



**Government of Pakistan
National Tariff Commission**

REPORT

ON

**PRELIMINARY DETERMINATION IN ANTI-DUMPING INVESTIGATION AGAINST
DUMPED IMPORTS OF ONE SIDE COATED DUPLEX BOARD - GREY BACK INTO
PAKISTAN ORIGINATING IN AND/OR EXPORTED FROM CHINA, INDONESIA
AND KOREA**

**A.D.C No. 43/2016/NTC/CDB
May 11, 2017**

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

2. The Commission is conducting this investigation, on imports of One Side Coated Duplex Board - Grey Back ("Duplex Board") into Pakistan originating in and/or exported from the People's Republic of China ("China"), Republic of Indonesia ("Indonesia") and Republic of Korea ("Korea") (the "Exporting Countries") under the Act and the Rules. The Commission has made preliminary determination in this investigation under Section 37 of the Act. This report on preliminary determination has been issued in accordance with the Rule 10 of the Rules.

3. In terms of Section 37 of the Act, the Commission shall make a preliminary determination of dumping and injury, if any, not earlier than sixty days and not later than one hundred and eighty days, after initiation of an investigation. Such preliminary determination shall be based on the information available to the Commission at that time. This investigation was initiated on January 30, 2016. However, The Lahore High Court, Lahore granted stay against the proceeding in this investigation on February 11, 2016. The Lahore High Court in its decision dated March 15, 2016 ordered that:

"Till such time the NTC complies with the requirement of sections 3 and 5 of the Act, the impugned Notice of initiation shall be held in abeyance and as soon as NTC is functional in terms of sections 3 and 5, it may proceed further with the said notice strictly in accordance with law".

4. The petitioners challenged the decision of the Lahore High Court, Lahore dated March 15, 2017 in the Honorable Supreme Court of Pakistan and the Supreme Court dismissed the Civil Petitions on April 6, 2017 with an observation that:

"the Commission which has been constituted now shall examine the initiation of the proceedings in question and if those are found to be valid it may continue with them otherwise those proceedings can always be withdrawn by the Commission. In the light of the above, we do not find any merits in these petitions, which are accordingly dismissed."

5. The importers filed Appeal against the Initiation of Investigation before the Antidumping Appellate Tribunal (the "Tribunal") and the Tribunal in its order dated November 11, 2016 directed the Commission to examine all issues raised by the Appellants before it.

6. Furthermore, the Honorable Peshawar High Court, Peshawar stayed the proceedings of the investigation through its order dated January 25, 2017 passed in W.P. No. 298-p/2017 filed by the importers of Duplex Board. The Honorable Peshawar High

Court disposed-off the writ petition through its order dated April 6, 2017, in following terms:

*"...In order to ensure that the petitioners are not prejudiced due to the lack of any appellate forum, this court consider it appropriate that the proceeding envisaged under the Act as for as investigation and preliminary determination are concerned may proceed. However, the final duty, if any, determined against the petitioners, should not be recovered from them till the constitution of a valid Appellate Tribunal, as envisaged under Section 64 of the Act *ibid*. Let it be clear that all the objections of the respondents shall be taken up by the Tribunal."*

7. The Honorable Sindh High Court, Karachi in its order dated April 21, 2017 held that:

"Let notices be issued to the defendants as well as DAG. In the meanwhile no coercive action shall be taken against the plaintiffs."

8. On the basis of litigation in the courts and stay orders granted by Honorable Lahore High Court and Honorable Peshawar High Court, the time period for which the proceedings of the Commission were stayed by the Honorable High Courts has been adjusted.

9. As stated at paragraph 5, *ibid*, the Honorable Tribunal has directed the Commission to examine all issues raised by the appellants before the Tribunal. The issues, include, *inter alia*:

- (i) the extremely broad product scope of the investigated product;
- (ii) segregation of import data from all other imports falling under the same PCT head;
- (iii) composition of the domestic industry under the Act;
- (iv) relationship between the Applicant and its related firm i.e. Merit Packages as the related firm is itself importer of investigated product

10. The Commission has considered the above mentioned issues raised before the Tribunal and before the Commission by the importers and appropriately addressed these issues in this investigation. The determination of the Commission on aforesaid issues is attached at Annexure-I to this report.

11. As stated at paragraph 4, *ibid*, the Honorable Supreme Court has directed the Commission to examine the initiation of proceedings in question and if those are found to be valid it may continue with them. In compliance of the direction of the Hon'ble Supreme Court, the Commission considered and revisited the initiation of the investigation dated January 30, 2016 and found it in accordance with the relevant provisions of the Act and the Rules.

12. The preliminary determination is based on the information available to the Commission at this time. This report on preliminary determination has been issued in accordance with the Rule 10 of the Rules.

A. PROCEDURE

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

14. Receipt of Application

14.1 On December 21, 2015, the Commission received a written application under Section 20 of the Anti-Dumping Duties Act, 2015 from M/s Century Paper & Board Mills Limited, Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi - 4200, Pakistan on behalf of the domestic industry manufacturing Duplex Board.

14.2 The Applicant alleged that Duplex Board is being exported to Pakistan at dumped prices from the Exporting Countries. According to the Applicant, dumped imports of Duplex Board from Exporting Countries have caused and are causing material injury to Pakistan's domestic industry producing Duplex Board.

14.3 The Commission informed the Embassies of the Exporting Countries in Islamabad through *note verbale* dated December 30, 2016, of the receipt of application in accordance with the requirements of Section 21 of the Act.

15. Evaluation and Examination of the Application

15.1 The examination of the application showed that it met the requirements of Section 20 of the Act as it contained sufficient evidence of dumping of Duplex Board into Pakistan from the Exporting Countries and material injury to the domestic industry caused therefrom. Requirements of Rule 3 of the Rules, which relate to the submission of information prescribed therein were also found to have been met.

16. The Domestic Industry

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

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

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

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

16.2 The information and documents provided in the application and the information obtained from the Applicant, reveals that there are following 10 units in the domestic industry engaged in the production of the Duplex Board:

- i. Century Paper & Board Mills Limited
- ii. Bulleh Shah Packaging (Pvt) Limited
- iii. Malik Board & Paper Industries (Pvt) Ltd.
- iv. Synergy Paper & Board (Pvt) Ltd.
- v. Fazal Paper Mills (Pvt) Ltd.
- vi. Shifa Board (Pvt) Ltd.
- vii. Tajjalla Board
- viii. Paramount Duplex Board Mills (Pvt) Ltd.
- ix. Horizon Paper & Board Mills (Pvt) Ltd.
- x. Shabbir Paper & Board Mills (Pvt) Ltd.

