

(NON-CONFIDENTIAL)



**Government of Pakistan
National Tariff Commission**

Report

On

**Preliminary Determination and Levy of Provisional
Anti-Dumping Duties on Dumped Imports of Cold
Rolled Coils/Sheets/Strips into Pakistan Originating in
and/or Exported from Canada and the Russian Federation**

**ADC NO 55/2019/NTC/CRC
September 18, 2019**

The National Tariff Commission (the "Commission") having regard to the Anti-Dumping Duties Act, 2015 (the "Act"), the Anti-Dumping Duties Rules, 2001 (the "Rules") and the WTO's Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (the "Antidumping Agreement").

2. The Commission is responsible for conducting anti-dumping investigations for determination of dumping of the imported products, injury to the domestic industry and imposition of anti-dumping duty to offset injurious impact of dumped imports on domestic industry and to ensure fair competition thereof.

3. The Commission is conducting an investigation on alleged dumped imports of cold-rolled (cold-reduced) flat-rolled products of iron or non-alloy steel, coils, sheets and strips of a thickness ranging from 0.15 mm to 3.00 mm into Pakistan originating in and/or exported from Canada and the Russian Federation (the "Exporting Countries"), under the Act and the Rules. The Commission has made preliminary determination in this investigation under Section 37 of the Act. This report on preliminary determination has been issued in accordance with Rule 10 of the Rules.

4. In terms of Section 37 of the Act, the Commission shall make a preliminary determination of dumping and injury, if any, not earlier than sixty days and not later than one hundred and eighty days, after initiation of an investigation. Such preliminary determination shall be based on the information available to the Commission at that time. This investigation was initiated on May 11, 2019. The preliminary determination is based on the information available to the Commission at this time.

A. PROCEDURE

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

6. Receipt of Application

6.1 On March 29, 2019, the Commission received a written application under Section 20 and 24 of the Act from Aisha Steel Mills Limited, Karachi and International Steel Limited, Karachi (the "Applicants"). The Applicants are producers of cold-rolled (cold-reduced) flat-rolled products of iron or non-alloy steel, coils, sheets and strips of a thickness ranging from 0.15 mm to 3.00 mm ("CR Coils/Sheets/Strips"). The Applicants have alleged that CR Coils/Sheets/ Strips originating in and/or exported from the Exporting Countries are being dumped into Pakistan, which have caused and are causing material injury to the domestic industry producing CR Coils/Sheets/Strips.

6.2 The Commission informed Embassies of Canada and the Russian Federation in Islamabad through note verbal dated April 01, 2019 of the receipt of application in accordance with the requirements of Section 21 of the Act.

7. Evaluation and Examination of the Application

Examination of the application showed that it met requirements of Section 20 of the Act as it contained sufficient evidence of dumping of CR Coils/Sheets/Strips 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.

8. The Domestic Industry

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

“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.

8.2 The domestic industry producing CR Coils/Sheets/Strips consists of following four units and its installed production capacity was 1,480,000 MT during the period from 1st January to 31st December 2018. Aisha Steel Mills Limited has installed a new plant of a capacity of 230,000 MT per annum, operational since in May, 2019. Thus, currently total installed production capacity of the domestic industry is 1,710,000 MT per annum. However, Pakistan Steel Mills Ltd. is not in operation since 2015:

- i. Aisha Steel Mills Limited (“ASL”), Karachi;
- ii. International Steel Limited (“ISL”), Karachi;
- iii. AHN Steel Pvt. Limited, Lahore; and
- iv. Pakistan Steel Mills Limited, Karachi.

8.3 Following table shows unit-wise installed capacity of the domestic industry:

Table-I
Unit-wise Installed Production Capacity (MT)

S. No.	Unit Name	Installed Capacity*
i.	Aisha Steel Mills Limited**	450,000
ii.	International Steel Limited ***	1,000,000
iii.	AHN Steel Limited	50,000
iv.	Pakistan Steel Mills Limited	210,000
v.	Total	1,710,000

* Installed capacity is determined on the basis of CR coils of 0.5/0.6 mm thickness on triple shift basis

** Installed capacity of ASL increased from 220,000 MT to 450,000 MT in May 2019

*** Installed capacity of ISL increased in 2018 from 500,000 MT to 1,000,000 MT

Sources: the Applicants and AHN Steel Pvt. Ltd.

9. **Standing of the Application**

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

“.... an application shall be considered to have been made by or on behalf of the domestic industry only if it is supported by those domestic producers whose collective output constitutes more than fifty percent of the total production of a domestic like product produced by that portion of the domestic industry expressing either support for or opposition to the application.”

9.2 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.”

9.3 The application has been filed by the Applicants, which are the major producers of CR Coils/Sheets/Strips in Pakistan. The Applicants produced 396,333 MT of CR Coils/ Sheets/ Strips out of total production of 404,333 MT which is 98.02 percent of the total domestic production of CR Coils/Sheets/Strips from January 01 to December 31, 2018. The other unit in operation (AHN Steel Pvt. Limited) is a minor unit whereas the fourth unit in the industry, i.e. Pakistan Steel Mills Ltd. is not in operation since 2015. The following table shows standing of the application as per Section 24 of the Act:

**Table-II
Standing of the Application**

S. No	Unit Name	% share in total production	Status
i.	Aisha Steel Mills Limited	48.09	Applicant
ii.	International Steel Limited	49.97	Applicant
iii.	AHN Steel Pvt. Limited	1.94	Indifferent
	Total	100.00	

Source: the Applicants and AHN Steel Pvt. Ltd.

9.4 None of the domestic producers have opposed the application. The application is made by the domestic producers who account for 98.02 percent of the total production of the domestic like product. Thus, the application fulfills both requirements of Section 24 of the Act (paragraphs 9.1 and 9.2 supra). Therefore, it is determined that the application is made by the domestic industry.

10. **Applicants' Views**

10.1 The Applicants, *inter alia*, raised the following issues in application regarding alleged dumping of CR Coils/Sheets/Strips and material injury to the domestic industry caused therefrom:

- i. CR Coils/Sheets/Strips imported from the Exporting Countries into Pakistan and CR Coils/Sheets/Strips produced in Pakistan by the domestic industry are like products;
- ii. Exporters/producers from the Exporting Countries are exporting CR Coils/ Sheets/ Strips to Pakistan at dumped prices; and
- iii. Exports of CR Coils/Sheets/Strips 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 CR Coils/ Sheets/ Strips mainly through:
 - (a) Increase in volume of dumped imports;
 - (b) price undercutting;
 - (c) price suppression;
 - (d) decline in productivity;
 - (e) decline in capacity utilization;
 - (f) decline in sales;
 - (g) decline in profits;
 - (h) decline in return on investment;
 - (i) negative effect on inventories;
 - (j) negative effect on cash flows;
 - (k) magnitude of dumping margins

10.2 The Applicants has also claimed that there is threat of material injury to the domestic industry.

10.3 The Applicants had made following requests to the Commission:

- i. Initiate an investigation on dumping of CR Coils/Sheets/Strips from the Exporting Countries under Section 23 of the Act;
- ii. Impose appropriate antidumping duties on dumped imports of CR Coils/ Sheets/ Strips in accordance with Section 50 of the Act; and
- iii. Impose provisional measures under Section 43 of the Act to prevent injury being caused during the investigation.

11. Anti-dumping Duties In-place on Dumped Imports of CR Coils/Sheets/Strips:

On request of M/s Aisha Steel Mills Limited, Karachi, the Commission initiated an investigation on July 16, 2015 on alleged dumping of CR Coils/Sheets/Strips from the People's Republic of China and Ukraine. The Commission made final determination in that investigation on January 19, 2017 and imposed following antidumping duties for a period of five years with effect from January 13, 2016:

**Table-III
Anti-dumping Duties in Place**

Country	Country/Exporter/Foreign Producer	Antidumping Duty Rate (%)
China	Shougang Casey Steel Company Limited	19.04
	Shougang Jingtang United Iron & Steel Company Limited	19.04
	Beijing Shougang Cold Rolling Company Limited	16.27
	Handan Iron & Steel Group Han-Bao Company Limited	13.17
	Maanshan Iron & Steel Company Limited	19.04
	All others	19.04
Ukraine	Zaporizhstal Integrated Iron-and-Steel Works	18.92
	Ilyich Iron and Steel Works of Mariupol	18.36
	All others	18.92

12. Exporters/ Producers of CR Coils/Sheets/Strips from the Exporting Countries

In application, the Applicants have identified 25 exporters/producers involved in alleged dumping of the investigated product from the Exporting Countries. The Applicants have also stated that there may be other exporters/producers of CR Coils/ Sheets/ Strips in the Exporting Countries, which are not known to them. Therefore, the Applicants have requested for imposition of antidumping duties on all imports of CR Coils/Sheets/Strips originating in and/or exported from the Exporting Countries.

13. Initiation of Investigation

13.1 The Commission examined accuracy and adequacy of the evidence and information provided in the application in accordance with Section 23 of the Act, and established that there was sufficient evidence of alleged dumping of CR Coils/Sheets/ Strips into Pakistan from exporting countries and consequent alleged material injury to the domestic industry. Therefore, the Commission decided to initiate an investigation in this case on May 09, 2019.

13.2 The Commission issued a notice of initiation in accordance with Section 27 of the Act, which was published in the Official Gazette¹ of Pakistan and in two widely circulated national newspapers² (one in English language and one in Urdu Language) on May 11, 2019. Investigation concerning alleged dumped imports of CR Coils/ Sheets/Strips into Pakistan originating in and/or exported from the Exporting Countries was thus initiated on May 11, 2019 in accordance with Section 27(2) of the Act.

13.3 In pursuance of Section 27 of the Act the Commission notified Embassies of the Exporting Countries in Islamabad of initiation of the investigation (by sending a copy of the notice of initiation) on May 13, 2019 with a request to forward it to all exporters/ producers involved in production, sales and export of CR Coils/Sheets/Strips in the Exporting Countries. Copy of the notice of initiation was also sent to exporters/ producers directly (whose addresses were available with the Commission), Pakistani importers, the Applicants and other domestic producers on May 13-14, 2019.

