



**Government of Pakistan
National Tariff Commission**

REPORT

ON

**TERMINATION OF ANTI-DUMPING INVESTIGATION AGAINST
ALLEGED DUMPED IMPORTS OF FLAT-ROLLED PRODUCTS OF
IRON OR NON-ALLOY STEEL, OF A WIDTH OF 600 MM OR MORE,
OF A THICKNESS RANGING FROM 2MM TO 12MM, HOT-ROLLED,
NOT CLAD, PLATED OR COATED ORIGINATING IN AND/OR
EXPORTED FROM KINGDOM OF BELGIUM, JAPAN, THE RUSSIAN
FEDERATION, UKRAINE AND THE UNITED STATES OF AMERICA**

A.D.C No. 19/2009/NTC/HR PRODUCTS

FEBRUARY 23, 2011

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The National Tariff Commission (hereinafter referred to as the “Commission”) having regard to the Anti-Dumping Duties Ordinance, 2000 (LXV of 2000) (hereinafter referred to as the “Ordinance”) and the Anti-Dumping Duties Rules, 2001 (hereinafter referred to as the “Rules”) relating to investigation and determination of dumping of goods into the Islamic Republic of Pakistan (hereinafter referred to as “Pakistan”), material injury to the domestic industry caused by such imports, and imposition of anti-dumping duties to offset the impact of such injurious dumping, and to ensure fair competition thereof and to the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (hereinafter referred to as the “Agreement on Antidumping”).

2. The Commission is conducting this investigation under the Ordinance and the Rules on imports of flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, of a thickness ranging from 2mm to 12mm, hot rolled, not clad, plated or coated excluding hot rolled sheet JSH270C (hereinafter referred to as “HR Products”) originating in and/or exported from the Kingdom of Belgium (“Belgium”), Japan, the Russian Federation (“Russia”), Ukraine and the United States of America (“America”) (hereinafter collectively referred to as the “Exporting Countries”). The Commission has made determination in this investigation under Section 41 of the Ordinance.

3. In terms of Section 37 of the Ordinance, 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. This investigation was initiated on September 4, 2009. Therefore, the Commission was required to make preliminary determination in this case latest by March 3, 2010. However, the composition of Commission was incomplete since February 22, 2010 and the Commission was not properly constituted in light of the decision of Supreme Court of Pakistan in Civil Petition Nos. 1608, 1654, 1686-1687, 1706-1708/2009 till the completion of the composition of the Commission on November 25, 2010. Therefore, determination is made beyond six months of initiation.

A. PROCEDURE

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

5. Receipt of Application

5.1 On July 21, 2009, the Commission received a written application under Section 20 of the Ordinance from Pakistan Steel Mills Corporation (Pvt.) Limited, Bin Qasim,

Karachi (the “Applicant”). The Applicant has alleged that HR Products originating in and/or exported from the Exporting Countries are being dumped into Pakistan, which has caused and is causing material injury to the domestic industry producing HR Products.

5.2 The Commission informed Embassies of the Exporting Countries in Islamabad through *note verbale* dated July 21, 2009, of the receipt of application in accordance with requirements of Section 21 of the Ordinance.

6. Evaluation and Examination of the Application

The examination of the application showed that it met requirements of Section 20 of the Ordinance as it contained sufficient evidence of dumping of HR Products into Pakistan from the Exporting Countries and material injury to the domestic industry caused there from. Requirements of Rule 3 of the Rules, which relate to the submission of information prescribed therein were also found to have been met.

7. The Domestic Industry

7.1 Section 2(d) of the Ordinance defines domestic industry as:

“ “domestic industry” means the domestic producers as a whole of a domestic like product or those of them whose collective output of that product constitutes a major proportion of the total domestic production of that product, except that when any such domestic producers are related to the exporters or importers, or are themselves importers of the allegedly dumped investigated product in such a case “domestic industry” shall mean the rest of the domestic producers”.

7.2 Domestic industry of HR Products comprises of only one unit i.e the Applicant. Thus, for the purposes of this investigation, the Commission has determined domestic industry comprises of the Applicant in accordance with Section 2(d) of the Ordinance.

8. Standing of the Application

8.1 In terms of Section 24(1) of the Ordinance,

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

Furthermore, Section 24(2) of the Ordinance 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."

8.2 As stated above (paragraph 7.2 supra) the domestic industry of HR Products comprises of only one unit i.e. the Applicant. Thus, the Commission has determined that the application has been made by the domestic industry, which fulfils requirements of Section 24 of the Ordinance.

9. **Applicant' Views**

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

- i. HR Products imported from the Exporting Countries into Pakistan and HR Products produced in Pakistan by the domestic industry are like products;
- ii. Exporters/producers from the Exporting Countries are exporting HR Products to Pakistan at dumped prices; and
- iii. Exports of HR Products 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 HR Products mainly through:
 - a. volume of dumped imports
 - b. price undercutting;
 - c. price suppression;
 - d. decrease in return on investment;
 - e. loss/decline in profits;
 - f. decline in capacity utilization;
 - g. decline in productivity;
 - h. negative effects on salaries & wages;
 - i. negative effects on cash flow; and
 - j. negative effects on inventories.

10. **Exporters/Foreign Producers of HR Products**

The Applicant identified twenty-seven exporters and foreign producers (with complete addresses of twenty exporters/producers) involved in alleged dumping of HR Products from Exporting Countries. The Applicant has stated that there may be other exporters/producers involved in alleged dumping but it does not have names and addresses of those exporters/foreign producers. Therefore, the Applicant has requested for imposition of anti-dumping duties on all imports of HR Products originating in and/or exported from the Exporting Countries instead of the identified exporters/foreign producers.

11. **Initiation of Investigation**

11.1 The Commission, upon examining accuracy and adequacy of the evidence provided in application, established that there was sufficient evidence of alleged dumping of HR Products into Pakistan from the Exporting Countries and consequent material injury to the domestic industry to justify initiation of an investigation. Consequently, the Commission issued a Notice of Initiation in accordance with Section 27 of the Ordinance, 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 September 4, 2009. Investigation concerning alleged dumped imports of HR Products into Pakistan {classified under PCT³ Nos. 7208.1010, 7208.1090, 7208.2510, 7208.2590, 7208.2610, 7208.2690, 7208.2710, 7208.2790, 7208.3710, 7208.3790, 7208.3810, 7208.3890, 7208.3910, 7208.3990, 7208.4010, 7208.4090, 7208.5210, 7208.5290, 7208.5310, 7208.5390, 7208.5410, 7208.5490, 7208.9010 and 7208.9090 contained in the First Schedule of Customs Act, 1969 (IV of 1969)} originating in and/or exported from the Exporting Countries was thus initiated on September 4, 2009.

11.2 The Commission notified Embassies of the Exporting Countries in Islamabad of the initiation of investigation (by sending a copy of the notice of initiation) on September 4, 2009 with a request to forward it to all exporters/producers involved in production, sales and export of HR Products from the Exporting Countries. Copies of the notice of initiation were also sent to exporters/producers of HR Products of the Exporting

¹ The official Gazette of Pakistan (Extraordinary) dated September 4, 2009.

² The 'Daily Nawa-e-Waqat' and the 'Daily Times' of September 4, 2009 issue.

³ "PCT" is the abbreviation for Pakistan Customs Tariff. PCT heading in Pakistan is equivalent to Harmonized Commodity Description and Coding System up to six-digit level.

Countries whose complete addresses were available with the Commission. Copies of the notice of initiation were also sent to known Pakistani importers and the Applicant on September 4, 2009 in accordance with requirements of Section 27 of the Ordinance.

11.3 In accordance with Section 28 of the Ordinance, on September 7, 2009, the Commission sent copies of full text of the written application (non-confidential version) to all exporters/producers of the Exporting Countries, whose complete addresses were available with the Commission. On September 7, 2009, copies of the full text of the written application were also sent to Embassies of the Exporting Countries in Pakistan with a request to forward it to all exporters/producers involved in production and/or sale/export of HR Products from the Exporting Countries.

12. Investigated Product, Domestic Like Product and Like Product

12.1 Section 2 of the Ordinance defines investigated product, domestic like product and like product as follows:

- i. **Investigated Product:**
"a product, which is subject to an antidumping investigation as described in the notice of initiation of the investigation".
- ii. **Domestic Like Product:**
"the domestically produced product, which is a like product to an investigated product".
- 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".

12.2 For the purposes of this investigation and given the definitions set out above, investigated product, domestic like product and like product are identified as follows:

12.2.1 Investigated Product:

The investigated product is Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, of a thickness ranging from 2mm to 12mm, hot-rolled, not clad, plated or coated, except hot rolled sheet JSH270C imported into Pakistan from the Exporting Countries. The Commission's investigation has shown that hot rolled sheet JSH270C is not being produced by the domestic industry. Investigated product is classified under Pakistan Customs Tariff ("PCT") Heading Nos. 7208.1010, 7208.1090, 7208.2510, 7208.2590, 7208.2610, 7208.2690, 7208.2710, 7208.2790, 7208.3710, 7208.3790,

7208.3810, 7208.3890, 7208.3910, 7208.3990, 7208.4010, 7208.4090, 7208.5210, 7208.5290, 7208.5310, 7208.5390, 7208.5410, 7208.5490, 7208.9010 and 7208.9090. Investigated product is mainly used for manufacturing of seam welded pipes (for oil/ gas/ water etc), storage tanks/containers, fabricated sections/structures and wheel rims for vehicles etc.

12.2.2 Domestic Like Product

The domestic like product is Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, of a thickness ranging from 2mm to 12mm, hot-rolled, not clad, plated or coated except hot rolled sheet JSH270C imported into Pakistan from the Exporting Countries. It is classified under PCT Heading Nos. 7208.1010, 7208.1090, 7208.2510, 7208.2590, 7208.2610, 7208.2690, 7208.2710, 7208.2790, 7208.3710, 7208.3790, 7208.3810, 7208.3890, 7208.3910, 7208.3990, 7208.4010, 7208.4090, 7208.5210, 7208.5290, 7208.5310, 7208.5390, 7208.5410, 7208.5490, 7208.9010 and 7208.9090. Domestic like product is mainly used for manufacturing of seam welded pipes (for oil/ gas/ water etc), storage tanks/containers, fabricated sections/structures and wheel rims for vehicles etc. Major uses of the domestic like product are, therefore, identical to those of the investigated product.

12.2.3 Like Product:

The like product is Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, of a thickness ranging from 2mm to 12mm, hot-rolled, not clad, plated or coated produced and sold by the foreign producers/exporters of the Exporting Countries in their domestic markets, and Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, of a thickness ranging from 2mm to 12mm, hot-rolled, not clad, plated or coated imported into Pakistan from countries other than the Exporting Countries. The like product is classified under PCT/H.S heading Nos. 7208.1010, 7208.1090, 7208.2510, 7208.2590, 7208.2610, 7208.2690, 7208.2710, 7208.2790, 7208.3710, 7208.3790, 7208.3810, 7208.3890, 7208.3910, 7208.3990, 7208.4010, 7208.4090, 7208.5210, 7208.5290, 7208.5310, 7208.5390, 7208.5410, 7208.5490, 7208.9010 and 7208.9090. Major uses of the like product are identical to those of the investigated product and domestic like product.

