

(NON-CONFIDENTIAL)



**Government of Pakistan
National Tariff Commission**

Report

On

Preliminary Determination and Levy of Anti-Dumping Duties on Dumped Imports of Inorganic Yellow Chrome Pigment from Republic of India and Republic of Korea

**ADC NO 58/2020/NTC/YCP
August 24, 2020**

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

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

3. The Commission is conducting an investigation on alleged dumped imports of Inorganic Yellow Chrome Pigment ("Yellow Pigment") into Pakistan originating in and/or exported from the Republic of India and the Republic of Korea (the "Exporting Countries"), under the Act and the Rules. The Commission has made preliminary determination in this investigation under Section 37 of the Act. This report on preliminary determination is issued in accordance with Rule 10 of the Rules.

4. In terms of Section 37 of the Act, the Commission shall make preliminary determination of dumping and injury, if any, not earlier than sixty days and not later than one hundred and eighty days, after initiation of an investigation. Such preliminary determination shall be based on the information available to the Commission at that time. This investigation was initiated on February 29, 2020. The preliminary determination is based on the information available to the Commission at this point of time.

A. PROCEDURE

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

6. Receipt of Application

6.1 On January 03, 2020, the Commission received a written application under Sections 20 and 24 of the Anti-Dumping Duties Act, 2015 from M/s Poplon Pakistan Private Limited, Lahore (the "Applicant"). The Applicant is a producer of Yellow Pigment and has alleged that Yellow Pigment is being exported to Pakistan at dumped prices from the Exporting Countries. According to the Applicant, the alleged dumped imports of Yellow Pigment from Exporting Countries have caused and are causing material injury to the Pakistan's domestic industry producing Yellow Pigment.

6.2 The Commission informed the High Commission of Republic of India and Embassy of the Republic of Korea in Islamabad through note verbal dated January 06, 2020 of the receipt of application in accordance with requirements of Section 21 of the Act.

7. Evaluation and Examination of the Application

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

8. The Domestic Industry

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

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

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

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

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

8.2 Applicant is the only producer of Yellow Pigment in the Pakistan Therefore, Applicant is the domestic industry for purposes of this investigation. Installed production capacity of the Applicant is 1,900,000 kilograms (“Kg”) per annum.

9. Standing of the Application

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

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

9.2 Furthermore, Section 24(2) of the Act provides that:

"..... no investigation shall be initiated when domestic producers expressly supporting an application account for less than twenty five percent of the total production of the domestic like product produced by the domestic industry."

9.3 As Applicant is the only producer of Yellow Pigment in Pakistan, therefore, it fulfills requirements of Section 24 of the Act. Thus, the application is made by the domestic industry, which is supported by the 100 percent domestic production.

10. **Applicant's Views**

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

- i. Yellow Pigment imported from the Exporting Countries into Pakistan and Yellow Pigment produced in Pakistan by the domestic industry are like products;
- ii. Exporters/producers from the Exporting Countries are exporting Yellow Pigment to Pakistan at dumped prices; and
- iii. Exports of Yellow Pigment by the exporters/producers from the Exporting Countries to Pakistan at dumped prices has caused and is causing material injury to the domestic industry producing Yellow Pigment mainly through:
 - (a) Increase in volume of dumped imports;
 - (b) price undercutting;
 - (c) price suppression;
 - (d) decline in sales;
 - (e) decline in profits;
 - (f) decline in productivity;
 - (g) decline in return on investment;

- (h) decline in capacity utilization;
- (i) negative effect on cash flows;
- (j) negative effect on growth
- (k) magnitude of dumping margins

10.2 The Applicant has also claimed that there is threat of material injury to the domestic industry due to continued dumping of Yellow Pigment.

10.3 The Applicant had made following requests to the Commission:

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

11. **Exporters/ Producers of Yellow Pigment from the Exporting Countries**

In application, the Applicant has identified nine exporters/producers involved in alleged dumping of the Yellow Pigment from the Exporting Countries. The Applicant has also stated that there may be other exporters/producers of Yellow Pigment in the Exporting Countries, which are not known to them. Therefore, the Applicant has requested for imposition of antidumping duties on all imports of Yellow Pigment originating in and/or exported from the Exporting Countries.

12. **Initiation of Investigation**

12.1 The Commission examined accuracy and adequacy of the evidence and information provided in the application in accordance with Section 23 of the Act, and found that there was sufficient evidence of alleged dumping of Yellow Pigment into Pakistan from Exporting Countries and consequent alleged material injury to the domestic industry. Therefore, the Commission decided to initiate an investigation in this case on February 27, 2020.

12.2 The Commission issued a notice of initiation in accordance with Section 27 of the Act, which was published in the Official Gazette¹ of Pakistan and in widely circulated national newspapers² (one in English language and one in Urdu Language) on

¹ The official Gazette of Pakistan (Extraordinary) dated February 29, 2020.

² The daily; 92 News, Jinnah and Express Tribune of February 29, 2020.

February 29, 2020. Investigation concerning alleged dumped imports of Yellow Pigment into Pakistan originating in and/or exported from the Exporting Countries was thus initiated on February 29, 2020 in accordance with Section 27(2) of the Act.

12.3 In pursuance of Section 27 of the Act the Commission notified High Commission of the Republic of India and Embassy of the Republic of Korea in Islamabad of initiation of the investigation (by sending a copy of the notice of initiation) on March 02, 2020 with a request to forward it to all exporters/ producers involved in production, sales and export of Yellow Pigment in the Exporting Countries. Copy of the notice of initiation was also sent to exporters/ producers directly (whose addresses were available with the Commission), Pakistani importers, and the Applicant from March 04-06, 2020.

12.4 In accordance with Section 28 of the Act copies of full text of the written application (non-confidential version) were sent on March 06, 2020 to all exporters/ producers, whose complete addresses were available with the Commission and to the High Commission of the Republic of India and Embassy of the Republic of Korea in Islamabad with a request to forward it to their respective exporters/ producers involved in production, sale and/or export of Yellow Pigment.

13. Investigated Product, Domestic Like Product and Like Product

13.1 Sub-sections (k), (e) and (m) of Section 2 of the Act defines investigated product, domestic like product and like product as follows:

- i. **Investigated Product:**
“a product, which is subject to an antidumping investigation as described in the notice of initiation of the investigation”.
- ii. **Domestic Like Product:**
“means a like product that is produced by the domestic industry”.
- iii. **Like Product:**
“a product which is alike in all respects to an investigated product or, in the absence of such a product, another product which, although not alike in all respects, has characteristics closely resembling those of the investigated product”.

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

13.3 Investigated Product:

13.3.1 Investigated product is Inorganic Yellow Chrome Pigment (the “investigated product”). The investigated product falls under Pakistan Customs Tariff (“PCT”) No 3206.2010.

