Therefore, the Commission kept all such information confidential for which the interested parties made a request to keep it confidential.

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

19. Preliminary Determination

The Commission made a preliminary determination in this case on February 15, 2016 and in terms of Section 37 of the Act, the Commission issued a notice of preliminary determination (“notice of preliminary determination”) which was published on February 16, 2016 in official Gazette of Pakistan and in two widely circulated national newspapers (one English “Daily News” and one Urdu Language (“Daily Express”)) notifying preliminary determination. However, the Commission did not impose antidumping duties.

19.2 The Commission also sent notice of preliminary determination to the High Commission of India in Islamabad, the exporters, the importers and the Applicants in accordance with the requirements of Section 37(4) of the Act. The findings of the Commission in the preliminary determination were as follows:

- i. the application was filed on behalf of the domestic industry as the Applicants represent 42.09% 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 India 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 relative to domestic

consumption, price depression, decline in profits and negative effect on inventories in terms of Section 15 and 17 of the Act; and

- v. there was a causal relationship between dumped imports of the product and the material injury suffered by the domestic industry.
- vi. The tariff structure applicable to Cotton Yarn industry shows that the Government has imposed Regulatory Duty @ 10% on imports of Cotton Yarn falling under PCT head 52.05 on October 30, 2015 which covers the PCTs of investigated product. Therefore, it would not be appropriate to impose provisional anti-dumping duties in the presence of Regulatory Duty @ 10% because of its negative implications on upstream textile industry.

20. Disclosure after Preliminary Determination

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

20.2 No exporter requested the Commission for disclosure meeting.

21. Hearing

Upon request of the All Pakistan Textiles Mills Association (APTMA) a hearing in this investigation was held on December 14, 2016 under Rule 14 of the Rules. All interested parties were invited to attend the hearing. The information submitted by the participants during the hearing and record note of the hearing prepared by the Commission are available in the public file for review and copy of the interested parties.

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

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

- i. All Pakistan Textile Mills Association (“APTMA”);

- ii. The Cotton Textiles Export Promotion Council (TEXPROCIL);

22.2 The Commission has carefully reviewed all issues raised by the interested parties and during the investigation and reached this final determination after consideration of all information, evidence, views and comments of the interested parties.

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

23. Disclosure of Essential Facts

23.1 In terms of Rules 14(8) of the Rules, and Article 6.9 of Agreement on Antidumping, the Commission disclosed essential facts, and in this context dispatched Statement of Essential Facts (“SEF”) on January 13, 2017 to all interested parties including the known exporters/foreign producers, the Applicant, the known Pakistani importers, and to the High Commission of India in Islamabad.

23.2 Under Rule 14(9) of the Rules, the interested parties were required to submit their comments (if any) on the facts disclosed in SEF, in writing, not later than fifteen days of such disclosure. The representative of exporters and TEXPROCIL requested the Commission to consider the post hearing submissions and comments on verification reports filed by it.

B. DETERMINATION OF DUMPING

24. Dumping

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

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

25. Normal Value

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

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

25.2 Further, Section 6 of the Act states:

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

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

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

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

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

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

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

“(b) in substantial quantities; and

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

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

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

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

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

26. Export Price

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

27. Dumping Determination

As stated earlier (paragraph 10 supra) the Applicants identified 60 exporters/ producers from India involved in alleged dumping of the investigated product. The Commission sent Exporter’s Questionnaire to all known exporters/producers from India on September 4, 2015 for collection of data and information. Questionnaire was also provided to the High Commission of India in Islamabad with a request to forward it to all exporters/producers of the investigated product based in India to submit information to the Commission.

27.2 Twenty (20) exporters/foreign producers, provided information in response to the questionnaire, (paragraphs 14.3 supra). However, the Commission has limited its examination to only eight exporters/producers namely, Veebee, Mohan Spintex, Super Spinning, Sree Lalitha, Prasuna, NSL, Nagreeka and Trident 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. Super Spinning did not provide the requisite data in response to the deficiency letter of the Commission therefore, the Commission has limited scope of detailed examination to seven producers excluding Super Spinning. A residual dumping margin has been determined for all other exporters/foreign producers of the India.

28. Determination of Normal Value

The Commission received information on domestic sales and cost of production etc. of the like product from seven exporters/producers from India namely Veebee, Mohan Spintex, Sree Lalitha, Prasuna, NSL, Nagreeka and Trident in response to the questionnaires. 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 Indian exporters/producers has been determined on the basis of best information available in accordance with Section 32 and Schedule to the Act.

28.1 Determination of Normal Value for Sree Lalitha

28.1.1 Normal value for Sree Lalitha has been determined on the basis of the information provided by it on its domestic sales and cost to make and sell during the POI. According to the information, Sree Lalitha sold investigated product in its domestic market during the POI. Sree Lalitha sells Cotton Yarn in the domestic market of different Counts i.e. 60 counts and 80 counts. During on the spot investigation, the company on the basis of sales invoices segregated the counts into GIZA blended and non-GIZA blended investigated product. It exported also the Cotton Yarn of same counts and quality to Pakistan. For like to like comparison, normal value has been determined on the basis of sales of these counts and quality.

28.1.2 Sree Lalitha sold **** MT of the like product in its domestic market during the POI. These sales are in sufficient quantities to determine normal value in terms of Section 6(2) of the Act, as these are more than 5 percent of the export sales of the investigated product exported by it to Pakistan during the POI. It sold like product to un-related customers in its domestic market. Section 7 of the Act requires the Commission to determine ordinary course of trade for domestic sales to determine normal value. Investigation has revealed that out of total sales, Sree Lalitha sold **** MT of 60 count GIZA blended, **** MT of 60 count non-GIZA blended, **** MT of 80 count GIZA blended and 10.86 MT of 80 count non-GIZA blended. Out of 60 count GIZA blended sales, **** MT were at loss while **** MT were profitable sales. Out of 60 count non-GIZA blended sales, **** MT were at loss while **** MT were profitable sales. Out of 80 count GIZA blended sales, **** MT were at loss while **** MT were profitable sales. Out of 80 count non-GIZA blended sales, **** MT were at loss while **** MT were profitable sales. Below costs sales of 60 count GIZA blended and 60 count non-GIZA blended were in substantial quantities in terms of Section 7(2) of the Act. Furthermore, below costs sales were in extended period of time and its prices did not provide for recovery of all costs within a reasonable period of time. Thus, in determination of normal value for the above-mentioned types, the Commission has disregarded sales, which were not in the ordinary course of trade in accordance with provisions of Section 7 of the Act.

28.1.3 During the POI, Sree Lalitha sold like product in its domestic market at delivered basis. To arrive at the ex-factory price, Sree Lalitha claimed adjustments on account of credit cost, inland freight, rebate, insurance, duty drawback, handling cost, packing cost, level of trade and

commission. During the on the spot investigation, the Commission's investigation team verified the adjustments of rebate, commission, duty drawback, inland freight and packing cost therefore, the Commission has accepted the verified adjustments. Normal value and 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-II.

28.2 Determination of Normal Value for Trident, India

28.2.1 Normal value for Trident has been determined on the basis of the information provided by it on its domestic sales and cost to make and sell during the POI. According to the information, Trident sold investigated product in its domestic market during the POI. Trident sold Cotton Yarn in the domestic market of 60 counts. It exported also the Cotton Yarn of same count to Pakistan. For like to like comparison, normal value has been determined on the basis of sales of these counts.

28.2.2 Trident sold **** MT of the like product in its domestic market during the POI. These sales are in sufficient quantities to determine normal value in terms of Section 6(2) of the Act, as these are more than 5 percent of the export sales of the investigated product exported by it to Pakistan during the POI. It sold like product to un-related customers in its domestic market. Section 7 of the Act requires the Commission to determine ordinary course of trade for domestic sales to determine normal value. Investigation has revealed that out of total sales, **** MT were at loss while **** MT were profitable sales. Below costs sales of were in substantial quantities in terms of Section 7(2) of the Act. Furthermore, below costs sales were in extended period of time and its prices did not provide for recovery of all costs within a reasonable period of time. Thus, in determination of normal value for the above-mentioned types, the Commission has disregarded sales, which were not in the ordinary course of trade in accordance with provisions of Section 7 of the Act.

28.2.3 According to Trident, during the POI, it sold like product in its domestic market at delivered basis. To arrive at the ex-factory price, Trident claimed an adjustment on account of inland freight, indirect tax, discount, insurance, packing cost, credit cost, level of trade and commission in its domestic sales. Level of trade adjustment is claimed on account of difference quantity sold in export market and domestic market. However, the quantity sold to a particular buyer by the company in domestic market is more in terms of quantity than the export market therefore; adjustment of level of trade is not accepted. The Commission has accepted other aforementioned adjustments and normal value at ex-factory level for the like product is worked out by deducting values of these adjustments. Summary calculation of normal value is placed at Annexure-III.

28.3 Determination of Normal Value for Mohan Spintex, India

28.3.1 Normal value for Mohan Spintex has been determined on the basis of the information provided by it on its domestic sales and cost to make and sell during the POI. According to the information, Mohan Spintex sold investigated product in its domestic market during the POI. Mohan Spintex sold investigated product in the domestic market of 60 and 80 counts. It exported the investigated product of same counts to Pakistan. For like to like comparison, normal value has been determined on the basis of sales of these counts. It sold like product to un-related customers in its domestic market.

