



**Government of Pakistan
National Tariff Commission**

REPORT

ON

**FINAL DETERMINATION OF ANTI-DUMPING DUTIES ON DUMPED
IMPORTS OF PHTHALIC ANHYDRIDE INTO PAKISTAN ORIGINATING
IN AND/OR EXPORTED FROM THE RUSSIAN FEDERATION**

A.D.C No. 47/2016/NTC/PA

December 14, 2017

Final Determination of the Anti-Dumping Investigation on Dumped Imports of Phthalic Anhydride into Pakistan Originating in and/or Exported from the Russian Federation

TABLE OF CONTENTS

<u>S. No</u>	<u>Description</u>	<u>Page No.</u>
A. PROCEDURE		
		4
4.	Receipt of Application	4
5.	Evaluation and Examination of the Application	5
6.	Domestic Industry	5
7.	Standing of the Application	5
8.	Applicants Views	6
9.	Exporter/Foreign Producers of PA	6
10.	Initiation of Investigation	7
11.	Investigated Product, Like Product and Domestic Like Product	7
12.	Period of Investigation	9
13.	Information/Data Gathering	9
14.	Verification of information	10
15.	Public File	10
16.	Confidentiality	11
17.	Preliminary Determination	11
18.	Hearing	11
19.	Views/Comments of the interested parties	12
20.	Disclosure of Essential Facts	12
DETERMINATION OF DUMPING		
19.	Dumping	13
20.	Normal Value	13
21.	Determination of Normal Value	14
22.	Export Price	15
23.	Dumping Margin	16
24.	<i>De minimis</i> Dumping Margin and Negligible Volume of Dumped Imports	16
C. INJURY TO DOMESTIC INDUSTRY		
25.	Determination of Injury	17
26.	Domestic Industry	17
27.	Volume of Dumped Imports	18
28.	Price Effects	19
29.	Effects on Market Share	21
30.	Effects on Sales	21
31.	Effects on Production and Capacity Utilization	22
32.	Effects on Inventories	22
33.	Effects on Profits/Loss	23
34.	Effects on Cash Flow	23
35.	Effects on Employment, Productivity and Salaries & Wages	24

Final Determination of the Anti-Dumping Investigation on Dumped Imports of Phthalic Anhydride into Pakistan Originating in and/or Exported from the Russian Federation

36.	Effects On ROI	24
37.	Ability to Raise Capital	25
39.	Summing up of Material Injury	25
D	CAUSATION	
40.	Effect of Dumped Imports	26
E.	CONCLUSIONS	28
F.	NON-IMPOSITION OF DEFINITIVE ANTIDUMPING DUTIES	28

Final Determination of the Anti-Dumping Investigation on Dumped Imports of Phthalic Anhydride into Pakistan Originating in and/or Exported from the Russian Federation

The National Tariff Commission (hereinafter referred to as the Commission) having regard to the Anti-Dumping Duties Act, 2015 (hereinafter referred to as the “Act”) and the Anti-Dumping Duties Rules, 2001 (hereinafter referred to as the “Rules”) relating to investigation and determination of dumping of goods into the Islamic Republic of Pakistan (hereinafter referred to as Pakistan), material injury to the domestic industry caused by such imports, and imposition of anti-dumping duties to offset the impact of such injurious dumping, and to ensure fair competition thereof and to the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (hereinafter referred to as the “Agreement on Anti-dumping”) has conducted this investigation on imports of Phthalic Anhydride (hereinafter referred to as the “PA”) into Pakistan originating in and/or exported from the Russian Federation (the “Russia”), under the Act and the Rules. The Commission has made final determination in this investigation under Section 39 of the Act. This report on final determination has been issued in accordance with Section 39(5) of the Act and Article 12.2 of the Agreement on Antidumping.

2. In terms of Section 29 of the Act, the Commission shall, except in special circumstances, conclude an investigation within twelve months and in no case more than eighteen months, after its initiation. The Commission initiated this anti-dumping investigation on December 03, 2016.

A. PROCEDURE

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

4. Receipt of Application

4.1 The Commission received a written application on October 05, 2016 (formal acceptance date), under Section 20 of the Act from Nimir Chemicals Pakistan Limited, Lahore (the “Applicant”), who is the sole producer of PA in Pakistan.

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

4.3 The examination of the application showed that it met requirements of Section 20 of the Act as it contained sufficient evidence of dumping of PA into Pakistan from Russia 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. Therefore, the Embassy of Russia in Islamabad was notified on October 13, 2016 through Ministry of Foreign Affairs about the receipt of anti-dumping application under section 21 of the Act.

5. The Domestic Industry

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

Final Determination of the Anti-Dumping Investigation on Dumped Imports of Phthalic Anhydride into Pakistan Originating in and/or Exported from the Russian Federation

“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”. Explanation.- For the purposes of this clause, producers shall be deemed to be related to exporters or importers only if;

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

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

5.2 The domestic industry manufacturing PA comprises of only one unit i.e. the Applicant. Therefore, the Applicant is the domestic industry for the purposes of this investigation.

6. Standing of the Application

6.1 The application fulfils the requirements of Section 24 of the Act, which enjoins upon the Commission to assess the standing of the application on the basis of the degree of support for or opposition to the application expressed by domestic industry.

6.2 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.

6.3 The application has been filed by the Applicant, who is the sole producer of the domestic like product and represents 100 percent of domestic production. Further, the Applicant is neither related to any importer or exporter nor it imported PA itself. Therefore, the application was filed by the domestic industry in accordance with Section 24 of the Act.

