

(NON-CONFIDENTIAL)



**Government of Pakistan
National Tariff Commission**

REPORT

ON

FINAL DETERMINATION AND LEVY OF DEFINITIVE ANTI-DUMPING DUTY ON DUMPED IMPORTS OF CONTINUOUS CASTING (STEEL) BILLETS ORIGINATING IN AND/ OR EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA TO THE ISLAMIC REPUBLIC OF PAKISTAN

ADC NO 36/2015/NTC/CCB

February 3, 2017

Final Determination and Levy of Definitive Antidumping Duty on Dumped Imports of CC Billets into Pakistan Originating in and/ or Exported from the People's Republic of China

The National Tariff Commission (the "Commission") having regard to the Anti-Dumping Duties Act, 2015 (the "Act") and the Anti-Dumping Duties Rules, 2001 (the "Rules") is responsible to conduct anti-dumping investigations for imposition of anti-dumping duties to offset injurious impact of dumped imports on domestic industry and ensure fair competition thereof, and to the WTO's Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (the "Antidumping Agreement").

2. The Commission has conducted an investigation under the Act and the Rules on dumped imports of Continuous Casting (Steel) Billets ("CC Billets") into Pakistan originating in and/or exported from the People's Republic of China ("China"). The Commission has made final determination in this investigation under Section 39 of the Act. This report on final determination has been issued in accordance with Section 39(5) of the Act and Article 12.2 of the Agreement on Antidumping.

3. In terms of Section 39(1) of the Act, the Commission shall make a final determination of dumping and injury within one hundred and eighty days of publication of a notice of preliminary in the Official Gazette. However, Section 29 of the Act provides that *"the Commission shall, except in special circumstances, conclude an investigation within twelve months, and in no case more than eighteen months, after its initiation."*

4. Notice of preliminary determination in this investigation was published on April 22, 2016 in the Official Gazette. This investigation was initiated on August 05, 2015. However, certain importers of the CC Billets challenged initiation of this investigation in the honourable Sindh High Court, Karachi (the "SHC"). The SHC passed an injunctive order on September 22, 2015 restraining the Commission from carrying on with the investigation. Therefore, the investigation was suspended. On December 22, 2015 the SHC allowed the Commission to carry on with the investigation but restrained to take any action. Decision of the SHC is reproduced below:

"..... Learned Counsel for the Defendant states that they are not going to take any coercive method / action against the plaintiffs in pursuance of impugned notices as it is even otherwise not envisaged under the Anti-Dumping Duties Act 2015. However, he states that the Defendants may be allowed to continue with the investigation and at the end thereof, the Defendants will follow the course of law..... Accordingly, Defendants may carry on the inquiry / investigation in pursuance of the impugned notice at the culmination whereof shall follow the course dictated by law."

5. The time lines for this investigation have been worked out by excluding the stay period i.e. from September 22, 2015 to December 22, 2015. Keeping in view

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Section 29 of the Act the Commission concluded/ made final determination on February 03, 2017 and a notice in this regard was published in the national press. However, findings of the investigation and decision to impose definitive antidumping duty was withheld in light of decision of the SHC (paragraph 4 supra). The honourable SHC has dismissed suit No. 1661 of 2015 on June 2, 2017, therefore, the Commission has now announced its decision and has released this report.

A. PROCEDURE

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

7. Receipt of Application

7.1. The Commission received a written application on June 29, 2015 under Section 20 and 24 of the Antidumping Duties Ordinance, 2015 (now the Act) from M/s Amreli Steels Limited Karachi, M/S Agha Steel Industries, Ltd. Karachi and M/S ASG Metals Ltd. Karachi (the "Applicants"), on behalf of the domestic industry. The Applicants are producers of CC Billets. The Applicants alleged that CC Billets originating in and/or exported from China are being dumped into Pakistan, which has caused and is causing material injury to the domestic industry producing CC Billets.

7.2. The Commission informed the Embassy of China in Islamabad through a note verbal dated July 14, 2015, of the receipt of application in accordance with the requirements of Section 21 of the Act.

8. Evaluation and Examination of the Application

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 CC Billets into Pakistan from China 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.

9. THE DOMESTIC INDUSTRY

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

"Domestic industry" means the domestic producers as a whole of a domestic like product or those whose collective output of that product constitutes a major proportion of the total domestic production of that product;

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except 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” may 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. 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”

9.2. The domestic C.C Billets manufacturing industry comprises of the following 18 units. Its installed production capacity is about 1,395,600 MT per annum:

**Table-I
The Domestic Industry**

S.No.	Unit Name
i.	Amreli Steels Limited, Karachi
ii.	Agha Steel Industries, Karachi
iii.	ASG Metal Limited, Karachi
iv.	Aziz Industries Limited
v.	Karim Aziz Industries Limited
vi.	Karachi Steel Re-Rolling Mills Ltd.
vii.	Hattar Steel Mills Limited
viii.	Mat Cast (Pvt) Limited
ix.	Ittehad Steel Industries, Limited
x.	Jabbar Steel Limited, Karachi
xi.	Iftikhar Steel Limited
xii.	Sufi Steel Industries Limited
xiii.	Potohar Steel Industries Limited
xiv.	M.A Steel Casting Limited
xv.	Mujahid Enterprises
Xvi	Khadim Steel Mills Limited
xvii.	Mughal Iron & Steel Industries Ltd.
xviii.	Diamond Metals Ltd.

Source: the Applicants

9.3. As stated above (paragraph 9.1 supra) the Act defines domestic industry

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excluding the domestic producers who are related to the exporters or importers, or are themselves importers of the dumped product provided that there are grounds for believing or suspecting that the producer concerned behave differently from non-related producers. Mughal Iron and Steel Industries Ltd. ("Mughal Steel") and Diamond Metals Ltd. have themselves imported CC Billets from China during the POI. These units have behave differently than other producers as they have opposed the application, therefore, these units have been excluded from the definition of domestic the industry for the purposes of this investigation.

10. Standing of the Application

10.1. Section 24 of the Act enjoins upon the Commission to assess the standing of the domestic industry on the basis of the degree of support for or opposition to the application expressed by the domestic producers of the domestic like product. Section 24(1) of the Act states as follows:

"... 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."

10.2. The application has been filed by the Applicants who have major share, in the total production of C.C. Billets during the year 2014-15. Further, the Applicants submitted letters of support from six producers who account for 21.06 percent of total production during the above-mentioned year. Details of the production of different units during 2014-15 and their status with regard to the application are given below:

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**Table-II
Standing of the Application**

S.No	Unit Name	Share in total production	Status
i.	Amreli Steels Limited	29.06%	Applicant
ii.	Agha Steel Industries	15.42%	Applicant
iii.	ASG Metal Limited	2.11%	Applicant
	Applicant's total	46.60%	
iv.	Aziz Industries	2.49%	Supporting
v.	Karim Aziz Industries	2.49%	Supporting
vi.	Karachi Steel Re-Rolling Mills	3.98%	Supporting
vii.	Hattar Steel Mills	4.98%	Supporting
viii.	Mat Cast (Pvt) Limited	3.32%	Supporting
ix.	Ittehad Steel Industries	3.81%	Supporting
	Supporting unit's total	21.06%	
x.	Jabbar Steel, Karachi	4.98%	Indifferent
xi.	Iftikhar Steel	4.15%	Indifferent
xii.	Sufi Steel Industries	8.29%	Indifferent
xiii.	Potohar Steel Industries	1.66%	Indifferent
xvi.	M.A Steel Casting	4.98%	Indifferent
xv.	Mujahid Enterprises	1.66%	Indifferent
Xvi	Khadim Steel Mills	6.63%	Indifferent
	Indifferent unit's total	32.34%	Indifferent
	Grand Total	100.00%	

Source: the Applicants

10.3. The above table shows that no producer in the domestic industry has opposed the application. The Applicants and six other producers supporting the application account for 67.66 percent of the total production of C.C. Billets during the year 2014-15. Since the Applicants and other six producers who are supporting the application account for 67.66 percent of the total production, thus the application fulfils requirements of Section 24 of the Act.