13.3.2 The investigated product is in powder form in various types/shades, among which regularly used types are Middle Chrome, Yellow Chrome, Primrose Chrome, Zinc Chrome and Molybdate Orange. The investigated product is used in manufacturing of Paints, Inks, leather coating by tanneries and in master batches to produce various plastic items.

13.3.3 Following is the current (2020-21) customs tariff structure applicable on imports of Inorganic Yellow Chrome Pigment:

**Table-I
Tariff Structure**

PCT No.	3206.2010
Description of Product	Other colouring matter; preparations as specified in Note 3 to this Chapter, other than those of heading 32.03, 32.04 or 32.05; inorganic products of a kind used as luminophores, whether or not chemically defined - Pigments and preparations based on chromium compounds: - - - Chrome yellow
Customs Duty	16%
Additional Duty	4%
Regulatory Duty	15%*
Sales Tax	17%
FTAs/PTAs	CN=12; MY=10; LK-FTA Conc.=100%

Source: Pakistan Customs Tariff.

CN: China, MY: Malaysia, LK: Sri Lanka

* Regulatory duty imposed w.e.f. 1st July 2020

13.4 Domestic Like Product

13.4.1 Domestic like product is Inorganic Yellow Chrome Pigment produced by the domestic industry. The domestic like product is classified under PCT No. 3206.2010.

13.4.2 The Domestic Like Product is in powder form in various types/shades, among which regularly used types are Middle Chrome, Yellow Chrome, Primrose Chrome, Zinc Chrome and Molybdate Orange.

13.4.3 The domestic like product is used in manufacturing of paints, inks, leather coating by tanneries and in master batches to produce various plastic items.

13.5 **Like Products:**

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

13.5.2 There is no difference between the investigated product, the domestic like product and the Yellow Pigment imported from other than the Exporting Countries as all the three products are:

- i. Similar/same in physical properties, nature and quality;
- ii. Produced with same/similar production processes;
- iii. Basic raw materials used in their production are similar/identical;
- iv. Their uses are same and are interchangeably used; and
- v. Their tariff classification is same.

13.5.3 Therefore, the Commission is satisfied that the investigated product, domestic like product and Yellow Pigment imported from other than the Exporting Countries are like products.

14. **Period of Investigation**

14.1 In terms of Section 36 of the Act, Period of Investigation ("POI") is:

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

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

For determination of dumping:	From January 01, 2019 to December 31, 2019
For determination of injury:	From January 01, 2017 to December 31, 2019

15. **Information/Data Gathering**

15.1 The Commission sent questionnaires on March 05, 2020 to the High Commission of Republic of India and Embassy of the Republic of Korea in Islamabad with a request to forward it to all exporters/ producers of the investigated product in their respective country. Exporter's questionnaire was also sent directly to exporters/ producers based in the Exporting Countries whose addresses were available to the Commission on March 06, 2020 for collection of data and information necessary for this investigation. The exporters/ producers were asked to supply information within 37 days of the dispatch of the questionnaire. However, none of the exporters/ producers from the Exporting Countries responded to the Commission and did not provide requisite information within stipulated time period. Therefore, reminders were issued to the exporters/foreign producers on April 18, 2020 explaining that, if no response of the questionnaire is submitted by the exporters/ foreign producers, the Commission will be constrained to make preliminary and/or final determination of dumping in this investigation on the basis of "Best Information Available" including those contained in the application submitted by the domestic industry, in terms of Section 32 of the Act. However, no response is received from any exporter/ foreign producer.

15.2 On March 04, 2020 questionnaires were sent to Pakistani importers of the investigated product known to the Commission and these importers were asked to respond to the Commission within 37 days of the dispatch of the questionnaires. Reminders were also issued to the Pakistani importers on April 16, 2020 explaining that, if no response of the questionnaire is submitted by them, the Commission will be constrained to make preliminary and/or final determination of dumping in this investigation on the basis of "Best Information Available" including those contained in the application submitted by the domestic industry, in terms of Section 32 of the Act. Only ICI Pakistan Ltd., an importer of investigated product responded to the Commission and provided partial information despite reminders for deficient information.

15.3 The Commission has access to the database of import statistics of Pakistan Revenue Automation Limited ("PRAL"), the data processing arm of the Federal Board of Revenue, Government of Pakistan. For the purpose of this preliminary determination the Commission has used import data obtained from PRAL in addition to the information provided by the Applicant and obtained from other publically available sources.

15.4 Interested parties were invited to offer their views/comments and submit information (if any) relevant to this investigation within 45 days of initiation of the

investigation. The Commission has received written submissions/comments from the following parties:

- i. Total System Solution ("TSS"), Rawalpindi;
- ii. Berger Paints Pakistan Limited, Lahore; and
- iii. A.T.S Synthetic (Pvt) Ltd., Lahore.

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

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

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

16. Verification of the Information

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

16.2 In order to verify the information/data provided by the Applicant and to obtain further information (if any), officers of the Commission conducted on-the-spot investigations at office and plant of the Applicant i.e. Poplon Pakistan Private Limited, 34-N, Gulberg II, Lahore - Pakistan from 6 to 8 July 2020.

16.3 The report of on the spot investigation/verification conducted at premises of the Applicant is provided in full to the Applicant. Non-confidential version of the on-the-spot investigations/ verifications is made available to other interested parties by placing the same on the public.

17. Public File

The Commission, in accordance with Rule 7 of the Rules, has established and maintained a public file at its office. This file remains available to the interested parties for review and copying from Monday to Thursday between 11.00 hours to 13.00

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

18. Confidentiality

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

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

18.3 Pursuant to requests made by the Applicant and other interested parties to treat certain information as confidential, the Commission has determined the confidentiality in light of Section 31 of the Act, and for the reasons that disclosure of such information may be of significant competitive advantage to a competitor, or because its disclosure would have a significant adverse effect upon the interested parties providing such information.

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

B. DETERMINATION OF DUMPING

19. Dumping

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

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

20. **Normal Value**

20.1 In terms of Section 5 of the Act, normal value is defined as follows:

“a comparable price paid or payable, in the ordinary course of trade, for sales of a like product when destined for consumption in an exporting country”.

20.2 Further, Section 6 of the Act states:

“(1) when there are no sales of like product in the ordinary course of trade in domestic market of an exporting country, or when such sales do not permit a proper comparison because of any particular market situation or low volume of the sales in the domestic market of the exporting country, the Commission shall establish normal value of an investigated product on the basis of either:

“a) the comparable price of the like product when exported to an appropriate third country provided that this price is representative; or

“b) the cost of production in the exporting country plus a reasonable amount for administrative, selling and general costs and for profits.

“(2) Sales of a like product destined for consumption in domestic market of an exporting country or sales to an appropriate third country may be considered to be a sufficient quantity for the determination of normal value if such sales constitute five per cent or more of the sales of an investigated product to Pakistan.”.