28.3.2 Mohan Spintex sold **** MT of the like product in its domestic market during the POI. Out of total sales, **** MT was of 60 count and **** MT was of 80. Section 7 of the Act requires the Commission to determine ordinary course of trade for domestic sales to determine normal value. Investigation has revealed that out of total sales of 60 counts, **** MT were below cost sales while **** MT were profitable sales. Out of total sales of 80 counts, **** MT were at loss while **** MT were profitable sales. Below costs sales of 60 counts were in substantial quantities in terms of Section 7(2) of the Act. Furthermore, below costs sales were in extended period of time and its prices did not provide for recovery of all costs within a reasonable period of time. Thus, in determination of normal value for the above-mentioned types, the Commission has disregarded sales, which were not in the ordinary course of trade in accordance with provisions of Section 7 of the Act. Sales of 60 counts of investigated product are not in sufficient quantities to determine normal value in terms of Section 6(2) of the Act, as these are less than 5 percent of the export sales of the investigated product exported by it to Pakistan during the POI. The Commission has constructed the normal value for 60 count on the basis of cost to make and sell and a reasonable amount has been added for profit whereas for 80 count the normal value has been determined on the basis of domestic sales information.

28.3.3 According to Mohan Spintex, during the POI, it sold like product in its domestic market at delivered basis. To arrive at the ex-factory price, Mohan Spintex claimed an adjustment on account of credit cost, commission, insurance, inland freight, duty drawback, packing cost and level of trade and in its domestic sales. Level of trade adjustment is claimed on account of difference quantity sold in export market and domestic market. However, the quantity sold to a particular buyer by the company in domestic market is more in terms of quantity than the export market therefore; adjustment of level of trade is not accepted. The Commission has accepted other aforementioned adjustments and normal value at ex-factory level for the like

product is worked out by deducting values of these adjustments. Summary calculation of normal value is placed at Annexure-IV.

28.4 Determination of Normal Value for Veebee Yarnntex, India

28.4.1 Normal value for Veebee Yarnntex has been determined on the basis of the information provided by it on its domestic sales and cost to make and sell during the POI. According to the information, Veebee Yarnntex sold investigated product in its domestic market during the POI. Veebee Yarnntex sold Cotton Yarn in the domestic market of 60, 64, 67, 80 and 100 counts. It exported the Cotton Yarn of 60, 72, 74, 76 and 80 count to Pakistan. For like to like comparison, normal value has been determined on the basis of sales of these counts. Normal value of the counts exported to Pakistan and not sold in domestic market has been constructed on the basis of cost to make & sell plus a reasonable amount has been added for profit.

28.4.2 Veebee Yarnntex sold **** MT of the like product in its domestic market during the POI. Out of total sales, **** MT was of 60 count, **** MT was of 64 count, **** of 67 counts, **** MT of 80 counts and **** MT of 100 counts. The company sold 60 and 80 counts in domestic market and export market. Section 7 of the Act requires the Commission to determine ordinary course of trade for domestic sales to determine normal value. Investigation has revealed that total sales of 60 counts were below cost sales. Out of total sales of 80 counts, **** MT were at loss while **** MT were profitable sales. Below costs sales of were in substantial quantities in terms of Section 7(2) of the Act. Furthermore, below costs sales were in extended period of time and its prices did not provide for recovery of all costs within a reasonable period of time. Thus, in determination of normal value for the above-mentioned types, the Commission has disregarded sales, which were not in the ordinary course of trade in accordance with provisions of Section 7 of the Act. These sales are in sufficient quantities to determine normal value in terms of Section 6(2) of the Act, as these are more than 5 percent of the export sales of the investigated product exported by it to Pakistan during the POI. It sold like product to un-related customers in its domestic market. The Commission has constructed the normal value for 60, 72, 74 and 76 counts on the basis of cost to make and sell and a reasonable amount has been added for profit.

28.4.3 According to Veebee Yarnntex, during the POI, it sold like product in its domestic market at ex-mill basis. To arrive at the ex-factory price, Veebee Yarnntex claimed an adjustment on account of credit cost, commission and indirect tax. The Commission has accepted aforementioned adjustments and normal value at ex-factory level for the like product is worked out by deducting values of these adjustments. Summary calculation of normal value is placed at Annexure-V.

28.5 Determination of Normal Value for PVK, India

28.5.1 Normal value for PVK has been determined on the basis of the information provided by it on its domestic sales and cost to make and sell during the POI and the information verified by the Commission's investigation team during the on the spot investigation. PVK sold the like product in its domestic market during the POI. PVK sold 60, 80, 2'60 and 2'80 counts of like product in domestic market. However it exported Investigated product of 60 counts, 2'60 counts, 70 Counts, 74 Counts and 80 counts.

28.5.2 PVK sold **** MT of the like product in its domestic market during POI. It sold like product to un-related customers in its domestic market. Section 7 of the Act requires the Commission to determine ordinary course of trade for domestic sales to determine normal value. Investigation has revealed that in domestic sales, below costs sales of 60 counts were in substantial quantities in terms of Section 7(2) of the Act. Furthermore, below costs sales were in extended period of time and its prices did not provide for recovery of all costs within a reasonable period of time. Thus, in determination of normal value for the Cotton Yarn of 60 counts, the Commission has disregarded sales, which were not in the ordinary course of trade in accordance with provisions of Section 7 of the Act. The domestic sales of 2'60 Counts and 80 counts below costs sales were not in substantial quantities in terms of Section 7(2) of the Act. PVK did not have domestic sales of 70 counts and 74 Counts, therefore for these counts cost to make has been constructed for comparison purpose as PVK have export sales of these two Counts.

28.5.4 The domestic sales of 60 Counts, 2'60 Counts and 80 Counts are in sufficient quantities to determine normal value in terms of Section 6(2) of the Act, as these are more than 5 percent of the export sales of the investigated product exported by it to Pakistan during the POI.

28.5.5 During the POI, PVK sold like product in its domestic market at delivered basis. To arrive at the ex-factory price, PVK claimed adjustment on account of credit cost, Commission, indirect tax, inland freight, service tax on freight, insurance, handling cost, packing cost and level of trade. During the on the spot investigation, the Commission's investigation team verified the adjustments of credit cost, Commission, indirect tax, inland freight, insurance, handling cost, packing cost therefore, the Commission has accepted these adjustments. However, the Commission has not accepted the adjustment on account of service tax on freight and level of trade. The reasons for not accepting these adjustments are enumerated in on the spot verification report of PVK. Normal value at ex-factory level for the like product is worked out by

deducting values of accepted adjustments. Summary calculation of normal value is placed at Annexure-VI.

28.6 Determination of Normal Value for NSL, India

28.6.1 Normal value for NSL has been determined on the basis of the information provided by it on its domestic sales and cost to make and sell during the POI and the information verified by the Commission's investigation team during the on the spot investigation. NSL sold the like product in its domestic market during the POI. NSL sold counts ranging from 60 to 90 counts of like product in domestic market. However it only exported Investigated product of 60 and 80 counts during POI. The NSL have different varieties of 60 and 80 counts and each variety has specific code. Therefore for a fair comparison the variety of 60 count and 80 count which has been exported to Pakistan during the POI has been compared with domestic sales of respective varieties of those counts.

28.6.2 NSL sold **** MT of the like product in its domestic market during POI. Out of these **** MT, the sales of 60 count and 80 counts were **** MT. It sold like product to un-related customers in its domestic market. Section 7 of the Act requires the Commission to determine ordinary course of trade for domestic sales to determine normal value. Investigation has revealed that in all the domestic sales of 60 counts were below cost in terms of Section 7(2) of the Act, therefore, for purpose of determination of normal value, the Commission has constructed cost for 60 counts by adding a reasonable amount of profit. The domestic sales of 80 counts below costs sales were not in substantial quantities in terms of Section 7(2) of the Act. The domestic sales of 80 Counts are in sufficient quantities to determine normal value in terms of Section 6(2) of the Act, as these are more than 5 percent of the export sales of the investigated product exported by it to Pakistan during the POI.

28.6.5 During the POI, NSL sold like product in its domestic market at delivered basis. During POI, payment terms were either advance payment or credit for 7 to 30 days To arrive at the ex-factory price, NSL claimed adjustment on account of credit cost, Commission, inland freight, insurance, handling/loading cost, packing cost and level of trade. During the on the spot investigation, the Commission's investigation team verified the adjustments of credit cost, Commission, inland freight, insurance, handling cost, packing cost, therefore, the Commission has accepted these adjustments. However, the amount inland freight includes service tax on freight. The Commission has not accepted the adjustment on account of service tax on freight and level of trade. The reasons for not accepting these adjustments are enumerated in on the spot verification report of NSL. Normal value at ex-factory level for the like product is worked

out by deducting values of accepted adjustments. Summary calculation of normal value is placed at Annexure-VII.

28.7 Determination of Normal Value for Nagreeka, India

28.7.1 Normal value for Nagreeka has been determined on the basis of the information provided by it on its domestic sales and cost to make and sell during the POI and the information verified by the Commission's investigation team during the on the spot investigation. Nagreeka sold the like product in its domestic market during the POI. Nagreeka sold like product of 60 counts of in domestic market. However it exported Investigated product of 60 counts and 80 counts.

28.7.2 Nagreeka sold **** MT of the like product in its domestic market during POI. It sold like product to un-related customers in its domestic market. Section 7 of the Act requires the Commission to determine ordinary course of trade for domestic sales to determine normal value. Investigation has revealed that in domestic sales below costs sales of 60 counts were in substantial quantities in terms of Section 7(2) of the Act. Furthermore, below costs sales were in extended period of time and its prices did not provide for recovery of all costs within a reasonable period of time. Thus, in determination of normal value for the Cotton Yarn of 60 counts, the Commission has disregarded sales, which were not in the ordinary course of trade in accordance with provisions of Section 7 of the Act. Nagreeka did not have domestic sales of 80 counts, therefore for 80 count cost to make has been constructed for comparison purpose as Nagreeka has export sales of these 80 Count.

28.7.4 The domestic sales of 60 Count are in sufficient quantities to determine normal value in terms of Section 6(2) of the Act, as these are more than 5 percent of the export sales of the investigated product exported by it to Pakistan during the POI.