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

Final Determination of the Anti-Dumping Investigation on Dumped Imports of Phthalic Anhydride into Pakistan Originating in and/or Exported from the Russian Federation

7. Applicants' Views

7.1 The Applicant, *inter alia*, raised the following issues in application regarding dumping of PA from Russia and material injury to the domestic industry caused therefrom:

- i. Exporters/ producers from Russia are exporting PA to Pakistan at dumped prices;
- ii. PA imported from Russia and produced in Pakistan by the domestic industry are like products; and
- iii. Imports of PA from Russia into Pakistan at dumped prices has caused and is causing material injury to the domestic industry producing PA mainly through:-
 - a. volume of alleged dumped imports;
 - b. price undercutting;
 - c. price depression;
 - d. market share;
 - e. inventories;
 - f. ability to raise investment;
 - g. return on investment;
 - h. profits/profitability; and
 - i. growth

7.2 The Applicant made following requests to the Commission:

- i. Initiate an investigation to determine dumping of PA from Russia and injury to the domestic industry;
- ii. Impose provisional measures under Section 43 of the Act to prevent injury being caused during the investigation; and;
- iii. Impose appropriate anti-dumping duty on dumped imports of PA in accordance with Section 50 of the Act.

8. Initiation of Investigation

8.1 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 PA into Pakistan from Russia and consequent material injury to the domestic industry. Accordingly, the Commission decided to initiate an investigation in this case. The Commission issued a notice of initiation in accordance with Section 27 of the Act, which was published in the Official Gazette¹ of Pakistan and in two widely circulated national

¹ The official Gazette of Pakistan (Extraordinary) dated December 03, 2016.

Final Determination of the Anti-Dumping Investigation on Dumped Imports of Phthalic Anhydride into Pakistan Originating in and/or Exported from the Russian Federation

newspapers² (one in English language and one in Urdu Language) on December 03, 2016. Investigation concerning alleged dumped imports of PA into Pakistan classified under PCT No³. 2917.3500 originating in and/or exported from Russia was thus initiated on December 03, 2016.

8.2 In pursuance of Section 27 of the Act, the Commission notified Embassy of Russia in Islamabad of the initiation of investigation (by sending a copy of the notice of initiation) on December 05, 2016 with a request to forward it to all exporters/producers involved in production, sales and export of PA from Russia. Copy of the notice of initiation was also sent on December 05, 2016 to known exporters/producers of PA from Russia whose addresses were available with the Commission with a request to register themselves as an interested party in the investigation with-in 15 days of publication of the notice. Copy of the notice of initiation was also sent to known Pakistani importers and the Applicant on December 05, 2016.

8.3 In accordance with Section 28 of the Act, on December 05, 2016, the Commission sent copy of full text of the written application (non-confidential version) and Exporter's Questionnaire to the exporters of Russia. On December 07, 2016, copy of the full text of the written application along with Exporter's Questionnaire was also sent to the Embassy of Russia in Pakistan with a request to forward it to all exporters/producers involved in production and/or sale/export of PA from Russia.

9. Investigated Product, Domestic Like Product and Like Product

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

i. Investigated Product

"a product, which is subject to an antidumping investigation as described in the notice of initiation of the investigation".

ii. Domestic Like Product

"means a like product that is produced by the domestic industry".

iii. Like Product

"a product which is alike in all respects to an investigated product or, in the absence of such a product, another product which, although not alike in all respects, has characteristics closely resembling those of the investigated product".

9.2 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:

² "The Nation" and 'Dunya News' of December 03, 2016 issue.

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

Final Determination of the Anti-Dumping Investigation on Dumped Imports of Phthalic Anhydride into Pakistan Originating in and/or Exported from the Russian Federation

9.3 Investigated Product

9.3.1 The investigated product is Phthalic Anhydride (“PA”) imported from Russia. It is classified under Pakistan Customs Tariff (“PCT”) Heading No. 2917.3500. The investigated product is in the form of white flakes, with mild odour, slightly soluble in ether and hot water.

9.3.2 Investigated product is an industrial input and is used in production of plasticizers, alkyd resins, polyester resins, dyes and pigments.

9.3.3 The tariff structure applicable to the investigated product for the last three years is given below in the table I below;

**Table-I
Tariff Structure**

Years	PCT Code	PCT Description	Customs Duty	Sales Tax
2013-14	2917.3500	Phthalic Anhydride	15%	17%
2014-15	2917.3500	Phthalic Anhydride	15%	17%
2015-16	2917.3500	Phthalic Anhydride	15%	17%
2016-17	2917.3500	Phthalic Anhydride	11%	17%
2017-18	2917.3500	Phthalic Anhydride	11%	17%

9.4 Domestic Like Product

9.4.2 The domestic like product is Phthalic Anhydride (“PA”) manufactured by domestic industry. It is classified under Pakistan Customs Tariff (“PCT”) Heading No. 2917.3500. The domestic like product is in form of white flakes, with mild odour, slightly soluble in ether and hot water.

9.4.3 Domestic like product is an industrial input used in the production of plasticizers, alkyd resins, polyester resins, dyes and pigments.

9.5 Like Products:

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

- i. basic raw materials used in the production of the investigated product, and the domestic like product are the same/similar;
- ii. the investigated product and the domestic like product are produced with a similar manufacturing process;

Final Determination of the Anti-Dumping Investigation on Dumped Imports of Phthalic Anhydride into Pakistan Originating in and/or Exported from the Russian Federation

- iii. both the products have similar appearance. Further, physical properties, nature and quality of the investigated product and the domestic like product are also similar;
- iv. both the products are used for similar purposes and are substitutable in use; and
- v. both the products are classified under the same PCT/HS heading numbers.

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

10. Period of Investigation

10.1 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".

10.2 The Commission received the application on October 05, 2016 and initiated the investigation on December 03, 2016. The Applicant provided information/data up to June 30, 2016 in the application. Therefore, to fulfill the requirement of Section 36 of the Act, the POI selected by the Commission for dumping and injury determination are, as follows:

For determination of dumping:	July 01, 2015 to June 30, 2016
For determination of injury:	July 01, 2013 to June 30, 2016

11. Exporters/Foreign Producers of PA

The Applicant identified 7 Exporters/Foreign Producers of PA involved in alleged dumping of the investigated product from Russia. The Applicant requested for imposition of anti-dumping duty on all imports of the investigated product originating in and/or exported from Russia to avoid any circumvention.