16.3 The Applicant holds a share of 58 percent of domestic production and is supported by Bulleh Shah Packaging (Pvt.) Limited (BSPL) which holds 4 percent share of domestic production. Other 8 domestic units are indifferent.

16.4 The Applicant is engaged in the manufacturing, marketing and distribution of Duplex Board. The Applicant is neither importer of Duplex Board from the Exporting Countries nor related to any importer or exporter of the product concerned.

17. Standing of the Application

17.1 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."

17.2 As per the information supplied in the application, the Applicant produced 58 percent of total domestic production of Duplex Board during the period from October 1, 2014 to September 30, 2015. Details of the production of Duplex Board by the domestic industry are as follows:

Table - I
Unit-wise Production during the year 2015

S. #	Name	Share in Domestic Production (%age)	Supporting / Opposing / Indifferent
1	Century Paper & Board Mills Limited	58	Applicant
2	Bulleh Shah Packaging (Pvt) Limited	4	Supporting
3	Malik Board & Paper Industries (Pvt) Ltd.	8	Indifferent
4	Synergy Paper & Board (Pvt) Ltd.	3	Indifferent
5	Fazal Paper Mills (Pvt) Ltd.	3.5	Indifferent
6	Shifa Board (Pvt) Ltd.	4	Indifferent
7	Tajjalla Board	2	Indifferent
8	Paramount Duplex Board Mills (Pvt) Ltd.	4	Indifferent
9	Horizon Paper & Board Mills (Pvt) Ltd.	6.5	Indifferent
10	Shabbir Paper & Board Mills (Pvt) Ltd.	7	Indifferent
	Total	100	

Source: the Applicant

Note: For the purpose of confidentiality, the actual figures have been indexed with respect to total production of domestic industry by taking it as equal to 100

17.3 The information given in the above table reveals that the application has been made by or on behalf of the domestic industry as it is supported by those domestic producers whose collective output constitutes 100 percent of the total domestic production of the domestic like product produced by that portion of domestic industry expressing either support for or opposition to the application. Further, the application has been expressly supported by those domestic producers whose collective output constitute 62% of total domestic production of domestic like product produced by domestic industry which is more than 25% as required under Section 24(2) of the Act. 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.

18. Applicant's Views

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

- i. Duplex Board imported from the Exporting Countries into Pakistan and that is produced in Pakistan by the domestic industry are like products;
- ii. Exporters/producers from the Exporting Countries are exporting Duplex Board to Pakistan at dumped prices; and

- iii. Exports of Duplex Board by the exporters/producers from the Exporting Countries to Pakistan at dumped prices has caused and is causing material injury to the domestic industry producing Duplex Board mainly through:-
- a. Volume of dumped imports
 - b. Price undercutting;
 - c. Price suppression;
 - d. Price depression;
 - e. Negative effect on market share;
 - f. Negative effect on capacity utilization;
 - g. Negative effect on sales
 - h. Negative effect on inventories;
 - i. Negative effect on profits;
 - j. Negative effect on cash flows;
 - k. Negative effect on growth;
 - l. Negative effect on return on investment;
 - m. Decline in productivity per worker;
 - n. Increase in salaries and wages per MT; and
 - o. Magnitude of dumping margin
- iv. The Applicant also claimed that there is an imminent threat of material injury to the domestic industry manufacturing Duplex Board due to dumped imports of Duplex Board from the Exporting Countries.

18.2 The Applicant 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 Duplex Board from The Exporting Countries and imposition of anti-dumping duties on these imports. It was also requested that provisional anti-dumping measures may be imposed to prevent injury being caused during the course of investigation.

19. **Exporters/Foreign Producers of Duplex Board Involved in Dumping**

The Applicant has identified 16 exporters/foreign producers involved in dumping of the investigated product from the Exporting Countries. The Applicant has stated that there may be other exporters /foreign producers of the investigated product, which are not known to it. Therefore, the Applicant has requested for imposition of anti-dumping duty on all imports of the investigated product originating in and/or exported from the Exporting Countries instead of imposition of anti-dumping duty on identified exporters/foreign producers.

20. Initiation of Investigation

20.1 The Commission, in accordance with Section 23 of the Act examined the accuracy and adequacy of the evidence provided in application, and established that there was sufficient evidence of dumping of Duplex Board into Pakistan from the Exporting Countries and consequent material injury to the domestic industry. Accordingly, the Commission initiated investigation against alleged dumped imports Duplex Board (classified under PCT No³. 4810.9200 and 4810.9900) into Pakistan originating in and/or exported from The Exporting Countries by issuing a notice of initiation in accordance with Section 27 of the Act, 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 January 30, 2016.

20.2 In pursuance of Section 27 of the Act the Commission notified Embassies of the Exporting Countries in Islamabad of the initiation of investigation (by sending a copy of the notice of initiation) on February 01, 2016 with a request to forward it to all exporters/foreign producers involved in production, sales and export of Duplex Board from the Exporting Countries. Copy of the notice of initiation was also sent on February 01, 2016 to known exporters/producers of Duplex Board from the Exporting Countries whose addresses were available with the Commission with a request to be registered as an interested party in the investigation within 15 days of publication of the notice. Copy of the notice of initiation was also sent to known Pakistani importers and the Applicant on February 01, 2016.

20.3 In accordance with Section 28 of the Act, on February 12, 2016 the Commission sent copy of full text of the written application (non-confidential version) and Exporter's Questionnaire to the exporters/foreign producers of the Exporting Countries who got registered themselves as an interested party in this investigation. On February 12, 2016, copy of the full text of the written application along with Exporter's Questionnaire was also sent to Embassies of The Exporting Countries in Pakistan with a request to forward it to all exporters/foreign producers involved in production and/or sale/export of Duplex Board from The Exporting Countries. The Importer's Questionnaire was also sent to the importers of Duplex Board on February 12, 2016.

21. Investigated Product, Domestic Like Product and Like Product

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

- i. Investigated Product

¹ The official Gazette of Pakistan (Extraordinary) dated January 30, 2016.

² The 'News' and 'Nawa.i.wakt' of January 30, 2016 issue.

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

“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”.

