



**Government of Pakistan
National Tariff Commission**

REPORT

ON

**PRELIMINARY DETERMINATION AND LEVY OF PROVISIONAL
ANTIDUMPING DUTY ON IMPORT OF TILES WHICH INCLUDES
CERAMIC, PORCELAIN/VITRIFIED/ GRANITE WALL AND FLOOR
TILES IN GLAZED/UNGLAZED, POLISHED/ UNPOLISHED FINISH
ORIGINATING IN AND/OR EXPORTED FROM THE PEOPLES
REPUBLIC OF CHINA**

A.D.C No.11/2006/NTC/CT

Preliminary Determination and levy of Provisional antidumping duty on import of Tiles
into Pakistan Originating in and/or Exported from the Peoples Republic of China

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 antidumping duties to offset the impact of such injurious dumping, and to ensure fair competition thereof and to the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (hereinafter referred to as the "Agreement on Antidumping") has conducted an investigation and made a preliminary determination under the above mentioned Ordinance and Rules.

A. PROCEDURE

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

1. Receipt of Application

The Commission received a written application from Master Tiles & Ceramic Industries Limited, G.T Road Gujranwala (the "Applicant"), a domestic producer of Tiles, which includes ceramic, porcelain/vitrified/ granite wall and floor tiles in glazed/unglazed, polished/unpolished finish, (hereinafter referred to as "Tiles") on behalf of the domestic industry on February 23, 2006. The Applicant has alleged that Tiles produced in the Peoples Republic of China (hereinafter referred to as "China") are exported to Pakistan at dumped prices. The Embassy of China in Islamabad was informed through note verbale dated February 24, 2006, sent through the Ministry of Foreign Affairs, Pakistan, of the receipt of application in accordance with the requirements of Section 21 of the Ordinance.

2. Evaluation and Examination of the Application

2.1 The examination of the application showed that it met the requirements of Section 20 of the Ordinance as it contained sufficient evidence of dumping of Tiles into Pakistan from China and injury to the domestic industry caused therefrom. The requirements of Rule 3 of the Rules, which relate to the submission of information prescribed therein were also found to have been met.

3. The Domestic Industry

3.1 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"

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shall mean the rest of the domestic producers”.

3.2 As per the information obtained by the Commission from different sources including Ministry of Industries, Government of Pakistan and Pakistan Ceramics Manufacturers Association, Tiles industry producing the like product comprises of the following six units, namely:

- i. Master Tiles and Ceramics Industries,
- ii. Karam Ceramics Limited,
- iii. Shabbir Tiles and Ceramics Limited,
- iv. Emco Industries Limited,
- v. Swat Ceramics (Pvt) Limited, and
- vi. Sonnex Tiles & Ceramics Industries.

3.3 Master Tiles and Ceramics Industries (mentioned at S.No. i above) is the Applicant. Karam Ceramics Limited and Sonnex Tiles & Ceramics Industries are indifferent in the investigation as Karam Ceramics Limited did not responded to the Commission’s Notice of Initiation of antidumping investigation nor did it responded to the questionnaire sent subsequently. Sonnex Tiles & Ceramics Industries informed the Commission that it only started commercial production of Tiles on 1st January 2006, which falls out side Period of Investigation defined in paragraph 11 *infra*.

3.4 The Commission’s investigation revealed that units mentioned at S. Nos. iii, iv, and v of paragraph 3.2 supra are themselves importers of the investigated product and therefore do not fall within the definition of the domestic industry under Section 2(d) of the Ordinance reproduced in paragraph 3.1 supra. The information regarding imports of Tiles by these units was obtained from Pakistan Revenue Automation Limited (“PRAL”), the data processing arm of the Central Board of Revenue, Government of Pakistan.

3.5 Some of the importers in their letter sent through their attorney to the Commission identified three other units who they claimed to be producing Tiles. These included (i) National Tiles and Ceramics Ltd., (ii) Marshal Tiles Industries (Pvt) Ltd., and (iii) Frontier Ceramics Ltd. However, upon investigation it was revealed that (a) National Tiles Ceramics Limited and Marshal Tile and Ceramic Limited are engaged in production of ‘extruded split tiles’ which is different from the domestic like product and the product under investigation in terms of raw material and production process. Furthermore, Marshal Tiles Industries (Pvt) Ltd., has shut down its business of manufacturing and sales of ‘extruded tiles’, and (b) Frontier Ceramic Limited closed its operations of manufacturing ceramic tiles since November 2003. On the basis of the above, these units identified by the importers do not fall within the definition of the domestic industry producing domestic like product.

3.6 Therefore, for the purposes of this investigation, the units mentioned at S. No. (i) and (ii) of paragraph 3.2 above are considered as the “domestic industry” in terms of Section 2(d) of the

Ordinance.

4. Standing of the Application

4.1 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."

4.2 As stated above (paragraph 3.5 supra), the domestic industry comprises of two units. One is the Applicant and the other unit i.e., Karam Ceramics Ltd., is indifferent regarding this investigation. However, the Commission obtained information regarding the production of Karam Ceramics Ltd., from its published annual reports. Details of the production are as follows:

S.No	Name of the Unit	Percentage Share in Domestic Production	Status
i.	Master Tiles and Ceramic Industries Ltd., Gujranwala (Applicant)	56.00	Applicant
ii.	Karam Ceramics Ltd., Karachi	44.00	Indifferent
Total		100	

4.3 Accordingly, after analysis of the information available with the Commission it is determined that the application is made on behalf of domestic industry as (i) it is supported by 100 percent of the domestic production produced by those producers expressing opinion and (ii) domestic producer expressly supporting the application account for 56 percent of domestic production by the domestic industry. Therefore, the application fulfils the requirements of Section 24 of the Ordinance.

5. Foreign Exporters of the Tiles

The Applicant identified 219 exporters/producers involved in alleged dumping of Tiles from China. However, the Applicant provided complete addresses of only 35 exporters/producers from China. List of the 35 exporters/producers is placed at Annex-I. The

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Applicant has also stated that there may be other exporters/producers of investigated product who are not known to them and has requested for imposition of antidumping duty on all imports of the investigated product originating in and/or exported from China. Upon initiation of investigation copy of the notice of initiation was sent to all those known exporters/producers from China on March 27, 2006 directly. For the exporters/producers whose addresses were not available with the Commission, a copy of the Notice of Initiation was sent to Embassy of China in Islamabad, requesting the esteemed Embassy to forward the same to all exporters/producers involved in exports of Tiles to Pakistan from China.

6. Applicant's Views

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

- i. Tiles imported from China into Pakistan and the Tiles produced in Pakistan by the domestic industry are like products;
- ii. Exporters/producers from China are exporting Tiles to Pakistan at dumped prices; and
- iii. Exports of Tiles by the Chinese exporters/producers to Pakistan at dumped prices has caused and is causing material injury to the domestic industry producing Tiles mainly through:
 - a. Increase in the volume of alleged dumped imports of the investigated product;
 - b. price undercutting;
 - c. price depression;
 - d. price suppression;
 - e. loss in market share by the domestic industry;
 - f. negative effects on capacity utilization of the domestic industry;
 - g. negative effects on cash flow of the domestic industry; and
 - h. decline in profits of the domestic industry.

7. Initiation of Investigation

7.1 The Commission upon examining the accuracy and adequacy of the evidence provided in the application established that there is sufficient evidence of alleged dumping of Tiles into Pakistan and consequent material injury to the domestic industry to justify initiation of an investigation. Consequently, the Commission decided to initiate the investigation. However, on March 13, 2006 upon the request of some of the importers filed through writ petitions, the Lahore High Court, (Rawalpindi bench) issued a stay order of the proceedings, which was received at the Commission on March 14 2006. The importers had alleged that the Commission has initiated anti-dumping investigation against alleged dumping of Tiles from China without

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complying with the requirements of Section 27 of the Ordinance. The High Court vacated the stay by disposing of the writ petitions on March 20, 2006 as the Commission informed the Court that no investigation was initiated till that date. Furthermore, the investigation could only be initiated through compliance with the requirements of Section 27 of the Ordinance. Upon vacation of the stay, the Commission issued a Notice of Initiation in terms of 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 March 27, 2006. Investigation concerning imports into Pakistan of Tiles (classified under PCT³ No. 6907.1000, 6907.9000, 6908.1000 and 6908.9000) contained in the First schedule of Customs Act, 1969 (IV of 1969) originating in and/or exported from China was thus initiated on March 27, 2006 (pursuant to Commission's decision of March 14, 2006 to initiate).

7.2 The Commission notified the Embassy of China in Pakistan of initiation of investigation against imports of Tiles at dumped prices from China (by sending a copy of the Notice of Initiation through Ministry of Foreign Affairs, Pakistan on March 27, 2006) with a request to forward it to all exporters/producers involved in export of Tiles from China. Copy of Notice of Initiation was also sent to 35 exporters/producers from China (whose complete addresses were available with the Commission), the known Pakistani importers, and the Applicant on March 27, 2006, in accordance with the requirements of Section 27 of the Ordinance. Since the number of exporters/ producers involved is too large, the Commission, through the Notice of Initiation, requested the exporters/producers for certain information in order to resort to the provisions of Section 14(2) of the Ordinance. All interested parties were informed through the Notice of Initiation that if they do not respond to the Commission's request for information, the Commission shall resort to the use of best available information in terms of Section 32 of the Ordinance.

7.3 In accordance with Section 28 of the Ordinance, on March 28, 2006 the Commission also sent copies of full text of the written application (non-confidential version) to the Embassy of China in Pakistan through the Ministry of Foreign Affairs, Pakistan with a request to forward it to all exporters/producers involved in export of Tiles from China.

7.4 The investigation was again suspended in compliance with the order of the High Court on April 6, 2006 issued upon the request of some importers of Tiles filed with the High Court. This time the importers pleaded that the application submitted by the Applicant to the Commission does not meet the requirements of Section 24 of the Ordinance. The investigation remained suspended till June 7, 2006, when the High Court decided to vacate its stay order. The

¹ The official Gazette of Pakistan (Extraordinary) dated March 27, 2006.

² The 'Daily Express and the 'Business Recorder' of March 27, 2006 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.

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8. Information/Data Gathering

8.1 The Commission sent exporter's questionnaire, on June 9 2006, directly to the 35 known exporters/producers from China (whose complete addresses were available with the Commission) for submission of data and information, and were asked to respond within 37 days of the dispatch of the exporter's questionnaire i.e by July 16, 2006.

8.2 The following nine exporters responded to the Commission's request for information on the exporter's questionnaire:

- i) New Zhongyuan Ceramics Import & Export Co. Ltd;
- ii) Foshan San De Bo Ceramics Co. Ltd; and
- iii) Foshan Lungo Ceramics Co. Ltd.
- iv) Foshan Junjing Industrial Co., Ltd.;
- v) Guangdong Nanhai Light Industrial Products, Import & Export Corporation;
- vi) Guangzhou Metal and Minerals Import & Export Ltd. China;
- vii) J&M Designer Ltd
- viii) Foshan Everlasting Enterprise Co. Ltd.; and
- ix) China National Machinery & Equipment, Import & Export Corporation;

However, all nine exporters requested for an extension in time period for submission of information of three weeks i.e. till August 7, 2006, through their respective attorneys. The Commission acceded to the request after taking into account the due cause shown by these exporters in their requests and granted three weeks extension in time period for submission of information on exporter's questionnaire. Filled-in exporter's questionnaire from nine exporters was received at the Commission on August 7, 2006, and upon examination certain deficiencies were found in the information supplied. These deficiencies were communicated to the exporters and were requested to supply the deficient information. A further detail of response to the exporter's questionnaire by each exporter is set out in paragraph 12 *infra*.

8.3 The other exporters/producers, who were requested through the Embassy of China in Islamabad, as their addresses were not available, did not respond to the Commission's request for information.

² The 'Daily Express and the 'Business Recorder' of March 27, 2006 issue.

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8.4 After examination of the information received from the above-mentioned nine exporters and the information available with the Commission, the Commission verified the information of the exporters mentioned at S. No. (i), (iv), (v), (vi) (vii) of paragraph 8.2 supra and their following respective producers:

- i) Foshan New Zhongyuan Ceramics Co. Ltd (Producer from whom New Zhongyuan I/E Co. Ltd., purchased Tiles);
- ii) Heyuan Wanfeng Ceramics Co. Ltd (Producer from whom New Zhongyuan I/E Co. Ltd., purchased Tiles);
- iii) Qingyuan Southern Building Materials & Sanitary Ware Co. Ltd (Producer from whom New Zhongyuan I/E Co. Ltd., purchased Tiles);
- iv) Shunde Yuezhong Branch of Guangdong New Zhongyuan Ceramics Co. Ltd. (Producer from whom New Zhongyuan I/E Co. Ltd., purchased Tiles);
- v) Foshan Zungi Tiles Co. Ltd. (Producer from whom Junjing Industrial Co. Ltd., purchased Tiles),
- vi) Foshan Guangdong Shimanli Ceramic Co. Ltd. (Producer from whom Junjing Industrial Co. Ltd., purchased Tiles),
- vii) Foshan Center Ceramics Co. Ltd. (Producer from whom Nanhai purchased Tiles);
- viii) Fujian Mingqing Oumei Ceramics Co. Ltd. (Producer from whom J & M purchased Tiles)

8.5 On June 12, 2006 questionnaires were sent to Pakistani importers known to the Commission and these importers were asked to respond to the Commission within 37 days of the dispatch of the questionnaires. None of the Pakistani importers responded.

8.6 The Commission maintains a database of import statistics, obtained on quarterly basis, from Pakistan Revenue Automation Limited ("PRAL"), the data processing arm of the Central Board of Revenue, Government of Pakistan. For the purpose of this preliminary determination the Commission has used import data obtained from PRAL in addition to the information provided by the Applicant and the exporters.

8.7 On-the-spot investigation was conducted at the premises of the Applicant from July 13 to 15, 2005 at Gujranwala, in order to verify the information provided by the Applicant and to obtain further information. On the spot investigations were also conducted, from September 10 to 23, 2006, at the premises of the five Chinese exporters and the producers from whom these exporters purchased investigated product during the POI for export to Pakistan, who responded to the Commission's request for data/information on exporter's questionnaire and were selected by the Commission for the purposes of on-the-spot-investigation (on the basis of the largest percentage of volume of Tiles exported to Pakistan).

8.8 Thus the Commission has sought from all available sources the relevant data and information deemed necessary for the purposes of preliminary determination of dumping and injury caused therefrom. In terms of Rule 12 of the Rules, the Commission, during the course of the investigation, satisfied itself as to the accuracy of information supplied by the interested parties to the extent possible for the purposes of this preliminary determination.

9. 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. This file contains non-confidential versions of the application, submissions, notices, correspondence, and other documents for disclosure to the interested parties.

10. Confidentiality

In terms of Section 31 of the Ordinance, any information, which is marked confidential by the interested parties in their submissions and considered confidential by the Commission, shall, during and after the investigation, be kept confidential. Furthermore, any information, which is by nature confidential in terms of Section 31 of the Ordinance, shall also be kept confidential.

11. Period of Investigation

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

"a) 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.

b) 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 so deems appropriate in view of the available information regarding domestic industry and an investigated product".

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11.2 The POI selected for dumping and injury are, therefore, respectively, as follows:

Investigation of dumping	from January 1 to December 31, 2005;
Investigation of injury	from July 1, 2002 to December 31, 2005.

The POI selected for injury analysis is more than three years as the Applicant's Financial Year starts from July and ends in June.

12. **Questionnaire Response by the Exporters**

12.1 **New Zhongyuan Ceramics Import & Export Co. Ltd. ("New Zhongyuan")**

12.1.1 Questionnaire response from New Zhongyuan was received at the Commission on August 7, 2006. According to the information provided in response to the questionnaire, New Zhongyuan was involved in the exports of Tiles to Pakistan during POI.

12.1.2 The information submitted by New Zhongyuan in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those deficiencies were communicated to New Zhongyuan vide Commission's letter dated August 12, 2006.

12.1.3 New Zhongyuan was asked to provide the deficient information/data no later than August 28, 2006. New Zhongyuan responded to the deficiencies vide its letter dated August 28, 2006. However, New Zhongyuan response to deficiency letter did not contain all the required information. The Commission, during on-the-spot investigation conducted at the premises of New Zhongyuan on September 11, 2006, obtained some of the information that was deficient. The Commission asked New Zhongyuan vide its letter dated November 23, 2006 to provide documentary evidence in support of its claim of gross export prices provided in Attachment C-3 of the questionnaire as FOB prices by December 8, 2006.

12.2 **Foshan San De Bo Ceramics Co. Ltd. ("San De Bo")**

12.2.1 Questionnaire response from San De Bo was received at the Commission on August 7, 2006. According to the information provided in response to the questionnaire, San De Bo was involved in export of Ceramic Tiles to Pakistan during POI.

12.2.2 The information submitted by San De Bo in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those deficiencies were communicated to San De Bo vide Commission's letter dated August 12, 2006.

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12.2.3 San De Bo was asked to provide the deficient information/data no later than August 28, 2006. San De Bo responded to the deficiencies vide its letter dated August 28, 2006. However, San De Bo response to deficiency letter did not contain all the required information. The Commission asked San De Bo vide its letter dated November 23, 2006 to provide documentary evidence in support of its claim of gross export prices provided in Attachment C-3 of the questionnaire are on FOB basis by December 8, 2006.

12.3 Foshan Lungo Ceramics Co. Ltd. ("Lungo")

12.3.1 Questionnaire response from Lungo was received at the Commission on August 7, 2006. According to the information provided in response to the questionnaire, Lungo was involved in the exports of Tiles to Pakistan during POI and to other countries.

12.3.2 The information submitted by Lungo in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those deficiencies were communicated to Lungo vide Commission's letter dated August 12, 2006

12.3.3 Lungo was asked to provide the deficient information/data no later than August 28, 2006. Lungo responded to the deficiencies vide its letter dated August 28, 2006. However, Lungo response to deficiency letter did not contain all the required information. The Commission asked San De Bo vide its letter dated November 23, 2006 to provide documentary evidence in support of its claim of gross export prices provided in Attachment C-3 of the questionnaire as on FOB prices by December 8, 2006.

12.4 Foshan Junjing Industrial Co., Ltd. ("Junjing")

12.4.1 Questionnaire response from Junjing was received at the Commission on August 7, 2006. According to the information provided in response to the questionnaire, Junjing was involved in the exports of Tiles to Pakistan during POI and to other countries.

12.4.2 The information submitted by Junjing in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those deficiencies were communicated to Junjing vide Commission's letter dated August 15, 2006.