12. Information/Data Gathering

12.1 The Commission sent Exporter's Questionnaire to all known exporters/foreign producers of Russia whose addresses were available with the Commission on December 05, 2016 for collection of data/information necessary for this investigation. The exporters/ foreign producers were asked to respond within 37 days of dispatch of the Questionnaire. On December 07, 2016, a copy of the Exporter's Questionnaire was also sent to the Embassy of

Final Determination of the Anti-Dumping Investigation on Dumped Imports of Phthalic Anhydride into Pakistan Originating in and/or Exported from the Russian Federation

Russia in Islamabad with a request to forward it to all exporters/producers involved in production and/or sale/export of PA from Russia. However, no response from any of the exporter/ foreign producer received within prescribed time period. Reminders were sent to the exporters/foreign producers on January 17, 2017 explaining that in case of no response/information is provided by the exporters/ foreign producers, the Commission would be constrained to make preliminary and final determination of dumping in this investigation on the basis of "Best Information Available" including those contained in the application submitted by the domestic industry, in terms of Section 32 of the Act. However, no response was received from any exporter/foreign producer.

12.2 On December 07, 2016, Questionnaires were also sent to Pakistani importers of the investigated product known to the Commission and they were asked to respond within 37 days of dispatch of the Questionnaires. Reminders were sent to the importers on January 17, 2017 explaining that the Commission would make preliminary and final determination of dumping in this investigation on the basis of "Best Information Available" including those contained in the application submitted by the domestic industry, in terms of Section 32 of the Act. In response, only the International Petrochemicals (Pvt.) Limited, submitted some information on importer questionnaire on January 28, 2017.

12.3 The Commission has access to database of import statistics of Pakistan Revenue Automation Limited (PRAL), the data processing arm of the Federal Board of Revenue, Government of Pakistan. For the purpose of this final determination, the Commission has used import data obtained from PRAL in addition to the information provided by the Applicant and gathered during the investigation.

12.4 Interested parties were also invited to make their views/comments known and submit information (if any) relevant to this investigation within 45 days of initiation of investigation. Ministry of Industry and Trade of the Russian Federation, Qaisar L.G Petrochemicals (Pvt.) Ltd, and Nimir Resins Ltd submitted their views/comments.

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

13. Verification of the Information

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

14.2 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 Applicant office on April 3-5, 2017.

Final Determination of the Anti-Dumping Investigation on Dumped Imports of Phthalic Anhydride into Pakistan Originating in and/or Exported from the Russian Federation

14. Public File

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

15. Confidentiality

15.1 In terms of Section 31 of the Act, the Commission shall keep confidential any information submitted to it, which is either 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.

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

15.3 On the basis of request made by the Applicant the Commission has determined 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 has made a request to keep it confidential.

15.4 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.

16. Preliminary Determination

16.1 The Commission made preliminary determination in this case on May 31, 2017. The Commission issued a notice of preliminary determination in terms of Section 37 of the Act, which was published on May 31, 2017 in official Gazette of Pakistan and in two widely circulated national newspapers (one English daily "Express Tribune" and one Urdu Language daily "Dunya").

16.2 The Commission imposed Provisional anti-dumping duty of 13.68 percent on the dumped imports of the investigated product importable from the Russian Federation for a period of four months effective from May 31, 2017 under Section 43 of the Act.

Final Determination of the Anti-Dumping Investigation on Dumped Imports of Phthalic Anhydride into Pakistan Originating in and/or Exported from the Russian Federation

17. Hearing

Upon request of the Nimir Resin Limited, a hearing in this investigation was held on July 27, 2017 under Rule 14 of the Rules. The information submitted by the participants during the hearing, whether orally (oral statements were subsequently confirmed in writing as per Rules 14 of the Rules) or in writing has been considered by the Commission while reaching at this final determination.

18. Views/Comments of Interested Parties

18.1 The Commission received views/comments from following interested parties in this investigation:

- i. Ministry of Industry and Trade of the Russian Federation;
- ii. Qaisar L.G Petrochemicals (Pvt.) Ltd;
- iii. Nimir Resins Ltd.;
- iv. Power Chemicals Industries Limited; and
- v. The Applicant

18.2 The comments which are germane to this investigation have been taken into consideration while making this final determination. The comments received from the interested parties which are germane to this investigation under the Act are reproduced in Column A and the Commission's response thereto is set out in Column B in the Annex-I.

19. Disclosure of Essential Facts

19.1 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 a Statement of Essential Facts ("SEF") on September 19, 2017 to all interested parties including the Applicant, and to the Embassy of the Russian Federation in Islamabad.

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

- i. Nimir Resin Limited; and
- ii. The Applicant

19.3 The comments received on SEF and germane to this investigation under the Act are provided at Annexure - I.

B. DETERMINATION OF DUMPING

20. Dumping

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

Final Determination of the Anti-Dumping Investigation on Dumped Imports of Phthalic Anhydride into Pakistan Originating in and/or Exported from the Russian Federation

“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”.

21. Normal Value

21.1 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”.

21.2 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:”.

21.3 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 –

Final Determination of the Anti-Dumping Investigation on Dumped Imports of Phthalic Anhydride into Pakistan Originating in and/or Exported from the Russian Federation

“(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.”

21.4 In case there is no cooperation from the exporters/foreign producers, the Commission may rely on best information available to reach final determination as identified in Section 32 of the Act. Section 32 of the Act states as follows:

(1) Subject to Sub-section (2), if, at any time during an investigation, any interest party (a) refuses access to or otherwise does not provide, necessary information within the period of times as may be prescribed; or

(b) otherwise significantly impedes the investigation.

The Commission may reach preliminary and final determinations, whether affirmative or negative, on the basis of the best information available.

(2) The provisions of the Schedule to this Act shall be followed in the application of sub-section (1).

(3) The Commission shall take due account of any difficulties experienced by interested parties, in particular, small companies, in supplying information requested by it and may, where it deems fit, provide such assistance as is practicable including, but not limited to, extension of any time period prescribed submission of information under this Act.

(4) The Commission shall satisfy itself of the accuracy of the information supplied by interested parties during the course of an investigation in such manner as may be prescribed.