20.3 Ordinary course of trade is defined in Section 7 of the Act as follows:

“(1) The Commission may treat sales of a like product in domestic market of an exporting country or sales to a third country at prices below per unit, fixed and variable, cost of production plus administrative, selling and other costs as not being in the ordinary course of trade by reason of price and may disregard such sales in determining normal value only if the Commission determines that such sales were made –

“(a) within an extended period of time which shall normally be a period of one year and in no case less than a period of six months;

“(b) in substantial quantities; and

“(c) at prices which do not provide for the recovery of all costs within a reasonable period of time.

“(2) For the purposes of sub-clause (b) of sub-section (1), sales below per unit cost shall be deemed to be in substantial quantities if the Commission

establishes that –

“(a) a weighted average selling price of transactions under consideration for the determination of normal value is below a weighted average cost; or

“(b) the volume of sales below per unit cost represents twenty per cent or more of the volume sold in transactions under consideration for the determination of normal value.

“(3) If prices which are below per unit cost at the time of sale are above the weighted average cost for the period of investigation, the Commission shall consider such prices as providing for recovery of costs within a reasonable period of time.”

21. **Export Price**

The export price is defined in Section 10 of the Act as “a price actually paid or payable for an investigated product when sold for export from an exporting country to Pakistan”.

22. **Dumping Determination**

As stated earlier (paragraph 15 supra) the Commission sent questionnaires to exporters/ producers whose complete addresses were available with the Commission. A copy of the questionnaire was also provided to the High Commission of the Republic of India and Embassy of the Republic of Korea in Islamabad with a request to forward it to all exporters/ foreign producers of the investigated product to submit information to the Commission. However, the Commission did not receive information from any of the exporter/ foreign producer of the investigated product in this investigation. Therefore, dumping of the investigated product in this preliminary determination is determined on the basis of best information available in accordance with Section 32 of the Act. Details of determination of normal value, export price and dumping margin are provided in the following paragraphs.

23. **Determination of Normal Values for the Exporting Countries**

23.1 Normal values for India and South Korea are constructed on the basis of the cost of production in India and South Korea plus a reasonable amount for administrative, selling and general costs and profits.

23.3 Following are the basis of construction of the normal values for the Exporting Countries:

- i. Applicant's cost of locally purchased raw and packing materials has been deflated to the C&F level prices after deducting the import taxes/charges/incidentals from the landed cost/purchase price of the raw and packing materials. For imported raw materials, C&F prices have been used.
- ii. Per unit C&F price of the raw materials is multiplied with the per unit consumption of the raw materials to arrive at material cost per ton. Consumption of raw material per unit is based on the yearly average of the Applicant. Inland and ocean freight is then deducted from C&F prices to arrive at ex-factory prices of raw and packing materials.
- iii. Per unit labor cost of the Applicant is deflated or inflated, as the case may, by the wage rates difference between wage rates of the Exporting Countries and wage rate of Pakistan to arrive at labour cost in the Exporting Countries.
- iv. Per unit electricity/energy cost of the Applicant is deflated or inflated, as the case may be, by the electricity rates difference between electricity rates of the Exporting Countries and electricity rate of Pakistan to arrive at electricity/energy cost in the Exporting Countries.
- v. Variable overhead cost of the Applicant has been converted into equivalent fuel /petrol consumption. The same has been multiplied by fuel/petrol rate applicable in the Exporting Countries to arrive at variable overhead cost.
- vi. Selling and admin expenses of the Applicant on per Kg basis have been taken as selling and administration expenses for construction of normal values of the Exporting Countries.
- vii. Other fixed charges including depreciation of the Applicant on per Kg basis have been taken as it is in construction of normal values.
- viii. In construction of the normal value, financial charges are calculated by using actual financial charges of the Applicant and the same has been deflated by difference between interest rate of the Exporting Countries and Pakistan.
- ix. Profit mark up of 5% has been applied on cost to make & sell to reach at constructed normal value for the investigated product.

23.3 Normal values determined for the Exporting Countries, on fore-going basis, are provided in the following table:

**Table-III
Constructed Normal Values**

Exporting Country	Normal Value
India	100.00*
South Korea	113.49*

* Actual figures have been indexed for confidentiality reasons with respect to Indian normal value by taking it equal to 100.

24. Determination of Export Prices of the Investigated Product

24.1 In terms of section 10 of the Act, export price shall be a price actually paid or payable for an investigated product when sold for export from an exporting country to Pakistan.

24.2 As stated earlier (paragraph 15 supra) none of the exporter/ producers from the Exporting Countries provided information in response to the questionnaire, therefore, export price has been worked out on the basis of the information/data obtained from PRAL on imports of the investigated product during the POI.

24.3 The data obtained from PRAL shows prices at C & F level. To reach at ex-factory level, the C&F export prices of the investigated product is adjusted on account of ocean freight, inland freight and insurance, which are provided by the Applicant. In support of ocean freight, the Applicant has submitted quotations obtained from a freight forwarding agency. For inland freight, handling charges and insurance the Applicant has assumed US\$ 10.00 per MT or US\$ 0.01 per Kg.

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

**Table-IV
Export Prices**

Description	India	South Korea
C&F Price	63.07	72.82
Handling, inland freight, insurance	0.21	0.21
Ocean freight	0.21	1.66
Adjusted export price	62.66	70.95

Sources: PRAL and the Applicant

Note: Actual figures have been indexed for confidentiality reasons with respect to Indian normal value by taking it equal to 100.

25. Dumping Margin

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

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

25.3 Dumping margins for the Exporting Countries work out as follows by comparing normal value at ex-factory level with weighted average adjusted export price at ex-factory level:

**Table-V
Dumping Margins**

Description	India	Korea
Normal value	100.00*	113.49*
C&F Export price	63.07*	72.82*
Ex-Factory Export price	62.66*	70.95*
Dumping margin	37.34	42.53
Dumping margin as %age of ex-factory price	59.60%	59.94%
Dumping margin as %age C&F price	59.21%	58.40%

* Indexed figures

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

26.1 In terms of Section 41(3) of the Act, dumping margin shall be considered to be negligible if it is less than two percent, expressed as a percentage of the export price. Therefore, the dumping margins for the Exporting Countries are above the *de minimis* level.

26.2 As regards the volume of dumped imports, Section 41(3) of the Act provides that the volume of such imports shall normally be regarded as negligible if the volume of dumped imports of an investigated product is found to account for less than three percent of total imports of a like product unless imports of the investigated product from all countries under investigation which individually account for less than three percent of the total imports of a like product collectively account for more than seven per cent of the imports of like product.