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

- i. basic raw materials used in production of the investigated product, the domestic like product, and the like product are the same/similar;
- ii. all the three products (the investigated product, the domestic like product and the like product) are produced with a similar manufacturing process;
- iii. all the three products have similar appearance;
- iv. all the three products are substitutable in use. They are mainly used for manufacturing of seam welded pipes (for oil/ gas/water etc), storage tanks/containers, fabricated sections/structures and wheel rims for vehicles etc.
- v. all the three products are classified under the same PCT/HS heading Nos. 7208.1010, 7208.1090, 7208.2510, 7208.2590, 7208.2610, 7208.2690, 7208.2710, 7208.2790, 7208.3710, 7208.3790, 7208.3810, 7208.3890, 7208.3910, 7208.3990, 7208.4010, 7208.4090, 7208.5210, 7208.5290, 7208.5310, 7208.5390, 7208.5410, 7208.5490, 7208.9010 and 7208.9090.

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

13. Period of Investigation

13.1 In terms of Section 36 of the Ordinance, period of investigation (hereinafter referred to as "POI") is:

- i. *"for the purposes of an investigation of dumping, an investigation period shall normally cover twelve months preceding the month of initiation of the investigation for which data is available and in no case the investigation period shall be shorter than six months."*
- ii. *"for the purposes of an investigation of injury, the investigation period shall normally cover thirty-six months:
"Provided that the Commission may at its sole discretion, select a shorter or longer period if it deems it appropriate in view of the available information regarding domestic industry and an investigated product".*

13.2 POI selected for dumping and injury are, therefore, as follows:

For determination of dumping:	From April 1, 2008 to March 31, 2009
For determination of material injury:	From April 1, 2006 to March 31, 2009

14. Information/Data Gathering

14.1 The Commission sent questionnaires directly to 23 exporters/producers of the Exporting Countries (whose complete addresses were available with the Commission) on September 7, September 12 and September 14, 2009 for submission of data and information. The exporters/foreign producers were asked to respond within 37 days of dispatch of the questionnaires. On September 7, 2009 copies of the questionnaires were also sent to the Embassies of the Exporting Countries in Islamabad with a request to forward it to all producers/exporters of the investigated product.

14.2 Following two exporters/foreign producers responded to the Commission's request for supplying information on the exporter questionnaire:

- i. Novexo (Cyprus) Limited, Russia (the exporter) and NLMK, Novolipetsk Steel, 2, Metallurgov sq, Lipetsk, Russia (the producer); and
- ii. Ilyich Iron and Steel Works, Ukraine (producer) and Taco Metalsasia Limited, Tortola, British Virgin Islands (exporter).

14.3 Both the exporters/producers requested for an extension in time period for submission of information. After taking into account due causes shown by these exporters in their requests, the Commission granted extension in time period for submission of information on exporter's questionnaire for two weeks. Filled-in exporter's questionnaires from these exporters were received at the Commission on October 28, 2009 and November 7, 2009 respectively. Upon examination of the information received from these exporters/foreign producers, certain deficiencies were found in the information supplied. These deficiencies were communicated to them and were requested to supply the deficient information. Further details are given at paragraph 15 infra.

14.4 Other foreign producers/exporters who were requested for information directly or through Embassies of the Exporting Countries did not respond to the Commission's request. Non-responding exporters/foreign producers were informed through a letter dated December 8, 2009 that the Commission would be constrained to rely on best information available to determine dumping of the investigated product for them if they did not provide information in response to the questionnaires.

14.5 On September 7, 2009 questionnaires were sent to 11 Pakistani importers of the investigated product known to the Commission and these importers were asked to

respond to the Commission within 37 days of dispatch of the questionnaires. None of the Pakistani importers responded to the Commission's questionnaire

14.6 The Commission has access to database of import statistics of Pakistan Revenue Automation Limited ("PRAL"), the data processing arm of the Federal Board of Revenue, Government of Pakistan. For the purpose of this determination the Commission has used import data obtained from PRAL in addition to the information provided by the Applicant and the exporters/foreign producers.

14.7 Interested parties were also invited to make their views/comments and submit information (if any) relevant to this investigation. Some interested parties have made comments /submitted information. Information submitted by these parties is also used in this determination.

14.8 Thus, the Commission has sought from all available sources the relevant data and information deemed necessary for the purposes of determination of dumping and injury caused there from in this investigation. In terms of Sections 32(4) and 35 of the Ordinance and Rule 12 of the Rules, the Commission has satisfied itself to the accuracy of information supplied by the interested parties to the extent possible for the purposes of this determination.

15. Questionnaire(s) Response by the Foreign Producers/Exporters

15.1 Questionnaire Response by NLMK, Novolipetsk Steel, Russia

15.1.1 The Commission sent questionnaire to Novexco (Cyprus) Limited, Russia (hereinafter referred to as "Novexco") on September 7, 2009 and NLMK, Novolipetsk Steel Russia (hereinafter referred to as "NLMK") on September 14, 2009. Novexco is an exporter of the investigated product, which is produced by NLMK. Both the exporter (Novexco) and producer (NLMK) submitted joint response. Their response was received in the Commission on October 28, 2009. According to the information provided in response to the questionnaire, NLMK is a joint stock company incorporated under Russian commercial laws and Novexco is its subsidiary company. It has been involved in manufacturing and sale of HR Products in its domestic market during POI. However it exported investigated product to Pakistan through its subsidiary trading company, Novexco, during POI.

15.1.2 The information submitted by NLMK and Novexco in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified.

Accordingly, those data deficiencies were communicated vide Commission's letters dated November 17, 2009.

15.1.3 NLMK and Novexco were asked to provide information/data which was found deficient no later than December 2, 2009, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. They responded to the deficiencies vide their letter dated December 2, 2009.

15.1.4 The Commission has accepted information supplied by NLMK and Novexco for the purposes of this determination. Normal value, export price and dumping margin (paragraphs 24.2, 25.2 and 26.4 infra) for NLMK and Novexco is determined on the basis of that information.

15.2 Questionnaire Response by Ilyich Iron and Steel Works, Ukraine and Taco Metalsasia Limited

15.2.1 The Commission sent questionnaire to Ilyich Iron and Steel Works, Ukraine (hereinafter referred to as "Ilyich") on September 7, 2009. Its response was received at the Commission on November 7, 2009. According to the information provided, Ilyich is a joint stock company incorporated under commercial laws of Ukraine. It has been involved in manufacture and sale of HR Products in domestic market during POI. However, investigated product produced by Ilyich was exported to Pakistan by Taco Metalsasia Limited, Tortola, British Virgin Islands (hereinafter referred to as "TML") during POI. Ilyich and TML submitted a joint response of the questionnaire.

15.2.2 The information submitted by Ilyich and TML was analyzed at the Commission and certain deficiencies were identified, which were communicated to them vide Commission's letter dated November 17, 2009.

15.2.3 Ilyich and TML were asked to provide deficient information/data no later than December 6, 2009. They responded to the deficiencies through a letter dated December 11, 2009. However, their response did not contain all required information.

15.2.4 The Commission has accepted information supplied by Ilyich and TML for the purposes of this determination. Normal value, export price and dumping margin (paragraphs 24.2, 25.2 and 26.4 infra) for Ilyich and TML is determined on the basis of that information.

16. Verification of the Information

16.1 In terms of Sections 23, 32(4) and 35 of the Ordinance and Rule 12 of the Rules, during the course of an investigation, the Commission shall satisfy itself as to the accuracy of the information and verify/examine the accuracy of the information supplied by the interested parties.

16.2 In order to verify information/data provided by the Applicant and to obtain further information (if any), officers of the Commission conducted on-the-spot investigation at the offices and plant of the Applicant from October 19 to 21, 2009.

17. Public File

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

18. Confidentiality

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

18.2 The Applicant has requested to keep confidential the information, which is by nature confidential in terms of Section 31 of the Ordinance. This information includes data relating to sales, sale prices, cost to make and sell, inventories, production, profit/(loss), return on investment, cash flow, growth, investment, salaries & wages, number of employees and capacity. In addition to this, the Applicant and other interested parties also provided certain information on confidential basis, as its disclosure would cause adverse effect upon them.

18.3 Pursuant to requests made by the Applicant and other interested parties to treat certain information as confidential, the Commission has determined the confidentiality in light of Section 31 of the Ordinance 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.

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

19. Views/Comments of Interested Parties

19.1 The Commission received comments on the application and initiation of the investigation from following interested parties:

- i. Ministry of Economy Ukraine
- ii. Ministry of Economic Development Russia
- iii. The Japan Iron and Steel Federation, Japan
- iv. NLMK and Novexco (Cyprus) Limited, Russia
- v. International Industries Limited, Pakistan
- vi. Pakistan Steel Linepipe Industry Association, Pakistan

19.2 Comments received and germane to this investigation under the Ordinance are annexed.

B. DUMPING

20. Dumping

In terms of Section 4 of the Ordinance 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 Ordinance “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 Ordinance 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 Ordinance 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 Ordinance as “*a price actually paid or payable for an investigated product when sold for export from an exporting country to Pakistan*”.

23. Dumping Determination

23.1 As stated earlier (paragraph 10 supra) the Applicant identified twenty-seven exporters/foreign producers from Exporting Countries involved in alleged dumping of the investigated product. The Commission sent questionnaires directly to twenty-three exporters/foreign producers whose complete addresses were available with the Commission (paragraph 14.1 supra) to gather information necessary for this investigation. Questionnaires were also provided to Embassies of the Exporting Countries in Islamabad with a request to forward it to all exporters/foreign producers of the investigated product based in Exporting Countries to submit information to the Commission.

23.2 Only two exporters/foreign producers, NLMK/Novexco and Ilyich/TML provided information in response to the questionnaires, (paragraphs 14.2 and 15 supra). Individual dumping margins in this determination are determined for the above-mentioned two exporters/foreign producers on the basis of the information provided by them. However, a residual dumping margin/duty rate for all other exporters/foreign producers of the Exporting Countries who did not cooperate with the Commission in this investigation has been determined on the basis of best information available in accordance with Section 32 of the Ordinance.

24. Determination of Normal Value

24.1 The Commission received information on domestic sales and cost of production etc. of the like product from the two foreign producers i.e. NLMK, Russia and Ilyich, Ukraine in response to the questionnaires. Normal value for Russian and Ukrainian exporters/producers in this determination has been determined on the basis of that information (paragraphs 24.2 to 24.5 infra). Normal value for the exporters/producers from Belgium, Japan and America has been determined on the basis of best information available in accordance with Section 32 and Schedule to the Ordinance (paragraphs 24.6 and 24.7 infra).