22. Determination of Normal Value

22.1 As stated earlier (paragraph 12 supra) that no exporter/foreign producer of the investigated product has cooperated in this investigation, therefore normal value is constructed on the basis of best information available, in accordance with Section 6(b) of the Act on the basis of cost of production in Russia plus reasonable amount for administrative, selling and general costs and profits. The methodology used for construction normal value is explained below:

- a) For locally purchased raw and packing material, actual cost of raw/packing materials of the Applicant has been deflated to the C & F prices to the international market price level by deducting the import taxes/ charges/incidentals from the landed cost/purchase prices of the raw and packing material.

Final Determination of the Anti-Dumping Investigation on Dumped Imports of Phthalic Anhydride into Pakistan Originating in and/or Exported from the Russian Federation

- b) As Russian Federation is producer and exporter of Orthoxylene (the raw material of PA), therefore, export price of Orthoxylene from the Russian Federation has been used to determine raw material cost in construction of normal value by adjusting it for inland freight, insurance and handling cost.
- c) Labor hours of domestic industry to produce one MT of PA have been multiplied by labor rate applicable in Russia during the POI to determine labour cost.
- d) Electricity cost has been calculated by using actual energy consumption required to produce one MT of PA, which is provided by the Applicant. The same has been multiplied with electricity rate prevailing in Russia during the POI.
- e) Variable overhead cost of domestic industry has been converted into equivalent fuel/petrol consumption rate. The same rate has been multiplied by fuel/petrol rate application in Russia during the POI to arrive at variable overhead cost in Russia.
- f) Other fixed charges including depreciation of domestic industry have been converted into US\$ on per ton basis.
- g) Methodology explained in Para (a) to Para (f) above gives the per ton production cost of PA.
- h) Selling and Admin expenses of the Applicant have been converted to US\$ on per ton basis.
- i) Financial charges are calculated by using actual financial charges of the Applicant and the same has been changed by difference between interest rate of Russia and Pakistan during the POI.
- j) Profit at 5 percent has been applied on cost to make & sell.

23. Export Price

23.1 In terms of Section 10 of the Act, export price is a price actually paid or payable for an investigated product when sold for export from an exporting country to Pakistan.

23.2 As no exporter/ foreign producer of the investigated product has provided information in this investigation, therefore, export price is determined on the basis of best information available. The Export price has been worked out on the basis of information/data obtained from Pakistan Revenue Automation Limited ("PRAL"). The data obtained from PRAL shows prices at C & F level. These prices have been adjusted to reach at ex-factory level by deducting ocean freight, inland freight in Russia and insurance.

24. Dumping Margin

24.1 Section 2(f) of the Act defines "dumping margin" in relation to a product means the amount by which its normal value exceeds its export price. Section 11 of the Act requires the

Final Determination of the Anti-Dumping Investigation on Dumped Imports of Phthalic Anhydride into Pakistan Originating in and/or Exported from the Russian Federation

export price and normal value to be compared with the same characteristics in terms of level of trade, time of sale, quantities, taxes, physical characteristics, conditions and terms of sale and delivery at the same place.

24.2 Dumping margin works out as follows by comparing contracted normal value at ex-factory level with weighted average adjusted export price at ex-factory level basis:

Table-II
Dumping Margin of PA imported from Russia

Product	Calculation of Dumping Margin for Russian Exporters/Foreign Producer	
	Percentage of export price	Percentage of C&F price
PA	16.51	13.87

25. Negligible/De minimis Dumping Margin and Volume of Dumped Imports

25.1 In terms Section 41(3) of the Act, that the dumping margin shall be considered to be negligible if it is less than two percent, expressed as a percentage of the export price. Dumping margin determined for the dumped imports of the investigated product is well above negligible level (paragraph 24 supra).

25.2 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 per cent of the imports of like product. The information/data on imports of the investigated product from dumped source and import of PA from other sources has been obtained from PRAL. Volume of dumped imports of the investigated product and the PA imported from other sources during the POI (July 01, 2015 to June 30, 2016) is given in a table below:

Table-III
Volume of Imports of PA during POI

Country	Volume of Imports in:	
	Quantity (MT)	Percentage
Russian Federation	6,618	80.04
Other Sources	1,650	19.96
Total	8,268	100.00

Source: the PRAL

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

Final Determination of the Anti-Dumping Investigation on Dumped Imports of Phthalic Anhydride into Pakistan Originating in and/or Exported from the Russian Federation

26.3 It is evident from the above table that the volume of alleged dumped imports of the investigated product from Russia is above the negligible threshold set out in Section 41(3) of the Act.

C. INJURY TO DOMESTIC INDUSTRY

26. Determination of Injury

26.1 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...”*

26.2 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”.

26.3 The Commission has taken into account all factors in order to determine whether the domestic industry 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 on the basis of the information provided by the Applicant, as it is the only producer of the domestic like product and is determined as the domestic industry for the purposes of this investigation.

27. Volume of Dumped Imports

27.1 With regard to the volume of dumped imports, in terms of Section 15(2) of the Act, the Commission considered whether there has been a significant increase in dumped imports, either in absolute terms or relative to the domestic production or consumption of the domestic like product manufactured by the domestic industry during the POI.

27.2 In order to assess the impact of volume of dumped imports of the investigated product in relation to production and consumption of the domestic like product, the information obtained from PRAL has been used. Following table shows the volume of imports of the investigated product, imports of the like product from other sources and domestic production of the like product during POI:

Final Determination of the Anti-Dumping Investigation on Dumped Imports of Phthalic Anhydride into Pakistan Originating in and/or Exported from the Russian Federation

Table-IV

Period	Volume of Dumped Imports	Increase/ (Decrease)	Increase/ (Decrease) (%)
2013-14	100.00		
2014-15	364.87	264.87	264.87
2015-16	647.55	282.68	77.47

Source: The PRAL Year is from July to June

Note: For the purpose of confidentiality, the actual figures have been indexed with respect to total volume of dumped imports in 2013-14 by taking it as equal to 100.