10.4. On the basis of the above information the Commission has determined that the application was made on behalf of the domestic industry as it fulfils the requirements of Section 24 of the Act.

11. Applicants' Views

11.1 The Applicants have, *inter alia*, raised the following issues in the

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application regarding dumping of CC Billets and material injury to the domestic industry caused therefrom:

- i. Exporters/ producers from China are exporting CC Billets to Pakistan at dumped prices;
- ii. CC Billets imported from China and produced in Pakistan by the domestic industry are like products; and
- iii. Imports of CC Billets from China into Pakistan at dumped prices has caused and is causing material injury to the domestic industry producing CC Billets mainly through:
 - a. price undercutting
 - b. price suppression
 - c. Price depression
 - d. decline in market share
 - e. Negative effects on production;
 - f. Negative effects on capacity utilization
 - g. Negative effects on cash flows
 - h. Increase in losses
 - i. Negative effects on productivity and wages
 - j. Negative effects on growth
 - k. Ability to raise investment
 - l. Return on investment

11.2. The Applicants have further alleged that there is threat of material injury as well to the domestic industry due to increased/increasing trend of alleged dumped imports of the CC Billets

12. Initiation of Investigation

12.1 The Commission, in accordance with Section 23 of the Ordinance (now Act) examined accuracy and adequacy of the evidence and information provided in the application and established that there was sufficient evidence of dumping of CC Billets into Pakistan from China and consequent material injury to the domestic industry. Therefore, the Commission decided on July 31, 2015 to initiate an investigation in this case.

12.2 The Commission issued a notice of initiation in accordance with Section 27 of the Act, which was published in the Official Gazette¹ of Pakistan and in two

¹ The official Gazette of Pakistan (Extraordinary) dated August 5, 2015.

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widely circulated national newspapers² (one in English language and one in Urdu Language) on August 05, 2015. Investigation concerning alleged dumped imports of CC Billets into Pakistan originating in and/or exported from China was thus initiated on August 5, 2015 in accordance with Section 27(2) of the Act.

12.3. In pursuance of Section 27 of the Act the Commission notified Embassy of China in Islamabad of the initiation of the investigation (by sending a copy of the notice of initiation) on August 7, 2015 with a request to forward it to all exporters/ producers involved in production, sales and export of CC Billets from China. Copy of the notice of initiation was also sent to Chinese exporters/ producers directly (whose addresses were available with the Commission), Pakistani importers, the Applicants and other domestic producers on August 05, 2015.

12.4. In accordance with Section 28 of the Act, on August 05, 2015 copies of full text of the written application (non-confidential version) were sent to all Chinese exporters/producers, whose complete addresses were available with the Commission and to the Embassy of China in Islamabad with a request to forward it to all exporters/ producers involved in production, sale and/or export of CC Billets.

13. Investigated Product, Domestic Like Product and Like Products

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

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

13.2. For the purposes of this investigation and given the definitions set out above, investigated product, domestic like product and like product are identified in the following paragraphs.

² The daily 'Dawn' and 'Dunya' of August 5, 2015 issues.

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13.3. Investigated Product

13.3.1. The investigated product is C.C. Billets originating in and/or exported from China to Pakistan. It is a semi-finished product of iron and non-alloy steel, and alloy steel. Billets are used by the re-rolling mills in production of Steel Bars, Wire Rods, Beams, Channels and T-iron etc. It is imported under Pakistan Customs Tariff (PCT) Heading Nos. 7207.1110, 7207.1190, 7207.1210, 7207.1290, 7207.1910, 7207.1920, 7207.1990, 7207.2010, 7207.2020, 7207.2090, 7224.1000, and 7224.9000.

13.3.2. The above mentioned PCT headings are described as “billets” and “other” in the Pakistan customs tariff. The Applicants have also included PCT Nos. 7224.1000, and 7224.9000 with description “other” as investigated product, because the C.C Billets are also cleared/imported under these PCT heading Nos. during the POI. Further, to avoid mis-declaration of billets under “other” headings, it is necessary to include these PCT Nos. in the definition of investigated product.

13.3.3. Following is the current tariff structure for import of CC Billets:

**Table-III
Tariff Structure**

S.No.	PCT No.	Description	Customs duty		Regulatory Duty*
			Statutory	FTA	
	72.07	Semi-finished products of iron or non-alloy steel			
		- Containing by weight less than 0.25% of carbon			
		-- Of rectangular (including square) cross section, the width measuring less than twice the thickness			
i.	7207.1110	--- Billets	5%	5%	15%
ii.	7207.1190	--- Other	5%	5%	15%
		-- Other, of rectangular (other than square) cross section			
iii.	7207.1210	--- Billets	5%	5%	15%
iv.	7207.1290	--- Other	5%	5%	15%
v.	7207.1910	--- Of a cross section 165mmx165mm and above	5%	5%	15%
		-- Other:			
vi.	7207.1920	--- Billets	5%	5%	15%
vii.	7207.1990	--- Other	5%	5%	15%
		- Containing by weight 0.25% or more carbon			
viii.	7207.2010	--- Of a cross section 165mmx165mm and above	5%	5%	15%
ix.	7207.2020	--- Billets	5%	5%	15%
x.	7207.2090	--- Other	5%	5%	15%
	72.24	Other alloy steel in ingots or other primary form; semi-finished products of other alloy steel			
xi.	7224.1000	- Ingots and other	5%	5%	15%

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		primary forms			
xii.	7224.9000	- Other	5%	0%	15%

* vide SRO 18(I)/2015 dated 14-01-2015

13.4. Domestic Like Product

The domestic like product for the purposes of this investigation is C.C. Billets produced by the domestic industry. The domestic like product is a semi-finished product of iron and non-alloy steel. It is also used by the re-rolling mills in production of steel bars, wire rods, beams, channels and T-irons etc. The domestic like product is also classified under the same PCT headings as of the investigated product is classified.

13.5. Like Product:

In order to establish whether the investigated product and the domestic like product are alike products, as contended by the Applicants, the Commission has reviewed all relevant information received/obtained from various sources including the Applicants and importers in the following terms:

- i. basic raw materials used in the production of the investigated product, and the domestic like product are the same/similar;
- ii. the investigated product and the domestic like product are produced with a similar manufacturing process;
- iii. both the products have similar appearance. Further, physical properties, nature and quality of the investigated product and the domestic like product are also similar;
- iv. both the products are used for similar purposes and are substitutable in use; and
- v. both the products are classified under the same PCT/HS heading numbers.

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

14. Period of Investigation ("POI")

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

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- 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”.*

14.2. The POI selected for the purposes of this investigation for dumping and injury are, as follows:

For determination of dumping: From April 01, 2014 to March 31, 2015
For determination of injury: From April 01, 2012 to March 31, 2015

15. Exporters/ Producers Involved in Dumping of CC Billets

15.1 The Applicants identified 22 exporters/foreign producers involved in dumping of the investigated product from China. The Applicants have also stated that there may be other exporters and producers of the investigated product, which are not known to them, therefore, they have requested for imposition of antidumping duty on all imports of the investigated product originating in and/or exported from China.

15.2. Upon initiation of the investigation copy of the notice of initiation and copy of full text of the written application (non-confidential version) were sent to the exporters/ foreign producers on August 05, 2015, whose complete postal addresses were available. For the other exporters/foreign producers the Commission notified Embassy of China in Islamabad of the initiation of the investigation on August 7, 2015 with a request to forward it to all exporters/ producers involved in production, sales and export of CC Billets from China.