24.2 Determination of Normal Value for NLMK/Novexco

24.2.1 Normal value for NLMK/Novexco has been determined on the basis of the information provided by NLMK on its domestic sales and cost to make and sell during POI.

24.2.2 According to the information, NLMK produced following nine types of the like product during POI in its domestic market:

- i. HR Sheets, first quality;
- ii. HR sheets, second quality;
- iii. HR coils, first quality;
- iv. HR coils, second quality;
- v. HR sheets pickled, first quality;
- vi. HR sheets pickled, second quality;
- vii. HR coils pickled, second quality;
- viii. HR sheets patterned, first quality; and
- ix. HR sheets patterned, second.

24.2.3 It exported HR sheets pickled, first quality and HR coils, second quality of the investigated product to Pakistan during POI. For the purposes of like to like comparison, normal value is determined separately for HR coils, second quality, and HR sheets pickled, first quality, to compare with the export price of respective type of the investigated product.

24.2.4 NLMK sold HR sheets pickled, first quality in its domestic market during POI. These sales are in sufficient quantities to determine normal value in terms of Section 6(2) of the Ordinance, as these are more than 5 percent of the export sales of the investigated product exported by it/Novexco to Pakistan during POI. It sold like product to unrelated customers in its domestic market. However, it did not sell HR coils, second quality in its domestic market during POI. Therefore, normal value for HR coils, second quality has been constructed on the basis of weighted average ex-factory price of HR coil prime quality (determined on the basis of cost to make and sell and profits). For this purpose, information provided by NLMK is used. NLMK claimed that the constructed normal value for HR coil second quality might be adjusted in line with price of scrap as second quality could not be sold at a price of first quality HR coil. For this purpose, it claimed that the constructed normal value of HR coil second quality may be adjusted (lowered). The Commission has not accepted this claim of NLMK as it did not provide any tangible evidence in support. However, price of prime quality HR Coils has been adjusted (lowered) at the rate of 30 percent to determine normal value of secondary

quality like product. This 30 percent price differential in price of prime quality and secondary quality products is based on Commission's earlier investigation on Secondary Quality Tinplate originating in and/or exported from Belgium, France, Germany, Netherlands and United States of America.

24.2.5 Section 7 of the Ordinance requires the Commission to determine ordinary course of trade for domestic sales to determine normal value. Investigation has revealed that below costs sales of HR sheets pickled, first quality were not in substantial quantities in terms of Section 7(2) of the Ordinance. Therefore, the Commission has considered all domestic sales of HR sheets pickled, first quality during POI for determination of normal value.

24.2.6 According to NLMK, during POI, it sold like product (HR sheets pickled, first quality) in its domestic market on prepayment basis. To arrive at the ex-factory price, NLMK has claimed adjustment on account of inland freight, handling cost, and credit cost. The Commission has accepted these adjustments for the purposes of this determination and the normal value at ex-factory level for the like product is worked out by deducting values of this adjustment.

24.3 Determination of Normal Value for Other Non-cooperating Russian Exporters/Producers

NLMK is the only Russian producer which has provided requisite information for normal value. The Commission is of the view that this is the best information available, which represents normal value of the like product in Russia. Therefore, the Commission has not determined separate normal value for non-cooperating Russian exporters/producers.

24.4 Determination of Normal Value for Ilyich/TML, Ukraine

24.4.1 Normal value for Ilyich/TML has been determined on the basis of the information provided by Ilyich on its domestic sales and cost to make and sell during POI.

24.4.2 According to the information, Ilyich produced and sold following five types of the like product (HR Products) during POI in its domestic market:

- i. Carbon, thin HRC Steel Grade PS;

- ii. Carbon, thick HRC Steel Grade PS;
- iii. Construction Steel, thin HRC Steel Grade KP;
- iv. Construction Steel, thin HRC Steel Grade PS prime; and
- v. Construction Steel, thin HRC Steel Grade KP prime.

24.4.3 It exported all the above mentioned types of the investigated product to Pakistan during POI. For purposes of like to like comparison, normal value is determined separately for each type to compare with export price of the respective type of the investigated product.

24.4.4 Ilyich sold afore-mentioned five types of the like product in its domestic market during POI. These sales are in sufficient quantities to determine normal value in terms of Section 6(2) of the Ordinance, as these are more than 5 percent of export sales of the investigated product to Pakistan during POI.

24.4.5 Ilyich sold like product in its domestic market to unrelated customers and to a related party during POI. Ilyich has stated that sales to related party were at arms' length. Investigation of the Commission has shown that sales to related party were in the same range of prices, which were charged from un-related customers. Therefore, the Commission has determined normal value for Ilyich/TML on the basis of its entire sales of the like product in domestic market during POI.

24.4.6 Section 7 of the Ordinance requires the Commission to determine ordinary course of trade for domestic sales to determine normal value. Investigation has revealed that below costs sales of the like product were not in substantial quantities in terms of Section 7(2) of the Ordinance. Thus, in determination of normal value for of the like product, the Commission has considered all sales (paragraph 21.3 supra).

24.4.7 According to Ilyich, information provided to the Commission on sales price of the like product is a market price. To arrive at the ex-factory price of like product, Ilyich claimed adjustment on account of inland freight. The Commission has accepted this adjustment and the normal value at ex-factory level for the like product is worked out by deducting values of this adjustment.

24.5 Determination of Normal Value for Other Ukrainian Exporters/Producers

24.5.1 Ilyich is the only Ukrainian producer who has provided requisite information for normal value. The Commission is of the view that this is the best information available,

which represents normal value of the like product in Ukraine. Therefore, the Commission has not determined separate normal value for non-cooperating Ukrainian exporters/producers

24.6 Determination of Normal Value for Belgian Exporters/Producers

24.6.1 Exporters/producers of the investigated product from Belgium did not cooperate with the Commission and did not provide requisite information (paragraph 14 supra). Thus, the Commission was constrained to rely on best information available in accordance with Section 32 and Schedule to the Ordinance to determine normal value for Belgian exporters/producers.

24.6.2 For the purposes of determination of normal value for Belgian exporters/producers of the investigated product, the information provided by the Applicant in application is used. In application, the Applicant has provided prices of the like product (HR Products) prevailed in Belgium during POI. For this purpose the Applicant has obtained Belgian domestic prices from “Metal Bulletin” a renowned journal providing prices of steel products. The Commission is of the view that it is the best available information for this purpose, as no other information on Belgian domestic prices of the like product or Belgian export prices of the like product to countries other than Pakistan or Belgian producers’ cost to make and sell of the like product is available with the Commission.

24.6.3 Metal Bulletin has reported monthly prices of the like product, prime quality, prevailed in European Union during POI. These prices are reported at delivered basis. These prices have been adjusted for value added tax and inland freight/handling charges to reach at ex-factory level.

24.6.4 According to the information obtained from PRAL, major imports of HR Products from Belgium (90%) during POI were of secondary quality HR Products. To determine normal value of secondary quality like product, normal value of the prime quality like product has been lowered at the rate of 30 percent, which is based on Commission’s earlier investigation on Secondary Quality Tinplate originating in and/or exported from Belgium, France, Germany, Netherlands and United States of America.

24.7 Determination of Normal Value for Japanese Exporters/Producers

24.7.1 Exporters/producers of the investigated product from Japan did not cooperate with the Commission and did not provide requisite information (paragraph 14 supra). Thus, the Commission was constrained to rely on best information available in accordance with Section 32 and Schedule to the Ordinance to determine normal value for Japanese exporters/producers.

24.7.2 For the purposes of determination of normal value for Japanese exporters/producers of the investigated product, the information provided by the Applicant in application is used. In application, the Applicant has provided prices of the like product (HR Products) prevailed in Japan during POI. For this purpose the Applicant has obtained Japanese domestic prices of the like product from “Steel Weekly Market Tracker” a renowned journal. The Commission is of the view that it is the best available information with the Commission for this purpose, as no other information on Japanese domestic prices of the like product or Japanese exporter’s prices of the like product to countries other than Pakistan, or Japanese producers’ cost to make and sell of the like product is available with the Commission.

24.7.3 Steel Weekly Market Tracker has reported monthly prices of the like product, prime quality, prevailed in Japan POI. These prices are reported at ex-works basis.

24.7.4 According to the information obtained from PRAL, major imports of HR Products from Japan (69%) during POI were of secondary quality HR Products. To determine normal value of secondary quality like product, normal value of the prime quality like product has been lowered at the rate of 30 percent, which is based on Commission’s earlier investigation on Secondary Quality Tinplate originating in and/or exported from Belgium, France, Germany, Netherlands and United States of America.

24.8 Determination of Normal Value for United States of America’s Exporters/Producers

24.8.1 Exporters/producers of the investigated product from United States of America (“USA”) did not cooperate with the Commission and did not provide requisite information (paragraph 14 supra). Thus, the Commission was constrained to rely on best information available in accordance with Section 32 and Schedule to the Ordinance to determine normal value for USA exporters/producers.

24.8.2 For the purposes of determination of normal value for USA exporters/producers of the investigated product, the information provided by the Applicant in application is

used. In application, the Applicant has provided prices of the like product (HR Products) prevailed in USA during POI. For this purpose, the Applicant has obtained USA domestic prices of the like product from “Metal Bulletin” a renowned journal providing prices of steel products. The Commission is of the view that it is the best available information for this purpose, as no other information on USA domestic prices of the like product or USA export prices of the like product for countries other than Pakistan, or USA producers’ cost to make and sell of the like product is available with the Commission.

24.8.3 Metal Bulletin has reported monthly prices of the like product, prime quality, prevailed in USA during POI. These prices are reported at FOB mill basis.

24.8.4 According to the information obtained from PRAL, major imports of HR Products from USA (84%) during POI were of secondary quality HR Products. To determine normal value of secondary quality like product, normal value of the prime quality like product has been lowered at the rate of 30 percent, which is based on Commission’s earlier investigation on Secondary Quality Tin plate originating in and/or exported from Belgium, France, Germany, Netherlands and United States of America.

25. Determination of Export Price

25.1 The Commission received information on export sales of the investigated product from two exporters/foreign producers (Novexco/NLMK and TML/Ilyich) in response to the questionnaires sent to various exporters/foreign producers of the Exporting Countries (paragraphs 14.3 and 15 supra). Export price of investigated product for these two exporters/foreign producers in this determination is determined on the basis of the information provided by them. Export price for other exporters/foreign producers of the Exporting Countries who did not cooperate with the Commission is determined on the basis of best information available with the Commission in accordance with Section 32 of the Ordinance. For this purpose, information obtained from PRAL and provided by the cooperating exporters is used.