26.3 The information/ data on dumped imports of the investigated product and other imports of Yellow Pigment has been obtained from PRAL. Volume of dumped imports of Yellow Pigment imported from Exporting Countries and other sources during the POI is given in the table below:

**Table-VI
Volume of Dumped Imports**

Source of import	Volume*	% of total
India	100.00	60.77
South Korea	54.20	32.94
Other sources	10.36	6.30
Total	164.56	100.00

* Actual figures have been indexed for confidentiality reasons with respect to Indian's import volume by taking it equal to 100.

26.4 On the basis of above information, the Commission has determined that the volume of dumped imports of the investigated product from the Exporting Countries during the POI was well above the negligible threshold set-out in Section 41(3) of the Act.

C. INJURY TO THE DOMESTIC INDUSTRY

27. Determination of Injury

27.1 Section 15 of the Act sets out the principles for determination of material injury to the domestic industry in the following words:

“A determination of injury shall be based on an objective examination of all relevant factors by the Commission which may include but shall not be limited to:

- a. volume of dumped imports;*
- b. effect of dumped imports on prices in domestic market for like products; and*
- c. Consequent impact of dumped imports on domestic producers of such products...”*

27.2 Section 15 of the Act further provides that:

“No one or several of the factors identified shall be deemed to necessarily give decisive guidance and the Commission may take into account such other factors as it considers relevant for the determination of injury”.

27.3 The Commission has taken into account all factors in order to determine whether domestic industry suffered material injury during the POI. Material injury to the domestic industry has been analyzed in the following paragraphs in accordance with Part VI of the Act.

28. Cumulation of Dumped Imports

28.1 Section 16 of the Act states that:

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

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

less than the negligible quantity as specified.....; and

- “(b) a cumulative assessment of the effects of the imports is appropriate in the light of*
- (i) the conditions of competition between the imports; and*
 - (ii) the conditions of competition between the imports and a domestic like product”.*

28.2 Dumping margin for each Exporting Country is more than the negligible amount (i.e. less than 2 percent of export price) (paragraph 25.4 supra). Further, the volume of dumped imports during the POI from each Exporting Country individually is also well above the negligible quantity (i.e. less than 3 percent of total imports of Yellow Pigment) (paragraph 26.3 supra).

28.3 Bilateral trade between India and Pakistan was suspended in the month of August 2019 due to Indian aggression in disputed territory of Indian held Jammu and Kashmir. Therefore, no imports of the investigated product from India were realized during last quarter of the POI. The investigation has revealed that imports of the investigated product from Korea were only 8 percent of total dumped imports during first three quarters of the POI for dumping (until trade was not suspended with India) and 92 percent volume of dumped imports was from India. However, after suspension of trade with India in August 2019 volume of imports of the investigated product from Korea increased sharply, which is 30 percent of total dumped imports of the POI for dumping i.e. 2019. Further, Korean price of the investigated product until August 2019 was about 50 percent higher than the Indian price, but Korean price of the investigated product during last quarter of POI was 2 percent lower than the Indian price of third quarter of the POI. Keeping in view of this particular situation, there is a need to further look into the conditions of competition between dumped imports of the investigated product from Korea and India to cumulative assessment of the effects of dumped imports under Section 16 of the Act. This aspect will be further looked into at the time of Final Determination. However, preliminary determination is made on the basis of cumulative assessment of dumped imports in the following paragraph.

28.4 Information obtained from PRAL showed that, during the POI, Landed Cost of the investigated product from India and South Korea was in the same range. Therefore, there was a competition between dumped imports of the investigated product. Volume of imports and weighted average landed cost of the investigated product from the Exporting Countries during the POI for dumping is provided in the table below:

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**Table-VII
Volume and Landed Cost of Dumped Imports**

Description	India	Korea
Import volume (Kg)	231,550	125,500
C&F price	100.00*	115.33*
Landed cost#	123.11*	141.78*

Source: PRAL

Landed cost= C&F price+customs duty+additional duty+incidentals @3%

* Actual figures have been indexed for confidentiality reasons with respect to Indian C&F price by taking it equal to 100

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

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

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

29. Volume of Dumped Imports

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

29.2 With regard to the volume of dumped imports, in terms of Section 15(2) of the Act, the Commission considered whether there has been a significant increase in volume of dumped imports, either in absolute terms or relative to the production of the domestic like product in Pakistan. The following table shows imports of the investigated product and production of domestic like product during the POI:

**Table-XIII
Volume of Dumped Imports**

Year	Imports from:			Domestic production	Dumped imports as % of:	
	Dumped Sources	Other Sources	Total		Total imports	Domestic production
2017	85.10	5.42	90.52	100.00	94.02	85.10
2018	88.46	4.35	92.80	98.14	95.32	90.13
2019	71.37	4.80	76.17	60.15	93.70	118.65

Sources: PRAL & the Applicant

Note: Actual figures have been indexed for confidentiality reasons with respect to domestic production in 2017 by taking it equal to 100

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29.3 The above table shows that the volume of the investigated product increased by 3.95 percent in the year 2018 and decreased by 19.32 percent in the year 2019. However, production of the domestic like product decreased by 1.86 percent and 38.71 percent in the years 2018 and 2019 respectively.

29.4 Volume of dumped imports of the investigated product as percentage of domestic production (relative to domestic production) increased significantly during the POI. Dumped imports of the investigated product, which were 85.10 percent of the domestic production during the year 2017, increased to 90.13 percent and 118.65 percent of the domestic production in the years 2018 and 2019 respectively.

29.5 On the basis of the above information and analysis the Commission has determined that the volume of dumped imports of the investigated product increased significantly relative to production of the domestic like product during the POI for dumping.

30. Price Effects:

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

30.1 Price Undercutting

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

**Table-XI
Price Undercutting**

Year	Domestic like product's price*	Landed cost of dumped imports*	Price undercutting:	
			absolute	Percentage
2017	100.00	83.28	16.72	16.72%
2018	112.01	101.30	10.70	9.56%
2019	131.03	117.62	13.42	10.24%

*Domestic price and landed cost are without sales tax

Sources: The Applicant and PRAL

Note: Actual figures have been indexed for confidentiality reasons with respect to domestic like product's price in 2017 by taking it equal to 100

30.1.2 The information provided in the above table shows that the weighted average landed cost of the investigated product remained lower than the weighted average ex-factory price of the domestic like product throughout the POI. The landed cost of the investigated product under cut the prices of the domestic like product ranging from 10 percent to 17 percent during the POI for injury. However, price undercutting by the investigated product during POI for dumping (2019) was not the sole reason for consequential negative effects on domestic industry's sales, market share, production etc. because with the same/similar price under cutting in preceding years of the POI for injury i.e. 2017 and 2018 the domestic industry was able to produce and sell more than the production and sales during the POI for dumping.

31.2 **Price Depression**

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

**Table-X
Price Depression**

Year	Domestic like product's price	Price Depression
2017	100.00	---
2018	112.01	---
2019	131.03	---

Note: Actual figures have been indexed for confidentiality reasons with respect to domestic like product's price in 2017 by taking it equal to 100

31.2.2 The above table shows that the domestic industry did not face price depression as prices of the domestic like product increased during the POI for injury.