12.4.3 Junjing was asked to provide the deficient information/data no later than August 21, 2006. Junjing responded to the deficiencies vide its letter dated August 21, 2006. However, Junjing response to deficiency letter did not contain all the required information. The Commission, during on-the-spot investigation conducted at the premises of Junjing on September 16, 2006, obtained some of the information that was deficient.

12.5 Guangdong Nanhai Light Industrial Products, Import & Export Corporation ("Nanhai")

12.5.1 Questionnaire response from Nanhai was received in the Commission on August 7, 2006. According to the information provided in response to the questionnaire, Nanhai was involved in the exports of Tiles to Pakistan during POI.

12.5.2 The information submitted by Nanhai in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those deficiencies were communicated to Nanhai vide Commission's letter dated August 19, 2006.

12.5.3 Nanhai was asked to provide the deficient information/data no later than August 25, 2006. Nanhai responded to the deficiencies vide its letter dated August 25, 2006. However, Nanhai response to deficiency letter did not contain all the required information. The Commission, during on-the-spot investigation conducted at the premises of Nanhai on September 20, 2006, obtained some of the information that was deficient.

12.6 Guangzhou Metal and Minerals Import & Export Ltd. ("Guangzhou")

12.6.1 Questionnaire response from Guangzhou was received at the Commission on August 7, 2006. According to the information provided in response to the questionnaire, Guangzhou was involved in the exports of Tiles to Pakistan during POI.

12.6.2 The information submitted by Guangzhou in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those deficiencies were communicated to Guangzhou vide Commission's letter dated August 18, 2006.

12.6.3 Guangzhou was asked to provide the deficient information/data no later than August 25, 2006. Guangzhou responded to the deficiencies but did not provide information regarding domestic sales of the producers from whom it purchased investigated product for export to Pakistan vide its letter dated August 25, 2006. The Commission, during on-the-spot investigation conducted at the premises of Guangzhou on September 22, 2006, obtained some of the information that was deficient. The remaining deficient information regarding normal value has not been provided till this preliminary determination. Therefore, the Commission has disregarded the information provided by Guangzhou in response to the questionnaire and informed it accordingly through facsimile message of November 23, 2006.

12.7 J&M Designer Ltd. ("J & M")

12.7.1 Questionnaire response from J & M was received at the Commission on August 7, 2006. According to the information provided in response to the questionnaire, J & M was involved in the exports of Tiles to Pakistan during POI.

12.7.2 The information submitted by J & M in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those deficiencies were communicated to J & M vide Commission's letter dated August 18, 2006.

12.7.3 J & M was asked to provide the deficient information/data no later than August 28, 2006. J & M responded to the deficiencies vide its letter dated August 28, 2006. However, J & M response to deficiency letter did not contain all the required information. The Commission, during on-the-spot investigation conducted at the premises of J & M on September 23, 2006, obtained some of the information that was deficient.

12.8 Foshan Everlasting Enterprise Co. Ltd. ("Everlasting")

12.8.1 Questionnaire response from Everlasting was received in the Commission on August 7, 2006. According to the information provided in response to the questionnaire, Everlasting was involved in the exports of Tiles to Pakistan during POI and to other countries.

12.8.2 The information submitted by Everlasting in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those deficiencies were communicated to Everlasting vide Commission's letter dated August 18, 2006.

12.8.3 Everlasting was asked to provide the deficient information/data no later than August 28, 2006. Everlasting responded to the deficiencies vide its letter dated August 28, 2006. However, Everlasting response to deficiency letter did not contain all the required information. The Commission vide letter dated November 4, 2006 requested Everlasting to provide the required information by November 15, 2006. Everlasting provided some of the information asked for vide its letter dated November 15, 2006, which has been considered for this preliminary determination.

12.9 China National Machinery & Equipment, Import & Export Corporation ("China National Machinery")

12.9.1 Questionnaire response from China National Machinery was received at the Commission on August 7, 2006. According to the information provided in response to the questionnaire, China National Machinery was involved in the exports of Tiles to Pakistan during POI and to other countries.

12.9.2 The information submitted by China National Machinery in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those deficiencies were communicated to China National Machinery vide Commission's letter dated August 15,2006.

12.9.3 China National Machinery was asked to provide the deficient information/data no later than August 21, 2006. China National Machinery responded to the deficiencies vide its letter dated August 21, 2006. However, China National Machinery response to deficiency letter did not contain all the required information. The Commission vide letter dated November 11, 2006 asked China National Machinery to provide documentary evidence of information regarding export price and normal value given in Attachment C-3 and D-3 of the questionnaire and adjustments claimed therein by November 20, 2006. China National Machinery provided some of the information asked for vide its letter dated November 20, 2006, which has been considered for this preliminary determination.

13. **Investigated Product and Domestic Like Product**

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

Investigated Product:

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

Domestic Like Product:

"the domestically produced product, which is a like product to an investigated product".

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

13.2.1 **Investigated Product**

The investigated product is Tiles, which includes ceramic, porcelain/vitrified/ granite wall and floor tiles in glazed/unglazed, polished/ unpolished finish, produced in and/or exported from China. Investigated product is used for walls and floors of bathrooms, kitchens, drawing rooms, TV lounges and bedrooms etc. It is also used for interiors and facings of schools, offices, industries, hospitals, airports, restaurants, hotels, cafes, cinema theatres, gymnasiums, mosques, high rise buildings, plazas, supermarkets, shopping malls etc. The investigated product is classified under Pakistan Customs Tariff ("PCT") Heading Nos. 6907.1000, 6907.9000, 6908.1000 and 6908.9000.

13.2.2 **Domestic Like Product**

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The domestic like product is Tiles, which includes ceramic, porcelain/vitrified/ granite wall and floor tiles in glazed/unglazed, polished/ unpolished finish, produced by the domestic industry. Domestic like product has the same usages as of the investigated product. It is also classified under Pakistan Customs Tariff ("PCT") Heading Nos. 6907.1000, 6907.9000, 6908.1000 and 6908.9000.

13.2.3 **Like Product**

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

- i. Production process for each of the two is similar;
- ii. Both employed same/similar inputs in production process;
- iii. Uses of the both are identical and both are interchangeable in use;
- iv. Both the products are classified under the same PCT sub-headings;
- v. Both compete directly with each other in domestic market; and
- vi. Both the products are stocked and sold by the same traders through the same distribution and sales network.

13.2.4 On the basis of above the Commission has determined that both the investigated product and the domestic like product are "like products" in terms of Section 2(m) of the Ordinance.

14. **Negligible Volume of Imports**

In terms of Section 41(3) of the Ordinance, the volume of imports shall normally be regarded as negligible if the volume of imports of an investigated product is found to account for less than 3 percent of total imports of the like product. In this regard, data and information provided by the Applicant (which is based on PRAL data) and provided by the exporters/producers from China has been analyzed. The data reveals that imports from China were ***** SQM, during the POI for dumping, which were 77% of total imports of the investigated product into Pakistan. Thus this percentage is well above the percentage for "negligible" volume (less than three percent) of imports of the like product.

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

15.1 The Commission received following views/comments from different interested parties. The Comments of interested parties and Commission's response is given below:

15.1.1 **Comments received from Importers in letter dated June 16, 2006 through their Attorney**

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Views/Comments

The instant application is being submitted on the following grounds:

(i) M/s. Master Tiles and Ceramics Industries Ltd., has the share in the production of the country not more than 15% to 20% as is evident from the following facts:

(a) NATIONAL TILES & CERAMICS LTD

As per record of sales Tax, National Tiles & Ceramics is regularly manufacturing and selling their ceramics tiles in the local market. It is also certified by PCSIR vide its Certificate that the product of National Tiles & Ceramics is ceramic tiles.

(b) MARSHAL TILES AND CERAMICS LTD

As per record of Sales Tax, M/s. Marshal Tiles & Ceramics is regularly manufacturing and selling their ceramics tiles in the local market. It is also certified by PCSIR vide its Certificate that the product of Marshal Tiles & Ceramic Ltd., are same tiles as manufactured by M/s. National Tiles & Ceramic Ltd.

(c) SONNEX TILES & CERAMICS LTD

This industry has started its trial production in the month of January 2005, whereas commercial production was made in the month of March 2005, which is evident from the sales tax record and the copies of the same are attached herewith.

(d) FRONTIER CERAMICS LTD

It may be verified from the record that they are manufactures of floor tiles as subject matter of proceedings regarding anti dumping. By considering the domestic production of above four industries, it is revealed that the production of Master Tiles with reference to the production of domestic industries comes to lesser than 43%. Hence, application u/s 24 of the Ordinance does not qualify for consideration.

Commission's Response

The Standing of the domestic industry has been determined in paragraph 4.2 above, which establishes that the Applicant's production constitutes 56% of the total production of domestic like product by the domestic industry.

National Tiles and Ceramics Limited and Marshal Tiles Industries (Pvt.) Ltd., have informed the Commission through their letters received at the Commission that they are engaged in production of 'extruded split tiles' which is different from the domestic like product and the product under investigation in terms of process of manufacturing and the raw materials used. Therefore, their products are different than the domestic like product and the product under investigation. Hence, National Tiles and Ceramic Ltd., and Marshal Tiles Industries (Pvt) Ltd., do not fall within the definition of domestic industry for this investigation under the Ordinance.

Upon inquiry, Sonnex Tiles and Ceramics Limited has informed the Commission through their letter dated July 29 2006 that it started commercial production from January 01, 2006 which falls out side the Period of Investigation for determination of injury as defined in paragraph 3.3 of the report. Therefore, it also does not qualify for inclusion in domestic industry for the purposes of this investigation under the Ordinance.

As regards the sales tax paid by Sonnex on its trial production (which commenced in September 2005), Sonnex informed the Commission in the said letter that in terms of Section 2(46) of the Sales Tax Act, 1990, every company is required to pay sales tax on both trial as well as commercial production.

Frontier Ceramics Limited informed the Commission through its letter dated April 13 2006 that plant has been shut since the year 2003 due to dumped imports from China. Therefore, it also does not qualify for inclusion in domestic industry under the Ordinance

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Views/Comments

(ii) SHABBIR TILES & CERAMIC LTD, EMCO INDUSTRIES & SAWAT CERAMICS CO. (PVT) LTD

“All these three industries are manufacturing ceramic tiles and they are regularly selling their products in the market. These industries were not considered as domestic industries while considering the application of Master Tiles & Ceramics Industry Ltd., for anti dumping. Whereas, these manufacturers are neither importers of the ceramic tiles nor they are engaged in imports, as required to be considered for exclusion from the definition of ‘Domestic industries’. All these three manufacturers are importing semi- finished, finished ceramic tiles and same are clear by the custom authorities.”

The Applicant Master Tiles & Ceramic Industries Ltd made a complaint for the purpose of anti dumping by pointing out manufacturing of one of its product porcelain Tiles, known as Granite Tiles. Whereas, the verification/authenticity report of the said porcelain tiles was issued by the PCSIR laboratory, Lahore as under:

“Keeping in view above physico-chemical testing, the sample of the tile (One sealed box of Master tiles & Ceramics industries Ltd containing 8 pieces super quality Grade one Master Granite (polished porcelain) tiles size 400 X 400 mm model DCKSPM 62 as mentioned on box) provided by the client is ceramic stoneware tiles”.

According to said report, there is no manufacturing of POECELAIN TILES. The said applicant Master Tiles and Ceramic Industries Ltd., is only manufacturing ceramics stoneware tiles, which are neither porcelain nor granite tiles.”

Commission’s Response

Shabbir Tiles Limited., Emco Industries Limited., and Swat Ceramics (Pvt) Limited., have been excluded from the definition of the domestic industry in terms of Section 2(d) of the Ordinance which in material part provides as follows:

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

The import data obtained by the Commission from Pakistan Revenue Automation Limited (“PRAL”) a data processing arm of Central Board of Revenue, Government of Pakistan clearly identifies these three local producers as importers of the investigated product. Furthermore, Shabbir Tiles Ltd., has also confirmed this position vide its letter dated July 17 2006 to the Commission.

The Applicant manufactures porcelain tiles as certified by the PCSIR in a certificate issued to the attorney of the Applicant, and porcelain tiles are covered under the definition of the like product in paragraph 13 supra.

15.1.2 Comments received from Importers and Exporters in letter dated July 18, 2006 through their Attorney/Representative

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Views/Comments

Industry identification & Failure to Disclose Correct Information (Para 2 of the Questionnaire):

"...the applicant has argued that three units namely Shabbir Tiles, Emco Industries and Swat Ceramics are themselves importing the investigated product (Ceramic, Porcelain/Vitrified/Granite Tiles) therefore, they are excluded from the definition of domestic industry as per Antidumping Duties Ordinance 2000 (the Ordinance). We hope the Commission would investigate this issue as an attorney of one of the major importers has informed the Commission that imports by the three industrial units are of semi-finished tiles, hence these three units should not be excluded from the definition of domestic industry".

".....the applicant has failed to identify the three other domestic manufacturers namely National Tiles, Marshal Tiles and Frontier Ceramics. All these are manufacturers of tiles and their production should also have been accounted for while considering domestic industry standing. Attached copies of PCS&IR report dated 06-06-2006 showing production of glazed ceramic tiles by National Tiles and sales tax record of Marshal Tiles further support the existence of these two units not shown by the applicant as domestic producers of tiles.

In case of Sonex Tiles, the applicant has informed the Commission that it has no share in domestic market as yet. However, as per sales tax record it is evident that Sonex Tiles had a share in domestic market during the POI (Jan-Dec 2005), whereas antidumping application was filed by the applicant on February 15, 2006 showing no production of this unit.

As per copies of documents obtained from the public file of this case, it has been further observed that an attorney of one of the major importers has informed the Commission that PCS & IR Laboratories report dated June 06, 2006 (who tested tiles from a sealed box of Master Tiles containing 8 pieces of super quality grade one Master Granite (Polished Porcelain Tiles)) reveals that physico-chemical testing shows that the tile tested was a ceramic stoneware tile. According to the said attorney's comments the applicant is engaged in production and sale of ceramic tiles and not the porcelain tiles and therefore porcelain tiles not being manufactured by the domestic applicant industry should have been explicitly excluded from the very description of investigated product, as the applicant should not request for antidumping action against product/type of a product not locally produced by it.

Commission's Response

Please see the Commission's response at paragraph 15.1.1 *supra* to the comments offered by the importers in letter dated June 16, 2006 through their attorney.

Please see the Commission's response at paragraph 15.1.1 *supra* to the comments offered by the importers in letter dated June 16, 2006 through their attorney.

Upon inquiry, Sonnex Tiles and Ceramics Limited has informed the Commission through their letter dated July 29 2006 that it started commercial production from January 01, 2006 which falls out side the Period of Investigation as determined in paragraph 3.3 of the report. Therefore, it also does not qualify for inclusion in domestic industry for the purposes of this investigation under the Ordinance.

Please see the Commission's response at paragraphs 15.1.1 *supra* to the comments offered by the importers in letter dated June 16, 2006 through their attorney.

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Views/Comments

Due to introduction of new variety of tiles in the domestic market by the Chinese exporters, the consumption pattern of the domestic users has changed towards such varieties. Consequently demand for new variety is comparatively much higher than the domestic production of conventional varieties of tiles.

While calculating landed cost, incidentals have been taken @ 2% of C&F value by the applicant. Actually these expenses are usually more than double the percentage taken by the applicant, thus showing a reduced landed cost. The price undercutting as given in the table form ranges from 3% in 2004-05 to 12% in 2003-04. If incidental charges are taken on actual basis (around 5%), price undercutting of 3% for 2004-05 may vanish and it may reduce to the level of 9% for 2003-04. Thus for the POI the price undercutting will show almost nil level.

Out of four years taken by the applicant, for two years the price depression has been shown whereas during later half of the POI. i.e. for six months ending December 31, 2005, there was no price depression. The reason for apparent price depression as gathered from the domestic market is because of introduction of new variety of tiles by the domestic industry so as to get share from the new segment of domestic market created by the Chinese imports. Thus price depression is being shown by averaging the sale proceeds of higher value tiles with new variety tiles. Hence this price depression is not true reflection of actual affairs of the business. Details of sales prices of various varieties produced and sold by the applicant since 2002-03 would show the correct position for which the Commission may like to ask the applicant.

The major contributing factor in price suppression is increase in cost of production especially after 2003-04. In this respect the Commission may analyze increase in cost of production of 6% in 2004-05 over 2003-04 and increase of 14% in Jul-Dec 2005 over 2004-05. From our point of view the main reason is costly expansion in capacity by the applicant industry from 1.5 million sqm per annum to 7.5 million sqm per annum during 2nd quarter of 2003-04.

The applicant has provided a table of capacity utilization showing declining trend and has claimed injury on this account. Though in a note form the applicant has admitted the fact of expansion in capacity during 2nd quarter of the year 2003-04, yet the size of expansion in capacity has not been mentioned. If figures of expansion in capacity are given it would reveal that reduction in capacity utilization is mainly because of tremendous increase in capacity and not the alleged dumped imports from China.

Commission's Response

The term 'like product' as defined in Section 2(m) makes no distinction between new variety and conventional varieties.

The importers have not clarified in their comments the distinction between the new and old varieties of tiles. Furthermore, the Commission has determined in paragraph 13 supra that the investigated product and the domestic like product are like products.

The Commission in its injury analysis has calculated landed cost by adding customs duty into the weighted average C&F price and incidental charges of 5%. For price undercutting analysis please see paragraph 26.2 of injury analysis.

Please see paragraph 26.3 of injury analysis for Price depression. The Commission has also concluded in injury part of its report that the domestic industry experienced price depression in FY 2004 and FY 2005.

The Commission has obtained information of sales prices of glazed and porcelain tiles from the Applicant and found that the affect of dumped imports on sale prices of the domestic industry has been more in case of glazed tiles as compared to porcelain tiles. The dumped imports of glazed tiles were more than that of porcelain tiles. Therefore, the importers need to make it clear as to what is the affect of new varieties on sale prices of the domestic industry and more importantly what are these new varieties.

Please see paragraph 26.4 of injury analysis. Had there been no imports of investigated product at dumped prices from China, the domestic industry would have increased its prices to recover increase in its cost of production. The cost of expansion has been accounted for in the audited accounts of the Applicant from which the figures for effect on prices of the Applicant have been taken. If the importers consider that these figures do not represent an accurate position, they should provide positive evidence before final determination.

Please see paragraph 28 of injury analysis. The Applicant increased its installed capacity keeping in view the growing demand for Tiles in Pakistan. However, the Applicant was not able to fully profit from larger production capacity on account of sharp increase in the volume of dumped imports.

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“From the above analysis it stands clear that the domestic industry increased its production from 2001-02 to 2004-05. However, due to increase in installed capacity, capacity utilization is showing reducing trend which of course cannot be and should not be attributed to imports from China.”