25.2 Determination of Export Price for Novexco/NLMK, Russia

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

25.2.2 According to the information, Novexco/NLMK exported two types, HR coils, second quality and HR sheets pickled, first quality of the investigated product to Pakistan during POI. All export sales to Pakistan, during POI, were made to un-related customers. Export price is determined separately for each type mentioned above.

25.2.3 During POI, NLMK sold investigated product on FOB basis to its related exporter Novexco, which was subsequently exported to Pakistan. To arrive at the ex-factory level, NLMK has reported adjustments on account of credit cost, inland freight, customs clearance charges and handling cost. The Commission has accepted these adjustments for the purposes of this investigation and the export price at ex-factory level is worked out by deducting values reported for these adjustments from the gross value of sales transactions.

25.4 Determination of Export Price for Other Non-cooperating Russian Exporters

NLMK is the only Russian producer which has provided requisite information for export price. The Commission is of the view that this is the best information available, which represents export price of the like product in Russia. Therefore, the Commission has not determined separate export price for non-cooperating Russian exporters/producers.

25.5 Determination of Export Price for TML/Ilyich, Ukraine

25.5.1 Export price for TML/Ilych, Ukraine is determined on the basis of the information provided by it on its export sales of the investigated product to Pakistan made during POI.

25.5.2 According to the information, TML/Ilyich exported following five types of the investigated product to Pakistan during POI:

- i. Carbon, thin HRC Steel Grade PS;
- ii. Carbon, thick HRC Steel Grade PS;
- iii. Construction Steel, thin HRC Steel Grade KP;
- iv. Construction Steel, thin HRC Steel Grade PS prime; and
- v. Construction Steel, thin HRC Steel Grade KP prime.

25.5.3 All export sales to Pakistan, during POI, were made to un-related customers. However, it exported investigated product through its agent in Pakistan. Export price is determined separately for each type of the investigated product mentioned above.

25.5.4 Ilyich sold investigated product to TML on FOB basis. To arrive at the ex-factory level, it has reported adjustments on account of inland freight and handling cost. The Commission has accepted these adjustments and the export price at ex-factory level is worked out by deducting values reported for this adjustments from gross value of sales transactions.

25.6 Determination of Export Price for Other Non-cooperating Ukrainian Exporters

25.6.1 Ilyich is the only Ukrainian producer, which has provided requisite information for export price. The Commission is of the view that this is the best information available, which represents export price of the like product in Ukraine. Therefore, the Commission has not determined separate export price for non-cooperating Ukrainian exporters/producers.

25.7 Determination of Export Price for Belgian Exporters/Producers

25.7.1 Belgian exporters/producers of the investigated product did not cooperate with the Commission in providing information (paragraph 14 supra). Thus, the Commission has relied on best information available with it to determine export price for imports of the investigated product from Belgium in accordance with Section 32 and Schedule to the Ordinance. Information obtained from PRAL is used for the purposes of determination of export price for imports of the investigated product from Belgium. This is the only information available with the Commission to determine export price of the investigated product imported from Belgium. Imports of the investigated product during POI comprised of prime quality and secondary quality HR Products. Export price is determined separately for each type of the investigated product.

25.7.2 Values in PRAL's information are reported at C&F level. The C&F export price has been adjusted to the ex-factory level. For this purpose, adjustments on account of ocean freight and inland freight/handling charges have been made in C&F price. Ocean freight and inland freight/handling cost are determined on the basis of the information and evidence submitted by the Applicant in application.

25.8 Determination of Export Price for Japanese Exporters/Producers

25.8.1 Japanese exporters/producers of the investigated product did not cooperate with the Commission in providing information (paragraph 14 supra). Thus, the Commission has relied on best information available to determine export price for imports of the investigated product from Japan in accordance with Section 32 and Schedule to the Ordinance. Information obtained from PRAL is used for the purposes of determination of export price for imports of the investigated product from Japan. This is the only information available with the Commission to determine export price of the investigated product imported from Japan. Imports of the investigated product during POI comprised of prime quality and secondary quality HR Products. Export price is determined separately for each type of the investigated product.

25.8.2 Values in PRAL's information are reported at C&F level. C&F export price has been adjusted to the ex-factory level. For this purpose, adjustments on account of ocean freight and inland freight/handling cost have been made in C&F price. Ocean freight and inland freight/handling cost is determined on the basis of the information and evidence submitted by the Applicant in application.

25.9 Determination of Export Price for American Exporters/Producers

25.8.1 American exporters/producers of the investigated product did not cooperate with the Commission in providing information (paragraph 14 supra). Thus, the Commission has relied on best information available to determine export price for imports of the investigated product from America in accordance with Section 32 and Schedule to the Ordinance. Information obtained from PRAL is used for the purposes of determination of export price for imports of the investigated product from America. This is the only information available with the Commission to determine export price of the investigated product imported from America. Imports of the investigated product during POI comprised of prime quality and secondary quality HR Products. Export price is determined separately for each type of the investigated product.

25.8.2 Values in PRAL's information are reported at C&F level. C&F export price has been adjusted to the ex-factory level. For this purpose, adjustments on account of ocean freight and inland freight/handling cost have been made in C&F price. Ocean freight and inland freight/handling cost is determined on the basis of the information and evidence submitted by the Applicant in application.

26. Dumping Margin

26.1 The Ordinance defines “dumping margin” in relation to a product to mean “*the amount by which its normal value exceeds its export price*”. In terms of Section 14(1) of the Ordinance the Commission shall determine an individual dumping margin for each known exporter or producer of an investigated product. In this determination, the Commission has determined individual dumping margins for the two exporters who cooperated with the Commission and supplied necessary information.

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

26.3 The Commission has also complied with the requirements of Section 11 of the Ordinance 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*”.

26.4 Taking into account all requirements set out above, the dumping margins have been determined as follows:

**Table-III
Dumping Margin**

Country	Exporter Name	Dumping margin as % of	
		Export price	C&F price
Russia	NLMK/Novexco	34.60	24.35
	All others	34.60	24.35
Ukraine	Ilyich/TML	47.21	40.56
	All others	47.21	40.56
Belgium	All exporters	22.53	19.88
Japan	All exporters	13.90	12.75
USA	All exporters	33.08	29.21

27. Negligible Volume of Dumped Imports

27.1 In terms of Section 41(3) (b) of the Ordinance, volume of 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 3 percent of total imports of the like product

unless imports of the investigated product from all countries under investigation which individually account for less than three percent of the total imports of a like product collectively account for more than seven percent of imports of a like product.

27.2 In this regard, data and information available with the Commission on volume of dumped imports of the investigated product from Exporting Countries and like product from other sources during POI (from April 01 2008 to March 31, 2009) is given in the following table:

**Table-IV
Volume of Imports During POI**

Imports from:		Imports in:	
		Absolute quantity(MT)	% of total imports
Dumped sources	Russia	28,227.86	11.08
	Ukraine	89,842.12	35.28
	Belgium	6,423.41	2.52
	Japan	10,092.99	3.96
	USA	14,480.17	5.69
Other sources		105,607.50	41.47
Total		254,674.05	100.00

Source: PRAL and Cooperating Exporters

27.3 On the basis of above information, the Commission has determined that the volume of dumped imports of the investigated product from Exporting Countries, except from Belgium, was well above the negligible threshold (less than three percent of volume of total imports of the like product) during POI. The Commission has determined that imports of the investigated product from Belgium, were negligible during POI, in terms of Section 41(3) of the Ordinance.

C. INJURY TO DOMESTIC INDUSTRY

28. Determination of Injury

28.1 Section 15 of the Ordinance 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 Ordinance 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 POI. Material injury to the domestic industry has been analyzed in the following paragraphs in accordance with Part VI of the Ordinance.

29. Domestic Industry

29.1 For the purposes of this determination, the Commission has determined domestic industry manufacturing domestic like product consists of only one unit i.e. Applicant (paragraph 7 supra). Therefore, analysis of the injury factors given in following paragraphs is based on Applicant’s information.

30. Cumulation of Dumped Imports

30.1 Section 16 of the Ordinance states that:

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

“(a) dumping margin in relation to an investigated product from each country is more than the negligible amount as specified...., and volume of dumped imports from each investigated country is not less than the negligible quantity as specified.....; and

“(b) a cumulative assessment of the effects of the imports is appropriate in the light of

(i) the conditions of competition between the imports; and

(ii) *the conditions of competition between the imports and a domestic like product”.*

30.2 Investigation by the Commission has revealed that the volume of dumped imports during the POI from the Exporting Countries was above the negligible quantity except for Belgium (i.e. less than 3 percent of total imports of HR products). Furthermore, dumping margins for each country was also more than the negligible amount (i.e. less than 2 percent of export price).

30.3 It is evident from the weighted average C & F export price charged by the exporters from the Exporting Countries during the POI (from 1st April 2008 to 31st March 2009) that there was a price competition between imports of the investigated product.

30.4 The investigation has revealed that there was a competition between investigated product and the domestic like product in terms of price, market share, and sales etc. Conditions of competition between imports of the investigated product and the domestic like product are discussed in detail in paragraphs 31 to 42 infra.

30.5 For the reasons given above, the Commission has cumulatively assessed effects of dumped imports from the Exporting Countries on the domestic industry in following paragraphs:

31 Volume of Dumped Imports

Facts

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

31.2 In order to ascertain the volume of dumped imports of the investigated product and production of the domestic like product, information submitted by the Applicant, exporters/foreign producers and obtained from PRAL has been used. The following table shows imports of the investigated product and production of the domestic like product during the years 2006-07, 2007-08 and 2008-09 (POI for injury):

**Table-VI
Volume of Imports and Domestic Production**

Year*	Imports of the investigated product**	Domestic Production
-------	---------------------------------------	---------------------

2006-07	40.02	100.00
2007-08	16.37	110.77
2008-09	43.68	95.37

Note: Actual figures have been indexed with reference to the figure of total production in the year 2006-07 by taking it equal to 100

*Year is from 1st April to 31st March

** Excluding imports from Belgium

Analysis

31.3 Imports of the investigated product from Exporting Countries decreased in the year 2007-08. However, it increased in the year 2008-09 (the POI for dumping).

31.4 Domestic industry's production of the domestic like product increased in the year 2007-08 and decreased in the year 2008-09.

31.5 Imports of the investigated product were 40.02 percent, 14.77 percent and 45.80 percent of the production of domestic like product during the years 2006-07, 2007-08 and 2008-09 respectively.

31.6 Above table shows that imports of the investigated product from dumped sources decreased in the year 2007-08 as compared to the imports in the year 2006-07 and production of the domestic like product increased in the year 2007-08. Dumped imports of the investigated product increased in the years 2008-09. Production of the domestic like product decreased in the years 2008-09.