27.3 It appears from the above table that the dumped imports increased by 264.87 percent in the year 2014-15 over the imports of the year 2013-14. Imports of the investigated product further increased by 77.47 percent in the year 2015-16 over the imports in the year 2014-15. Similarly the volume of dumped imports which were 54.22 percent of the total imports in the year 2013-14 increased to 80.04 percent of total imports in the year 2015-16.

27.4 The volume of dumped imports which were 5.65 percent of the domestic production in the year 2013-14 increased to 20.38 percent and 28.25 percent of the domestic production in the years 2014-15 and 2015-16 respectively.

28. Price Effects

28.1 Effect 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), or 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). Effects of dumped imports on price of the domestic like product are analyzed in following paragraphs:

28.2 One of the interested parties (Nimir Resins Ltd.) alleged that the Applicant is selling PA to its related party at considerably lower price, therefore, the Commission may take into account this practice of the Applicant while determining injury to the domestic industry. To asses this issue the Commission has analysed sales pattern and sales price of the Applicant during the POI. Following table shows Applicant’s volume of sales and prices of the domestic like product made to its related and un related parties during the POI:

Table-V
Sales of the Applicant

Sales to:	2013-14		2014-15		2015-16	
	Volume (MT)	Price (Rs/MT)	Volume (MT)	Price (Rs/MT)	Volume (MT)	Price (Rs/MT)
Related Party	39.35	89.58	43.98	66.60	54.54	53.12
Un-related parties	60.65	106.76	58.88	77.19	76.69	61.91
Total	100.00	100.00	102.86	72.66	131.23	58.26

Source: the Applicant

Final Determination of the Anti-Dumping Investigation on Dumped Imports of Phthalic Anhydride into Pakistan Originating in and/or Exported from the Russian Federation

Note: For the purpose of confidentiality, the actual figures have been indexed with respect total quantity and total price of the sales of the Applicant in 2013-14 by taking it as equal to 100.

28.3 Analysis of the above table shows that the Applicant sold significant volume i.e. 39.35 percent, 42.76 percent and 41.56 percent to its related party during the years 2013-14, 2014-15 and 2015-16 respectively. Further, its price to the related party was also significantly lower than the weighted average price of un-related sales. Sales price to the Applicant's related party was lower than the weighted average price of unrelated sales by 16.09 percent, 13.72 percent and 14.19 percent in the years 2013-14, 2014-15 and 2015-16 respectively.

28.4 Keeping in view the above information the Commission has decided to assess price effects on the basis of prices of the domestic like product charged by the Applicant from its unrelated parties during the POI in accordance with Section 15(2) of the Act which requires to assess the effect of dumped imports in domestic market.

28.5 Price undercutting

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

**Table-VI
Calculation of Price Undercutting**

Period	Average Domestic Price	Average Landed Cost of Dumped Imports	Price Undercutting (%)
2013-14	100.00	88.84	11.16
2014-15	72.30	73.33	---
2015-16	57.99	50.24	7.75

Source: the Applicant and PRAL Year is from July to June.

Note: For the purpose of confidentiality, the actual figures have been indexed with respect to average price of the domestic industry in year 2013-14 by taking it as equal to 100

28.5.2 The information provided in the above table shows that the weighted average landed cost of the investigated product imported from Russia was lower than ex-factory price of the domestic like product during the years 2013-14 and 2015-16. Resultantly, the investigated product undercut prices of the domestic like product at the rate of 11.16 percent and 7.75 percent in 2013-14 and 2015-16 respectively. The price undercutting in the years 2013-14 and 2014-15 seems to be resulting from exorbitant profit in open market during the years.

28.6 Price Depression

28.6.1 The weighted average ex-factory price of the domestic like product for the POI is given in the following table:

Final Determination of the Anti-Dumping Investigation on Dumped Imports of Phthalic Anhydride into Pakistan Originating in and/or Exported from the Russian Federation

**Table-VII
Ex-factory Price**

Year	Price of domestic like product	Price Depression
2013-14	100.00	
2014-15	72.30	27.70
2015-16	57.99	14.31

Source: the Applicant Year is from July to June

Note: For the purpose of confidentiality, the actual figures have been indexed with respect to price of the domestic industry in year 2013-14 by taking it as equal to 100

28.6.2 The above table shows that ex-factory sales price of the domestic like product decreased during the POI. Thus, there is a price depression during the POI. However, investigation has shown that this decline in prices of the domestic like product was mainly due to decline in cost of production of the domestic like product (paragraph 28.7 infra).

28.7 Price Suppression

28.7.1 Information/data on weighted average cost to make and sell and ex-factory price of the domestic like product during the POI is given in the following table:

**Table-VIII
Cost to Make and Sell and Ex-factory Price of the Domestic Like Product**

Period	Average Cost to Make & Sell	Domestic Average Price	Increase/ (Decrease) in Average Cost to Make and Sell	Increase/ (Decrease) in Average Domestic Price	Price Suppression
2013-14	87.10	100.00			----
2014-15	69.08	72.30	(18.01)	(27.70)	----
2015-16	51.77	57.99	(17.32)	(14.31)	----

Source: the Applicant Year is from July to June

Note: For the purpose of confidentiality, the actual figures have been indexed with respect to domestic average price of the domestic industry in year 2013-14 by taking it as equal to 100.

28.7.2 The above table shows that the domestic industry did not experience price suppression during the POI for injury.

29. Effects on Market Share

29.1 The total domestic market of PA in Pakistan is comprised of sales by the domestic industry and imports. Total size of the market is established by combining sales of domestic like product by the domestic industry, imports of the investigated product from Russia and imports of PA from other sources. Following table shows the market share of each source of supply during the POI:

Final Determination of the Anti-Dumping Investigation on Dumped Imports of Phthalic Anhydride into Pakistan Originating in and/or Exported from the Russian Federation

**Table-IX
Market Share**

Period	Volume of Sales of domestic industry	Volume of Dumped Imports from Russia	Volume of Other Imports	Total Domestic Market (sales of local industry plus all imports)
2013-14	90.81	4.98	4.21	100.00
2014-15	89.78	18.17	4.38	112.33
2015-16	113.20	32.25	8.04	153.49

Source: the Applicant and PRAL Year is from July to June

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

29.2 The above table shows that the domestic market of PA expanded by 12.33 percent and 36.64 percent in the year 2014-15 and 2015-16 respectively. It is evident from the table above that share of dumped imports and other imports increased whereas share of domestic industry decreased during the POI for injury, mainly due to significant increase in total domestic market and the gap between the domestic demand and the capacity of the domestic industry. The domestic industry achieved highest capacity utilization of ***% in three years. The name plate capacity of domestic industry is *** MT and domestic demand is *** MT reflecting a gap of *** MT. There is a difference of *** MT between domestic demand and highest capacity utilization achieved during the three years of POI.