16. Information/ Data Gathering

16.1 The Commission sent exporter's questionnaire to 22 exporters/ producers based in China whose addresses were available to the Commission on August 05, 2015 for collection of data and information necessary for this investigation. The exporters/ producers were asked to supply information within 37 days of dispatch of the questionnaire. None of the exporters/ producers responded. On

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September 15, 2015 the exporters/ producers were informed through a letter that in case requisite information/data is not furnished within 15 days, the Commission will use best available information for preliminary and/or final determination of dumping in this case. However, no response received from any of the exporter/ producer.

16.2. On August 05, 2015 a copy of the questionnaire was also sent to the Embassy of China in Islamabad with a request to forward it to all exporters/ producers of the investigated product in China. However, no response was received from any exporters/ producers from China.

16.3. The Commission also sent questionnaire on August 05, 2015 to Pakistani importers and other domestic producers (other than the Applicants) of CC Billets, requesting them to provide information within 37 days of the issuance of the questionnaire. The following importers provided some data/ information on the prescribed questionnaire to the Commission.

- i. Mehboob Re rolling Mills Karachi;
- ii. Mumtaz Steel Corporation; and
- iii. Mustfa Steel, Karachi

16.4. Interested parties were also invited to make their views/comments and submit information (if any) relevant to this investigation within 45 days of the initiation of this investigation. Following interested parties submitted views/ comments on initiation of the investigation:

- a. Mughal Iron and Steel Industries Ltd., Lahore;
- b. Razaque Steels Pvt. Ltd., Karachi;
- c. Dewan Steel Mills Ltd., Karachi;
- d. Ittehad Steel Industries Ltd., Karachi and
- e. Nawab Borthers Steel Mills Pvt., Ltd, Karachi

16.5. The Commission has access to the 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 purposes of this final determination the Commission has used import data obtained from PRAL in addition to the information provided by the Applicants and importers.

16.6. Thus, the Commission has sought from all available sources, relevant data and information deemed necessary for the purposes of this investigation. In terms of Sections 32(4) and 35 of the Act and Rule 12 of the Rules the Commission has

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satisfied itself to the accuracy of information supplied by the interested parties to the extent possible.

17. Verification of the Information

In order to verify information/data provided by the Applicants and to obtain further information (if any), officers of the Commission conducted on-the-spot investigations at the offices and plants of the Applicants from January 25 to 30, 2016 in accordance with Sections 32(4) and 35 of the Act and Rule 12 of the Rules. Reports of on-the-spot investigations were made available to interested parties by placing them in the public file.

18. Public File

The Commission, in accordance with Rule 7 of the Rules, has established and maintained a public file at its office in this investigation. This file remains available to the interested parties for review and copying from Monday to Thursday between 11.00 hours to 13.00 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.

19. Confidentiality

19.1 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 the interested parties upon good cause shown to be kept confidential.

19.2. The Applicants 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, salaries & wages, number of employees and capacity etc. of the domestic like product.

19.3. On the basis of request made by the interested parties, the Commission has determined the confidentiality in light of Section 31 of the Act and for the reasons that disclosure of such information may be of significant competitive advantage to a competitor, or because its disclosure would have a significant adverse effect upon the interested parties providing such information. Therefore, the Commission kept all such information confidential for which the interested parties made a request to keep it confidential. However, in terms of Sub-Section (5) of the Section 31 of the Act non-confidential summaries of all confidential information, which provides

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reasonable understanding of the substance, were placed in public file.

19.4 Some interested parties have submitted, the information that is otherwise publically available is also kept confidential such as sales revenue, profits, cost of sales, cash flows, details of assets etc. are available in the annual reports of the Applicants but these figures have been kept confidential in this investigation. The investigation of the Commission has shown that the Applicants are multi-product companies and their annual reports show consolidated figures, whereas the application filed for this investigation contains segregated information for the domestic like product, which is not available in the annual reports. Therefore, assertion of the interested parties that the information which is publically available is also kept confidential is not correct.

20. Preliminary Determination

20.1 The Commission made preliminary determination in this investigation on April 22, 2016 in terms of Section 37 of the Act. The Commission issued a notice of preliminary determination, which was published on April 26, 2016 in Official Gazette of Pakistan and in two widely circulated national newspapers (one English "Dawn" and two Urdu Language "Dunya") notifying the preliminary determination. Provisional antidumping duty was not imposed in this case in light of decision of the SHC (paragraph 4 supra).

20.2 The commission sent copy of the notice of preliminary determination to the Embassy of China in Islamabad, exporters, importers, domestic producers and the Applicants on April 26, 2016 in accordance with the requirements of section 37(4) of the Act. The findings of the commission in the preliminary determination were as follows:

- i. the application was filed by the domestic industry as the Applicants represented 46.60 percent and it is supported by the producers who account for 21 percent of the production of domestic like product during the POI;
- ii. the investigated product and the domestic like product are like products in terms of provisions of the Act;
- iii. no exporter/foreign producer provided information in this investigation, therefore, normal value and export price is determined on the basis of best information available in accordance with Section 32 of the Act.
- iv. During the POI, the investigated product was exported to Pakistan by the exporters/ producers from China at prices below its normal value;

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- v. the dumping margin expressed as a percentage of weighted average adjusted export price at ex-factory level worked out 32.73 percent;
- vi. the volume of dumped imports of the investigated product and the dumping margins established for the exporters/ producers of the investigated product are above the negligible and *de minimis* levels;
- vii. during the POI the domestic industry suffered material injury on account of volume of dumped imports, price undercutting, price suppression, decline in market share, sales, increase in losses, negative effects on cash flows, employment and inventories in terms of Section 15 and 17 of the Act; and
- viii. there is a causal relationship between dumped imports of the investigated product and the material injury faced by the domestic industry.

21. Hearing

Upon request of Pakistan Steel Re-Rolling Mills Association a hearing in this investigation was held on November 10, 2016 under Rule 14 of the Rules. All interested parties were invited to attend the hearing. The information submitted by the participants during the hearing and record note of the hearing prepared by the Commission were made available to the interested parties by placing them in the public file.

22. Disclosure of Essential Facts

22.1. In terms of Rules 14(8) of the Rules, and Article 6.9 of Agreement on Antidumping, the Commission disclosed essential facts of this investigation to the interested parties. In this context, Statement of Essential Facts ("SEF") was dispatched on December 19, 2016 to all interested parties including the known exporters/ producers, the Applicants, the known Pakistani importers, and to the Embassy of China in Pakistan.

22.2. Under Rule 14(9) of the Rules, the interested parties were required to submit their comments (if any) on the facts disclosed in SEF, in writing, not later than fifteen days of such disclosure. The Commission received comments from following interested parties:

- i. MCAS & Law Associate on behalf of Dewan Steel Mills, Ittehad Steel Industries, Nawab Borthers Steel Mill Pvt. Ltd. and Razzaque Steels Pvt. Ltd.
- ii. The Pakistan Steel Re-Rolling Mills Association
- iii. Sikandar Bashir Mohmand on behalf on Mughal Iron & Steel Industries Ltd.

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23. Views/Comments of Interested Parties

Written comments received from interested parties on preliminary determination, presented during the hearing and/or on essential facts have been considered in this final determination. The comments germane to this investigation and response of the Commission is attached at Annex-I.

B. DETERMINATION OF DUMPING

24. Dumping

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

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

25. Normal Value

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

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

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

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costs and profits.