28.7.5 During the POI, Nagreeka sold like product in its domestic market at delivered basis. To arrive at the ex-factory price, Nagreeka claimed adjustment on account of credit cost, discount, inland freight, service tax on freight, insurance, commission, handling cost, packing cost and level of trade. During the on the spot investigation, the Commission's investigation team verified the adjustments of credit cost, Commission, inland freight, insurance, handling cost, packing cost therefore, the Commission has accepted these adjustments. However, the Commission has not accepted the adjustment on account of discount, service tax on freight and level of trade. The reasons for not accepting these adjustments are enumerated in on the spot verification report of Nagreeka. Normal value at ex-factory level for the like product is worked

out by deducting values of accepted adjustments. Summary calculation of normal value is placed at Annexure-VIII.

29 Determination of Export Price

29.1.1 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*”.

29.1.2 The Commission received information on export sales of the investigated product from eight Indian exporters/producers namely Veebee, Mohan Spintex, Super Spinning, Sree Lalitha, Prasuna, NSL, Nagreeka and Trident in response to the questionnaires sent to various exporters/foreign producers of India. The information submitted by exporters selected for calculation of dumping margin has been used for determination on export price as discussed below except for the Super Spinning as the information provided by the Super Spinning was not complete. 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 Sree Lalitha, India

29.2.1 Export price for Sree Lalitha 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, Sree Lalitha exported the investigated product to Pakistan during the POI. All export sales to Pakistan, during the POI, were made to un-related customers.

29.2.3 During the POI, Sree Lalitha exported investigated product on LC at sight and credit days ranging from 90-130 days basis. To arrive at the ex-factory level, it has reported adjustments on account of credit cost, commission, inland freight, handling cost, insurance, ocean freight, bank charges and packing cost. The Commission has accepted aforementioned adjustments. During POI, where payment terms were LC at sight, Sree Lalitha, on average, received payment after 22 days. During POI, Sree Lalitha exported investigated product to Pakistan at CFR Karachi basis. The export price at ex-factory level is worked out by deducting values reported for accepted adjustments from the gross value of sales transactions. Summary calculation of export price is placed at Annexure-X.

29.3 Determination of Export Price for Trident, India

29.3.1 Export price for Trident 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. All export sales to Pakistan, during POI, were made to un-related customers.

29.3.3 During the POI, Trident exported investigated product on 15 days due net at delivered basis. To arrive at the ex-factory level, it has reported adjustments on account of credit cost, commission, inland freight, ocean freight, insurance, bank charges, packing cost, net interest charges on negotiation, packing cost, duty drawback and level of trade. With reference to adjustment of credit cost, during POI, payment terms were 15 days due net. On average Trident received payment after 32 days. The Commission has rejected the level of trade adjustment on the reasons mentioned above. 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 calculation of export price is placed at Annexure-XI.

29.4 Determination of Export Price for Veebee Yarnntex, India

29.4.1 Export price for Veebee Yarnntex 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, Veebee Yarnntex exported the investigated product to Pakistan during the POI. All export sales to Pakistan, during the POI, were made to un-related customers.

29.4.3 During the POI, Veebee Yarnntex exported investigated product on LC at sight and credit days ranging from 90-120 days basis. To arrive at the ex-factory level, it has reported adjustments on account of credit cost, commission, inland freight, ocean freight, bank charges, handling charges and duty drawback. The Commission has accepted aforementioned adjustments. During POI, Veebee Yarnntex, on average, received payment after 147 days. During POI, Veebee Yarnntex exported investigated product to Pakistan at CFR Karachi basis. The export price at ex-factory level is worked out by deducting values reported for accepted adjustments from the gross value of sales transactions. Summary calculation of export price is placed at Annexure-XII.

29.5 Determination of Export Price for Mohan Spintex, India

29.5.1 Export price for Mohan Spintex 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, Mohan Spintex exported the investigated product to Pakistan during the POI. All export sales to Pakistan, during POI, were made to un-related customers.

29.5.3 During the POI, Mohan Spintex exported investigated product on LC at sight and 90 days due net at delivered basis. To arrive at the ex-factory level, it has reported adjustments on account of credit cost, commission, inland freight, ocean freight, insurance, handling cost, bank charges and packing cost. During POI, where payment terms were LC at sight, Mohan Spintex, on average, received payment after 24 days. 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 calculation of export price is placed at Annexure-XIII.

29.6 Determination of Export Price for PVK, India

29.6.1 Export price for PVK 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, PVK exported the investigated product to Pakistan during the POI. All export sales to Pakistan, during the POI, were made to un-related customers.

29.6.3 During the POI, PVK exported investigated product on LC at sight basis credit ranging from 90 days to 175 days after the shipment. To arrive at the ex-factory level, it has reported adjustments on account of credit cost, commission, ocean freight, inland freight, handling cost, bank charges, packing cost and duty drawback. The Commission has accepted the aforementioned adjustments. However, the bank realization advice for export transactions shows that there was shortfall in realization of invoice amount which was payable by the buyer. The amount of shortfall has accordingly been adjusted in export price. Further, During POI, payment terms were LC at sight on average PVK received payment after 21 days. During POI, PVK exported investigated product to Pakistan at CFR Karachi basis. The export price at ex-factory level is worked out by deducting values reported for accepted adjustments from the gross value of sales transactions. Summary calculation of export price is placed at Annexure-XIV.

29.7 Determination of Export Price for NSL, India

29.7.1 Export price for NSL 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, NSL exported the investigated product to Pakistan during the POI. All export sales to Pakistan, during the POI, were made to un-related customers.

29.7.3 During the POI, NSL exported investigated product on LC at sight basis. To arrive at the ex-factory level, it has reported adjustments on account of commission, ocean freight, inland freight, handling cost, Loading Charges, bank charges, packing cost and duty drawback. The Commission has accepted the aforementioned adjustments after verification. However, for some transaction where payment terms were LC at sight, LCs were discounted by NSL from the bank. The interest charges deducted by the bank for discounting have been deducted from respective transactions. Further, During POI, payment terms were LC at sight on average NSL received payment after 21 days. During POI, NSL exported investigated product to Pakistan at CFR Karachi basis. The export price at ex-factory level is worked out by deducting values reported for accepted adjustments from the gross value of sales transactions. Summary calculation of export price is placed at Annexure-XV.

29.8 Determination of Export Price for Nagreeka, India

29.8.1 Export price for Nagreeka 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, Nagreeka exported the investigated product to Pakistan during the POI. All export sales to Pakistan, during the POI, were made to un-related customers.

29.8.3 During the POI, Nagreeka exported investigated product on LC at sight basis and some transactions at credit terms of 90 days. To arrive at the ex-factory level, it has reported adjustments on account of commission, inland freight, ocean freight, bank charges, packing cost, duty drawback and technical assistance for some export transactions. The Commission has accepted the aforementioned adjustments except for technical assistance after verification. Further, During POI, payment terms were LC at sight on average Nagreeka received payment after 20 days. During POI, Nagreeka exported investigated product to Pakistan at CFR Karachi basis. The export price at ex-factory level is worked out by deducting values reported for accepted adjustments from the gross value of sales transactions. Summary calculation of export price is placed at Annexure-XVI.

30. Dumping Margin

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

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 as % of	
		Export price	C & F price
India	Veebee Yarnntex Private Limited	15.35	14.55
	NSL Textiles Limited	9.83	9.53
	Sree Lalitha Parameswari Spinning	14.08	13.18
	Prasuna Vamsikrishna Spinning Mills Pvt Ltd	4.97	4.84
	Mohan Spintex India Limited	12.96	12.11
	Trident Limited	12.55	12.17
	Nagreeka Exports Limited	5.77	5.64
	All other exporters cooperating; i. Shreedhar Cotsyn (Pvt) Ltd. ii. Prime Urban Development India iii. K.A.S Industries India Pvt Ltd. iv. SjlT Spinning Mills (P) Ltd.	---	10.02

Final determination and levy of definitive antidumping duties on dumped imports of Cotton Yarn (55.5 and above counts)
into Pakistan originating in and/or exported from the Republic of India

	v. The Priyadarsini Cooperative		
	vi. SjlT Textiles Pvt Ltd.		
	vii. Prima Products Pvt Ltd.		
	viii. Vardhman Textiles Ltd.		
	ix. Nahar Spinning Mills Ltd.		
	x. Arun Spinning Mills (P) Ltd.		
	xi. Thiagarajar Mills (P) Ltd.		
	xii. Premier Mills Pvt Ltd.		
	All other exporters non-cooperating	15.35	14.55

30.5 A residual dumping margin/duty rate has been determined for all other exporters/foreign producers of the **India** who did not cooperate with the Commission in this investigation. The Commission has determined that dumping margin calculated for Veebee Yarnntex, India will be applied to all other Indian exporters/foreign producers.

30.6 Weighted average duty rate has been calculated for twelve cooperating exporters/foreign producers not included for detailed investigation in this investigation 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 Indian exporters/producers is 10.02 %. Calculation of Weighted average duty rate for others cooperating Indian exporters/producers is placed at (Annexure – XIX).

31. Negligible Volume of Dumped Imports & Dumping Margin

31.1 In terms of Section 41(3)(b) of the Act, volume of dumped imports shall normally be regarded as negligible if the volume of dumped imports of an investigated product is found to account for less than 3 percent of total imports of the like product unless imports of the investigated product from all countries under investigation which individually account for less than three percent of the total imports of a like product collectively account for more than seven percent of imports of a like product.