21.2 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:

21.3 Investigated Product

21.3.1 The investigated product is One Side Coated Duplex Board (Grey Back) (225-400 gsm). One side clay coated board with recycled waste paper (Recycled Fiber) in its plies is considered as the above product and commonly known as Coated Duplex Board (Grey Back), “Coated Duplex Board”, One Side Coated Duplex Board with Grey Back, 1/Side Coated Duplex Board with Grey Back, 1SC Duplex Board with Grey Back or just Duplex Board. The investigated product falls under the above PCT Codes 4810.9200 and 4810.9900. It is mainly used for primary packaging cartons / boxes (Folding Cartons) of numerous consumer & industrial products like cigarettes, pharmaceuticals, spices, confectionary, food, tea, biscuit, shoe, auto parts, electric appliances, electronics & garment industry etc.

21.3.2 The tariff structure applicable to the investigated product in the PCT headings 4810.9200 and 4810.9900 is given below in the table II below;

**Table-II
Tariff Structure during the Last Three Years**

S. #	Years	Customs Duty (%)	Concessionary Duty *
1	2013-14	25	20
2	2014-15	25	20
3	2015-16	20	20

* Under Pakistan-China FTA concessionary rate is only for 4810-9200. For 4810-9900 the duty rate is 25% in year 2013-14 and 2014-15.

21.4 Domestic Like Product

21.4.1 Domestic Like product is One Side Coated Duplex Board (Grey Back) (225-400 gsm). One side clay coated board with recycled waste paper (Recycled Fiber) in its plies is considered as the above product and commonly known as Coated Duplex Board

(Grey Back), "Coated Duplex Board", One Side Coated Duplex Board with Grey Back, 1/Side Coated Duplex Board with Grey Back, 1SC Duplex Board with Grey Back or just Duplex Board. The investigated product falls under the above PCT Codes 4810.9200 and 4810.9900.

21.4.2 The domestic like product is generally used for primary packaging cartons / boxes (Folding Cartons) of numerous consumer & industrial products like cigarettes, pharmaceuticals, spices, confectionary, food, tea, biscuit, shoe, auto parts, electric appliances, electronics & garment industry etc. Major uses of the domestic like product are, therefore, identical to those of the Investigated Product.

21.5 **Like Product:**

21.5.1 The "like product" is One Side Coated Duplex Board (Grey Back) (225-400 gsm), produced and sold by the exporters/foreign producers of the Exporting Countries of Duplex Board in their domestic market and export markets to countries other than Pakistan. The like product is generally used for primary packaging cartons / boxes (Folding Cartons) of numerous consumer & industrial products like cigarettes, pharmaceuticals, spices, confectionary, food, tea, biscuit, shoe, auto parts, electric appliances, electronics & garment industry etc. Major uses of the like product are, therefore, identical to those of the investigated product and domestic like product.

21.5.2 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.

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

22. **Period of Investigation**

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

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

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

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

22.2 The Commission received the application on December 21, 2015 and initiated the investigation on January 30, 2016. The Applicant has provided the information/data up to September 30, 2015 in the application. Therefore, to fulfill the requirement of Section 36 of the Act, the POI selected by the Commission for dumping and injury are, as follows:

For determination of dumping:	From October 1, 2014 to September 30, 2015.
For determination of injury:	From October 1, 2012 to September 30, 2015.

23. Information/Data Gathering

23.1 The Commission sent Exporter's Questionnaire to all known exporters/foreign producers from the Exporting Countries whom addresses were available with the Commission on February 12, 2016 for collection of data/information. The exporters/foreign producers were asked to respond within 37 days of dispatch of the Questionnaire. On February 12, 2016, the Questionnaire was also sent to the Embassies of the Exporting Countries in Islamabad with a request to forward it to the all exporters/foreign producers of the investigated product in their countries. However, no response was received from any exporter/foreign producer from the Exporting Countries.

23.2 On February 12, 2016 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.

23.3 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 Applicant and the exporters/foreign producers.

23.4 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. However, no comments have been received.

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

24. Verification of the Information

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

24.2 It is pertinent to mention here that a team of the officers of the Commission conducted on-the-spot investigation at the premises (offices and plants) of the Applicant in another anti-dumping investigation against dumped imports of Coated Bleached Board imported from China from March 15, 2017 to March 17, 2017 as the Applicant is a multiproduct company and manufacturing different products related to paper board and paper at its manufacturing facility. During the said verification visit, the data/information of overall operations of the Applicant has been verified which also includes data/information relating to Duplex Board, and the report of on-the-spot investigation have been adopted also for this investigation. The report of on-the-spot investigation has been provided in the public file maintained in this investigation.

25. Public File

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

26. Confidentiality

26.1 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.

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

26.3 On the basis of request made by the Applicant, 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 Applicant made a request to keep it confidential.

26.4 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.

27. Views/Comments of Interested Parties

27.1 The Commission received no views/comments from any interested party regarding initiation of this investigation during the course of investigation.

27.2 However, The importers filed Appeal Nos.70 to 82 against the Initiation of Investigation before the Tribunal and the Tribunal in its order dated November 11, 2016 directed the Commission to examine all issues raised by the Appellants before it. The Commission has considered the issues raised before the Tribunal mentioned at paragraph 5, *ibid*, by the importers and appropriately addressed these issues in this investigation. The determination of the Commission on aforesaid issues is attached at Annexure-I to this report.

B. DETERMINATION OF DUMPING

28. Dumping

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

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

29. Normal Value

29.1 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”.

29.2 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:”.

29.3 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.”

30. Export Price

30.1 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”.

31. Dumping Determination

31.1 As stated earlier (paragraph 10 supra) the Applicant identified 16 exporters/producers from the Exporting Countries involved in dumping of the investigated product. The Commission sent Exporter’s Questionnaire to all known exporters/producers from Exporting Countries on February 12, 2016 for collection of data and information. Questionnaire was also provided to the respective Embassies of the Exporting Countries in Islamabad with a request to forward it to all exporters/producers of the investigated product based in their country to submit information to the Commission.

32. Determination of Normal Value

32.1 As mentioned earlier, the Commission has not received information from any exporter/foreign producer in response to Exporter’s Questionnaire. Therefore, the normal value has been determined on the basis of best information available in accordance with Section 32 and Schedule to the Act. Domestic prices of China and South Korea are based on PPI Markets & Prices available on RISI Inc. website. Prices on this website are appearing on monthly basis in US\$ which have been converted into average annual prices. The prices have been adjusted appropriately for estimated inland freight, VAT and credit cost.