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

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

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

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

“(b) in substantial quantities; and

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

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

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

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

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

26. Determination of Dumping of the Investigated Product

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26.1. As stated earlier the Commission sent questionnaires to 22 exporters/ producers of the investigated product for collection of data/information. Copy of the questionnaire was also provided to the Embassy of China in Islamabad with a request to forward it to all exporters/ producers of the investigated product based in China to submit information to the Commission. However, the Commission did not received information in response to the questionnaire from any of the exporters/ producers in this investigation (paragraphs 16.1 and 16.2 supra). Therefore, dumping of the investigated product in the final determination is determined on the basis of best information available in accordance with Section 32 of the Act. The basis of determination of normal value, export price and dumping margin are provided in the following paragraphs.

26.2 Determination of Normal Value

26.2.1 Normal value for the investigated product in the final determination is constructed on the basis of the cost of production in the exporting country plus a reasonable amount for administrative, selling and general costs and profits in accordance with Section 6 of the Act. Following are the basis of construction of the normal value:

- i. The C&F cost of imported raw materials/inputs of the Applicants is deflated by deducting ocean freight to reach at FOB price. The amount for ocean freight is obtained from the information provided by the Chinese exporters/ producers in another investigation being conducted by the Commission on dumping of galvanized coils/sheets of iron and steel against Chinese exporters/ producers.
- ii. FOB prices of raw materials/inputs arrived at as per explanation given above are multiplied with the per unit consumption of the raw materials to arrive at raw material cost per unit. Consumption of raw material per unit is based on the yearly average of the Applicants. Inland freight is added in the FOB cost of raw materials to arrive at cost of raw materials at factory/production point. The amount for inland freight is obtained from the information provided by the Chinese exporters/producers in another investigation being conducted by the Commission on dumping of galvanized coils/ sheets of iron and steel against Chinese exporters/ producers.
- iii. Labor hours employed by the Applicants to produce one MT of CC Billets have been multiplied by the labour rate applicable in China to arrive at salaries and wages cost for construction of normal value. Labour rate for China is obtained from a website [www.tradingeconomics.com/ china/ wages-in-manufacturing](http://www.tradingeconomics.com/china/wages-in-manufacturing).

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- iv. Per unit consumption of electricity, fuel/gas etc. of the Applicants is multiplied with electricity/fuel/gas rates prevailing in China to arrive at overheads cost in construction of normal value. Electricity/fuel/gas rates for China are obtained from the website of the International Energy Agency.
- v. Same amount of per unit fixed cost including depreciation of Applicants have been taken for construction of normal value.
- vi. Selling and admin expenses of the Applicants are taken same for construction of normal value.
- vii. In construction of the normal value, financial charges are calculated by using actual financial charges of one of the Applicants (the lowest one among the Applicants) and the same has been deflated by difference between interest rate of China and Pakistan. Interest rate of China is obtained from www.oanda.com
- viii. Profit at the rate of 5 percent of the constructed cost to make and sell has been applied to reach at constructed normal value for the investigated product.

26.2.2 The constructed normal value for the investigated product on the above mentioned basis is worked out to US\$ ***/MT.

26.3. Determination of Export Price

26.3.1 As no Chinese exporter/ producer of the investigated product has provided information on its exports of the investigated product, therefore, export price is determined on the basis of best information available with the Commission. For this purpose information obtained from PRAL on imports of the investigated product during the POI is used.

26.3.2. The information obtained from PRAL is at C&F level. To reach at ex-factory level C&F export price is adjusted on account of ocean freight, inland freight, handling costs, trader's/exporter's operating costs, and bank charges. These adjustments have been obtained from the information provided by the Chinese exporters/producers in another investigation being conducted by the Commission on dumping of galvanized coils/ sheets of iron and steel against Chinese exporters/ producers.

26.3.3 On the above mentioned basis the export price of the investigated product is worked out to US\$ ***/MT.

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27 Dumping Margin

27.1 The Act defines “dumping margin” in relation to a product as *“the amount by which its normal value exceeds its export price”*.

27.2 Section 12 of the Act provides three methods for fair comparison of normal value and export price in order to establish dumping margin. The dumping margin in this final determination is established by comparing constructed normal value with weighted average export price (weighted average to weighted average) at ex-works level.

27.3 Taking into account all requirements set out above, the dumping margin is determined as follows:

**Table IV
Dumping Margin**

S.No	Description	Value
i.	Normal value	100.00
ii.	C&F export price	88.86
iii.	Adjusted export price	78.64
iv.	Absolute dumping margin	21.36
v.	Dumping margin as % of adjusted export price	27.17%
vi.	Dumping margin as % of C&F export price	24.04%

Note: Actual figures have been indexed with reference to normal value by taking it equal to 100 to maintain confidentiality

28. De-minimis Dumping Margin and Negligible Volume of Dumped Imports

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

28.2. Section 41(3) of the Act states that the dumping margin shall be considered to be negligible if it is less than two percent, expressed as a percentage of the export price. Dumping margin set out in paragraph 27.3 supra, is well above the negligible (*de minimis*) level.

28.3. 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. The information/data on dumped imports of the investigated product and other imports of CC Billets have been obtained from PRAL. Volume of dumped imports of the investigated product from China and CC Billets imported from other sources during the POI (April 01, 2014 to March 31, 2015) is given in the table below:

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Table – V
Volume of Imports during POI

Country	Imports in:	
	MT	Percentage
China	153,331	88.73%
Other sources	19,466	11.27%
Total	172,797	100.00%

Source: PRAL

28.4. On the basis of above information, the Commission has determined that the volume of dumped imports of the investigated product from China was well above the negligible threshold during the POI.

C. INJURY TO THE DOMESTIC INDUSTRY

29. Determination of Injury

29.1. 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...”*

29.2. 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”.

29.3. Injury to the domestic industry has been determined in accordance with provisions of part VI of the Act. The Commission has taken into account all relevant factors in order to determine whether domestic industry suffered material injury during the POI.

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29.4. Material injury to the domestic industry is summarized in the following paragraphs:

30. Domestic Industry

The application is filed by the three units (the Applicants) who account for 46.60 percent of the total domestic production of the domestic like product. The other producers representing 21.06 percent of the total production are in support of the application and rest representing 32.34 percent are indifferent in this investigation. However, information on injury factors is submitted by the Applicants only. Therefore, analysis of the injury factors have been based on the information submitted by Applicants and any inference derived in this regard from the data of the Applicants would apply to the entire industry.

31. Volume of Dumped Imports

Facts

31.1. In order to ascertain the volume of dumped imports of the investigated product, the Commission has obtained import data from PRAL.

31.2. With regard to the volume of dumped imports, in terms of Section 15(2) of the Act, the Commission has considered whether there has been a significant increase in the volume of dumped imports, either in absolute terms or relative to the production of the domestic like product in Pakistan. The following table shows imports of the investigated product during the POI:

Table-VI
Volume of dumped Imports (MT)

Year	Imports from:		
	Dumped source	Other Sources	Total imports
2012-13	0	27,724	27,724
2013-14	5,039	22,034	27,073
2014-15	153,331	19,466	172,797

Sources: the Applicants & PRAL

Analysis

31.3. It appears from the above table that dumped imports of the investigated product increased significantly in absolute terms from 5039 MT in the year 2013-14 to 153,331 MT in the year 2014-15. The investigated product which was 19 percent of total import during 2013-14 increased to 89 percent of total imports during the year 2014-15, which is the POI for dumping.

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Conclusion

31.4. On the basis of the above information and analysis, the Commission has concluded that the dumped imports of the investigated product increased significantly in absolute terms during the POI.