31.3 **Price Suppression**

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

**Table-XI
Price Suppression**

Year	Cost to make & sell	Domestic product's price	Increase in:	
			Cost to m&s	Price
2017	109.55	100.00	-	-
2018	129.87	112.01	20.32	12.01
2019	164.14	131.03	34.27	19.03

Source: The Applicant

Note: Actual figures have been indexed for confidentiality reasons with respect to domestic like product's price in 2017 by taking it equal to 100

31.3.2 The above table shows that the weighted average cost to make and sell of the domestic like product, increased by 18 percent and 25 percent during the period 2017 and 2018 respectively, whereas weighted average prices of the domestic like product increased by 12 percent and 17 percent during 2018 and 2019 respectively. Thus, the domestic industry was not able to fully recover its increased costs through increase in price during the POI.

32. Effects on Market Share

32.1 Total domestic demand of Yellow Pigment in Pakistan is met through local production and imports. Size of the domestic market is established by adding sales of domestic like product and imports of the investigated product from dumped sources and imports of Yellow Pigment from other sources. Following table shows the market share from each source of supply during the POI:

**Table-XII
Market Share**

Year	Domestic industry's		Sources of Imports:				Total domestic market	
			Dumped		Others			
	Volume	%share	Volume	% share	Volume	% share	Volume	%change
2017	53.19	53.19	44.01	44.01	2.80	2.80	100.00	
2018	51.28	51.66	45.74	46.08	2.25	2.26	99.27	-0.73
2019	31.77	44.65	36.91	51.87	2.48	3.49	71.16	-28.32

Sources: PRAL & the Applicant

Note: Actual figures of volume have been indexed for confidentiality reasons with respect to total domestic market in 2017 by taking it equal to 100

32.2 The above table shows that the domestic market of Yellow Pigment decreased by 1 percent and 28 percent during the year 2018 and 2019 respectively.

32.3 Domestic industry's market share marginally decreased from 53 percent during the year 2017 to 52 percent during the year 2018. However, it decreased by 7 percent during the year 2019.

32.4 Market share of the dumped imports of the investigated product increased from 44 percent during the year 2017 to 46 percent during the year 2018. It further increased to 52 percent during the year 2019 despite significant decline (28%) in total domestic market. Market share of imports from other sources remained at the same level during the POI.

33. Effect on Sales of the Domestic Like Product

33.1 Information on sales of the domestic like product and dumped imports of the

investigated product during the POI is given in the following table:

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

Year	Domestic industry's sales		Dumped imports	
	Volume	% change	Volume	% change
2017	100.00	--	82.74	--
2018	96.40	-3.60	86.00	3.94
2019	59.72	-38.05	69.39	-19.32

Sources: The Applicant and PRAL

Note: Actual figures have been indexed for confidentiality reasons with respect to domestic industry's sales volume in 2017 by taking it equal to 100

33.2 The above table shows that sales of the domestic like product decreased by 4 percent and 38 percent during the year 2018 and 2019 respectively, whereas imports of the investigated product increased by 4 percent in the year 2018 and decreased by 19 percent in the year 2019.

34. Effects on Production and Capacity Utilization

34.1 The installed capacity, quantity produced and the capacity utilization of the domestic industry during the POI were as follows:

**Table-XIV
Capacity Utilization**

Year	Installed capacity	Production	Capacity utilization (%)
2017	379.79	100.00	26.33%
2018	379.79	98.14	25.84%
2019	379.79	60.15	15.84%

Source: The Applicant

Note: Actual figures have been indexed for confidentiality reasons with respect to the production in 2017 by taking it equal to 100

34.2 The above table shows that the installed production capacity of the domestic industry remained same during the POI. Production of the domestic like product decreased by 2 percent and 39 percent during the year 2018 and 2019 respectively. Resultantly capacity utilization of the domestic industry remained almost same during the years 2017 and 2018, however, during the year 2019 the capacity utilization of the domestic industry declined significantly to 16 percent.

35. Effects on Inventories

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

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

Year	Opening Inventory	Production	Domestic sales	Export sales	Closing Inventory
2017	7.60	100.00	102.86	--	4.74
2018	4.74	98.14	99.16	--	3.72
2019	3.72	60.15	61.43	--	2.44

Source: The Applicant

Note: Actual figures have been indexed for confidentiality reasons with respect to the production in 2017 by taking it equal to 100

35.2 The above table shows that the closing inventory of the domestic like product decreased during the POI despite decline in sales. This decline in closing inventory was due to significant decline in production.

36. Effects on Profits and Profitability

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

**Table-XVI
Profits/(Loss)**

Year	Net Profit/(loss)	Profitability	
	Amount	Per Kg	% of sales value
2017	(100.00)	(0.0002)	-9.55
2018	(180.34)	(0.0004)	-15.95
2019	(207.04)	(0.0007)	-25.27

Source: The Applicant

Note: Actual figures have been indexed for confidentiality reasons with respect to the net profit/(loss) in 2017 by taking it equal to 100

36.2 Above information shows that the losses of the Applicant on production and sales of the domestic like product increased significantly during the POI. Further, profitability i.e. loss per Kg or loss as percentage of sales value, also deteriorated during the POI

37. Effects on Return on Investment

37.1 Information on investments and return on investment ("ROI") of domestic industry is provided in the following table.

**Table-XVII
Investment and Return on Investment**

Year	Investment*	Return**	ROI (%)
2017	100.00	(15.28)	-15.28
2018	102.81	(33.45)	-32.54
2019	109.58	(42.79)	-39.05

Source: The Applicant, *Investment = Equity + long term loans

**Return = Profit + Interest paid on long term loans

Note: Actual figures have been indexed for confidentiality reasons with respect to the investment in 2017 by taking it equal to 100

37.2 The above table shows that the Applicant's investments increased throughout the POI. However, return on investment decreased throughout the POI. This decline in ROI during the POI was, mainly due to decrease in profits and profitability.

38. Effects on Cash Flows

38.1 Information on net cash flows from operations of domestic industry is provided in the following table:

**Table-XVIII
Cash Flows from Operating**

Year	Amount
2017	(100.00)
2018	(699.21)
2019	(765.14)

Source: The Applicant

Note: Actual figures have been indexed for confidentiality reasons with respect to the cash flow in 2017 by taking it equal to 100

38.2 The above table shows that the domestic industry's cash flows from its operating activities remained negative during the POI for injury. The cash flows position, became more worse during 2018 and 2019.