Conclusion

31.7 In the year 2008-09 the imports from dumped source increased significantly but this reduced the share of other imports and an insignificant share of the domestic industry. This leads to the conclusion that domestic industry is capable to meet no more than 50 percent demand. Imposition of any anti-dumping duty may lead to increased quantitative share by imports from other sources. The trend also leads to the conclusion that increased volume of dumped imports has led to reduction in the imports from other sources.

31.8 On the basis of the above information and analysis, the Commission has concluded that the dumped imports of the investigated product increased in absolute terms as well as relative to production of the domestic like product during POI. However, this is not a source of material injury to domestic industry as volume of dumped imports did not lead to reduction in production and sales of domestic industry with the same quantum.

32. Price Effects

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

32.2 Price undercutting**Facts**

32.2.1 Weighted average ex-factory price of the domestic like product has been calculated from the information submitted by the Applicant on quantity and value of sales during POI. Landed cost of the investigated/dumped 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 POI is given in following table:

**Table-VII
Calculations of Price Under-cutting**

Year*	Domestic Price**	Landed Cost**	Price under-cutting	
			Absolute	Percentage
2006-07	100	105	-	-
2007-08	116	116	-	-
2008-09	169	167	2	1.22%

Note: Actual figures have been indexed with reference to the figure of domestic price in the year 2006-07 by taking it equal to 100

* Year is from 1st April to 31st March

** Price/landed cost exclusive of sales tax

Source: Applicant and PRAL

Analysis

32.2.2 Above table shows that the landed cost of the dumped investigated product and prices of the domestic like product registered an increase during the last three years. Although there was a considerable increase in landed cost of the investigated product during 2008-09, however, it remained lower than price of domestic like product. Investigation of the Commission has revealed that increase in landed cost of the

investigated product was partly due to increase in international prices of steel products and partly due to depreciation of Pakistan rupee with respect to USD.

Conclusion

32.2.3 On the basis of the above facts and analysis, the Commission has concluded that the domestic industry has suffered injury on account of price undercutting during last year of POI. However, this injury is insignificant and cannot be termed as ‘material’.

32.3 **Price Depression**

Facts

32.3.1 The weighted average ex-factory price of the domestic like product during POI is given in the table below:

**Table-VIII
Calculation of Price Depression**

Year*	Domestic price**	Price depression
2006-07	100	-
2007-08	116	-
2008-09	169	-

Note: Actual figures have been indexed with reference to the figure Of domestic price in the year 2006-07 by taking it equal to 100

* Year is from 1st April to 31st March

** Price exclusive of sales tax

Analysis

32.3.2 Above table shows that domestic industry increased price of domestic like product during POI.

Conclusion

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

32.4 **Price Suppression**

Facts

32.4.1 Weighted average cost to make and sell of the domestic like product has been calculated from the information submitted by the Applicant on its cost to make and sell

during POI. The following table shows the weighted average cost to make and sell and the weighted average ex-factory sales price of the domestic like product during POI:

Table-IX
Calculations of Price Suppression

Year*	Cost to make & sell	Ex-factory price**	Increase/(decrease) in:	
			Cost of sold	Price
2006-07	83	100	-	-
2007-08	102	116	19	16
2008-09	198	169	96	54

Note: Actual figures have been indexed with reference to the figure of domestic price in the year 2006-07 by taking it equal to 100

* Year is from 1st April to 31st March

* Year is from 1st April to 31st March

** Price exclusive of sales tax

Analysis

32.4.2 The above tables show that there was considerable increase in cost to make and sell of the domestic like product during year 2008-09. Weighted average cost of sales of the domestic like product increased 23.51 percent and 93.53 percent during the years 2007-08 and 2008-09 respectively. Investigation of the Commission has revealed that major increase in cost of production during the year 2008-09 was due to increase in prices of raw materials/ input. In the year 2008-09 cost of imported raw materials increased by 92 percent over the cost of imported raw materials of the year 2007-08.

32.4.4 Although, increase in price in the year 2007-08 was less than increased cost to make and sell but increased price was above cost to make and sell and the Applicant earned profit in this year. Weighted average ex-factory price of the domestic like product increased 5.58 percent and 46.41 percent in the years 2007-08 and 2008-09, respectively. Thus, the domestic industry recovered increased cost of production in the year 2007-08 by way of an increase in selling price. However, in the year 2008-09, domestic industry could not recover increased cost of sales through increased price because increase in price was lower than the increase in cost of sales. The domestic industry experienced significant price suppression in the year 2008-09 as it was not able to recover increased cost by way of an increase in its selling price due to lower landed cost of the investigated product.

32.4.5 The Commission's investigation has revealed that the Applicant has not increased its prices of investigated product in accordance with international prices during POI. Due to this, it was not able to recover its costs and this led to price suppression.

Conclusion

32.4.5 On the basis of the above information and analysis, the Commission has concluded that the domestic industry suffered material injury on account of price suppression during the year 2008-09. This price suppression cannot be attributed to dumping as the Applicant has kept its prices below international prices when prices were high during the POI.

33. Effects on Market Share**Facts**

33.1 During POI, domestic demand for HR products in Pakistan was met through sales by the domestic industry and imports. The domestic consumption of HR products is ascertained by combining the domestic industry's sales and total imports, and this is referred as the total domestic market. The Applicant supplied information on total sales of the domestic like product in domestic market. Import of HR products is ascertained on the information obtained from PRAL and submitted by the cooperating exporters/foreign producers of the Exporting Countries. The total domestic market of HR products during POI is given in following table:

**Table -X
Market Share**

Year*	Sales by domestic industry	Imports**			Total domestic market**
		Exporting Countries	Other sources	Total	
2006-07	48	20	33	52	100
2007-08	60	8	39	47	107
2008-09	41	21	17	38	79

Note: Actual figures have been indexed with reference to the figure of total domestic market in the year 2006-07 by taking it equal to 100

* Year is from 1st April to 31st March

** imports from Belgium are included in imports from other sources

Analysis

33.2 The above table shows that domestic market of HR products increase in the year 2007-08 and decrease in the year 2008-09. Domestic industry's market share increased in the year 2006-07 and in the year 2007-08 and decreased in the year 2008-09.

33.3 Market share of the investigated product decreased in the year 2007-08 and in the year 2008-09. Share of imports of the like product from countries other than Exporting Countries increased in the year 2007-08 and decreased in the year 2008-09.

33.4 Domestic industry's sales in domestic market increase in the year 2007-08 and decreased in the year 2008-09. Dumped imports of the investigated product in decreased and increased in the years 2007-08 and 2008-09 respectively. Imports of the like product from the other sources increased and decreased in the years 2007-08 and 2008-09 respectively.

33.5 The above table also shows that the domestic market of HR products contracted in the year 2008-09, however, sales of the domestic like product by the domestic industry declined. On the other hand dumped imports of the investigated product increased, which should have been decreased in declining market. Imports of the like product from other sources also declined. Thus, major market share of other imports has been taken by dumped imports of the investigated product.

Conclusion

33.6 On the basis of above information and analysis, the Commission has concluded that the domestic industry suffered injury on account of market share during POI. Major share of other imports has been taken by dumped imports.

34. Effects on Sales

Facts

34.1 Sales of the domestic like product by the domestic industry in domestic market during POI was as follows:

**Table -XI
Sales of the Domestic Like Product**

Year*	Sales (MT)	Increase/decrease
2006-07	100	--
2007-08	126	26
2008-09	86	-40

Note: Actual figures have been indexed with reference to the figure of sales in the year 2006-07 by taking it equal to 100
* Year is from 1st April to 31st March

Analysis

34.2 The above table shows that the sales of the domestic like product by the domestic industry increased in the year 2007-08 and decreased in the year 2008-09. Decline in sales of the domestic like product during the year 2008-09 was due to contraction in domestic market.

Conclusion

34.3 On the basis of above information and analysis, the Commission has concluded that main cause of decreased sales of the domestic like product during 2008-09 was contraction in demand due to worldwide economic recession and the pricing policy of the Applicant.

35. Effects on Production and Capacity Utilization

Facts

35.1 Quantity produced and the capacity utilized by the domestic industry during POI were as follows:

**Table-XII
Production and Capacity Utilization**

Year *	Quantity Produced	Capacity Utilization (%)
2006-07	100	41.23
2007-08	111	45.67
2008-09	95	39.32

Note: Actual figures of quantity produced have been indexed with reference to the figure in the year 2006-07 by taking it equal to 100

* Year is from 1st April to 31st March Source: the Applicant

Analysis

35.2 Above table shows that the production of domestic like product increased in year 2007-08 and decreased in year 2008-09. Capacity utilization of the domestic industry increased in the year 2007-08. However, capacity utilization decreased in the year 2008-09. The decrease in capacity utilization was due to contraction in demand.

Conclusion

35.5 On the basis of the above information and analysis, the Commission has concluded that the domestic industry suffered material injury on account of production

and capacity utilization during the year 2008-09. During this year there was world wide economic recession and the growth rate in steel manufacturing sector during this period was -5.5 percent (Source: Economic Survey of Pakistan 2008-09)

36. Effects on Inventories

Facts

36.1 The Applicant provided data relating to its inventories of the domestic like product during POI. Data for opening and closing inventories for the domestic like product of the POI is given in the following table:

**Table-XIII
Inventories of Domestic Like Product**

Year *	Opening Inventory	Closing Inventory
2006-07	100	113
2007-08	113	37
2008-09	37	121

Note: Actual figures have been indexed with reference to the figure of opening inventory in the year 2006-07 by taking it equal to 100

* Year is from 1st April to 31st March

Analysis

36.2 The data given in the table above shows that the closing inventory level of the domestic like product decreased in year 2007-08 and increased in year 2008-09 despite its decreased production (paragraph 35 supra).

Conclusion

36.5 On the basis of the above facts and analysis, the Commission has concluded that the domestic industry suffered material injury on account of increase in inventories of the domestic like product during 2008-09 due to low sales due to contraction in demand caused by world wide economic recession.

37. Effects on Profits/Loss

Facts

37.1 Profit and loss position for the domestic industry is inferred on the basis of the information supplied by the Applicant in its Profit and Loss Account Statements on sales of the domestic like product. The Applicant is a multi product company. Effect on

profits is determined on the basis of production and sales of the domestic like product during POI. Table below shows the profit and loss position of the Applicant during POI:

**Table -XIV
Profit/(Loss) of the Applicant**

Year *	Net Profit/(Loss)
2006-07	100
2007-08	92
2008-09	(136)

Note: Actual figures have been indexed with reference to the figure of profit in the year 2006-07 by taking it equal to 100

* Year is from 1st April to 31st March

Analysis

37.2 The above table shows that the domestic industry earned gross and net profits on production and sales of the like product during the years 2006-07 and 2007-08. In the year 2008-09 the domestic industry incurred heavy losses on production and sale of the domestic like product. This happened partly due to price suppression, as the domestic industry was not able to recover increased cost of production through an increase in selling price and partly due to substantial increase in cost of imported raw material which increased and financial cost which increased in the year 2008-09.