32. Price Effects

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

32.2. Price undercutting

Facts

32.2.1. Weighted average ex-factory price of the domestic like product has been calculated from the information submitted by the Applicants on quantity and value of sales during the POI. Landed cost of the investigated product has been calculated from the information obtained from PRAL. Comparison of weighted average ex-factory price of the domestic like product with the weighted average landed cost of the investigated product during the POI is given in following table:

**Table-VII
Price Undercutting**

Year (April-March)	Domestic product's price	Landed cost of dumped imports	Price undercutting in:	
			absolute	percentage
2012-13	100.00	--	--	--
2013-14	97.32	87.22	10.10	11.58%
2014-15	102.09	85.32	16.77	19.65%

Sources: the Applicants & PRAL

Note: To maintain confidentiality actual figures have been indexed with respect to domestic industry's price in the year 2012-13 by taking it equal to 100

Analysis

32.2.2. Analysis of the information provided in the above table shows that the weighted average landed cost of the investigated product was lower than the weighted average ex-factory price of the domestic like product during the POI.

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Therefore, landed cost of the investigated product undercut price of the domestic like product significantly by 19.65 percent during the POI for dumping.

Conclusion

32.2.3. On the basis of the above information and analysis the Commission has concluded that the domestic industry suffered material injury on account of price undercutting due to dumped imports of the investigated product during the POI.

32.3. **Price Suppression**

Facts

32.3.1. Weighted average cost to make and sell and ex-factory prices of the domestic like product for the POI are given in the following table:

Table – VIII
Weighted average Cost to Make & Sell and Ex-factory Price

Year (Apr-March)	Cost to make & sell	Ex-factory price	Increase/(decrease) in:		Price Suppression
			Cost to M&S	Price	
2012-13	100.00	86.34	--	--	--
2013-14	100.12	84.03	0.12	-2.31	--
2014-15	152.56	88.15	52.43	4.12	48.31

Source: the Applicants

Note: To maintain confidentiality actual figures have been indexed with respect to cost to make and sell in the year 2012-13 by taking it equal to 100

Analysis

32.3.2 The above table shows that weighted average cost to make and sell of the domestic like product increased by 12 percent in the year 2013-14, however it increased drastically 52 percent, whereas weighted average ex-factory price of the domestic like product decreased by 3 percent in the year 2013-14 and increased by 5 percent during 2014-15.

32.3.3 Investigation of the Commission has shown that extra ordinary increase in weighted average cost to make and sell of the domestic industry in the year 2014-15 was due to sharp decline in production of M/s ASG Metals Limited, one of the Applicants, which resulted in exorbitant increase in its fixed costs. The conversion cost of M/s ASG Metals Limited increased by 106 percent in the year 2014-15. To make an unbiased and objective analysis of the price suppression cost to make and sell and prices of all the three applicants are analysed below separately:

32.3.4 Following table shows Amreeli Steel's production, sales, cost to make and sell, and sales price of CC Billets during the POI:

Table – IX

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Production, Sales, Cost to Make & Sell and Price of Amreeli Steel

Year (Apr-March)	Production	Sales#	Cost to make & sell	Ex-factory price	Increase/(decrease)		Price Suppression
					Cost to M&S	Price	
2012-13	100.00	0.00	--	--	--	--	--
2013-14	122.40	1.60	100.00	93.07	--	--	--
2014-15	131.46	2.32	108.37	107.67	8.37	14.59	--

Source: Amreeli Steel Ltd. # About 98% of the its production was in-house used by the Amreeli Steel
Note: To maintain confidentiality actual figures have been indexed with respect to production in the year 2012-13 and cost to make & sell in 2013-14 by taking them equal to 100

32.3.5 The above table shows that the cost to make and sell of the Amreeli Steel Limited increased by 8 percent in the year 2014-15 while its sales price increased by 16 percent during this year. Therefore, it did not suffer injury on account of price suppression. However, it consumed all of its production in house and was not able to sell in the market on this price. It sold only 2 percent of its production in the market. In case it had not consumed his own production in house, its volume of production must be dropped, which results an increase in fixed production costs. In this scenario the Amreeli Steel might also face price suppression.

32.3.6 Following table shows Agha Steel's production, sales, cost to make and sell, and sales price of CC Billets during the POI:

**Table – X
Production, Sales, Cost to Make & Sell and Price of Agha Steel Ltd.**

Year (Apr-March)	Production	Sales #	Cost to make & sell	Ex-factory price	Increase/(decrease)		Price Suppression
					Cost to M&S	Price	
2012-13	100.00	19.31	100.00	86.34	--	--	--
2013-14	154.28	0.64	93.61	97.15	-6.39	10.81	--
2014-15	364.42	2.17	82.96	83.51	-10.65	-13.65	--

Source: Agha Steel Ltd.

During the POI about 100% of the its production was in-house used by the Agha Steel
Note: To maintain confidentiality actual figures have been indexed with respect to production and cost to make & sell in 2012-13 by taking them equal to 100

32.3.7 The above table shows that the cost to make and sell of the Agha Steel Limited decreased during 2014-14 and 2014-15 while its sales price increased during 2013-14 and decreased in 2014-15. Therefore, it does not suffer injury on account of price suppression. However, decrease in cost to make and sell was due to increase in production, but it consumed all of its production in house. It was ot able to sell in the market at this price. In case it had not consumed its own production in house, its volume of production must be dropped, which results in an increase in fixed production costs. In this scenario the Agha Steel might also face price suppression.

32.3.8 Following table shows ASG Metal's production, sales, cost to make and

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sell, and sales price of the CC Billets during the POI:

**Table – XI
Production, Sales, Cost to Make & Sell and Price of ASG Metals Ltd.**

Year (Apr-March)	Production	Sales#	Cost to make & sell	Ex-factory price	Increase/(decrease)		Price Suppression
					Cost to M&S	Price	
2012-13	00	00	00	00	--	--	--
2013-14	100.00	96.85	100.00	83.72	--	--	--
2014-15	33.82	31.05	169.32	88.39	69.32	4.67	64.64

Source: ASG Metals Ltd.

Note: To maintain confidentiality actual figures have been indexed with respect to production and cost to make & sell in 2013-14 by taking them equal to 100

32.3.9 The above table shows that the cost to make and sell of the ASG Metals Limited exorbitantly increased by 69 percent in the year 2014-15 due to decline in production while its sales price increased only 6 percent. As landed cost of the investigated product was lower than the price of the domestic like product (paragraph 27.2 supra) the ASG Metals was not able to sell its product in the market. Further, it has no in-house consumption of CC Billets, therefore, it has to cut down its production. Resultantly, its fixed cost increased sharply. Therefore, it suffered injury on account of price suppression.

Conclusion

32.3.10 On the basis of the above information and analysis, the Commission has concluded that the domestic industry suffered material injury on account of price suppression during the POI.

32.4. Price Depression

Facts

32.4.1. Weighted average ex-factory prices of the domestic like product prevailed during POI are given in table below:

**Table – XII
Price Depression**

Year	Domestic product’s price	Price Depression	
		Absolute	Percentage
2012-13	100.00	-	-
2013-14	97.32	-2.68	2.68%
2014-15	102.09	-	-

Source: the Applicants

Note: To maintain confidentiality actual figures have been indexed with respect to domestic industry’s price in the year 2012-13 by taking it equal to 100

Analysis

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32.4.2 The table above shows that the price of the domestic like product decreased by 3 percent in the year 2013-14 and increased by 5 percent in the year 2014-15. So there was no price depression during the POPI.

Conclusion

32.4.3 On the basis of the above information and analysis the Commission has concluded that the domestic industry did not suffer material injury on account of price depression during the POI.