30. Effects on Sales

30.1 Sales of the domestic like product during the POI are given in the following table:

**Table-X
Sales of the Applicant**

Year	Sales of the Applicant
2013-14	100.00
2014-15	98.86
2015-16	124.65

Source: the Applicant Year is from July to June

Note: For the purpose of confidentiality, the actual figures have been indexed with respect to sales of domestic industry in year 2013-14 by taking it as equal to 100.

30.2 The above table shows that the sales of the domestic like product remained at the same level during the years 2013-14 and 2014-15. However, sales increased significantly by 26.08 percent during the year 2015-16 as compared to the year 2014-15. The domestic industry was able to increase its sales in an expanding market.

31. Effects on Production and Capacity Utilization

31.1 The installed capacity, quantity produced and the capacity utilization of the domestic industry during the POI are provided in following table:

Final Determination of the Anti-Dumping Investigation on Dumped Imports of Phthalic Anhydride into Pakistan Originating in and/or Exported from the Russian Federation

**Table-XI
Installed Capacity and Capacity Utilization**

Year*	Capacity Utilization (%)
2013-14	64.57
2014-15	65.35
2015-16	83.65

Source: the Applicant Year is from July to June

31.2 The installed capacity of applicant unit remained the same over three years. The above table shows that the production by the Applicant increased during 2015 as compared to 2014. Production of the Applicant further increased during the year 2016.

32. Effects on Inventories

32.1 Data for opening and closing inventories for the domestic like product for the POI is given in the following table:-

**Table-XII
Inventories**

Period	Opening inventory	Production	Sales		Internal Consumption	Closing Inventory
			Domestic	Export		
2013-14	4.13	100.00	75.71	2.12	25.23	1.06
2014-15	1.06	101.20	77.87	0.53	23.49	0.37
2015-16	0.37	129.56	99.35	1.17	27.95	1.46

Source: the Applicant Year is from July to June

Note: For the purpose of confidentiality, the actual figures have been indexed with respect to production of the domestic industry in year 2013-14 by taking it as equal to 100

32.2 The above table shows that closing inventory of the Applicant increased during the POI for dumping and last year of POI for injury but it remained significantly lower than the opening inventory of the year 2013-14.

33. Effects on Profit/Loss

33.1 One of the interested parties (Nimir Resins Ltd.) alleged that the Applicant is selling PA to its related party at considerably lower price. Further, the Applicant is itself using considerable quantity of its own production of PA for production of DOP, which is transferred to DOP at cost of production. Therefore, Nimir Resins Ltd. has requested the Commission to determine profits for PA on the basis of the difference between the weighted average price charged by the Applicant from un-related parties and cost to make and sell for all sales including the in-house consumption. To assess this issue the Commission has analysed sales pattern and sales price of the Applicant during the POI and found that the prices charged by the Applicant from its related company were considerably lower than the prices charged from un-related parties. Further, the prices charged from the related company did not cover cost to make and sell. Following table shows prices charged by the Applicant from related and unrelated parties and its cost to make and sell during the POI:

Final Determination of the Anti-Dumping Investigation on Dumped Imports of Phthalic Anhydride into Pakistan Originating in and/or Exported from the Russian Federation

**Table-XIII
Sales Price and Cost to Make & Sell of the Applicant**

Sales to:	2013-14		2014-15		2015-16	
	Cost to make&sell	Price (Rs/MT)	Cost to make&sell	Price (Rs/MT)	Cost to make&sell	Price (Rs/MT)
Related Party	100.00	96.34	79.32	71.62	59.43	57.13
Un-related parties		114.81		83.01		66.58
Total		107.54		78.14		62.65

Source: the Applicant

Note: For the purpose of confidentiality, the actual figures have been indexed with respect to cost to make & sell of domestic like product of the domestic industry in year 2013-14 by taking it as equal to 100

33.2 As regards profits on PA used by the Applicant itself for production of DOP, the Commission is of the view that this is generally accepted practice in reporting standards that such transfer/sale is recorded at cost of production. Therefore, the Commission did not agree with stance of M/s Nimir Resins that internal consumption of PA should also be assessed on the basis of market price for the purposes of determination of profits of the Applicant.

33.3 Keeping in view the above information and analysis profits of the Applicant on sales of PA in this final determination are determined on the basis of the difference between the weighted average price charged by the Applicant from un-related parties and cost to make & sell for all sales including the sales to the related company. Further, to determine total profits of the Applicant on production and sales of PA the net profits of MA are also added up into the profits of PA as the MA is its by-product. The profit/(Loss) position of domestic like product during the POI, worked out on the above mentioned basis is provided below:

**Table-XIV
Profit/(Loss) Position for PA**

Year*	Profit/(Loss)
2013-14	100.00
2014-15	38.56
2015-16	63.05

Source: the Applicant Year is from July to June

Note: For the purpose of confidentiality, the actual figures have been indexed with respect to profit/loss of domestic industry in year 2013-14 by taking it as equal to 100

33.2 It appears from the above table that the Applicant's profits declined in year 2014-15. However, the Applicant's profits increased in year 2015-16.

34. Effects on Cash Flow

34.1 The Applicant is a multi-product company and the cash flows cannot be determined separately for different products, as number of factors of cash flows are combine for all products.

