

N-2 (ADC No.001/2002/TP/SA)
Government of Pakistan
Ministry of Commerce
(National Tariff Commission)

Notice of

**PRELIMINARY DETERMINATION AND LEVY OF PROVISIONAL ANTIDUMPING DUTY
ON ELECTROLYTIC TINPLATE PRODUCED IN SOUTH AFRICA
AND IMPORTED INTO PAKISTAN**

The National Tariff Commission (hereinafter referred to as the "Commission") initiated an investigation on February 26, 2002 under Section 23 of the Antidumping Duties Ordinance, 2000 (No. LXV of 2000) (hereinafter referred to as the "Ordinance") after an application was lodged by Siddiqsons Tinplate Ltd., D-53, Textile Avenue, S.I.T.E., Karachi, 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 exported to the Islamic Republic of Pakistan.

In accordance with the Ordinance and the Anti-Dumping Duties Rules, 2001 (hereinafter referred to as the "Rules"), the Commission has determined the following on a preliminary basis:-

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 produced in the Republic of South Africa and importable and/or imported into Pakistan under Pakistan Customs Tariff (PCT) No. 7210.1200 (hereinafter referred to as 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 examination revealed that the products are manufactured from the same raw material, have the same physical characteristics, usage, and tariff classification. Thus it was 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 a 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 certain adjustments in normal value i.e. early payment discount and credit expense. 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\$ 219.12/MT.

7. **Export Price**

Export price has been calculated in accordance with Section 10(1) of the Ordinance as the investigated product was sold by the exporter 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 C&F export price of the investigated product comes to US\$ 228.33/MT.

To arrive at a comparable level to the normal value i.e. at ex-factory level, adjustments in C&F export price with respect to ocean freight, inland freight, and selling and distribution expenses were made to arrive at the weighted average ex-factory export price of the investigated product. The weighted average adjusted ex-factory export price works out to be US\$ 164.52/MT.

8. **Dumping Margin**

The 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 provisional dumping margin worked out on the basis of weighted average ex-factory export price is 33.19 percent. On the basis of weighted average C&F price this equals 23.91 percent.

9. **Injury factors**

In accordance with Sections 15 & 17 of the Ordinance, the Commission examined all 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 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 and 26 percent in July-September 2001.

c. Price Suppression

Pakistan Rupee depreciated by approximately 13 percent in the year 2000-2001 over the previous year while the landed cost of the investigated product increased by 0.71 percent for the same period. Thus, price suppression is implicit.

d. Production of Domestic Industry

The production of domestic industry increased from 22228 MT in the year 1999-2000 to 34587 MT in the year 2000-2001. During the last quarter of POI (July-September, 2001) the production of the domestic industry was 14405 MT. Though this increase in production prima facie seems quite reasonable, it is mainly because of low production volume in the initial year.

e. Capacity Utilization by the Domestic Industry

The installed production capacity of the domestic industry is 120,000 MT per annum. The capacity utilization of the domestic industry was 18.52 percent, 28.82 percent and 48.02 percent during the years 1999-2000 and 2000-2001, and for the period from July to September 2001, respectively.

f. Market Share

Market share of the domestic industry increased from 15.85 percent to 43.29 percent in the year 2000-2001 over the previous year. Market share of dumped imports of the investigated product decreased from 22.80 percent to 17.28 percent while imports from other countries decreased from 61.35 percent to 39.43 percent over the same period. Thus the market share captured by the domestic industry was mainly due to decline in imports from other countries.

g. Increase in Production and Sales

The increase in volume of production and sales of domestic like product is mainly due to:

- low production and sales volume in initial year;
- decline in the share of total imports of tinplate from other countries;
- the domestic industry having increased its market share by incurring large losses; and
- the domestic industry, with a view to remaining competitive and to gain market share, kept its prices at a level lower than the level where they should have been.

h. 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 the level of 12 percent of production at the end of the second year of operation. However, in the last quarter of POI (July-September, 2001) the inventory rose by 54 percent over the previous year's ending inventory. Thus the stock buildup was high in the year 1999-2000 and in the period from July to September 2001.

i. Profitability

The domestic industry has been operating at a loss during the POI.

j. Investment and Return on Investment

There was a "negative" return on investment in the domestic industry during the POI.

k. 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 of production and increased its sales.

l. Ability to Raise Capital

The domestic industry reported great difficulty in raising capital during the POI. The domestic industry was incurring losses continuously and those losses kept on accumulating during the POI.

m. Employment

Employment in the domestic industry remained almost static because it suffered large losses during the POI and could not afford to hire more employees.

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.

11. **Imposition of Provisional Antidumping Duty**

In reaching this preliminary affirmative determination, the Commission is satisfied that the investigated product has been imported at dumped prices. This has caused material injury to the Pakistan domestic industry during the POI. In order to prevent material injury, while this investigation is completed, the Commission, pursuant to the powers envisaged under Section 43 of the Ordinance, has decided to impose a provisional antidumping duty @ 23.91% ad val of C&F price on the investigated product for a period of four months effective from July 22, 2002. The provisional antidumping duty shall take the form of security by way of cash deposit in a non-lapsable personal ledger account under the head 3501003 – Civil Deposits National Tariff Commission Non-lapsable PLA No. 187 with Federal Treasury Officer Islamabad, established and maintained by the Commission. The provisional antidumping duty would be collected in the same manner as customs duty is collected under Customs Act 1969 (IV of 1969).

Release of the investigated product for free circulation in Pakistan shall be subject to provision of such security. Provisional antidumping duty would be in addition to other import duties levied on import of investigated product.

12. **Disclosure meetings**
Pursuant to Rule 11 of the Rules, the exporter and the producer of the investigated product may request for disclosure meeting within fifteen days of the date of publication of this notice.
13. **Hearings**
Any party registered as an interested party in this case may request for a hearing in accordance with Rule 14 of the Rules within 30 days of the publication of this notice. Interested party requesting for such hearing should contact Mr. Muhammad Saeed, Secretary, National Tariff Commission, State Life Building No.5, Blue Area, Islamabad. Telephone No. 0092-51-9202839, Fax No.0092-51-9221205.
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.092-51-9221205.
- A non-confidential version of the preliminary determination has been placed on public file established and maintained by the Commission in accordance with Rule 7 of the Rules. The public file shall be available to the 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 is being conducted under the Ordinance (No. LXV of 2000). This notice is published pursuant to Section 37 of the Ordinance.

By order of the Commission.

(MUHAMMAD SAEED)
Secretary