33. Effects on Market Share

Facts

33.1 Total domestic demand for CC Billets in Pakistan is met through local production and imports. Size of the domestic market is established by adding sales of domestic like product, imports of the investigated product from China and imports of like product from other sources. Following table shows the market share from each source during the POI:

**Table – XIII
Market Share**

Year	Sales by the domestic industry			Imports from:		Total Market	
	Applicants#	Others@	Total	Dumped source	Other sources	Absolute	% increase
2012-13	28.82 (29%)	65.90 (66%)	94.72 (95%)	0.00 (00%)	5.28 (05%)	100.00	--
2013-14	48.49 (41%)	64.81 (55%)	113.30 (96%)	0.96 (01%)	4.20 (04%)	118.46	18%
2014-15	55.99 (36%)	66.16 (43%)	122.15 (79%)	29.19 (19%)	3.71 (02%)	155.05	31%

Sources: PRAL and the Applicants

#: Sales include including in-house use as well. @ Excluding sales of Mughal Steel and Diamond steel

Note: To maintain confidentiality actual figures have been indexed with respect to the total domestic market in the year 2012-13 by taking it equal to 100

Analysis

33.2 The above table shows that the domestic market of CC Billets increased by 18 percent and 31 percent during the years 2013-14 and 2014-15 respectively.

33.3 The domestic industry’s market share declined from 96 percent in the 2013-14 to 79 percent in 2014-15. Market share of the dumped imports increased from zero in 2012-13 to 19 percent in the years 2014-15. However, share of imports from other sources decreased from 5 percent in 2012-13 to 2 percent in 2014-15.

Conclusion

33.3 On the basis of above information and analysis, the Commission has concluded that the domestic industry suffered material injury on account of market share as its market share declined significantly due to dumped imports of the investigated product during the POI.

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34. Effects on Sales

Facts

34.1 The sales in the domestic market of the domestic like product by the Applicants during the POI are given below:

**Table- XIV
Sales by the Applicants**

Year (Apr-March)	Sales	% increase/ (decrease)
2012-13	100.00	--
2013-14	706.88	607%
2014-15	279.02	-61%

Source: the Applicants

Note: To maintain confidentiality actual figures have been indexed with respect to the sales in the year 2012-13 by taking it equal to 100

Analysis

34.2 The above table shows that the Applicant’s sales of domestic like product in the domestic market increased significantly (607%) in 2013-14, however their sales declined significantly (61%) in the year 2014-15 (the POI for dumping)..

Conclusion

34.3 On the basis of above information and analysis, the Commission has concluded that the domestic industry suffered material injury on account of sales of the domestic like product during the POI.

35. Effects on Production and Capacity Utilization

Facts

35.1 The installed production capacity, quantity produced and the capacity utilization of the Applicants during the POI were as follows:

**Table – XV
Installed Capacity, Production and Capacity Utilization**

	Installed Capacity	Production	Capacity Utilization
2012-13	100.00	48.19	48.19%
2013-14	176.80	73.38	41.51%
2014-15	191.29	87.64	45.82%

Source: the Applicants

Note: To maintain confidentiality actual figures have been indexed with reference to the installed capacity in the year 2012-13 by taking it equal to 100

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Analysis

35.2 The above table shows that the installed capacity, quantity produced and capacity utilization of the Applicants increased during the POI.

Conclusion

35.3 Based on above facts and analysis, the Commission has concluded that the domestic industry did not suffer material injury on account of installed capacity, production and capacity utilization during the POI.

36. Effects on Inventories

Facts

36.1 The data relating to the Applicants' inventories of the domestic like product during the POI is given below:

Table – XVI
Applicants Inventories of the Domestic Like Product

Year (Apr-Mar)	Opening Inventory	Production	In-house Consumption	Domestic Sales	Closing Inventory
2012-13	2.50	100.00	89.57	3.50	9.43
2013-14	9.43	152.27	131.82	24.76	5.12
2014-15	5.12	181.85	171.03	9.77	6.18

Source: the Applicants

Note: To maintain confidentiality actual figures have been indexed with reference to the production in the year 2012-13 by taking it equal to 100

36.2 The above table shows that the closing inventory level of the domestic like product increased in the year 2014-15, the POI for dumping.

Conclusion

36.3 On the basis of the above information and analysis the Commission has concluded that the domestic industry suffered material injury on account of level of inventory of the domestic like product during the POI.

37. Effects on Profit/(Loss)

Facts

37.1 The table below shows the profits/(loss) and profitability on production and sales of the domestic like product of the Applicants during the POI:

Table – XVII

Year	(Loss)
-------------	---------------

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(April-March)	
2012-13	(100.00)
2013-14	(811.77)
2014-15	(1,281.20)

Source: Applicants

Note: To maintain confidentiality actual figures have been indexed with respect to the loss in the year 2012-13 by taking it equal to 100

Analysis

37.2 The information provided in the above table shows that the combined loss of the Applicants increased during the POI.

Conclusion

37.3 On the basis of the above facts and analysis the Commission has concluded that the domestic industry suffered material injury on account of profits and profitability during the POI.

38. Effects on Cash Flows

Facts

38.1 The Applicants are multi-product companies and the cash flows cannot be determined separately for different products, as number of factors of cash flows is combined for all products.

38.2 As per Section 17(2) of the Act, *the Commission shall assess effect of dumped imports in relation to production of a domestic like product in Pakistan when available data permit separate identification of that production on the basis of criteria of production process, producer's sales and profits:*

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

38.3 Keeping in view the above the effects on cash flows are assessed for entire operations of the Applicants. Therefore, Applicants total cash flows for the POI are provided in the following table:

**Table – XVIII
Net Cash Flow**

Year (April-March)	Net Cash inflow
2012-13	(100.00)
2013-14	(986.29)

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2014-15	(1,504.74)
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Source: the Applicants

Note: To maintain confidentiality actual figures have been indexed with respect to the cash flow in the year 2012-13 by taking it equal to 100

Analysis

38.4 The above table shows that the domestic industry's net cash flow from its operations declined significantly during 2013-14 and during 2014-15.

Conclusion

38.5 On the basis of above information and analysis the Commission has reached the conclusion that the domestic industry suffered material injury on account of cash flows during the POI for dumping.

39. Effects on Employment, Productivity and Salaries & Wages

Facts

39.1 The data relating to the employment, salaries & Wages and productivity of the Applicants during the POI is given in the following table:

**Table – XIX
Employment, Productivity and Wages**

Year	Number of Employees	Productivity per worker	Salaries & Wages
2012-13	100.00	47.84	123.85
2013-14	176.16	41.37	104.04
2014-15	166.55	52.25	186.89

Source: the Applicants

Note: To maintain confidentiality actual figures of employment have been indexed with respect to the number of employees in the year 2012-13 by taking it equal to 100

Analysis

39.2 The above table shows that the employment in the domestic industry increased during the year 2013-14 and decreased during 2014-15. The productivity per worker increased during the POI. Salaries and wages per MT also increased during POI.

Conclusion

39.3 Based on above facts and analysis the Commission has concluded that the domestic industry suffered material injury on account of employment during the POI.

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40. Effects on Return on Investment

Facts

40.1 As stated earlier that the Applicants are multi-product companies, therefore the investment and return on investment cannot be determined separately for different products as investment (equity/loans) is made for entire company. Based on the total profits (before tax), long term finance, markup paid, debt and equity of the entire company the investment and return on investment is determined as follows:

**Table-XX
Return on Investment**

Year	ROI
2012-13	6.72%
2013-14	5.63%
2014-15	4.16%

Source: the Applicants

Analysis

40.2 The above table shows that the Applicants combined return on investment declined during the POI from 6.72 percent in 2012-13 to 4.16 percent in 2014-15.

Conclusion

40.3 On the basis of above information the Commission has reached on the conclusion that the domestic industry suffered material injury on account of cash flows during the POI.

