N-3 (ADC No.001/2002/TP/SA)
Government of Pakistan
Ministry of Commerce
(National Tariff Commission)

Notice of

FINAL DETERMINATION AND LEVY OF DEFINITIVE ANTIDUMPING DUTY ON ELECTROLYTIC TINPLATE PRODUCED IN SOUTH AFRICA AND IMPORTED INTO PAKISTAN

The National Tariff Commission (the "Commission") initiated an investigation on February 26, 2002 under Section 23 of the Antidumping Duties Ordinance, 2000 (No. LXV of 2000) (the "Ordinance") after an application was lodged by Siddiqsons Tinplate Ltd., D-53, Textile Avenue, S.I.T.E., Karachi (the "Applicant"), in accordance with Sections 20 and 24 of the Ordinance. The investigation concerns the alleged dumping of tinplate produced in the Republic of South Africa and imported into the Islamic Republic of Pakistan.

In accordance with the Ordinance and the Anti-Dumping Duties Rules, 2001 (the "Rules"), the Commission has finally determined that:-

1. **Name of Exporter** Macsteel International SA (Pty) Ltd.
   Address 187 Rivonia Road, Sandton, P.O.Box 8370, Johannesburg, South Africa.
2. **Name of Foreign Producer** Iscor Limited.
   Address Roger, Dyason Road, P.O. Box 450, Pretoria-West, Pretoria 0001, South Africa.
3. **Product Under Investigation.** Tinplate of a thickness of less than 0.5 mm and of a width of 600 mm or more ("Tinplate") produced by the foreign producer and exported by the exporter to Pakistan under Pakistan Customs Tariff (PCT) No. 7210.1200 (the "investigated product").
4. **Like Product.** In terms of Section 2 of the Ordinance, the Commission examined whether the investigated product and the tinplate produced in Pakistan by the domestic industry were like products. The Commission found that the products are manufactured from the same raw material, have the same physical characteristics, usage, and tariff classification. The Commission, therefore, established that the products are "like products".
5. **Period of Investigation ("POI")**
   Investigation of dumping: from October 01, 2000 to September 30, 2001.
   Investigation of injury: from July 01, 1999 to September 30, 2001.
6. **Determination of Normal Value.** The normal value of the investigated product has been established in accordance with Section 5(1) of the Ordinance on the basis of comparable price paid or payable, in the ordinary course of trade, for sales of the like product when destined for consumption in South Africa.
   Since the domestic sales of like product in South Africa were greater than five percent of the sales of the investigated product to Pakistan and were in the ordinary course of trade, the normal value of US$ 226.62/MT at ex-factory level is based on the actual sale price, calculated as a weighted average of the prices of all domestic sales of like product in South African market made during the POI.
   The foreign producer claimed an adjustment in normal value on account of early payment discount. The normal value has been adjusted accordingly and the weighted average adjusted ex-factory normal value of the like product during the POI has been worked out to be US$ 221.10/MT.
7. **Export Price.** Export price has been calculated in accordance with Section 10(1) of the Ordinance as the exporter sold the investigated product to independent buyers in Pakistan. Thus the export price of the investigated product has been established on the basis of export price actually paid or payable. The weighted average CIF[1] export price of the investigated product comes to US$ 228.33/MT.

[1] In Pakistan CIF price is commonly referred to as C&F price.

To arrive at a comparable level to the normal value i.e., at ex-factory level, adjustments in CIF export price with respect to ocean freight, inland freight, and exporter's commission were made. The weighted average adjusted ex-factory export price works out to be US$ 158.70/MT.

8. **Dumping Margin.** Dumping margin has been calculated in accordance with Section 12(1) of the Ordinance by comparing the weighted average adjusted normal value and the weighted average adjusted export price. The final dumping margin worked out on the basis of weighted average ex-factory export price is 39.32 percent. On the basis of weighted average CIF price this equals 27.33 percent.

9. **Injury Factors.** In accordance with Sections 15 & 17 of the Ordinance, the Commission examined all economic factors relevant to the determination of injury caused due to dumped imports. These include, *inter alia*, the following:

   a. Dumped Imports. The share of dumped imports of the investigated product in total imports of like product increased from 27.09 percent in 1999-2000 to 30.46 percent in 2000-2001 and 41.52 percent in July-September, 2001.
   b. Price Undercutting. The price undercutting margins, expressed as a percentage of the ex-factory prices of domestic like product, worked out to be 39 percent in 1999-2000, about 38 percent in 2000-2001 and 26 percent in July-September 2001.
   c. Price Suppression. The Commission examined and found that there was no price suppression of the prices of domestic like product during the POI.

      Price Depression. The Commission examined and found that there was no price depression in prices of domestic like product during the POI.
   d. Production, Capacity Utilization and Market Share. The production, market share of domestic like product, and capacity utilization of domestic industry increased during the POI. However the increase in volume of production and sales of domestic like product was mainly due to:
      - low production and sales volume in initial year;
      - decline in the share of total imports of Tinplate from other countries; and
      - the domestic industry, with a view to remaining competitive and to gaining market share, having kept its prices at a level lower than the level where they should have been.
   e. Stocks/Inventories. At the end of the first year of operation of the domestic industry, the inventory holdings of domestic like product were 33 percent of its total production. The inventory holding decreased to 12 percent of production at the end of the second year of operation. However, at the end of the POI (September 30 2001) the ending inventory was around 15 percent of production of preceding twelve months (from October 2000 to September 2001).
   f. Profitability. The domestic industry operated at a loss during the POI.
   g. Investment, Return on Investment and Growth. There was a "negative" return on investment during the POI due to which at the end of September 2001; a significant part of the Applicant's paid up capital had been wiped out.