“It is understood that when an industry increases its capacity and production, obviously its ending inventories would also increase though not directly in proportion to increase in its production and installed capacity. In 2004-05 the domestic industry increased its production by 261% (from 1.3635 million in 2001-02 to 3.5625 million in 2004-05) but increase in inventory was only 28% during the same period. Thus this natural to imports from China, as has been done by the applicant.”

“The applicant has admitted that in the anticipation of growth, it expanded the installed capacity but now growth prospects have been significantly impaired by the injurious effects of dumped imports. In fact, the growth in the domestic market is apparent from the expanded size of the domestic market till to-date. As regards growth prospects, the upcoming of a new industrial unit with the name of Sonex Tiles in 2005 is another indication of growth. In addition enhancement in installed capacity by Shabbir Tiles in 2004-05 by 0.84 million sqm and further plans of enhancement by 1.2 million sqm speaks of growth visualized by other tile manufacturers. As per Chairman’s review given in audited accounts for 2004-05, EMCO is going to enhance its capacity for production of tiles by 0.620 million sqm by February 2006. Similarly as per further outlook given in audited accounts for 2004-05, Karam Ceramics has planned for further increase in the production capacity of ceramics tiles.”

Please see paragraph 26.4 of injury analysis. The inventories of the domestic industry increased in FY 2004 and then decreased in FY 2005.

Please see paragraph 27 of injury analysis. The domestic demand for Tiles has grown from 9.87million SQM in FY 2003 to 22.45million Tiles in FY 2005. If the total demand during the period from July to December 2005 is annualized for FY 2006, the domestic demand works out to be 26.03 million SQM. The share of all domestic producers of Tiles in Pakistan in total domestic demand has decreased from 76% in FY 2003 to 55% in FY 2005, whereas, the share of dumped imports increased from 13% in FY 2003 to 33% in FY 2005.

The domestic producers are enhancing their installed capacity due to the rapid growth in demand for Tiles during last 4 years, however, due to significant increase in dumped imports the domestic producers were not able to increase their share in total demand for Tiles.

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Ability to Raise Capital

The applicant has complained that due to substantial and progressive decline in operating profit during the preceding three years, it is difficult to raise further capital. As regards investment with new capital in the field of tiles manufacturing, the same is however, evident from investment by Sonex Tiles and Shabbir Tiles in the recent past (2005) and plans by Shabbir Tiles and others for further expansion. If it is to be related to investment by the applicant, of course the costly expansion in 2003-04 (expanding its installed capacity by 500%) may not be a judicious decision. Therefore inability on this account to raise further capital should not be attributed to imports from China.

Please see paragraph 35 of injury analysis.

Views/Comments

Investment:

The applicant claims that it has suffered injury on this account due to imports from China is not based on facts. Investment by Sonex Tiles, Shabbir Tiles and EMCO Industries in 2005 and plans for further increase in production capacity by Karam Ceramics are sufficient proofs that the ability of investment in this field of tiles has not been adversely affected. Rather imports from China has created market for new variety and domestic industry can also and is also taking benefit of this expanded market as is apparent from increase in its overall capacity, production and sales.

The causal link has been established by the applicant by showing domestic share held by domestic industry, other local manufacturers, imports from China and imports from other sources. Nothing has been said about the expansion in the domestic market and increase in sales by all the stakeholders.

In the expanding market, which has been created especially by new variety imports from China, the production and sales by domestic industry have also registered tremendous increase. However increase in injury factors cited by the applicant is mainly because of costly expansion by the applicant in 2003-04 in its installed capacity by 500% and other factors. Accounts of other units are showing increase in profits during the same period of 2004-05 as discussed earlier. Thus causal link of injury caused by other factors to the applicant domestic industry should not be attributed to imports from China.

Commission's Response

Please see paragraph 35 of injury analysis. The facts shows that due to growth in the domestic market for Tiles the Applicant made huge investment in setting up a new plant with a significantly higher capacity than its old plant. The Commission concluded that the Applicant did not suffer injury on account of its ability to raise capital or investment.

Sonex Tiles established a new plant and other domestic producers i.e. Shabbir Tiles and EMCO also increased installed capacity by investing in their existing plants.

Please see paragraph 37 and 38 for causal link.

15.1.2 Comments received from Importers in letter dated September 16, 2006 Through their

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Attorney

Views/Comments

As per our information, the percentage and calculations given in the said application for proceedings regarding anti-dumping duties allegedly dated 23-02-2006 filed by M/s. Master Tiles & Ceramics Industry by showing average unit price as under:

Year	Unit price per sq.meter (Rs.)
2003	265 to 270
2004	225 to 235
2005	215 to 225

(i) The said applicant publicized a price list consisting of their products to the customers as under:

Commission's Response

The prices of the domestic like product produced by the Applicant have been obtained from its audited accounts and sales record. The prices were subsequently verified during on-the-spot verification visit at the premises of the Applicant.

Furthermore, the Applicant has also sent its comments through its attorney which are placed in the public file established and maintained under Rule 7 of the Rules.

The Applicant has also attached an 'undertaking' from Messrs. Shafiq Enterprises and Messrs. Ijaz Enterprises stating misuse of their stationery by some importers for provision of certain quotations and price lists to the Commission. This undertaking is also placed on the public file.

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- Fixed discounted price list under Customer Right Policy w.e.f. 24th January, 2003 with average sale price after excluding all discounts not less than Rs. 850/- per sq. meter (Copy attached at Annex A)
- Price list issued for the year 2004 on 05.07.2004 with the average unit price off the tiles not less than Rs. 1100/- per Sq. meter. (Copy attached as Annex-B)
- Subsequently, same list was issued on 25.07.2005 circulated to their dealers as well as to other parties. As per this list, the minimum average price comes to the tune of Rs.1200/- per sq. meter approximately. (Copy attaché as Annex-C)
- The said applicant also issued brochure with regard to its CRPP Scheme by offering benefits to its purchasers along with details of its dealers in the Province of Punjab. (Copy Annex-D)

In spite of the above, the Commission 's findings in this regard are:

- (i) The importers have mentioned average sale price of Rs.850/SQM on the basis of price list of January 23, 2003, whereas the price list submitted with comments as Annexure A contains a minimum price of Rs.315/SQM and maximum price of Rs.1016/SQM. It is not clear from importers comments how they calculated average sale price of Rs.850/SQM from Annexure A.
 - (ii) Similarly it is also not clear how they calculated average sale price of Rs.1100/SQM from price list of 2004 at Annexure B and average sale price of Rs.1200/SQM from price list of July 25, 2005 at Annexure C. The importers have not explained how they arrived at these average sale prices.
 - (iii) The Applicant in its comments on the comments of importers of Sep. 16, 2006 has not clarified the difference between the prices calculated from audited accounts and from price lists. The Applicant has not denied that price list submitted by importers.
 - (iv) In view of the above, the Commission considers it appropriate to seek further information/clarification of this issue from the interested parties before final determination.
- (ii) The following recognized dealers, selling the tiles of the applicant have issued quotations to M/s. Rome Cotton Factory, Multan by mentioning the rates of the tiles M/s. Master Tiles & Ceramics Industry (Applicant):
- i. M/s. Shafiq Enterprises, Hasan Parwana Road, Multan. (Copy of quotation dated 12.06.06 Annex-E)
 - ii. M/s Ijaz Enterprises, Hasan Parwana Road, Multan (Copy of quotation dated 12.09.06 Annex-F)
 - iii. M//s Master Corporation, Hasan Parwana Road, Multan (Copy of quotation Annex-G)
 - iv. M/s Pakistan Sanitary House, Hasan Parwana Road, Multan (Copy of quotation Annex-H)

The said applicant has also supplied his tiles to M/s. Behria Town (Pvt) Limited in the year 2003 to 2006 with the average rate more than 3 to 4 times as declared with the NTC, same may be verified from the said party.

The average unit price, as per these quotations, comes to Rs. 1300/- per sq. meter approximately in the year 2006, which reveals the situation that prices are still much higher and going to be increased day by day as happened in the years 2003, 2004 & 2005 repeatedly.

All these factors and documentary evidence show the continuous increase in the prices of said applicant and said facts indicate the profitability of the applicant. Hence, there is no element of injury to the said applicant by the imports of tiles in question.

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Views/Comments

The applicant is producing three grades of tiles known as SB, SS & ST being sold in the local market. Even, no ST, 3rd Grade is being sold in the market being not more than 3% to 4% of its production. However, as per our information, the applicant has shown fictitious maximum stocks and production of the 4th Grade as Commercial Tiles. The said commercial Tiles (4th grade) has been shown to be offered with lowest price just to reduce the average price to justify the present anti-dumping proceedings. It is also pertinent to point out that the said applicant has spent huge amount of investment for most modern plant for manufacturing of allegedly porcelain/granite tiles with the highest prices. Whereas, the 4th grade (Commercial Tiles) with lowest quality has been shown to be manufactured. It gives a big question mark to the contentions of the said applicant relating to its production and its selling policies already been attached in preceding paras. Hence, no such commercial Tile has ever been manufactured or sold to any party.

The Applicant has provided different figures of sales to the Commission than that submitted to the Income Tax Department. *(Summarised)*

The said applicant has managed two dubious/frivolous accounts with their dealers - one for the purpose of sales tax & Income Tax records and other based on cash received without any of the record, as evident from the price lists as well as quotations publicized by the said applicant and circulated amongst the dealers/parties and also the quotations issued by its dealers.

The said applicant has shown the profit ratios to the Income Tax Department as under:

YEAR	RATIO OF PROFIT
2003	19.65%
2004	25.72%
2005	16.67%

The version submitted to the Commission in the nature of profitability is not correct and based on fake entries showing continuous reduction in the profit. It is necessary to verify and ascertain the declared results of other local

Commission's Response

The Commission obtained prices and quantities sold of the domestic like product by the Applicant. These were provided to the Commission vide the Applicant's letter dated July 31, 2006.

The Commission has compared the weighted average sales price of the domestic like product produced by the Applicant with the weighted average export price of the investigated product.

The Applicant informed the Commission that it produces other products in addition to tiles e.g., frit, colors etc. The Applicant provided sales figures, as required by the Commission for the purposes of this investigation, of tiles only and not all products. These figures were also verified during on the spot investigation visit from the sales record maintained by the Applicant and were found to be consistent with the figure provided to the Commission.

Therefore, the sales figures provided to the Income tax Department would reflect differently.

The figures relating to sales transaction of the Applicant of the domestic like product during the POI were verified from sales invoices issued to its customers and these figures were found to be consistent with its sales record.

The Commission asked the Applicant to provide figures relating to profit and loss position of the domestic like product separately. These figures were provided along with the basis of allocation.

Views/Comments

manufacturers of the tiles of same categories, since there is no reduction in the prices in the local market; rather there is huge increase in the prices within these three years in spite of the imports of tiles from China. Whereas, the import from other origins also increased. None of the other domestic manufactures have objected the said imports and they have shown huge profit including listing companies like Emco, Shabbir Tiles and Karam Ceramics, Etc. Then, why by this private limited concern is objecting, as it has no other checks upon its manufacturing activities as happens in the case of the listed companies.

Our client also submitted an application dated 16.06.2006 regarding the share of production of M/s. Master tiles & Industries, same is also attached, which clearly narrates the share of the said applicant in the production of the Domestic Industry in violation of section 20 & 24 of the Ordinance. Hence, neither it is domestic industry nor fulfills the requirements as applicant.

Commission's Response

Please see the Commission's Response at paragraph 15.1.1 to the Comments by importers in letter dated June 16, 2006 and paragraph 15.1.2 to the Comments by importers and exporters in letter dated July 18, 2006 through their Attorneys/Representatives.

B. DETERMINATION OF DUMPING

16. 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”.

17. Normal Value

17.1 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”.

17.2 However, 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.

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“(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:”.

17.3 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.”

18. 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”.

19. Dumping Determination

19.1 As stated earlier (paragraph 5 supra) the Applicant identified 219 Chinese exporters and producers involved in alleged dumping of the investigated product. The Commission sent questionnaires to gather information to 35 exporters/producers whose complete addresses were available with the Commission (paragraph 8.1 supra). However, questionnaire was also provided to the Embassy of the People’s Republic of China in Islamabad with a request to forward it to all Chinese exporters/producers of the investigated product to submit information to the Commission.

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19.2 The Commission received response of the questionnaire from following nine exporters and ten producers (through the nine exporters):

Exporters of the Investigated Product

- i. Foshan Junjing Industrial Co. Ltd., Foshan (“Junging”);
- ii. Guangdong Nanhai Light Industrial Products Imp. & Exp. Co., Ltd.; Foshan (“Nanhai”);
- iii. J & M Designers Ltd, Hongkong (“J&M”);
- iv. Guangzhou Metals & Minerals Imp. & Exp. Ltd. Guangzhou (“Guangzhou”;
- v. New Zhongyuan Ceramics Import & Export Co. Ltd of Guangdong, Foshan (“New Zhongyuan”);
- vi. Foshan San De Bo Ceramics Co. Ltd.; Foshan (“San De Bo”);
- vii. Foshan Lungo Ceramics Co. Ltd. Foshan (“Lungo”);
- viii. Foshan Everlasting Enterprise Co., Ltd, Foshan (“Everlasting”); and
- ix. China National Machinery & Equipment Import & Export corporation, Fujian Company Ltd., Fuzhou (“National Machinery & Equipment”).

Producers of Ceramic Tiles

- i. Foshan New Zhongyuan Ceramics Co. Ltd, Shanshui District;
- ii. Heyuan Wanfeng Ceramics Co. Ltd., Heyuan City;
- iii. Qingyuan Southern Building Materials and Sanitary Ware Co. Ltd., Yuantan Town;
- iv. Shunde Yuezhong Branch of Guangdong New Zhongyuan Ceramics Co. Ltd., Lunjiao;
- v. Foshan Center Ceramics Company Limited;
- vi. Foshan Zungi Ceramic Co. Ltd.;
- vii. Foshan Guangdong Shimanli Ceramic Co. Ltd.;
- viii. Fujaan Minqing oumei Ceramic co. Ltd.;
- ix. Foshan JianXing Ceramic Co., Ltd and
- x. Huangu Ceramic co. Ltd.

19.3 None of the above-mentioned exporters was itself producer of Tiles and these exporters did not sold Tiles in the domestic market during the POI. Similarly none of the above-mentioned producers was exporter of Tiles to Pakistan during the POI. The exporters bought investigated product from many producers in China and exported it to Pakistan during the POI. However, according to the response received by the Commission from the exporters (who responded to the Commission’s questionnaire), only ten producers mentioned above cooperated with the exporters and provided information/data in response to the Commission’s questionnaire.

19.4 Since the number of exporters involved is large, the Commission decided to limit its investigation to the following five exporters on the basis of the largest percentage of volume of the exports from China:

- i. Foshan Junjing Industrial Company Ltd.;

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- ii. Guangdong Nanhai Light Industrial Products Import & Export. Co.;
- iii. JNM Designer Ltd., Hongkong ;
- iv. Guangzhou Metals & Minerals Imp. & Exp. Ltd.; and
- v. New Zhongyuan Ceramics Import & Export Co. Ltd,

19.5 However, the following four exporters, who were not selected for the detailed investigation, requested the Commission not to limit the investigation and requested for individual dumping margins.

- i. Foshan San De Bo Ceramics Co. Ltd.; Foshan (“San De Bo”);
- ii. Foshan Lungo Ceramics Co. Ltd. Foshan (“Lungo”);
- iii. Foshan Everlasting Enterprise Co., Ltd, Foshan (“Everlasting”); and
- iv. China National Machinery & Equipment Import & Export corporation, Fujian Company Ltd., Fuzhou (“National Machinery & Equipment”).

19.6 The Commission decided to determine individual dumping margin for all the nine exporters listed in paragraph 19.4 and 19.5 supra, who responded to the Questionnaire. However, on-the-spot investigations, to verify the information, were conducted at the premises of the five exporters mentioned at paragraph 19.4 supra. The Commission has accepted information supplied by the other four exporters (paragraph 19.5 supra) for the purposes of this preliminary determination. Those exporters have been requested to supply supporting evidence and further necessary information in order to verify the information submitted by them in response to the questionnaire.

19.7 The Commission has divided the investigated product in three broad categories (ceramic (“glazed”), porcelain (“polished”) and design/borders) on the basis of inputs, production process and price. Investigation of the Commission revealed that the prices of design/border type of the investigated product are much higher than the prices of the other two types of the investigated product, which unduly distorts the results of dumping margin, inspite of the fact that quantities imported of border/design tiles is small. For this reason, the Commission has excluded design/border type of the investigated product in determination of dumping margins in the preliminary determination.

20. **Determination of Normal Value**

20.1 The Commission received information on domestic sales and cost of production etc. of the like product from the ten Chinese producers (paragraph 19.2 supra) along-with exporters responses to the questionnaire. Normal value in this preliminary determination has been determined on the basis of the information provided by the producers on their domestic sales of the like product, and for the producers who did not provide the requisite information on the best information available in terms of Section 32 of the Ordinance.

20.2 The exporters informed the Commission that they purchased the investigated product from other producers also in addition to those mentioned in paragraph 19.2 supra, but those producers did not cooperate in providing requisite information on questionnaire.

20.3 **Determination of Normal Value for Foshan Junjing Industrial Company Ltd.**

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20.3.1 Foshan Junjing Industrial Company Ltd. ("Junjing") purchased investigated product from more than ***⁵ producers, which was subsequently exported to Pakistan during the POI. However, it supplied information on domestic sales of only two producers namely Foshan Zungui Ceramic Co. Ltd. ("Zungui") and Foshan Guangdong Shimanli Ceramic Co. Ltd. ("Shimanli"). Normal value for the investigated product which Junging purchased from Zungui and Shimanli has been determined on the basis of the domestic sales prices of the like product sold by these two producers in their domestic market during the POI.

20.3.2 Normal Value for the investigated product which Junging purchased from other producers, whose information on domestic sales of the like product is not available with the Commission, is determined on the basis of best information available in terms of Section 32 of the Ordinance, on sales prices of the like product sold by Zungui, Shimanli and other producers mentioned at paragraph 20.1 supra.

20.3.3 According to the information provided by Zungui, it produced and sold only ceramic (glazed) tiles in its domestic market during the POI. All its domestic sales were to unrelated customers.

20.3.4 Zungui sold ***** square meter ("SQM") of ceramic (glazed) tiles of different sizes including borders/design tiles in its domestic market during the POI. These sales are in sufficient quantities to determine normal value in terms of Section 6(2) of the Ordinance, as those are more than 5 percent of the export sales of the investigated product exported by Junging, which it had purchased from Zungui.

20.3.5 Zungui sold like product on ex-factory/ex-works basis with no price discrimination based on quantity or level of trade (wholesaler, retailer, end user etc). Payment terms were cash at sight or in advance. All expenses from ex-factory level, including transportation etc., were borne by the customers.