41. Effects on Growth and Investment

Facts/Analysis

41.1 As stated earlier that there is significant growth in domestic demand/market of CC Billets in the country (paragraph 33 supra), therefore, keeping in view this aspect the domestic has made considerable investment in this sector and has enhanced its installed production capacities during the POI. However, it is not able to utilize increased capacities due to sharp increase in dumped imports of the investigated product.

Conclusion

41.2 In view of the above information it is concluded that the domestic industry did not suffer material injury on account of growth and investment during the POI.

42. Magnitude of Dumping Margin

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Facts/Analysis

The dumping margin of 32.73 percent determined for imports of the investigated product (paragraph 27.3 supra) is considered enough to cause material injury to the domestic industry. Further, injury factors discussed above show that domestic industry has suffered materially injury due to dumped imports of the investigated product.

43. Summing up of Material Injury

Facts and analysis in the preceding paragraphs shows that the domestic industry has suffered material injury due to dumped imports of the investigated product during the POI on following accounts:

- i. Significant increase in volume of dumped imports in absolute terms as well as relative to the production of domestic like product.
- ii. Significant price undercutting due to the dumped imports
- iii. Decline in market share
- iii. Decline in sales
- iv. Negative effects on inventories
- v. Negative effects on cash flows
- vi. Increase in losses
- vii. Negative effects on employment
- viii. Decline in return on Investment; and
- ix. Significant magnitude of the dumping margin

D. CAUSATION

44. Effect of Dumped Imports

44.1 From the foregoing analysis it appears that the volume of the dumped imports significantly increased in absolute terms during 2014-15 which, at the same time caused significant price undercutting, decline in market share, decline in sales, increase in losses, negative effects on employment and inventories, and decline in return on investment of the domestic industry.

44.2 It appears from analysis that there was a time correlation between increase in dumped imports and injury to the domestic industry. Therefore, it is concluded that following happened simultaneously during POI:

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- i. Volume of dumped imports of the investigated product increased significantly in absolute terms as well as relative to the domestic production;
- ii. Domestic industry experienced price undercutting due to dumped imports of the investigated product;
- iii. Domestic industry experienced decline in sales, market share, increase in losses and negative effects on inventories and employment of the domestic like product; and
- iv. the domestic industry has not only suffered material injury during the POI because of increased dumped imports but at the same time it is facing threat of material injury which is imminent in future due to sharp increase in imports from China at dumped prices.

45. Other Factors

45.1 In accordance with Section 18(2) and 18(3) of the Act, the Commission has examined following factors other than dumped imports 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 injury caused by dumped imports:

- i. Volume and price of imports not sold at dumping prices;
- ii. Contraction in demand or changes in the patterns of consumption;
- iii. Trade restrictive practices and competition between and domestic producers;
- iv. Developments in technology; and
- v. Export performance and productivity of domestic industry.

45.2 Volume of Other Imports

45.2.1 The Commission has determined that the domestic industry did not suffer material injury due to other factors including imports of CC Billets from sources other than the dumped source during the POI. Volume of imports from other sources, dumped source and sales by the domestic industry are provided in the following table to analyze whether there is contraction in demand for CC Billets or there are changes in its patterns of consumption in accordance with Section 18(3) of the Act:

Table-XXI
Total Domestic Market of CC Billets

Year	Domestic	Imports from:	Total
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	Industry's sales#	Dumped Source	Other Sources	market
2012-13	94.72	0.00	5.28	100.00
2013-14	113.30	0.96	4.20	118.46
2014-15	122.15	29.19	3.71	155.05

Sources: PRAL and the Applicants. # including in-house consumption

Note: To maintain confidentiality actual figures of employment have been indexed with respect to the total market in the year 2012-13 by taking it equal to 100

45.2.2 The above table shows that there was no contraction in domestic demand of CC Billets during the POI rather domestic market increased significantly, 18 percent and 31 percent during the years 2013-14 and 2014-15 respectively. Thus, there was no contraction in demand or there was no change in pattern of consumption of the CC Billets during the POI.

45.2.3 The above table shows that the volume of imports of CC Billets from sources other than the dumped source declined whereas volume of dumped imports of the investigated product increased significantly during the POI. The market share of imports from other sources declined from 5 percent in the year 2012-13 to 4 percent and 2 percent during 2013-14 and 2014-15 respectively, which shows volume of imports from other sources were not the cause of injury to the domestic industry rather it is the volume of dumped imports which have caused material injury to the domestic industry during the POI.

45.3 Landed Cost of Other Imports

45.3.1 Following table shows the landed cost from other sources and dumped source, and weighted average price of the domestic like product:

**Table-XXII
Landed Cost and Prices of CC Billets (Rs/MT)**

Year	Landed Cost of:		Domestic industry's price
	Other sources	Dumped Source	
2012-13	90.23	--	100.00
2013-14	85.83	87.22	97.32
2014-15	84.20	85.32	102.09

Sources: PRAL and the Applicant

Note: To maintain confidentiality actual figures have been indexed with respect to the domestic industry's price in the year 2012-13 by taking it equal to 100

45.3.2 The above table shows that, during the POI, the landed cost of the CC Billets imported from other sources was lower than the landed cost of the investigated product as well as the ex-factory price of the domestic like product. However, their volume was not only much less than the volume of dumped imports rather its share was only 2 percent during the POI for dumping (paragraph 45.2 supra). Therefore, the Commission is of the view that the imports of the CC Billets from other sources were not the cause of injury to the domestic industry during the

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POI.

45.4 Investigation has also shown that there were no exports of the CC Billets by the Applicants throughout the POI for injury. Thus, there was no change in export pattern of the domestic industry during POI.

45.5 Other factors mentioned in Section 18(3) of the Act were also analyzed and it was found that:

- i. There was no change in trade restrictive practices and competition between producers other than producers from the dumped source and domestic producer; and
- ii. There was no considerable change in technology to produce CC Billets during the POI;

45.6 Based on the above information and analysis the Commission has concluded that there was no other factor which has caused material injury to the domestic industry during the POI except dumped imports of the investigated product.

46. Causal Relationship Between Dumped Imports of the Investigated Product and Material Injury to the Domestic Industry

Base on the information, analysis and conclusions in the fore-going paragraphs the Commission has reached the conclusion that there is a causal relationship between dumped imports of the investigated product and material injury to the domestic industry during the POI, as volume of dumped imports increased significantly at dumped prices which simultaneously undercut and suppress prices of the domestic like product and adversely affected production, sales, market share, profits/profitability, inventories, cash flows and employment of the domestic industry.

E. CONCLUSIONS

47. After taking into account all considerations, evidences, information and analysis the Commission has reached the following conclusions for the purposes of this final determination:

- i. The application was filed by the domestic industry as the Applicants represented 46.60 percent and it is supported by the producers who account for 21 percent of the production of domestic like product

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- during the POI;
- ii. The investigated product and the domestic like product are like products in terms of the provisions of the Act;
 - iii. During POI, the investigated product was exported to Pakistan by the exporters/ producers from China 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 are above the negligible and *de minimis* levels;
 - v. The dumping margin expressed as a percentage of weighted average adjusted export price at ex-factory level is worked out 27.17 percent;
 - vi. During the POI the domestic industry suffered material injury on account of volume of dumped imports, price undercutting, decline in market share, sales, increase in losses, negative effects on cash flows, employment and inventories in terms of Section 15 and 17 of the Act; and
 - vii. There is a causal relationship between dumped imports of the investigated product and the material injury faced by the domestic industry.

F. IMPOSITION OF DEFINITIVE ANTIDUMPING DUTY

48. In view of the analysis and conclusions with regard to dumping, material injury, and causation, the Commission is required to impose antidumping duty on dumped imports of the investigated product under Section 50(1) of the Act.