32.2 Since domestic prices for Indonesia were not available from this website, the same have been established by using construction of cost to make and sell method using following methodology;

- For raw material costs, the C&F price of imported raw materials and locally purchased raw materials of the Applicant had been adjusted appropriately to the factory cost by deducting estimated ocean freight and inland freight.
- For calculation of labor cost, labor hours of domestic industry have been multiplied by labor rate per hour applicable in Indonesia.
- Energy consumption of the Applicant is used to calculated energy cost by multiplying it with fuel /petrol rates in the respective countries.
- Fixed factory overheads of domestic industry have been converted in US \$/MT and same have been assumed for Indonesia.
- Financial cost has been calculated on the basis of interest rates applicable in Indonesia. Operating expenses (admin & selling) of domestic industry have been converted in US \$/MT and same have been assumed for Indonesia.
- Profit has been calculated as 6% of the total constructed cost to make and sell of Indonesia.

32.3 The calculated ex-factory normal value for the exporting country is as follows:

**Table-III
Normal Value**

Exporting Countries	Normal Value
China	100.00
Indonesia	101.91
South Korea	129.96

Source: the Applicant

Note: For the purpose of confidentiality, the actual figures have been indexed with respect to normal value of China by taking it as equal to 100.

33. Determination of Export Price

33.1 As mentioned earlier that the Commission has not received information from any exporter/foreign producer. Therefore, the export price has been determined on the

basis of best information available in accordance with Section 32 and Schedule to the Act. In this connection, C & F price is taken from PRAL (Pakistan Revenue Automation Limited) and adjustments have been made under the heads of ocean freight, inland freight and insurance to reach ex-factory price. Evidence of ocean freight has been provided by the local shipping company from different ports of the Exporting Countries to Karachi Pakistan. Inland freight has been assumed as USD 10/MT and insurance has been taken as 0.9% of C & F price. Following adjustments have been made:

**Table-IV
Adjustments in Export Price**

Sr. No	Charges	Ocean Freight	Inland Freight (Assumed)	Insurance	Total
1	China	67.09	22.40	10.51	100.00
2	Indonesia	69.02	22.40	10.93	102.35
3	South Korea	67.32	22.40	11.49	101.21

Source: the Applicant

Note: For the purpose of confidentiality, the actual figures have been indexed with respect to total adjustment of China by taking it as equal to 100.

33.2 After making the above-adjustments the Commission reached ex-factory export price of the investigated product:

**Table-V
Ex-Factory Export Price of CDB**

S No.	Country	W.Avg. C&F Export Price	Ocean & Internal Freight plus Insurance of C&F	Ex-Factory Export Price
1	China	100.00	8.56	91.44
2	Indonesia	103.98	8.76	95.22
3	South Korea	109.34	8.66	100.68

Source: the Applicant and PRAL

Note: For the purpose of confidentiality, the actual figures have been indexed with respect to weighted average C&F price of China by taking it as equal to 100.

34. Dumping Margin

34.1 Section 2(f) of the Act defines “dumping margin” in relation to a product to mean the amount by which its normal value exceeds its export price. Section 11 of the Act requires the export price and normal value to be compared 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.

34.2 Taking into account the requirements of Section 11 of the Act, dumping margin is calculated by comparing normal value at ex-factory level with the weighted average ex-factory export price. Both these figures as well as the dumping margins from the Exporting Countries are shown below:

**Table-VI
Dumping Margin**

Country	Normal Value	Weighted Average C&F export price	Weighted Average ex-factory price of the investigated product	Dumping Margin		
				Absolute terms	As percentage of ex-factory export price	As percentage of C&F export price
China	100.00	93.85	85.81	14.19	16.53%	15.12%
Indonesia	101.91	97.58	89.36	12.55	14.05%	12.86%
South Korea	129.96	102.61	94.48	35.48	37.55%	34.58%

Source: the Applicant and PRAL

Note: For the purpose of confidentiality, the actual figures have been indexed with respect to normal value of China by taking it as equal to 100.

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

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

35.2 Section 41(3) of the Act states that the dumping margin shall be considered to be negligible if it is less than two percent, expressed as a percentage of the export price. Dumping margins for the dumped imports of the investigated product, set out in paragraph 34.2 supra, appear to be above negligible (*de minimis*) level.

35.3 As regards the volume of dumped imports, Section 41(3) of the Act provides that the volume of such imports shall normally be regarded as negligible if the volume of dumped imports of an investigated product is found to account for less than three percent of total imports of a like product unless imports of the investigated product from all countries under investigation which individually account for less than three percent of the total imports of a like product collectively account for more than seven per cent of the imports of like product.

35.4 The information/data on dumped imports of the investigated product and other imports of Duplex Board has been obtained from PRAL. Volume of dumped imports of the Duplex Board imported from the Exporting Countries and other sources during the year 2014-15 is given in the table below:

Table-VII
Volume of Imports of Duplex Board during Oct 2014 to Sept 2015

Country	Volume of Imports
	%age
China	78
Indonesia	6
South Korea	15
Other Sources	1
Total	100

Source: PRAL

Note: For the purpose of confidentiality, the actual figures have been indexed with respect to total volume of imports by taking it as equal to 100

35.5 It appears from the above table that the volume of dumped imports of the investigated product from the Exporting Countries is above the negligible threshold set out in Section 41(3) of the Act.

36. Cumulation of Dumped Imports

36.1 Section 16 of the Act states that:

“where imports of a like product from more than one country are the subject of simultaneous investigation under this Act, the Commission may cumulatively assess the effects of such imports on the domestic industry only if it determines that

“(a) dumping margin in relation to an investigated product from each country is more than the negligible amount as specified in clause (a) of sub-section (3) of section 41, and volume of dumped imports from each investigated country is not less than the negligible quantity as specified in clause (b) of sub-section (3) of section 41; and

“(b) A cumulative assessment of the effects of the imports is appropriate in the light of

(i) the conditions of competition between the imports; and

(ii) the conditions of competition between the imports and a domestic like product”.

36.2 Analysis of the import data has revealed that the volume of dumped imports during the POI from the exporting countries was above the negligible quantity (less than 3 percent of total imports of the said product). Furthermore, the range of dumping margins for each country was also more than the *de-minimis* amount (less than 2 percent of export price). Following table shows the volume of dumped imports and dumping margins determined for the exporting countries:

Table VIII
Volume of Dumped Imports and Dumping Margins

Country	Dumped Import During the Dumping POI		Total Import during the Dumping POI	Dumped Imports as Percentage of Total Imports during POI (%)	Dumping Margin on C&F Basis (%)
	Qty	C & F			
China	77.97	100.00	100.00	77.97	15.12
Indonesia	6.29	103.98	100.00	6.29	12.86
South Korea	14.84	109.34	100.00	14.84	34.58

Source: PRAL import data and the Applicant

Note: For the purpose of confidentiality, the actual figures have been indexed with respect to total volume of imports and C&F price from China by taking it as equal to 100

36.3 Further, there is a competition between investigated product and the domestic like product in terms of price, market share, and sales etc. Conditions of competition between imports of the investigated product and the domestic like product are discussed in detail in paragraphs below.