20.3.6 Junging purchased ***** SQM of glazed tiles of 100x100mm, 200x300mm, 250x330mm, 300x450mm and 300x600mm from Zungui. Normal value for these sizes of the investigated product has been determined on the basis of domestic sales of comparable sizes made by Zungui in its domestic market during the POI. Section 7 of the Ordinance requires the Commission to determine whether Zungui's sales were made in the ordinary course of trade in the domestic market. In determination of normal value for the above-mentioned sizes, the Commission disregarded sales, which were not in ordinary course of trade in terms of Section 7 of the Ordinance. Summary of calculations of normal value for Zungui is placed at Annexure II (Annexure II has been omitted to maintain confidentiality).

20.3.7 As per the information provided by Shimanli, it produced and sold only porcelain (polished) tiles in its domestic market during the POI. Shimanli sold ***** SQM of Porcelain (polished) tiles in its domestic market during the POI. These sales are in sufficient quantities to determine normal value in terms of Section 6(2) of the Ordinance, as those are more than 5 percent of the export sales of the investigated product exported by Junging, which it had purchased from Shimanli. All its domestic sales were to unrelated customers.

⁵ Actual figures have been omitted to maintain confidentiality.

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20.3.8 Shimanli sold like product on ex-factory/ex-works basis with no price discrimination based on quantity or level of trade (wholesaler, retailer, end user etc). Payment terms were cash at sight or in advance. All expenses from ex-factory level, including transportation etc. were borne by the customers.

20.3.9 Junging purchased ***** SQM of porcelain tiles of 500x500mm, 600x600mm and 800x800mm from Shimanli. Normal value for these sizes of the investigated product has been determined on the basis of the domestic sales of comparable sizes made by Shimanli in its domestic market during the POI. Section 7 of the Ordinance requires the Commission to determine whether Shimanli's sales were made in the ordinary course of trade in the domestic market. In determination of normal value for the above-mentioned sizes, the Commission disregarded sales, which were not in ordinary course of trade in terms of Section 7 of the Ordinance. Summary of calculations of normal value for Shimanli is placed at Annexure III (Annexure III has been omitted to maintain confidentiality).

20.3.10 As stated earlier (paragraphs 20.3.1 and 20.3.2 supra) Junging also exported the investigated product, which it had purchased from other producers whose information on sales of the like product in their domestic market is not available with the Commission. According to the information provided by Junging, it purchased ***** SQM of glazed, polished and design/borders of different sizes of the investigated product from other producers (whose information is not available with the Commission). The Commission has used the best information available in terms of Section 32 of the Ordinance to determine normal value for the investigated product whose corresponding domestic sales were not available. However, normal value for design/borders type of the investigated product has not been determined (paragraph 19.7 supra).

20.3.11 In determination of normal value for the investigated product whose corresponding domestic sales were not available, the Commission first of all considered sales of Zungui and Shimanli and if sales of comparable type and size of the like product was available from the domestic sales of these two producers, normal value has been determined on the basis of those sales. In cases where these two producers did not have domestic sales for specific type and size of the like product, normal value is determined on the basis of domestic sales of other producers for that particular type and size. However, in this situation, the lowest available normal value is applied to determine dumping margin, as the same is considered comparable by the Commission.

20.4 **Determination of Normal Value for Guangdong Nanhai Light Industrial Products Import & Export Company ("Nanhai")**

20.4.1 Nanhai purchased the investigated product from more than ***** producers, which was subsequently exported to Pakistan during the POI. However, it supplied information on domestic sales of only one producer namely Foshan Center Ceramics Company Limited ("Center"). The Commission received information on domestic sales of another producer namely Zungui with response to the Commission's exporter's questionnaire of Junging. Zungui has also been identified by Nanhai as a producer from whom Nanhai purchased the investigated product for export to Pakistan. Normal value of the investigated product which Nanhai purchased from Center and Zungui has been determined on the basis of the domestic sales prices of the like product sold by these two producers in their domestic

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20.4.2 Normal Value for the investigated product which Nanhai purchased from other producers, whose information on domestic sales of the like product is not available with the Commission, is determined on the basis of best information available in terms of Section 32 of the Ordinance, on sales prices of the like product sold by Zungui, Center and other producers mentioned at paragraph 19.2 supra.

20.4.3 As per the information provided by Center, it produced and sold only porcelain (polished) tiles in its domestic market during the POI. Center sold ***** SQM of Porcelain (polished) tiles in its domestic market during the POI. These sales are in sufficient quantities to determine normal value in terms of Section 6(2) of the Ordinance, as those are more than 5 percent of the export sales of the investigated product exported by Nanhai, which it had purchased from Center. All its domestic sales were to unrelated customers.

20.4.4 Center sold like product on ex-factory/ex-works basis with no price discrimination based on quantity or level of trade (wholesaler, retailer, end user etc). Payment terms were cash at sight or in advance. All expenses from ex-factory level, including transportation etc. were borne by the customers.

20.4.5 Nanhai purchased ***** SQM of porcelain tiles of 600x600mm from Center. Normal value for this size of the investigated product has been determined on the basis of the domestic sales of comparable size made by Center in its domestic market during the POI. Section 7 of the Ordinance requires the Commission to determine whether domestic sales of Center were made in the ordinary course of trade in the domestic market. In determination of normal value for the above-mentioned size, the Commission disregarded sales, which were not made in ordinary course of trade in terms of Section 7 of the Ordinance. Summary of calculations of normal value is for Center placed at Annexure IV (Annexure IV has been omitted to maintain confidentiality).

20.4.6 According to the information provided by Nanhai, it purchased ***** SQM of the investigated product (glazed, 250x330 mm and 300x450mm) from Zungui. Normal value for these sizes of the investigated product has been determined on the basis of the domestic sales of comparable sizes made by Zungui in its domestic market during the POI. Summary of calculations of normal value for Zungui is placed at Annexure II (Annexure II has been omitted to maintain confidentiality).

20.4.7 The Commission also determined whether Zungui's domestic sales were in sufficient quantities to determine normal value in terms of Section 6(2) of the Ordinance. Analysis of the information revealed that its domestic sales were in sufficient quantities as those were more than 5 percent of the export sales of the investigated product exported by Nanhai, which it had purchased from Zungui.

20.4.8 Section 7 of the Ordinance requires the Commission to determine whether domestic sales of Zungui were made in the ordinary course of trade in the domestic market. In determination of normal value for the above-mentioned sizes, the Commission disregarded sales, which were not made in ordinary course of trade in terms of Section 7 of the Ordinance.

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20.4.9 As stated earlier (paragraphs 20.4.1 and 20.4.2 supra) Nanhai also exported the investigated product, which it had purchased from other producers whose information on sales of the like product in their domestic market is not available with the Commission. According to the information provided by Nanhai, it purchased ***** SQM of glazed, polished and border/design tiles of different sizes of the investigated product from other producers (whose information is not available with the Commission). The Commission has used the best information available in terms of Section 32 of the Ordinance to determine normal value for the investigated product whose corresponding domestic sales were not available. However, normal value for design/borders type of the investigated product has not been included in this investigation (paragraph 19.7 supra).

20.4.10 In determination of normal value for the investigated product whose corresponding domestic sales were not available, the Commission first of all considered sales of Zungui and Center and if sales of comparable type and size of the like product was available from the domestic sales of these two producers, normal value has been determined on the basis of those sales. In cases where these two producers did not have domestic sales for specific type and size of the like product, normal value is determined on the basis of domestic sales of other producers for that particular type and size. However, in this situation, the lowest available normal value is applied to determine dumping margin, as the same is considered comparable by the Commission.

20.5 **Determination of Normal Value for J&M Designer Ltd., Hongkong ("J&M")**

20.5.1 J&M purchased the investigated product from three producers namely Fuzhou pingchi Oumei Factory ("Oumei"), Foshan Sky planet ("Sky Planet") and Sanming foreign ("Sanming"), which was subsequently exported to Pakistan during the POI. However, it supplied information on domestic sales of Oumei only. Normal value for the investigated product, which J&M purchased from Oumei has been determined on the basis of the domestic sales prices of the like product sold by it in its domestic market during the POI.

20.5.2 Normal Value for the investigated product which J&M purchased from other producers, whose information on domestic sales of the like product is not available with the Commission, is determined on the basis of best information available in terms of Section 32 of the Ordinance, on sales prices of the like product sold by Zungui, Center and other producers mentioned at paragraph 19.2 supra.

20.5.3 As per the information provided by Oumei, it produced and sold only ceramic (glazed) tiles in its domestic market during the POI. Oumei sold *** SQM of ceramic (glazed) tiles in its domestic market during the POI. These sales are in sufficient quantities to determine normal value in terms of Section 6(2) of the Ordinance, as those are more than 5 percent of the export sales of the investigated product exported by J&M, which it had purchased from Oumei. All its domestic sales were to unrelated customers.

20.5.4 Oumei sold like product on ex-factory/ex-works basis with no price discrimination based on quantity or level of trade (wholesaler, retailer, end user etc). Payment terms were cash at sight or in advance. All expenses from ex-factory level, including transportation etc., were borne by the customers.

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20.5.5 J&M purchased ***** SQM of ceramic glazed tiles of 112x225mm, 200x300mm and 250x330mm from Oumei. However, Oumei sold only 200x300mm in its domestic market during the POI. Normal value for this size of the investigated product has been determined on the basis of the domestic sales of comparable size made by Oumei in its domestic market. Section 7 of the Ordinance requires the Commission to determine whether domestic sales of Center were made in the ordinary course of trade in the domestic market. In determination of normal value for the above-mentioned size, the Commission disregarded sales, which were not in ordinary course of trade in terms of Section 7 of the Ordinance. Summary of calculations of normal value for Oumei is placed at Annexure V (Annexure V has been omitted to maintain confidentiality).

20.5.6 As stated earlier (paragraphs 20.5.1 and 20.5.1 supra) J&M also exported the investigated product, which it had purchased from other two producers and some specific sizes from Oumei whose information on sales of the like product in their domestic market is not available with the Commission. According to the information provided by J&M, it purchased *** SQM of glazed and border/design tiles of different sizes of the investigated product from other producers (whose information is not available with the Commission). The Commission has used the best information available in terms of Section 32 of the Ordinance to determine normal value for the investigated product whose corresponding domestic sales were not available. However, normal value for design/borders type of the investigated product has not been included in this investigation. (paragraph 19.2 supra).

20.5.7 In determination of normal value for the investigated product whose corresponding domestic sales were not available, the Commission first of all considered sales of Oumei and if sales of comparable type and size of the like product were available from the domestic sales of Oumei, normal value has been determined on the basis of those sales. In cases where Oumei did not have domestic sales for specific type and size of the like product, normal value is determined on the basis of domestic sales of other producers for that particular type and size. However, in this situation, the lowest available normal value is applied to determine dumping margin, as the same is considered comparable by the Commission.

20.6 Determination of Normal Value for Foshan Everlasting Enterprise Co., Ltd.

20.6.1 Foshan Everlasting Enterprise Co., Ltd. ("Everlasting") purchased the investigated product from ***** producers, which was subsequently exported to Pakistan during the POI. In response to the questionnaire, it supplied information on domestic sales of only one producer namely Foshan JianXing Ceramic Co., Ltd. ("Jianxing"). However, on November 15, 2006 it supplied partial information for two other producers namely Changcheng Jungui Ceramic Co. Ltd. ("Changcheng") and Foshan Huafeng Borders Co. Ltd. ("Huafeng"). The Commission has accepted that partial information for the purposes of this preliminary determination. However, the Commission has requested Everlasting to provide the deficient information, which would be taken into account in the final determination. Normal value for the investigated product, which Everlasting purchased from the above mentioned producers has been determined on the basis of the domestic sales prices of the like product sold by these producers in the domestic market during the POI.

20.6.2 Normal Value for the investigated product which Everlasting purchased from other producers, whose information on domestic sales of the like product is not available with

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the Commission, is determined on the basis of best information available in terms of Section 32 of the Ordinance, on sales prices of the like product sold by Zungui, Center and other producers mentioned at paragraph 2.8 supra.

20.6.3 As per the information provided by Jianxing, it produced and sold only ceramic (glazed) tiles in its domestic market during the POI. Jianxing sold ***** SQM of ceramic (glazed) tiles in its domestic market during the POI. These sales are in sufficient quantities to determine normal value in terms of Section 6(2) of the Ordinance, as those are more than 5 percent of the export sales of the investigated product exported by Everlasting, which it had purchased from Jianxing. All its domestic sales were to unrelated customers.

20.6.4 Jianxing sold like product on ex-factory/ex-works basis with no price discrimination based on quantity or level of trade (wholesaler, retailer, end user etc). Payment terms were cash at sight or in advance. All expenses from ex-factory level, including transportation etc., were borne by the customers.

20.6.5 Everlasting purchased ***** SQM of ceramic glazed tiles of 200x200mm, 300x300mm and 400x400mm from Jianxing. Normal value for these sizes of the investigated product has been determined on the basis of the domestic sales of comparable size made by Jianxing in its domestic market. Section 7 of the Ordinance requires the Commission to determine whether domestic sales of Jianxing were made in the ordinary course of trade in the domestic market. In determination of normal value for the above-mentioned size, the Commission disregarded sales, which were not made in ordinary course of trade in terms of Section 7 of the Ordinance. Summary of calculations of normal value for is placed at Annexure-.

20.6.6 According to the information provided by Everlasting, it purchased *** SQM of the investigated product (glazed, 330x250mm) from Changcheng. Normal value for these sizes of the investigated product has been determined on the basis of the domestic sales of comparable sizes made by Changcheng in its domestic market during the POI. Summary of calculations of normal value for Changcheng is placed at Annexure VI (Annexure VI has been omitted to maintain confidentiality).

20.6.7 The Commission also determined whether Changcheng's domestic sales were in sufficient quantities to determine normal value in terms of Section 6(2) of the Ordinance. Analysis of the information revealed that its domestic sales were in sufficient quantities as those were more than 5 percent of the export sales of the investigated product exported by Everlasting, which it had purchased from Changcheng.

20.6.8 As stated earlier (paragraphs 20.6.1 and 20.6.2 supra) Everlasting also exported the investigated product, which it had purchased from other producers whose information on sales of the like product in their domestic market is not available with the Commission. According to the information provided by Everlasting, it purchased ***** SQM of glazed and border/design tiles of different sizes of the investigated product from other producers (whose information is not available with the Commission). The Commission has used the best information available in terms of Section 32 of the Ordinance to determine normal value for the investigated product whose corresponding domestic sales were not available. However, normal value for design/borders type of the investigated product has not been included in this investigation (paragraph 19.7 supra).

20.6.9 In determination of normal value for the investigated product whose corresponding domestic sales were not available, the Commission first of all considered sales of Jianxing and Changcheng and if sales of comparable sizes of the like product were available from the domestic sales of these producers, normal value has been determined on the basis of those sales. In cases where these two producers did not have domestic sales for specific sizes of the like product, normal value is determined on the basis of domestic sales of other producers for that particular sizes. However, in this situation, the lowest available normal value is applied to determine dumping margin, as the same is considered comparable by the Commission.

20.7 **Determination of Normal Value For China National Machinery & Equipment Imp. & Exp.Corp. Ltd. ("China National Machinery")**

20.7.1 As per the information supplied by China National Machinery, it purchased investigated product from one producer namely Fujian Huida, which was subsequently exported to Pakistan during the POI. In response to the questionnaire, it supplied partial information on domestic sales of this producer. Deficiencies were conveyed to China National Machinery but it did not supply the requisite information. The Commission has accepted that partial information for the purposes of this preliminary determination. However, China National Machinery has again been requested to provide the deficient information; failing which the Commission would make the final determination on the basis of best information available in terms of Section 32 of the Ordinance. Normal value for the investigated product has been determined on the basis of the domestic sales prices of the like product sold by China National Machinery in its domestic market during the POI.

20.7.2 As per the information supplied by China National Machinery, it purchased ***** SQM of ceramic glazed tiles of 140x280mm, 200x300mm and 250x330mm from Fujian Huida. Normal value for sizes of the investigated product has been determined on the basis of the domestic sales of comparable sizes made by Fujian Huida in its domestic market. Section 7 of the Ordinance requires the Commission to determine whether domestic sales of Fujian Huida were made in the ordinary course of trade in the domestic market. In determination of normal value for the above-mentioned size, the Commission disregarded sales, which were not made in ordinary course of trade in terms of Section 7 of the Ordinance. Summary of calculations of normal value for Fujian Huida is placed at Annexure VII (Annexure VII has been omitted to maintain confidentiality).

20.7.3 The Commission also determined whether Fujian Huida's domestic sales were in sufficient quantities to determine normal value in terms of Section 6(2) of the Ordinance. Analysis of the information revealed that its domestic sales were in sufficient quantities as those were more than 5 percent of the export sales of the investigated product exported by China National Machinery, which it had purchased from Fujian Huida.

20.8 **Determination of Normal Value for New Zhongyuan Ceramics Import & Export Company Ltd ("New Zhongyuan")**

20.8.1 New Zhongyuan purchased investigated product from ***** of its related producers namely Foshan New Zhongyuan, Shunde, Heyuan Wanfeng Ceramics Co. Ltd.,

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("Heyuan") and Qingyuan Southern Building Materials and Sanitary Ware Co. Ltd. ("Qingyuan"), which was subsequently exported to Pakistan during the POI. It supplied information on domestic sales of all four producers. Normal value for the investigated product which New Zhongyuan purchased from its producers has been determined on the basis of the domestic sales prices of the like product sold by these producers in their domestic market during the POI.

20.8.2 According to the information provided by New Zhongyuan, the ***** producers produced and sold ceramic (glazed), porcelain (polished), design and paving tiles in its domestic market during the POI.

20.8.3 According to the information provided by New Zhongyuan, it purchased ***** SQM of ceramic glazed and design tiles of different sizes (200x300, 250x33mm, 300x300mm, 300x450mm, 330x330mm, 330x600mm) of the investigated product from Foshan New Zhongyuan. Normal value for these sizes of the investigated product have been determined on the basis of the domestic sales of comparable sizes made by Foshan New Zhongyuan in its domestic market during the POI. However, normal value for design/borders type of the investigated product has not been included in this investigation (paragraph 19.7 supra). Summary of calculations of normal value for Foshan New Zhongyuan is placed at Annexure VIII (Annexure VIII has been omitted to maintain confidentiality).

20.8.4 Foshan New Zhongyuan sold ***** SQM of ceramic (glazed) and design tiles of different sizes to its related and unrelated customers in its domestic market during the POI. These sales are in sufficient quantities to determine normal value in terms of Section 6(2) of the Ordinance, as those are more than 5 percent of the export sales of the investigated product exported by New Zhongyuan, which it had purchased from Foshan New Zhongyuan.