39. Effects on Employment, Productivity and Salaries & Wages

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

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

Year	No. of Employees	Salaries & wages	Production	Productivity (per worker)	Salaries & wages(per Kg)
2017	100.00	100.00	100.00	100.00	100.00
2018	94.78	95.56	98.14	103.55	97.37
2019	93.28	86.07	60.15	64.48	143.09

Source: The Applicant

Note: Actual figures for each respective column have been indexed for confidentiality reasons with respect to the figures of each column in 2017 by taking them equal to 100

39.2 The above table shows that the employment and productivity of the domestic industry decreased whereas salaries & wages increased during the POI.

40. **Effects on Growth and Investment**

40.1 As per Applicant, *“Due to continued losses to the domestic industry, it could not make any addition in fixed assets. Heavy losses throughout the POI adversely affected financial strength of the domestic industry and that is why it could not undertake any expansion or diversification plan. The domestic industry is very keen to expand its manufacturing facilities for production of red pigments. However, such plans could not be materialized due to adverse impact of dumped imports on operations of yellow pigment which affected financial strength of the domestic industry. Even in near future, no reasonable growth is expected by the domestic industry as still more than 80% of its capacity remains unutilized and it is incurring huge losses due to dumping. If such increasing trend of dumped imports is not averted, domestic market will get completely dominated by dumped imports and domestic industry will have no other option but to shut down its production.”*

40.2 The above statement of the Applicant is not supported from facts. Analysis of the information shows that installed production capacity of the domestic industry was much more than the domestic demand of Yellow Pigment during the POI, therefore, no further growth in the domestic industry could be expected during the POI.

41. **Ability to Raise Capital**

As per the Applicant, *“it is a private limited company in Pakistan which is not entitled to raise investment from general public. Therefore, the primary sources to raise investment by the domestic industry are either directors of the company or financial institutions. In the situation of heavy losses at gross and net levels, the ability of the domestic industry to raise investment has been impaired. The financial institutions would be reluctant to extend loans to the Applicant and any loan secured would be at significantly higher interest rates for the reasons of risky operations of the domestic industry”*. However, the Applicant has not provided any documentary evidence in support of this claim such as decline of Applicant’s requests by the financial institutions or any effort to launch its shares etc.

42. **Magnitude of Dumping Margins**

Dumping margins determined for Exporting Countries work out 59.60 percent for India and 59.94 percent for Korea, which are considered enough to cause material injury the domestic industry. Further, volume of dumped imports of the investigated product increased significantly relative to the domestic production, which undercut and suppressed prices of the domestic like product during the POI due to such heavy dumping margins.

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43. **Summing up of Material Injury**

43.1 It appears from the information and analysis in the preceding paragraphs that volume of dumped imports of the investigated product increased significantly during the POI. Dumped imports of the investigated product undercut the prices of the domestic like product throughout the POI. The domestic industry also suffered price suppression during POI. Market share of the dumped imports increased whereas domestic industry lost market share during the POI. The domestic industry also suffered injury during the POI on account of decline in: sales, profits, production, productivity, return on investment, capacity utilization and the magnitude of margin. In addition, the domestic industry suffered injury during the POI on account of negative effect on cash flows, employment, wages, growth, ability to raise capital or investments.

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

**Table-XX
Effects of Dumped Imports**

Injury Factor	2017	2018	2019
Volume of dumped imports*	100.00	103.94	83.86
Domestic Production in*	117.50	115.32	70.68
Dumped imports as % of domestic production	85.10	90.13	118.65
Price Undercutting (%)	16.72	9.56	10.24
Market share of dumped imports (%)	44.01	46.08	51.87
Market share of domestic like product (%)	53.19	51.66	44.65
Sales of the domestic like product*	120.86	116.51	72.19
Profit/(Loss) **	(100.00)	(180.34)	(207.04)
Productivity per worker in per worker**	100.00	103.56	64.48
Return on investment (ROI) (%)	-15.28	-32.54	-39.05
Capacity utilization of domestic industry (%)	26.33	25.84	15.84
Net cash flows**	(100.00)	(699.2)	(765.14)
Employment in numbers **	100.00	94.78	93.28
Salaries & wages per Kg**	100.00	97.37	143.09

*: Actual figures have been indexed for confidentiality reasons with respect to the volume of dumped imports in 2017 by taking it equal to 100

** : Actual figures for each respective row have been indexed for confidentiality reasons with respect to the respective figures in 2017 by taking them equal to 100

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

D. CAUSATION

44. Effect of Dumped Imports

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

- i. Volume of dumped imports of the investigated product increased significantly relative to the domestic production during the Poi for dumping;
- ii. Domestic industry experienced price undercutting due to dumped imports of the investigated product;
- iii. Domestic industry experienced price suppression during POI partly due to prices of the dumped imports of the investigated product and partly due to excess installed capacity. Therefore, low capacity utilization resulted in higher fixed costs;
- iv. Market share of dumped imports of the investigated product increased whereas market share of the domestic like product declined simultaneously during the POI;
- v. Domestic industry faced negative effect during the POI on: sales, production, productivity, and return on investment; and
- vi. Domestic industry faced decline during the POI in: capacity utilization, profits and profitability.

45. Other Factors

45.1 In accordance with Section 18(2) of the Act, the factors other than the dumped imports which are causing injury to the domestic industry shall also be analyzed so that the injury caused by such other factors shall not to be attributed to dumped imports.

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

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

- v. export performance and productivity of domestic industry

45.3 Volume of Imports of Yellow Pigment from Other Sources:

45.3.1 Following table shows volume of imports of the investigated product and Yellow Pigment and domestic industry's sales during the POI:

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

Year	Domestic industry sale	Sources of Imports:		Total Imports	Total market
		Dumped	Others		
2017	53.19	44.01	2.80	46.81	100.00
2018	51.28	45.74	2.25	47.99	99.27
2019	31.77	36.91	2.48	39.39	71.16

Sources: PRAL and the Applicant

Note: Actual figures for have been indexed for confidentiality reasons with respect to the total market in 2017 by taking it equal to 100

45.3.2 The above table shows that the percentage share of imports of the investigated product and imports of Yellow Pigments from sources other than the dumped sources remained at the same level of 94 percent 6 percent respectively of total imports during the POI. However, market share of the dumped imports increased by 7 percent in the year 2019 whereas market share of other imports increased by 1 percent in the year 2019. Therefore, volume of imports from sources other than the dumped sources were not the cause of material injury to the domestic industry.

45.4 Prices of Imports of Yellow Pigment from Other Sources

45.4.1 Following table shows prices (landed cost) of imports of the investigated product, Yellow Pigment imported from other sources and domestic like product's price during the POI:

**Table-XXII
Landed cost of Imports and Domestic Industry's Price**

Year	Landed Cost of imports from:		Domestic product's price
	Dumped sources	Other sources	
2017	83.28	76.26	100.00
2018	101.30	108.38	112.01
2019	117.62	137.96	131.03

Note: Actual figures for have been indexed for confidentiality reasons with respect to the domestic product's price in 2017 by taking it equal to 100

Sources: The Applicant and PRAL

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45.4.2 The above table shows that the landed cost of Yellow Pigment imported from other sources was much higher than the landed cost of dumped imports of the investigated product as well as prices of the domestic like product during the POI for dumping. Therefore, the domestic industry, did not suffered material injury on account of prices of imports of Yellow Pigment from other sources during the POI for dumping. Therefore, prices of imports from sources other than the dumped sources were not the cause of material injury to the domestic industry.

