Government of Pakistan
National Tariff Commission

Report

On

Final Determination and Levy of Anti-Dumping Duties in Anti-Dumping Investigation Against Dumped Imports of Polyvinyl Chloride Resin Into Pakistan Originating In and / Or Exporting From China, Chinese Taipei, South Korea, and Thailand

A.D.C No. 50/2016/NTC/PVC
April 24, 2018
Final Determination and Levy of Anti-Dumping Duties in Anti-Dumping Investigation Against Dumped Imports of Polyvinyl Chloride Resin into Pakistan Originating in and/or Exported from China, Chinese Taipei, South Korea, and Thailand.

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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 antidumping duties to offset the impact of such injurious dumping, and to ensure fair competition thereof and to the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (hereinafter referred to as the Agreement on Antidumping).

2. The Commission has conducted this investigation, on imports of Polyvinyl Chloride Resin Suspension Grade (“PVC”) into Pakistan Originating in and/or exported from the People’s Republic of China, (“China”), Republic South Korea (“Korea”), Kingdom of Thailand (“Thailand”) and Chinese Taipei hereinafter referred as (the “Exporting Countries”) under the Act and the Rules. The Commission has made final determination in this investigation under Section 39 of the Act.

3. The Commission has made final determination in this investigation under Section 39 of the Act. This report on final determination has been issued in accordance with Section 39 of the Act and Article 12.2 of the Agreement on Antidumping.

A. PROCEDURE

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

4. Receipt of Application

4.1 On October 14, 2016, the Commission received a written application under Section 20 of the Act from M/s. Engro Polymer & Chemicals Ltd., Karachi (the “ Applicant”) on behalf of the domestic industry manufacturing PVC.

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

4.3 The Commission informed the Embassies of the Exporting Countries, in Islamabad through note verbal dated October 21, 2016, of the receipt of application in accordance with the requirements of Section 21 of the Act.

5. 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 PVC 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.
6. **The Domestic Industry**

6.1 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” may mean the rest of the domestic producers”.

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”.

6.2 The domestic industry producing PVC consists of only one unit i.e. Engro Polymers and Chemicals Ltd, Karachi and its total production capacity of PVC during the period from July 01, 2015 to June 30, 2016 was around 178,000 MT per annum.

7. **Standing of the Application**

7.1 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.”

7.2 As per the information collected during the course of investigation, it has been determined that the application has been filed by the Applicant, who is the only producer of PVC in Pakistan. According to the information provided in application and verified afterward, the Applicant produced 165,753 MT during the POI, which was 100 percent of the total domestic production of PVC during the period from July 1, 2015 to June 30, 2016. As the Applicant represents 100 percent of the total domestic production of like product produced during the period from July 1, 2015 to June 30, 2016, therefore, the application fulfills both the requirements
of Section 24 of the Act and it is determined that the application is made by or on behalf of the domestic industry

8. **Applicants’ Views**

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

   i. PVC imported from the Exporting Countries into Pakistan and PVC produced by the domestic industry in Pakistan are like products;

   ii. The exporters/ producers from the Exporting Countries are exporting PVC to Pakistan at dumped prices; and

   iii. Export of PVC 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 PVC, mainly through:

      i. Increased volume of dumped imports;
      ii. Price undercutting;
      iii. Price Depression
      iv. Price suppression;
      v. Decline in market share;
      vi. Decline in capacity utilization;
      vii. Decline in profits;
      viii. Decline in productivity; Decline in return on investment;
      ix. Negative effect on salaries and wages;
      x. Negative effect on cash flows;
      xi. Negative effect on growth; and
      xii. Negative effect on ability to raise capital.

8.2 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 PVC 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.

9. **Exporter(s)/Producer(s) Involved in Dumping.**

9.1 The Applicant identified thirty one exporters/producers from the Exporting Countries involved in dumping of PVC. The Applicant has stated that there may be other exporters/producers of PVC in the Exporting Countries, but it does not have the names and addresses of those exporters/producers. Furthermore, according to the Applicant “there is a risk that exports could be diverted through other exporters/traders and that exporters/producers could export under a “different name”. Therefore, the Applicant requested for imposition of anti-dumping duties on all imports of the investigated product originating in and/or exported from the Exporting Countries.
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10. **Initiation of Investigation**

10.1 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 alleged dumping of PVC into Pakistan from the Exporting Countries and consequent material injury to the domestic industry. Accordingly, the Commission issued a notice of initiation in accordance with Section 27 of the Act, which was published in the Official Gazette of Pakistan and in two widely circulated national newspapers (one in English language and one in Urdu Language) on November 29, 2016. Investigation concerning alleged dumped imports of PVC into Pakistan originating in and/or exported from the Exporting Countries was thus initiated on November 29, 2016.

10.2 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 November 29, 2016 with a request to forward it to all exporters/producers involved in production, sales and export of PVC from the Exporting Countries. Copy of the notice of initiation was sent on November 29, 2016 to the known exporters/producers of PVC from the Exporting Countries whose addresses were available with the Commission and also sent to known Pakistani importers and the Applicant.

10.3 In accordance with Section 28 of the Act, on November 29, 2016 the Commission sent copy of full text of the written application (non-confidential version) and Exporter’s Questionnaire to the exporters/producers of PVC from the Exporting Countries. On November 30, 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/producers involved in production and/or sale/export of PVC from the Exporting Countries. The Importer’s Questionnaire was also sent to the importers PVC on November 29, 2016.

11. **Investigated Product, Domestic Like Product and Like Product**

11.1 Section 2 of the Act defines "investigated product" (IP), 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”.

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1 The official Gazette of Pakistan (Extraordinary) dated November 29, 2016.
2 The daily “Dunya” and the daily “Business Recorder” of November 29, 2016 issue.
11.2 For the purposes of this investigation and given the definitions set out above, investigated product, domestic like product and like product are identified as follows:

12 Investigated Product

12.1.1 The “investigated product” as defined in notice of investigation is Polyvinyl Chloride (“PVC Resin Suspension Grade”) (“PVC”) imported from the Exporting Countries. The investigated product falls under Pakistan Customs Tariff (“PCT”) No. 3904.1090.

12.1.2 Investigated product is used for pipes & fittings, garden house, shoes, cable, films & sheets, compounding, packing etc. Following is the duty structure of investigated product:

<table>
<thead>
<tr>
<th>PCT Heading</th>
<th>Description</th>
<th>Customs Duty (%)</th>
<th>Regulatory Duty (%)</th>
<th>FTA (%)</th>
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<tr>
<td>39.04</td>
<td>Polymers of Vinyl Chloride Or of other halogenated olefins, in primary forms</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>- Poly(vinyl chloride), not mixed with any other substances</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3904.1010</td>
<td>- - - Emulsion grade</td>
<td>11</td>
<td>Nil</td>
<td>China 5%</td>
</tr>
<tr>
<td>3904.1090</td>
<td>- - - Other</td>
<td>11</td>
<td>2</td>
<td>Malaysia 10%</td>
</tr>
</tbody>
</table>

12.2 Domestic Like Product

12.4.1 The “domestic like product” is PVC Resin Suspension Grade (“PVC”) (the “Domestic Like Product”). The domestic like product falls under PCT Nos. 3904.1090. The domestic like product is mainly used for pipes & fittings, garden house, shoes, cable, films & sheets, compounding, packing etc.

12.3 Like Product:

12.3.1 The “like product” is PVC Resin Suspension Grade (“PVC”), produced and sold by the exporters/foreign producers of PVC from the Exporting Countries in their domestic market and export markets to countries other than Pakistan. The like product is generally used for for pipes & fittings, garden house, shoes, cable, films & sheets, compounding, packing etc. Major uses of the like product are, therefore, identical to those of the investigated product and domestic like product.

12.3.2 The investigated product, the domestic like product and the like product are comparable in terms of physical and chemical characteristics, product specifications, chemical formulation, end uses and tariff classification of the goods etc. Investigated product, the domestic like product and the like product are technically and commercially identical.

12.3.3 In light of the above, the Commission has determined that the “investigated product”, the “domestic like product” and the “like product” are alike products.
13. **Period of Investigation ("POI")**

13.1 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”.

13.2 The Commission received the application on October 14, 2016 and initiated the investigation on November 29, 2016. 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 July 01, 2015 to June 30, 2016
For determination of injury From July 01, 2013 to June 30, 2016

14. **Information/Data Gathering**

14.1 The Commission sent Exporter’s Questionnaire to all known exporters/foreign producers in the Exporting Countries whose addresses were available with the Commission on November 29, 2016 for collection of data/information. The exporters/foreign producers were asked to respond within 37 days of dispatch of the Questionnaire. On November 29, 2016 the Exporter’s Questionnaire was also sent to the Embassies of the Exporting Countries in Islamabad with a request to forward it to all exporters/producers of the investigated product in the Exporting Countries.

14.2 The Commission’s request for supplying information on the prescribed Exporter’s Questionnaire was responded by following six (06) exporters/foreign producers with the request for extension in time period (beyond 37 days) for submission of information:

i. Xinjiang Tianye (Group) Foreign Trade Co. Ltd, China (“Tianye”)

ii. Inner Mongolia Wuhai Chemical Industry Co., Ltd., China (“Wuhai Chemical”)

iii. Tianjin LG Bohai Chemical Co. Ltd., China (“LG Bohai”)

iv. Tianjin Dagu Chemical Co., Ltd, China (“Dagu Chemical”)

v. LG Chem Limited, Korea (LGC)

vi. SCG Plastics Co., Ltd, Thailand (“SCG”)

14.3 After taking into account the due cause shown by these exporters/producers in their requests, the Commission acceded to the requests for extension in time period for submission of
information on the Exporter’s Questionnaire and granted extension in time period till January 20, 2017.

14.4 The following exporters/producers of investigated product from the Exporting Countries have submitted their response to the Exporter’s Questionnaire within the given time period;

i. Xinjiang Tianye (Group) Foreign Trade Co. Ltd, China (“Tianye”)
ii. Inner Mongolia Wuhai Chemical Industry Co., Ltd., China (“Wuhai Chemical”)
iii. Tianjin LG Bohai Chemical Co. Ltd., China (“LG Bohai”)
iv. Tianjin Dagu Chemical Co., Ltd, China (“Dagu Chemical”)
v. LG Chem, Korea (“LGC”)
vi. SCG Plastics Co., Ltd, Thailand (“SCG”) (provided only partial introductory information about their company after the expiry of extended time period)

14.5 The Commission, after expiry of the time period given for submission of information on Exporter’s Questionnaire informed the exporters/producers (who did not respond to the Questionnaire) from Exporting Countries through a letter dated January 11, 2017 that in case no information is provided in response to the Exporter’s Questionnaire, the Commission would be constrained to make its preliminary and final determination on the basis of ‘Best Information Available’ in terms of Section 32 of the Act and Article 6.8 and Annex II of the Agreement on Anti-dumping.

14.6 Upon examination of the information received from these six exporters/ producers from the Exporting Countries, certain data deficiencies were found in the information supplied. These data deficiencies were communicated to the exporters/ producers and were requested to supply the deficient information.

14.7 On November 29, 2016 questionnaires were also sent to Pakistani importers of the investigated product known to the Commission and these importers were asked to respond to the Commission within 37 days of the dispatch of the questionnaires. Seven Pakistani importers responded to the Commission and provide some information.

14.8 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. The Commission received comments/information from the interested parties during this investigation.

14.9 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 investigation the Commission has used import data obtained from PRAL in addition to the information provided by the Applicant and the exporters/foreign producers.

14.10 Thus, the Commission has sought from all available sources the relevant data and information deemed necessary for the purposes of this investigation.
15. Questionnaire(s) Response by Exporters/Foreign Producers:

15.1 Questionnaire Response of Xinjiang Tianye (Group) Foreign Trade Co. Ltd, China

15.1.1 The Commission sent Exporter’s Questionnaire to Xinjiang Tianye (Group) Foreign Trade Co. Ltd., China on November 29, 2016. In response, Xinjiang Tianye (Group) Foreign Trade Co. Ltd, China in its letter dated December 30, 2016 requested for extension in time period for submission of response to Exporter’s Questionnaire. The Commission granted extension for 14 days vide its letter dated January 03, 2017 after considering the reasons given in the request for extension. Its response was received in the Commission on January 20, 2017.

15.1.2 According to the information provided in response to the questionnaire, Xinjiang Tianye (Group) Foreign Trade Co. Ltd, China has been engaged in the manufacturing, sale and export of PVC to Pakistan as well as to other countries and in its domestic market during the POI.

15.1.3 The information submitted by Xinjiang Tianye (Group) Foreign Trade Co. Ltd, China in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those data deficiencies were communicated to it vide the Commission’s letter dated March 06, 2017.

15.1.4 Xinjiang Tianye (Group) Foreign Trade Co. Ltd, China was asked to provide the deficient information/data no later than 10 days of issuance of the said letter, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. Its response was received in the Commission on March 16, 2017.