49. In terms of Section 50(2) of the Act the amount of the anti-dumping duty shall not exceed the margin of dumping established but it may be less than the margin if such lesser duty would be adequate to remove injury to the Domestic Industry. Therefore, for the purpose of imposition of lesser duty in accordance with Section 50(2) of the Act the Commission has calculated injury margin to ascertain whether a lower duty would be adequate to remove injury being suffered by the domestic industry due to dumped imports of investigated product. The calculation of injury margin for is given below:

**Table-XXIII
Calculation of Injury Margin**

Description	Value
Cost to make & Sell of the domestic industry during 2013-14	100.00
Profit (5% of cost to make & sell)	5.00

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Estimated non-injurious price of the domestic like product	105.00
C & F price of investigated product during POI (2014-15)	69.96
Landed cost of investigated product during POI (2014-15)#	84.08
Injury Margin (Non-injurious price less landed cost)	20.92
Injury Margin as percentage of C&F price	29.91%

Landed cost is C&F price + customs duty + regulatory duty @15% + incidentals @ 2%

Note: To maintain confidentiality actual figures have been indexed with respect to the cost to make & sell in the year 2013-14 by taking it equal to 100

50. Dumping margin at C&F price works out 24.04 percent (paragraph 27.3 supra), which is lower than the injury margin. Therefore, the Commission has imposed definitive antidumping duty on dumped imports of the investigated product at the rate of 27.75 percent of C&F price in accordance with provisions of Section 50 of the Act. The definitive antidumping duty is imposed for a period of 5 years effective from June 22, 2017. The dumped investigated product is classified under PCT heading Nos. 7207.1110, 7207.1190, 7207.1210, 7207.1290, 7207.1910, 7207.1920, 7207.1990, 7207.2010, 7207.2020, 7207.2090, 7224.1000, and 7224.9000.

51. CC Billets imported from sources other than China shall not be subject to definitive antidumping duty. Further, in accordance with Section 51(e) of the Act, definitive antidumping duty will not be levied on imports of the investigated product that are used as inputs in products destined solely for exports and are covered under any scheme exempting customs duty for exports under the Customs Act, 1969.

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

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

54. The definitive antidumping duty 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.

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Billets into Pakistan Originating in and/ or Exported from the People's Republic of China**

(Tipu Sultan)
Member
February 03, 2017

(Abdul Khaliq)
Member
February 03, 2017

(Robina Ather)
Member
February 03, 2017

(Qasim M. Niaz)
Chairman,
February 03, 2017

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Annexure-I

VIEWS/COMMENTS OF INTERESTED PARTIES

Views/ Comments of Interested Parties	Commission's Response
<u>MCAS & Law Associate on behalf of Dewan Steel Mills, Ittehad Steel Industries, Nawab Borthers Steel Mill Pvt. Ltd. and Razzaque Steels Pvt. Ltd.:</u>	
The Applicants do not represent 50 of the total domestic market nor their support consist of 25% or more of the domestic market.	The Commission has determined standing of the application in accordance with the Section 24 of the Act and found that the application met standing requirements of Section 24 of the Act (paragraph 10 of the report).
Various information necessary for defence in the anti-dumping application is omitted/deleted.	The information provided in the anti-dumping application by the Applicants was in accordance with the provision of Section 31 of the Act. Non-confidential version of the application was in accordance with Section 31(5) of the Act.
<u>The Pakistan Steel Re-Rolling Mills Association:</u>	
The data is largely deficient in the application, also the non-confidential version's indexation is in a way which does not allow the importers to understand the case properly	The information provided in the application by the Applicants was in accordance with the provision of Section 31 of the Act. Non-confidential version of the application was in accordance with Section 31(5) of the Act.
Sindh High Court (SHC) has directed the Commission to comply with Section 33 of the Act	In compliance of Section 33 of the Act, the Commission has maintained a public file at its office in this investigation in accordance with Rule 7 of the Rules, which remained available to interested parties for review and copying throughout the investigation.
Construction of Normal Value in this case is illegal, as the domestic price is available	None of the foreign producers/exporters have provided information on their domestic price and cost to make and sell, therefore, the Commission has constructed normal value in this investigation in accordance with Section 32 of the Act. Please refer paragraphs 16.1 and 26 of the report.
The domestic industry is protected by imposition of high rate of customs duty and regulatory duty. Thus, there is no need to impose any antidumping duty.	Injury margin is determined by comparing landed cost of the investigated product which also includes the incidence of regulatory duty. Thus, assertion of the Pakistan Steel Re-rolling Mills Association is not correct.
The complainants are not producing Hot Rolled Billets, while inferior quality cast billets are producing by them mainly for their own mills consumption. The Applicants during the period under contention had no capacity to meet importers demand	The Commission's investigation has shown that the investigated product and the CC Billets produced by the domestic industry are like products and are interchangeably used. Please see paragraph 13 of the report. Investigation has further revealed that the domestic industry has enough capacity to meet domestic demand of CC Billets (paragraphs 9.2 and 33 of the report)
Imports of C.C Billets are negligible as compared to the domestic demand and production. Approximately 3 million tons of C.C Billets are being consumed in the country whereas imports are only about 0.25 million tons.	The Commission's investigation has shown that the volume of dumped imports were above negligible level during POI (paragraph 28 of the report). Further, effects of volume of dumped imports are determined in accordance with Section 15(2) of the Act and has concluded that the volume of dumped imports has increased significantly during the POI (paragraph 31 of the report). Investigation has further revealed that the dumped imports have captured significant (19%) market share during the POI (paragraph 33 of the report).

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<u>Views/Comments of Mughal Iron & Steel Industries Ltd.</u>	
The Applicants in the application have concealed data and information by wrongly claimed confidentiality.	The Commission has determined confidentiality in accordance with Section 31 of the Act. The Applicants have provided non-confidential summaries in accordance with Section 31(5) of the Act, which provide reasonable understanding. Further, the Commission has verified information provided by the Applicants by conducting on-the-spot investigations at their premises and plants (paragraph 17 of the report).
At least to the extent of CC Billets of a diameter of (a) 150x150mm and (b) 130x130mm, the domestic product is not a like product to the imported product.	Assertion of Mughal Steel is not correct. Commission's investigation has shown that the domestic industry is has produced 150x150 mm and 130x130 mm CC Billets during the POI.
The investigated product is not being imported at a dumped price.	The investigation has revealed that the investigated product was imported at dumped price during the POI. Please see paragraphs 26 and 27 of the report.
The imports of investigated product have not caused injury to the domestic industry.	The Commission's investigation has shown, during the POI the domestic industry has suffered material injury in terms of Sections 15 and 17 of the Act. Please see Section C of the report.
The Commission must take all other factors which may had an impact on the domestic industry into account in its injury analysis.	The Commission has also analysed other factors in accordance with Section 18(2) of the Act. Please see paragraph 45 of the report.
Injury to the domestic industry is erroneously determined by the Commission in preliminary determination because annual reports of one of the Applicants (Amreli Steel Ltd.) shows extra-ordinary increase (154%) in sales and profits of the company whereas the Commission has determined injury to the domestic industry on these accounts.	The injury to the domestic industry is determined for the domestic like product (CC Billets). Whereas, the Annual reports of M/s Amreli Steel present the total sales, sales revenue and profit of the company.
<u>Views/Comments of Majeed Steel Industries</u>	
The current prices (Dec 2016) of Chinese steel including the C.C Billets have been increased, and in presence of customs duty and regulatory duty it is impossible to import CC Billets from China now.	The Commission has investigated the prices of the CC Billets that falls in the period of investigation which was fixed in the Notice of initiation. However, injury margin of the domestic industry is determined taking into account effect of regulatory duty.