31.2 In this regard, data and information available with the Commission on volume of dumped imports of the investigated product from India and like product from other sources during POI from July 01, 2014 to June 30, 2015 is given in the following table:-

Table-IV
Volume of Imports during POI

Final determination and levy of definitive antidumping duties on dumped imports of Cotton Yarn (55.5 and above counts) into Pakistan originating in and/or exported from the Republic of India

Country	Volume of Imports in:
	(%)
India	85.66
Other Sources	14.34
Total	100.00

Period: July 1, 2014 to June 30, 2015

Source: PRAL & Cooperating exporters/foreign producers

Note: To maintain confidentiality, actual figures have been indexed with respect to the total imports during POI

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

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

C. INJURY TO DOMESTIC INDUSTRY

32. Determination of Injury

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

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

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

32.2 Section 15 of the Act further provides that:

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

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

33. Domestic Industry

33.1 As stated in Para 7.2 above, that there are total 35 units in the domestic industry engaged in the production of the Cotton Yarn of 55.5 and above counts. Out of these 35 units, 7 units are stated to be themselves importers of Cotton Yarn. Hence, these 7 units fall outside of the definition of the domestic industry in terms of Section 2(d) of the Act. Hence, for the purposes of this investigation, the Commission has determined that domestic industry manufacturing domestic like product consists of other 28 operational units.

33.2 Out of these 28 units, 7 units are the Applicants. The other 21 units are indifferent in this investigation, as these 21 units have not responded in any manner including the notice of initiation or to the questionnaires sent subsequently. The information in case of these 21 units has been submitted by the Applicants.

33.3 Details of production of the domestic industry during July 1, 2014 to June 30, 2015 are as follows:

Table-V
Unit-wise Production during the POI

S #	Name	Share in domestic production (%)	Supporting/ Opposing/ Indifferent (other units)
1	Alhamd Corporation (Pvt) Ltd.	8.22	Applicant
2	Acro Spinning & Weaving Mills Limited	9.48	Applicant
3	Babri Cotton Mills Ltd.	4.06	Applicant
4	Colony Textile Mills Limited	11.98	Applicant
5	Hasan Limited	6.93	Applicant
6	Sally Textile Mills Limited	0.86	Applicant
7	Saif Textile Mills Limited	0.56	Applicant
8	Others (21 Units)	57.91	Indifferent
Total		100	

Source: Applicants

Note: To maintain confidentiality, actual figures have been indexed with respect to the total production of the domestic industry during POI

33.4 According to the above information, the Applicants produced 42.09% percent of domestic production of the domestic like product produced by the domestic industry during the

POI for dumping. The Commission's investigation also revealed that neither the Applicants were themselves importers of the investigated product nor were related to the Indian exporters involved in dumping of the investigated product into Pakistan.

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 The other 21 units in the domestic industry representing about 57.91 percent of the total domestic production of the domestic like product by the domestic industry were asked to provide information on injury factors for the POI, but none of them provided the requisite information on prescribed questionnaire. The Applicants have furnished some information (production capacity, quantity produced and sold) of these units.

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

34 Volume of Dumped Imports

Facts

34.1 With regard to the volume of dumped imports of the investigated product, the Commission has considered whether there has been a significant increase in dumped imports in absolute terms or relative to the consumption of the domestic like product in the domestic market in accordance with Section 15(2) of the Act. The following table shows domestic consumption of Cotton Yarn, dumped imports of the investigated product and imports of Cotton Yarn from other sources during the POI

Table – VI
Imports of Cotton Yarn and Domestic Consumption

Final determination and levy of definitive antidumping duties on dumped imports of Cotton Yarn (55.5 and above counts)
into Pakistan originating in and/or exported from the Republic of India

Year	Domestic Consumption	Dumped Imports	Other Imports	Total Imports
2012-13	100.00	13.85	4.15	18.00
2013-14	119.91	24.17	3.02	27.19
2014-15	87.93	20.06	3.36	23.42

Source: PRAL

Year: July 1 to June 30

Note: To maintain confidentiality, actual figures have been indexed with respect to domestic consumption for the year 2012-13.

Analysis

34.2 It appears from the above table that the volume of total imports of Cotton Yarn increased from **** MT in 2012-13 to **** MT in 2013-15, an increase of 54 percent. However, volume of total imports of Cotton Yarn declined 14 percent in 2014-15.

34.3 Imports of the investigated product increased from **** MT in the year 2012-13 to **** MT in 2013-14 an increase of 75 percent. However, dumped imports of the investigated product declined from **** MT in 2013-14 to **** MT in 2014-15, a decline by 17 percent.

34.4 Domestic consumption of the Cotton Yarn increased from **** MT in 2012-13 to **** MT in 2013-15, an increase of 20 percent. However, domestic consumption of the Cotton Yarn declined to **** MT in 2014-15, a decline by 27 percent.

34.5 Dumped imports of the investigated product which were 13.85 percent of domestic consumption and 76.63 percent of total import during the year 2012-13 increased to 20.15 percent of the domestic consumption and 88.89 percent of total imports of the Cotton Yarn during the year 2013-15. Dumped imports of the investigated product further increased to 22.82 percent of the domestic consumption in the year 2014-15, however, its share in total imports slightly declined by 3.24 percent during this year.

35. Price Effects

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

the domestic like product). Price effects have been determined on Applicant’s information as information on prices of the other producers is not available with the Commission.

35.2 **Price Undercutting**

Facts

35.2.1 Price undercutting (the extent to which the price of the investigated product was lower than the price of domestic like product) is worked out by comparing prices of the domestic like product and landed cost of the investigated product. Weighted average ex-factory price of the domestic like product and weighted average landed cost of the investigated product during the POI is given in the following table:

Table – VII
Calculation of Price Undercutting (Rs/MT)

Period	Ex-factory price of domestic like product	Landed cost of investigated product	Price under-cutting	
			Absolute	%age
2012-13	109.24	100.00	9.24	9.24
2013-14	124.55	113.24	11.31	9.99
2014-15	105.59	112.84		---

Source: the Applicants and PRAL

Year: July 1 to June 30

Note: To maintain confidentiality, actual figures have been indexed with respect to landed cost of the investigated product for the year 2012-13

Analysis

35.2.2 It appears from the above table that the landed cost of the investigated product was lower than the ex-factory price of the domestic like product in the years 2012-13 and 2013-14. Resultantly, the investigated product undercut prices of the domestic like product at 9.24 percent and 9.99 percent respectively in these years. However, in the year 2014-15 the domestic industry reduced its price significantly (by 15 percent) to compete with dumped imports of the investigated product, therefore, there was no price undercutting in this year.

35.3 **Price Suppression**

Facts

35.3.1 Price suppression is measured by assessing whether the domestic industry recovered increased costs by way of an increase in price. Weighted average cost to make and sell and ex-factory prices of the domestic like product for the POI, calculated on the basis of information provided by the Applicants, are provided in the following table:

Table – VIII
Calculation of Price Suppression (Rs./MT)

Year	Cost to make & sell	Ex-factory price	Price Suppression		
			Increase/ (decrease) in cost	Increase/ (decrease) in price	Price suppression
2012-13	93.47	100.00			
2013-14	108.12	114.01	14.65	14.01	0.64
2014-15	97.58	96.66	(10.54)	(17.35)	

Source: Applicants

Year: July 1 to June 30

Note: To maintain confidentiality, actual figures have been indexed with respect to ex-factory price of domestic like product for the year 2012-13

Analysis

35.3.2 The above table shows that cost to make and sell of the domestic like product increased by Rs. 16 percent during the year 2013-14, however, its price also increased by Rs. 14 percent in this year. In the year 2014-15 cost to make and sell of the domestic like product declined by 10 percent, however, its price declined by 15 percent, more than the decline in cost to make and sell in this year. Analysis of the facts has shown that the greater decline in price was not forced by the dumped imports of the investigated product because landed cost of the investigated product in this year remained above the price of the domestic industry.

35.4 Price Depression**Facts**

35.4.1 The weighted average ex-factory prices of the domestic like product during the POI are given in the table below:

Table – IX
Calculation of Price Depression

Year	Ex-factory price (Rs/MT)	Increase/ (decrease) in price
2012-13	100.00	
2013-14	114.01	14.01
2014-15	96.66	(17.35)

Source: the Applicants

Year: July 1 to June 30

Note: To maintain confidentiality, actual figures have been indexed with respect to ex-factory price of domestic like product for the year 2012-13

Analysis

35.4.2 The above table shows price of the domestic like product increased by Rs. 14 percent in the year 2013-14. However, price of the domestic like product declined by Rs. 15 percent in the year 2014-15.

36. Effects on Market Share

Facts

36.1 The total domestic demand of Cotton Yarn in Pakistan is met through local production and imports. Following table shows the market share of domestic industry, dumped imports and imports from other sources during the POI:

Table – X
Market Share (%)

Year	Share of domestic industry	Share of dumped imports in domestic market	Share of imports from other sources in domestic market	Total Domestic Market
2012-13	82.00	13.85	4.15	100.00
2013-14	92.72	24.17	3.02	119.91
2014-15	64.51	20.06	3.36	87.93

Source: PRAL and the Applicants

Year: July 1 to June 30

Note: To maintain confidentiality, actual figures have been indexed with respect to the total domestic market of domestic like product during 2012

Analysis

36.2 The above table shows that the domestic market of Cotton Yarn increased by 20 percent in the year 2013-14 and declined by 27 percent in the year 2014-15.

36.3 Market share of all domestic producers declined from 82 percent in the year 2012-13 to 77 percent in the year 2013-14 and further declined to 73 percent in the year 2014-15. However, market share of the intra-industry segments. Market share of the importing producers declined significantly from 51 percent in the year 2012-13 to 17 percent in the year 2014-15, which was partially captured by the Applicants and the indifferent producers. Sales of importing producers declined by 72 percent in the year 2014-15 whereas combine sales of the Applicants and indifferent producers increased by 50 percent in this year.

36.4 Market share of dumped imports increased 14 percent in the year 2012-13 to 20 percent in the year 2013-14 and 23 percent in the year 2014-15. Market share of other imports remained at the same level of 4 percent during the POI.