13.4 In accordance with Section 28 of the Act copies of full text of the written application (non-confidential version) were sent on 13 and 14 May 2019 to all exporters/ producers, whose complete addresses were available with the Commission and to the Embassies of the Exporting Countries in Islamabad with a request to forward it to their respective exporters/ producers involved in production, sale and/or export of CR Coils/ Sheets/ Strips.

14. Investigated Product, Domestic Like Product and Like Product

14.1 Sub-sections (k), (e) and (m) of 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”.

¹ The official Gazette of Pakistan (Extraordinary) dated May 11, 2019.

² The daily 'Business Recorder' and 'Jang' of May 11, 2019 issues.

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”.

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

14.3 **Investigated Product:**

14.3.1 The investigated product is flat-rolled products of iron or non- alloy steel, cold rolled (cold- reduced), not clad, plated or coated (“CR Coils/Sheets/Strips”), of prime and secondary quality, of a thickness ranging from 0.15 mm to 3.00 mm, originating in and/or exported from the Exporting Countries to Pakistan (the “investigated product”). The investigated product is falling under Pakistan Customs Tariff (“PCT”) Nos. 7209.1510, 7209.1590, 7209.1610, 7209.1690, 7209.1710, 7209.1790, 7209.1810, 7209.1890, 7209.1891, 7209.1899, 7209.2510, 7209.2590, 7209.2610, 7209.2690, 7209.2710, 7209.2790, 7209.2810, 7209.2890 and 7211.2920.

14.3.2 The Investigated product is used for fabrication of steel products for construction, storage racks, automotive parts and bodies, railway coaches, highway products, transmission towers, transmission poles, pipes, household products, firearms, various types of equipment etc.

14.3.3 According to the Applicants CR Coils/Sheets/Strips that meet technical requirements, which are specified in the standards, are categorized as prime quality product and which do not meet technical requirements and specified criteria of the standards are termed as non-prime or secondary quality product, such as variation in specifications, chemical composition, deviation in mechanical properties i.e. tensile strength, yield strength, hardness surface imperfections, scratches, dents, cross break marks, rust, oxidation marks, wrinkles, metal sticking, damaged/torn/bent edges etc.

14.3.4 Tariff structure applicable on import of CR Coils/ Sheets/ Strips is given in the following table:

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**Table- IV
Tariff Structure**

PCT Heading	Description	Customs + Add. Duty		RD	FTAs/PTAs
		2018-19	2019-20		
Chapter 72	Iron and Steel				
72.09	Flat- rolled products of iron or non- alloy steel, of a width of 600mm or more, cold-rolled (cold-reduced), not clad, plated or coated.				
	- In coils, not further worked than cold-rolled (cold-reduced)				
	- - Of a thickness of 3mm or more;				
7209.1510	--- Of secondary quality	20+2	20+7	5	CN_16; MY=10; SAFTA=5; LK_FTA Conc. = 100%
7209.1590	--- Other	11+2	11+2	5	CN_5; MY=10; SAFTA=5; LK_FTA Conc. = 100%
	- - Of a thickness exceeding 1mm but less than 3mm				
7209.1610	--- Of secondary quality	20+2	20+7	5	CN_16; MY=10; SAFTA=5; LK_FTA Conc. = 100%
7209.1690	--- Others	11+2	11+2	5	CN_5; MY=10; SAFTA=5; LK_FTA Conc. = 100%
	- - Of a thickness of 0.5mm or more but not exceeding 1mm				
7209.1710	--- Of secondary quality	20+2	20+7	5	CN_16; MY=10; SAFTA=5; LK_FTA Conc. = 100%
7209.1790	--- Other	11+2	11+2	5	CN_5; MY=10; SAFTA=5; LK_FTA Conc. = 100%
	- - Of a thickness of less than 0.5mm				
7209.1810	--- Of secondary quality	20+2	20+7	5	CN_16; MY=10; SAFTA=5; LK_FTA Conc. = 100%
7209.1890	--- Other	11+2	11+2	5	CN_5; MY=10; SAFTA=5; LK_FTA Conc. = 100%
7209.1891	---- Tin mill black plate of thickness 0.30 mm or less	11+2	11+2	5	CN_5; MY=10; SAFTA=5; LK_FTA Conc. = 100%
7209.1899	--- Other	11+2	11+2	5	CN_5; MY=10; SAFTA=5; LK_FTA Conc. = 100%
	- Not in coils, not further worked than cold- rolled (cold-reduced)				
	- - Of a thickness of 3mm or more:				
7209.2510	--- Of secondary quality	20+2	20+7	5	CN_16; MY=10; SAFTA=5; LK_FTA Conc. = 100%
7209.2590	--- Other	11+2	11+2	5	CN_5; MY=10; SAFTA=5; LK_FTA Conc. = 100%
	- - Of a thickness exceeding 1mm but less than 3mm				
7209.2610	--- Of secondary quality	20+2	20+7	5	CN_16; MY=10; LK_FTA Conc. = 100%
7209.2690	--- Other	11+2	11+2	5	CN_5; MY=10; LK_FTA Conc. = 100%
	- - Of a thickness exceeding 0.5mm but not exceeding 1mm				
7209.2710	--- Of secondary quality	20+2	20+7	5	CN_16; MY=10; LK_FTA Conc. = 100%
7209.2790	--- Other	11+2	11+2	5	CN_5; MY=10; LK_FTA Conc. = 100%
	- - Of a thickness of less than 0.5 mm				
7209.2810	--- Of secondary quality	20+2	20+7	5	CN_16; MY=10; SAFTA=5; LK_FTA Conc. = 100%

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7209.2890	- - - Other	11+2	11+2	5	CN_5; MY=10; SAFTA=5; LK_FTA Conc. = 100%
	- Not further worked than cold-rolled (cold reduced)				
	- - Not containing by weight less than 0.25% of carbon				
7211.2920	- - - Cold rolled steel strips of thickness below 0.5mm and upto 100 mm wide	3+2	3+2	-	CN_5; MY=10; SAFTA=5; LK_FTA Conc. = 100%

Source: Pakistan Customs Tariff 2019-20

14.4 **Domestic Like Product**

14.4.1 Domestic like product means the like product that is produced by the domestic industry. The domestically produced product is flat-rolled products of iron or non- alloy steel, cold- rolled (cold- reduced), not clad, plated or coated (“CR Coils/Sheets/Strips”), of prime and secondary quality, of a thickness ranging from 0.15 mm to 3.00 mm (the “domestic like product”). The domestic like product is classified under PCT Nos. 7209.1510, 7209.1590, 7209.1610, 7209.1690, 7209.1710, 7209.1790, 7209.1810, 7209.1890, 7209.1891, 7209.1899, 7209.2510, 7209.2590, 7209.2610, 7209.2690, 7209.2710, 7209.2790, 7209.2810, 7209.2890 and 7211.2920.

14.4.2 The domestic like product is also used for fabrication of steel products for construction, storage racks, automotive parts and bodies, railway coaches, highway products, transmission towers, transmission poles, pipes, household products, firearms, various types of equipment etc.

14.5 **Like Products:**

14.5.1 In terms of Section 2(m) of the Act, like product means a product, which is alike to an investigated product in all respects 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.

14.5.2 For the purposes of determination of dumping of the investigated product the like product is CR coils/sheets/strips produced and sold by the exporters/producers of the Exporting Countries in their domestic market as well as exported to the countries other than Pakistan. For the purposes of determination of injury to the domestic industry the like product is CR coils/sheets/strips imported into Pakistan from countries other than the Exporting Countries.

14.5.3 There is no difference between the investigated product, the domestic like product and the CR coils/sheets/strips imported from sources other than the Exporting Countries as all the three products are:

- i. produced with same/similar inputs and manufacturing process;
- ii. have same/similar appearance;

iii. are substitutable in use and application.

14.5.4 Therefore, the Commission is satisfied that the investigated product, domestic like product and CR coils/sheets/strips imported from sources other than the Exporting Countries are like products.

15. Period of Investigation

15.1 In terms of Section 36 of the Act, Period of Investigation ("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".*

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

For determination of dumping:	From January 01, 2018 to December 31, 2018
For determination of injury:	From January 01, 2016 to December 31, 2018

16. Information/Data Gathering

16.1 The Commission sent questionnaires on 13 May 2019 to the Embassies of the Exporting Countries in Islamabad with a request to forward it to all exporters/ producers of the investigated product in their respective country. Exporter's questionnaire was also sent directly to exporters/ producers based in the Exporting Countries whose addresses were available to the Commission on 13-14 May 2019 for collection of data and information necessary for this investigation. The exporters/ producers were asked to supply information within 37 days of the dispatch of questionnaire. However, none of the exporters/ producers from the Exporting Countries responded to the Commission and did not provide requisite information within stipulated time period. Therefore, reminders were issued to the exporters/foreign producers on July 04, 2019 explaining that, if no response of the questionnaire is submitted by the exporters/ foreign producers, the Commission will be constrained to make preliminary and/or 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.

16.2 On May 14, 2019 questionnaires were 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. None of the Pakistani importer responded to the Commission for provision of the requisite information. On May 13, 2019 questionnaire was also sent to the other domestic producer i.e. AHN Steel Pvt., Ltd. for necessary information. However, AHN Steel Pvt., Ltd. did not respond to the Commission.

16.3 The Commission has access to the database of import statistics of Pakistan Revenue Automation Limited (“PRAL”), the data processing arm of the Federal Board of Revenue, Government of Pakistan. For the purpose of this preliminary determination the Commission has used import data obtained from PRAL in addition to the information provided by the Applicants and obtained from other publically available sources including the UK-based journal Metal Bulletin Research (“MBR”).

16.4 Interested parties were invited to offer their views/comments and submit information (if any) relevant to this investigation within 45 days of initiation of investigation. The Commission received written submissions/comments from the following parties:

- i. Ministry of Economic Development of the Russian Federation
- ii. Magnitogorsk iron & steel works (“MMK”), Russia

16.5 Views/comments and the information submitted by the above-mentioned interested parties have been considered in making this preliminary determination. Views/ comments of the interested parties germane to this investigation and response of the Commission are given in annotated form at Annexure-I.

16.5 Thus, the Commission has sought from all available sources the relevant data and information deemed necessary for the purposes of this investigation. Therefore, this preliminary determination is based on the information available to the Commission.

16.6 In terms of Rule 12 of the Rules, during the course of this investigation, the Commission satisfied itself as to the accuracy of information supplied by the interested parties to the extent possible.