45.5 Contraction in Demand or Change in Pattern of Consumption

45.5.1 Information obtained from PRAL and submitted by the Applicant shows, there was a contraction in demand during the POI. Following table shows sources of supply and size of the market during the POI:

**Table-XXIII
Domestic Market of Yellow Pigment**

Year	Domestic industry sale	Sources of Imports:		Total Imports	Total market
		Dumped	All others		
2017	53.19	44.01	2.80	46.81	100.00
2018	51.28	45.74	2.25	47.99	99.27
2019	31.77	36.91	2.48	39.39	71.16

Source: PRAL and the Applicant

Note: Actual figures for have been indexed for confidentiality reasons with respect to the total market in 2017 by taking it equal to 100

45.5.2 The above table shows that the domestic market of Yellow Pigment decreased by 2 percent and 28 percent during the year 2018 and 2019 respectively. Domestic industry's sales declined by 4 percent and 38 percent in the years 2018 and 2019 respectively. Dumped imports of the investigated product increased by 4 percent and decreased by 19 percent in the years 2018 and 2019 respectively.

45.5.3 Market share of domestic industry marginally decreased from 53 percent during the year 2017 to 52 percent during the year 2018. However, it decreased to 45 percent during the year 2019. Market share of the dumped imports of the investigated product increased from 44 percent during the year 2017 to 46 percent during the year 2018 and further increased to 52 percent during the year 2019 despite contraction in demand/total market. Market share of the imports of Yellow Pigment from other sources remained at the same level during the POI.

45.5.4 The above information and analysis show that the domestic industry also suffered material injury on account of sales partly due to contraction in demand and partly due to volume of dumped imports of the investigated product, as sales of the domestic like product declined more than the decline in total market whereas market

share of the dumped imports of the investigated product increased during the POI.

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

45.6.1 Bilateral trade between India and Pakistan was suspended in the month of August 2019 due to Indian aggression in disputed territory of Indian held Jammu and Kashmir. Therefore, imports of the investigated product from India have declined during 2019 and increased from other sources. Following table shows quarterly volume of imports of Yellow Pigment:

**Table-XXIV
Quarterly Volume of Imports of Yellow Pigment**

Period	Dumped Sources		Other sources	Total imports
	India	Korea		
Jan-Mar 2019	95.85	4.15	-	100.00
Apr-Jun 2019	33.02	8.98	2.07	44.08
Jul-Sep 2019	31.09	-	2.76	33.85
Oct-Dec 2019	-	73.58	11.74	85.32

Source: PRAL

Note: Actual figures for have been indexed for confidentiality reasons with respect to the total imports in Jan-March 2019 by taking it equal to 100

45.6.2 The above table shows that the major source of imports was India up till third quarter 2019, however, due to suspension of trade with India in August 2019, there was significant increase in volume of imports from Korea and other sources. Therefore, Korea and other sources have benefitted from suspension of trade with India.

45.6.3 In case there been no trade restriction for India, dumped imports of the investigated product from India would have been significantly higher than the present level. and quantum of injury sustained by the domestic industry would have been significantly higher than the present one.

45.6.4 There was no such policy by the government during the 36 months of POI that have negatively affected the domestic industry and created distortion in the competitive environment for domestic industry vis-à-vis imports. Rather suspension of trade with India has provided a relief of sigh to the domestic industry as prices of Indian imports were lowest among all sources of supply during the POI. Following table shows C&F prices and landed cost of different origins and price of the domestic like product during the POI for dumping i.e. 2019:

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**Table-XXV
Prices of Imports and Domestic Product in 2019**

Period	C&F Price	Landed Cost
Imports from India	100.00	123.00
Imports from Korea	115.33	141.86
Imports from Other sources	123.56	151.97
Domestic like product	--	144.34

Sources: PRAL and the Applicant

Note: Actual figures for have been indexed for confidentiality reasons with respect to the Indian C&F price in 2019 by taking it equal to 100

45.7 Developments in Technology

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

45.8 Export Performance of Domestic Industry

Domestic industry did not export the domestic like product during entire POI for injury. Therefore, there was no injury to the domestic industry due to its export performance during the POI.

46. Causal link

The information and analysis in the fore-going paragraphs have, established that the dumped imports of the investigated product from the Exporting Countries were at dumped prices during POI, which, at the same time, has caused material injury to the domestic industry. Main reasons for material injury to domestic industry were the volume and prices of the dumped imports of the investigated product, as both happened simultaneously in the POI. Thus, there was consequential adverse/negative effects of volume and prices of the dumped imports on other injury factors such as sales, production, market share, capacity utilization, profits & profitability, cash flows, return on investment, employment, and productivity etc. Further, there were no other factors which caused injury to the domestic industry during the POI.

E. CONCLUSIONS

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

- i. the application was filed by the domestic industry as the Applicant represent 100 percent of the production of the domestic like product during the POI;

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- ii. the investigated product and the domestic like product are like products;
- iii. during POI, the investigated product was exported to Pakistan by the exporters/ producers from the Exporting Countries at prices below its normal value;
- iv. the volume of dumped imports of the investigated product and the dumping margins established for the investigated product from the Exporting Countries are above the negligible and *de minimis* levels respectively;
- v. the dumping margins expressed as a percentage of weighted average adjusted export price at ex-factory level work out 59.60 percent for India and 59.94 percent for Korea;
- vi. the domestic industry suffered material injury on account of volume of dumped imports of the investigated product, price undercutting, price suppression, decline in: market share, sales, capacity utilization, profits, profitability, return on investment, productivity; negative effects on cash flows in terms of Sections 15 and 17 of the Act;
- vii. Dumping margins of 59.60 percent for India and 59.94 percent for Korea are enough to cause material injury the domestic industry; and
- viii. there is a causal relationship between dumped imports of the investigated product and the material injury to the domestic industry.