20.8.5 Section 7 of the Ordinance requires the Commission to determine whether domestic sales of Foshan New Zhongyuan were made in the ordinary course of trade in the domestic market ordinary course of trade for domestic sales. In determination of normal value for the above-mentioned sizes, the Commission disregarded sales, which were not made in ordinary course of trade in terms of Section 7 of the Ordinance.

20.8.6 Foshan New Zhongyuan sold like product to related and unrelated customers. Analysis of the information showed that the sales to related parties were at "arms length". Thus in determination of normal value, sales to both related and unrelated customers have been considered.

20.8.7 Foshan New Zhongyuan sold like product on ex-factory/ex-works basis with no price discrimination based on quantity, level of trade (wholesaler, retailer, end user etc). Payment terms were cash at sight or in advance. All expenses from ex-factory level, including transportation etc. were borne by the customers. However, it claimed an adjustment on account of advertisement expenses incurred on domestic sales. Sales price has been adjusted for advertisement expenses to arrive at ex-factory level.

20.8.8 According to the information provided by New Zhongyuan, it purchased ***** SQM of porcelain (polished) tiles of different sizes (300x300, 400x400mm, 500x500mm, 600x600mm, 800x800mm, 1000x1000mm, 1200x1800mm) of the investigated product from

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Shunde. Normal value for these sizes of the investigated product have been determined on the basis of the domestic sales of comparable sizes made by Shunde in its domestic market during the POI. Summary of calculations of normal value Shunde is placed at Annexure IX (Annexure IX has been omitted to maintain confidentiality).

20.8.9 Shunde sold ***** SQM of porcelain (polished) and design tiles of different sizes (ranging from 300x300mm to 1200x1800mm) to its related and unrelated customers in its domestic market during the POI. These sales are in sufficient quantities to determine normal value in terms of Section 6(2) of the Ordinance, as those are more than 5 percent of the export sales of the investigated product exported by New Zhongyuan, which it had purchased from Shunde.

20.8.10 Section 7 of the Ordinance requires the Commission to determine whether domestic sales of Shunde were made in the ordinary course of trade in the domestic market. In determination of normal value for the above-mentioned sizes, the Commission disregarded sales, which were not made in ordinary course of trade in terms of Section 7 of the Ordinance.

20.8.11 Shunde sold like product to related and unrelated customers. Analysis of the information showed that some sales to related parties were not at arms length. Thus in determination of normal value, sales to related parties, which were not at arms length have not been considered.

20.8.12 Shunde sold like product on ex-factory/ex-works basis with no price discrimination based on quantity and level of trade (wholesaler, retailer, end user etc). Payment terms were cash at sight or in advance. All expenses from ex-factory level, including transportation etc. were borne by the customers. However, it claimed an adjustment on account of advertisement expenses incurred on domestic sales. Sales price has been adjusted for advertisement expenses to arrive at ex-factory level.

20.8.13 According to the information provided by New Zhongyuan, it purchased ***** SQM of ceramic (glazed) and paving tiles of different sizes (100x100, 108x108mm, 150x150mm, 190x190mm, 200x200mm, 300x300mm, 300x600mm, 500x500mm, 600x600mm) of the investigated product from Heyuan. Normal value for these sizes of the investigated product have been determined on the basis of the domestic sales of comparable sizes made by Heyuan in its domestic market during the POI. Summary of calculations of normal value for Heyuan is placed at Annexure X (Annexure X has been omitted to maintain confidentiality).

20.8.14 Heyuan sold ***** SQM of ceramic (glazed) tiles, ***** SQM of porcelain (polished) and ***** SQM and paving tiles of different sizes to its related and unrelated customers in its domestic market during the POI. These sales are in sufficient quantities to determine normal value in terms of Section 6(2) of the Ordinance, as those are more than 5 percent of the export sales of the investigated product exported by New Zhongyuan, which it had purchased from Heyuan.

20.8.15 Section 7 of the Ordinance requires the Commission to determine whether domestic sales of Heyuan were made in the ordinary course of trade in the domestic. In determination of normal value for the above-mentioned sizes, the Commission disregarded sales, which were not in ordinary course of trade in terms of Section 7 of the Ordinance.

20.8.16 Heyuan sold like product to related and unrelated customers. Analysis of the information showed that some sales to related parties were not at arms length. Thus in determination of normal value, sales to related parties, which were not at arms length have not been considered.

20.8.17 Heyuan sold like product on ex-factory/ex-works basis with no price discrimination based on quantity and level of trade (wholesaler, retailer, end user etc). Payment terms were cash at sight or in advance. All expenses from ex-factory level, including transportation etc. were borne by the customers. However, it claimed an adjustment expenses on account of advertisement incurred on domestic sales. Sales price has been adjusted for advertisement expenses to arrive at ex-factory level.

20.8.18 According to the information provided by New Zhongyuan, it purchased ***** SQM of porcelain (polished) tiles of 500x500mm, 600x600mm and 800x800mm sizes of the investigated product from Qingyuan. Normal value for these sizes of the investigated product have been determined on the basis of the domestic sales of comparable sizes made by Qingyuan in its domestic market during the POI. Summary of calculations of normal value for Qingyuan is placed at Annexure XI (Annexure XI has been omitted to maintain confidentiality).

20.8.19 Qingyuan sold ***** SQM of porcelain (polished) tiles to its related and unrelated customers in its domestic market during the POI. These sales are in sufficient quantities to determine normal value in terms of Section 6(2) of the Ordinance, as those are more than 5 percent of the export sales of the investigated product exported by New Zhongyuan, which it had purchased from Qingyuan.

20.8.20 Section 7 of the Ordinance requires the Commission to determine whether domestic sales of Qingyuan were made in the ordinary course of trade in the domestic market. In determination of normal value for the above-mentioned sizes, the Commission disregarded sales, which were not made in ordinary course of trade in terms of Section 7 of the Ordinance.

20.8.21 Qingyuan sold like product to related and unrelated customers. Analysis of the information showed that some sales to related parties were not at arms length. Thus in determination of normal value, sales to related parties, which were not at arms length have not been considered.

20.8.22 Qingyuan sold like product on ex-factory/ex-works basis with no price discrimination based on quantity and level of trade (wholesaler, retailer, end user etc). Payment terms were cash at sight or in advance. All expenses from ex-factory level, including transportation etc. were borne by the customers. However, it claimed an adjustment on account of advertisement expenses incurred on domestic sales. Sales price has been adjusted for advertisement expenses to arrive at ex-factory level.

20.9 Determination of Normal Value for Foshan Lungo Ceramics Co. Ltd. ("Lungo")

20.9.1 Lungo purchased investigated product from ***** of its related producers, which was subsequently exported to Pakistan during the POI. It supplied information on domestic sales of all four producers. Normal value for the investigated product which Lungo purchased

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from above mentioned producers has been determined on the basis of the domestic sales prices of the like product sold by these producers in their domestic market during the POI.

20.9.2 According to the information provided by Lungo, the four producers produced and sold ceramic (glazed), porcelain (polished), design and paving tiles in its domestic market during the POI.

20.9.3 According to the information provided by Lungo, it purchased ***** SQM of ceramic glazed and design tiles of different sizes (250x330mm, 300x300mm, 300x450mm, 300x600mm and 330x600mm) of the investigated product from Foshan New Zhongyuan. Normal value for these sizes of the investigated product have been determined on the basis of the domestic sales of comparable sizes made by Foshan New Zhongyuan in its domestic market during the POI. However, normal value for design/borders type of the investigated product has not been included in this investigation (paragraph 19.7 supra). Summary of calculations of normal value for Foshan New Zhongyuan is placed at Annexure VIII (Annexure VIII has been omitted to maintain confidentiality).

20.9.4 Foshan New Zhongyuan sold ***** SQM of ceramic (glazed) and design tiles of different sizes to its related and unrelated customers in its domestic market during the POI. These sales are in sufficient quantities to determine normal value in terms of Section 6(2) of the Ordinance, as those are more than 5 percent of the export sales of the investigated product exported by New Zhongyuan, which it had purchased from Foshan New Zhongyuan.

20.9.5 Section 7 of the Ordinance requires the Commission to determined ordinary course of trade for domestic sales. In determination of normal value for the above-mentioned sizes, the Commission disregarded sales, which were not in ordinary course of trade in terms of Section 7 of the Ordinance.

20.9.6 Foshan New Zhongyuan sold like product to related and unrelated customers. Analysis of the information showed that the sales to related parties were at arms length. Thus in determination of normal value, sales to both related and unrelated customers have been considered.

20.9.7 Foshan New Zhongyuan sold like product on ex-factory/ex-works basis with no price discrimination based on quantity, level of trade (wholesaler, retailer, end user etc). Payment terms were cash at sight or in advance. All expenses from ex-factory level, including transportation etc. were borne by the customers. However, it claimed an adjustment on account of advertisement expenses incurred on domestic sales. Sales price has been adjusted for advertisement expenses to arrive at ex-factory level.

20.9.8 According to the information provided by Lungo, it purchased ***** SQM of porcelain (polished) tiles of different sizes (500x500mm, 600x600mm, 800x800mm, and 1000x1000mm) of the investigated product from Shunde. Normal value for these sizes of the investigated product have been determined on the basis of the domestic sales of comparable sizes made by Shunde in its domestic market during the POI. Summary of calculations of normal value for Shunde is placed at Annexure IX (Annexure IX has been omitted to maintain confidentiality).

20.9.9 Shunde sold ***** SQM of porcelain (polished) and design tiles of different sizes

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(ranging from 300x300mm to 1200x1800mm) to its related and unrelated customers in its domestic market during the POI. These sales are in sufficient quantities to determine normal value in terms of Section 6(2) of the Ordinance, as those are more than 5 percent of the export sales of the investigated product exported by Lungo, which it had purchased from Shunde.

20.9.10 Section 7 of the Ordinance requires the Commission to determine whether domestic sales of Shunde were made in the ordinary course of trade in the domestic market. In determination of normal value for the above-mentioned sizes, the Commission disregarded sales, which were not made in ordinary course of trade in terms of Section 7 of the Ordinance.

20.9.11 Shunde sold like product to related and unrelated customers. Analysis of the information showed that some sales to related parties were not at arms length. Thus in determination of normal value, sales to related parties, which were not at arms length have not been considered.

20.9.12 Shunde sold like product on ex-factory/ex-works basis with no price discrimination based on quantity and level of trade (wholesaler, retailer, end user etc). Payment terms were cash at sight or in advance. All expenses from ex-factory level, including transportation etc. were borne by the customers. However, it claimed an adjustment on account of advertisement expenses incurred on domestic sales. Sales price has been adjusted for advertisement expenses to arrive at ex-factory level.

20.9.13 According to the information provided by Lungo, it purchased *** SQM of polished tiles of 500x500mm and 600x600mm of the investigated product from Heyuan. Normal value for these sizes of the investigated product has been determined on the basis of the domestic sales of comparable sizes made by Heyuan in its domestic market during the POI. Summary of calculations of normal value for Heyuan is placed at Annexure X (Annexure X has been omitted to maintain confidentiality).

20.9.14 Heyuan sold *** SQM of porcelain (polished) different sizes to its related and unrelated customers in its domestic market during the POI. These sales are in sufficient quantities to determine normal value in terms of Section 6(2) of the Ordinance, as those are more than 5 percent of the export sales of the investigated product exported by Lungo, which it had purchased from Heyuan.

20.9.15 Section 7 of the Ordinance requires the Commission determine whether domestic sales of Heyuan were made in the ordinary course of trade in the domestic market. In determination of normal value for the above-mentioned sizes, the Commission disregarded sales, which were not made in ordinary course of trade in terms of Section 7 of the Ordinance.

20.9.16 Heyuan sold like product to related and unrelated customers. Analysis of the information showed that some sales to related parties were not at arms length. Thus in determination of normal value, sales to related parties, which were not at arms length have not been considered.

20.9.17 Heyuan sold like product on ex-factory/ex-works basis with no price discrimination based on quantity and level of trade (wholesaler, retailer, end user etc). Payment terms were cash at sight or in advance. All expenses from ex-factory level, including

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transportation etc. were borne by the customers. However, it claimed an adjustment expenses on account of advertisement incurred on domestic sales. Sales price has been adjusted for advertisement expenses to arrive at ex-factory level.

20.9.18 According to the information provided by Lungo, it purchased *** SQM of porcelain (polished) tiles of 500x500mm and 600x600mm sizes of the investigated product from Qingyuan. Normal value for these sizes of the investigated product have been determined on the basis of the domestic sales of comparable sizes made by Qingyuan in its domestic market during the POI. Summary of calculations of normal value for Qingyuan is placed at Annexure XI (Annexure XI has been omitted to maintain confidentiality).

20.9.19 Qingyuan sold *** SQM of porcelain (polished) tiles to its related and unrelated customers in its domestic market during the POI. These sales are in sufficient quantities to determine normal value in terms of Section 6(2) of the Ordinance, as those are more than 5 percent of the export sales of the investigated product exported by Lungo, which it had purchased from Qingyuan.

20.9.20 Section 7 of the Ordinance requires the Commission to determine whether domestic sales of Qingyuan were made in the ordinary course of trade in the domestic market. In determination of normal value for the above-mentioned sizes, the Commission disregarded sales, which were not made in ordinary course of trade in terms of Section 7 of the Ordinance.

20.9.21 Qingyuan sold like product to related and unrelated customers. Analysis of the information showed that some sales to related parties were not at arms length. Thus in determination of normal value, sales to related parties, which were not at arms length have not been considered.

20.9.22 Qingyuan sold like product on ex-factory/ex-works basis with no price discrimination based on quantity and level of trade (wholesaler, retailer, end user etc). Payment terms were cash at sight or in advance. All expenses from ex-factory level, including transportation etc. were borne by the customers. However, it claimed an adjustment on account of advertisement expenses incurred on domestic sales. Sales price has been adjusted for advertisement expenses to arrive at ex-factory level.

20.10 Determination of Normal Value for Foshan San De Bo Ceramics Co. Ltd

20.10.1 Foshan San De Bo Ceramics Co. Ltd ("San De Bo") purchased the investigated product from four of its related producers namely Foshan New Zhongyuan, Shunde, Heyuan Wanfeng Ceramics Co. Ltd., ("Heyuan") and Qingyuan Southern Building Materials and Sanitary Ware Co. Ltd. ("Qingyuan"), which was subsequently exported to Pakistan during the POI. It supplied information on domestic sales of all four producers. Normal value for the investigated product which Lungo purchased from above mentioned producers has been determined on the basis of the domestic sales prices of the like product sold by these producers in their domestic market during the POI.

20.10.2 According to the information provided by San De Bo, the four producers produced and sold ceramic (glazed), porcelain (polished), design and paving tiles in the domestic market during the POI.

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20.10.3 According to the information provided by San De Bo, it purchased *** SQM of ceramic glazed and design tiles of different sizes (250x330mm 330x330mm, 300x450mm, 300x600mm and 330x600mm) of the investigated product from Foshan New Zhongyuan. Normal value for these types of the investigated product has been determined on the basis of the domestic sales of comparable sizes made by Foshan New Zhongyuan in its domestic market during the POI. However, normal value for design/borders type of the investigated product has not been included in this investigation (paragraph 19.7 supra).

20.10.4 Foshan New Zhongyuan sold *** SQM of ceramic (glazed) and design tiles of different sizes to its related and unrelated customers in its domestic market during the POI. These sales are in sufficient quantities to determine normal value in terms of Section 6(2) of the Ordinance, as those are more than 5 percent of the export sales of the investigated product exported by San De Bo, which it had purchased from Foshan New Zhongyuan.

20.10.5 Section 7 of the Ordinance requires the Commission to determine whether domestic sales of Foshan New Zhongyuan were made in the ordinary course of trade in the domestic market. In determination of normal value for the above-mentioned sizes, the Commission disregarded sales, which were not made in ordinary course of trade in terms of Section 7 of the Ordinance.

20.10.6 Foshan New Zhongyuan sold like product to related and unrelated customers. Analysis of the information showed that the sales to related parties were at arms length. Thus in determination of normal value, sales to both related and unrelated customers have been considered.

20.10.7 Foshan New Zhongyuan sold like product on ex-factory/ex-works basis with no price discrimination based on quantity, level of trade (wholesaler, retailer, end user etc). Payment terms were cash at sight or in advance. All expenses from ex-factory level, including transportation etc. were borne by the customers. However, it claimed an adjustment on account of advertisement expenses incurred on domestic sales. Sales price has been adjusted for advertisement expenses to arrive at ex-factory level.

20.10.8 According to the information provided by San De Bo, it purchased *** SQM of porcelain (polished) tiles of 300x300mm and 600x600mm sizes of the investigated product from Shunde. Normal value for these sizes of the investigated product have been determined on the basis of the domestic sales of comparable sizes made by Shunde in its domestic market during the POI.

20.10.9 Shunde sold *** SQM of porcelain (polished) and design tiles of different sizes (ranging from 300x300mm to 1200x1800mm) to its related and unrelated customers in its domestic market during the POI. These sales are in sufficient quantities to determine normal value in terms of Section 6(2) of the Ordinance, as those are more than 5 percent of the export sales of the investigated product exported by San De Bo, which it had purchased from Shunde.

20.10.10 Section 7 of the Ordinance requires the Commission to determine whether domestic sales of Shunde were made in the ordinary course of trade in the domestic market. In determination of normal value for the above-mentioned sizes, the Commission disregarded

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20.10.11 Shunde sold like product to related and unrelated customers. Analysis of the information showed that some sales to related parties were not at arms length. Thus in determination of normal value, sales to related parties, which were not at arms length have not been considered.

20.10.12 Shunde sold like product on ex-factory/ex-works basis with no price discrimination based on quantity and level of trade (wholesaler, retailer, end user etc). Payment terms were cash at sight or in advance. All expenses from ex-factory level, including transportation etc. were borne by the customers. However, it claimed an adjustment on account of advertisement expenses incurred on domestic sales. Sales price has been adjusted for advertisement expenses to arrive at ex-factory level.

20.10.13 According to the information provided by San De Bo, it purchased *** SQM of polished and paving tiles of 150x510mm and 600x600mm of the investigated product from Heyuan. Normal value for these sizes of the investigated product have been determined on the basis of the domestic sales of comparable sizes made by Heyuan in its domestic market during the POI.

20.10.14 Heyuan sold *** SQM of porcelain (polished) and paving tiles of different sizes to its related and unrelated customers in its domestic market during the POI. These sales are in sufficient quantities to determine normal value in terms of Section 6(2) of the Ordinance, as those are more than 5 percent of the export sales of the investigated product exported by San De Bo, which it had purchased from Heyuan.