17. Verification of the Information

17.1 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 to the accuracy of the information. Accordingly, the Commission has satisfied itself to the accuracy and adequacy of information and evidence supplied by the interested parties to the extent possible for the purposes of this preliminary determination.

17.2 In order to verify the information/data provided by the Applicants and to obtain further information (if any), officers of the Commission conducted on-the-spot investigations at offices and plants of the Applicants from June 17 to 21, 2019.

17.3 The reports of on the spot investigations/verifications conducted at premises of the Applicants were provided in full to the Applicants. Non-confidential versions of the on-the-spot investigations/verifications are made available to other interested parties by placing the same on the public.

18. 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 11.00 hours to 13.00 hours throughout the investigation (except public holidays). This file contains non-confidential versions of the application, responses to the questionnaires, submissions, notices, correspondence, and other documents for disclosure to the interested parties.

19. Confidentiality

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

19.2 The Applicants have requested to keep confidential the information, which is by nature confidential in terms of Section 31 of the Act. This information includes data relating to sales, sale prices, cost to make and sell, inventories, production, profit/(loss), return on investment, investment, salaries & wages, number of employees etc. In addition to this, the Applicants have also provided certain other information on confidential basis under Section 31(2)(c), as such information, e.g. export or import price and import volume of the investigated product, may lead to the disclosure of the by nature confidential information of the Applicants by way of reverse calculations. However, the Applicants have submitted non-confidential summaries of the confidential information in accordance with the Section 31(5) of the Act. Non-confidential summaries permit a reasonable understanding of the information submitted in the confidence.

19.3 Pursuant to requests made by the Applicants and other interested parties to treat certain information as confidential, 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.

19.4 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 non-confidential file (public file).

B. DETERMINATION OF DUMPING

20. Dumping

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

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

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 –

- “(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.”

22. Export Price

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”.*

23. Dumping Determination

As stated earlier (paragraph 16 supra) the Commission sent questionnaires to 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/ foreign producers of the investigated product to submit information to the Commission. However, the Commission did not receive information in response to the questionnaire from any of the exporter/ foreign producer of the investigated product in this investigation. Therefore, dumping of the investigated product in this preliminary determination is determined on the basis of best information available in accordance with Section 32 of the Act. Details of determination of normal value, export price and dumping margin are provided in the following paragraphs.

24. Determination of Normal Values for the Exporting Countries

24.1 The Commission has determined normal value for Russian Federation on the basis of domestic prices of CR Coils/ Sheets/Strips obtained from an online portal of the Metal Bulletin, www.metalbulletin.com, which is a paid site/subscription.

24.2 Russian domestic prices of CR Coils/Sheets/Strips are available at Metal Bulletin, whereas, Canadian domestic prices of CR Coils/Sheets/Strips are not available at Metal Bulletin. Domestic prices reported at Metal Bulletin for Russia are inclusive of value added tax ("VAT") and carriage. In order to arrive at ex-factory price level, VAT at the rate of 18 percent and carriage @ US\$ 10/MT have been deducted from the reported price. The evidence of 18 percent VAT is obtained from <http://taxsummaries.pwc.com>.

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

- i. The weighted average cost of raw material/input (hot rolled coils) of the Applicants is deflated by deducting the customs duties and incidental charges to reach at C&F/ international price of inputs.
- ii. The price of raw materials/inputs arrived at as per explanation given above is multiplied with the per unit consumption of the raw material to arrive at raw material cost per unit. Consumption of raw material per unit is based on the yearly average of the Applicants.
- iii. Factory overheads of the Applicants to produce one MT of CR Coils/ Sheets/ Strips have been multiplied by with electricity/fuel/gas rates prevailing in

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Canada to arrive at overheads cost in construction of normal value. Electricity/fuel/gas rates for Canada are obtained from the website www.tradingeconomics.com.

- iv. Selling, admin and financial expenses of the Applicants are adjusted in accordance with interest rates prevailing in Canada. Information on interest rates is obtained from the website www.tradingeconomics.com.
- v. Profit at the rate of 5 percent of the constructed cost to make and sell has been applied to reach at constructed normal value of the investigated product for Canada.

24.4 As the investigated product under Pakistan Customs is classified as “secondary quality” and “other” (paragraph 14.3.4 supra), therefore, normal values should also be determined for secondary quality and other or prime quality for like to like comparison with export price of the investigated product.

24.5 Prices reported at Metal Bulletin for Russian Federation and constructed normal value for Canada are for prime quality CR coils/sheets/strips. To reach at secondary quality prices, the prime quality prices/normal values are discounted with the same ratio that pertains to the import prices of prime and secondary CR coils/sheets/strips imported from Russian Federation during the POI for dumping. This difference works out 26.66 percent. Therefore, to determine normal value of the investigated product for the imports under “secondary quality” the respective prices/normal values are lowered by 26.66 percent.

24.6 Normal values of the investigated product for the Exporting Countries, determined on the fore-going basis, are provided in the following table:

**Table-V
Normal Values**

Russian Federation		Canada	
Description	Value	Description	Value
Market price	100.00	Raw materials cost	65.03
VAT	15.25	Factory overheads	6.12
Inland freight	1.29	Operating & financial costs	2.49
Ex-works price (Prime)	83.46	Profits	7.36
Ex-works price (Secondary)	60.87	Constructed value (prime)	81.00
		Constructed value (secondary)	59.40

Source: the Metal Bulletin and Commission’s working

* To maintain confidentiality actual prices have been indexed with respect to the Russian Federation’s market price of prime quality by taking it equal to 100.00

25. Determination of Export Prices of the Investigated Product

25.1 In terms of section 10 of the Act, export price shall be a price actually paid or

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payable for an investigated product when sold for export from an exporting country to Pakistan.

25.2 As stated earlier (paragraph 16 supra) none of the exporter/ producers from the Exporting Countries provided information in response to the questionnaire, therefore, export price has been worked out on the basis of the information/data obtained from PRAL on imports of the investigated product during the POI.

25.3 The data obtained from PRAL shows prices at C & F level. To reach at ex-factory level the C&F export prices are adjusted on account of ocean freight, inland freight, marine insurance and handling cost. In support of ocean freight, the Applicants have submitted a quotation obtained from a freight forwarding agency. The Commission had conducted an investigation in 2016 on CR coils/sheets/strips on imports from Ukraine and in that investigation some exporting producers provided necessary information. According to that information Inland freight and handling cost for exports to Pakistan was 4.73 percent of the C&F price. The same ratio is assumed for inland freight and handling cost to reach at ex-works export price for the investigated product in this investigation. Marine insurance cost is assumed to be one percent of the C&F price.

25.5 Based on the above information, export prices of the investigated product for the Exporting Countries during the POI are given in the following table.

**Table-VI
Export Prices**

Country	Canada*			Russian Federation*		
	Secondary	Other	Total	Secondary	Other	Total
C&F Price	62.06	--	62.06	58.92	80.34	78.54
Ocean freight	15.23	--	15.23	7.61	7.61	7.61
Inland freight and handling cost	2.93	--	2.93	2.79	3.80	3.71
Insurance	0.62	--	0.62	0.59	0.80	0.78
Adjusted price	43.27		43.27	47.94	68.12	66.43

Source: PRAL and the Applicant

* To maintain confidentiality actual prices have been indexed with respect to the Russian Federation's domestic market price of prime quality by taking it equal to 100.00

26. Dumping Margin

26.1 Section 2(f) of the Act defines dumping margin in relation to a product as *"the amount by which normal value exceeds its export price"*.

26.2 Section 12 of the Act provides three methods for fair comparison of normal value and export price in order to establish dumping margin. The Commission has calculated dumping margin by comparing normal value with export price at ex-factory level.

26.3 The Commission has also complied with the requirements of Section 11 of the

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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.

26.2 Taking into account the requirements of Section 11 of the Act, dumping margins for the Exporting Countries work out as follows:

**Table-VII
Dumping Margins**

Description	Canada			Russian Federation		
	Secondary	Prime	Total	Secondary	Prime	Total
Normal value	59.4	--	--	60.87	83.46	
Export price	43.27	--	--	47.94	68.12	66.43
Dumping margin	16.13			12.93	15.33	15.13
Dumping margin (%)	37.28%	--	37.28%	26.98%	22.51%	22.78%
Dumping margin % of C&F price	25.99%		25.99%	21.95%	19.09%	19.27%

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

27.1 In terms of Section 41(3) of the Act, dumping margin shall be considered to be negligible if it is less than two percent, expressed as a percentage of the export price. Dumping margins, set out in paragraph 26.2 supra, are above the *de minimis* level.

27.2 As regards the volume of dumped imports, Section 41(3) of the Act provides that the dumped 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 dumped imports of the investigated product and other imports of CR Coils/Sheets/Strips has been obtained from PRAL. Volume of dumped imports of the investigated product and the CR Coils/Sheets/Strips imported from other sources during the POI (January 01, 2018 to December 31, 2018) is given in the table below:

**Table-VII
Volume of Imports of CR Coils/Sheets/Strips**

Source of import	% of total imports
Canada	7.21
Russia	43.57
China	11.17
Ukraine	--
Other sources	38.05
Total	100.00

Source: PRAL

27.3 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.

C. INJURY TO THE DOMESTIC INDUSTRY

28. Determination of Injury

28.1 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...”*

28.2 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”.

28.3 The Commission has taken into account all factors in order to determine whether 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.

28.4 As stated earlier that there are four units in the domestic industry (paragraph 8 supra). Out of four, two major units are the Applicants in this case. The other unit in operation (AHN Steel Pvt. Limited) is a minor unit whereas the fourth unit in the industry, Pakistan Steel Mills Ltd. is not in operation since 2015. The third unit in operation i.e. AHN Steel Pvt. Limited was asked for necessary information, however, it did not respond. Therefore, analysis of the injury factors is based on the Applicants information. As the Applicants produced 98 percent of the total domestic production of CR Coils/ Sheets/ Strips during the POI, therefore the Applicants are considered as domestic industry for the purposes of this investigation.

29. Cumulation of Dumped Imports

29.1 Section 16 of the Act states that:

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

“(a) dumping margin in relation to an investigated product from each country is more than the negligible amount as specified...., 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”.