Final Determination of the Anti-Dumping Investigation on Dumped Imports of Phthalic Anhydride into Pakistan Originating in and/or Exported from the Russian Federation

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

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

34.3 Keeping in view Section 17(2) of the Act, the effects on cash flows are assessed for entire operations of the Applicant. Therefore, Applicant's total cash flows for the POI are provided in the following table:

Table-XV
Operating Cash Flow

Year	Cash flow
2013-14	100.00
2014-15	(10.37)
2015-16	115.51

Source: The Applicant Year is from July to June

Note: For the purpose of confidentiality, the actual figures have been indexed with respect to cash flow of domestic industry in year 2013-14 by taking it as equal to 100

34.2 The above table shows that the cash flows of the Applicant decreased during the year 2014-15. However, cash flows of the Applicant increased during the period 2015-16.

35. Effects on Employment, Productivity and Salaries & Wages

35.1 The Applicant's employment, production, productivity and the salaries and wages paid during the POI for its PA business are given in following table:-

Table-XVI
Employment, productivity and wages

Year	Number of Employees	Salaries & Wages	Domestic Production	Productivity Per Worker	Salaries and Wages Per MT
2013-14	100	100	100	100	100
2014-15	93	114	101	109	113
2015-16	91	133	130	142	103

Source: The Applicant Year is from July to June

For the purpose of confidentiality, the actual figures have been indexed with respect to respective figures of the domestic industry in year 2013-14 by taking it as equal to 100

Final Determination of the Anti-Dumping Investigation on Dumped Imports of Phthalic Anhydride into Pakistan Originating in and/or Exported from the Russian Federation

35.2 The above table shows that the employment in the domestic industry decreased during the POI. However, productivity per worker increased in the year 2014-15 and 2015-16 as compared to the productivity in the year 2013-14. Salaries and wages per MT decreased during the year 2015-16.

36. Effects on Return on Investment

Facts

36.1 As stated earlier that the Applicant is a multi-product company, therefore investment and return on investment cannot be determined separately for different products as investment (equity/loans) is made for entire company. Based on the total profits (before tax) and net assets of the Applicants, return on investment is determined, which is provided in the following table:

**Table-XVII
Return on Investment**

Year*	Return on Investment (%)
2013	7.76
2014	10.19
2015	7.85
2016**	5.62

Source: the Applicant

* Year is from 1st Jan to December 30 ** For the period 1st Jan to 30th June

36.2 The above table shows that the return on investment remained positive during the POI for injury. However, the return on investment decreased during the POI for injury.

37. Ability to Raise Capital

In application, the Applicant has stated, "In the presence of continued losses by the domestic industry, its ability to raise investment has definitely been eroded. It is also a known fact that the losses are mainly due to continued dumping from various sources. At present, anti-dumping duties are levied on India, Brazil, China, Indonesia, South Korea, Taiwan, Italian Republic, Islamic Republic of Iran and Kingdom of Thailand, but lately Russia has started dumping from 2013-14 onwards. In order to provide protection to the domestic industry against unfair trade practices of foreign producers/exporters, the Commission is requested to impose anti-dumping duty on dumped imports from Russia, to avoid further losses to the domestic industry." However, the Applicant has not provided any evidence in this regard. Analysis of the Commission showed that the Applicant is not incurring losses on the manufacturing and sales of domestic like product. Further, its profits/profitability has increased during the POI for dumping.

Final Determination of the Anti-Dumping Investigation on Dumped Imports of Phthalic Anhydride into Pakistan Originating in and/or Exported from the Russian Federation

38. Effect on Growth

Investigation of the Commission has revealed that the domestic demand of PA has increased significantly during the POI, however, there is no new investment in the domestic industry.

39. Summing up of Material Injury and Effects of Dumped Imports

39.1 It appears from the fore-going information and analysis that despite increase in volume of dumped imports and price undercutting, the domestic industry was able to increase its sales and profits during the POI, which clearly reveal that the domestic industry had to face the increased volume of dumped imports and decrease in the market share because of capacity constraints. The domestic demand in the year 2015-16 increased by 36.64% which the domestic industry was not capable to meet. Besides there is no consequential impact on the domestic producers as required by the Section 15(1)(c) and Section 17 of the Act. It may be noted that injury to the domestic industry in terms of Section 15(1) is composed of all three elements noted as (a), (b) and (c). Absence of consequential impact on domestic producers shall not construe **material injury** to the domestic industry.

39.2 It was noted by the Commission that the Applicant is selling a major portion of the domestic like product to its related party at a price which does not even cover its cost to make and sell. The Commission is of the view that this practice of the domestic industry is a major source of injury. In case a major portion of the sales of domestic like product is sold to related party at a fair price (which covers cost to make and sell and reasonable profit), the state of domestic industry must have been quite better as depicted in Table No. XIV.

D. CONCLUSIONS

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

- i. the application was filed by the domestic industry as the Applicants represent 100% of the domestic production of the domestic like product.
- ii. the investigated product and the domestic like product are like products;
- iii. the volume of dumped imports of the investigated product and the dumping margins established for the exporters/producers of the investigated product from the Russia are above the negligible and *de minimis* levels respectively.
- iv. the domestic industry did not suffer material injury during the POI;

Final Determination of the Anti-Dumping Investigation on Dumped Imports of Phthalic Anhydride into Pakistan Originating in and/or Exported from the Russian Federation

E. NON-IMPOSITION OF DEFINITIVE ANTI-DUMPING DUTY

41. In view of the analysis and conclusions with regard to dumping and material injury, the Commission has decided to conclude this investigation without imposition of measures under Section 42 of the Act.