20.10.15 Section 7 of the Ordinance requires the Commission to determine whether domestic sales of Heyuan were made in the ordinary course of trade in the domestic market. In determination of normal value for the above-mentioned sizes, the Commission disregarded sales, which were not made in ordinary course of trade in terms of Section 7 of the Ordinance.

20.10.16 Heyuan sold like product to related and unrelated customers. Analysis of the information showed that some sales to related parties were not at arms length. Thus in determination of normal value, sales to related parties, which were not at arms length have not been considered.

20.10.17 Heyuan sold like product on ex-factory/ex-works basis with no price discrimination based on quantity and level of trade (wholesaler, retailer, end user etc). Payment terms were cash at sight or in advance. All expenses from ex-factory level, including transportation etc. were borne by the customers. However, it claimed an adjustment expenses on account of advertisement incurred on domestic sales. Sales price has been adjusted for advertisement expenses to arrive at ex-factory level.

20.10.18 According to the information provided by San De Bo, it purchased *** SQM of porcelain (polished) tiles of 600x600mm size of the investigated product from Qingyuan. Normal value for these sizes of the investigated product have been determined on the basis of the domestic sales of comparable sizes made by Qingyuan in its domestic market during the POI.

20.10.19 Qingyuan sold *** SQM of porcelain (polished) tiles to its related and unrelated customers in its domestic market during the POI. These sales are in sufficient quantities to determine normal value in terms of Section 6(2) of the Ordinance, as those are more than 5 percent of the export sales of the investigated product exported by San De Bo, which it had purchased from Qingyuan.

20.10.20 Section 7 of the Ordinance requires the Commission to determine whether domestic sales of Qingyuan were made in the ordinary course of trade in the domestic market. In determination of normal value for the above-mentioned sizes, the Commission disregarded sales, which were not made in ordinary course of trade in terms of Section 7 of the Ordinance.

20.10.21 Qingyuan sold like product to related and unrelated customers. Analysis of the information showed that some sales to related parties were not at arms length. Thus in determination of normal value, sales to related parties, which were not at arms length have not been considered.

20.10.22 Qingyuan sold like product on ex-factory/ex-works basis with no price discrimination based on quantity and level of trade (wholesaler, retailer, end user etc). Payment terms were cash at sight or in advance. All expenses from ex-factory level, including transportation etc. were borne by the customers. However, it claimed an adjustment on account of advertisement expenses incurred on domestic sales. Sales price has been adjusted for advertisement expenses to arrive at ex-factory level.

20.11 Determination of Normal Value for Guangzhou Metals & Minerals Import & Export Company Ltd. ("Guangzhou")

20.11.1 Guangzhou did not supply information on domestic sales for any of the producer from whom it had purchased investigated product. Although it purchased the investigated product from different producers including Zungui, Shimanli and Oumei, whose information on domestic sales is available with the Commission through other exporters (Junging and J&M). However, it did not identified which type of tile has been purchased from which producer for model matching, therefore, the Commission has determined that the normal value for the investigated product exported by Guangzhou cannot be determined from the information on like product submitted by different producers including Zungui, Shimanli and Oumei. For this reason, The Commission has disregarded information supplied by Guangzhou on its export sales and dumping margin for Guangzhou has not been determined in this preliminary determination.

20.11.2 The Commission has informed Guangzhou through letter dated November 23, 2006 that its information will not be used in this preliminary determination.

21. Determination of Export Price

21.1 The Commission received information on export sales of the investigated product from nine Chinese exporters (paragraph 19.2 supra) in responses to the questionnaire. Export price for the investigated product in this preliminary determination has been determined on the basis of the information provided by these exporters.

21.2 Determination of Export Price for Foshan Junjing Industrial Company Ltd.

21.2.1 Export price for Foshan Junjing Industrial Company Ltd. (“Junging”) is determined on the basis of the information provided by it on its export sales of the investigated product to Pakistan during the POI (provided in Attachment C-3 of the questionnaire response).

21.2.2 According to the information, during the POI, Junjing purchased the investigated product from different un-related Chinese producers of the investigated product and exported to Pakistan at a price considered appropriate by it. It exported ceramic (glazed), porcelain (polished) and border/design tiles in different sizes (ranging from 20x30mm to 800x800mm) of the investigated product to Pakistan during the POI. Its total exports of the investigated product to Pakistan during the POI were *** SQM. All export sales to Pakistan, during the POI, were to un-related customers. The Commission has determined export price separately for different sizes. However, export price for design/borders type of the investigated product has not been included in this investigation (paragraph 19.7 supra).

21.2.3 To arrive at the ex-factory level, Junjing reported adjustments on account of handling cost, inland freight, ocean freight and bank charges (commission). During on-the-spot investigation at the premises of Junging (paragraph 8.7 supra), it was found that Junging is a separate entity then the producer of the investigated product, it had incurred following further expenses on export sales of the investigated product during the POI. These expenses have also been adjusted in export price to arrive at ex-factory level:

- i. administrative expenses;
- ii. financial expenses; and
- iii. operating (office) expenses

Furthermore, Junging’s profit earned on export sales of the investigated product has also been adjusted to arrive at ex-factory level.

21.2.4 During on-the-spot investigation at the premises of Junging, it was found that the value of the investigated product reported in response to the Questionnaire has been adjusted for 13 percent for Value Added Tax (“VAT”), as 13 percent of VAT is refunded by the Government of China on export sales. The investigating team verified the refund of VAT from the relevant documents and found that VAT refund rate is 13 percent on exports while VAT at the rate of 17 percent of the sales price is levied on sales in the Chinese domestic market. The export price has, therefore, been adjusted at the rate of 4 percent of net value on account of VAT to reach at ex-factory level.

21.2.5 Thus the export price at ex-factory level is worked out by deducting values reported for the above-mentioned adjustments from the gross value of the sales transactions. Summary calculation of export price for the investigated product is placed at Annexure XII (Annexure XII has been omitted to maintain confidentiality).

21.3 Determination of Export Price for Guangdong Nanhai Light Industrial Products Import & Export Company (“Nanhai”)

21.3.1 Export price for Nanhai is determined on the basis of the information provided by it on its export sales of the investigated product to Pakistan during the POI (provided in Attachment C-3 of the questionnaire response).

21.3.2 According to the information, during the POI, Nanhai purchased the investigated product from different un-related Chinese producers of the investigated product and exported to Pakistan at a price considered appropriate by it. It exported design tiles, ceramic (glazed) and porcelain (polished) types in different sizes (ranging between 100x100mm to 600x600mm) of the investigated product to Pakistan during the POI. Its total exports of the investigated product to Pakistan during the POI were *** SQM. All export sales to Pakistan, during the POI, were to un-related customers. The Commission has determined export price separately for different sizes. However, export price for design/borders type of the investigated product has not been included in this investigation (paragraph 19.7 supra).

21.3.3 To arrive at the ex-factory level, Nanhai reported adjustments on account of handling cost, inland freight, ocean freight and bank charges (commission). During on-the-spot investigation at the premises of Nanhai (paragraph 8.7 supra), it was found that it is a separate entity then the producer of the investigated product, it had incurred following further expenses on export sales of the investigated product during the POI. These expenses have also been adjusted in export price to arrive at ex-factory level:

- i. administrative expenses; and
- ii. operating (office) expenses

Furthermore, Nanhai's profit earned on export sales of the investigated product has also been adjusted to arrive at ex-factory level.

21.3.4 During on-the-spot investigation at the premises of Nanhai, it was found that the value of the investigated product reported in response to the Questionnaire has been adjusted for 13 percent of Value Added Tax ("VAT"), as 13 percent VAT is refunded by the Government of China on export sales. The investigating team verified refund of VAT from the relevant documents and found that VAT refund rate is 13 percent on exports while VAT at the rate of 17 percent of the sales price is levied on sales in the Chinese domestic market. The export price has, therefore, been adjusted at the rate of 4 percent of net value on account of VAT to reach at ex-factory level.

21.3.5 Thus export price at ex-factory level is worked out by deducting values reported for the above mentioned adjustments from the gross value of the sales transactions. Summary calculation of export price for the investigated product is placed at Annexure XIII (Annexure XIII has been omitted to maintain confidentiality).

21.4 Determination of Export Price for J&M Designer Ltd., Hongkong ("J&M")

21.4.1 Export price for J&M is determined on the basis of the information provided by it on its export sales of the investigated product to Pakistan during the POI (provided in Attachment C-3 of the questionnaire response).

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21.4.2 According to the information, during the POI, J&M purchased investigated product from three different un-related Chinese producers of the investigated product through exporting companies based in China and exported (shipped) directly from China to Pakistan at a price considered appropriate by it. It exported design tiles and ceramic (glazed) types in different sizes of the investigated product to Pakistan during the POI. Its total exports of the investigated product to Pakistan during the POI were *** SQM. All export sales to Pakistan, during the POI, were to un-related customer. The Commission has determined export price separately for different sizes. However, export price for design/borders type of the investigated product has not been included in this investigation (paragraph 19.7 supra).

21.4.3 To arrive at the ex-factory level, J&M reported adjustments on account of handling cost, inland freight, ocean freight, bank charges (commission), credit cost and Chinese exporting company's commission. During on-the-spot investigation at (paragraph 8.7 supra), it was found that it is a separate entity then the producer of the investigated product and it had incurred following further expenses on export sales of the investigated product during the POI. These expenses have also been adjusted in export price to arrive at ex-factory level:

- i. administrative expenses; and
- ii. operating (office) expenses

Furthermore, J&M's profit earned on export sales of the investigated product has also been adjusted to arrive at ex-factory level.

21.4.4 During on-the-spot investigation (paragraph 8.7 supra), it was found that the value of the investigated product reported in response to the Questionnaire has been adjusted for 13 percent of Value Added Tax ("VAT"), as 13 percent VAT is refunded by the Government of China on export sales. The investigating team verified the refund of VAT from the relevant documents and found that VAT refund rate is 13 percent on exports while VAT at the rate of 17 percent of the sales price is levied on sales in the Chinese domestic market. The export price has, therefore, been adjusted at the rate of 4 percent of net value on account of VAT to reach at ex-factory level.

21.4.5 Thus the export price at ex-factory level is worked out by deducting values reported for the above mentioned adjustments from the gross value of the sales transactions. Summary calculation of export price for the investigated product is placed at Annexure XIV (Annexure XIV has been omitted to maintain confidentiality).

21.5 Determination of Export Price for Foshan Everlasting Enterprise Co., Ltd.

21.5.1 Export price for Everlasting is determined on the basis of the information provided by it on its export sales of the investigated product to Pakistan during the POI (provided in Attachment C-3 of the questionnaire response).

21.5.2 According to the information, during the POI, Everlasting purchased the investigated product from different un-related Chinese producers of the investigated product and exported it to Pakistan at a price considered appropriate by it. It exported design/ border tiles and ceramic (glazed) types in different sizes of the investigated product to Pakistan during the POI. Its total exports of the investigated product to Pakistan during the POI were *** SQM. All export

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sales to Pakistan, during the POI, were to un-related customer. The Commission has determined export price separately for different sizes. However, export price for design/borders type of the investigated product has not been included in this investigation (paragraph 19.7 supra).

21.5.3 To arrive at the ex-factory level, Everlasting reported adjustments on account of handling cost, inland freight, ocean freight, bank charges (commission). The investigation revealed that Everlasting is a separate entity then the producers of the investigated product. Its administrative and financial expenses incurred on export sales of the investigated product during the POI have also adjusted in export price to arrive at ex-factory level. Furthermore, Everlasting's profit earned on export sales of the investigated product has also been adjusted to arrive at ex-factory level.

21.5.4 It was also found in the investigation that the value of the investigated product reported in response to the Questionnaire has been adjusted of 13 percent for Value Added Tax ("VAT"), as 13 percent VAT is refunded by the Government of China on export sales. VAT at the rate of 17 percent of the sales price is levied on sales in the Chinese domestic market. The export price has, therefore, been adjusted at the rate of 4 percent of net value on account of VAT to reach at ex-factory level.

21.5.5 Thus export price at ex-factory level is worked out by deducting values reported for the above mentioned adjustments from the gross value of the sales transactions. Summary calculation of export price for the investigated product is placed at Annexure XV (Annexure XV has been omitted to maintain confidentiality).

21.6 Determination of Export Price for China National Machinery & Equipment Imp. & Exp.Corp. Ltd. ("China National Machinery")

21.6.1 Export price for China National Machinery is determined on the basis of the information provided by it on its export sales of the investigated product to Pakistan during the POI (provided in Attachment C-3 of the questionnaire response).

21.6.2 According to the information, during the POI, China National Machinery purchased the investigated product from an un-related Chinese producer of the investigated product and exported it to Pakistan at a price considered appropriate by it. It exported ceramic (glazed) type in different sizes of the investigated product to Pakistan during the POI. Its total exports of the investigated product to Pakistan during the POI were *** SQM. All export sales to Pakistan, during the POI, were to un-related customer. The Commission has determined export price separately for different sizes.

21.6.3 To arrive at the ex-factory level, China National Machinery reported adjustments on account inland freight, ocean freight and bank charges (commission). The investigation revealed that China National Machinery is a separate entity then the producer of the investigated product. Its administrative/operating and financial expenses incurred on export sales of the investigated product during the POI have also adjusted in export price to arrive at ex-factory level. Furthermore, China National Machinery's profit earned on export sales of the investigated product has also been adjusted to arrive at ex-factory level.

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21.6.4 It was also found in the investigation that the value of the investigated product reported in response to the Questionnaire has been adjusted for 13 percent of Value Added Tax ("VAT"), as 13 percent VAT is refunded by the Government of China on export sales. VAT at the rate of 17 percent of the sales price is levied on sales in the Chinese domestic market. The export price has, therefore, been adjusted at the rate of 4 percent of net value on account of VAT to reach at ex-factory level.

21.6.5 Thus the export price at ex-factory level is worked out by deducting values reported for the above mentioned adjustments from the gross value of the sales transactions. Summary calculation of export price for the investigated product is placed at Annexure XVI (Annexure XVI has been omitted to maintain confidentiality).

21.7 Determination of Export Price for New Zhongyuan Ceramics Import & Export Company Ltd ("New Zhongyuan")

21.7.1 Export price for New Zhongyuan is determined on the basis of the information provided by it on its export sales of the investigated product to Pakistan during the POI (provided in Attachment C-3 of the questionnaire response).

21.7.2 According to the information, during the POI, New Zhongyuan purchased the investigated product from four of its related Chinese producers of the investigated product and exported to Pakistan at a price considered appropriate by it. It exported design tiles, ceramic (glazed), porcelain (polished) and paving types in different sizes ranging from 108x108mm to 1200x1800mm of the investigated product to Pakistan during the POI. Its total exports of the investigated product to Pakistan during the POI were *** SQM. All export sales to Pakistan, during the POI, were to un-related customers. The Commission has determined export price separately for each size sizes. However, export price for design/borders type of the investigated product has not been included in this investigation (paragraph 19.7 supra).

21.7.3 New Zhongyuan claimed that the values of the investigated product reported in response to the questionnaire are at FOB level. However, during on-the-spot investigation at its premises it could not substantiate its claim with documentary evidence. On the basis of the available documents (copies of LC) the Commission did not accept the claim. New Zhongyuan again vide its letter dated November 13, 2006 claimed that the values reported to the Commission are at FOB level. For the purposes of this preliminary determination, the Commission has accepted New Zhongyuan's claim and it has requested to provide further documents (sales contract, commercial invoices, packing list, bill of lading, LCs and cash receipts etc in original, which will be returned back) to verify its claim. The Commission will reach a decision on this issue in final determination.

21.7.4 To arrive at the ex-factory level, New Zhongyuan reported adjustments on account of handling cost, inland freight, and bank charges (commission). During on-the-spot investigation at the premises of New Zhongyuan, it was found that it is a separate entity then the producers of the investigated product, it had incurred following further expenses on export sales of the investigated product during the POI. These expenses have also been adjusted in export price to arrive at ex-factory level:

- i. administrative expenses;

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- ii. operating (office) expenses; and
- iii. financial expenses

Furthermore, New Zhongyuan's profit earned on export sales of the investigated product has also been adjusted to arrive at ex-factory level.

21.7.5 During on-the-spot investigation at the premises of New Zhongyuan, it was found that the value of the investigated product reported in response to the Questionnaire has been adjusted for 13 percent of Value Added Tax ("VAT"), as 13 percent VAT is refunded by the Government of China on export sales. The investigating team verified refund of VAT from the relevant documents and found that VAT refund rate is 13 percent on exports while VAT at the rate of 17 percent of the sales price is levied on sales in the Chinese domestic market. The export price has, therefore, been adjusted at the rate of 4 percent of net value on account of VAT to reach at ex-factory level.

21.7.6 Thus export price at ex-factory level is worked out by deducting values reported for the above mentioned adjustments from the gross value of the sales transactions. Summary calculation of export price for the investigated product is placed at Annexure XVII (Annexure XVII has been omitted to maintain confidentiality).

21.8 Determination of Export Price for Foshan Lungo Ceramic Co. ("Lungo")

21.8.1 Export price for Lungo is determined on the basis of the information provided by it on its export sales of the investigated product to Pakistan during the POI (provided in Attachment C-3 of the questionnaire response).

21.8.2 According to the information, during the POI, Lungo purchased investigated product from four of its related Chinese producers of the investigated product and exported to Pakistan at a price considered appropriate by it. It exported design tiles, ceramic (glazed), and porcelain (polished) types in different sizes ranging from 250x300mm to 1000x1000mm of the investigated product to Pakistan during the POI. Its total exports of the investigated product to Pakistan during the POI were *** SQM. All export sales to Pakistan, during the POI, were to un-related customers. The Commission has determined export price separately for each size sizes. However, export price for design/borders type of the investigated product has not been included in this investigation (paragraph 19.7 supra).

21.8.3 Lungo claimed that the values of the investigated product reported in response to the questionnaire are at FOB level. Although, the documents, it has submitted in support of this claim do not substantiate this claim, for the purposes of this preliminary determination, the Commission has accepted Lungo's claim and the Commission has requested Lungo to provide further documents (sales contract, commercial invoices, packing list, bill of lading, LCs and cash receipts etc in original, which will be returned back) to verify its claim. The Commission will reach a decision on this issue in final determination.

21.8.4 To arrive at the ex-factory level, Lungo reported adjustments on account of inland freight and bank charges (commission). The investigation revealed that Lungo is a separate entity then its related producers of the investigated product. Its administrative/operating and financial expenses incurred on export sales of the investigated product during the POI have also

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been adjusted in export price to arrive at ex-factory level. Furthermore, Lungo's profit earned on export sales of the investigated product have also been adjusted to arrive at ex-factory level.