36.4 For the reasons given above, the Commission has cumulatively assessed the effects of dumped imports from the Exporting Countries on the domestic industry in following paragraphs:-

37. Material Injury to the Domestic Industry

37.1 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...”*

37.2 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”.

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

38. Domestic Industry

38.1 As stated in Para 7.2 above, that there are total 10 units in the domestic industry manufacturing Duplex Board. The application has been filed by Century Paper & Board Mills Limited and the other unit namely Bulleh Shah Packaging (Pvt.) Limited (BSPL) has supported the application. The information relating to production and sales in case of other domestic producers has been submitted by the Applicant. Details of production of the domestic industry during October, 2014 to September 30, 2015 are as follows:

Table - IX
Unit-wise Production during the year 2015

S. #	Name	Share in Domestic Production (%age)	Supporting / Opposing / Indifferent
1	Century Paper & Board Mills Limited	58	Applicant
2	Bulleh Shah Packaging (Pvt) Limited	4	Supporting
3	Malik Board & Paper Industries (Pvt) Ltd.	8	Indifferent
4	Synergy Paper & Board (Pvt) Ltd.	3.5	Indifferent
5	Fazal Paper Mills (Pvt) Ltd.	3	Indifferent
6	Shifa Board (Pvt) Ltd.	4	Indifferent
7	Tajjalla Board	2	Indifferent
8	Paramount Duplex Board Mills (Pvt) Ltd.	4	Indifferent
9	Horizon Paper & Board Mills (Pvt) Ltd.	6.5	Indifferent
10	Shabbir Paper & Board Mills (Pvt) Ltd.	7	Indifferent
	Total	100	

Source: Applicant

Note: For the purpose of confidentiality, the actual figures have been indexed with respect to total production of domestic industry by taking it as equal to 100.

38.2 The information given in the above table reveals that the application has been made by or on behalf of the domestic industry as it is supported by those domestic producers whose collective output constitutes 100 percent of the total domestic production of the domestic like product produced by that portion of domestic industry expressing either support for or opposition to the application. Further, the application has been expressly supported by those domestic producers whose collective output constitute 62% of total domestic production of domestic like product produced by domestic industry which is more than 25% as required under Section 24(2) of the Act.

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.

39. Volume of Dumped Imports

39.1 With regard to the volume of dumped imports, in terms of Section 15(2) of the Act, it is considered whether there has been a significant increase in dumped imports, either in absolute terms or relative to the domestic production or consumption. The following table shows imports of Investigated Product during October 2012 to September, 2015:

**Table-X
Imports, Total Consumption and Total Production of Duplex Board**

Year/Period	Imports from Dumped Sources		
		As a percentage of	
		Total Import (%)	Total Production (%)
Oct 12 - Sep 13	100.00	99.86	12.29
Oct 13 - Sep 14	115.68	99.51	13.66
Oct 14 - Sep 15	188.34	99.09	20.78

Source: PRAL and the Applicant

Note: For the purpose of confidentiality, the actual figures of quantity of dumped imports have been indexed with respect to volume of dumped imports in year 2012-13 by taking it as equal to 100

39.2 The information given in the above table show that the volume of dumped import in year 2013-14 increased by 15% over base year of 2012-13. In the year 2014-15 the volume of dumped imports further increased by 63% in absolute terms in year 2014-15 as compared to year 2013-14. The increase in volume of dumped imports during the 2014-15 is 88% over the base year. This reflects that there is significant increase in volume of dumped imports in absolute as well as relative to domestic production.

40. Price Effects

40.1 Effects 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.

40.2 Price Undercutting

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

Table-XI
Price Undercutting

Year/Period	Ex-factory price of domestic like product	Landed cost of investigated product	Price under-cutting	
			Absolute	%age
Oct 12 - Sep 13	100.00	92.95	7.05	7.05
Oct 13 - Sep 14	111.19	95.64	15.56	13.99
Oct 14 - Sep 15	95.97	88.54	7.43	7.74

Source: the Applicant

Note: For the purpose of confidentiality, the actual figures have been indexed with respect to ex-factory price of the domestic industry in year 2012-13 by taking it as equal to 100

40.2.2 The above table shows that the landed cost of the investigated product remained lower than the sales price of the domestic industry in the years 2012-13, 2013-14 and 2014-15. The domestic industry faced price undercutting in first, second and the third years by 7.1 percent, 14 percent and 7.7 percent respectively. It is evident from above that price undercutting increased in year 2013-14 and then decreased again to 7.7 percent in year 2014 -15 due to decline in price of domestic like product.

40.3 Price Depression

40.3.1 Price depression is calculated in the following table on the basis of the information provided in application on ex-factory price of the domestic like product:

Table-XII
Calculation of Price Depression

Year/Period	Ex-factory price of domestic like product	Price depression	
		Absolute	%age
Oct 12 - Sep 13	100.00	---	---
Oct 13 - Sep 14	111.19	---	---
Oct 14 - Sep 15	95.97	15.23	13.69

Source: the Applicant

Note: For the purpose of confidentiality, the actual figures have been indexed with respect to ex-factory price of the domestic industry in year 2012-13 by taking it as equal to 100

40.3.2 The above table shows that the domestic price of domestic like product increased in the year 2013-14 as compared to previous year 2012-13. However in the subsequent year 2014-15 the domestic price reduced by Rs.***/MT showing a decrease of 13.69%.

40.4 Price Suppression

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

**Table-XIII
Price Suppression**

Year/Period	Cost to make & sell	Ex-factory price	Price Suppression		
			Increase/ (decrease) in Costs	Increase/ (decrease) in Price	Price Suppression
Oct 12 - Sep 13	86.7	100.0	---	---	---
Oct 13 - Sep 14	101.7	111.2	15.0	11.2	3.8
Oct 14 - Sep 15	97.7	96.0	(4.0)	(15.2)	---

Source: the Applicant

Note: For the purpose of confidentiality, the actual figures have been indexed with respect to ex-factory price of the domestic industry in year 2012-13 by taking it as equal to 100

40.4.2 The above data given in the table reveals that the domestic industry experienced price suppression during the year 2013-14. However, cost reduced in year 2014-15 was lower than the price reduced during the same period. The price depressing effect was more dominant than price suppression in the year 2014-15.