Conclusion

37.5 On the basis of the above facts, the Commission has concluded that the domestic industry has incurred losses on production and sale of domestic like product and has suffered material injury on account of profits during POI due to administrative problems and delays in adjusting its prices to international trends and losses caused due worldwide recession.

38. Effects on Cash Flow

Facts

38.1 The cash flow position through operating activities of the domestic industry was determined on the basis of the information provided by the Applicant. The Applicant is a multi product manufacturing company and it does not maintain separate cash flows

positions for different products. Total net cash flow position of the Applicant during POI is given in the following table:

**Table -XV
Cash Flow Position**

Year*	Net cash inflow/ (outflow)
2006-07	100
2007-08	317
2008-09	(2,888)

Note: Actual figures have been indexed with reference to the figure of profit in the year 2006-07 by taking it equal to 100

* Year is from 1st April to 31st March

Analysis

38.2 The above table shows that net cash inflow of the Applicant, which was positive in the years 2006-07 and 2007-08 became negative in the year 2008-09. Net cash flow of the domestic industry became negative due to reasons other than the dumping of the investigated product. Since the position stated is consolidated for all products, the Commission is of the view that this factor was not relevant to the dumping of investigated product.

Conclusion

38.3 Given the fact that cash flow reflects the consolidated position hence no meaningful conclusion can be drawn from above analysis.

39. Effects on Employment, Productivity and Salaries & Wages

Facts

39.1 Employment in domestic industry increased in the year 2007-08 and decreased in the year 2008-09 as production of the like product increased and decreased in the respective years. Effects on domestic industry's employment, productivity and salaries & wages are ascertained in the following table:

**Table -XVI
Employment, Productivity and Salaries & Wages**

Year *	Number of Employees	Productivity per worker	Salaries & wages
2006-07	100	100	100
2007-08	102	108	108
2008-09	98	97	129

Note: Actual figures have been indexed with reference to the figures in the year 2006-07

by taking it equal to 100

* Year is from 1st April to 31st March Source: Applicant

Analysis

39.2 The above table shows that the employment in the domestic industry decreased in the year 2008-09. Productivity per worker increased in year 2007-08 and decreased in year 2008-09 despite decline in employment.

39.3 Salaries and wages per MT for production of the domestic like product increased in the year 2007-08 and further increased in the year 2008-09.

Conclusion

39.4 Based on the above information and analysis, the Commission has concluded that the domestic industry suffered material injury on account of employment, productivity, wages and salaries due to decrease in production caused by contraction in domestic demand.

40. Effects on Return on Investment

Facts

40.1 Return on investment realized by the domestic industry during POI is determined on Applicant' information. Following table shows investment and return on investment of the domestic industry during POI:

Table -XVII
Investment and Return on Investment

Year*	Return on Investment
2006-07	4.607%
2007-08	4.868%
2008-09	(17.36)%

* Year is from 1st April to 31st March Source: Applicant

Analysis

40.2 The above table shows that the investment in the domestic industry decreased. The Applicant is a multiproduct and return on investment became negative in year 2008-09.

Conclusion

40.3 On the basis of the above, the Commission has concluded that the domestic industry suffered material injury on account of return on investment during POI due worldwide economic recession. Return on investment became negative due to reasons other than the dumping of the investigated product. Since the position stated is consolidated for all products, the Commission is of the view that this factor was not relevant to the dumping of investigated product.

41. Effects on Growth and Investment

Facts/analysis

41.1 There was no new investment in domestic industry during POI. Further, the Applicant had not plan to make new investment for domestic like product.

Conclusion

41.2 On the basis of the above, the Commission has concluded that the domestic industry did not suffer material injury on account of growth and investment during POI.

42. Ability to Raise Capital

Facts/analysis

42.1 The Applicant alleged difficulties in raising capital due to dumping of the investigated product. In application, the Applicant has stated, "*Since the Applicant is a listed public limited company, excessive deterioration in its profitability due to continued dumping has adversely affected the confidence of investors and financial institutions on company*". However, it did not submit any documentary evidence in support thereof.

Conclusion

42.2 The Commission has concluded that the domestic industry did not suffer material injury in respect of its ability to raise capital due to imports of the investigated product.

43. Summing up of Material Injury

43.1 Facts and analysis in the preceding paragraphs (paragraphs 28 to 43 supra) shows that the domestic industry has suffered injury during POI on account of Increased volume of dumped imports of the investigated product price suppression; incurred

losses on production and sale of the domestic like product; decline in market share; decline in sales; increase in inventories; negative effects on inventories; negative effect on production and capacity utilization; and negative effects on employment, wages, salaries and productivity.

43.2 During POI, there was worldwide recession. Demand in user industry decreased leading to contraction in domestic market of HR Products. Resultantly, the domestic industry faced price suppression and consequently incurred losses on production and sale of the domestic like product and return on investment become negative during POI. The Applicant was not able to increase its prices of the domestic like product to a level where it could accommodate the rising cost of production during POI due its administrative problems, therefore, the Applicant' profitability turned into losses which caused negative effects on cash flow.

43.5 It is, therefore, concluded that the domestic industry has suffered significant injury of the investigated product during POI due to factors other than dumping.

D. CAUSATION

44. Other Factors

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

44.2 The Commission's investigation showed that the domestic industry suffered injury due to imports of the like product from sources other than the dumped imports from Exporting Countries during POI.

44.4 Investigation by the Commission also revealed that the Applicant started commercial production in January 1985 with a designed production capacity of 1.1 million tones per annum of raw steel/pig iron. There was a built-in potential for expansion in installed capacity over 2.0 million tones per annum. Now a days economic size of a steel plant is over 2.0 million tones per annum. The Applicant is also suffering due to smaller size (1.1 million tones) of its plant.

44.5 Due to low production/capacity utilization and mounting losses in initial years of its operation, the Applicant did not plan for expansion in its production capacity. However, capacity utilization and financial position of the Applicant improved

significantly after 1991. Pakistan Steel Mills incurred losses during 1996 to 2000. After implementation of a restructuring plan in the year 2000, it became a profitable entity. Keeping in view needs of the country and Pakistan Steel Mills, the Government of Pakistan signed a memorandum of understanding for expansion in installed capacity up to 1.5 million tones per annum of Pakistan Steel Mills with Russian Federation on February 6, 2003. Pakistan Steel Mills planned for its expansion in capacity up to 3.0 million tones per annum by the year 2010 in two phases and appointed a British firm for consultancy services in the year 2003. However, this plan has not been executed.

44.6 According to the PC-I prepared for expansion of Pakistan Steel Mills, break even point for current capacities (1.1 million tones) is 63% capacity utilization, while break even point for 1.5 million tones capacity would be at 35% capacity utilization. This shows that the Applicant is suffering due to non-expansion in its production capacities. This low capacity to produce is leading to inefficiencies of the Applicant.

44.7 The Commission's investigation has revealed that there was a sharp increase in international prices (79.08%) during the period from mid March 2008 to mid October 2008. From mid October 2008 to the end of March 2009, there was a sharp decline (65.80%) in international prices of HR products. During the period from mid March 2008 to mid October 2008, the Applicant steadily raised its prices of the domestic like product steadily. The Applicant increased its prices by 31.01% during this period. Thus, prices of the Applicant remained lower than the international prices during this period. For the period from mid October 2008 to the end of March 2009, the Applicant also decreased its prices by 36.12%, keeping in view declining prices in international market. However, during this period, Applicant's prices remained above the average prices prevailed in international market. This shows that there were some administrative problems as well due to which the Applicant could not react in line with international prices of HR products and suffered material injury.

44.8 There was an economic recession during 2008-09 and all the industries had to curtail their production. This necessarily resulted into heavy losses by the industries on two accounts; (i) increase in per unit fixed cost due to lower volumes; and (ii) selling the products at much lower prices than the purchase price of raw materials (due to time lag in purchase of raw material and sale of finished product). The Applicant is not exception to it and incurred heavy losses. Efficient industries adjusted themselves according to these conditions but the Applicant was not able to react efficiently to these changing scenarios due to its inefficient system of sales and fixation of prices. Dumping of the investigated product might have contributed to losses of the Applicant in year 2008-09 but the contribution of other factors seems larger than that of dumping.

44.9 In view of overwhelming impact of other factors, the Commission finds it difficult to establish a causal link between dumped imports and injury to the domestic industry.

E. CONCLUSIONS

46. After taking into account all considerations for this determination, the Commission has concluded that the domestic industry, representing 100 percent of production, has filed the application against dumping of HR products from Exporting Countries. HR products produced by the domestic industry and exported to Pakistan by Exporting Countries are like products. It is found that investigated product imported from Exporting Countries to Pakistan at dumped prices. However, injury caused to the domestic industry is due to recession in the world market causing reduction in demand of domestic like product by user industry. Uneconomical size of the industry and administrative problems in fixation of prices has also contributed to the losses of the domestic industry. Therefore, the Commission finds a missing causal link between dumped imports and injury to the domestic industry.

F. TERMINATION OF INVESTIGATION

47. In view of the analysis and conclusions with regard to dumping, material injury, and causation, the Commission has decided to terminate this investigation in terms of Section 41 of the Ordinance, as there is no causal link between dumped imports and injury to the domestic industry.

(Abdul Khaliq)
Member
February 23, 2011

(Naimatullah Khan)
Member
February 23, 2011

(Zamir Ahmed)
Chairman
February 23, 2011

Annexure

Comments received and germane to this investigation under the Ordinance are reproduced in Column A and the Commission's views/determination thereto are set out in Column B in the following table:

Column-A (Views/Comments of Interested Parties)

Column-B (Commission's Response)

I. Views/Comments of International Industries Limited

"As per our research the HRC market in Pakistan is estimated at under one million MT with PSM's market share of 53% in 2006-07 and rising to 58%(2007-08) and 61% in POI(Table 8 below). The report of the Auditor General of Pakistan (**Audit Para on "Loss of revenue due to fixation of sale price below market price-Rs. 9.672 bn-the loss for HRC alone was Rs. 4.477 bn)** reveals that out of the total market for HRC (1 million mt) the PSM could supply and sell 217,427mt or 36.85% requirement of the HRC in 2008-09. The balance demand was met by imports from major suppliers in countries such as Russia, Ukraine, China, South Africa and smaller imports from Japan, USA, Belgium and many others".