29.2 Dumping margin for each Exporting Country is more than the negligible amount (paragraph 26.2 supra). Further, the volume of dumped imports during the POI from each Exporting Country individually was also well above the negligible quantity (paragraph 27.2 supra).

29.3 Information obtained from PRAL showed that, during the POI, imports of the investigated product from Canada were of secondary quality only and from Russia both secondary quality and prime quality were imported. Landed cost of the secondary quality CR Coils/Sheets/Strips imported from Canada and Russia is in the same range. Therefore, there was a competition between dumped imports of the investigated product. Weighted average landed cost of the investigated product from the Exporting Countries during the POI for dumping is provided in the table below:

**Table-VIII
Landed Cost of Dumped Imports**

Description	Canada*		Russian Federation*	
	Secondary	Prime	Secondary	Prime
C&F price	77.25	--	73.34	100.00
Landed cost per MT**	14,125.39	--	13,411.51	17,007.81

Source: PRAL

* To maintain confidentiality, actual prices have been indexed with respect to the Russian Federation’s C&F price of prime quality by taking it equal to 100.00

** Landed cost= customs duty+additional duty+regulatory duty+sales tax+incidentals@2%

29.4 The information provided in the above table shows that there was a competition between dumped imports of the investigated product from the Exporting Countries during the POI.

29.5 The investigation has also revealed that there was a competition between investigated product and the domestic like product. Conditions of competition between imports of the investigated product and the domestic like product are discussed in detail in the following paragraphs.

29.6 For the reasons given above, the effects of dumped imports on the domestic industry have been cumulatively assessed in the following paragraphs:

30. Volume of Dumped Imports

30.1 In order to ascertain the increase in the volume of dumped imports of the investigated product, the Commission has obtained import data for the POI from PRAL.

30.2 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 volume of dumped imports, either in absolute terms or relative to the production of the domestic like product in Pakistan. The following table shows imports of the investigated product and production of domestic like product during the POI:

**Table-IX
Volume of Dumped Imports**

Year	Domestic production*	Imports* from:			Dumped imports as % of:	
		Dumped Sources	Other Sources	Total	Domestic production	Total imports
2016	100.00	42.35	65.68	108.02	42.35	39.20
2017	117.47	12.39	50.50	62.89	10.55	19.70
2018	109.50	41.52	40.24	81.76	37.92	50.78

Sources: PRAL & the Applicants

* To maintain confidentiality, actual figures have been indexed with respect to the volume of domestic production in the year 2016 by taking it equal to 100.00

30.3 It may be noted from the above table that the volume of dumped imports of the investigated product increased significantly in absolute during the year 2018, which is the POI for dumping. Dumped imports of the investigated product, which were 39.20 percent of total imports in the year 2016 declined to 19.70 percent of total imports in the year 2017 and increased to 50.78 percent of total imports in the year 2018.

30.4 Volume of dumped imports of the investigated product also increased significantly during the POI relative to production of the domestic like product. Dumped imports of the investigated product, which were 42.35 percent of the domestic production in the year 2016 declined to 10.55 percent of domestic production in the year

2017 and increased to 37.92 percent of domestic production in the year 2018.

30.5 On the basis of the above information and analysis the Commission has determined that the volume of dumped imports of the investigated product increased significantly during the POI for dumping.

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

31.1 Price Undercutting

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

**Table-X
Price Undercutting**

Year	Domestic like product's price*	Landed cost of dumped imports*	Price undercutting:	
			absolute	percentage
2016	100.00	82.06	17.94	17.94%
2017	138.08	124.27	13.81	10.00%
2018	170.79	162.43	8.36	4.90%

* To maintain confidentiality, actual figures have been indexed with respect to the domestic like product's price in the year 2016 by taking it equal to 100.00
Sources: The Applicants and PRAL

31.1.2 The information provided in the above table shows that the weighted average landed cost of the investigated product remained lower than the weighted average ex-factory price of the domestic like product throughout the POI. The landed cost of the investigated product under cut the prices of the domestic like product ranging from 4.90 percent to 17.94 percent during the POI.

31.2 Price Depression

31.2.1 Sales prices of the domestic like product during the POI are given in table below;

**Table-XI
Price Depression**

Year	Domestic like product's price*	Price Depression
2016	100.00	---
2017	138.08	---
2018	170.79	---

Source: The Applicants

* To maintain confidentiality, actual figures have been indexed with respect to the domestic like product's price in the year 2016 by taking it equal to 100.00

31.2.2 The above table shows that the domestic industry did not face price depression during the POI for injury.

31.3 Price Suppression

31.3.1 Weighted average cost to make & sell and ex-factory prices of the domestic like product for the PO are given in the following table:

**Table-XII
Price Suppression**

Year	Cost to make & sell of domestic like product*	Domestic like product's price*	Increase in domestic like product's:				Price suppression	
			Cost to make & sell		Price			
			Per MT	%	Per MT	%	Per MT	%
2016	91.67	100.00	--	--	--	--	--	--
2017	121.49	138.08	29.81	32.52	38.08	38.08	--	--
2018	159.31	170.79	37.83	31.14	32.71	23.69	9.02	3.00

Source: The Applicants

* To maintain confidentiality, actual figures have been indexed with respect to the domestic like product's price in the year 2016 by taking it equal to 100.00

31.3.2 The above table shows that average cost to make & sell of the domestic like product increased by 32.52 percent and 31.14 percent during the year 2017 and 2018 respectively. The sale price of the domestic industry increased by 38.08 percent and 23.69 percent during the years 2017 and 2018 respectively. Thus, the domestic industry was able to raise its prices more than the increase in the weighted average cost to make and sell during the year 2017. However, during the year 2018 the domestic industry's cost to make and sell increased more than the increase in the prices hence the domestic industry suffered price suppression in the year 2018.

32. Effects on Market Share

32.1 Total domestic demand of CR Coils/ Sheets/ Strips 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 dumped sources and imports of CR Coils/ Sheets/Strips from other sources. Following table shows the market share from each source of supply during the POI:

**Table-XIII
Market Share**

Year	Domestic industry		Sources of Imports:						Total domestic market	
			Dumped		Other Dumped**		All others			
	Volume*	%share	Volume*	%share	Volume*	%share	Volume*	%share	Volume*	%change
2016	47.36	47.36	20.64	20.64	15.16	15.16	16.85	16.85	100.00	--
2017	57.37	65.18	6.04	6.86	5.19	5.89	19.42	22.07	88.02	-11.98
2018	47.57	54.42	20.23	23.15	4.45	5.09	15.16	17.34	87.41	-0.69

Sources: PRAL & the Applicants

* To maintain confidentiality, actual figures have been indexed with respect to the total domestic market in the year 2016 by taking it equal to 100.00.

** "Other dumped" are China and Ukraine where antidumping duties are imposed (paragraph 11 supra), however, there are no imports from Ukraine

32.2 The above table shows that the domestic market of CR Coils/Sheets/Strips decreased by 12 percent and 1 percent during the years 2017 and 2018 respectively.

32.3 Domestic industry's market share increased from 47 percent during the year 2016 to 65 percent during the year 2017 and then decreased to 55 percent during the year 2018.

32.4 Market share of the dumped imports of the investigated product decreased from 21 percent in the year 2016 to 7 percent during the year 2017 and then increase to 23 percent during the year 2018 despite decline in the total market.

32.5 Market share of imports from China, which is subject to antidumping duty, has decreased from 15 percent during the year 2016 to 5 percent during the year 2018. Market share of imports from other sources increased from 17 percent in the year 2016 to 22 percent in the year 2017 and decreased again to 17 percent in the year 2018.

33. Effect on Sales of the Domestic Like Product

33.1 Information on domestic sales of the domestic like product by the Applicants during the POI is given in the following table:

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**Table-XIV
Domestic Sales of the Applicants**

Year	Volume*	% change
2016	100.00	--
2017	121.13	21.13
2018	100.44	-17.08

Source: the Applicants

* To maintain confidentiality, actual figures have been indexed with respect to the total domestic market in the year 2016 by taking it equal to 100.00.

33.2 The above table shows that domestic sales of the domestic like product increased by 21.13 during the year 2017 and decreased by 17.08 percent in the year 2018.

34. Effects on Production and Capacity Utilization

34.1 One of the Applicants, M/s International Steel Limited, is a multi product company. During the POI it also produced galvanized and coloured coils/sheets in addition to the CR Coils/Sheets/Strips. On query, the company has stated the following with respect to the in-house usage of CR coils, *“CR Coils in hard form are also used in manufacturing for Galvanized Coils/ Sheets as well as Color Coated Coils/ Sheets. As per accounting system of ISL and its production flow, each production batch is separately identifiable with its finished product from the very start of the production process. Therefore, instead of recording production of such CR Coils in hard form as production of CR Coils, it is recorded as work in process inventory of the Galvanized Coils. Since as per process flow, such CR Coils in hard form are not recorded as production of the CR Coils, no internal transfer arise.”* Keeping in view the above statement, as production figures provided by the Applicants for CR Coils/Sheets/Strips do not include the CR Coils/Sheets/Strips produced for galvanized and coloured coils/sheets, therefore, capacity of the ISL has also adjusted downward in accordance with quantity of galvanized and coloured coils/sheets produced during the POI. The installed capacity, quantity produced and the capacity utilization of the Applicants during the POI were as follows:

**Table-XV
Capacity, Production and Capacity Utilization**

Year	Installed Capacity*	Production*	Capacity Utilization (%)
2016	100.00	89.22	89.22
2017	102.76	104.81	102.00
2018	153.50	97.70	63.65

Source: Applicants

* To maintain confidentiality, actual figures have been indexed with respect to the installed capacity in the year 2016 by taking it equal to 100.00.

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34.2 The above table shows that the installed production capacity of the domestic industry increased during the POI. Production of the domestic like product increased by 17 percent during the year 2017 and decreased by 7 percent during the year 2018. Capacity utilization of the domestic industry increased from 89 percent during the year 2016 to 102 percent during the year 2017 and then decreased to 64 percent during the year 2018.

35. Effects on Inventories

35.1 The data relating to accumulation of inventories of the domestic like product during the POI is given in the table below:

**Table-XVI
Inventories of the Domestic Like Product**

Year	Opening inventory*	Production*	Sales*		Closing Inventory*
			Domestic	Exports	
2016	100.00	1,798.65	1,747.96	12.78	137.92
2017	137.92	2,112.84	2,117.36	0.12	133.27
2018	133.27	1,969.55	1,755.67	8.94	338.21

Source: the Applicants

* To maintain confidentiality, actual figures have been indexed with respect to the opening inventory in the year 2016 by taking it equal to 100.00.