37. Effects on Sales

Facts

37.1 The information submitted by the Applicant on sales of the domestic like product by in domestic market during POI was as follows:-

Table – XI
Sales of the Domestic Like Product (MT)

Year	Applicants	Indifferent Producers	Importing Producers	Total sales
2012-13	15.59	21.78	62.62	100.00
2013-14	20.96	27.03	65.08	113.07
2014-15	24.64	35.79	18.23	78.67

Source: the Applicants Year: July 1 to June 30

Note: To maintain confidentiality, actual figures have been indexed with respect to the total sales of domestic like product of domestic industry during 2012

Analysis

37.2 The above table shows that the total sales of the domestic like product increased by 13 percent in the year 2013-14, However, total sales of the domestic like product decreased by 30 percent in the year 2014-15. Investigation has shown that decline in total sales of the domestic like product was partially due to decline in domestic demand/market and partially due to dumped imports of the investigated product. The domestic demand/market of Cotton Yarn declined by 27 percent in the year 2014-15 as compared to 30 percent decline in total sales of the domestic like product while imports of dumped imports declined by 17 percent in this year.

38. Effects on Production and Capacity Utilization

Facts

38.1 According to the Applicant capacity of the textile spinning unit is determined in terms of 20 counts equivalent. Further, same production line can be used to produce fine Cotton Yarn (55.5 and above counts) as well as coarse counts (below 55.5 counts). Thus, installed capacity cannot be determined for the domestic like product (Cotton Yarn) only.

38.2 Section 17(2) of the Act provides as follows:

“The Commission shall assess effect of dumped imports in relation to production of a domestic like product in Pakistan when available data permit separate identification of that production on the basis of criteria of production process, producer's sales and profits:

Provided that if such separate identification of that production is not possible, the Commission shall assess effects of dumped imports by examination of the production of the narrowest group or range of products, which includes a domestic like product for which necessary information can be provided.”

38.3 Keeping in view above provision of the Act, effects of dumped imports of the investigated product on production and capacity utilization is assessed on total capacity and production of cotton yarn (all counts) of the domestic industry. Therefore, total installed capacity of the domestic industry for production of cotton yarn (all counts) and production of all counts of cotton yarn during the POI are given in the following table:

Table – XII
Installed Capacity, Production and Capacity Utilization

Year	Capacity	Production	Capacity Utilization (%)
2012-13	100.00	66.97	66.97
2013-14	109.96	79.15	71.98
2014-15	119.07	88.50	74.33

Source: the Applicants

Year: July 1 to June 30

Note: To maintain confidentiality, actual figures have been indexed with respect to the installed capacity of domestic industry of domestic like product during 2012

Analysis

38.4 The above table shows that there was an increase in installed capacity, production and capacity utilization of the domestic industry during the POI.

39. Effects on Inventories

Facts

39.1 The information provided by the Applicants on the position of inventories of the domestic like product is as follows:

Table – XIII
Inventories of Domestic Like Product of Applicants (MT)

Year	Opening	Production	Sales	Closing
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Final determination and levy of definitive antidumping duties on dumped imports of Cotton Yarn (55.5 and above counts) into Pakistan originating in and/or exported from the Republic of India

	inventory			inventory
2012-13	1.28	100.00	95.95	5.34
2013-14	5.34	140.31	128.97	16.67
2014-15	16.67	164.17	151.68	29.17

Source: the Applicants

Year: July 1 to June 30

Note: To maintain confidentiality, actual figures have been indexed with respect to the production of domestic industry of domestic like product during 2012.

Analysis

39.2 The above table shows that inventories of the domestic like product increased significantly from *** MT in the year 2012-13 to *** MT in 2013-14 and 2,095 MT in 2014-15.

40. Effects on Profits/Loss

Facts

40.1 Information submitted by the Applicants their profit/loss and profitability on production and sales of the domestic like product during the POI is given in the following table:

**Table – XIV
Profit/(Loss) of the Applicants**

Year*	Net Profit/(Loss)
2012-13	100.00
2013-14	121.35
2014-15	-22.35

Source: on the spot investigation report

Year: July 1 to June 30

Note: To maintain confidentiality, actual figures have been indexed with respect to the profit & loss of domestic industry of domestic like product during 2012.

Analysis

40.2 The above table shows that the net profits of the Applicants on production and sales of the domestic like product increased by 21 percent. However, profitability of the Applicants decreased by 10 percent in the year 2013-14. The Applicants incurred loss of Rs. 52.21 million in the year 2014-15.

41. Effects on Cash Flows:

41.1 The Applicants are producers of different counts of cotton yarn (fine as well as coarse) and the cash flows of their operations cannot be segregated for different counts of yarn as number of factors was combined for all products. Therefore, effects of dumped imports of the investigated product on cash flows are assessed in accordance with Section 17(2) of the Act on the basis of total cash flows of the Applicants.

41.2 Information provided by the Applicants on their cash flows during the POI is provided in the following table:

Table – XV
Cash generated from operations

Year*	Cash flow from operations
2012-13	100.00
2013-14	138.35
2014-15	78.99

* Year is from 1st July to 30th June

Note: To maintain confidentiality, actual figures have been indexed with respect to the cash flow of domestic industry during 2012

Analysis

41.3 The above table shows that the cash flows of the Applicants increased in the year 2013-14 and decreased significantly in the year 2014-15.

42. Effects on Employment, Productivity and Salaries & Wages

Facts

42.1 As stated earlier, the installed capacity of the Applicants cannot be segregated for different counts of cotton yarn. Thus, number of employees also could not be segregated on for production of yarns of different counts. Therefore, effects of dumped imports of the investigated product on employment, productivity and salaries & wages are assessed in accordance with Section 17(2) of the Act on the basis of total number of employees, total production and total salaries & wages of the Applicants.

42.2 Information submitted by the Applicants on their total number of employees, production and the salaries & wages paid during the POI for production and sale of all counts of yarn is given in following table:

Table – XVI
Employment, Productivity and Salaries/Wages

Final determination and levy of definitive antidumping duties on dumped imports of Cotton Yarn (55.5 and above counts)
into Pakistan originating in and/or exported from the Republic of India

Period	Average Number of Employees (Direct)	Salaries & Wages	Domestic Production	Productivity Per Worker	Salaries and Wages Per MT.
2012-13	100.00	100.00	100.00	100.00	100.00
2013-14	128.81	118.18	91.76	126.98	107.44
2014-15	125.60	132.15	105.19	130.23	98.55

Source: the Applicants

Year: July 1 to June 30

Note: To maintain confidentiality, actual figures have been indexed with respect to, employees, production, productivity per worker, salaries and wages and salaries and wages per MT by domestic industry during 2012

Analysis

42.3 The above table shows that employment increased during 2013-14 and decreased in the year 2014-15. Production and salaries and wages of the Applicants increased during the POI. Productivity per employee increased during the year 2014-15, however, salaries and wages per MT decreased in this year.

43. Effects on Return on Investment

Facts

43.1 As stated earlier the Applicants are producers of different types of cotton yarn (fine as well as coarse) and the investment and return on investment cannot be segregated for different products, as the investment (equity/loans) is made for entire company. Therefore, effects of dumped imports of the investigated product on investment and return on investment are assessed in accordance with Section 17(2) of the Act on the basis of total investment and total return on investment of the Applicants in the following table:

Table – XVII
Return on Investment

Year/Period	Return on Investment (%)
2012-13	100.00
2013-14	50.79
2014-15	-37.20

Source: the Applicants

Year: January 1 to December 31

Note: To maintain confidentiality, actual figures have been indexed with respect to, return on investment of domestic industry during 2012

Analysis

43.2 The above table shows that the return on investment of the Applicants declined during the POI.

44. Effects on Growth and Investment

Facts/Analysis

44.1 The information submitted by the Applicants has shown an increase in installed production capacity of the domestic industry during the POI which shows an increase in investment and growth of the domestic industry.

45. Ability to Raise Capital

Facts/Analysis

45.1 The Applicants are facing deterioration in their profitability, decline in cash flows and negative return of investment which can affect the confidence of investors and financial institutions.

46. Magnitude of Dumping Margins

Facts/Analysis

46.1 The Dumping margins calculated ranges from 4.84 percent to 14.55 percent which can be considered as high enough to damage the domestic industry.

47. Summing up of Material Injury

47.1 Above analysis shows that imports of the investigated product increased from *** MT in the year 2012-13 to *** MT in 2013-14 which is an increase of 75 percent. However, these imports declined from *** MT in 2013-14 to *** MT in 2014-15, a decline of 17 percent.

47.2 The analysis further shows that the landed cost of the investigated product was lower than the ex-factory price of the domestic like product in the years 2012-13 and 2013-14. Resultantly, the investigated product undercut prices of the domestic like product at 9.24 percent and 9.99 percent respectively in these years. However, in the year 2014-15 the domestic industry reduced its price significantly by 15 percent to compete with dumped imports of the investigated product. It is further evident from the above analysis that the cost to make and sell of the domestic like product increased by 16 percent during the year 2013-14, however, its price also increased by 14 percent in the same year. In the year 2014-15 cost to

make and sell of the domestic like product declined by 10 percent, however, its price declined by 15 percent, more than the decline in cost to make and sell in this year. The depressing effect in prices of domestic like product is by dumped imports is eminent.

47.3 The domestic market of Cotton Yarn increased by 20 percent in the year 2013-14 and declined by 27 percent in the year 2014-15. Market share of all domestic producers declined from 82 percent in the year 2012-13 to 77 percent in the year 2013-14 and further declined to 73 percent in the year 2014-15. Market share of the importing producers declined significantly from 51 percent in the year 2012-13 to 17 percent in the year 2014-15, which was partially captured by the Applicants and the indifferent producers. Sales of importing producers declined by 72 percent in the year 2014-15 whereas combine sales of the Applicants and indifferent producers increased by 50 percent in this year.