"PSM's huge losses were a result of heavily discounted sales to a few favorite dealers. Being an industrial product, HRC is offered and sold by PSM through its dealers and to customers belonging mostly to those engaged in the production of other steel products, specifically for pipe manufactures and fabrications. Ten of the top steel dealers account for 23% of the sale of PSM's HRC and other products. PSM manipulated local sales prices, stocks and inventory of HRC for a set of favorite dealers which resulted in a huge loss of Rs. 4.477bn in the sale of HRC in 2008-09"

"...the ex-mill price of PSM's HRC @US\$704/MT is higher by 30.8% of the average export price of the world five HRC producers and exporters@ US\$487/mt. PSM's higher price was driven by its own exceptionally high COP unit cost. In our analysis the PSM's high unit cost of production was fueled by (a) use of raw materials purchased at very high prices and (b) PSM producing HRC at 37% less capacity"

"...it is evident that during the POI the export prices from the two CIS countries which account for 80% of the exports during POI were higher than PSM's ex-factory prices in the first two quarters of the POI ... This is the beginning period of world financial crisis (Sept.2008) during which the world steel mills HRC prices busted. There was a price collapse. The export prices slumped from US\$1180 to US\$ 370 and below"

"The Commission may kindly note that the HRC export sale deals entered into by Pakistani importers during the POI period were not **"in the ordinary course of trade"**. This legal stipulation has to be satisfied to determine the 'normal value'. The period from September 2008 to March 2009 was a **period of extra-ordinary course of trade** during which the entire world steel industry was bleeding and busting from the effects of world financial crisis which began in September 2008. There was an export price collapse from

The Commission has determined domestic market, market share of the Applicant and imports on the basis of actual sales by the Applicant and imports of HR products during POI (paragraph 33 of the report). The Commission has also analyzed prices of the domestic industry (paragraph 32 of the report)

The Commission has determined dumping and injury to the domestic industry in accordance of the provisions of the Ordinance.

The Commission has examined and analyzed prices of HR products and raw materials of the Applicant (paragraph 32.2.2 and 32.4.2 of the report).

The Commission has examined and analyzed price effects investigated product on prices of the domestic like product at paragraph 32 of the report.

The Commission has determined dumping and injury in accordance with provisions of the Ordinance.

Column-A (Views/Comments of Interested Parties)

Column-B (Commission's Response)

US\$1180/MT to \$370/MT set in by the financial rot after the collapse of a US top bank M/s Lehman Brothers in September 2008”

“However from 1stApril 2008 to 31st March 2009 the PSM had fixed HRC ex-factory prices higher than CIS prices. Table 2 lists the export prices from CIS during the POI Apr.1st 2008 to March 31st 2009 which for seven months(**April 08 to October09**) were higher than PSM notified ex-factory list prices. For five months of Nov. 2008 to March 2009 the export prices were lower than PSM”

“The Ordinance provides for the immediate termination of dumping cases where volume of dumped imports is found to be negligible: *less than 3 per cent of imports of like product in the importing country*

During the POI only one country Belgium's, exports fall in “de-minimus” category as its volume of dumped imports are found to account for less than 3 per cent of total imports [i.e. 2.35%](#) of the total quantity of 296,170 MT”.

“The incidence or extent of alleged price undercutting was estimated using the landed cost of alleged dumped HRC from CIS against the average ex-factory domestic selling price of HRC produced by PSM. The export prices data in Table 2 above (based on Metal Bulletin **Annex-III**) for alleged dumped HRC establishes that during the POI there was no price undercutting of the domestic products in the 1st quarter & 2nd of 2008 and domestic prices remained substantially higher than imports”.

“..there was a significant decrease in total imports, both in absolute terms and relative to production and consumption of HRC but the market share of PSM increased during the POI”.

“The data disclosed in the non-confidential version on the declining production or contracting capacity utilization of the HRC may not be accurate. As per the two reports (citiGroup& AGP) the annual rated capacity of the HRC & PLATES is 793,000 MT. The PSM was utilizing this capacity between 64 % (2005-06-highest profit years) to 67% (2007-08)”.

“PSM's inability to generate investment and raise capital is traced to the fact that the company was saddled with

The Commission has determined price effects for the POI in accordance with Section 15(3) of the Ordinance (paragraph 32 of the report).

The investigation is being terminated

The Commission has analyzed price effects on the basis of actual sales price of the domestic like product and the information submitted by the exporters and obtained from PRAL for imports of the investigated product during POI (paragraph 32 of the report).

The Commission has determined volume of dumped imports on the basis of information provided by cooperating exporters and obtained from PRAL. Investigation of the Commission has shown that dumped imports of the investigated product increased significantly in absolute as well as relative to domestic production of the domestic like product during POI.

The Commission has determined installed capacity of domestic industry, its production and capacity utilization on the basis of information and evidence submitted by the Applicant (paragraph 35 of the report).

The Commission has examined and analyzed

Column-A (Views/Comments of Interested Parties)

enormous debt, high interest cost, foreign exchange losses and high operating costs.

PSM's interest expense ballooned in the POI. It is common knowledge that heavy overdrafts / debt servicing have exhausted PSM's financial resources, causing difficulty in sustaining operations and eventually led to a shutdown in July 2009.

The 2008 quarterly HRC Income Statement shows that a significant portion of revenue is used to pay interest expense. Its mounting loan obligations at Rs. 22 bn are a major cause of its financial difficulties".

II Comments of Japan Iron and Steel Federation

"On the basis of the data from the Federal Bureau of Statistics (FBS) we find that during the three year period (2006-09) of alleged injury to PSMC the exports from Japan show a clear decline by over 100% in terms of quantity and around 36% in terms of value. These exports are not "de-minimus" in the period of injury but close to that threshold which is now under WTO proposed reforms to minimize trade disputes and costs"

"It is understood that steel making raw material cost (for Iron Ore and Coal) in the international market was jumped up by about 100%(2times bigger than its of 07/08) during the same period. From this analysis, we can say that PSMC's 212%(3.12times bigger than its of 07/08)cost increase in above (a.) seems to be incredibly too high although other international blast furnace steel mills suffered from about 100% cost increase. This PSM's big cost increase had been the same level as that of other international steel mills if PSM would have controlled it properly. This would have avoided or even completely wiped out the "losses" and there would have been no need for the PSMC to file the said A.D. petition".

A. Competition from Normal Imports.

"Normal imports of HRC may be posing competition to PSMC as is evident from the total import data given in Table 3. Low priced imports from China and South Africa rose e.g. China's share/ ratio of total imports was 17% & S. Africa 16% (2006-07-not in table). This share rose to 39% for China and 18% for S. Africa both highest imports share of HRC in 2007-08".

"PSMC has disclosed high inventory levels and nominal quantity of HRC for its "captive use" and for the in house manufacture of CRC (Table X of non confidential Questionnaire) at 0.39 (2006-07), 0.27(2007-08) & 0.86(2008-

Column-B (Commission's Response)

cost to make and sell of the Applicant for the POI (paragraph 32.4 of the report). Investigation of the Commission has shown that financial cost of the Applicant increased considerably during year 2008-09.

The Commission determined negligible volume of dumped imports of the investigated product in accordance with Section 41(3)(b) of the Ordinance (Paragraph 27 of the report)

The Commission has examined and analyzed cost to make and sell of the Applicant. Examination of the Commission has shown that increase in cost of production of domestic like product was in line with increase in price of inputs/raw materials during the year 2008-09 (paragraph 33.4.2 of the report). Investigation of the Commission has further revealed that cost to make and sell of the domestic like product increased by 93.53 percent in the year 2008-09 (paragraph 32.4 of the report).

The Commission has also examined and analyzed other factors causing injury to the domestic industry at the same time in paragraph 45 of the report.

The Commission has verified information provided by the Applicant in application from its books of accounts (paragraph 16 supra).

Column-A (Views/Comments of Interested Parties)

Column-B (Commission's Response)

09). This may be an in-accurate disclosure”.

“Finally, we would like to encourage NTC to hear the opinions of users of subject merchandise in Pakistan. Some Japanese mills have just started to have contact with the pipe manufacturers association in Pakistan for future work, having the inquiries that there was not sufficient supply capacity of subject merchandise by PSMC. As per our view the practical supply capacity by PSMC of subject merchandise is limited to be approximately 400,000 MT/per annum. The real consumption is said to be double this quantity around 800,000MT/annum”.

On request of different interested parties, officers of the Commission has held meetings with them including Sumitomo Corporation, International Industries Limited and Pakistan Steel Line Pipe Industry.

III. Comments of NLMK Russia and Magnitogorsk Iron and Steel Works Russia

“In particular, "evidence" on normal value for Russia is taken by reference to some "renowned International Journal". This vague reference to a source which is not even identified by name, is by all appearances inaccurate and unreliable information. Had the source been reliable, the Applicant would have named it. Moreover, the allegation of dumping in respect of Russia is not presented in a non-confidential summary format. Therefore, the allegation of dumping in respect of Russia is manifestly inadequate, inaccurate, and clearly insufficient pursuant to sections 20 and 23 of the Ordinance and Article 5.4 ADA. The Applicant simply failed to collect any reliable evidence on normal value for Russia, and made a simple assertion in the sense of Article 5.2 ADA. In light of the relevant passages in the application and in the Notice of Initiation, the Commission has failed to collect sufficient evidence on normal value for Russia before initiation”.

The Commission received application under Section 20 of the Ordinance. The Commission determined accuracy and adequacy of the evidence provided in the application in accordance of Section 23 of the Ordinance and found that the application contained sufficient evidence to justify initiation of this investigation.

“...the Applicant has unnecessarily, and in violation of Section 31 of the Ordinance, concealed essential information, failed to provide reasons/good cause warranting confidentiality and failed to provide summaries of the information”

The Applicant has provided non-confidential version of application which contains summaries of confidential information in terms of Section 31 of the Ordinance.

“.... the Applicant has erroneously grouped prime quality HRC and secondary quality HRC - two entirely different products - together, because they have different physical and mechanical properties, different conditions of production, and different customer preferences”.

The Commission has determined investigated product and domestic like product in accordance with Section 2 of the Ordinance (paragraph 12 supra).

“.....it charges fair export prices, which are in line with world and Pakistani prices for the like product's type, specifications and quality, and that the allegations of dumping by the Applicant are entirely groundless, as respectfully submitted in Section 2 above. The Commissions kindly referred to the respective

Dumping margin for NLMK is determined on the basis of information submitted by it in response to the questionnaire (paragraphs 24.2 and 25.2 of the report)

Column-A (Views/Comments of Interested Parties)

Column-B (Commission's Response)

questionnaire responses of NLMK".

"...the Commission is mandated to decumulate Russian imports from all other imports of the subject countries for the purposes of injury and causality analysis. The major reasons are that Russian imports are not dumped, and that Russian-originating HRC product types are not comparable to Pakistani or other imported production as submitted in the responses to the anti-dumping questionnaire, and therefore are in different conditions of competition with Pakistani HRC product types or with HRC imports from the other investigated countries, in the sense of section 16(b) of the Ordinance".