35.2 The above table shows that the closing inventory of the domestic like product increased significantly by 154 percent during the POI.

36. Effects on Profits and Profitability

36.1 The table below shows the profits and profitability of the domestic industry for the POI:

**Table-XVI
Profit and Profitability**

Year	Net Profits*	Profitability	
		Per MT*	% of cost to make & sell
2016	35431259.18	100.00	8.29%
2017	92958245.75	218.16	13.65%
2018	49562172.74	139.57	6.66%

Source: Applicants

* To maintain confidentiality, actual figures have been indexed with respect to the net profit per MT in the year 2016 by taking it equal to 100.00.

36.2 The above information shows that the profits and profitability of the domestic industry on production and sales of the domestic like product increased significantly in the year 2017 and then decreased sharply in the year 2018.

36.3 Analysis of the information has shown that the increase in profits and profitability during the year 2017 was due to more increase in price than increase in cost to make and sell coupled with significant increase in sales volume in this year. Whereas during the year 2018 the domestic industry faced price suppression as it was not able to recover full increase in cost to make and sell, coupled with decline in sales volume. (paragraphs 31.4 and 33 supra). Therefore, the domestic industry faced significant decline in profits and profitability during the year 2018.

37. Effects on Return on Investment

37.1 One of the Applicants was a multi-product firm during the POI and the investment and return on investment (“ROI”) cannot be determined separately for different products.

37.2 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.”

37.3 Keeping in view the above provision of the Act, investment and return on investment are assessed for entire operations of the Applicants. On the basis of the fore-going, following was the return on investment of the domestic industry during the POI:

**Table XVII
Return on Investment**

Year	Investments*	Returns*	ROI (%)
2016	100.00	31.29	31.29
2017	127.36	43.11	33.85
2018	175.00	33.84	19.33

Source: the Applicants

* To maintain confidentiality, actual figures have been indexed with respect to the investment in the year 2016 by taking it equal to 100.00.

37.4 The above table shows that the investments in domestic industry increased throughout the POI. However, return on investment increased in the year 2017 and decreased sharply in the year 2018. Decline in ROI in the year 2018 was mainly due to decrease in profits and profitability in this year (paragraph 36 supra).

38. Effects on Cash Flows

38.1 One of the Applicants was a multi-product firm during the POI and the cash flows operations cannot be determined separately for different products. Therefore, keeping in view provisions of the Section 17(2) of the Act, the cash flows of the domestic industry for its entire operations during the POI is given in following table:

**Table-XVIII
Net Cash Flows**

Year	Cash inflows*
2016	100.00
2017	196.74
2018	(195.05)

Source: the Applicants

* To maintain confidentiality, actual figures have been indexed with respect to the cash inflows in the year 2016 by taking it equal to 100.00.

38.2 The above table shows that the domestic industry's net cash flows from its operations deteriorated sharply and became negative in the year 2018. Analysis of the information has shown that the cash flows affected negatively due to sharp increase in inventories and price suppression of the domestic like product.

39. Effects on Employment, Productivity and Salaries & Wages

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

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

Year	Number of Employees*	Productivity per worker*	Salaries and Wages*	Salaries & Wages Per MT*
2016	100.00	100.20	36,194,272.18	100.00
2017	109.32	107.68	47,878,308.03	112.61
2018	131.61	83.37	53,911,062.52	136.02

Source: the Applicants

* To maintain confidentiality, actual figures have been indexed with respect to the number of employees and per MT salaries & wages in the year 2016 by taking them equal to 100.00.

39.2 The above table shows that the employment in the domestic industry increased during the POI due to increase in production capacity (paragraph 34 supra). Productivity per worker of the domestic industry increased in the year 2017 and decreased in the year 2018. Salaries and wages increased throughout the POI.

40. Effects on Growth

International Steel Limited has installed a new plant of a capacity of 500,000 MT per annum for production of CR coils/sheets/strips, which has become in operation in July 2018. For this purpose the International Steel Limited made investment of 3.883 billion rupees during the POI. Aisha Steel Limited also installed a new plant of a capacity of 230,000 MT per annum for production of CR coils/sheets/strips, which has become in operation in March 2019. Aisha Steel Limited made investment of 2.794 billion during the POI. Therefore, there was a significant growth in the domestic industry during the POI.

41. Ability to Raise Capital

Due to reduced profitability of the domestic industry and decreasing returns on investment during the POI of dumping, average share price of the Applicants declined reduced substantially from Rs 63.63 per share in the year 2018 to Rs 38.14 per share in the year 2019, which implies that the domestic industry faced difficulties to raise capital.

42. Magnitude of Dumping Margins

Dumping margins determined for Exporting Countries ranges from 22.51 percent to 37.28 percent, which are considered enough to cause material injury the domestic industry. Further, injury factors discussed above show that domestic industry has suffered material injury on number of factors.

43. Summing up of Material Injury

43.1 It appears from the information and analysis in the preceding paragraphs that volume of dumped imports of the investigated product increased significantly during the POI for injury. Dumped imports of the investigated product undercut prices of the domestic like product throughout the POI. The domestic industry also suffered price suppression during the year 2018 due to prices of the dumped imports of the investigated product. Market share of the dumped imports increased whereas domestic industry lost market share during the POI. The domestic industry also suffered injury during the POI on account of decline in: profits, profitability, return on investment, production, capacity utilization, cash flows, productivity and increase in inventories of the domestic like product.

43.2 Effect of dumped imports on various injury factors are summarized in the table below:

**Table-XX
Effects of Dumped Imports**

Injury Factor	2016	2017	2018
Volume of dumped imports*	100.00	29.25	98.05
Dumped imports as % of total imports (%)	39.20%	19.70%	50.78%
Production of domestic like product*	100.00	117.47	109.50
Price Undercutting (%)	17.94%	10.00%	4.90%
Market share of dumped imports (%)	20.64%	6.86%	23.15%
Market share of domestic like product (%)	47.36%	65.18%	54.42%
Sales of the domestic like product*	100.00	121.13	100.44
Capacity utilization of domestic industry	89.22%	102.00%	63.65%
Closing inventory of domestic like product*	100.00	96.63	245.22
Profits*	100.00	262.36	139.88
Profitability (% of cost to make & sell)	8.29%	13.65%	6.66%
ROI (%)	31.29%	33.85%	19.33%
Net cash flows*	100.00	196.74	(195.05)
Productivity per worker	100.00	107.46	83.20

* To maintain confidentiality, actual figures have been indexed with respect to the numbers of the year 2016 by taking them equal to 100.00.

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

D. CAUSATION

44. Effect of Dumped Imports

The investigation of the Commission has revealed that the following happened simultaneously during the POI:

- i. Volume of dumped imports of the investigated product increased significantly in absolute terms as well as relative to the domestic production;
- ii. Domestic industry experienced price undercutting due to dumped imports of the investigated product;

- iii. Domestic industry experienced price suppression in the year 2018 due to prices of the dumped imports of the investigated product;
- iv. Market share of dumped imports of the investigated product increased whereas market share of the domestic like product declined simultaneously;
- v. Domestic industry faced negative effect on sales, production, inventories, productivity, and return on investment; and
- vi. Domestic industry faced decline in capacity utilization, profits and profitability.

45. Other Factors

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

45.2 Section 18(3) of the Act states that the other factors which may be relevant for the purpose of examination may include the following:

- i. volume and price of imports not sold at the dumped prices;
- ii. contraction in demand or changes in the patterns of consumption;
- iii. trade restrictive practices of and competition between foreign and domestic producers;
- iv. development in technology; and
- v. export performance and productivity of domestic industry

45.3 Volume of Imports of CR Coils/Sheets/Strips from Other Sources:

45.3.1 Following table shows volume of imports of the investigated product and CR Coils/Sheets/Strips imported from other sources:

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**Table-XXI
Volume of Imports from Other Sources**

Year	Domestic industry's Sales		Sources of Imports:						Total domestic market	
			Dumped		Other Dumped**		All others			
	Volume*	%change	Volume*	%change	Volume*	%change	Volume*	%change	Volume*	%change
2016	47.36	--	20.64	--	15.16	--	16.85	--	100.00	--
2017	57.37	21.13	6.04	-70.75	5.19	-65.77	19.42	15.29	88.02	-11.98
2018	47.57	-17.08	20.23	235.18	4.45	-14.21	15.16	-21.96	87.41	-0.69

Sources: PRAL & the Applicants

* To maintain confidentiality, actual figures have been indexed with respect to the total domestic market in the year 2016 by taking them equal to 100.00.

** Other dumped are China and Ukraine where antidumping duties are imposed (paragraph 11 supra), however, there were no imports from Ukraine

45.3.2 The above table shows that, after imposition of antidumping duties on dumped imports of CR Coils/Sheets/Strips from China and Ukraine imports from these sources declined sharply, by 66 percent and 14 percent in the years 2017 and 2018 respectively. The gap created due to decline in imports from China and Ukraine was filled by the domestic industry and imports from other sources in the year 2017. Sales of the domestic industry and imports from other sources increased by 21 percent and 15 percent respectively in the year 2017. However, in the year 2018 the domestic industry and imports from other sources faced decline in sales by 17 percent and 22 percent respectively, whereas, imports from alleged sources (Canada and Russia) increased significantly, by 235 percent. Total imports from sources other than the Exporting Countries declined by 23 percent and 20 percent in the years 2017 and 2018 respectively.

45.3.3 It appears from the above information and analysis that the domestic industry, did not suffered material injury on account of volume of imports of CR coils/ sheets/ strips from other sources, as imports from other sources declined significantly whereas imports from the Exporting Countries increased significantly during the POI.

45.4 Prices of Imports of CR Coils/Sheets/Strips from Other Sources

45.4.1 Following table shows prices (landed cost) of imports of the investigated product and CR Coils/Sheets/Strips imported from other sources:

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Table-XXII
Landed cost of imports and Domestic Like Product's Price

Year	Landed Cost* of imports from			Domestic like product's price@
	Dumped sources@	Other dumped **@	Other sources@	
2016	82.06	82.03	123.98	100.00
2017	124.27	147.24	158.20	138.08
2018	162.43	182.28	205.90	170.79

* C&F value + CD+ACD+RD+ADD+Incidentals @2%

** China, which is subject to AD duty

@ To maintain confidentiality, actual figures have been indexed with respect to the total domestic market in the year 2016 by taking it equal to 100.00.