15.2 Questionnaire Response of Inner Mongolia Wuhai Chemical Industry Co. Ltd., China (“Wuhai Chemical”)

15.2.1 The Commission sent Exporter’s Questionnaire to Wuhai Chemical on November 29, 2016. In response, Wuhai Chemical in its letter dated December 30, 2016 requested for extension in time period for submission of response to the Exporter’s Questionnaire. The Commission granted extension for 14 days vide its letter dated January 03, 2017 after considering the reasons given in the request for extension. Its response was received in the Commission on January 20, 2017.

15.2.2 According to the information provided in response to the questionnaire, Wuhai Chemical has been engaged in the manufacturing, sale and export of PVC to Pakistan as well as to other countries and in its domestic market during the POI.

15.2.3 The information submitted by Wuhai Chemical in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those data deficiencies were communicated to it vide the Commission’s letter dated March 06, 2017.

15.2.4 Wuhai Chemical was asked to provide the deficient information/data no later than 10 days of issuance of this letter, so as to enable the Commission to consider and analyze the same...
for the purposes of this investigation. Its response was received in the Commission on March 16, 2017.

15.3 **Questionnaire Response of Tianjin LG Bohai Chemical Co., Ltd, China (“LG Bohai”)**

15.3.1 The Commission sent Exporter’s Questionnaire to LG Bohai on November 29, 2016. In response, LG Bohai in its letter dated December 28, 2016 requested for extension of time period for submission of response to questionnaire. The Commission granted extension for 14 days vide its letter dated January 03, 2017 after considering the reasons given in the request for extension. Its response was received in the Commission on January 23, 2017.

15.3.2 According to the information provided in response to the questionnaire, LG Bohai has been engaged in the manufacturing, sale and export of PVC to Pakistan as well as to other countries and in its domestic market during the POI.

15.3.3 The information submitted by LG Bohai in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those data deficiencies were communicated to it vide the Commission’s letter dated March 06, 2017.

15.3.4 LG Bohai was asked to provide the deficient information/data no later than 15 days of issuance of the deficiencies letter, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. In response, LG Bohai in its letter dated March 17, 2017 requested for extension in time period for submission of response to deficiency letter. The Commission granted extension for 07 days vide its letter dated March 17, 2017 after considering the reasons given in the request for extension. Its response was received in the Commission on March 28, 2017.

15.4 **Questionnaire Response of Tianjin Dagu Chemical Co., Ltd, China(“Dagu Chemical”)**

15.4.1 The Commission sent Exporter’s Questionnaire to Dagu Chemical China on November 29, 2016. In response, Dagu Chemical in its letter dated December 30, 2016 requested for extension in time period for submission of response to questionnaire. The Commission granted extension for 14 days vide its letter dated January 03, 2017 after considering the reasons given in the request for extension. Its response was received in the Commission on January 17, 2017.

15.4.2 According to the information provided in response to the questionnaire, Dagu Chemical has been engaged in the manufacturing, sale and export of PVC to Pakistan as well as to other countries and in its domestic market during the POI.

15.4.3 The information submitted by Dagu Chemical in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those data deficiencies were communicated to it vide the Commission’s letter dated March 06, 2017.

15.4.4 Dagu Chemical was asked to provide the deficient information/data no later than 10 days of issuance of this letter, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. Its response was received in the Commission on March 29, 2017.
15.5 **Questionnaire Response of LG Chem, Korea (“LGC”)**

15.5.1 The Commission sent Exporter’s Questionnaire to LGC on November 29, 2016. In response, LGC in its letter dated January 02, 2016 requested for extension in time period for submission of response to questionnaire. The Commission granted extensions of 14 days vide its letter dated January 03, 2017 after considering the reasons given in the request for extension. Its response was received in the Commission on January 23, 2017.

15.5.2 According to the information provided in response to the questionnaire, LGC has been engaged in the manufacturing, sale and export of PVC to Pakistan as well as to other countries and in its domestic market during the POI.

15.5.3 The information submitted by LGC in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those data deficiencies were communicated to it vide the Commission’s letter dated March 06, 2017.

15.5.4 LGC was asked to provide the deficient information/data no later than 10 days of issuance of issuance of deficiencies letter, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. In response, LGC in its letter dated March 14, 2016 requested for extension in time period for submission of response to deficiency letter. The Commission granted another extension of 07 days vide its letter dated March 15, 2017 after considering the reasons given in the request for extension. Its response was received in the Commission on March 24, 2017.

15.6 **Questionnaire Response by SCG Plastics Co., Ltd, Thailand (“SCG”)**

15.6.1 The Commission sent Exporter’s Questionnaire to SCG on November 29, 2016. In response, SCG in its letter dated December 19, 2016 requested for extension in time period for submission of response to questionnaire. The Commission granted extension for 14 days vide its letter dated December 26, 2016 after considering the reasons given in the request for extension. Its response was received in the Commission on January 20, 2017.

15.6.2 However, the data/information provided by SCG Plastics Co., Ltd, Thailand in response to Exporter’s Questionnaire was found deficient in many respects. SCG Plastics Co. Ltd was informed that it provided incomplete data/information in response to the Exporter’s questionnaire vide letter dated April 22, 2017. SCG Plastics Co. Ltd provided partial data vide its cover letter dated May 20, 2017. The data/information was examined and again it was found deficient in many respects.

15.6.3 SCG Plastics Co. Ltd in its letters dated June 16, 2017 stated that they have not submitted the **requisite information on time as the company was busy in annual accounts preparation** and the accounting team were not in position to devote the time and resources to complete the Exporter’s Questionnaire. The SCG Plastics Co. Ltd provided the data/information on August 04, 2017 after preliminary determination. The data/information that they provided on Aug. 4, 2017 (after imposition of provisional anti-dumping duty) contained information relating to cost to make and sell of all grades for domestic market, Pakistan and all other export markets, Appendix C-3, Appendix-II of Exporter Questionnaire and auditor's report.
15.6.4 The Commission through letter dated August 15, 2017 communicated to SCG Plastics Co. Ltd that the Commission is unable to accept their company's information/data after Preliminary Determination, as their company failed to provide the requisite data within prescribed time limit.

15.6.5 The Commission however to provide a fair opportunity and to utilize the information provided by SCG after preliminary determination in this investigation, analyzed the data/information and found it deficient in some respects. The Commission communicated data deficiencies to SCG Plastics Ltd on 28-11-2017, whose response was received on 4-12-2017, in which certain data deficiencies/ clarification were again found. SCG Plastics Ltd provided deficient data/information on 16-02-2018 (after the public hearing in this investigation). The Commission has decided that data / information provided after the public hearing in this investigation is not accepted (as it is too late to accept it at this stage) and therefore dumping margin for SCG Plastics Co. Ltd has been determined on the basis of ‘Best Information Available’ in terms of Section 32 of the Act and Article 6.8 and Annex II of the Agreement on Antidumping.

16. Verification of the Information

16.1 In order to verify information/data provided by the Applicant and to obtain further information (if any), officers of the Commission conducted On-the-Spot Investigation at the office and plant of the Applicant from April 19 to 21, 2017. The report of On-the-Spot Investigation conducted at the office of Applicant is placed in the Public File.

16.2 In order to verify information/data provided by the Exporters/Producers from China and Korea (LG Chem) and to obtain further information (if any), officers of the Commission conducted On-the-Spot Investigation at the offices of Exporters/Producers from China and Korea from October 9 - 25, 2017. The reports of On-the-Spot Investigation conducted at the offices of exporters / producers from China and Korea are also placed in the Public File.

17. Public File

17.1 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. This file contains non-confidential versions of the application, submissions, notices, correspondence, preliminary determination, reports of on-the-spot investigation, record note of hearing and other documents for disclosure to the interested parties.

18. Confidentiality

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

18.2 The 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
Final Determination and Levy of Anti-Dumping Duties in Anti-Dumping Investigation Against Dumped Imports of Polyvinyl Chloride Resin into Pakistan Originating in and/or Exported from China, Chinese Taipei, South Korea, and Thailand.

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. The Applicant has submitted non-confidential summaries of the confidential information in accordance with Section 31(5) of the Act. Non-confidential summaries permit a reasonable understanding of the information submitted in confidence.

18.3 On the basis of request made by the Applicant and 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 Applicant made a request to keep it confidential.

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

19. Preliminary Determination

19.1 The Commission made a preliminary determination in this case on June 13, 2017 and in terms of Section 37 of the Act, the Commission issued a notice of preliminary determination which was published on June 13, 2017 in official Gazette of Pakistan and in two widely circulated national newspapers (one English “Daily Dawn” and one Urdu Language (“Daily Dunya”) notifying preliminary determination. The Commission imposed following antidumping duties ranging from 11.18% to 42.41% for four months with effect from June 13, 2017 on dumped imports of investigated product from the Exporting Countries:

<table>
<thead>
<tr>
<th>Exporters / Producers</th>
<th>Provisional Antidumping Duties %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>China</strong></td>
<td></td>
</tr>
<tr>
<td>• Tianjin LG Bohai Chemical Co. Ltd;</td>
<td>31.98</td>
</tr>
<tr>
<td>• Inner Mongolia Wuhai Chemical Industry Co., Ltd;</td>
<td>32.76</td>
</tr>
<tr>
<td>• Tianjin Dagu Chemical Co., Ltd;</td>
<td>35.11</td>
</tr>
<tr>
<td>• Xinjiang Tianye (Group) Foreign Trade Co. Ltd.;</td>
<td>37.43</td>
</tr>
<tr>
<td>• All Exporters</td>
<td>37.43</td>
</tr>
<tr>
<td><strong>South Korea</strong></td>
<td></td>
</tr>
<tr>
<td>• LG Chem Ltd.,</td>
<td>11.18</td>
</tr>
<tr>
<td>• All exporters</td>
<td>11.18</td>
</tr>
<tr>
<td><strong>Chinese Taipei</strong></td>
<td>42.41</td>
</tr>
<tr>
<td><strong>Thailand</strong></td>
<td>36.52</td>
</tr>
</tbody>
</table>

19.2 The Commission sent copy of the notice of preliminary determination to all registered interested parties and the same along with non-confidential version of the report of the preliminary determination was posted on the official website of the Commission.
20. **Disclosure Meetings after Preliminary Determination**

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

20.2 In response to the notice of preliminary determination the exporters/producers for whom individual dumping margin/injury margin was calculated in the investigation requested for provision of disclosure of dumping calculation. The Commission accordingly provided them with the disclosure documents explaining dumping calculation methodology applied for those exporter/producers.

21. **Hearing**

In response to notice of preliminary determination dated June 13, 2017, the interested parties requested for a hearing in this investigation in accordance with Rule 14 of the Rules. A hearing was held in the Commission on January 25, 2018 to obtain the views/comments of the interested parties. The information submitted by the participants during the hearing and record note of the hearing prepared by the Commission were placed in the public file for review and copy of the interested parties.

22. **Disclosure of Essential Facts**

22.1 In terms of Rules 14(8) of the Rules, and Article 6.9 of Agreement on Anti-dumping, the Commission disclosed essential facts, and in this context dispatched Statement of Essential Facts (“SEF”) on March 7, 2018 to all interested parties including the known exporters/producers, the Applicant, the known Pakistani importers, and to the Embassies of the Exporting Countries in Islamabad.

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 interested parties have submitted their comments on SEF, which have been considered by the Commission while making the final determination in this investigation as far as possible. Comments received on SEF and germane to this investigation under the Act and replies/comments of the Commission are attached at Annexure-I to this report.

23. **Views/Comments of Interested Parties**

23.1 In notice of initiation dated November 29, 2016, All interested parties were invited to make their views/comments known to the Commission and to submit information and documents (if any) with regard to this investigation. The Commission has received written submissions/comments from interested parties during the course of investigation which have been considered by the Commission while making the final determination in this investigation as far as possible.
23.2 Comments received and germane to this investigation under the Act and replies/comments of the Commission are attached at Annexure-I to this report.

B. DETERMINATION OF DUMPING

24. Dumping

24.1 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”.

25. Normal Value

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

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

25.2 Further, Section 6 of the Act states:

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

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

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

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

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

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

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

(b) in substantial quantities; and

(c) at prices which do not provide for the recovery of all costs within a reasonable period of time.
“(2) For the purposes of sub-clause (b) of sub-section (1), sales below per unit cost shall be deemed to be in substantial quantities if the Commission establishes that –

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

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

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

26. **Export Price**

26.1 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”.

27. **Dumping Determination**

27.1 As stated earlier the Applicant identified thirty one exporters/producers from the Exporting Countries involved in dumping of the investigated product. The Commission sent questionnaires to thirty one exporters/producers whose complete addresses were available with the Commission. A copy of the questionnaire was also provided to the embassies of the Exporting Countries in Islamabad with a request to forward it to all exporters/producers of the investigated product based in the Exporting Countries to submit information to the Commission.