47.4 The total sales of the domestic like product increased by 13 percent in the year 2013-14, However, total sales of the domestic like product decreased by 30 percent in the year 2014-15. Investigation has shown that decline in total sales of the domestic like product was partially due to decline in domestic demand/market and partially due to dumped imports of the investigated product. During the POI it was found that there was an increase in installed capacity, production and capacity utilization of the domestic industry during the POI. Inventories of the domestic like product increased significantly from *** MT in the year 2012-13 to *** MT in 2013-14 and *** MT in 2014-15. However, the net profits of the Applicants on production and sales of the domestic like product increased from *** million in the year 2012-13 to Rs. *** million in 2013-14 (21 percent). Further, profitability of the Applicants decreased by 10 percent in the year 2013-14. The Applicants incurred loss of Rs. *** million in the year 2014-15. The cash flows of the Applicants increased in the year 2013-14 and decreased significantly in the year 2014-15.

47.5 The analysis of the Commission revealed that the employment increased during 2013-14 and decreased in the year 2014-15. Further, production and salaries and wages of the Applicants increased during the POI. Productivity per employee increased during the year 2014-15, however, salaries and wages per MT decreased in this year. Analysis shows that the return on investment of the Applicants declined during the POI.

47.6 The information submitted by the Applicants has shown an increase in installed production capacity of the domestic industry during the POI which shows an increase in investment and growth of the domestic industry. The Applicants are facing deterioration in their profitability, decline in cash flows and negative return of investment which can affect the

confidence of investors and financial institutions. Further, the Dumping margins calculated ranges from 4.84 percent to 14.55 percent which can be considered as high enough to damage the domestic industry.

47.7 Investigation of the Commission showed that volume of dumped imports increased significantly in absolute terms during the year 2013-14 as compared to year 2012-13. Further, there was continuous increase in volume of dumped imports relative to domestic consumption. Furthermore, the volume impact was so significant that seven units had to import investigated product in spite of the fact that they had all facilities to manufacture it locally. It shows that the volume effect of dumped imports is dominant. In this situation to compete with the dumped imports domestic industry significantly reduced its prices which resulted in reduction in imports in the year 2014-15 from Rs. *** MT in year 2013-14 to Rs. *** MT in year 2014-15. This reduction in prices caused no price undercutting or price suppression in year 2014-15 but there was significant price depression which led to increase in sales, market share and capacity utilization of the Applicants. However, significant reduction in prices resulted into huge losses in year 2014-15 which significantly affected return on investment and cash flows. In the year 2014-15 market scenario has significantly changed due to dumping. Large manufacturer of the domestic like product, who had market share of 51 percent in year 2012-13 shifted to imports of the investigated product and their market share reduced to 17 percent only. However, they shifted their manufacturing facility to manufacturing of Cotton Yarn of coarser counts which also started affecting other manufacturers of Cotton Yarn of coarser counts.

47.8 In light of above analysis, the Commission has concluded that the domestic industry has suffered material injury due to dumped imports of the investigated product.

D. CAUSATION

48. Effect of Dumped Imports

Examination of the volume of imports of the investigated product and its prices show a causal relationship between dumped imports and material injury to the domestic industry during the POI within the meaning of Part VI of the Act. Volume of imports of the investigated product increased at dumped prices which simultaneously undercut, and depressed prices of the domestic like product and adversely affected, market share, sales, profits and profitability, cash flows, inventories return on investment and ability to raise capital of the domestic industry during the POI.

49. Other Factors

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

49.2 Investigation of the Commission revealed that the domestic industry did not suffer injury due to imports of the like product from sources other than India during the POI. Volume of imports from sources other than India was in lesser quantities. The landed cost of such imports was also higher than ex-factory price of the domestic like product and landed cost of investigated product. Following table shows volume and landed cost of the Cotton Yarn imported from other sources, the investigated product and ex-factory price of the domestic like product during the POI:

**Table – XVIII
Imports from Other Sources**

Year	Volume of imports (MT) from:		Landed cost of Cotton Yarn (Rs/MT)		Domestic Industry's ex-factory price (Rs/MT)
	other sources	India	other sources	India	
2012-13	29.99	100.00	136.79	100.00	109.24
2013-14	21.81	174.51	147.70	113.24	124.55
2014-15	24.27	144.89	140.42	112.84	105.59

Source: PRAL and Applicants

Note: To maintain confidentiality, actual figures have been indexed with respect to, volume of imports from India and landed cost of investigated product during year 2012-13

49.3 The above table shows that the landed cost of the imports of Cotton Yarn imported from sources other than India was not only much above than the ex-factory price of the domestic like product throughout the POI, rather it was also significantly higher than the landed cost of the dumped imports of the investigated product. Therefore, it is concluded that the imports of Cotton Yarn from other sources did not cause injury to the domestic industry during the POI.

49.4 Other factors mentioned in Section 18(2) of the Act were also examined and it was determined that:

- i. There was no considerable change in technology to produce Cotton Yarn during the POI;

- ii. The domestic industry did not export Cotton Yarn during the POI meaning thereby that injury to domestic industry is not because of export performance;
- iii. There were no trade restrictive practices during the POI.

49.5 Investigation of the Commission has revealed that there was contraction in demand of Cotton Yarn in domestic market during the year 2014-15. However, this contraction of demand did not adversely affect the Applicants and the indifferent producers. Following table shows sales of the Applicants and indifferent producers and total size of the domestic market during the POI:

Table – XIX
Sales of the Applicants, Indifferent Producers and Total Market (MT)

Year	Applicants	Indifferent Producers	Importing Producers	Total sales
2012-13	15.59	21.78	62.62	100.00
2013-14	20.96	27.03	65.08	113.07
2014-15	24.64	35.79	18.23	78.67

Source: the Applicants Year: July 1 to June 30

Note: To maintain confidentiality, actual figures have been indexed with respect to the total sales of domestic like product of domestic industry during 2012

E. CONCLUSIONS

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

- i. the application was filed on behalf of the domestic industry producing Cotton Yarn;
- ii. the investigated product and the domestic like product are like products;
- iii. during POI, the investigated product was exported to Pakistan by the exporters/foreign producers from India at prices below its normal value;
- iv. the volume of dumped imports of the investigated product and the dumping margins established for the exporters/producers of the investigated product from India were above the negligible and *de minimis* levels respectively.

- v. the domestic industry suffered material injury during POI on account of volume of dumped imports, price undercutting, price depression, decline in market share, decline in sales, decline in profits and profitability, negative effects on cash flows, inventories, return on investment and ability to raise capital in terms of Section 15 and 17 of the Act; and
- vi. There was a causal relationship between dumped imports of the investigated product and the material injury suffered by the domestic industry.
- vii. The Commission is of view that injury to the domestic industry is material to justify imposition of definitive measures. Therefore, definitive measures are recommended.

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

F. IMPOSITION OF DEFINITIVE ANTIDUMPING DUTIES

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

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

54. Weighted average duty rate has been calculated for twelve cooperating exporters/foreign producers not included for detailed investigation in this investigation 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. A residual dumping margin and antidumping duty rate for all other exporters from India, who did not cooperate, is determined on the basis of best available information in terms of Section 32 of the Act.

55. In reaching this Final determination the Commission satisfied itself that Cotton Yarn imported from India has been imported at dumped prices. The Commission is of the view that

the level of injury is sufficient to justify imposition of definitive measures. In order to prevent material injury, the Commission, pursuant to powers under Section 50 of the Act, has decided to impose definitive anti-dumping duty at the rates mentioned below on C&F value in ad valorem terms on imports of Cotton Yarn from India.

Table-XX
Definitive Antidumping Duty Rates

Country	Exporter Name	Dumping margin as % of	
		Export price	C & F price
India	Veebee Yarnntex Private Limited	15.35	14.55
	NSL Textiles Limited	9.83	9.53
	Sree Lalitha Parameswari Spinning	14.08	13.18
	Prasuna Vamsikrishna Spinning Mills Pvt Ltd	4.97	4.84
	Mohan Spintex India Limited	12.96	12.11
	Trident Limited	12.55	12.17
	Nagreeka Exports Limited	5.77	5.64
	All other exporters cooperating;		
	i. Shreedhar Cotsyn (Pvt) Ltd.		
	ii. Prime Urban Development India		
	iii. K.A.S Industries India Pvt Ltd.		
	iv. SjlT Spinning Mills (P) Ltd.		
v. The Priyadarsini Cooperative			
vi. SjlT Textiles Pvt Ltd.	---	10.02	
vii. Prima Products Pvt Ltd.			
viii. Vardhman Textiles Ltd.			
ix. Nahar Spinning Mills Ltd.			
x. Arun Spinning Mills (P) Ltd.			
xi. Thiagarajar Mills (P) Ltd.			
xii. Premier Mills Pvt Ltd.			
All other exporters non-cooperating	15.35	14.55	

However, such definitive measures shall remain suspended till such time the countervailing investigation against subsidized imports of the same product from India is finalized. In case the Commission decides, through final determination of countervailing investigation against the same product, that the countervailing duties are not called for, the anti-dumping duties determined herein will take effect.