      There was no growth in domestic industry. No further investment can be reasonably expected in a situation where the existing industry is facing problems in its operations.
   h. Cash Flow. Cash flow from the operations of the domestic industry was negative during the year 1999-2000. However, in the year 2000-2001 it was positive. This was because the domestic industry reduced its cost to make and sell and also increased its sales in the later period.
   i. Ability to Raise Capital. The domestic industry reported great difficulty in raising capital during the POI. The domestic industry incurred losses during the POI.
   j. Employment and Productivity. The Commission did not come to a finding of material injury to domestic industry on account of employment and productivity.

The Commission concluded that the domestic industry was materially injured during the POI mainly due to dumped imports. The domestic industry was prevented from better utilization of its capacity. The market share of domestic like product increased resulting in decline in its inventories, mainly because of reduction in imports of Tinplate from other countries. The imports of the investigated product undercut the prices of the domestic like product in the range of 26% to 39%. However, the Commission found that there was no price suppression or price depression. The domestic industry faced difficulties in raising capital for its operations. As a result, the domestic industry suffered a negative return on its investment.

10. **Injury Factors Other than Dumped Imports.** The Commission also examined factors other than dumped imports, which were causing injury to the domestic industry. These include imports from countries other than South Africa, impairment loss, and extra costs incurred on account of building of infrastructure.

However, where the share of each of these factors in overall material injury caused to the domestic industry has been established, it is comparatively small and has been excluded in calculating injury due to dumped imports of the investigated product.

11. **Comments received from Interested Parties.** The Commission received comments from various interested parties during the investigation. These comments have been taken into consideration by the Commission, throughout this investigation, and are addressed in detail in the complete notice of final determination (Report of Final Determination).

12. **Imposition and Collection of Definitive Antidumping Duty.** In terms of Section 50 of the Ordinance, when the Commission has established the existence of dumping and injury, it shall, by notification in the official Gazette, impose an ant-dumping duty in an amount equal to the dumping margin established. Thus in view of the investigation and conclusions with regard to dumping, material injury, and causation, imposition of definitive antidumping duty on investigated product is mandatory.

In terms of Section 55 of the Ordinance a definitive antidumping duty at the rate of 27.33 percent ad valorem of CIF price is levied for a period of five years effective from July 22 2002, on imports of Tinplate of a thickness of less than 0.5 mm and of a width of 600 mm or more, imported and/or importable into Pakistan, under PCT No. 7210.1200, produced by the foreign producer and exported by the exporter. The definitive antidumping duty at the rate of 27.33 percent of CIF price is equivalent to the definitive dumping margin determined at ex-factory price.

In accordance with Section 51 of the Ordinance, the definitive antidumping duty shall take the form of *ad valorem* duty by way of cash deposit in an account established and maintained by the Commission for the purpose. Release of the investigated product for free circulation in Pakistan shall be subject to imposition and collection of such antidumping duty.

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

The definitive antidumping duty would be collected in the same manner as customs duty is collected under Customs Act 1969 (IV of 1969) and would be deposited under the head 3501003 – Civil Deposits National Tariff Commission Non-lapsable PLA No. 187 with Federal Treasury Office Islamabad.

As the definitive anti-dumping duty levied under this order/notice is higher than the provisional anti-dumping duty levied with effect from July 22, 2002 vide order No. N-2(ADC N0. 001/2002/TP/SA) of the Commission, published in the official gazette (extraordinary) on July 20, 2002, in terms of Section 55(2) of the Ordinance, the difference will not be collected from the importers who imported the investigated product and already got it cleared on payment of provisional ant-dumping duty.

13. **Disclosure Meetings.** Pursuant to Rule 16 of the Rules, the exporter and/or the producer of the investigated product may request for disclosure meetings within fifteen days of the date of publication of this notice.

14. **Further Information/Inquires.** For further information please contact Mr. Muhammad Abdul Khaliq (Chishty), Director General, National Tariff Commission, State Life Building NO.5, Blue Area, Islamabad Telephone No. 0092-51-9218968, Fax No. 0092-51-9221205.

A non-confidential version of the complete notice of final determination (Report of Final Determination) has been placed on the public file established and maintained by the Commission in accordance with Rule 7 of the Rules. The public file shall be available to all interested parties, registered with the Commission for the purposes of this investigation, for review and copying at the offices of the Commission from Monday to Thursday between 1100 hrs to 1300 hrs.

15. **Authority Under Law.** This investigation has been conducted under the Ordinance (No. LXV of 2000). This notice is published pursuant to Section 39 of the Ordinance.

By the order of the Commission.

(MUHAMMAD SAEED)
Secretary