27.2 As discussed above, the Commission received complete response to the Exporter Questionnaire from following exporters/producers with in prescribed time:

   i. Xinjiang Tianye (Group) Foreign Trade Co. Ltd, China (“Tianye”)
   ii. Inner Mongolia Wuhai Chemical Industry Co., Ltd., China (“Wuhai Chemical”)
   iii. Tianjin LG Bohai Chemical Co. Ltd., China (“LG Bohai”)
   iv. Tianjin Dagu Chemical Co., Ltd, China (“Dagu Chemical”)
   v. LG Chem, Korea (LGC)

27.3 In this investigation the Commission has determined individual dumping margins for the following exporters / producers who provided necessary information:

   i. Xinjiang Tianye (Group) Foreign Trade Co. Ltd, China (“Tianye”)
   ii. Inner Mongolia Wuhai Chemical Industry Co., Ltd., China (“Wuhai Chemical”)
   iii. Tianjin LG Bohai Chemical Co. Ltd., China (“LG Bohai”)
   iv. Tianjin Dagu Chemical Co., Ltd, China (“Dagu Chemical”)
   v. LG Chem, Korea (LGC)
27.8 Normal value, export price and individual dumping margins for the above-mentioned exporters/producers from the Exporting Countries has been determined in accordance with Part III, IV and V of the Act on the Basis of the Information provided by them and verified during On the Spot verification.

28. Determination of Normal Value

28.1 The Commission received complete information on domestic sales, export sales and cost of production etc. of the like product from following exporters/producers from the Exporting Countries in response to the questionnaires;

i. Xinjiang Tianye (Group) Foreign Trade Co. Ltd, China (“Tianye”)
ii. Inner Mongolia Wuhai Chemical Industry Co., Ltd., China (“Wuhai Chemical”)
iii. Tianjin LG Bohai Chemical Co. Ltd., China (“LG Bohai”)
iv. Tianjin Dagu Chemical Co., Ltd, China (“Dagu Chemical”)
v. LG Chem, Korea (LGC)

28.2 The information submitted by these exporters, was accordingly verified during the On the Spot Investigation at premises of exporters/producers from China and Korea. The information relating normal value for the above mentioned exporters/producers which was verified during the verification has been used for determination of normal value as discussed below. Normal value for other non-cooperating exporters/producers from the Exporting Countries has been determined on the basis of Best Information Available in accordance with Section 32 and Schedule to the Act.

28.3 Determination of Normal Value for Xinjiang Tianye (Group) Foreign Trade Co., Ltd., China

28.3.1 Xinjiang Tianye (Group) Foreign Trade Co., Ltd., is a related trading firm of Xinjiang Tianye Group (“Tianye Group”). Xinjiang Tianye (Group) Foreign Trade Co. Ltd., does not have domestic sales as it is only involved in export business. Xinjiang Tianye (Group) Foreign Trade Co Ltd., acts as the agent of Tianye Group. Tianye Group sells the like product directly in the domestic market and in the export market it sells investigated product through Xinjiang Tianye (Group) Foreign Trade Co Ltd. The PVC sold by Tianye Group is produced by its related firm Tianneng Chemical Co. Ltd (“Tianneng”). The whole PVC produced by the Tianneng is acquired by the Tianye Group to be sold in domestic and in the export markets. Therefore, the normal value for Xinjiang Tianye (Group) Foreign Trade Co Ltd has been determined on the basis of the information provided by Tianye Group on its domestic sales made during the POI.

28.3.2 Tianye Group sold PVC in its domestic market during the POI. Tianye Group sold only one grade SG5 in its domestic market and exported to Pakistan. Xinjiang Tianye sold the like product in its domestic market to related and unrelated customers. For a fair comparison of normal value, the sales made to related firms have been excluded for purpose of this investigation because these sales were not at arm’s length. Section 7 of the Act requires the Commission to determine ordinary course of trade for domestic sales to determine normal value, which are normally determined by comparing gross price with the cost to make and sell. For this purpose the Tianye Group provided cost to make and sell of PVC produced by Tianneng
Chemical Co. Ltd (“Tianneng”) and sold by it during the POI. For the purpose of ordinary course of trade test the expenses of Tianye Group on account selling, general, administrative expenses and financial expenses has been incorporated in cost to make and sell of PVC of Tianneng for a fair application of ordinary course trade test on domestic sales of Tianye Group.

28.3.3 The analysis of the information provided by Tianye Group and verified during the On the Spot Investigation revealed that it sold the like product in its domestic market during the POI. Sales of Tianye Group in the domestic market were in sufficient quantities to determine normal value in terms of Section 6(2) of the Act, as these sales were more than 5 percent of the export sales of the investigated product exported to Pakistan during the POI. Investigation has revealed that out of total domestic sales, 44% were at loss while 56% were profitable sales. As the below costs sales were in substantial quantities (more than 20% of domestic sales) in terms of Section 7(2) of the Act. Furthermore, below costs sales were over an extended period of time and its prices did not provide for recovery of all costs within a reasonable period of time. Thus, in determination of normal value for the above-mentioned types, the Commission has disregard below cost sales, which were not in the ordinary course of trade in accordance with provisions of Section 7 of the Act.

28.3.4 According to Tianye Group, it sold like product in its domestic market at delivered basis during the POI. To arrive at the ex-factory price, Tianye Group claimed an adjustment on account of inland freight in its domestic sales. The Commission after verifying the data /information, has accepted aforementioned adjustment to work out normal value at ex-factory level for the like product.

28.3.5 The Commission has adopted transaction to transaction basis methodology for determination of normal value for Tianye Group, as the exports made by its related firm i.e. Xinjiang Tianye (Group) Foreign Trade Co. Ltd were mostly in the last quarter of the POI. The export transactions of Xinjiang Tianye (Group) Foreign Trade Co. Ltd to Pakistan are only eight (08) transactions during the POI. Summary calculations of normal value for Tianye Group are placed at Annexure-II.

28.4 Determination of Normal Value for Inner Mongolia Wuhai Chemical Industry Co., Ltd., China (“Wuhai Chemical”)

28.4.1 Normal value for Wuhai Chemical has been determined on the basis of the information provided by it on its domestic sales made during the POI.

28.4.2 Wuhai Chemical sold PVC in its domestic market during the POI. Wuhai Chemical sold different grades of PVC in its domestic market i.e. SG2, SG3, SG5, SG7, and SG8. However it only exported SG5 and SG7 grade of PVC to Pakistan. Wuhai Chemical sold the like product in its domestic market to related and unrelated customers. For a fair comparison of normal value, the sales made to related firms have been excluded for analysis purpose, because these sales were not at arm’s length.

28.4.3 The analysis of the information provided by Wuhai Chemical and verified during the on the spot verification revealed that sales in the domestic market were in sufficient quantities to determine normal value in terms of Section 6(2) of the Act, as these sales were more than 5% of
the export sales of the investigated product exported to Pakistan during the POI. Section 7 of the Act requires the Commission to determine ordinary course of trade for domestic sales to determine normal value, which are normally determined by comparing gross price with the cost to make and sell. Investigation has revealed that out of total domestic sales, 2% sales were below cost, while 98% were profitable sales. The below cost sales were not in substantial quantities in terms of Section 7(2) of the Act.

28.4.4 According to Wuhai Chemical, it sold like product in its domestic market at delivered basis during the POI. To arrive at the ex-factory price, Wuhai Chemical claimed an adjustment on account of inland freight in its domestic sales. The Commission after verifying the data/information has accepted aforementioned adjustments to work out normal value at ex-factory level for the like product.

28.4.5 The Commission has adopted transaction to transaction basis methodology for determination of normal value for Wuhai Chemical, as the exports made by Wuhai Chemical were mostly in the last quarter of the POI. The export transactions of Wuhai Chemical to Pakistan are only eight (08) transactions during the POI. Summary calculations of normal value for Wuhai Chemical are placed at Annexure-III.

28.5 Determination of Normal Value for Tianjin LG Bohai Chemical Co. Ltd., China (“LG Bohai”)

28.5.1 Normal value for LG Bohai has been determined on the basis of the information provided by it on its domestic sales made during the POI.

28.5.2 LG Bohai sold like product in its domestic market during the POI. LG Bohai sold different grades of PVC in its domestic market i.e. TL 700, TL 800, TL 1000 and also exported same grades to Pakistan. Sales made in the domestic market were in sufficient quantities to determine normal value in terms of Section 6(2) of the Act, as these sales were more than 5 percent of the export sales of the investigated product exported to Pakistan during the POI. Section 7 of the Act requires the Commission to determine ordinary course of trade for domestic sales to determine normal value, which are normally determined by comparing gross price with the cost to make and sell. Investigation has revealed that that all domestic sales of PVC were not in ordinary course of trade in terms of Section 7(2) of the Act, as 100 percent of domestic sales were below cost to make and sell. For the purposes of determination of normal value the Commission has disregarded all domestic sales, which were not in ordinary course of trade in accordance with Section 7 of the Act. Therefore, normal value of LG Bohai during the POI has been determined on the basis of its cost to make & sell provided in Appendix-II of the Questionnaire and verified during On-the Spot verification, plus 5% profit margin. Summary calculations of normal value for LG Bohai are placed at Annexure-IV.

28.6 Determination of Normal Value for Tianjin Dagu Chemical Co., Ltd, China (“Dagu Chemical”)

28.6.1 During POI, in its domestic market, Dagu Chemical sold like product to end-users directly and through a related firm Binhai Sales Branch Company. The Annexure D-3 of the exporter questionnaire relating to domestic sales was provided by the Dagu Chemical in its
response in this investigation. As per the Appendix – I and D-3 of the questionnaire provided by the Dagu Chemical the domestic sales made by the Dagu Chemical were *** MT having gross value of RMB ***. However, while verifying the figures from the accounting system of Dagu Chemical, the figures of quantity and value reported at Appendix–I and D-3 could not be verified with Dagu Chemical accounting system. Further, to verify the PVC domestic sales of Dagu Chemical, the investigation team asked Dagu Chemical for provision of original sales invoices and vouchers for selected domestic sales of Dagu Chemical in the domestic market during POI. However, the sales invoices could not be provided by the Dagu Chemical.

28.6.2 As the domestic sales of Dagu Chemical could not be verified during On the Spot Verification visit, therefore, the information provided by Dagu Chemical with regard to domestic sales in D-3 of the questionnaire could not be used for determination of normal value. Hence, the Commission has constructed the normal value on the basis of cost to make and sell plus 5% profit margin in terms of Section 8 of the Act. The Commission has used verified consolidated PVC cost to make and sell of Dagu Chemical for construction of normal value. Summary calculations of normal value for Dagu Chemical are placed at Annexure-V.

28.7 Determination of Normal Value for LG Chem, Korea (LGC):

28.7.1 Normal value for LGC has been determined on the basis of the information provided by it on its domestic sales made during the POI.

28.7.2 LGC sold different grades of PVC in its domestic market i.e. LC 070, LGR 120, LM095, LS070, LSE 805, LS100, LS100C, LS100E, LS100H, LS100S, LS 300, OGLS080,SA, OGLS100A, OGLS100B, OGLS130SA. However it exported only LS100E and LS100H grades to Pakistan. LGC sold the like product in its domestic market to related and unrelated customers. For a fair comparison of normal value, the sales made to related firms have been excluded for analysis purpose because these sales were not at arm’s length.

28.7.3 The sales made in the domestic market were in sufficient quantities to determine normal value in terms of Section 6(2) of the Act, as these sales were more than 5 percent of the export sales of the investigated product exported to Pakistan during the POI. Investigation has revealed that out of total sales of LS100E, 13.25% were below cost sales while 86.72% were profitable sales. Out of total sales of LS100H, 3.10% were at loss while 96.90% were profitable sales. Thus, in determination of normal value for the above-mentioned grades, the Commission has not disregarded sales, which were not in the ordinary course of trade in accordance with provisions of Section 7 of the Act.

28.7.4 According to LGC, during the POI, it sold like product in its domestic market at delivered basis. To arrive at the ex-factory price, LGC claimed adjustments on account of credit cost, inland freight and packing cost in its domestic sales. The Commission after verifying data / information, has accepted adjustments on account of inland freight and packing cost to work out normal value at ex-factory level for the like product. Summary calculations of normal value for LGC are placed at Annexure-VI.
28.8 Determination of Normal Value for All Other Exporters/Producers from the Exporting Countries

28.8.1 The Commission has determined normal value for all others non-cooperating exporters/producers from the Exporting Countries on the basis of Best Information Available in accordance with Section 32 of the Act.

28.8.2 For the purposes of determination of normal value for all other exporters of the investigated product from China, the constructed normal value has been adopted. The normal value has been constructed on the basis of cost to make and sell of LG Bohai and adding 5% profit margin. The Commission is of the view that it is appropriate to use this information as the Best Available Information for normal value of non-cooperating exporters from China as LG Bohai is the largest domestic seller of the like product in the Chinese domestic market and largest exporter of investigated product to Pakistan.