41. Market Share

41.1 The total domestic demand of Duplex Board in Pakistan is met through local production and imports. To establish the size of Pakistani market, the Applicant has used sales of domestic industry, imports of the investigated product and imports of Duplex Board from other sources. Following table shows the market share from each source of supply during last three years:

**Table-XIV
Market Share**

Year/Period	Share of Local Industry in Domestic Market		Share of Dumped Imports in Domestic Market		Share of Other Imports in Domestic Market		Total Domestic Market Qty
	Qty	%	Qty	%	Qty	%	
Oct 12 - Sep 13	87.69	87.69	12.29	12.29	0.02	0.02	100.00
Oct 13 - Sep 14	89.77	86.27	14.22	13.66	0.07	0.07	104.06
Oct 14 - Sep 15	88.01	79.02	23.15	20.79	0.21	0.19	111.37

Source: the Applicant and PRAL

Note: For the purpose of confidentiality, the actual figures have been indexed with respect to total domestic market in year 2012-13 by taking it as equal to 100

41.2 The above table shows that share of dumped imports increased from 12% in 2012-13 to 21% in 2014-15 showing a significant increase over the POI. The share of Domestic industry reduced from 88% in 2012-13 to 79 % in 2014-15. While the domestic market of the Duplex Board increased by 4.07% and 7.02% in the year 2013-14 and 2014-15 respectively.

42. Production and Capacity Utilization

42.1 The installed capacity, quantity produced and the capacity utilization of the Applicant during the period from 2012 to 2015 are provided in following table;

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

Year/Period	Total Capacity	Total Production	Capacity Utilization (%)
Oct 12 - Sep 13	100.00	81.84	81.84
Oct 13 - Sep 14	100.00	72.97	72.97
Oct 14 - Sep 15	100.00	70.04	70.04

Source: the Applicant

Note: For the purpose of confidentiality, the actual figures have been indexed with respect to total domestic industry in year 2012-13 by taking it as equal to 100

42.2 The data given in the above table reveals that the installed capacity of the Applicant remained same over the period of time and the production of applicant has reduced over time and so the capacity utilization.

43. Sales

43.1 Sales of the domestic like product by the applicant are given in the following table:

**Table-XVI
Sales of Duplex Board by Domestic Industry**

Year	Sales
Oct 12 - Sep 13	100.00
Oct 13 - Sep 14	84.10
Oct 14 - Sep 15	85.77

Source: the Applicant

Note: For the purpose of confidentiality, the actual figures have been indexed with respect to sales of domestic industry in year 2012-13 by taking it as equal to 100

43.2 The above table shows that sales of domestic industry substantially reduced during 2013-14 as compared to previous year 2012-13. The sales of the domestic industry increased in year 2014-15 as compared to sales in year 2013-14, however this increase in sales is when compared to the expansion of overall domestic market of Duplex Board, it can be seen that during the period the domestic market expanded significantly and the Applicant could not take its share in the expanded market.

44. Profit and Loss

44.1 Information submitted by the Applicant on its profit/loss from operations is given in the following table:

**Table-XVII
Profit/Loss**

Year/Period	Total Net Profit/(Loss)	Per Unit Net Profit/(Loss)
Oct 12 - Sep 13	100.00	100.00
Oct 13 - Sep 14	60.06	71.41
Oct 14 - Sep 15	(10.98)	(12.80)

Source: the Applicant

Note: For the purpose of confidentiality, the actual figures have been indexed with respect to total profit/loss and profit/loss per MT of domestic industry in year 2012-13 by taking it as equal to 100

44.2 The above table shows that the domestic industry was making profits in year 2012-13. Its profit started decreasing in year 2013-14 and in year 2014-15 it started making losses.

45. Inventories

45.1 The data provided by the Applicant on position of their inventories of the domestic like product is provided in the following table:

**Table-XVIII
Inventories**

Year/Period	Opening Inventory	Production	Domestic Sales	Closing Inventory
Oct 12 - Sep 13	5.23	100.00	101.76	3.47
Oct 13 - Sep 14	3.47	89.17	85.58	7.05
Oct 14 - Sep 15	7.05	85.58	87.28	5.35

Source: the Applicant

Note: For the purpose of confidentiality, the actual figures have been indexed with respect to production of the domestic industry in year 2012-13 by taking it as equal to 100

45.2 The above table shows that, closing inventories increased in year 2013-14. However, it decreased again in year 2014-15.

46. Employment, Productivity and Wages

46.1 The data submitted by the Applicant on its employment, and the salaries and wages is given in following table.

Table-XIX
Employment, Productivity and Salaries and Wages

Year/Period	Number of Employees (Direct)	Productivity Per Worker	Salaries and Wages
Oct 12 - Sep 13	100.00	100.00	100.00
Oct 13 - Sep 14	93.20	95.67	116.26
Oct 14 - Sep 15	90.00	95.08	131.67

Source: the Applicant

Note: For the purpose of confidentiality, the actual figures have been indexed with respect to respective figures of the domestic industry in year 2012-13 by taking it as equal to 100

46.2 The above table reveals that number of employees decreased over the period while there is increase in salaries and wages. Productivity of the workers has also decreased over the same period while salaries and wages per MT increased over the same period.

47. Return on Investment

47.1 The information regarding return on investment provided by the Applicants in the antidumping application during the POI was on the consolidated basis. During the on the spot investigation of the Applicants premises, the investigation team was told that the Applicants does not maintain a segregated record of the equity injected for its various segments. Therefore, figures for consolidated profit before tax, markup on long term financing, debt and equity were obtained from quarterly accounts of the Applicant and return on investment has been calculated as follows;

Table-XX
Return on Investment

*Year	Return on Investment (%)
2012-13	16.17
2013-14	8.78
2014-15	2.06

Source: the Applicant

* Year is from July to June

47.2 The above table shows that the return on investment of the Applicant has continuously reduced over time.

48. Cash Flow

48.1 As mentioned earlier the Applicant is a multi-product company and it has consolidated financial statements including cash flow. During the on the spot investigation, the applicant was asked to provide separate cash flow for each product being manufactured by the Applicant. However, It was not possible to separate the cash flow for each product. Therefore the investigation team accepted the consolidated cash flow statement and figures for cash flow during POI were verified from the cash flow statement as given in the audited accounts of the company. Following are the verified figures of net operating cash flow relating to Applicant for the years ended on June 30 of the respective years from the operating activities;

Table-XXI
Operating Cash Flow

*Year	Cash flow
2012-13	100.00
2013-14	(1.70)
2014-15	66.04

Source: the Applicant

* Year is from July to June

Note: For the purpose of confidentiality, the actual figures have been indexed with respect to return on investment of domestic industry in year 2012-13 by taking it as equal to 100

48.2 The above table shows that the industry had a positive cash flow during 2012-13 which converted into negative cash flow during 2013-14. Again in 2014-15 there was positive cash flow during 2014-15.