Sources: PRAL and the Applicants

45.4.2 The above table shows that the landed cost of CR Coils/Sheets/Strips imported from other sources was much higher than the landed of the investigated product from the Exporting Countries as well as the prices of the domestic like product during the POI. Therefore, the domestic industry, did not suffer material injury on account of prices of imports of CR coils/ sheets/strips from other sources.

45.5 Contraction in Demand or Change in Pattern of Consumption

45.5.1 Information obtained from PRAL and submitted by the Applicants shows that, there was contraction in demand in the year 2017, however, in the year 2018 demand of CR Coils/Sheets/Strips remained almost same as was in 2017. Following table shows sources of supply and size of the market during the POI:

Table-XXIII
Domestic Market of CR Coils/Sheets/Strips

Year	Domestic industry's Sales*	Sources of Imports:		Total market*
		Dumped*	All others*	
2016	47.36	20.64	32.01	100.00
2017	57.37	6.04	24.61	88.02
2018	47.57	20.23	19.61	87.41

Sources: PRAL & the Applicants

* To maintain confidentiality, actual figures have been indexed with respect to the total domestic market in the year 2016 by taking it equal to 100.00.

45.5.2 The above table shows that the domestic market of CR coils/sheets/strips decreased by 12 percent and 1percent in the years 2017 and 2018 respectively. Sales by the domestic industry increased by 21 percent in the year 2017 and decreased by 17 percent. Imports from other sources declined by 23 percent and 20 percent in the years 2017 and 2018 respectively. However, dumped imports of the investigated product from the Exporting Countries decreased by 71 percent in the year 2017 and increased by

235 percent in the year 2018.

45.5.3 The above information and analysis, show that the domestic industry did not suffer material injury due to contraction in demand as its sales declined much more than the decline in the domestic market during the POI for dumping.

45.6 **Trade restrictive practices of and competition between foreign and domestic producers**

There was no such policy by the government of Pakistan during the POI that have negatively affected the domestic industry and created distortion in the competitive environment between foreign and domestic producers.

45.7 **Developments in Technology**

There was no development in technology during the POI that could have contributed to the material injury of the domestic industry.

45.8 **Export Performance of Domestic Industry**

The domestic industry did not suffer material injury due to its export performance during the POI for dumping, as its exports of CR coils/sheets/strips increased significantly in the year 2018. Following table shows exports of the domestic like product during the POI:

**Table-XXIV
Exports of the Domestic Like Product**

Year	Exports*
2016	100.00
2017	0.97
2018	69.98

Source: the Applicants

* To maintain confidentiality, actual figures have been indexed with respect to the exports of the year 2016 by taking it equal to 100.00.

45.9 Some interested parties have claimed that the domestic industry suffered injury due to the following other factors during the POI:

- i. Devaluation of Pakistani Rupee;
- ii. Growing import prices of raw materials; and
- iii. Significant increase in capacity of the domestic industry.

45.10 The Commission has analysed these factors to ensure that possible injury caused by these factors is not attributed to the dumped imports of the investigated product.

45.11 Devaluation of Pakistani Rupee, Prices of Input and Output

45.11.1 Pakistani rupee devalued during the POI. Average exchange rate vis-à-vis US dollar during the POI was as follows:

**Table-XXV
Exchange Rate**

Year	US\$=Rs.	% change
2016	104.6638	--
2017	105.3251	0.63%
2018	121.4321	15.29%

Source: State Bank of Pakistan

45.11.2 The above table shows that the Pakistani rupee devalued by 15.29 percent during the year 2018. This devaluation impacted imports of raw material of the domestic like product (hot rolled coils) as well as the imported CR coils/sheets/strips. Following table shows C&F prices and landed cost of the hot rolled coils and CR coils/sheets/strips:

**Table-XXVI
C&F Price and Landed Cost of HR and CR**

Year	C&F Price* of:			Landed cost* of:		
	Hot rolled coils	CR coils/sheets/strips		Hot rolled coils	CR coils/sheets/strips	
		Dumped	Others		Dumped	Others
2016	100.00	114.95	147.08	13344.71	14402.37	18271.86
2017	140.24	168.90	208.68	18833.21	21809.02	27359.03
2018	156.09	193.14	232.89	24166.56	28506.67	35194.86

Sources: PRAL and the Applicants

* To maintain confidentiality, actual figures have been indexed with respect to the C&F price of hot rolled coils in the year 2016 by taking it equal to 100.00.

45.11.3 The above table shows that the import prices of hot rolled coils and CR coils/sheets/ strips increased in the same range during the years 2017 and 2018. C&F prices of hot rolled coils (input) increased by 28.70 percent and 10.15 percent in the years 2017 and 2018 respectively. Whereas import prices of CR coils/sheets/strips (output) increased by 31.94 percent and 12.55 percent from the Exporting Countries and 29.52 percent and 10.39 percent from other sources in the years 2017 and 2018 respectively.

45.11.4 The above table shows that the landed cost of hot rolled coils and CR coils/sheets/ strips also increased in the same range during the years 2017 and 2018. Landed cost of hot rolled coils (input) increased by 29.14 percent and 22.07 percent in the years 2017 and 2018 respectively. Whereas landed cost of CR coils/sheets/strips (output) increased by 33.96 percent and 23.50 percent from the Exporting Countries and 33.21 percent and 22.26 percent from other sources in the years 2017 and 2018 respectively.

45.11.5 On the basis of the above information and analysis the Commission is of the view that increase in prices of input and output was in the same range, therefore, price increase of hot rolled coils (input) and devaluation of Pakistani rupee during the POI were not the reasons for material injury to the domestic industry.

45.12 Increase in Installed Capacity of the Domestic Industry

45.12.1 Installed capacity of the domestic industry increased during the POI. Following table shows installed capacity, quantity produced and the capacity utilization of the Applicants during:

**Table-XXVII
Capacity, Production and Capacity Utilization**

Year	Net Installed Capacity*	Production*	Capacity Utilization
2016	100.00	89.22	89.22%
2017	102.76	104.81	102.00%
2018	153.50	97.70	63.65%

Source: Applicants

* To maintain confidentiality, actual figures have been indexed with respect to the installed capacity in the year 2016 by taking it equal to 100.00.

45.12.2 The above table shows that the installed production capacity of the domestic industry increased by 2.76 percent and 49.39 percent in the years 2017 and 2018 respectively. However, production of the domestic like product increased by 17.47 percent during the year 2017 and decreased by 6.78 percent during the year 2018. If installed capacity is assumed at the same level of the year 2017 even then capacity utilization dropped from 102 percent in 2017 to 95.08 percent.

45.12.3 On the basis of the above information and analysis the Commission is of the view that sharp decline in capacity utilization was mainly due to significant increase in installed capacity of the domestic industry and partially due to increase in volume of dumped imports of the investigated product.

45.13 Based on the above information and analysis the Commission is of the view that the cause of material injury to the domestic industry during the POI for dumping was dumped imports of the investigated product. Further, there was a causal link between dumped imports of the investigated product and material injury to the domestic industry.

E. CONCLUSIONS

46. After taking into account all considerations for this preliminary determination, the Commission reached on the following conclusions:

- i. the application was filed by the domestic industry as the Applicants represent 98.02 percent of the production of the domestic like product during the POI;
- ii. the investigated product and the domestic like product are like products;
- iii. during POI, the investigated product was exported to Pakistan by the exporters/ 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 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 varies between 22.51 percent to 37.28 percent for Exporting Countries;
- vi. the domestic industry suffered material injury on account of volume of dumped imports of the investigated product, price undercutting, price suppression, decline in: market share, sales, capacity utilization, profits, profitability, return on investment, productivity; negative effects on: inventories, cash flows and ability to raise capital in terms of Sections 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 PROVISIONAL ANTIDUMPING DUTY

47. In view of the analysis and conclusions with regard to dumping, material injury, and causation, imposition of provisional antidumping duties on dumped imports of the investigated product is needed to prevent injury being caused to the domestic industry during the course of this investigation in accordance with Section 43 of the Act.

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48. As no exporter/ foreign producer of the investigated product has provided requisite information in this investigation, therefore, individual dumping margins have not been determined for the exporters/producers of the investigated product. A country wide single dumping margin has been determined for each Exporting Country. Dumping margins and anti-dumping duty rates for the Exporting Countries is determined on the basis of best available information in terms of Section 32 of the Act.

49. However, for the purpose of imposition of lesser duty in terms of 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 from the Exporting Countries. The calculation of injury margin for Jan-Dec 2018 is given below:

**Table-XXVIII
Calculation of Injury Margin**

Description	Value*
Cost to make & Sell of the domestic like product	100.00
Estimated Profits	13.65
Estimated non-injurious price	113.65
C & F price of investigated product	83.89
Landed cost of investigated product	101.96
Injury Margin $\{(Non-injurious\ price-landed\ cost)/C\&F\}100\}$	13.94%

* To maintain confidentiality, actual figures have been indexed with respect to cost to make & sell of the domestic like product in the year 2016 by taking it equal to 100.00.

50. The above table shows that the injury margin works out 13.94 percent, which is lower than the dumping margins determined for the Exporting Countries i.e. 25.99 percent of the C&F price for Canada and 19.27 percent of the C&F price for Russian Federation. Therefore, in terms of Section 43 (1) of the Act, lesser duty would be adequate to remove injury to the domestic industry. Therefore, provisional antidumping duty at the rate of 13.94 percent *ad valorem* of the C&F price is hereby imposed on the dumped imports of the investigated product importable from the Exporting Countries for a period of four months effective from **September 20, 2019**. The investigated product is classified under PCT heading Nos. 7209.1510, 7209.1590, 7209.1610, 7209.1690, 7209.1710, 7209.1790, 7209.1810, 7209.1890, 7209.1891, 7209.1899, 7209.2510, 7209.2590, 7209.2610, 7209.2690, 7209.2710, 7209.2790, 7209.2810, 7209.2890 and 7211.2920;

51. CR coils/sheets/strips imported from sources other than the Exporting Countries, except China and Ukraine which are already subject to antidumping duties, shall not be subject to these provisional antidumping duties.