28.8.3 For the purposes of determination of normal value for all other exporters of the investigated product from Korea, the constructed normal value has been adopted. The normal value has been constructed on the basis of cost to make and sell of LG Chem, Korea and adding 5% profit margin. The Commission is of the view that it is appropriate to use this information as the Best Available Information for normal value of non-cooperating exporters from Korea as the Commission received information only from LG Chem from Korea and the information submitted by LG Chem represents the Korean domestic market prevailing prices of like product.

28.8.4 As no exporters/producers from Thailand and Chinese Taipei has provided the necessary information, therefore, for the purposes of determination of normal value for all other exporters/producers of the investigated product from Thailand and Chinese Taipei, the normal value has been constructed on the basis of the cost of production in the two Exporting Countries (Chinese Taipei and Thailand) plus a reasonable amount for administrative, selling and general costs and profits in accordance with Section 6 of the Act. The construction of normal value is based on the following:

i. As the technology/ production process used by the exporters of Chinese Taipei and Thailand to produce PVC Suspension Grade is the same/similar to the technology/production process used by the domestic industry, therefore, the cost of imported raw materials/inputs of the domestic industry is taken as raw materials cost. For locally purchased raw and packing materials, actual costs of the domestic industry have been taken back to the C&F level by deducting the import taxes/charges and incidentals from the landed cost/purchase price.

ii. C&F prices of raw materials/inputs arrived at as per explanation at serial (i) 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 domestic industry.

iii. Labor hours employed by the domestic industry to produce one MT of PVC have been multiplied by labor rate applicable in Chinese Taipei and Thailand (Source: Trading
Economics) arrive at cost of salaries and wages for construction of normal value from Chinese Taipei and Thailand.

iv. Per unit consumption of other overheads (electricity, fuel/gas etc.) of the domestic industry is multiplied with electricity/fuel/gas rates prevailing in Chinese Taipei and Thailand (Source: Trading Economics, Global Petrol Prices) to arrive at overheads cost in construction of normal value.

v. Selling and admin expenses of the domestic industry are taken for construction of normal value.

vi. In construction of the normal value, financial charges are calculated by using actual financial charges of the domestic industry and the same has been deflated by difference between interest rate of Chinese Taipei and Thailand (Source : Global-Rates) and Pakistan.

vii. The Commission has considered 5 percent profit margin as reasonable profit for this industry. Therefore, profit mark up of 5 percent has been applied on cost to make & sell to reach at constructed normal value for the investigated product.

28.8.5 The constructed normal value for the investigated product on the above mentioned basis works out in the following table:

<table>
<thead>
<tr>
<th>Exporting Country</th>
<th>Normal Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chinese Taipei</td>
<td>100.00</td>
</tr>
<tr>
<td>Thailand</td>
<td>97.92</td>
</tr>
</tbody>
</table>

Note: For the purpose of confidentiality, the actual figures have been indexed with respect to normal value of Chinese Taipei during the POI.

29. Determination of Export Price

29.1 The Commission received complete information on domestic sales, export sales and cost of production etc. of the like product from following exporters/ producers from the Exporting Countries in response to the questionnaires;

i. Xinjiang Tianye (Group) Foreign Trade Co. Ltd, China (“Tianye”)
ii. Inner Mongolia Wuhai Chemical Industry Co., Ltd., China (“Wuhai Chemical”)
iii. Tianjin LG Bohai Chemical Co. Ltd., China (“LG Bohai”)
iv. Tianjin Dagu Chemical Co., Ltd, China (“Dagu Chemical”)
v. LG Chem, Korea (LGC)

29.2 The information submitted by these exporters, was accordingly verified during the On the Spot Investigation at premises of exporters/ producers. The information relating export price which was verified during On the Spot verification has been used for determination of export price as discussed below. Export price for other non-cooperating exporters/ producers from the
Exporting Countries has been determined on the basis of Best Information Available in accordance with Section 32 and Schedule to the Act.

29.3 Determination of Export Price for Xinjiang Tianye (Group) Foreign Trade Co., Ltd., China

29.3.1 Export price for Xinjiang Tianye (Group) Foreign Trade Co., Ltd. is determined on the basis of the information provided by it on its export sales of the investigated product to Pakistan made during the POI. As stated earlier, the PVC exported by Xinjiang Tianye (Group) Foreign Trade Co., Ltd did not produce by it rather it is produced by a related producer Tianeng. Tianeng did not sell the PVC into domestic or exports market directly. Tianeng is manufacturing PVC and sells all PVC to Tianye Group and Tianye Group sells the PVC into domestic directly and into exports market through related trading firm i.e. Tianye Foreign Trade Company. For export sales to Pakistan, the Tianye Group has following two sales models:

i. Xinjiang Tianye (Group) Foreign Trade Co., Ltd acts as the agent of Tianye Group. Tianye Foreign Trade concludes the sales contract with Pakistani customers and issues commercial invoice to Pakistan customers and arranges the delivery to Pakistan. Pakistan customers make payment to Tianye Foreign Trade Company. Xinjiang Tianye (Group) Foreign Trade Co., Ltd transfers the payment collected from Pakistan customers to Tianye Group. Tianye Group pays Xinjiang Tianye (Group) Foreign Trade Co., Ltd the agent fee for these sales at a fixed rate of *** RMB per MT.

ii. Xinjiang Tianye (Group) Foreign Trade Co., Ltd purchased PVC from Tianye Group. Tianye Group issued VAT invoice to Tianye Foreign Trade and Xinjiang Tianye (Group) Foreign Trade Co., Ltd made payment to Tianye Group. Xinjiang Tianye (Group) Foreign Trade Co., Ltd then issued commercial invoice to Pakistan customers and delivered PVC to Pakistan customers. Pakistan customers made payment to Tianye Foreign Trade.

29.3.2 According to the information, Xinjiang Tianye (Group) Foreign Trade Co., Ltd. exported the investigated product to Pakistan during the POI. All export sales to Pakistan, during POI, were made to un-related customers.

29.3.3 During the POI, Xinjiang Tianye (Group) Foreign Trade Co., Ltd. exported investigated product to Pakistan at FOB Khunjerab or CIF Karachi or C&F Karachi basis. To arrive at ex-works/ex-factory level, Tianye Foreign Trade Company reported adjustments in its gross export price on account of Inland Freight, Ocean Freight, Insurance and Bank Charges.

29.3.4 During the POI, the payment terms for export sales were 50% TT advance and 50% after receipt of goods by Pakistani customers. On average Xinjiang Tianye (Group) Foreign Trade Co., Ltd received 50% payment after *** days. Therefore, credit cost will be adjusted in export price to arrive at ex-factory level. The Commission, after verification of data/information, has accepted the adjustment on account of Inland Freight, Ocean Freight, Insurance and Bank Charges. As the Xinjiang Tianye (Group) Foreign Trade Co., Ltd is related exporter and it incurred expenses on account of selling, general and administrative expenses on export sales. The amount incurred by Xinjiang Tianye (Group) Foreign Trade Co., Ltd on account of administrative/marketing...
expenses and profit margin has been adjusted in the export price for direct sales of Xinjiang Tianye (Group) Foreign Trade Co., Ltd to arrive out at ex-factory export price of Tianye Group.

29.3.5 The export price at ex-factory level has been worked out by deducting values reported and calculated for aforementioned adjustments from the gross value of sales transactions. Summary calculations of export price for Tianye Group are placed at Annexure-VII.

29.4 Determination of Export Price for Inner Mongolia Wuhai Chemical Industry Co., Ltd., China (“Wuhai Chemical”)

29.4.1 Export price for Wuhai Chemical is determined on the basis of the information provided by it on its export sales of the investigated product to Pakistan made during the POI.

29.4.2 According to the information, Wuhai Chemical exported the investigated product to Pakistan during the POI. All export sales to Pakistan, during the POI, were made to un-related customers.

29.4.3 During the POI, Wuhai Chemical exported investigated product mostly on TT advance or LC at sight at CFR level. To arrive at the ex-factory level, it has reported on account of Credit Cost, Inland Freight, Ocean Freight, handling cost, and Bank Charges. The Commission has accepted the adjustments on account of credit cost, Inland Freight, Ocean Freight, handling cost, and Bank Charges after verification.

29.4.5 The export price at ex-factory level is worked out by deducting values reported for accepted adjustments from the gross value of sales transactions. Summary calculations of export price for Wuhai Chemical are placed at Annexure-VIII.

29.5 Determination of Export Price for Tianjin LG Bohai Chemical Co. Ltd., China (“LG Bohai”)

29.5.1 Export price for LG Bohai is determined on the basis of the information provided by it on its export sales of the investigated product to Pakistan made during the POI.

29.5.2 According to the information, LG Bohai exported the investigated product to Pakistan during the POI. All export sales to Pakistan, during POI, were made to un-related customers.

29.5.3 During the POI, LG Bohai exported investigated product mostly on LC at sight or LC of 90 days after B/L date at CFR Karachi level. To arrive at the ex-factory level, it has reported adjustments on account of credit cost, Commission, Inland Freight, Ocean Freight, insurance, handling cost, and Bank Charges.

29.5.4 During POI, where the payment terms were LC at sight, on average LG Bohai received payment after *** days. Therefore, credit cost will be adjusted in export price to arrive at ex-factory level. The Commission, after verification, has accepted the adjustment on account of Commission, Inland Freight, Ocean Freight, insurance, handling cost, and Bank Charges.
29.5.5 The export price at ex-factory level is worked out by deducting values reported for accepted adjustments from the gross value of sales transactions. Summary calculations of export price for LG Bohai are placed at Annexure-IX.

29.6 **Determination of Export Price for Tianjin Dagu Chemical Co., Ltd, China ("Dagu Chemical")**

29.6.1 Export price for Dagu Chemical is determined on the basis of the information provided by it on its export sales of the investigated product to Pakistan made during the POI.

29.6.2 According to the information, Dagu Chemical exported the investigated product to Pakistan through a related exporter Bohai Chemical (HK) Ltd ("Bohai") during the POI. All export sales to Pakistan, during POI, were made to un-related customers.

29.6.3 During the POI, Dagu Chemical exported investigated product through related exporter Bohai mostly on TT advance, TT 30 days or LC at sight at CFR Karachi or FOB basis. To arrive at the ex-factory level, it has reported adjustments on account of credit cost, Inland Freight, Ocean Freight, Bank Charges and Packing Cost.

29.6.4 The Commission, after verification, has accepted the adjustment on account of Credit Cost, Inland Freight, Ocean Freight, Bank Charges and Packing Cost. Further, an adjustment on account of handling charges was made by the Dagu Chemical in domestic sales, however, this adjustment was not included in export sales. During verification, upon inquiry that what is included in handling charges, it was explained by Dagu Chemical that handling charges includes labor charges for loading and unloading of PVC in warehouse and other charges. Therefore, an adjustment on account of handling charges is made in export sales at the same rate as it has made in domestic sales for a fair comparison of export price and normal value.

29.6.5 As the Bohai is related exporter and it incurred expenses on account of selling, administrative and financial expenses on export sales. The amount incurred by Bohai on account of selling, administrative, financial expenses and profit margin has been adjusted in the export price made by Bohai to arrive out at ex-factory export price of Dagu Chemical.

29.6.6 The export price at ex-factory level is worked out by deducting values reported and calculated for aforementioned adjustments from the gross value of sales transactions. Summary calculations of export price for Dagu Chemical Group are placed at Annexure-X.

29.7 **Determination of Export Price for LG Chem, Korea (LGC):**

29.7.1 Export price for LGC is determined on the basis of the information provided by it on its export sales of the investigated product to Pakistan made during the POI.

29.7.2 According to the information, LGC exported the investigated product to Pakistan directly and through an unrelated domestic trader namely Pasco Daewoo to unrelated customers in Pakistan. While verifying the export sales during on the spot verification, LG Chem was asked to provide the sales invoices issued by Pasco Daewoo to Pakistani customers, Bill of lading, bank documents etc. to establish whether these sales were destined to Pakistan or not. However, LG
Chemicals could not provide these documents in support of the sales made by Pasco Daewoo to Pakistani customers. Therefore, for the purpose of export price determination the sales made to Pasco Daewoo has been excluded from analysis as the destination of these sales is not certain.

29.7.3 During the POI, LGC exported investigated product mostly on LC at sight or LC at 90 days at CFR Karachi level. To arrive at the ex-factory level, it has reported adjustments on account of credit cost, Inland Freight, Ocean Freight, insurance, handling cost, Bank Charges and packing cost. The Commission, after verification, has accepted the adjustments on account of credit cost, Inland Freight, Ocean Freight, insurance, handling cost, Bank Charges and packing cost.

29.7.4 The export price at ex-factory level is worked out by deducting values reported and calculated for aforementioned adjustments from the gross value of sales transactions. Summary calculations of export price for LGC are placed at Annexure-XI.

29.8 **Determination of Export Price for All Other Exporters/Producers from the Exporting Countries**

29.8.1 The Commission has determined export price for all others non-cooperating exporters/producers from the Exporting Countries on the basis of on the basis of Best Information Available in accordance with Section 32 of the Act.