(Abdul Khaliq)
Member
December 14, 2017

(Robina Athar)
Member
December 14, 2017

(Tippu Sultan)
Member
December 14, 2017

(Qasim M. Niaz)
Chairman
December 14, 2017

Final Determination of the Anti-Dumping Investigation on Dumped Imports of Phthalic Anhydride into Pakistan Originating in and/or Exported from the Russian Federation

Annex-I

The comments received of the interested parties in this investigation and germane to this investigation under the Act are reproduced in Column A below and the Commission's response thereto are set out in Column B in the following table:

Column-A	Column-B
<p>Observations of the Ministry of Industry and Trade of the Russian Federation violation of Article 6.5.1 of the Anti-Dumping Agreement the non-confidential versions of the Petition was submitted in the form which does not allow the Ministry of Industry and Trade of the Russian Federation to evaluate the objectivity and reliability of the information set forth in the confidential form and used as a ground for initiation of the investigation.</p>	<p>The Applicant followed the relevant provisions of Section 31 of the Act which deal with the confidentiality. Wherever certain information was claimed confidential, non-confidential summaries permitting a reasonable understanding of the substance of the information submitted in confidence were provided. However in exceptional circumstances non-confidential version for certain information was not provided where such information was not susceptible to summarization. This exception is also provided for in Section 31 (6) of the Act.</p>
<p>Information regarding export price, normal cost and dumping margin calculation methodology was presented in a form which does not allow the Ministry of Industry and Trade of the Russian Federation to evaluate that the Product was exported from Russia into Pakistan at dumped price within the meaning of Article 2 of the Anti-Dumping Agreement. At the same time, the information submitted in the Petition allows the Ministry of Industry and Trade of the Russian Federation to make a clear and unambiguous conclusion that a methodology for dumping margin calculation does not comply with requirements of the Anti-Dumping Agreement since the Commission used a constructed normal value of the Product exported from Russian Federation without sufficient grounds.</p>	<p>The domestic industry has worked out Export Price on the basis of import data of Pakistan Revenue Automation Limited. Normal value has been constructed in accordance with Section 6(1)(b) of the Act. The domestic industry stated that prices of Phthalic Anhydride (PA) in Russia are not available as PA is an industrial product. However, Ministry of Industry and Trade of the Russian Federation have the published prices of PA in Russia; it might have provided the same to the Commission during investigation. The Commission has done its own analysis on constructed normal value and export price provided by the domestic industry and made necessary adjustments for the purposes of making this preliminary determination. Dumping margin has been calculated on the basis of difference between the normal value and the weighted average export price of imports</p>

Final Determination of the Anti-Dumping Investigation on Dumped Imports of Phthalic Anhydride into Pakistan Originating in and/or Exported from the Russian Federation

	from Russia during the dumping period of investigation (POI).
The Petition lacks any proofs evidencing that the Product exported from the Russian Federation is comparable to Phthalic Anhydride manufactured in to Pakistan within the meaning of Article 2.6 of the Anti-Dumping Agreement.	The Commission has determined that imports of PA from Russia and the PA produced by the domestic industry are like products (please see Para 9.5 of the report).
Ministry of Industry and Trade of the Russian Federation believes that the present investigation was initiated in violation of Article 3.4 of the Anti-Dumping Agreement which stipulated that examination of the impact of the dumped imports on the domestic industry concerned shall include and evaluation of the relevant economic factors and indices having a bearing on the state of the industry, including actual and potential decline in sales, profits, output, market share, productivity, return on investment, or utilization of capacity; factors affecting domestic prices; the magnitude of the margin of dumping; actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital or investments, etc.	The Commission initiated the investigation in accordance with provision of Section 23 of the Act.
30% of a product manufactured by the Petitioner are consumed by the Petitioner himself for internal needs, thus cannot be regarded as merchandise intended for external sales. For instance, sales of Phthalic Anhydride product during the period from July 2013 to June 2016. In this regard, we would like to ask the Commission to address the above mentioned information while conducting the present investigation.	The Commission has considered this issue while making preliminary and final determinations.
Comments of Nimir Resin Limited Maleic Anhydride (MA) is a by-product produced by NCPL. It has higher value than PA and it is made without any raw material cost. So its sale price becomes the profit for the company. Therefore, the value of MA should be included in calculating profitability of PA.	While calculating the profit of PA, profit of MA has been added to profit of PA.
Energy cost is not charged to PA as it is self-sustained in energy.	Energy required only for the production of PA has been attributed to it.

Final Determination of the Anti-Dumping Investigation on Dumped Imports of Phthalic Anhydride into Pakistan Originating in and/or Exported from the Russian Federation

Fixed cost is charged on the basis of volume sold.	Selling, General, Administrative and Financial expenses have been allocated on the basis of sales revenue of each product.
Credit of PA consumed in-house in DOP is given on selling price of PA.	PA has been transferred to DOP at its cost of production minus packing cost.
Selling prices of PA charged to ATS synthetics should be in line with the average selling price of PA charged to other customers.	Selling prices of PA to major customers have been analyzed for the POI of injury. It was found that price to ATS synthetics is lower than price charged from other customers. Therefore, determination of price effects and profits, has been based on the prices to unrelated customers in domestic market.
Comments of Qaiser LG Petrochemicals (Pvt.) Ltd Whenever we ask Nimir to offer us Phthalic Anhydride, they either says they do not have material available or offer us higher price from international market of Phthalic Anhydride. So that we remain uncompetitive in D.O.P.	As per the information gathered during on-the-spot verification, the Applicant sold domestic like product to Qaiser LG Petrochemicals (Pvt.) Ltd during the POI.
Nimir is importing Ortho Xylene at 3%, while the duty on Phthalic Anhydride is 11%, so they have protection of 8%, which is more than enough. With this 8% protection Nimir is producing D.O.P from Phthalic Anhydride and dumping D.O.P in the local market.	The matter is not relevant to the anti-dumping investigation.
There is no injury to domestic industry as Nimir Chemical Pakistan is a profitable company and most of the profit is coming from Phthalic Anhydride business, as Nimir Chemical Pakistan Limited Phthalic Anhydride volumes are almost double than D.O.P volumes and alos they have monopoly in Phthalic Anhydride, while in D.O.P there are many players and have competition.	The investigation of the Commission has revealed that the domestic industry manufacturing PA did not suffer material injury due to dumped imports of the investigated product. Please refer Section C of the report.
We are now importing Phthalic Anhydride from Russia and if antidumping duty is imposed our downstream D.O.P industry will suffer unsustainable losses and our utilization of capacity will even be lower than present level as M/s Nimir using their own Phthalic Anhydride will have absolute monopoly.	No comments.