49. Ability to Raise Capital:

49.1 The Applicant is facing deterioration in its profitability, decline in cash flows and decline in return of investment which can affect the confidence of investors and financial institutions.

50. Growth:

50.1 The domestic market of the Duplex Board has been increased over the period of time i.e. since 2012-13 to 2014-15 (reference Table-XIV supra) however a perusal of the table XV supra reveals that domestic industry could not fully utilize its installed capacity and let alone increase its installed capacity for production of Duplex Board which is an indication that domestic industry could not increase its investment in production of Duplex Board.

51. Magnitude of Dumping Margin:**Table-XXII
Magnitude of Dumping Margin**

Country	Dumping Margin on C&F Basis
China	15.12%
Indonesia	12.87%
South Korea	34.57%

51.1 The above figure reveals that for the Exporting Countries, magnitude of dumping margin was well above the de-minimis level as per Section 41 (3)(a) of the Act. It seems that this dumping margin is enough to injure the domestic industry

52. Summing up of Material Injury

52.1 The facts and the analysis in the preceding paragraphs shows that imports of the investigated product increased significantly in absolute terms as well as relative to the domestic consumption during the POI.

52.2 The analysis further shows that the landed cost of the investigated product undercut the prices of domestic like product throughout the POI resultantly the domestic industry has to decrease its price (5.21 percent) in the year 2014-15 to compete with the investigated product in the domestic market. The price depressing effect of dumped imports in the last year of POI for injury analysis is also imminent and significant. The increased volume of dumped imports and significant price depression during 2014-15 adversely affected the domestic industry. As a result the sales of the domestic industry had reduced significantly by 17% while market share of the domestic industry reduced by 11% and production decreased by 17% during the POI for injury. Simultaneously there was a substantial decline in profits of and profitability of the Applicant. The Applicant which was earning 13% net profit of the ex-factory price in 2012-13 converted into loss making in year 2014-15 due to impact of dumped imports. This clearly reveals that domestic industry suffered material injury during the POI. The effect of dumped imports on various injury factors is summarized in the table below;

Table-XVIII
Effects of Dumped Imports

Year	2012-13	2013-14	2014-15
Sales	100.00	84.10	85.77
Market Share	100.00	97.73	89.77
Production	100.00	89.17	85.58
Capacity Utilization	100.00	89.16	85.58
Per Unit Net Profit/(Loss)	100.00	71.41	(12.80)
Return on Investment (%)	16.17	8.78	2.06
Productivity Per Worker	100.00	95.67	95.08

Note: For the purpose of confidentiality, the actual figures have been indexed with respect to respective figures of the domestic industry in year 2012-13 by taking it as equal to 100

52.3 Apart from above, the domestic industry had also a negative effect on wages, investment, growth and ability to raise capital of the domestic industry.

52.4 The above effects are significant enough on the basis of which it is determined that domestic industry has suffered material injury due to dumped imports of the investigated product.

D. CAUSATION

53. Effect of Dumped Imports

53.1 Examination of the volume of dumped 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 as there is a time correlation between increase in volume of dumped imports of the investigated product, price effects in the form of price undercutting and price depression and adverse effects on market share, sales, profits and profitability, cash flows, return on investment , ability to raise capital and growth of the domestic industry during the POI.

54. Other Factors

54.1 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.

54.2 The Commission's investigation showed that the domestic industry did not suffer injury due to imports of the like product from sources other than the Exporting

Countries during the POI. The imports from sources other than Exporting Countries were in insignificant quantities. Following table shows volume and landed cost of Duplex Board imported from other sources during the POI:

**Table XIX
Imports from Other Sources**

Year	Dumped Imports	Imports from Other Sources	Landed cost of Dumped Imports	Landed cost from other sources
2012-13	100.00	0.14	100.00	90.97
2013-14	115.68	0.57	102.89	153.26
2014-15	188.34	1.73	95.26	90.26

Source: PRAL

Note: For the purpose of confidentiality, the actual figures have been indexed with respect to dumped imports and landed cost of dumped imports in year 2012-13 by taking it as equal to 100

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

- i. There was no contraction in demand;
- ii. There was no considerable change in technology to produce Duplex Board; and
- iii. The domestic industry did not export Duplex Board during the POI meaning thereby that injury to domestic industry is not because of export performance. Similarly the productivity alone cannot be considered as a major source of injury to the domestic industry.
- iv. During the POI there was no change in trade restrictive practices.

54.4 In view of the above, the Commission determined that domestic industry suffered material injury due to dumped imports.

E. CONCLUSIONS

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

- i. the application was filed on behalf of the domestic industry as the Applicant represent 58 percent of the domestic production. The application is supported by 62 percent of the total production who are expressing their opinion on application;
- 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 the Exporting Countries 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 the Exporting Countries were above the negligible and *de minimis* levels respectively.
- v. the domestic industry suffered material injury during the POI on account of increase in volume of dumped imports in absolute terms as well as relative to domestic consumption, price undercutting, price depression, decline in sales, profits, market share and negative effects on salaries and wages, return on investment, ability to raise capital and growth in terms of Section 15 and 17 of the Act; and
- vi. there is a causal relationship between dumped imports of the investigated product and the material injury suffered by the domestic industry.

F. IMPOSITION OF PROVISIONAL ANTIDUMPING DUTIES

56. In view of the analysis and conclusions with regard to dumping, material injury, and causation, Commission is of the view that imposition of provisional antidumping duty on the investigated product is needed to offset injury to the domestic industry by dumped imports during the course of the investigation.

57. As there was no cooperation from exporters/foreign producers therefore Individual dumping margins could not be determined. Dumping margins and anti-dumping duty rates for exporters for each country from the Exporting Countries is determined on the basis of best available information in terms of Section 32 of the Act.