29.8.2 For the purposes of determination of export price for all other exporters of the investigated product from China, the export price is based on information obtained from PRAL on imports of the investigated product from China during the POI. The information obtained from PRAL is at C&F level. To reach at ex-factory level C&F export price has been adjusted on account of credit cost, Commission, Inland Freight, Ocean Freight, handling cost, and Bank Charges. For the purpose of amounts of these adjustments, the adjustments amount of LG Bohai has been taken. The Commission is of the view that it is appropriate to use this information as the Best Available Information for export price of non-cooperating exporters from China.

29.8.3 For the purposes of determination of export price for all other exporters of the investigated product from Korea, the export price the export price is based on information obtained from PRAL on imports of the investigated product from Korea during the POI. The information obtained from PRAL is at C&F level. To reach at ex-factory level C&F export price has been adjusted on account of credit cost, Inland Freight, Ocean Freight, insurance, handling cost, Bank Charges and packing cost. For the purpose of amounts of these adjustments, the adjustments amount of LGC Korea has been taken. The Commission is of the view that it is appropriate to use this information as the Best Available Information for export price of non-cooperating exporters from Korea.

29.8.4 As no exporters/producers from Thailand and Chinese Taipei has provided the necessary information, therefore, for the purposes of determination of export price for all other exporters/producers of the investigated product from Thailand and Chinese Taipei, the 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 from Thailand and Chinese Taipei during the POI is used. The information obtained from PRAL is at C&F level.
To reach at ex-factory level C&F export price will be adjusted on account of ocean freight, inland freight, insurance, bank charges and handling cost. For the amounts of these adjustments, the information provided by the Domestic Industry and the information collected during the investigation for the exporters/producers who cooperated during this investigation has been used. The amount ocean freight for Chinese Taipei and Thailand is based on freight quotation submitted by domestic industry obtained from a freight forwarding agency i.e. PakAsia Cargo Services Private Limited. Internal freight and insurance charges has been taken @1.01% of C&F value on the basis of inland freight and insurance charges of LG Bohai from China. The amount of bank charges and handling cost are 0.49% and 1.47% respectively on the basis of data of LG Bohai from China. Weighted average export price of the investigated product imported from Chinese Taipei and Thailand during the POI is given in the following table:

### Table-III

<table>
<thead>
<tr>
<th>Exporting Countries</th>
<th>Weighted average C&amp;F export price</th>
<th>Adjustments (Ocean Freight)</th>
<th>Internal Freight, &amp; Insurance</th>
<th>Bank Charges</th>
<th>Handling Cost</th>
<th>Ex-factory export price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chinese Taipei</td>
<td>100.00</td>
<td>3.59</td>
<td>1.01</td>
<td>0.49</td>
<td>1.47</td>
<td>93.44</td>
</tr>
<tr>
<td>Thailand</td>
<td>102.08</td>
<td>3.23</td>
<td>1.03</td>
<td>0.50</td>
<td>1.50</td>
<td>95.82</td>
</tr>
</tbody>
</table>

Source: PRAL, Applicant
Note: For the purpose of confidentiality, the actual figures have been indexed with respect to weighted average C&F export price of Chinese Taipei during the POI.

### 30. Dumping Margin

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

30.2 In terms of Section 14(1) of the Act the Commission shall determine an individual dumping margin for each known exporter or foreign producer of an investigated product. The Commission has investigated exporters/producers from China and Korea mentioned above who cooperated and responded to the Commission’s questionnaire and provided complete information. Individual dumping margins for the exporters/producers mentioned at paragraph 36.6 infra have been determined and the antidumping duty rate for those exporters/producers is determined on the basis of individual dumping margins calculated for each exporter/producer. Residual dumping margins/duty rates for non-cooperating exporters/producers from China and Korea have been determined on the basis of Best Information Available in accordance with Section 32 of the Act and Article 6.8 and Annex II of the Agreement on Anti-dumping.

30.3 The Commission has determined dumping margin for the exporters/producers from Thailand and Chinese Taipei on the basis of Best Information Available’ in terms of Section 32 of the Act and Article 6.8 and Annex II of the Agreement on Anti-dumping.

30.4 Section 12 of the Act provides three methods for fair comparison of normal value and export price in order to establish dumping margin. The Commission has adopted transaction to
transaction basis methodology for determination of dumping margin for Xinjiang Tianye (Group) Foreign Trade Co. Ltd., and Inner Mongolia Wuhai Chemical Industry Co., Ltd., as the exports made by these two exporters are on specific dates and mostly in last quarter of the POI. The export transactions of Xinjiang Tianye (Group) Foreign Trade Co. Ltd to Pakistan are only eight (08) transactions during the POI. Similarly, Inner Mongolia Wuhai Chemical Industry Co., Ltd., exports transaction are eight which are in the last quarter of the POI.

30.5 For all others cooperating exporters from China and Korea the Commission has calculated dumping margin by comparing weighted average normal value with weighted average export price at ex-factory level.

30.6 The Commission has also complied with the requirements of Section 11 of the Act which states that “the Commission shall, where possible, compare export price and normal value with the same characteristics in terms of level of trade, time of sale, quantities, taxes, physical characteristics, conditions and terms of sale and delivery at the same place”.

30.7 Taking into account all requirements set out above, the dumping margins have been determined as follows. Calculations of dumping margin are placed at Annexure-XII:

### Table-IV

<table>
<thead>
<tr>
<th>Exporters / Producers</th>
<th>Dumping Margin as % of Export Price</th>
<th>Dumping Margin as % of C&amp;F Price</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>China</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Xinjiang Tianye (Group) Foreign Trade Co. Ltd.;</td>
<td>4.62</td>
<td>3.44</td>
</tr>
<tr>
<td>• Inner Mongolia Wuhai Chemical Industry Co., Ltd.;</td>
<td>7.48</td>
<td>6.65</td>
</tr>
<tr>
<td>• Tianjin LG Bohai Chemical Co. Ltd.;</td>
<td>33.34</td>
<td>30.60</td>
</tr>
<tr>
<td>• Tianjin Dagu Chemical Co., Ltd;</td>
<td>15.50</td>
<td>14.34</td>
</tr>
<tr>
<td>• All Other Exporters</td>
<td>33.92</td>
<td>30.95</td>
</tr>
<tr>
<td><strong>South Korea</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• LG Chem, Korea.</td>
<td>4.37</td>
<td>4.00</td>
</tr>
<tr>
<td>• All exporters</td>
<td>16.44</td>
<td>14.97</td>
</tr>
<tr>
<td><strong>Chinese Taipei</strong></td>
<td>45.25</td>
<td>42.29</td>
</tr>
<tr>
<td><strong>Thailand</strong></td>
<td>38.71</td>
<td>36.34</td>
</tr>
</tbody>
</table>

31. **De minimis** Dumping Margins and Negligible Volume of Dumped Imports

31.1 Section 41(3) 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. Definitive dumping margins for the dumped imports of the investigated product, set out above, appear to be above negligible (de minimis) level.

31.2 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 percent of the imports of like product.

31.3 The information/data on dumped imports of the investigated product and other imports of PVC has been obtained from PRAL. Volume of dumped imports of the investigated product and the PVC imported from other sources during the POI (July 1, 2015 to June 30, 2016) is given in the table below:

<table>
<thead>
<tr>
<th>Country Name</th>
<th>Quantity</th>
<th>As Percentage of Total Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>25,664</td>
<td>45.78</td>
</tr>
<tr>
<td>South Korea</td>
<td>3,243</td>
<td>5.78</td>
</tr>
<tr>
<td>Chinese Taipei</td>
<td>4,522</td>
<td>8.06</td>
</tr>
<tr>
<td>Thailand</td>
<td>5,235</td>
<td>9.34</td>
</tr>
<tr>
<td>Other Sources</td>
<td>17,395</td>
<td>31.04</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>56,059</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: PRAL

31.4 On the basis of above information, the Commission has determined that the volume of dumped imports of the investigated product from the Exporting Countries during the POI was well above the negligible threshold set-out in Section 41(3) of the Act.

32. **Cumulation of Dumped Imports**

32.1 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 Ordinance, 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……, and volume of dumped imports from each investigated country is not less than the negligible quantity as specified……; 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”.

32.2 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.
32.3 Volume of dumped imports of PVC during the POI from the Exporting Countries was above the negligible quantity. Furthermore, dumping margin for each country was also more than the *de-minimis* level.

32.4 Weighted average export price charged by the exporters from the Exporting Countries during the POI for dumping is given below which shows that there was a price competition between imports of the investigated product:

<table>
<thead>
<tr>
<th>Exporting Country</th>
<th>Weighted Average C&amp;F Export Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>100.00</td>
</tr>
<tr>
<td>Korea</td>
<td>96.09</td>
</tr>
<tr>
<td>Thailand</td>
<td>104.92</td>
</tr>
<tr>
<td>Chinese Taipei</td>
<td>102.79</td>
</tr>
</tbody>
</table>

Source: PRAL

Note: To maintain confidentiality actual figures have been indexed with respect of weighted average C&F export price (of China) from Dumped sources during POI by taking it equal to 100.

32.5 There is a competition between investigated product and the domestic like product in terms of price, is given in the following table:

<table>
<thead>
<tr>
<th>Year</th>
<th>Weighted average ex-factory price of domestic like product</th>
<th>Weighted average landed cost of investigated product</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
<td>102.97</td>
<td>100.00</td>
</tr>
<tr>
<td>2014-15</td>
<td>86.32</td>
<td>86.39</td>
</tr>
<tr>
<td>2015-16</td>
<td>82.98</td>
<td>77.99</td>
</tr>
</tbody>
</table>

Source: Applicant and PRAL

*Year: July-June

Note: To maintain confidentiality actual figures have been indexed with respect of weighted average landed cost of investigated product of the year 2013-2014 by taking it equal to 100.

32.6 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:-
C. INJURY TO DOMESTIC INDUSTRY

33. Determination of Injury

33.1 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…”

33.2 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”.

33.3 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.

34. Domestic Industry

34.1 For the purposes of this final determination, the Commission has determined that domestic industry manufacturing domestic like product consists of only one unit i.e. M/s. Engro Polymer & Chemicals Ltd.

34.2 The Applicant produced 100 percent of total domestic production of the domestic like product during the POI for dumping. The Commission’s investigation also revealed that neither the Applicant was itself importer of the investigated product, nor was related to any exporter, involved in dumping of the investigated product into Pakistan.

34.3 Analysis of injury factors carried out in this determination in the following paragraphs is, therefore, based on the information submitted by Applicant.

35. Volume of Dumped Imports

Facts:

35.1 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 production or consumption of the domestic like product by the domestic industry. The following table shows imports of the investigated product during POI:
Table VIII
Dumped Imports of PVC (MT)

<table>
<thead>
<tr>
<th>Year*</th>
<th>Dumped Imports</th>
<th>% age increase / (decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
<td>11,707</td>
<td>--</td>
</tr>
<tr>
<td>2014-15</td>
<td>17,111</td>
<td>46.16</td>
</tr>
<tr>
<td>2015-16</td>
<td>38,664</td>
<td>125.96</td>
</tr>
</tbody>
</table>

Source: PRAL

35.2 The above table shows that the dumped imports of the investigated product from the Exporting Countries increased from 11,707 MT in 2013-14 to 17,111 MT in 2014-15 which further increased to 38,664 MT in 2015-16. The dumped imports of the investigated product increased by 125.96 percent in year 2015-16 as compared to year 2014-15.

36. Price Effects

36.1 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.

36.2 Price Undercutting

Facts:

36.2.1 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 IX
Price Undercutting

<table>
<thead>
<tr>
<th>Year*</th>
<th>Weighted average ex-factory price of domestic like product</th>
<th>Weighted average landed cost of dumped imports</th>
<th>Price undercutting</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Absolute</td>
<td>Percentage</td>
<td></td>
</tr>
<tr>
<td>2013-14</td>
<td>100.00</td>
<td>97.12</td>
<td>2.88</td>
</tr>
<tr>
<td>2014-15</td>
<td>83.84</td>
<td>83.90</td>
<td>(0.06)</td>
</tr>
<tr>
<td>2015-16</td>
<td>80.59</td>
<td>75.74</td>
<td>4.85</td>
</tr>
</tbody>
</table>

Source: Applicant and PRAL

Note: For the purpose of confidentiality, the actual figures have been indexed with respect to ex-factory price of domestic like product during year 2013-14.
Analysis:
36.2.2 The above table shows that the dumped imports of the investigated product undercut the prices of the domestic like product during the POI. The landed cost of dumped imports decreased by 13.61% during 2014-15, and by 9.72% during 2015-16, whereas, the domestic industry decreased its sales price by 16.16% and by 3.87% during the same period. Even after reducing the sales prices to remain competitive in the domestic market, the domestic industry faced price undercutting of 2.88 percent to 6.02 percent during the POI.