56. Cotton Yarn imported from sources, other than India shall not be subject to definitive antidumping duties. Further, in accordance with Section 51(e) of the Act, provisional duty will not be levied on imports of the investigated product that are to be used as inputs in products

destined solely for exports and are covered under any scheme exempting customs duty for exports under the Customs Act, 1969

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

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

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

-Sd-
(Abdul Khaliq)
Member
February 20, 2017

-Sd-
(Tipu Sultan)
Member
February 20, 2017

-Sd-
(Qasim M. Niaz)
Chairman
February 20, 2017

Annexure-I

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

Comments of Interested Parties

Column – A (Comments of Interested Parties)	Column – B (Commission’s Response)
<p>Comments of:</p> <ul style="list-style-type: none"> i. All Pakistan Textiles Mills Association (APTMA) ii. Cotton Textiles Export Promotion Council of India (TEXPROCIL) <p>Representative of the above mentioned parties made following comments/views:</p>	
<p><u>All Pakistan Textiles Mills Association (APTMA)</u></p> <p><u>Applicant’s Stance on Non-Imposition of Provisional Measures:</u></p> <p>The Commission conclusion on preliminary basis that dumping margins are above de-minimis level and domestic industry has suffered material injury and that there is a causal relationship between dumping and injury, fulfills the first condition of Section 43 of the Anti-Dumping Duties Act, 2015 (the Act) for imposition of provisional anti-dumping measures. Therefore, Applicant is of the view that provisional anti-dumping measures should have been applied to save the domestic industry from injurious effects of dumped imports from India.</p> <p>The second condition of Section 43 of the Act for imposition of provisional measures is based on the judgment (based on objective analysis) of the Commission. For the analysis, the Commission could have used the data provided in the application or asked for any post POI data. However, the Commission has not asked any post POI data from the applicant and no reference of any post POI analysis has been made in the preliminary determination. It seems the Commission has not made any detailed analysis for its judgement and merely on the basis of 10% RD imposed by government has determined that provisional measures are not necessary to prevent injury during the course of investigation.</p>	<p>The Commission made the preliminary determination in subject investigation in pursuance of Section 43 of the Act. The section provides that;</p> <p><i>“ The Commission may impose provisional measures if it makes an affirmative preliminary determination of dumping and injury, and determines that provisional measures are necessary to prevent injury being caused during the course of an investigation”</i></p> <p>The Commission while making preliminary determination observed that in presence of Regulatory Duty @ 10% on imports of Cotton Yarn falling under PCT head 52.05 which covers the PCTs of investigated product it is not necessary to impose anti-dumping duty on the imports of cotton yarn from India as RD is suffice to prevent injury being caused by domestic industry during the course of investigation.</p>

NO Conclusion of Injury on account of Cash Flow and Return on Investment.

The Commission while giving its findings with regard to injury on account of cash flow and return on investment has taken these factors as non-conclusive in the preliminary determination on the grounds that due to nature of the business, these two factors cannot be segregated for finer counts i.e. 55.5 and above counts therefore, no findings can be given with regard to injury to domestic industry on these factors. However, the Section 17(2) of the Act requires that if separate identification of that production is not possible, the Commission shall assess effects of dumped imports by examination of the production of the narrowest group or range of products, which includes a domestic like product, for which necessary information can be provided. Hence, the Commission should have been determined injury on account of cash flow and return on investment on consolidated basis as per the above section as Commission did in previous case i.e. Anti-dumping case of BOPP Film imported from China, Oman, Saudi Arabia and UAE.

The Commission could have calculated cash flow by adding back depreciation of domestic like product to profit/(loss) of domestic like product. Whereas, for calculation of return on investment, the applicant has taken profit/(loss) for the domestic like product and divided the same with total investment which can at least reveal the trend of return on investment to determine the injury on account of return on investment. It is understandable that if there are losses during dumping POI for the domestic like product, obviously, there will be decreasing return on investment for domestic like product and negative cash flow. The Applicant requests the Commission to re-analyze the data on the basis of above arguments and make a positive determination of injury on account of Cash flows and return on investment.

“No” Injury on account of Growth, Ability to Raise Capital and Capacity Utilization

The Applicant requests the Commission to revise its analysis and make a positive determination of injury on account of growth as if the Commission considers the increase in total installed capacity for analysis of growth, then it should also consider the closure of more than 100 spinning mills in the past two years and analyze what is the growth position of the spinning industry.

In the preliminary determination, the Commission stated that dumped imports are not solely responsible for

The Commission has considered the submission of Applicant in this regard while making the final determination in the investigation. Further, at the time of preliminary determination, the data of domestic industry was not verified which was verified after the preliminary determination in the case.

The Commission has considered the submission of Applicant in this regard while making the final determination in the investigation. Further, at the time of preliminary determination, the data of domestic industry was not verified which was verified after the preliminary determination in the case.

adverse effects on ability to raise capital. Meaning thereby, the Commission has accepted that, to whatever extent, dumped imports are responsible for adverse effects on domestic industry's ability to raise capital. On the basis of such analysis, how the Commission can conclude that domestic industry did not suffer material injury on account of ability to raise capital as it did in the para 41.2 of preliminary determination report. Moreover, in paragraph 44 of the preliminary determination report relating to other factors of the injury, the Commission has not identified even a single factor which could at the same time caused injury to the domestic industry. Hence, the applicant requests the Commission to review its injury findings on account of domestic industry's ability to raise capital.

The Commission has not concluded its injury determination on account of capacity utilization on the grounds that the data with regard to capacity and production, pertains to all types and counts of yarns and no specified quantum of capacity can be allocated to Cotton yarn of higher counts therefore, the installed capacity of domestic industry can be interchangeably used for other yarns as well. The analysis of injury on account of capacity utilization may not merely be based on the trend of production. If this would be the case, two separate injury indicators on the basis of one kind of injury may not have been established. For an objective analysis of injury on account of capacity utilization, the rate of capacity utilization for the domestic industry is to be seen rather than a trend of capacity utilization rate or a trend of production. The rate by which capacity is under utilized is more than the rate of capacity utilization, this fact alone should be enough to analyze the impact of injury on account of capacity utilization.

Dumping Margins Calculated by the Commission

The Applicant is not satisfied with the dumping margins calculated by the Commission on the basis of data provided by the exporters. The applicants believe that the exporters may have mislead the Commission by making an inappropriate allocation of cost to the investigated product i.e. allocating lesser cost to the investigated product and more cost to the other counts and yarns not included in the investigated product.

At the time of preliminary determination, the Commission relied on the information provided by the exporters/producers from India on the prescribed questionnaire and this information was not verified at the time of preliminary determination. However, after the preliminary determination, team of Commission visited the premises of the Exporters/producers in India to verify the information and verified the data/information submitted by exporters/producers from India during the investigation and accordingly prepared on the spot verification report which contains the verified data/information of exporters/producers from India. The Commission has made the calculation of dumping in final determination on the basis of verified data/information of exporters/producers from India.

Comments of Cotton Textiles Export Promotion Council of India (TEXPROCIL):

Definition of Domestic Industry:

The Commission has examined the standing of the domestic industry in the preliminary determination report and stated that 35 units were manufacturing the investigated product out of which 7 were excluded from the definition of "domestic industry" by virtue of being importers of the PUC. The Commission has not clearly identified in the determination nor have the petitioners established in their application the standing of the applicants as "domestic industry" for satisfying the requirements of section 2(d) read with section 24 of the Pakistan AD Law.

A domestic industry must comprise of the whole of the domestic producers of the like product or a major proportion of the total domestic production of the like product. The preliminary determination carries out no discussion on the fact that the only 42% of the total production of the eligible domestic producers has been considered as "a major proportion". None of the other companies manufacturing the product under consideration have shown support to the application and yet a major proportion of the total production is being considered at 42% for the purpose of defining domestic industry under section 2(d) of the Pakistan AD Act. Hence, the application can not be considered to have been made on behalf of Domestic Industry and the standup conditions are not satisfied. In no manner 42% of the total production of like product by eligible domestic producers can be considered as a major portion of the total domestic production of like product.

Standing of the application:

While evaluating the standing of the application, the Commission mentions that out of 28 manufacturers of PUC, only 7 have co-operated with the Commission and all are considered as applicants in the present case. TEXPROCIL had supplied information regarding the small portion of capacity that the applicants represent as compared to the total spinning capacity capable of producing PUC in Pakistan. The applicants only comprise of 13% of the total spinning capacity that can manufacture PUC in Pakistan.

The petitioners themselves admit that the product concerned is capable of manufacturing interchangeably on spinning machines for cotton yarns for which no

The Section 24 (1) of the Act provides that;

".... 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."

The Commission while making the preliminary/final determination in the investigation rightly determines that the application is made by or on behalf of the domestic industry as the Applicants represent 42.09% of the domestic production of the domestic industry and the Application is supported by 100% of the producers who are expressing their opinion on application. Thus the standing requirements as given in section 24 of the Act are met.

The Section 24 (1) of the Act provides that;

".... 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

specific quantum of capacity can be allocated to cotton yarns of higher counts⁵, therefore the computation of total production for the product concerned by the domestic industry must be further evaluated for all 151 domestic producers mentioned on the APTMA website as capable of manufacturing yarns above 55.5 counts by virtue of having ring spinning capacity. Therefore, TEXPROCIL urges the Commission to re-examine the validity of the statistics used for justification of degree of support for the application filed by / on behalf of the domestic industry. Clearly 13% of the total production capacity of the domestic industry constituting the minimum statutory threshold of 25% support for the imposition of anti-dumping duty on exports from India must be examined with facts to ensure that the domestic industry is indeed being represented by a major proportion of the eligible domestic producers and not merely the aggrieved companies.

Lack of positive evidences to establish total production and total capacity:

The PD report of the NTC mentions that the application is being filed by APTMA on behalf of the applicants which constitute 42% of the total domestic production⁷. However, going by the member constitution of APTMA, the applicants constitute only 12% of the production capacity of the product under investigation.

The petitioners admit in the application that the total manufacturing facilities of the domestic industry can be interchangeably used for manufacture of subject and non-subject products by varying the count of the yarn being manufactured.

Therefore, as explained above it can be concluded that in the scenario of interchangeable product being manufactured on the ring spindles installed in Cotton Spinning Units, the determination of the total production capacity must also consider the manufacturing capability for the product concerned. The determination of total production considering the interchangeability of capacity must be backed by sufficient positive evidences negating the non existence of capacity or capability with companies that are clearly excluded from the 35 units in the determination of domestic industry.

Therefore, it is incumbent upon the Commission to establish with positive evidences that the 35 units that are being considered for the purpose of defining domestic industry cover 100% of the domestic production during the period of review, i.e. July 1, 2012 to June 30, 2015.

domestic like product produced by the domestic industry."

The Commission while making the preliminary/final determination in the investigation rightly determines that the application is made by or on behalf of the domestic industry as the Applicants represent 42.09% of the domestic production of the domestic industry and the Application is supported by 100% of the producers who are expressing their opinion on application. Thus the standing requirements as given in section 24 of the Act are met.