21.8.5 It was also found in the investigation that the value of the investigated product reported in response to the Questionnaire has been adjusted for 13 percent of Value Added Tax ("VAT"), as 13 percent VAT is refunded by the Government of China on export sales. VAT at the rate of 17 percent of the sales price is levied on sales in the Chinese domestic market. The export price has, therefore, been adjusted at the rate of 4 percent of net value on account of VAT to reach at ex-factory level.

21.8.6 Thus export price at ex-factory level is worked out by deducting values reported for the above mentioned adjustments from the gross value of the sales transactions. Summary calculation of export price for the investigated product is placed at Annexure XVIII (Annexure XVIII has been omitted to maintain confidentiality).

21.9 Determination of Export Price for Foshan San De Bo Ceramic Co. Ltd.

21.9.1 Export price for Foshan San De Bo Ceramic Co. ("San De Bo") is determined on the basis of the information provided by it on its export sales of the investigated product to Pakistan during the POI (provided in Attachment C-3 of the questionnaire response).

21.9.2 According to the information, during the POI, San De Bo purchased the investigated product from four of its related Chinese producers of the investigated product and exported to Pakistan at its own price. It exported design tiles, ceramic (glazed), porcelain (polished) and paving types in different sizes ranging from 150x150mm to 600x600mm of the investigated product to Pakistan during the POI. Its total exports of the investigated product to Pakistan during the POI were *** SQM. All export sales to Pakistan, during the POI, were to un-related customers. The Commission has determined export price separately for each size sizes. However, export price for design/borders type of the investigated product has not been included in this investigation (paragraph 19.7 supra).

21.9.3 San De Bo claimed that the values of the investigated product reported in response to the questionnaire are at FOB level. However, the documents, which it has submitted in support of this claim do not substantiate this claim. For the purposes of this preliminary determination, the Commission has accepted San De Bo's claim and the Commission has requested San De Bo to provide further documents (sales contract, commercial invoices, packing list, bill of lading, LCs and cash receipts etc in original, which will be returned back) to verify its claim. The Commission will reach a decision on this issue in final determination.

21.9.4 To arrive at the ex-factory level, Lungo reported adjustments on account of inland freight and bank charges (commission). The investigation revealed that San De Bo is a separate entity then its related producers of the investigated product. Its administrative/operating and financial expenses incurred on export sales of the investigated product during the POI have also adjusted in export price to arrive at ex-factory level. Furthermore, San De Bo's profit earned on export sales of the investigated product has also been adjusted to arrive at ex-factory level.

21.9.5 It was also found in the investigation that the value of the investigated product reported in response to the Questionnaire has been adjusted for 13 percent of Value Added Tax ("VAT"),

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as 13 percent VAT is refunded by the Government of China on export sales. VAT at the rate of 17 percent of the sales price is levied on sales in the Chinese domestic market. The export price has also been adjusted at the rate of 4 percent of net value on account of VAT to reach at ex-factory level.

21.9.6 Thus export price at ex-factory level is worked out by deducting values reported for the above mentioned adjustments from the gross value of the sales transactions. Summary calculation of export price for the investigated product is placed at Annexure XIX (Annexure XIX has been omitted to maintain confidentiality).

21.10 Determination of Export Price Guangzhou Metals & Minerals Import & Export Company Ltd. ("Guangzhou")

As stated earlier (paragraph 20.11 supra) Guangzhou did not supply information on domestic sales for any of the producer from whom it had purchased the investigated product, and therefore, normal value cannot be determined for the investigated product exported by Guangzhou. For this reason, The Commission has disregarded information supplied by Guangzhou on its export sales and the request for individual dumping margin for it has not been determined.

22. Dumping Margin

22.1 The Ordinance defines "dumping margin" in relation to a product as "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. However, Section 14(2) provides that if the Commission is satisfied that the number of exporters, producers or importers, or types of products involved is so large as to make it impracticable to determine an individual dumping margin for each known exporter or producer concerned of an investigated product, the Commission may limit its examination to a reasonable number of interested parties or investigated products by using samples which are statistically valid on the basis of information available to the Commission at the time of selection, or to the largest percentage of volume of exports from the country in question which can reasonably be investigated.

22.2 The Commission has investigated all the exporters who cooperated and responded to the Commission's questionnaire. Individual dumping margins have been determined for those exporters and the antidumping duty for these exporters is established on the basis of individual dumping margins (paragraph 22.5 infra). A residual dumping margin and antidumping duty rate for all other exporters, who did not cooperate is determined, which is the highest individual dumping margin established for the investigated exporters.

22.3 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.

22.4 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

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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”.

22.5 Taking into account all requirements set out above, the dumping margins have been determined as follows. Calculations of dumping margin are placed at Annexures XX/1-8 (Annexures XX/1-8 have been omitted to maintain confidentiality:

Dumping Margin

S. No.	Exporter Name	Dumping margin as % of		Anti-dumping duty rate
		Adjusted export price	C&F export price	
1.	China National Machinery	-29.35%	-18.22%	0.00
2.	New Zhongyuan	5.82%	3.79%	3.79%
3.	Lungo	6.68%	4.86%	4.86%
4.	San De Bo	11.29%	7.55%	7.55%
5.	Junging	23.16%	15.25%	15.25%
6.	Nanghai	29.84%	19.34%	19.34%
7.	J&M	40.69%	19.49%	19.49%
8.	Everlasting	29.19%	21.02%	21.02%
9.	All others	29.19%	21.02%	21.02%

C. INJURY TO DOMESTIC INDUSTRY

23. Determination of Injury

23.1 Section 15 of the Ordinance sets out the principles for determination of material injury to the domestic industry and provides as follows:

“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...”

Material injury to the domestic industry is summarized in the following paragraphs.

24. Domestic Industry

24.1 In terms of Section 2(d) of the Ordinance, domestic industry is defined as follows:

“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

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 production of that product, except that when any such domestic producers are related to the exporters or importers of the allegedly dumped investigated product in such case “domestic industry” shall mean the rest of the domestic producers.”

24.2 The domestic ceramic tiles manufacturing industry consists of the following six units with an installed production capacity of 18.41 million square meters (SQM) Tiles per annum:

S.No	Name of the Unit	Installed Capacity (million SQM)	Domestic Production (million SQM)	Percentage Share in Domestic Production
i.	Master Tiles and Ceramic Industries Ltd., Gujranwala (Applicant)	7.50	3.56	56%
ii.	Karam Ceramics Ltd., Karachi	1.76	2.76	44%
iii.	Sonex Tiles and Ceramic Industries Ltd., Gujranwala	2.00	--	Started commercial production in January 2006.
iv.	Shabbir Tiles and Ceramic Ltd., Karachi	2.95		Themselves importers
v.	EMCO Industries Ltd., Karachi	1.70		Themselves importers
vi	Swat Ceramics (Pvt.) Ltd., Swat.	1.50		Themselves importers
	Total	17.41	6.32	100

24.3 The Commission’s investigation revealed that the units mentioned at S.No. (iv), (v) and (vi) in above are themselves importers of the investigated product. Therefore, the Commission has excluded these units from definition of domestic industry under Section 2(d) of the Ordinance.

24.4 After excluding those units who themselves import the alleged dumped product (mentioned at S.No. (iv), (v) and (vi) in above table) from the definition of domestic industry, domestic industry for the purposes of this investigation consists of the following three units:

- i. Master Tiles and Ceramic Industries Ltd., Gujranwala (Applicant);
- ii. Karam Ceramics Ltd., Karachi (indifferent); and
- iii. Sonex Tiles and Ceramic Industries Ltd., Gujranwala (indifferent).

24.5 The Applicant is the major domestic producer of Tiles in Pakistan representing 56 percent of domestic production produced by the domestic industry, whereas, Karam Ceramics Ltd represents 44 percent of domestic production produced by the domestic industry. Sonex Tiles and Ceramic Industries Ltd., as stated earlier in paragraph 3.3 started commercial production in January 2006, which is outside the POI. Therefore, the Applicant and Karam Ceramics Ltd, are considered as domestic industry.

24.6 The injury analysis carried out in following paragraphs is based on the information gathered by the Commission for this investigation of the Applicant and Karam Ceramics Ltd. Karam Ceramics was asked to provide information regarding its unit for injury analysis of the domestic industry, which it did not. The publically available information of Karam Ceramics Ltd., i.e. annual reports of Karam Ceramics for the FY 2004 and FY 2005 were obtained, in order

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to carry out the injury analysis of the domestic industry. Karam Ceramics manufactured Tiles and sanitary ware during the POI and the annual reports contain consolidated accounts. However, the annual reports for FY 2004 and FY 2005 showed that Karam Ceramics produced small quantity of sanitary ware during the POI. The installed capacity of sanitary ware plant was 3000MTs, whereas, the production during FY 2003 was 671MT, in FY 2004 it was 80MT and in FY 2005 it was 35MT. Karam Ceramics closed its sanitary ware plant and it was disposed off during the second half of FY 2005. Separate information is available only for installed capacity and production. The accounts are consolidated and overall position of profit and loss, and cash flow of Karam Ceramics has been analyzed in the following paragraphs.

25. Volume of Alleged Dumped Imports

Facts

25.1 In order to ascertain the volume of dumped imports of the investigated product, the Commission obtained import data from PRAL, and the Applicant. As stated earlier in paragraph 8.5 the importers were also requested to provide information on imports, to which they did not respond.

25.2 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 in Pakistan. The following table shows imports of the investigated product during the POI:

Period	Dumped Imports of IP		Total Production in Pakistan
	Absolute Quantity	% age of domestic production	
FY 2003	100	17.78%	100.00
FY 2004	294.65	36.02%	145.40
FY 2005	564.40	59.26%	169.32
Jul-Dec 2005	426.22	90.52%	83.72

Actual figures of volume of dumped imports and total production have been indexed taking values for FY 2003 as base.

Analysis

25.3 The above table shows that the imports of the investigated product increased in absolute terms by 194.65 percent in FY 2004, 91.55 percent in FY 2005 and 51.04 percent between July to December 2005 on annualized basis. The total production of domestic like product in Pakistan increased by 45.40 percent in FY 2004, (as the Applicant enhanced its installed production capacity by putting up a new plant of ***** SQM Tiles which started production in October 2003), 16.45 percent in FY 2005 and decreased by 1.90 percent during the period from July to December 2005 on annualized basis. Thus imports of the investigated product increased in absolute terms, as well as relative domestic production of the domestic like product in Pakistan.

25.4 Imports of the investigated product also increased relative to the domestic production throughout the POI. In relative terms, dumped imports were 17.78 percent of domestic production in FY 2003, 36.03 percent in FY 2004, 59.25 percent in FY 2005 and 90.52 percent during the period from July to December 2005 on annualized basis.

Conclusion

25.5 On the basis of the above analysis, the Commission has concluded that the dumped imports increased in absolute as well as relative to domestic production throughout the POI and the domestic industry suffered material injury on account of volume of dumped imports.

26. Price Effects

26.1 The effect of dumped imports on the sales price of domestic like product in Pakistan has been examined to establish whether there has been significant price undercutting (the extent to which the price of the imported product is lower than the price of the domestic producers), price depression (the extent to which the domestic producers experienced a decrease in its selling prices over time), and price suppression (the extent to which increases in the cost of production could not be recovered in selling price by the domestic producers). In this preliminary determination, the analysis of effect of dumped imports on the sales price of domestic like product in Pakistan is constrained to be limited to the Applicant, because the information regarding sales prices of other producers were not available with the Commission. The production of the Applicant accounts for 28.62 percent of total domestic production in Pakistan, hence any inference drawn from the Applicant data would be considered as of domestic industry as a whole.

26.2 Price undercutting**Facts**

26.2.1 Comparison of weighted average ex-factory price of the domestic like product with the weighted average landed cost of the investigated product during the POI is given in the following table:

Period	Average ex-factory price of domestic like product*	Average landed cost of investigated product*	Price undercutting
FY 2003	100	94.40	(5.60)
FY 2004	87.29	79.98	(7.31)
FY 2005	83.73	84.29	--
Jul-Dec 2005	91.37	87.00	(4.37)

* Actual figures of weighted average ex-factory price of the domestic like product have been indexed by taking figures of 2003 equal to 100.

Analysis

26.2.2 It appears from the above table that the weighted average landed cost of the investigated product was lower than the weighted average ex-factory price of the domestic like product in the range of 4.37 percent to 7.31 percent during the POI, except in FY 2005.

Conclusion

26.2.3 On the basis of the above, the Commission has concluded that the prices of the investigated product undercut the prices of domestic like product during the POI, except for FY 2005. The domestic industry suffered material injury on account of price undercutting due to

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dumped imports.

26.3 Price Depression

Facts

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

Period	Weighted Average ex-factory price of domestic like product	Price depression
FY 2003	100	--
FY 2004	87.29	12.71%
FY 2005	83.73	4.06%
Jul. - Dec.2005	91.37	--

*Actual figures of weighted average ex-factory price of the domestic like product have been indexed by taking figures of FY 2003 equal to 100.

Analysis

26.3.2 The weighted average ex-factory price of domestic like product decreased by 12.71 percent in the FY 2004 and 4.06 percent in FY 2005 on account of unfair competition from dumped imports.

Conclusion

26.3.3 On the basis of the above analysis, the Commission has concluded that the domestic industry experienced significant price depression during FY 2004 and FY 2005. The domestic industry, therefore, suffered injury on account of price depression during FY 2004 and FY 2005.

26.4 Price Suppression

Facts

26.4.1 The following table shows the weighted average cost of production ("COP") and the weighted average ex-factory sales price of the domestic like product during the POI:

Period	Weighted Average cost to make & sell of domestic like product	Weighted Average ex-factory price of domestic like product	Price Suppression		
			Increase/ (decrease) in COP	Increase/ (decrease) in price	Price suppression
FY 2003	100.00	115.85	-	--	--
FY 2004	95.78	101.13	(4.21%)	(14.72%)	10.51%
FY 2005	98.88	97.01	3.10%	(4.12%)	7.22%
Jul. to Dec. 05	112.21	105.86	13.33%	8.85%	22.18%

* Actual figures of weighted average COP of domestic like product has been indexed by taking figures of FY 2003 equal to 100

Analysis

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26.4.2 The above table shows that the weighted average cost to make and sell of domestic like product decreased by 4.21 percent in FY 2004, increased by 3.10 percent in FY 2005 and by 13.33 percent during the period from July to December 2005. Weighted average ex-factory price of the domestic like product decreased by 14.72 percent in FY 2004, by 4.12 percent in FY 2005 and increased by 8.85 percent during the period from July to December 2005. The increase in cost to make and sell was more than the increase in price of the domestic like product in FY 2005 and in July to December 2005.

Conclusion

26.4.3 On the basis of the above analysis, the Commission has concluded that the domestic industry suffered material injury on account of price suppression during the POI.

27. Market Share

Facts

27.1 The total domestic demand for Ceramic Tiles in Pakistan is met through local production and imports. To establish the size of Pakistan market, the production of domestic like product in Pakistan, imports of the investigated product and imports from other countries have been used and the figures for the POI are as follows:

Period	Production by domestic producers		Imports from		Total Domestic Market
	Domestic Industry*	Other domestic units**	Dumped Source (China)	Other Sources	
FY 2003	32	44	13	11	100
FY 2004	33	36	25	6	100
FY 2005	28	27	33	12	100
Jul-Dec 2005	23	24	42	10	100

* Applicant plus Karam Ceramics Ltd.

** The units who are themselves importers of the investigated product and have been excluded from the definition of domestic industry, information provided by the Applicant.

Analysis

27.2 The total domestic market of Ceramic Tiles has grown more than doubled during the POI. The market share of the domestic industry was 32 percent in FY 2003, it increased from 32 percent to 33 percent in FY 2004 and decreased to 28 percent in FY 2005 and to 23 percent during the period from July to December 2005. Whereas the market share of dumped imports increased from 13 percent in FY2003 to 25 percent in FY 2004, and further increased to 33 percent in FY 2005. During the period from July to December 2005 the market share of dumped imports increased to 42 percent on annualized basis. Market share of imports from other sources remained in the range of 6 to 12 percent during the POI.

Conclusion

27.3 On the basis of the above analysis, the Commission has concluded that the domestic industry suffered a significant loss of market share during the POI due to increased imports of investigated product from China. The market share of imports from non-dumped sources remained in the range of 6 to 12 percent during the POI. It is therefore, concluded that the domestic industry suffered loss in market share mainly due to imports from dumped sources.

28 Production and Capacity Utilization**Applicant**

28.1 The Applicant set up its first plant with installed capacity of ***** SQM ceramic wall and floor tiles per annum and started production of Tiles in the year 1995. It started setting up another plant to manufacture ceramic, porcelain and granite tiles in 2000 of installed capacity of ***** SQM Tiles and the new plant started production in October 2003. The Applicant increased the installed capacity of its first plant to ***** SQM Tiles from January 2004. Three fourth of new plant's capacity (i.e. ***** SQM, for the period from October 2003 to June 2004) was allocated to year FY 2004 and fifty percent out of new installed capacity of ***** SQM Tiles, (i.e. ***** SQM), of first plant was allocated to FY 2004. In FY 2005 the total installed capacity of the Applicant was ***** SQM Tiles per annum. Details of production and the capacity utilized during the POI are given in the table below:

Period	Installed Capacity*	Capacity Utilization
FY 2003	100	67.51%
FY 2004	358	54.12%
FY 2005	500	47.47%
Jul-Dec 2005	250	45.60%

*Actual figures omitted and indexed by taking figures of FY 2003 equal to 100

Analysis

28.2 It may be noted from the table above that the production of the Applicant increased throughout the POI, (as its new plant with installed capacity of producing ***** SQM Tiles started production in October 2003). However, with increase in installed capacity, the production did not increase with the same pace as anticipated and the capacity utilization level decreased from 67.5 percent in FY 2003 to 54.12 percent in FY 2004. The capacity utilization decreased further from 54.12 percent to 47.47 percent in FY 2005 and during the period from July to December 2005 capacity utilization was 45.60 percent.

Karam Ceramics

28.3 Data of installed capacity and production of Karam Ceramics during the POI is given in the table below:

Period	Installed Capacity	Capacity Utilization
FY 2003	100	114.16%
FY 2004	100	127.34%
FY 2005	100	156.96%
Jul-Dec 2005	N.A	N.A

Actual figures indexed by taking FY 2003 equal to 100

Source: Annual reports for FY 2004 and FY 2005.

Analysis

28.4 The above table shows that installed capacity of Karam Ceramics remained the same

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during the POI, however, due to increase in its production every financial year, its capacity utilization increased from 114.6 percent in FY 2003 to 127.34 percent in FY 2004 and further increased to 156.96 percent in FY 2005. Information for the period from July to December 2005 is not available with the Commission.