"...the volume of allegedly dumped imports has unequivocally declined since 2006 up to the end of 2008 as well as at present, both in absolute terms and relative to Pakistani HRC consumption. Therefore, by reason of volume imports, there is clearly no injury from Russian or other allegedly dumped imports".

"The Applicant's allegation (in Table VIII of the Complaint) that lower price levels of imports would lead to lower capacity utilization must be dismissed as unfounded. As demonstrated in Annex 1 hereto, the downward trend in import prices starting from the end of 2008 and into the first quarter of 2009 is worldwide and this is not related to any allegedly dumped imports or to the Applicant's capacity utilization".

"As a monopolist in the Pakistani production of HRC, as the sole representative of the Pakistani domestic industry, the Applicant bears a great and special responsibility in its own management, production, sales, pricing and marketing activities. Thus any mis-management, erroneous or inadequate decision or action may have serious effects on the overall economic and financial situation of the Applicant, and on the state of the entire Pakistani domestic industry for HRC".

"Contraction in demand in the Pakistani market for HRC was significant and alone was capable of breaking the causal link. The Pakistani market contracted from April 2006 to March 2009 by 38% and this was sufficient to lead to loss of sales and profitability, and rising inventories of the Applicant. The Applicant may not reasonably deny the relevance of contraction in demand, which is specifically mentioned in the legal provisions in section 18(3) of the Ordinance and in Article 3.5 ADA".

"Raw material price increases have been a strong negative factor in relation to the Applicant's economic situation in particular (please refer to the Table 11 in the Applicant

The Commission has cumulatively assessed effects of dumped imports of the investigated product on domestic industry in accordance with Section 16 of the Ordinance (paragraph 30)

The Commission has examined and analyzed dumped imports of the investigated product in accordance with Section 15(2) of the Ordinance (paragraph 31 of the report).

The Commission has determined dumping of the investigated product and injury to the domestic industry in accordance with provisions of the Ordinance (Section B and C of the report).

The Commission has also examined and analyzed factors other than dumping of the investigated product, which could at the same time cause injury to the domestic industry (paragraph 45 of the report)

Examination of the Commission has shown that domestic market of HR products increased by 7 percent in the year 2007-08 and decreased by 27 percent in the year 2008-09. However, sales of the domestic industry decreased by 32 percent in the year 2008-09 and dumped imports increased by 167 percent during the same period (paragraphs 31)

There Commission examined and analyzed effect of increased prices of raw materials during POI (paragraph 32 of the report).

Column-A (Views/Comments of Interested Parties)

Questionnaire and Table VI in the Complaint). Combined with the factor of self-inflicted injury, raw material price increases in 2008-09 could alone have broken any causal link with allegedly dumped imports. Even in the absence of allegedly dumped imports, the Applicant would have been hurt by the squeeze of high raw material prices (which the Applicant failed to renegotiate downwards following August 2008”.

IV Comments by Pakistan Steel Linepipe Industry Association

“The core issue for the PSM’s management has been its failure to control its cost of production and establish a competitive ‘normal value’. The fundamental cause of this failure is that the production of the HRC has always been less than its installed capacity by almost 36% over the last three years. Hence the ‘normal value’ of HRC has always been higher than competing imports. The PSM incorrectly terms this as undercutting. Low capacity utilization has been persistent despite the fact that the market share of PSM has been rising during the last three years 2006 to 2009 as is evident from Table- I below. The estimated Pakistani market for HRC (imports + local production) in 2006-07 was estimated at under a million tons (991,124 mt)”.

“As the PSPA understands, another core issue of the PSM does not relate to its market share or sales of HRC but it is the high cost of production (COP) of HRC as compared to the foreign steel mills. PSM produces only one million MT of steel products (vs others of far larger capacity) including HRC. PSM holds a monopoly of the local market for HRC, billets etc. It has been able to sell all of its steel products at profit by cross pricing whenever the affairs of PSM are run by relatively honest and professional management”

“Normal imports of HRC may be posing competition to PSM as is evident from the total import data given in Table 2 & Table 3 below. Although the market share of imported HRC declined by 23.4 % (07-08) and 35.4% (08-09) over the base year 2006-07(Table-1 above) low priced imports from China and South Africa rose and **may be causing injury to PSM**”

“Due to Rupee devaluation by 36% and slowing down of the Pak economy to 2.5%, the demand for steel products including HRC also contracted. All countries had to brace for the financial and economic crisis (of September 2008) that resulted in drastic reduction in steel demand and consumption and consequently the distress sales of all steel items at rock bottom prices. Pakistan’s steel market was no exception from the world market contraction. The Pakistani market for HRC contracted by 14% from 2007 and by 36% from 2008 to 2009”.

Column-B (Commission’s Response)

Examination of the Commission has shown that the domestic industry could not increase its prices to the level to recover increased cost of production and faced price suppression.

The Commission has determined injury to the domestic industry in accordance with part VI of the Ordinance (paragraphs 28 to 43). The Commission has also examined other factors which at the same time could cause injury to the domestic industry (paragraph 45).

The Commission has examined and analyzed changes in sales of domestic industry (paragraph 34 of the report) and changes in imports of the investigated product (paragraph 31)

Column-A (Views/Comments of Interested Parties)

Column-B (Commission's Response)

"We have recorded the irrational and hard to explain abnormal increase in the cost of production of HRC in paras 15&16 above. Equally important are some other factors adversely impacting the PSM COP in general as PSM relies on both imported as well as locally procured raw materials. Primary raw materials such as coal and iron ore are imported, whereas fluxes are procured locally. In order to ensure a smooth supply of main raw materials, PSM had entered into long-term contracts (usually 5 years) with its suppliers".

The Commission has examined and analyzed cost of production of the domestic like product (paragraph 32.4 of the report). The Commission has found that increase in cost of production on the domestic like product was inline with increase in raw material's cost in international market. However, the Commission has also analyzed other factors which could cause injury to the domestic industry at the same time (paragraph 45 of the report).

V. Comments from Ministry of Economy, Government of Ukraine

"The non-confidential version of the Applicant contains almost all information solely in the index form. Moreover the Applicant uses the cross-indexes in the most tables of Application i.e. indexes of one economic indicators had been calculated on the base of other indicators (Tables 7, 9, 10, 11, 20, 22) that seriously distorted a substance of presented information".

The Applicant has submitted non-confidential version of the application, which contained summaries of the confidential information in accordance with Section 31(5) of the Ordinance.

"The Ukrainian side insists on the absence of reasonable bases for cumulatively assess by the Applicant of the imports from Ukraine with other imports from the countries under Investigation as the Applicant has not provided any evidence required by the Article 3.3.b of the Agreement".

The Commission has assessed cumulative effects of the investigated product on domestic industry in accordance with Section 16 of the Ordinance (paragraph 30 of the report).

"The analysis of the Pakistani steel industry activity testifies about relatively stable activity during the period for investigation of injury (Apr 06-Mar 09)".

The Commission has determined injury to the domestic industry in accordance with part VI of the Ordinance (part C of the report of the report).

"Such indicators of the Applicant's activity as Production, Capacity Utilization, Average Ex-Factory Price of Domestic Like Product, Productivity per Worker, Number of Employees, Salaries and Wages and Salaries and Wages per Unit were stable during this period".

VI. Comments from Ministry of Economic Development of Russia

"It should be noted that during the period under review, total **imports volume dropped by more than two times**, so in Apr 06 – Mar 07 it was 100%, in Apr 07- Mar 08- 64, 49%, in Apr 08- Mar 09- 43, 60%".

The Commission has examined and analyzed volume of investigated product and other imports in accordance with Section 15 of the Ordinance (paragraph 31)

"At the same time, **imports from 5 countries** involved in the investigation, which stood at 38, 75% in Apr 06- Mar 07 had also declined nearly twice in Apr 08- Mar 09 and amounted to 21.81%".

Column-A (Views/Comments of Interested Parties)

Column-B (Commission's Response)

“In this situation it is also important to note the **significant reduction in the size of the domestic market** in Pakistan (in Apr 06- Mar 07 it was 100%, in Apr 07 – Mar 08- 90, 60%, in Apr 08- Mar 09- 61.34%)”.

“Based on the above, we consider the statement of Pakistani manufacturers on the crowding out of domestic production by imported like products as unfounded:

- Firstly, during the period under review there was a significant reduction in the size of the domestic market- almost by 40% (from 100% in Apr 06- Mar 07 to 61.34% in Apr 08- Mar 09);

- Secondly, the decrease of the share of domestic production during the period by 6% (from 42.81% in Apr 06- Mar 07 by 36, 71% in Apr 08- Mar 09), was accompanied by a reduction in the share of imports from 5 countries by 9, 7% (from 22, 16% in Apr 06- mar 07 by 12, 47% in Apr 08- Mar 09)”.

“we can state that the **imports of goods from 5 countries had no effect on the price of good on the domestic market** as the reduction of price in the domestic market under the influence of imports from 5 countries did not happen. As mentioned earlier, during the reporting period, the price of domestically manufactured goods has risen steadily (in Apr 06- Mar 07 was 100%, Apr 07- Mar 08- 115.53%, In Apr 08- Mar 09- 169018%”

“Decreasing sales of domestic manufacturers is primarily due to the sharp decline in consumption of good in the domestic market (from 100% to 61.34% during the period under review), but the rate of reduction of consumption (at 39,66% for the period is significantly lower than the rate of decline of sales of domestic manufacturers (by 14,23% for the period under review)”.

“... according to the provisions of Section 18 subsection 2 of the Ordinance, we consider the damage to the domestic industry, due to the declining share of domestic manufacturers caused by decrease in consumption of goods in the domestic market, should not be attributed to imports from 5 countries”.

“On the basis of the information presented in the Summary and the Application, it is not possible to determine the share of Russia's imports of goods out of the total imports of goods into the country”.

“In the absence of this information, it is also not possible the determine whether the volume of imports from Russia exceeds the level of de minimis, in relation to which the measure should not be applied”.

The Commission has examined and analyzed market share of domestic industry, imports of investigated product and imports from other sources and had found that domestic industry and imports from other sources lost market share while market share of imports of the investigated product increased during the year 2008-09 (paragraph 33)

The Commission has determined price effects in accordance with Section 15 of the Ordinance. (paragraph 32 of the report)

Investigation of the Commission has shown that domestic market of HR products decreased by 27 percent in the year 2008-09 (paragraph 31 of the report). However, sales of the domestic like product decreased by 32 percent in the year 2008-09 (paragraph 34 of the report).

The Commission has examined and analyzed other factors which could cause injury to the domestic industry at the same time in accordance with Section 18(2) of the Ordinance (paragraph 45)

The Commission has determined volume of imports of the investigated product separately for each country under investigation (paragraph 27.2). Furthermore, the Applicant at paragraph 7.2 of the summary and in non-confidential version of the application has provided separate share of imports of the investigated product during POI.