The Commission while making preliminary/final determination in the investigation used the information provided by the APTMA with regard to determination of total production and capacity and satisfied itself with the correctness of figures while verifying the data/information provided by the Applicants during on the spot visit of Applicants premises. Further, the Commission has determined that Applicants represent 42.09% of the total production of the domestic industry as currently 42.09% production is on the basis of current total production of the domestic industry.

Absence of Positive Evidences establishing dumping and injury:

TEXPROCIL argues that the objective examination of the application has not been carried out by the National Tariff Commission on the basis of positive evidences prior to the initiation of the investigation. The petitioners have based their argument on the reduced profitability of the domestic industry and have not presented any positive evidences establishing the injury to the domestic industry caused by the volume of imports and the price effects due to such imports from India. The Complaint is full of assertions, conjectures, surmises and is based on mere possibilities and lacks conclusive positive evidence. This assumption based view has been adopted by the Commission in the PD Report where there is no substantiation of the causal link between the allegedly dumped imports and the injury to the domestic industry.

While the parameters for evaluation of dumping and injury to the domestic industry are summarized and concluded in a misleading manner by the petitioners & NTC has not called for any more substantive data to prove the causal link of the dumped imports on the domestic industry.

the following comments are provided for enabling a fair conclusion to be drawn by the National Tariff Commission in respect of dumping and injury to the domestic industry:

- o Pakistan cotton yields have been largely stagnant for the last several years due to the following factors:
- o Lack of availability of certified/quality seeds,
- o Late wheat harvesting resulting in delayed cotton planting,
- o Excessive rains at the time of sowing,
- o High temperatures at the flowering stage,
- o Incidence of cotton leaf curl virus,
- o Pest attacks
- o The improper use of biotech seeds and pesticides by farmers in the major cotton growing areas of Punjab and Sindh.

The factors below plague the domestic industry of Pakistan and have severely affected the bottom lines of the domestic industry and many units in the spinning sector have faced severe financial and operational difficulties that have led to forced closures of production capacities to the extent of 40 to 50 percent in the region of Punjab where more that 70% of the cotton textile industry is located.

- o Limited energy supply & extensive load shedding, in

The Act provides the *prima facie* evaluation of the data/information provided in the anti-dumping complaint. The Commission initiated the investigation after satisfying itself with the accuracy and adequacy of the evidence provided in the application under section 23 of the Act.

both electricity and gas,
o The ever increasing power and gas tariff,
o Depressed international economy,
o The high interest rates and consequent increase in finance costs,
o The strengthening of the Pak Rupee,
o Precarious security situation and fragile geopolitical environment of Pakistan,
o Sluggish domestic demand,
o Non-competitive products in the international markets as the industry output is dominated by low value added products

TEXPROCIL notes that there is no consideration to the other factors mentioned above in the injury analysis carried out by the Commission in the PD Report, therefore, it prays to the Commission to consider these non-attribution factors in the determination of causality between allegedly dumped imports and injury to the domestic industry.

Trend of increase in imports:

The Commission in its PD Report has itself determined that there is only an increase in the imports relative to the consumption in the domestic market. There is no analysis of trend of imports against the production of the PUC by the domestic industry. Further, with regard to section 15(2) of the Pakistan AD Act, the Commission must consider whether there is "significant increase" in dumped imports, when compared to the production or consumption. In no manner the increase of 9% in the imports in relative terms can be considered to be "significant". Therefore, there is no basis for attributing injury caused to domestic industry to the imports from India in the current investigation.

Share of imports in domestic demand:

The Commission must segregate that quantity of the imports being used for re-exportation to arrive at the actual domestic consumption of the product concerned. If such analysis is carried out, the share of imports in domestic demand will decrease drastically.

Price effects on investigated product sold in Pakistan:

While the price undercutting during the period of investigation is indicating a negative the Commission has

While making the preliminary/final determination in the investigation the Commission in accordance with Section 18(2) of the Act, has 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.

With regard to the volume of dumped imports of the investigated product, the Commission has considered whether there has been a significant increase in dumped imports in absolute terms or relative to the consumption of the domestic like product in the domestic market in accordance with Section 15(2) of the Act. On the basis of facts and analysis the Commission concluded that the volume of the dumped imports of the investigated product increased relative to consumption in the domestic market during POI which fulfills the requirement of the Act. The Act does not provide that there must be an absolute increase in the dumped imports and it does not provide any threshold to determine how much increase would be "significant".

The Commission has made an objective analysis of share of dumped imports in domestic market and has concluded that Market share of dumped imports increased 14 percent in the year 2012-13 to 20 percent in the year 2013-14 and 23 percent in the year 2014-15.

The Commission determined while making the final determination in the investigation that in the year 2014-

concluded that the investigated product has not undercut the prices of the domestic like product. Further, there is no price suppression determined by the Commission in their analysis of the cost to make and sell for the domestic industry and the selling price for the PUC. Therefore, the Commission has determined that there is no material injury suffered by the domestic industry on account of price suppression during the period of investigation.

In addition, the depression in selling prices of the PUC on account of reduction in prices of raw materials was considered to be more than warranted as the companies were selling at below cost of production in the domestic market.

Considering all these factors TEXPROCIL would like to point out the importance of establishing of price pressure on the PUC in the domestic market for imposition of duties. As per section 15(3) the Commission must consider whether there has been significant price undercutting or there is significant price depression to evaluate the price effect of dumped imports in carrying out the objective examination of factors establishing injury. In case there is no negative impact on account of price effects, injury caused cannot be attributable to the inability of the domestic industry to recover higher prices for PUC due to contracting domestic demand unusual cost increase due to underutilization of capacities due to power crises etc. despite reduction in import cost of materials. Therefore, TEXPROCIL notes that one of the major ingredients of evaluation of injury to the domestic industry indicates non-existence of injury to the domestic industry as also indicated by the PD Reports

Market share analysis:

The Commission in its PD Report has considered that the total domestic production in Pakistan has increased by more than 25% during the period of injury review. Further, the market share of the applicants increased by more than 10% during the same period. Therefore, there is no loss of market to the domestic industry due to imports of PUC from India.

Sales volume, production and capacity utilization:

The application states that the domestic industry has suffered to grow and raise capital for business purposes based on an overall analysis. The petitioners have not been able to segregate and present the growth

15 the domestic industry reduced its price significantly (by 15 percent) to compete with dumped imports of the investigated product, therefore, there was no price undercutting in this year. However this reduction in price resulted in price depression which led affect the profitability of the domestic industry.

The Commission while making the final determination in the investigation has analyzed the impact of dumped imports on the total domestic market of Cotton Yarn in Pakistan rather than on the only sales of Applicants in the domestic industry. The Commission has concluded that market share of domestic industry has been declined due to dumped imports of Cotton yarn over the period of time.

Section 17(2) of the Act provides as follows:

"The Commission shall assess effect of dumped imports in relation to production of a domestic like product in

Final determination and levy of definitive antidumping duties on dumped imports of Cotton Yarn (55.5 and above counts) into Pakistan originating in and/or exported from the Republic of India

parameters of the investigated products as it is highly interchangeable on similar production machinery. The Commission in its preliminary determination has considered that the domestic industry's sales have increased by more than 50% during the period of review, thereby indicating non existence of injury. Similar contradictory conclusions have been made by the Commission with regard to production and capacity utilization for the domestic industry.

Profitability and cash flows:

The Commission in its PD Report has erroneously attributed 100% of the decline in profits to decline in selling prices due to dumped imports while it is unable to draw any conclusions as to injury caused due to declining cash flows. TEXPROCIL objects to the methodology undertaken by the Commission for establishing this conclusion and requests the Commission to consider all comments made in this submission with regard to the reasons for losses to Applicant companies.

Changes in inventory :

Upon careful analysis of the sales trend of the applicant companies during the 3 years from 2013 to 2015, it can be observed that the trend of yarn exports has decreased significantly. As a result there is over supply of the investigated product in the domestic market which is coupled with the increase in the installed capacity by the domestic industry. The cumulative effect of the decreased demand for fabric and yarn in the overseas market has led to oversupply in the Pakistani domestic market. The decline in sales volumes and increase in inventories is a direct impact of these two major changes in the domestic market of Pakistan. These economic factors have increased the burden on the domestic sales and resulted in higher inventories. This fact has been completely disregarded by the Commission while examination of increased inventories of the Applicant companies.

Pakistan when available data permit separate identification of that production on the basis of criteria of production process, producer's sales and profits: Provided that if such separate identification of that production is not possible, the Commission shall assess effects of dumped imports by examination of the production of the narrowest group or range of products, which includes a domestic like product for which necessary information can be provided."

Keeping in view above provision of the Act, effects of dumped imports of the investigated product on production and capacity utilization is assessed on total capacity and production of cotton yarn (all counts) of the domestic industry. Further, the Commission has analyzed the impact of dumped imports on the total domestic sales of Cotton Yarn in Pakistan rather than on the only sales of Applicants in the domestic industry.

While making the preliminary/final determination in the investigation the Commission in accordance with Section 18(2) of the Act, has 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.

The Commission while examining the factors, other than dumped imports of the investigated product in accordance with Section 18(2) of the Act, determined that The domestic industry did not export Cotton Yarn during the POI meaning thereby that injury to domestic industry is not because of export performance

Final determination and levy of definitive antidumping duties on dumped imports of Cotton Yarn (55.5 and above counts)
into Pakistan originating in and/or exported from the Republic of India

<p><u>Absence of Causal Link Due to Non Attributable Factors:</u></p> <p>The objective examination of the causal link between the injury and dumping has not been carried out in a manner specified in section 20 read with section 18 of the Pakistan AD Law.</p>	<p>Causal link between imports of investigated product and injury to the domestic industry has been established by the Commission strictly in accordance with the law in its reports of preliminary determination and final determination.</p>
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