28.5 The table below shows consolidated installed capacity and its capacity utilization of the domestic industry:

Period	Installed Capacity	Capacity Utilization
FY 2003	100	92.70%
FY 2004	218.86	72.19%
FY 2005	284.05	68.28%
Jul-Dec 2005*	115.03	45.60%

*Data of Karam Ceramics is not available for this period.

Conclusion

28.5 On the basis of the above analysis, the Commission has concluded that the domestic industry has suffered injury on account of capacity utilization mainly due to dumped imports.

29. Effect on Sales

Facts

29.1 The Applicant’s sales made during the POI are given in table below:

Period	Sales*
FY 2003	100.00
FY 2004	196.91
FY 2005	323.80
Jul-Dec 2005	143.58

* Actual figures indexed by taking FY 2003 equal to 100

Analysis

29.2 The above table shows that the Applicant’s sales increased during the POI. However, keeping in view the fact that Applicant increased its installed production capacity from ***** SQM Tiles to ***** SQM Tiles (by ***** SQM), its sales did not increased correspondingly. Had there been no dumped imports of the investigated product, the sales volume of the Applicant would have been much higher, as it is operating at less than fifty percent of installed capacity for the last one and half year.

Conclusions

29.3 On the basis of above analysis the Commission has concluded that the Applicant has not been able to achieve the desired level of sales due to dumped imports.

30. Effects on Inventories

Facts

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

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(Period	Opening Inventory	Closing Inventory
FY 2003	100	67
FY 2004	67	180
FY 2005	180	128
Jul-Dec 2005	128	130

* Actual figures are indexed by taking figures of FY 2003 equal to 100

Analysis

30.2 The Applicant enhanced installed capacity in FY 2004 and consequently increased production. The sales of the Applicant also increased, however, its sales did not increase correspondingly. The inventory level of the domestic like product increased by 169.66 percent in FY 2004 it decreased by 28.88 percent in FY 2005 and again increased by 1.73 percent during the period from July to December 2005.

Conclusion

30.3 The Commission has concluded that the domestic industry suffered material injury on account of increase in inventories during the POI except for FY 2005, mainly owing to increase in the volume of dumped imports.

31. Profit and Loss

Facts

31.1 The Applicant provided Profit and Loss Statement of its unit, whereas the overall profit and loss figures for Karam Ceramics have been taken from its annual reports for FY 2004 and FY 2005 containing consolidated for Tiles and sanitary ware. The table below shows the profit and loss figures of the Applicant and Karam Ceramics for the POI:

	Net Profit/(Loss) of the Applicant	Profit/(Loss) of Karam Ceramics
FY 2003	100	100
FY 2004	91.09	85.39
FY 2005	(17.17)	170.86
Jul-Dec 2005	(48.99)	N.A

Actual figures indexed by taking FY 2003 equal to 100

Analysis

31.2 The Applicant earned net profit of Rs. ***** in FY 2003 and Rs. ***** in FY 2004 from Tiles. However, it suffered loss of Rs. ***** in FY 2005 and the loss during the period from July to December 2005 increased to Rs. *****. The Applicant enhanced its plant capacity keeping in view the growing demand for Tiles, however, due to dumped imports from China the Applicant was not able to increase its production and sales to the planned level. Since the cost of raw material is substantially low in the production of Tiles and value addition is very high, the Applicant would have earned profit by increasing its production and sales up to the

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planned level, had there been no dumped imports of Tiles from China.

31.3 Karam Ceramics earned an overall profit of Rs. ***** in FY 2003, its profit decreased to Rs. ***** in FY 2004. However, in FY 2005 the profit of Karam Ceramics increased to Rs. *****. Profit/Loss figures for the period from July to December 2005 are not available with the Commission.

Conclusions:

31.4 On the basis of available facts, the Commission has concluded that the Applicant suffered material injury on account of decline in profit in FY 2004 and suffered losses in FY 2005 and during the period from July to December 2005 due to price undercutting, price depression price suppression and increase in volume of dumped imports during the POI.

31.5 Karam Ceramics profit decreased by 15.61 percent in FY 2004 and then increased by 100 percent in FY 2005, thus Karam Ceramics did not suffer material injury during the POI, except for decrease in profit during FY 2004.

32. Cash Flow

Facts

32.1 The Applicant has submitted the following information regarding its cash flow positions during POI and overall cash flow of Karam Ceramics taken from annual reports for FY 2004 and FY 2005:

Year	Cash Flow from operations of Applicant	Overall Cash Flow from operations of Karam Ceramics
FY 2003	(100)	100
FY 2004	39.38	(10.84)
FY 2005	71.05	98.86
Jul-Dec 2005	17.71	N.A

Actual figures indexed by taking FY 2003 equal to 100

Analysis

32.2 The above table shows that cash generated from operations by the Applicant was negative in FY 2003, however, in FY 2004 the cash flow from operations was Rs. ***** million and in FY 2005 the cash flow position of the Applicant further improved to Rs. *****. The cash flow from operations decreased during the period from July to December 2005.

32.3 The above table also shows that cash generated from operations of Karam Ceramics was Rs. ***** in FY2003, which fell to negative in FY 2005. However, in FY2005 cash generated from operations increased to Rs. ***** Cash flow from operations for the period from July to December 2005 is not available with the Commission.

Conclusions

32.4 On the basis of the above, the Commission has concluded that the Applicant has suffered material injury on account of cash flow during the period from July to December 2005 only.

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32.5 Karam Ceramics suffered material injury on account of cash flow during FY 2004 only.

33. **Employment, Productivity and Wages**

33.1 Following is the information regarding employment, productivity and wages as given below in the table:

	Employees	Total Wages	Production	Productivity
FY 2003	100	100	100	100
FY 2004	188.37	136.29	287.27	152.51
FY 2005	199.67	199.89	351.56	176.04
Jul-Dec 2005	209.36	114.73	168.71	161.18

Actual figures indexed by taking FY 2003 equal to 100

Analysis

33.2 The above table shows that the number of employees increased from ***** in FY 2003 to ***** during the period from July to December 2005. During the same period wages decreased from Rs.*****/SQM in FY 2003 to Rs.*****/SQM in FY 2005, but again increased to Rs.*****/SQM during the period from July to December 2005 on annualized basis. The productivity per worker increased during the period from FY 2003 to FY 2005, however, it decreased during the period from July to December 2005.

Conclusion

33.3 The domestic industry suffered injury on account of productivity during the period from July to December 2005 only.

34. **Return on Investment**

Facts

34.1 The Applicant has stated that during the FY 2004 new investment was made in this industry to cater to the needs of expanding domestic market.

Year	Return on Investment
FY 2003	14.51%*
FY 2004	7.58%
FY 2005	6.29%
FY 2006 (1 st Half)	1.72%

Analysis

34.2 The return on investment decreased through out the POI due to decrease in profits in FY 2004 and losses in FY 2005 and during the period from July to December 2005. Nonetheless, the Applicant was able to pay the annual financial charges on its loans.

Conclusions

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34.3 On the basis of the above, the Commission has concluded that the Applicant suffered material injury on account of the reduction in return on investment, which affected its ability to invest.

35. **Ability to raise capital or investments**

Facts/analysis

35.1 The Applicant earned profit during FY 2003 and FY 2004 however, it incurred losses in FY 2005 and during the period from July to December 2005 its losses increased. Thus the financial position of the Applicant deteriorated during the POI but it did not face difficulty in raising capital during FY 2003 and FY 2004 for setting up its new plant. The Applicant invested in setting up of new plant with a significantly higher capacity than its old plant due to the growing demand for Tiles, however, it could not fully profit from this investment on account of sharp increase in the volume of dumped imports.

Conclusions

35.2 The Commission has concluded that the Applicant did not suffer material injury in respect of its ability to raise capital or investment.

36. **Growth**

Facts/Analysis

36.1 The total demand for Tiles grew during the POI, as the total domestic market for Tiles grew by 50.66% in FY 2004, 43.63% in FY 2005. However, it decreased by 15.94% during the period from July to December 2005. The Applicant increased its installed production capacity from 1.50 million SQM Tiles to 7.50 million SQM Tiles in FY 2004.

Conclusion

36.2 On the basis of above facts, it is concluded that the Applicant did not suffer material injury on account of growth, however, this growth is not being utilized fully as major portion of domestic market is taken by dumped imports.

37. **Summing up of Material Injury**

37.1 Over the POI, the domestic demand for Tiles increased from *** million SQM in FY 2003 to *** million SQM in FY 2005, an increase of over 10 million SQM. The domestic demand on the basis of half yearly data is expected to reach a higher level in FY 2006. Even though the Applicant increased the volume and the total value of its sales, it was unable to fully profit from this increased demand as by far the bulk of this increase in demand was taken by the dumped imports. The market share of dumped imports increased from 13% in FY 2003 to 42% during the period from July to December 2005 and the market share of the domestic industry decreased from 32% in FY 2003 to 23% during the period from July to December 2005.

37.2 The Applicant, foreseeing the growth in the domestic market for Tiles, had installed a new plant with a significantly higher capacity than the old one. However, the Applicant could not fully profit from the larger production capacity on account of the sharp increase in the volume of dumped imports. Capacity utilization of the domestic industry suffered and fell from

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67.51% in FY 2003 to 45% during the period from July to December 2005. Additional employees had also been put in place to operate the new larger production facility. But as the plant operated well below full capacity for the POI, productivity suffered, hence raising the cost of production.

37.3 Importantly, on account of price undercutting, the Applicant could not increase its prices to accommodate the rising cost of production in FY 2005 and during the period from July to December 2005, and, therefore, the Applicant's profitability suffered. The Applicant's profits decreased in FY 2004, and it suffered losses in FY 2005 as well as during the period from July to December 2005. This fall in profitability directly affected the return on investment, which fell from 14.51% in FY 2003 to 6.29% in FY 2005.

37.4 The landed cost of investigated product undercut the ex-factory sales price of domestic industry through out the POI except for FY 2005. The Applicant also reduced its ex-factory sales price during FY 2003, FY 2004 and FY 2005 in an unsuccessful effort to maintain market share. During FY 2005 and the period from July to December 2005 the percentage of price undercutting fell and the Applicant increased its ex-factory price by Rs. *** SQM to partially offset the increase in its cost of production during that part of POI.

37.5 Change in inventories presents a mixed picture. Inventories built-up as imports from dumped sources increased. However, as domestic prices were adjusted downwards in FY 2004 and FY 2005, inventories fell to a more reasonable level.

37.6 It may, therefore, be concluded that the domestic industry suffered material injury due to dumped imports as evident, *inter alia*, in the reduced market share, low capacity utilization, falling productivity, reduced profit and subsequent losses and a fall in return on investment.

38. Other Factors

38.1 In accordance with Section 18(2) of the Ordinance, the Commission also examined factors, other than dumped imports, 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 injury caused by dumped imports.

38.2 The investigation of the Commission revealed that there were imports from sources other than dumped source during the POI that may also have caused injury to the domestic industry. However, injury caused by imports from other sources cannot be considered as significant as its volume was far less than the volume of dumped imports. Following table shows the share in volume of imports from dumped sources and other sources:

Period	Imports from		Total Imports
	China	Other Sources	
FY 2003	52%	48%	100%
FY 2004	81%	19%	100%
FY 2005	74%	26%	100%
Jul-Dec 2005	81%	19%	100%

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38.3 Other factors mentioned in Section 18(3) of the Ordinance were also analyzed and it was found that:

- i) There is no contraction in demand for Tiles in Pakistan during the POI;
- ii) There was no change in trade restrictive practices and competition between foreign producers, and domestic producers; and
- iii) There has been no considerable change in technology.

E. CONCLUSIONS

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

- i. the application was filed on behalf of domestic industry as the domestic industry represents major proportion of the production of domestic like product;
- ii. the investigated product and the domestic like product are like products;
- iii. during the POI, the investigated product was exported to Pakistan by the exporters/producers, from China, at prices below its normal value;
- iv. the volume of dumped imports of the investigated product and the dumping margins established on the basis of the foregoing analysis, are above the negligible and *de minimis* levels respectively;
- v. the domestic industry suffered material injury during the POI on account of, volume of dumped imports, price undercutting, price depression, price suppression, loss in market share, decline in profit, negative effects on production and capacity utilization, and increase in inventories (in terms of Section 15 and 17 of the Ordinance); and
- vi. there is a causal relationship between dumped imports and the material injury suffered by the domestic industry.

F. IMPOSITION OF DEFINITIVE ANTIDUMPING DUTY

40. In view of the analysis and conclusions with regard to dumping, material injury, and causation, imposition of provisional antidumping duty on the investigated product is needed to offset injury to the domestic industry by dumped imports.

41. Individual dumping margins have been determined for the eight exporters who supplied the information necessary for this investigation and the rate for antidumping duty for these exporters is determined on the basis of individual dumping margins. A residual antidumping duty rate for the other exporters/producers from China who did not cooperate and have not been investigated in this investigation, is established at a level, which is the highest individual dumping margin determined for investigated exporters.

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42. In terms of Section 43 of the Ordinance and Article 7 of the Agreement on Antidumping, provisional antidumping duties as given in the following table are hereby imposed on the investigated product importable from China into Pakistan for a period of four months effective from November 30, 2006.

Antidumping Duty Rates

S. No.	Exporter Name	Dumping margin as % of		Anti-dumping duty rate
		Adjusted export price	C&F export price	
1.	China National Machinery	-29.35%	-18.22%	0.00
2.	New Zhongyuan	5.82%	3.79%	3.79%
3.	Lungo	6.68%	4.86%	4.86%
4.	San De Bo	11.29%	7.55%	7.55%
5.	Junging	23.16%	15.25%	15.25%
6.	Nanhai	29.84%	19.34%	19.34%
7.	J&M	40.69%	19.49%	19.49%
8.	Everlasting	29.19%	21.02%	21.02%
9.	All others	29.19%	21.02%	21.02%

43. Tiles imported from sources, other than the two as specified above shall not be subject to provisional antidumping duties. The antidumping duty rates are determined on C&F value in *ad val* terms. The investigated product is classified under PCT heading no. 6907.1000, 6907.9000, 6908.1000 and 6908.9000:

44. In accordance with Section 51 of the Ordinance, the provisional antidumping duty shall take the form of *ad valorm* duty and be held in a non-lapsable personal ledger account established and maintained by the Commission for the purpose. Release of the investigated product for free circulation in Pakistan shall be subject to imposition of such antidumping duty.

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

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

(Muhammad Ikram Arif)
Member
November 28,2006

(Faizullah Khilji)
Chairman
November 28, 2006

List of Chinese Exporters /Producers Tiles

S. No.	Name/ Complete Address	S. No.	Name/Complete Address
1.	Foshan Junjing Industrial Co. Ltd 4/F, JINQIAO Building Hua Yuan Road East Foshan Guangdon, China	2.	Foshan Winning Enterprises Co., Ltd RMK 30 F Foshan Development BLDG East Hua Yuan Road Foshan China
3.	Guangdong Nanhai Light Industrial Co. Ltd. Add No. 87 Shi Dong Shang Road China	4.	Tangshan Yountha Industry No 14 Meiye Road 063000 Tangshen Hebei China
5.	Nanhai Native Produce Imp & Exp Co. Ltd. 22 Nainsan Road Goucheng Nainhai Guangdong China	6.	Foshan City Canyoncera Room No. C-1501 Tongji Guangchang No. 66 Tongji Road Foshan City Guangdong China
7.	Ghangzhou Metals & Minerals Ltd 21/F Jinxin Bluilding 690 North Renmvn Road Gluangzh China	8.	Guangdong Sky Bright Import and Export Trading 13/F GangFa Building No. 29, Jihua Road, Chancheng, Distt. Foshan, China Fax. 0086 757 83633773
9.	New Zhong Yuan Ceramic Co. Ltd. Guangdong Shinan Road, Nanzhuang Town Nainhai City Guangdong China	10.	Foshan Gaoming Ceramic Co. Ltd 56 Cangjiang Road Heching China
11.	Tangshan Imex Industrial Co. 6 th Floor Financial Building No. 116 Xinhua West Road Tangshan Hebei China	12.	Fujin Xinjifu Enterprises 32 F Tifa Tower No. 111 Wusi Road Fuzhou China
13.	Shenzhen Carrier Enterprises Development Company Ltd RM G, 14/F Yongjing Garden Senweui Building Xinan Road Shenzen China	14.	Foshan Well Tile China 16-3 Jihua 5 th Road Foshan China
15.	Guangzhou Baosteel Southern Co. 8 th Floor, Ever Bright Bank Building, No.689 North Road Guangzhou China	16.	Guangzhou Guangyi Grous Co. 788 Guangzhou Dadaonan Road Guangzhou China
17.	Foshan High Star Imp Exp Co. 60 Zumiaq Road Foshan Guangdong P.R China	18.	Ever Treasue Int'l Ltd Austen Road TSIMSHATHUA Tsui, QOW LOON Hong Kong
19.	Nanhai Arts and Crafts 1/E Co. Ltd 26 South Guiching District Nainhai City Guangdong China	20.	Fujian Zhong ji Co. Fuzhou China

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21.	Kingson Industrial Co. Xiamen City China	22.	Shandong Huantai Zhong Co. 48 Xinghuan Road Huantai Zibo Shandong China
23.	Foshan Xingzhongwei Econ 3/F No. 9 4 th Wufeng Road Foshan Guangdong China	24.	Xiamen Yuxiang 1/E Co. Ltd 16/F L Jinyuan Building 57 HUBIN South Road Xiamen 3 1004 China
25.	Foshan Nanhai Real Win Co. FU Jinggee Meiho Village Guichen Nanhi District Foshan City Guangdong P.R China	26.	Ocean Sanitary Trading Co. East P.O Box 20791 ALA, China
27.	Foshan Textiles Imp. Exp. Co. No. 1 # 70 Fenjiang Nan Road Foshan Guangdong China	28.	Gaoming Haoxin Foreign 31 CANG JIANG Road Hecheng District Goaming Foshan City China
29	Foshan General Success Trad. Room 1612-1617 Yongteng Building No. 12 Yongginxi Road Foshan China	30.	JDD Industry Co LTD Unit D 10/F China Overseas Building 139 Hennessy Road China
31.	Foshan Everlasting 31/F Jinghua Building 18, Jihua WU Road Foshan Guangdong P.R China	32.	Shenzhen Aero Space Guangyu Ind. Corporation 18/F International Trading BLDG Shenzhen China
33.	Tangshan Industry Trade Co. No. 14 Meimi Road 063000 Tangshan Mebei China	34.	Guangxi Flungrich Imp Exp Co No. 137 Qixing Road Nanning Guangxi China
35.	Foshan Yuehua Xingye Imp Exp Co 22 C Development Tower Huayaun East Road Foshan China		