

Notice of Preliminary Determination and Levy of Provisional Antidumping Duties on Dumped Imports of Lead Pencils into Pakistan Originating in and/ or Exported from the People's Republic of China

The National Tariff Commission (the "Commission") initiated an antidumping investigation on December 13, 2017 under Section 23 of the Anti-Dumping Duties Act, 2015 (the "Act") after establishing that the application lodged by M/s Indus Pencil Industries Ltd. (the "Applicants") on behalf of the domestic industry manufacturing pencils with lead encased in a rigid (wood or plastic) sheath ("Lead Pencils") was in accordance with Sections 20 and 24 of the Act. The investigation concerns dumping of Lead Pencils originating in and/or exported from the People's Republic of China ("China") into Pakistan and material injury to the domestic industry manufacturing Lead Pencils. In accordance with the provisions of the Act and the Anti-Dumping Duties Rules, 2001 (the "Rules"), the Commission has, after investigation, determined the following on a preliminary basis:

Product Under Investigation: Investigated product is pencils with lead encased in a rigid (wood or plastic) sheath ("Lead Pencils"). It is classified under PCT Heading No. 9609.1000. Investigated product is used for writing/coloring in schools, offices etc.

Like Product: The Commission's investigation has established that the investigated product and the Lead Pencils produced by the domestic industry are produced with similar manufacturing process and with the same/similar raw materials. Both products have the same physical characteristics, usage, and tariff classification. Thus, it is provisionally established that the investigated product and the Lead Pencils produced by the domestic industry are "like products".

Exporters and Foreign Producers: The Applicant identified 115 exporters/ producers involved in alleged dumping of the investigated product from China. In terms of Sections 27 and 35 of the Act, the Commission, upon initiation of the investigation, sent a copy of the notice of initiation of investigation and questionnaire to all exporters/producers whose complete addresses were available with the Commission. The Commission also forwarded notice of initiation and the questionnaire to the Embassy of China in Islamabad with a request to forward the same to all exporters/producers of Lead Pencils based in China in order to respond to the Commission.

In response to the questionnaire, six exporters/ producers responded to the Commission and furnished necessary information for the purposes of this investigation. Individual dumping margins have been determined for these six exporters/ producers who cooperated and provided information in this investigation.

Period of Investigation ("POI"):

For investigation of dumping: From July 01, 2016 to June 30, 2017

For investigation of injury: From July 01, 2014 to June 30, 2017

Determination of Dumping: Normal value and export price of the investigated product for the exporters/ producers who cooperated and furnished necessary information have been determined in accordance with Sections 5, 6 and 10 (1) of the Act, respectively on the basis of the information provided by these exporters/ producers in response to the Commission's questionnaire. A dumping margin for all other exporters from China, who did not cooperate, is determined on the basis of best information available in terms of Section 32 of the Act.

Dumping Margin: Dumping margins have been calculated in accordance with Section 12(1) of the Act by comparing weighted average normal value with weighted average export price at ex-factory level, except in case of Baolong Stationery where transaction to transaction approach is adopted due to limited export sales transaction on only three dates.

Injury to the Domestic Industry: Injury to the domestic industry has been determined in accordance with Part VI of the Act. The Commission has on preliminary basis established that the domestic industry suffered material injury on account of significant increase in dumped imports in absolute terms as well as relative to production of the domestic like product; significant price undercutting and price suppression; loss in market share; increase in losses, and negative effects on cash flows, production and capacity utilization and employment.

Injury Factors other than Dumped Imports: The Commission has also examined factors other than dumped imports, which were causing injury to the domestic industry. Analysis showed that the domestic industry also suffered some injury due to its export performance and imposition of sales tax on inputs/ raw materials in the year 2016-17. However, injury caused by such other factors is not significant.

Imposition of Provisional Anti-dumping Duty: In reaching this preliminary affirmative determination, the Commission is satisfied that the investigated product has been imported at dumped prices. Investigation of the Commission has shown that during course of this investigation imports of the investigated product are taking place in significant volume. Therefore, imposition of provisional antidumping duty on dumped imports of the investigated product is needed in accordance with Section 43 of the Act to prevent injury being caused to the domestic industry during the course of this investigation.

For the purpose of imposition of lesser duty in accordance with Section 43(1) of the Act, the Commission has calculated injury margin to ascertain whether a lower duty would be adequate to remove injury being suffered by the domestic industry due to dumped imports of investigated product. Injury margins determined at C&F level are more than the dumping margin at C&F level except in case of Zhejiang Hongye Pencil Industry Co. Ltd., therefore, provisional duties will be equal to the dumping margins at C&F level. In case of Zhejiang Hongye Pencil Industry Co. Ltd. lesser duty rule will apply and in this case the provisional antidumping duty will be equal to the injury margin.

Provisional duty rate for all other exporters/ producers from China who have not provided information in this investigation will be the highest duty rate determined among the cooperating exporters/ producers, which is the Zhejiang Hongye Pencil Industry Co. Ltd.

Following provisional antidumping duty rates are hereby imposed on the dumped imports of the investigated product importable from China for a period of four months effective from 06 June, 2018. The provisional antidumping duties rates are determined on C&F value in *ad val.* terms. The investigated product, Lead Pencils are classified and imported under PCT/HS heading No. 9609.1000.

Provisional Anti-dumping Duty Rates

Exporter/ Producer Name	Duty Rates (%)
Zhejiang Best Intenerated Pencil Wood Co. Ltd.	4.55
Zhejiang Hongxing Stationery Co. Ltd.	22.55
Zhejiang Shengming Stationery Co. Ltd.	34.50
Zhejiang Hongye Pencil Industry Co. Ltd.	51.39
Fujian Songxi Huilian Stationery Co. Ltd.	22.82
Zhejiang Qingyuan Baolong Stationery Co. Ltd.	25.59
All others from China	51.39

Lead Pencils imported from other sources (other than the China) shall not be subject to the provisional antidumping duty.

Provisional anti-dumping duties shall take the form of security by way of cash deposit in Commission's Non-lapsable PLD Account No. 187 with Federal Treasury Office Islamabad. Provisional anti-dumping duties would be collected in the same manner as customs duty under the Customs Act, 1969 (IV of 1969).

Disclosure meeting: Pursuant to Rule 11 of the Rules, the exporters/ producers of the investigated product may request for a disclosure meeting within 15 days of the date of publication of this notice.

Hearing: Any party registered as an interested party in this case may, if it so wishes, request a hearing in accordance with Rule 14 of the Rules within 30 days of the publication of this notice by contacting Secretary, National Tariff Commission, State Life Building No.5, Blue Area, Islamabad. Telephone No. +92-51-9205944, Fax No.+92-51-9221205.

Further Information: A non-confidential version of the report on preliminary determination has been placed on public file established and maintained by the Commission. It has also been posted on the Commission's website: www.ntc.gov.pk. The public file shall be available to the interested parties, registered with the Commission for the purposes of this investigation, for review and copying at the offices of the Commission, from Monday to Thursday (except public holidays) between 1100 hrs to 1300 hrs.

Authority under Law: This notice is published pursuant to Section 37 of the Act by order of the Commission.

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(Ali Muhammad Shah)
Secretary
June 06, 2018