52. In accordance with Section 51 of the Act, the provisional antidumping duty shall take the form of *ad valorm* duty and be held in a non-lapsable personal ledger account established and maintained by the Commission for the purpose. Release of the

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investigated product for free circulation in Pakistan shall be subject to imposition of such antidumping duty.

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

54. The provisional 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.

(Anjum Assad Amin)
Member
September 18, 2019

(Tipu Sultan)
Member
September 18, 2019

(Robina Athar)
Member
September 18, 2019

(Abdul Khaliq)
Chairman
September 18, 2019

Comments of Interested Parties

Comments of Interested Parties	NTC View
Views/Comments of the Ministry of Economic Development of the Russian Federation	
<p>“It is important to highlight that some indicators characterizing the state of the Applicants, which cannot demonstrate an upsurge in case the domestic industry is suffering an injury, show growth in 2018 as compared to 2016: -share of the domestic industry in domestic market increase by 3%; -profit of the domestic industry increase by 39%; -volume of domestic production increase by 10%; In addition, the following indicators regarding the national company's employment were continuously increasing during the period 2016 - 2018: -number of employees increase by 9%, 31% respectively each year; -salaries and wages increase by 32 % and 49 % respectively each year.”</p> <p>“We suppose it is necessary to mention that 2018 Annual Report of one of the Applicants (International Steels Limited) enumerates financial achievements of the company during 2018 by stating the following: - gross profit and earnings per share demonstrate growth; - net sales increased by 41 %; - profit after tax increased by 43 %; - production in 2018 reflected an increase of 1.5% over the previous year; - the company maintained its growth momentum exhibited a substantial; - increase of 10% in volumes over the preceding financial year; - in 2018 the company posted highest ever production of and sales.”</p> <p><u>Absence of threat of material injury</u> "Applicant claimed that there is threat of material injury due to alleged sufficient disposable capacities of the product concerned in Russia. The Applicants' allegations on the Russian huge undisposed volumes of products concerned are based on the imposition of European Union antidumping duty concerning the imports of the same goods in 2016 . However, it is necessary to notice that the duty has been imposed 3 years ago all the undisposed volumes have already been reallocated. Therefore, we consider this factor quite outdated. Another reason for the alleged undisposed capacities in Russia in Applicants' opinion is imposition of provisional safeguard measures by Turkey against the same goods in 2018. It is worth noting that the respective safeguard investigation in Turkey was terminated in May 2019 with no safeguard measure imposed. In view of this, we assume that the Applicants failed to evidence neither material injury to the domestic industry nor the threat of it during the investigation period, thereby violating the meanings of Articles 3.5 and 3.7 of the Anti-Dumping Agreement.”</p> <p><u>Absence of Casual Link</u> " There are other major factors in the meaning of Article 3.5 of the Anti-Dumping Agreement capable of breaking the causal link between the dumped imports and the injury to the domestic industry. Having analysed</p>	<p>The Commission’s investigation has revealed that the domestic industry’s market share decreased from 65 percent in the year 2017 to 55 percent during the year 2018, whereas market share of the dumped imports of the investigated product increased from 7 percent in the year 2017 to 23 percent during the year 2018 despite decline in the total market. (please refer paragraph 32 of the report). Further, number of employees and salaries & wages in the domestic industry increased whereas productivity decreased. (please refer paragraph 39 of the report). It is worth noting that International steel is a multi-product company and its annual report shows consolidated figures whereas this investigation is on CR coils/sheets/strips. Therefore, the Commission has determined injury for CR coils/sheets/strips. Further, the injury to the domestic industry is determined for entire industry and not for one unit. Investigation has shown that the domestic industry faced decline in sales, production, profits and profitability during the year 2018. (please refer paragraphs 33 to 36 of the report).</p> <p>The Commission’s investigation has shown that the domestic industry suffered material injury during the POI (please refer part C of the report), therefore, the Commission has not investigated Applicants’ claims of threat of injury.</p> <p>The Commission’s investigation has shown that there was a causal relationship between dumped imports of the investigated product and material injury faced by</p>

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<p>2018 Annual Report of one of the Applicants (Aisha Steel Mills Limited) we have concluded the following: -hot rolled coil used for the production of product concern has been imported from international sources for a long time. -the continuous and rapid devaluation of Rupee against major foreign currencies adversely affected the purchase costs of imported inputs for production of the products concerned....." ".....Therefore, according to Article 3.5 of the Anti-Dumping Agreement injury to the Indian industry caused by the abovementioned factors must not be attributed to imports from Russia."</p>	<p>the domestic industry during the POI. The Commission has also analysed "other factors" and has reached on the conclusion that the other factors were not the cause of material injury to the domestic industry. (please refer part D of the report).</p>
<p><u>Views/Comments of the Ministry of Industry and Trade, Government of the Russian Federation</u></p>	
<p>".....Please note that the investigation was initiated in violation of the rules and regulations of the WTO, in particular the provisions of Article 2 of the Anti-Dumping Agreement. Thus, the Application and the Notice contains no evidence of the similarity of the Products manufactured in Pakistan to cold-rolled flat steel products originating in the Russian Federation, which is a violation of Article 2.1 of the Anti-Dumping Agreement.</p> <p>"The statement about the similarity of the products manufactured by the economic sector of Pakistan and the Products imported from Russia has no grounds, no evidence or source of information. In addition, the Application does not contain information on the technological processes of the manufacture of the national and foreign Products, their scope of application, as well as physical and technical specifications. Thus, the investigation was initiated in violation of the provisions of Article 2.1 of the Anti-Dumping Agreement due to the fact that lack of evidence of similarity of the products in the non-confidential version of the Application indicates that there are no grounds to initiate and conduct the investigation and further impose the Anti-Dumping Measure."</p> <p>"We assume that the Application also lacks evidence of the existence of injury to the domestic industry of Pakistan, and when establishing the existence of such injury in violation of the provisions of Article 3.4 of the Anti-Dumping Agreement no correct assessment of all relevant economic factors and indicators related to the state of the industry was made"</p>	<p>The Commission initiated this investigation after fulfilling all legal requirements including the requirements of Part-III of the Pakistan's Anti-Dumping Duties Act 2015 (the "Act") as well as Article 2 of the Anti-Dumping Agreement. The Commission examined accuracy and adequacy of the information and evidence provided in application in accordance with Section 23 of the Act and Article 5.3 of the Anti-Dumping Agreement and determined that the application contains sufficient evidence of dumping of the investigated product, material injury to the domestic industry and causal link between dumping and injury. Further, the application contains sufficient information/details of the investigated product and the domestic like product, which showed that both products are alike products in terms of Section 2(m) of the Act and Article 2.6 of the Anti-Dumping Agreement. Therefore, the Commission initiated this investigation. (please refer paragraphs 7 to 14 of the report).</p> <p>The Commission's investigation has shown that the domestic industry suffered material injury during the POI within the meaning of Part VI of the Act and Article 3 of the Anti-Dumping Agreement. Further there was a causal relationship between dumped imports of the investigated product and material injury to the domestic industry. (please refer parts C and D of the report).</p>
<p><u>Views/Comments of Magnitogorsk Iron and Steel Works</u></p>	
<p><u>Deficient non-confidential version of the application</u> ".....Non-confidential version of the Application, regrettably, does not meet the WTO standards. Specifically, the Applicants indexed and unreasonably treated as confidential the following aggregated and/or publicly available data relevant to the overall domestic industry:</p> <ul style="list-style-type: none">• Pakistani export volume and value;• Import volumes to Pakistan at allegedly dumped prices;• Production and sales volumes;• Profitability and revenue;	<p>In application the Applicants have requested to keep confidential the information which is either by nature confidential, which includes data relating to sales, sale prices, cost to make and sell, inventories, production, profit/(loss), return on investment, investment, salaries & wages, number of employees etc. or certain other information under Section 31(2)(c) of the Act such as information on export or import price and import</p>

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- Capacity and capacity utilisation rate.”

“The justification for confidential treatment of the above data under Section 31 of the Act does not bear up under scrutiny for several reasons.”

“Firstly, the exact figures on import-export operations, aggregated data (i.e. without breakdown per individual company) on consumption; domestic production and sales; industry profitability or revenue and other similar indicators do not constitute confidential data due to their general nature and may not prejudice legitimate commercial interests of a single enterprise.”

“Secondly, international trade import-export statistics is publicly available information collected and maintained by the Customs Authorities of Pakistan. Under no circumstances the Applicants may retain this information as confidential.”

“Thirdly, Aisha Steel and ISL – constituting the domestic industry – are publicly listed companies. At their official web sites, both companies regularly publish full financial reports that include production and sales data, capacities, revenue and profitability. Therefore, the Applicants’ decision to maintain it confidential is manifestly unsubstantiated. This approach does not comply with the Section 31 (3b) of the Act and may follow the only goal to deprive other interested parties of their legitimate rights of defence.”

“Finally, our client would like to outline Article 6.2 ADA stating that “*all interested parties shall have the full opportunity for the defence of their interest*”.....

“An access to all data regarding international trade flows, economic and social indicators of the domestic industry is critically necessary for objective analysis of all known factors and injury determination, as well as for elaboration of our client's position, including at a public hearing. By analysing the full scope of information our client may get the opportunity to verify and contest, wherever needed, the conclusions claimed by the Applicants and fully execute its rights of defence warranted by the WTO Agreements.”

“Section 33 of the Act states that the Investigating authority "shall provide an opportunity to all interested parties to see information submitted to it which is not confidential and is relevant to the presentation of their case". Thus, considering the relevance of these data, our client respectfully requests the Investigating authority to disclose to all interested parties unreasonably withdrawn above-listed information on international trade flows as well as economic and social indicators of domestic industry.”

volume of the investigated product, which may lead to the disclosure of the by nature confidential information of the Applicants by way of reverse calculations. However, the Applicants have submitted non-confidential summaries of the confidential information in accordance with the Section 31(5) of the Act, which permit a reasonable understanding of the information submitted in the confidence.

Company-wise percentage share of production is provided at S.No. 2 of the application, therefore if aggregated actual figures are provided, company figures could easily be worked out by using percentage share. Therefore, such information needs to be kept confidential.