36.3 Price Depression

Facts:
36.3.1 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>
<thead>
<tr>
<th>Period</th>
<th>Ex-factory price of domestic like product</th>
<th>Price depression</th>
<th>Absolute</th>
<th>% age</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
<td>100.00</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>2014-15</td>
<td>83.84</td>
<td>16.16</td>
<td>16.16%</td>
<td></td>
</tr>
<tr>
<td>2015-16</td>
<td>80.59</td>
<td>3.25</td>
<td>3.87%</td>
<td></td>
</tr>
</tbody>
</table>

Source: the Applicant  
Note: The year is from October to September  
Note: For the purpose of confidentiality, the actual figures have been indexed with respect to ex-factory price of domestic like product during year 2013-14.

Analysis:
36.3.2 The above table shows that the price of domestic like product decreased by 16.16% in 2014-15 which further decreased 3.87% in 2015-16.

36.4 Price Suppression

Facts:
36.4.1 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>
<thead>
<tr>
<th>Year*</th>
<th>Weighted Cost to make &amp; sell</th>
<th>Avg. ex-factory price</th>
<th>Weighted Avg. ex-factory price</th>
<th>Increase/ (decrease) in price</th>
<th>Price Suppression Increase/ (decrease) in cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
<td>103.09</td>
<td>100.00</td>
<td>---</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>2014-15</td>
<td>95.65</td>
<td>83.84</td>
<td>(16.16)</td>
<td>(7.45)</td>
<td></td>
</tr>
<tr>
<td>2015-16</td>
<td>86.59</td>
<td>80.59</td>
<td>(3.25)</td>
<td>(9.06)</td>
<td></td>
</tr>
</tbody>
</table>

Source: Applicant  
*July-June  
Note: For the purpose of confidentiality, the actual figures have been indexed with respect to ex-factory price of domestic like product during year 2013-14.
Analysis:
36.4.2 The above table shows that the price of the domestic like product decreased by 16.16% whereas, the cost to make and sell of the domestic like product also decreased by 7.79% in 2014-15. In 2015-16 the price of the domestic like product further decreased by 3.87% against the decrease in the cost to make and sell by 10.46%. The cost to make and sell of the domestic industry decreased during the POI, therefore, there was no price suppression during the POI.

37. Market Share

Facts:
37.1 Total domestic demand of PVC Suspension Grade in Pakistan is met through local production and imports. Size of the domestic market is established by adding sales of domestic like product and imports of the investigated product from alleged dumped sources and imports of PVC Suspension Grade from other sources. Following table shows the market share from each source during the POI:

<table>
<thead>
<tr>
<th>*Year</th>
<th>Share of Domestic industry in Domestic Market</th>
<th>Share of Dumped Imports in Domestic Market</th>
<th>Share of Imports from other sources in Domestic Market</th>
<th>Total Domestic Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
<td>90.42</td>
<td>7.94</td>
<td>1.64</td>
<td>100.00</td>
</tr>
<tr>
<td>2014-15</td>
<td>96.21</td>
<td>11.61</td>
<td>1.59</td>
<td>109.40</td>
</tr>
<tr>
<td>2015-16</td>
<td>104.98</td>
<td>26.23</td>
<td>11.80</td>
<td>143.01</td>
</tr>
</tbody>
</table>

Source: PRAL & the Applicant   * July-June
Note: To maintain confidentiality, actual figures have been indexed with respect to the total domestic market of PVC during 2013-14

Analysis:
37.2 It is evident from the above table that the volume of dumped imports increased by 3.30 times during the POI, consequently share of dumped imports in the domestic market increased from 7.94 percent in 2013-14 to 10.61 percent in 2014-15, which further increased to 18.34 percent in 2015-16. However, during the same time period although the sales of the domestic industry increased in quantitative terms, the share of domestic industry decreased from 90.42 percent in 2013-14 to 87.94 percent in 2014-15, which further decreased to 73.41 percent in 2015-16. The total domestic market of PVC grew by 43 percent during the POI. The share of other imports other than dumped imports also increased from 1.64 percent in 2013-14 to 8.25 percent in 2015-16.

38. Production and Capacity Utilization

Facts:
38.1 The installed capacity, quantity produced and the capacity utilization of the Applicant during the POI, as provided by the Applicant were as follows:
Final Determination and Levy of Anti-Dumping Duties in Anti-Dumping Investigation Against Dumped Imports of Polyvinyl Chloride Resin into Pakistan Originating in and/or Exported from China, Chinese Taipei, South Korea, and Thailand.

Table-XIII
Production and Capacity Utilization

<table>
<thead>
<tr>
<th>Year</th>
<th>Capacity</th>
<th>Production</th>
<th>Capacity Utilization %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
<td>100.00</td>
<td>90.23</td>
<td>90.23</td>
</tr>
<tr>
<td>2014-15</td>
<td>106.88</td>
<td>103.17</td>
<td>96.54</td>
</tr>
<tr>
<td>2015-16</td>
<td>111.25</td>
<td>103.60</td>
<td>93.12</td>
</tr>
</tbody>
</table>

Source: the Applicant  
Year: July to June  
Note: To maintain confidentiality, actual figures have been indexed with respect to the installed capacity of the Applicant of domestic like product during 2013-14

Analysis
38.2 It may be noted from the above table that the installed capacity of the Applicant increased in 2015-16 (through debottlenecking of the existing plant). Whereas, the production of the domestic like product increased by 14.34% in 2014-15, which further increased by 0.41 % in 2015-16. Capacity utilization of the domestic industry increased from 90.23 percent in 2013-14 to 96.54 percent in 2014-15 and then decreased to 93.12 percent in 2015-16. Although the total domestic market of PVC has increased by 43 percent.

39 Sales

Facts:
39.1 Total sales of the domestic like product of the Applicant during the POI are given below:

Table-XIV
Sales Quantity of PVC

<table>
<thead>
<tr>
<th>Year*</th>
<th>Domestic Sales</th>
<th>Export Sales</th>
<th>Total Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
<td>94.07</td>
<td>5.93</td>
<td>100.00</td>
</tr>
<tr>
<td>2014-15</td>
<td>100.09</td>
<td>19.52</td>
<td>119.62</td>
</tr>
<tr>
<td>2015-16</td>
<td>109.22</td>
<td>4.74</td>
<td>113.97</td>
</tr>
</tbody>
</table>

Source: the Applicant  
* July-June  
Note: To maintain confidentiality, actual figures have been indexed with respect to the total sales of the Applicant of domestic like product during 2013-14.

Analysis
39.2 The above table shows that the domestic sales increased through-out the POI i.e. The domestic sales of Applicant increased by 16.10% in 2015-16 as compared to domestic sales in year 2013-14. The total domestic market of PVC has increased by 43 percent during the POI and the share of domestic industry decreased from 90.42 percent in 2013-14 to 73.41 percent 2015-16.

40 Profit and Loss

Facts:
40.1 Information of Applicant’s profit/loss during the POI from the PVC business is given in the following table:
Final Determination and Levy of Anti-Dumping Duties in Anti-Dumping Investigation Against Dumped Imports of Polyvinyl Chloride Resin into Pakistan Originating in and/or Exported from China, Chinese Taipei, South Korea, and Thailand.

Table-XV
Profit/Loss (Rs in Million)

<table>
<thead>
<tr>
<th>Year*</th>
<th>Total Profit/(Loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
<td>(100.00)</td>
</tr>
<tr>
<td>2014-15</td>
<td>(456.63)</td>
</tr>
<tr>
<td>2015-16</td>
<td>(216.67)</td>
</tr>
</tbody>
</table>

Source: the Applicant  *
Note: To maintain confidentiality, actual figures have been indexed with respect to the profit & loss and profit & loss of the Applicant of domestic like product during 2013-14.

Analysis
40.2  The above table shows that the Applicant’s incurred losses throughout the POI. The domestic industry faced loss of Rs *** million in 2013-14, which further increased to Rs *** million in 2014-15, however, the losses decreased to Rs.*** million in 2015-16 during the POI for dumping.

41.  Inventories

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

Table-XVI
Inventories

<table>
<thead>
<tr>
<th>Year*</th>
<th>Opening Inventory</th>
<th>Production</th>
<th>Sales</th>
<th>Closing Inventory</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Domestic</td>
<td>Export</td>
</tr>
<tr>
<td></td>
<td></td>
<td>100.00</td>
<td>92.32</td>
<td>5.82</td>
</tr>
<tr>
<td>2013-14</td>
<td>3.21</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014-15</td>
<td>5.08</td>
<td>114.34</td>
<td>98.23</td>
<td>19.16</td>
</tr>
<tr>
<td>2015-16</td>
<td>2.04</td>
<td>114.81</td>
<td>107.18</td>
<td>4.65</td>
</tr>
</tbody>
</table>

Source: the Applicant  *
Note: To maintain confidentiality, actual figures have been indexed with respect to the production of the Applicant of domestic like product during 2013-14

Analysis:
41.2  The closing inventory of the domestic like product decreased from *** MT in 2013-14 to *** MT which increased to *** MT in 2015-16. The rise of closing inventory in 2015-16 is mainly due to the decrease in export sales from *** MT in 2014-15 to *** MT in 2015-16.

42.  Employment, Productivity and Wages

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

38
Final Determination and Levy of Anti-Dumping Duties in Anti-Dumping Investigation Against Dumped Imports of Polyvinyl Chloride Resin into Pakistan Originating in and/or Exported from China, Chinese Taipei, South Korea, and Thailand.

Table-XVII

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of employees</th>
<th>Productivity Per Worker</th>
<th>Salaries &amp; wages</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>2014-15</td>
<td>100.00</td>
<td>114.54</td>
<td>84.18</td>
</tr>
<tr>
<td>2015-16</td>
<td>96.74</td>
<td>118.88</td>
<td>100.22</td>
</tr>
</tbody>
</table>

Source: the Applicant

Year: July to June

Note: To maintain confidentiality, actual figures have been indexed with respect to employees, productivity per worker, and salaries and wages per MT of the Applicant during 2013-14.

Analysis:

42.2 The above table shows that the employment in the domestic industry decreased from *** in 2013-14 and 2014-15 to *** in 2015-16. Productivity per worker increased from *** MT in 2013-14 to *** MT in 2015-16. Salaries & wages per MT decreased from Rs. *** in 2013-14 to Rs. *** in 2014-15 which increased to Rs. *** in 2015-16.

43. Return on Investment

Facts:

43.1 As per the Applicant, return on investment realized by the domestic industry during the POI is given in following table:

Table-XVIII

<table>
<thead>
<tr>
<th>Year*</th>
<th>Return on investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
<td>8.24%</td>
</tr>
<tr>
<td>2014-15</td>
<td>(5.48%)</td>
</tr>
<tr>
<td>2015-16</td>
<td>3.24%</td>
</tr>
</tbody>
</table>

Source: the Applicant

*July-June

Analysis:

43.2 The above table shows that the return on investment decreased from 8.24 percent in 2013-14 to -5.48 percent in 2014-15 which improved to 3.24 percent in 2015-16.

44. Cash Flow

Facts:

44.1 Information submitted by the Applicant on its cash flow of M/s Engro Polymers & Chemicals as a whole is given below:
Final Determination and Levy of Anti-Dumping Duties in Anti-Dumping Investigation Against Dumped Imports of Polyvinyl Chloride Resin into Pakistan Originating in and/or Exported from China, Chinese Taipei, South Korea, and Thailand.

**Table-XIX**  
**Cash Flow**

<table>
<thead>
<tr>
<th>Period</th>
<th>Cash Flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
<td>100.00</td>
</tr>
<tr>
<td>2014-15</td>
<td>(34.00)</td>
</tr>
<tr>
<td>2015-16</td>
<td>25.65</td>
</tr>
</tbody>
</table>

Source: the Applicant  
Year: July to June  
Note: To maintain confidentiality, actual figures have been indexed with respect to the cash flow of the Applicant during 2013-14.

**Analysis**

44.2 It can be seen from the above table that the overall cash flow of the domestic industry has reduced from Rs. *** million in 2013-14 to negative Rs.*** million in 2014-15 which turned into positive cash flow of Rs.*** million in 2015-16.

45. **Ability to Raise Capital:**

The domestic industry suffered material injury on account of its ability to raise investment due to continued huge losses during the second and third year of POI and if this trend continues, domestic industry may lose the confidence of the investors and it would not be able to raise capital from the open market.

46. **Growth:**

46.1 The total domestic market of PVC increased from *** MT in 2013-14 to *** MT in 2015-16. The domestic industry increased its production capacity from 160,000MT to 178,000MT (through debottlenecking of the existing plant).

46.2 According to the company sources, in the wake of increasing demand for PVC in Pakistan, Engro Polymers & Chemicals would add a new PVC plant with a capacity of 100,000 tons (taking total capacity to 295,000 ton per annum) and increase production of VCM (the raw material) by 50,000 tons through debottlenecking of the existing plant by the third quarter of 2020. The Applicant will invest over Rs10 billion for expansion of the plants including those producing other related chemicals like VCM (raw material for PVC).