58. For the purpose of imposition of lesser duty in terms of Section 43(1) of the Act injury margins have been calculated for each Exporting Country to ascertain whether a lower duty would be adequate to remove injury being suffered by the domestic industry due to dumped imports of the investigated product from the Exporting Countries. The calculation of injury margin is as under:

**Table XX
INJURY MARGIN**

Cost to make & sell of domestic industry	100.00
Estimated Profit (5% of cost to make & sell)	5.00
Estimated non-injurious price	105.00
Injury Margin for China	
C & F price of the investigated product	79.18
Landed cost of the investigated product	85.52
Injury Margin (Non-injurious price - landed cost)/ C&F Price *100	24.60%

Injury Margin for Indonesia	
C & F price of the investigated product	72.89
Landed cost of the investigated product	88.93
Injury Margin (Non-injurious price - landed cost)/C&F Price *100	22.04%
Injury Margin for South Korea	
C & F price of the investigated product	76.65
Landed cost of the investigated product	93.51
Injury Margin (Non-injurious price - landed cost)/C&F Price *100	14.98%

Note: For the purpose of confidentiality, the actual figures have been indexed with respect to ex-factory price of the domestic industry in year 2014-15 by taking it as equal to 100

55. It may be observed from the above that injury margins calculated for the exporters/foreign producers of the investigated product from China and Indonesia are higher than the respective dumping margins while injury margin in case of South Korea is lower than the dumping margin calculated for South Korea. In terms of Section 43(1) of the Act, therefore, lesser duty is applied where it is adequate to remove injury of the domestic industry.

56. In terms of Section 43 of the Act, following provisional anti-dumping duty rates are hereby imposed on dumped imports of the investigated product importable from the Exporting Countries for the period of four months with effect from May 12, 2017. The provisional anti-dumping duty rates are determined on C&F value in *ad val.* terms. The provisional anti-dumping duties at C&F value are equivalent to the preliminary dumping margins determined at ex-factory price level for China and Indonesia and equivalent to the preliminary injury margin determined for Korea. The provisional duty rates for the Exporting Countries are as follows;

Table-XXI
Provisional Anti-dumping Duty Rates

Country	As percentage of C&F export price (%)
China	15.12
Indonesia	12.86
South Korea	14.98

56. In accordance with Section 51 of the Act, the provisional anti-dumping duty shall take the form of *ad valorm* duty and be held in a non-lapsable personal ledger account established and maintained by the Commission for the purpose. Release of the investigated product for free circulation in Pakistan shall be subject to imposition of such antidumping duty. However, Provisional duties would not be collected from the plaintiffs in Suit No. 1046/2017 till further orders as the Honorable Sindh High Court,

vide its interim order dated April 21, 2017 has held that no coercive action shall be taken against the plaintiffs.

57. Provisional anti-dumping duties levied would be in addition to other taxes and duties leviable on import of the investigated product under any other law. However, it would not be levied in terms of Section 51(1) e of the Act on imports that are to be used as inputs in products destined solely for export.

58. The provisional anti-dumping 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.

(Abdul Khaliq)
Member
May 11, 2017

(Tipu Sultan)
Member
May 11, 2017

(Robina Athar)
Member
May 11, 2017

(Qasim M. Niaz)
Chairman
May 11, 2017

Annexure-I

The comments received of the interested parties from Anti-Dumping Appellate Tribunal where the parties have filed their objections against initiation of investigation and germane to this investigation under the Act is 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 (Issues Raised before the Antidumping Appellate Tribunal)	Column - B (Commission’s replies/comments)
<p>Comments of M/S Akmal Print House (Pvt) Limited in Appeal No. 75/16 before the Anti-Dumping Appellate Tribunal, Islamabad:</p> <p>“That the extremely broad product scope has unnecessarily burdened the exporters/producers and the importers responding to the questionnaires. The product, according to the PCT heads identified in the notice, that form the scope of the produce under investigation include numerous other products which has different usages; different processes are involved in their production; these products also have different physical characteristics and are priced differently as well, the entire proceeding are illegal and without lawful authority.”</p>	<p>Section 2 (K) of the Act, defines investigated product as “means a product which is subject to antidumping investigation as described in the notice of initiation of investigation”. The notice of initiation of investigation defines investigated product is One Side Coated Duplex-Grey Back imported into Pakistan from the Exporting Countries. It is classified under Pakistan Customs Tariffs (PCT) heading No. 4810.9200 and 4810.9900. Investigated product is mainly used for primary cigarettes, pharmaceutical, spices, confectionary, food, tea, biscuit, shoe, auto part, electric appliances, electronic and garment industry etc. The definition restricts the investigated product to only One Sided Coated Duplex-Grey Back. The said characteristic have been strictly followed in the investigation and thereafter in imposition of duties. The product covered in Investigation is as defined and not all PCT covered products.</p>
<p>“That the product scope must be identified accurately and must be limited to the products being imported into Pakistan. The Commission must diligently ascertain the products within each PCT head as like product and redefine the parameters of the subject investigation. Removal of PCT heads from the scope of the investigation would ultimately require revision of the import data and consequently revision of dumping margin as well as injury as claimed by the applicant. It is imperative that the revision be undertaken in order to (i) allow the commission to determine whether there is sufficient evidence to continue with the investigation; and (ii) allow the interested parties to respond accurately to the position taken up by the applicant, hence, the entire proceedings are illegal and</p>	<p>The Commission has described an investigated product in the notice of initiation of investigation dated 30-01-2016 in terms of Section 2 (K) of the Act. The product under investigation and PCT heads are briefly and precisely defined by the Commission. It is further submitted that the notice of initiation is mere opening of an inquiry. The PCT head contains different paper related product however, the import data of PRAL has been critically examined for this investigation and only the import figures of the investigated product has been taken into account in this investigation. The products which are out of scope of the instigated product have been</p>

without lawful authority.”	excluded from the volume of imports.
“That the composition of the domestic industry has not been sufficiently looked into and in order to provide a fair chance of prevalence of fair competition in the domestic market it is imperative that all the manufactures of the domestic like product be included in the definition of domestic industry for the instant investigation, hence, the entire proceedings are illegal and without lawful authority.”	The Commission has determined the domestic industry in terms of Section 2 (d) of the Act. All the known producers have been taken into account. However, the Appellant has not substantiated its claim with proper evidence.
“That the Directors of the complainant are the same who are also Directors in the Merritt Packaging Ltd. who is importers of the same alleged dumped product, the addresses of the said assistant concern who is importer of the alleged dumped same, the applicant indirectly is involved in the import of alleged dumped products, thus, the application is not maintainable nor it is proceedable.”	This is the first time the issue of Merit Packaging Ltd. is raised through the Appeal. The Commission is of the view that as the Century Paper and Board Mills is one of the Applicant in this investigation therefore it is not likely to behave differently from unrelated producers.