Percentage share of each source of supply (domestic sales and imports) is provided at S. No. 10.4 in Table-8 of the application. If actual figures of import information is provided, actual information of the domestic industry could easily be worked out.

The Applicants are multi-product companies and their annual reports show consolidated figures whereas this investigation is on CR coils/sheets/strips. Therefore, the application contains information of CR coils/sheets/ strips, which is not publically available.

The Commission has complied with all legal requirement and has provided full opportunities to all interested parties to defend their interests, which, *inter alia*, includes the following:

- Establishment of a public file which is available to the interested parties for review and copying 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.
- Notification of the receipt of application to the embassies of the Exporting Countries (paragraph 6.2 of the preliminary determination report)
- Provision of non-confidential version of the application to exporters/foreign producers and the embassies of the Exporting Countries (paragraph 13 of the preliminary determination report)
- Provision of questionnaires to exporters to submit necessary information. However, no exporter/ foreign producer has provided requisite information embassies of the Exporting Countries (paragraph 16 of the preliminary determination report)

However, the Commission will provide further opportunities to interested parties to defend their

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Lack of Material Injury and Threat of Material Injury

Production, Capacity and Utilisation rate

".....Annual report for the financial year 2017-2018 of both Aisha Steel and ISL showed positive trends. Indeed, the Annual Report of Aisha Steel states that the installed capacity for production of cold-rolled flat steel is 220 000 tonnes and capacity utilisation ratio is "close to 99%". Production in the financial year 2017-2018 reached 217 370 tonnes."

"ISL Annual Report states that total production of cold rolled products was 470 841 tonnes. Installed capacity for production of cold rolled flat steel was recently expanded to 1 000 000 tonnes, although additional capacity of 450 000 tonnes was made available only on 21 June 2018, i.e. just before the closure of the financial year."

"Thus, both Applicants individually and jointly show positive trends for production, capacity and capacity utilisation ratio for the period of financial years 2015-2018."

"On 21 June 2018, ISL made available additional capacity of 450 000 tonnes, which means that the total capacity increased by over **80%** from 550 000 tonnes to 1 000 000 tonnes. This increased capacity of ISL, together with available capacity of Aisha Steel, amounts to 220 000 tonnes, which actually exceeds the total demand for cold-rolled steel in Pakistan. Even if all imports ceased, ISL would still not be able to reach capacity utilisation of 100%. Therefore the decrease in capacity utilisation of ISL in July-December 2018 is not linked to allegedly dumped imports but is caused by management decision of a high capacity increase."

"Aisha Steel financial statements for the period of July-December 2018 show a decline in production, and therefore a decrease incapacity utilisation. However, such decrease in production cannot offset the recent positive production trend shown by ISL, and therefore the total trend for the domestic industry remains positive. Indeed, capacity of Aisha is lower and represents only 40% of total ISL cold rolled capacity before June 2018 and only 22% after June 2018. Moreover, such negative trend of Aisha Steel is explained by other factors, such as devaluation of Pakistani Rupee to the USD and significant increase of cost of manufacturing"

"Therefore, none of the statements by the Applicants on production, capacity and its utilisation rate effectively proves the allegation of material injury to the domestic industry."

Absence of any captive market analysis

"The Applicants completely ignore in the Application the existence of captive market of CRS. However, one of the Applicants, namely ISL, manufactures not only cold rolled steel, but also hot-dipped galvanised steel ("HDGS") and colour coated steel ("CCS"), Aisha Steel is also in the process of installing HDGS production lines. Considering that cold rolled steel is an input for galvanized and colour coated steel, the analysis of both free and captive markets jointly and separately is necessary....."

Import volumes and prices

"..... although there was an increase in imports in absolute terms from the countries concerned, the share of imports on the free market increased only by 9%, and on the total market (i.e. free and captive) – by 6%. It is

interests in this investigation in accordance with provisions of the Act.

The Commission has conducted an unbiased and objective analysis of the information of installed capacities, production and capacity utilization of the domestic industry. The investigation has revealed that the production and capacity utilization of the domestic industry declined during the POI (please refer paragraphs 8 and 34 of the preliminary determination report)

The Commission has taken into account aspect of captive use of the installed capacity of the domestic industry. The installed capacity and capacity utilization of the domestic industry is determined by excluding captive use of the capacity. (please refer paragraph 34 of the preliminary determination report)

The Commission's investigation has shown that there was significant increase in volume of dumped imports of the investigated product in absolute as well as

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noteworthy that the shares of total imports actually decreased by 5% between 2015 and 2018.”

“Furthermore, the analysis of imports in January-June 2018 and July-December 2018 shows that imports from countries concerned decreased significantly between these two periods: by **37%** from Canada and by **66%** from Russia.”

Domestic sales and market shares

“Contrary to the statements of the Applicants, the domestic industry did not demonstrate any negative signs in terms of domestic sales and market shares in 2015-2018. From past three financial years, sales show exclusively positive trend. From 2015-2016 to 2017-2018, total sales of cold-rolled flat products increased from 305 259 tonnes to 411 043 tonnes, which represents a growth of 26%. At the same time, the share of the domestic industry in the year 2017-2018 remained at the level higher than in 2015-2016.”

“Irrespective of import developments analysed above, the Pakistani steel industry kept its market share in 2017-2018. The Applicants cannot claim to suffer any injury while showing such positive economic performance.”

Profitability

“Losses or decreasing profitability might strongly indicate injury to the domestic industry. However, the facts at hands do not support existence of such situation. The Applicants in their annual reports themselves state that their profitability continued to improve, as well as all other economic indicators.”

Employment Rate

“The employment rate showed stable and positive trends over the entire period of examination. Between January 2016 and December 2018 the number of employees increased by 31%

However, the Applicants analysis of employment trend concludes that the productivity per worker declined significantly, as increase in production did not fully follow the increase in cold rolled capacities which promotes as increase in number of workers.....development in the employment rate do not support material injury allegation claimed by the domestic industry.”

Cumulative assessment of the effects of imports from the investigated countries is not warranted

“..... the NTC is mandated to decumulate imports originating in Russia from imports form Canada in the current proceeding. This request is based on Article 3.3 ADA allowing cumulative assessment of the effects of the imports only in case of comparable conditions of competition between imported products and the conditions of competition between the imported products and the like product. The following circumstances justify decumulation of Russian imports of cold-rolled products:

- As Applicants state in Table 4 of the Application, the price trends of Canada and Russia are completely different: while import prices of products originating from Russia were increasing, prices of Canadian cold-rolled steel was decreasing.
- The product mix of cold-rolled steel is different: while imports from Russia concern mostly HS 720916 and 720917, imports from Canada almost exclusively fall under HS 720916.”

relative to domestic production during the POI. (please refer paragraph 30 of the preliminary determination report)

The investigation has shown that sales of the domestic like product in the domestic market decreased by 17 percent in the year 2018, which is the POI for dumping (please refer paragraph 33 of the report). Further, market share of the domestic industry also declined from 65 percent in the year 2017 to 54 percent in the year 2018 whereas market share of dumped imports of the investigated product increased from 7 percent to 23 percent during the same period. (please refer paragraph 32 of the report).

The investigation has shown that the profits and profitability of the domestic industry on sales of the domestic like product decreased significantly in the year 2018 (please refer paragraph 36 of the report). As the Applicants are multi-product companies, therefore their annual reports contain consolidated figures.

The investigation has shown that the employment in the domestic industry for production of domestic like product increased, whereas productivity per worker decreased during the POI (please refer paragraph 39 of the report).

The Commission’s investigation has shown that the conditions for cumulation as provided in Article 3.3 of the Anti-Dumping Agreement as well as Section 16 of the Act are met in this investigation. Therefore, the Commission has cumulatively assessed effects of dumped imports of the investigated product on the domestic industry (please refer paragraph 29 of the report).

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<p>“On that basis, our client respectfully requests the NTC to ensure that effects of imports from Russia be assessed separately from effects of imports from Canada and the proceeding against Russia is terminated immediately.”</p> <p><u>Lack of Threat of Material Injury</u></p> <p>“With regard to the factors to be considered in the determination of threat of material injury, one of them in accordance with Article 3.7 ADA is “<i>a significant rate of increase of dumped imports into the domestic market indicating the likelihood of substantially increased importation</i>”. While imports indeed increased between 2015 and 2018, the most recent imports from the countries concerned and other countries decreased drastically. Therefore, not only the injury is not imminent, but actually facts prove exactly otherwise.....”</p> <p><u>Lack of Causal Link and Corrupted Non-Attribution Analysis</u></p> <p>“The proper causality analysis shall be done in accordance with Article 3.5 ADA. It requires the NTC as the investigating authority to examine any other known factors besides allegedly dumped imports which at the same time may be injuring the domestic industry. Injury caused by such other factors shall not be attributed to allegedly dumped imports..... even if the NTC found the existence of material injury to the domestic industry, there would be other massive factors breaking any causal link between such alleged injury and imports from the countries concerned, primarily Russia..... three elements, which separately and jointly caused domestic industry to underperform during that period, namely, devaluation of Pakistani Rupee, growing import prices of raw materials and a significant increase in capacity.....”.</p>	<p>The Commission’s investigation has shown that the domestic industry suffered material injury during the POI (please refer part C of the report), therefore, the Commission has not investigated Applicants’ claims of threat of injury.</p> <p>The Commission’s investigation has shown that there was a causal relationship between dumped imports of the investigated product and material injury faced by the domestic industry during the POI. The Commission has also analysed other factors and has reached on the conclusion that the other factors were not the cause of material injury to the domestic industry. (please refer part D of the report).</p>
<p><u>Views/Comments of the Canadian Steel Network</u></p> <p>“Cold Rolled is not coming from Canada most of the Cold rolled is coming from Europe and everyone is writing Canadian Origin. If Commission see on its list that there are 70% of European supplier and they writing Canadian origin on the BL. Also for information Canada do not generate to much Cold Rolled of Secondary quality for export there is maximum of total 1500 MT per month by all the supplier in Canada to export and there is only 50% maybe goes to Pakistan and rest goes to other country.</p>	<p>The Commission’s investigation showed that the volume of imports of the investigated product from Canada was above the <i>de minimis</i> level in accordance with Section 41(3) of the Act (please refer paragraph 27 of the report).</p>