47. **Magnitude of Dumping Margin**

47.1 Following table depicts the magnitude of dumping margins from dumped sources:
Final Determination and Levy of Anti-Dumping Duties in Anti-Dumping Investigation Against Dumped Imports of Polyvinyl Chloride Resin into Pakistan Originating in and/or Exported from China, Chinese Taipei, South Korea, and Thailand.

Table-XX
Magnitude of Dumping Margin

<table>
<thead>
<tr>
<th>Exporters / Producers</th>
<th>Dumping Margin as % of Export Price</th>
<th>Dumping Margin as % of C&amp;F Price</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>China</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Xinjiang Tianye (Group) Foreign Trade Co. Ltd.;</td>
<td>4.62</td>
<td>3.44</td>
</tr>
<tr>
<td>• Inner Mongolia Wuhai Chemical Industry Co., Ltd.;</td>
<td>7.48</td>
<td>6.65</td>
</tr>
<tr>
<td>• Tianjin LG Bohai Chemical Co. Ltd.;</td>
<td>33.34</td>
<td>30.60</td>
</tr>
<tr>
<td>• Tianjin Dagu Chemical Co., Ltd;</td>
<td>15.50</td>
<td>14.34</td>
</tr>
<tr>
<td>• All Other Exporters</td>
<td>33.92</td>
<td>30.95</td>
</tr>
<tr>
<td><strong>South Korea</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• LG Chem, Korea.</td>
<td>4.37</td>
<td>4.00</td>
</tr>
<tr>
<td>• All Other exporters</td>
<td>16.44</td>
<td>14.97</td>
</tr>
<tr>
<td><strong>Chinese Taipei</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>45.25</td>
<td>42.29</td>
</tr>
<tr>
<td><strong>Thailand</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>38.71</td>
<td>36.34</td>
</tr>
</tbody>
</table>

47.2 Dumping margins for all the dumped sources are well above the *de-minimis* level of less than 2 percent. These dumping margins ranging from 4.91 percent to 45.44 percent coupled with increase in volume of dumped imports demonstrates the level of material injury.

48. Summing up of Material Injury

48.1 The facts and the analysis in the preceding paragraphs shows that imports of the investigated product increased significantly in absolute terms during the POI.

48.2 The analysis further shows that the landed cost of the investigated product undercut the prices of domestic like product during the POI, resultantly the domestic industry has to decrease its price (3.87 percent) in the year 2014-15 even below the cost to make and sell to compete with the investigated product. The price effect in terms of price undercutting during the POI was 2.88% to 6.02% besides price suppressing and price depressing effect of dumped imports.

48.3 The above effects of dumped imports resulted into decline in profits, market share, and capacity utilization and adversely affected the salaries and wages per MT as shown in table below;

Table-XVIII
Effects of Dumped Imports

<table>
<thead>
<tr>
<th>Year</th>
<th>2013-14</th>
<th>2014-15</th>
<th>2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Profit/(Loss) Per MT</td>
<td>(100.00)</td>
<td>(456.63)</td>
<td>(216.67)</td>
</tr>
<tr>
<td>Market Share (%)</td>
<td>100.00</td>
<td>97.26</td>
<td>81.19</td>
</tr>
<tr>
<td>Capacity Utilization %</td>
<td>100.00</td>
<td>102.22</td>
<td>100.62</td>
</tr>
<tr>
<td>Salaries &amp; Wages Per MT</td>
<td>100.00</td>
<td>84.18</td>
<td>100.22</td>
</tr>
</tbody>
</table>

Year: July to June

Note: To maintain confidentiality, actual figures have been indexed with respect to the figures each factor during year 2013-14
48.4 Apart from above, the domestic industry had also a negative effect on wages, investment, growth and ability to raise capital of the domestic industry.

48.5 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

49. **Other Factors**

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

49.2 The investigation of the Commission revealed that the domestic industry did not suffer material injury due to imports of PVC from sources other than dumped source during the POI. Following table shows the volume and prices of imports from other than dumped source:

<table>
<thead>
<tr>
<th>Year*</th>
<th>Volume of imports from other than dumped source (MT)</th>
<th>Weighted Average landed cost of PVC Suspension Grade from other than dumped source</th>
<th>Weighted Average price of domestic like product</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
<td>100.00</td>
<td>77.99</td>
<td>100.00</td>
</tr>
<tr>
<td>2014-15</td>
<td>96.81</td>
<td>68.89</td>
<td>83.84</td>
</tr>
<tr>
<td>2015-16</td>
<td>719.99</td>
<td>60.91</td>
<td>80.59</td>
</tr>
</tbody>
</table>

Source: Applicant  *Year: July -June

Note: To maintain confidentiality actual figures have been indexed with respect to volume of imports from other sources and price of domestic like product in the year 2013-2014 by taking it equal to 100

49.3 The above table shows that the volume of imports from sources other than dumped source has decreased from *** MT in 2013-14 to *** MT in 2014-15 and increased to *** MT in 2015-16 whereas, the weighted average landed cost of PVC from sources other than dumped source was lower than the weighted average price of domestic like product during the POI. However, the imports are from a number of countries (21 countries) other than the Exporting Countries and in small quantities, therefore, there is insignificant impact of lower landed cost on the sales prices of the domestic industry.

49.4 In terms of Section 18(3) of the Act, the Commission analyzed that whether there is contraction in demand of PVC or there are changes in the patterns of consumption of PVC in Pakistan. Following table shows the total domestic market of PVC in Pakistan:
Table-XXII

Total Domestic Market of PVC

<table>
<thead>
<tr>
<th>Year</th>
<th>Share of Domestic industry in Domestic Market</th>
<th>Share of Dumped Imports in Domestic Market</th>
<th>Share of Imports from other sources in Domestic Market</th>
<th>Total Domestic Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
<td>90.42</td>
<td>7.94</td>
<td>1.64</td>
<td>100.00</td>
</tr>
<tr>
<td>2014-15</td>
<td>96.21</td>
<td>11.61</td>
<td>1.59</td>
<td>109.40</td>
</tr>
<tr>
<td>2015-16</td>
<td>104.98</td>
<td>26.23</td>
<td>11.80</td>
<td>143.01</td>
</tr>
</tbody>
</table>

Source: Applicant and PRAL

Note: To maintain confidentiality, actual figures have been indexed with respect to the total domestic market of PVC during 2013-14.

49.5 The above table shows that there is no contraction in demand of PVC during the POI rather the total demand of PVC increased by 43%. Based on the above facts, the Commission has concluded that there is no contraction in demand for PVC and there are no changes in the pattern of consumption of PVC in Pakistan, hence, the domestic industry did not suffer material injury due to contraction in demand and changes in the pattern of consumption of PVC during the POI.

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

i. The domestic industry exported PVC to other markets, however, such exports were not in significant quantities;

ii. There was no change in trade restrictive practices and competition between foreign producers other than producers from the Exporting Countries and domestic producers; and

iii. There was no considerable change in technology.

50. Effect of Dumped Imports

50.1 From the foregoing analysis it appears that the volume of the dumped imports significantly increased during 2015-16 which caused significant price undercutting, price depression, decline in market share, and capacity utilization and negative effect on profits and growth.

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

i. Volume of dumped imports of the investigated product increased significantly in absolute terms;

ii. Domestic industry experienced price undercutting and price depression due to dumped imports of the investigated product;
iii. Domestic industry experienced decline in market share and capacity utilization, and negative effects on profits and growth and was unable to raise capital due to dumped imports;

E. CONCLUSIONS

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

i. the application was filed by the domestic industry as the Applicant represent 100 percent of the production of domestic like product;

ii. the investigated product and the domestic like product are alike products;

iii. during the POI, the investigated product was exported to Pakistan by the exporters/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 are above the negligible and de minimis levels respectively;

v. the dumping margins expressed as a percentage of weighted average adjusted export price at ex-factory level is ranging between 4.62 percent to 45.25 percent for exporters/producers from the Exporting Countries;

vi. the domestic industry suffered material injury on account of volume of dumped imports, price undercutting, price depression, decline in market share and capacity utilization, negative effects on profits and growth and ability to raise capital 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 to the domestic industry.

F. IMPOSITION OF DEFINITIVE ANTI-DUMPING DUTY

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

53. Individual dumping margins have been determined for the exporters / producers of the investigated product from China and Korea who supplied complete information for this investigation and the definitive rate of antidumping duty for these exporters/producers is
determined. Residual dumping margins/duty rates for non-cooperating exporters/producers from China and Korea have been determined Best Information Available in accordance with Section 32 of the Act and Article 6.8 and Annex II of the Agreement on Anti-dumping.

54. The Commission has determined dumping margin and definitive anti-dumping duty rates for the exporters/producers from Chinese Taipei and Thailand on the basis of ‘Best Information Available’ in terms of Section 32 of the Act and Article 6.8 and Annex II of the Agreement on Anti-dumping.

55. For the purpose of imposition of lesser duty rule in terms of Section 43 (1) of the Act the Commission has considered injury margin to see whether a lower duty would be adequate to remove injury of the domestic industry. The summary injury margins for the Exporting Countries are given below and calculations are given at Annexure XIII:

<table>
<thead>
<tr>
<th>Injery Margin for the Exporting Countries</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Injury Margin for China</td>
<td>20.47</td>
</tr>
<tr>
<td>Injury Margin for Korea</td>
<td>25.93</td>
</tr>
<tr>
<td>Injury Margin for Thailand</td>
<td>13.98</td>
</tr>
<tr>
<td>Injury Margin for Chinese Taipei</td>
<td>16.68</td>
</tr>
</tbody>
</table>

56. It may be observed from the above that injury margin for China i.e. 20.47 percent is less than the dumping margins calculated for the Tianjin LG Bohai Chemical Co. Ltd and all other non-cooperating Exporters/producers from China. The injury Margin for Korea i.e. 25.93 percent is above from the dumping margins calculated for the cooperating and non-cooperating exporters from Korea. The injury margin for Thailand i.e. 13.98 percent and in jury margin for Chinese Taipei 16.68 percent is less than the dumping margins calculated for the Exporters/producers from Thailand and Chinese Taipei. Therefore, the anti-dumping duty rates for the exporters/producers from the Exporting Countries are based on injury margins wherever the injury margins are less than the dumping margins.

57. In reaching this Final determination the Commission satisfied itself that PVC imported from the Exporting Countries has been imported at dumped prices. The Commission is of the view that the level of injury is sufficient to justify imposition of definitive measures. In order to prevent material injury, the Commission, pursuant to powers under Section 50 of the Act, has decided to impose definitive anti-dumping duty at the rates mentioned below on C&F value in ad valorem terms on imports of PVC imported from the Exporting Countries for a period of five years effective from June 13, 2017. The dumped investigated product is classified under PCT heading No. 3904.1090.
Table-XXIV

Definitive Antidumping Duty Rates

<table>
<thead>
<tr>
<th>Country</th>
<th>Exporter Name</th>
<th>Definitive Antidumping Duty Rates (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>Xinjiang Tianye (Group) Foreign Trade Co. Ltd</td>
<td>3.44</td>
</tr>
<tr>
<td></td>
<td>Inner Mongolia Wuhai Chemical Industry Co., Ltd</td>
<td>6.65</td>
</tr>
<tr>
<td></td>
<td>Tianjin LG Bohai Chemical Co. Ltd</td>
<td>20.47</td>
</tr>
<tr>
<td></td>
<td>Tianjin Dagu Chemical Co., Ltd</td>
<td>14.34</td>
</tr>
<tr>
<td></td>
<td>All other exporters</td>
<td>20.47</td>
</tr>
<tr>
<td>Korea</td>
<td>LG Chem, Korea</td>
<td>4.00</td>
</tr>
<tr>
<td></td>
<td>All Other Exporters</td>
<td>14.97</td>
</tr>
<tr>
<td>Thailand</td>
<td>All Exporters</td>
<td>13.98</td>
</tr>
<tr>
<td>Chinese Taipei</td>
<td>All Exporters</td>
<td>16.68</td>
</tr>
</tbody>
</table>

58. PVC imported from sources, other than the Exporting Countries shall not be subject to definitive antidumping duties. Further, in accordance with Section 51(1)(e) of the Act, definitive duty will not be levied on imports of the investigated product that are to be used as inputs in products destined solely for exports and are covered under any scheme exempting customs duty for exports under the Customs Act, 1969. Furthermore, the definitive duty rates for exporters/producers from the Exporting Countries are lower as compared to provisional duty rates. Claims for refund of difference between provisional antidumping duty and final antidumping duty with respect to the import of the investigated product would be entertained, if claimed within the stipulated time period under Section 55(2) of the Act.

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

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

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

-Sd-
(Tipu Sultan)
Member
April 24, 2018

-Sd-
(Robina Ather)
Member
April 24, 2018

-Sd-
(Abdul Khaliq)
Chairman
April 24, 2018
Annexure-I

The comments received from the interested parties during the course of the investigation which are 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:

<table>
<thead>
<tr>
<th>Comments of Interested Parties</th>
<th>Column B (Commission’s replies/comments)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The importers/users of PVC mentioned below made following comments during the course of investigation;</td>
<td>The point does not concern to the investigation in violation of any section of the Antidumping Duties Act, 2015 (the “Act).</td>
</tr>
<tr>
<td>i. All Pakistan PVC &amp; Plastic Pipe Manufacturers Association, Lahore</td>
<td>Under the Act any domestic producer of a like product may file an antidumping application, whose output constitutes 100 percent production or a major proportion thereof. It is a fact that there is only one domestic producer of PVC in Pakistan. According to the information provided in application and verified afterward, the Applicant produced 165,753 MT during the POI, which was 100 percent of the total domestic production of PVC during the period from July 1, 2015 to June 30, 2016.</td>
</tr>
<tr>
<td>ii. Jaffer Traders, Lahore</td>
<td>As the Applicant represents 100 percent of the total domestic production of like product produced during the period from July 1, 2015 to June 30, 2016, therefore, the application fulfills both the requirements of Section 24 of the Act and it is determined that the application is made by or on behalf of the domestic industry.</td>
</tr>
<tr>
<td>iii. Yaqoob and Sons, Lahore</td>
<td></td>
</tr>
<tr>
<td>iv. M/s A.T.S Synthetic Pvt Ltd, Lahore (Non registered)</td>
<td></td>
</tr>
</tbody>
</table>
Final Determination and Levy of Anti-Dumping Duties in Anti-Dumping Investigation Against Dumped Imports of Polyvinyl Chloride Resin into Pakistan Originating in and/or Exported from China, Chinese Taipei, South Korea, and Thailand.

### Production and Supply

The issue of monopoly power of any domestic producer of a product comes under the purview of the Competition Commission.

### Second Point

"That the investigated product is cleared by FBR at the international scan prices issued by a known and acceptable institution from Singapore every Wednesday so under invoicing is not possible as FBR does not accept any invoice price other than the scan price."

The issue raised regarding under invoicing has been examined and incorporated in the final determination report. The under-invoicing is the jurisdiction of the FBR and not of the Commission, under Antidumping Duties Act 2015. The under-invoicing of product is not relevant issue in an Antidumping investigation.

### Comments of Interested Parties on SEF:

<table>
<thead>
<tr>
<th>Column A (Views/comments of Exporters)</th>
<th>Column B (Commission’s response)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Xinjiang Tianye (Group) Foreign Trade Co.Ltd.China and Inner Mongolia Wuhai Chemical Industry Co. Ltd.China:</td>
<td>The verification reports provided to Tianye and Wuhai Chemical contain the details of information regarding prices at which sales were made in the domestic market and exported to Pakistan. Furthermore, the report of final determination contains the information regarding the methods and data used by the Commission to calculate dumping margin.</td>
</tr>
<tr>
<td>The consultant, ALLBRIGHT LAW OFFICES made following comments/views:</td>
<td>&quot;That the Tianye and Wuhai Chemical received their own verification reports. The SEF does not provide enough opportunity that allow the two companies to fully understand the exact methods and calculations that the NTC intends to employ when making its final determination. Here, Tianye and Wuhai Chemical respectfully requested that the NTC make further disclosure on the essential facts of this ongoing investigation, and disclose the methods and calculations using numbers and worksheets to ensure the Chinese</td>
</tr>
<tr>
<td>Companies' right of defense.</td>
<td>Under the WTO Agreement on Antidumping an investigation may be concluded within 12 months and in no case more than 18 months. The Commission has made the final determination within the specified time period of 18 months.</td>
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<td>--------------------------------</td>
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<tr>
<td>“That the NTC has yet to made the final determination is indeed extending the ongoing investigation unduly, which is not in line with WTO's laws and WTO members' prevailing practices on due process.</td>
<td>&quot;That the preliminary measures have been in force by the NTC for more than nine months which is five months longer than the maximum duration of application of provisional measures stipulated in Article 45 of Pakistan's Antidumping Act 2015( the Act).</td>
</tr>
<tr>
<td>&quot;That they are aware that the NTC intends to use a different method to calculate all other exporters' dumping margin by comparing weighted average normal value with weighted average export price at ex-factory level. Since Tianye and Wuhai Chemical are insufficiently informed on the &quot;transaction-to-transaction&quot; Tianye and Wuhai Chemical would like to remind that the NTC keep all exporting companies' best interest and legal requirement on equal treatment, in view, by using the legal calculation method which results in the lowest dumping margin.&quot;</td>
<td>Section 12 of the Act provides three methods for fair comparison of normal value and export price in order to establish dumping margin. The Commission has adopted transaction to transaction basis methodology for determination of dumping margin for Xinjiang Tianye (Group) Foreign Trade Co. Ltd., and Inner Mongolia Wuhai Chemical Industry Co., Ltd., as the exports made by these two exporters are on specific dates and mostly in last quarter of the POI. The export transactions of Xinjiang Tianye (Group) Foreign Trade Co. Ltd to Pakistan are only eight (08) transactions during the POI. Similarly, Inner Mongolia Wuhai Chemical Industry Co., Ltd., exports transaction are eight which are in the last quarter of the POI.</td>
</tr>
<tr>
<td>Comments of LG Chem. Representative of the LG Chemical made following comments/views:</td>
<td>According to the information, LG Chemical exported the investigated product to Pakistan directly and through an unrelated domestic trader namely Pasco Daewoo to unrelated customers in Pakistan. While verifying the export sales during on the spot verification,</td>
</tr>
</tbody>
</table>
and extracts of all the applicable laws governing the sales to Posco Daewoo for export and the same support the assertions of LGC and are sufficient to ascertain the completion of the sale cycle."

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>LG Chem was asked to provide the sales invoices issued by Pasco Daewoo to Pakistani customers, Bill of lading, bank documents etc. to establish whether these sales were destined to Pakistan or not. However, LG Chemicals could not provide these documents in support of the sales made by Pasco Daewoo to Pakistani customers. Therefore, for the purpose of export price determination the sales made to Pasco Daewoo have been excluded from analysis as the destination of these sales is not certain.</td>
</tr>
</tbody>
</table>

"That the Commission while imposing anti-dumping duties was also bound to follow the rules set forth in the articles of The General Agreement on Tariffs and Trade (hereinafter referred to as the “GATT”), especially Article IX (2) of GATT, which states:

“The contracting parties recognize that, in adopting and enforcing laws and regulations relating to marks of origin, the difficulties and inconveniences which such measures may cause to the commerce and industry of exporting countries should be reduced to a minimum, due regard being had to the necessity of protecting consumers against fraudulent or misleading indications.”

Under Article IX (2) of GATT, the Commission was bound to impose duties at a level lower than the margin of dumping, and duties in excess of the margin were not allowed to be imposed. In any case, the Commission was bound to follow Section 43 of the Duties Act as explained in paragraph 4, above and there is no indication provided in the Preliminary Determination that any consideration was accorded to the provisions of Section 43, which is a violation of the Duties Act."  

<table>
<thead>
<tr>
<th>&quot;That the Commission while imposing anti-dumping duties was also bound to follow the rules set forth in the articles of The General Agreement on Tariffs and Trade (hereinafter referred to as the “GATT”), especially Article IX (2) of GATT, which states:</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is lesser duty rule in the Antidumping Duties Act, 2015.</td>
</tr>
<tr>
<td>The Commission has imposed antidumping duties equal to injury margin calculated for the respective exporter and the report of final determination contains the details of dumping margins, and injury margins.</td>
</tr>
</tbody>
</table>

"That the Applicant has stated in its annual reports that the production facility is shut down one time per year for maintenance. However, in the year 2015, the Chlor-Alkali plant was shut down for It is normal practice in the Chemical Plants that they are shut down for certain period during a year for maintenance."
major maintenance. It must be noted that any production loss or underutilization of capacities on account of plant closures caused by power and gas outages has to be properly attributed to such causes. It must be noted that the production figures if affected cause losses on all other accounts, i.e., cash flows, profits, capacity utilization prices etc. Therefore, absence of any consideration of the same in the Statement of Essential Facts is indicative that the assessments made by the Commission are devoid of this important analysis."

"That there are three macroeconomic variables that are required to be looked into (i) gross domestic product (GDP) (ii) the unemployment rate, and (iii) the inflation rate. It must be noted that employment numbers of the country have seen a steady decline over the years and the inflation rate has also been declining sharply. It must be noted that a sharp decline in inflation rate has a very negative effect on businesses and can cause major price concerns. It must be noted that even though extremely high inflation rates also have a negative effect on the economy, however, the effects of all the macroeconomic factors needed to be analyzed by the Commission and their effects upon the Applicant would inevitably lead to a conclusion that the Applicant suffered injury due to the macroeconomic factors and not due to any imports, but the commission has failed to do so."

The Commission, in its injury analysis contained in the report of final determination, has examined/analyzed all relevant economic factors enlisted in Section 15 and 17 of Antidumping Duties Act, 2015. All these aspects already considered.

<table>
<thead>
<tr>
<th>Comments of SCG (exporter from Thailand)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCG made following comments/views:</td>
</tr>
</tbody>
</table>

"That the Commission chose to ignores the time line laid down in notice ADC NO.50/2016/PVC requiring to issue a final determination within 180 days from the date of the notice of May 15, 2017. They consider that the current proceeding has no legal basis beyond 180 days period referred to in ADC NO 50/2016/PVC which was issued to all

Under the WTO Agreement on Antidumping an investigation may be concluded within 12 months and in no case more than 18 months. The Commission has made the final determination within the specified time period of 18 months.
interested parties (not the one which has since been apparently been redacted by the Commission to omit this sentence) upon which the provisional measures were based and that this proceeding should be terminated without the imposition of measure.

"That with reference to recital 6 of Sec.32(2) of the Act, and prior to the preliminary determination the Commission failed to explain in a timely manner the reason why the information and evidence was rejected. During this period SCG sought clarification on whether the information was accepted in several letters and emails. Eventually, the Commission initially stated that the cost of production was unsatisfactory and this was later extended to deficiencies in domestic and export transactions (1st Deficiency letter dated October 23, 2017 and 2nd Deficiency Letter dated November 28, 2017). However, at no stage has the Commission explained why this information was rejected; and in the absence of these explanations, no opportunity was given to remedy the information submitted.

The answers to the issue raised by SCG have been incorporated in the report of final determination.

"That a number of factors that are negative are at a consolidated level and not linked to the subject goods. This includes cash flows, return on investment." It is also requested that the cash flow be assessed on domestic sales of the subject goods and that the contribution of the subject goods to the return on investment also be highlighted."

The Applicant maintains the consolidated cash flow in its accounting data, therefore, the cash flow of the company as a whole has been taken into consideration.

"It is incumbent on the Commission to explain whether domestic sales includes captive consumption or not." It is also not explained in table XII that whether other imports are the cause of alleged injury or not."

There is no captive consumption in instant case. The issue of imports from non-dumped sources has been analyzed in the report of final determination.

That the commission should have addressed the impact of the increase in wages which according to table XIII shows an increase of up to 14% points. The causal analysis presented in the SEF does not demonstrate that the alleged dumped imports caused injury. There is no non-attribution assessment and factors known to exist, such as the

The SEF contains only the facts about an injury factor. However, report of final determination has analysed the salaries and wages of the Applicant.
<table>
<thead>
<tr>
<th>Comments of A.T.S Synthetic (Pvt.) Ltd.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Representative of the A.T.S Synthetic (Pvt.) Ltd. Made following comments/views:</td>
</tr>
<tr>
<td>&quot;That the Engro Polymer &amp; Chemicals Limited have two production lines and have done some bottlenecking twice in their plant to increase the production capacity from 150000 to 178000 M. Tons per annum. They fail to produce standard quality material as they were manufacturing before, especially PVC Resin K. Value 57 to 60 (Suspension Grade) from 2014-2015, 2015-2016 and till date. Detailed problems faced during use of local investigated product can be categorized as:</td>
</tr>
<tr>
<td>• Gelled Particles in PVC Resin which are higher in size than PVC Resin.</td>
</tr>
<tr>
<td>• Blacked Particles in PVC Resin AU-60</td>
</tr>
<tr>
<td>• Wooden Particles inside PVC Resin/outside of PVC bags</td>
</tr>
<tr>
<td>These claims are also admitted by the senior management of Engro Polymer and Chemicals Limited.</td>
</tr>
<tr>
<td>According to Applicant reply on the issues highlighted by A.T.S Synthetics there were no major quality issues in the supplies of investigated product sold by applicant to A.T.S Synthetics. As per their record only one consignment of 200 M.T was replaced by the applicant during 2017 which is a negligible quantity in the light of annual procurement made by A.T.S Synthetic from the applicant. Applicant has 10% shareholding from Mitsubishi Corporation, Japan and is mandated to adhere to the global best practices. The applicant provides quality product to the user industry. As regards quality of AU 60 PVC stands it is not from inherent production process but might be from packing or transportation mode.</td>
</tr>
</tbody>
</table>