F. IMPOSITION OF PROVISIONAL ANTIDUMPING DUTY

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

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

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of Inorganic Yellow Chrome Pigment from Republic of India and Republic of Korea**

50. For the purposes of imposition of lesser duty in terms of Section 43 (1) of the Act the Commission has calculated injury margin to ascertain whether a lower duty would be adequate to remove injury being suffered by the domestic industry due to dumped imports of investigated product from the Exporting Countries. The calculation of injury margins is given below:

**Table-XXVI
Calculation of Injury Margins**

Description	India	Korea
Cost to make & Sell of the domestic like product (Rs/Kg)	100.00	100.00
Estimated non-injurious price with 5% profit (Rs/Kg)	105.00	105.00
C & F price of investigated product (Rs/Kg)	55.29	63.79
Landed cost of investigated product RD (Rs/Kg)	76.30	88.04
Absolute Injury margin (Rs/Kg)	28.70	16.96
Injury Margin as % of C&F Price	51.91%	26.59%

Note: Actual figures have been indexed for confidentiality reasons with respect to cost to make & sell of the domestic like product by taking it equal to 100.
Landed cost: C&F Price + Customs duty 16% + Add. duty 4% + RD 15% + Incidentals 3%

51. The above table shows that the injury margin works out 51.91 percent for India and 26.59 percent for Korea, which are lower than the dumping margins determined for the Exporting Countries i.e. 59.21 percent for India and 58.40 percent for Korea of the C&F price. Thus, in terms of Section 43 (1) of the Act, lesser duty would be adequate to remove injury to the domestic industry. Therefore, following provisional antidumping duties on dumped imports of the investigated product importable from the Exporting Countries are hereby imposed for a period of four months effective from August 25, 2020. The investigated product is classified under PCT heading No. 3206.2010:

**Table-XXVII
Provisional Anti-dumping Duty Rates**

Country Name	Duty rate (%)
India	51.91
Korea	26.59

52. Yellow chrome pigment imported from sources other than the Exporting Countries shall not be subject to the above-mentioned provisional antidumping duties.

53. In accordance with Section 51 of the Act, the provisional antidumping duty shall take the form of *ad valorem* 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.

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

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

-Sd-
(Muhammad Saleem)
Member
August 24, 2020

-Sd-
(Anjum Assad Amin)
Member
August 24, 2020

-Sd-
(Tippu Sultan)
Member
August 24, 2020

-Sd-
(Abdul Khaliq)
Member
August 24, 2020

-Sd-
(Robina Ather)
Chairperson
August24, 2020

ANNEX – I

Comments of Interested Parties

Comments of Interested Parties	NTC View
Views/Comments of Total System Solution, Rawalpindi	
<p>“...M/s Total System Solution (TSS) is manufacturer of high grade road marking paints in the country. “That the Inorganic Yellow Chrome Pigment imported by us is used to manufacture high grade road marking paints. That the pigment imported is not sold in the open market in the same shape and is only used as a raw material for our own paint manufacturing facility. “We only import a small quantity of pigment according to the requirement of manufacturing unit and not sold for the sale in the market. Secondly we require high heat resistance Yellow Chrome Pigment which is not produced by the local industry.... “Road marking paints is being produced and supplied by us to be used in projects of National Highway Authority, Provincial Highway etc. which strictly follows the international road marking paint quality standards British standard BS 3262. “In order to manufacturing high grade road marking paint we are constrained to use imported Inorganic Yellow Chrome Pigment. Because if we use the locally manufactured pigment, the international quality standards for road marking paints cannot be met/followed as local pigment is of inferior quality and the colour fads off within three months after application..... “.....In view of the forgoing facts, it is crystal clear it is our lawful right as a manufacturer to import the best quality raw material (as same quality is not available in Pakistan).....”</p>	<p>The Commission under Section 2(m) of the Antidumping Duties Act, 2015 is satisfied that the investigated product, domestic like product and Yellow Pigment imported from other than the Exporting Countries are like products. There is no difference between the investigated product, the domestic like product and the Yellow Pigment imported from other than the Exporting Countries as the product is;</p> <ul style="list-style-type: none"> • similar/same in physical properties, nature and quality; • produced with same/similar production processes; • basic raw materials used in their production are similar/identical; • their uses are same and are interchangeably used; and • their tariff classification is same.
Views/Comments of Berger Paints Pakistan Limited, Lahore	
<p>“...Yellow Chrome Pigment is our major ingredient of manufacturing of Road Making Paint Material as well as also used in different paints and coatings. “That M/s Poplon Pakistan Private Limited, produces inorganic yellow chrome pigment in Pakistan on small scale with high demanding price, hence Inorganic Yellow Pigment consumers are forced to import it being economical product. “That Pakistan is a very insignificant market for any exporter of inorganic Yellow Chrome Pigment and maximum import of all different grades is 300 MT per annum, becomes 25 MT per month. Hence Pakistan’s market share for any foreign manufacturer is a fraction of their production capacities. “That Yellow Chrome Pigment is imported in different grades, low medium and high heat resistance, the prices varies with grade and ranges from USD 2740/MT to USD 4750/MT depending upon the grade.....”</p>	<p>The Commission’s investigation has shown that the domestic like product and investigated product are “like products” in terms of Section 2(m) of the Act as both products bear same/similar physical and chemical characteristics, including quality of the products, and are interchangeably used for purposes identified by Berger Paints Ltd. The Commission has fulfilled all requirements of the Act with respect to the volume and prices of dumped imports. The investigation has also revealed that domestic industry’s production capacity is much more than the domestic demand and the domestic industry is producing all relevant shades of the domestic like product as per requirements of the customers. For details please refer paragraphs 26 to 36 of the report.</p>

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Views/Comments of A.T.S Synthetic (Pvt) Ltd., Lahore

"ATS Synthetic is leading manufacturer of PVC Transparent flexible, Printed and Decorative sheets, Flex Banner, PVC Artificial Leather, PU Man Made Leather and PVC stabilizers and import Inorganic Yellow Chrome Pigment from different origins as raw material to convert into PVC Sheet, Flooring and PVC Leather.

"The price range of Inorganic Yellow Chrome Pigment in international Market varies from Origin to Origin. Our prices always on higher side, as compare to origin-wise. Because we do not compromise on our quality and want to maintain our market repute.

"We reject the allegation that ATS Synthetic (Pvt) Ltd. is importing at dumping price. Further M/s Poplon Pakistan Private Limited, Lahore (Applicant) quality does not meet international standards whereas price is higher than International Market. So we are interesting to participate in Antidumping Investigation.

"The rate of duty on Inorganic Yellow Chrome Pigment HS Code 3206.2010 is as follow:-

Customs Duty	16%
Additional Customs Duty	04%
Sale Tax	17%
Additional Sale Tax	03%
Income Tax	5.5%

Total Rate of Duties 51.92% (Which is already over protected)

"Further we would like to highlight Local Industry current problems, Uncertainty, Energy Crisis. It will be very difficult to survive local industry in these circumstances, if antidumping duty imposed on said item, it will difficult to survive synthetic industry as rate of duties are on very higher side."

The Commission's investigation has shown that the domestic like product and the investigated product are "like products" in terms of Section 2(m) of the Act as both products bear same/similar physical and chemical characteristics, including quality of the products and are interchangeably used for same purpose.

The Commission has fulfilled all requirements of the Act and price undercutting is determined by applying relevant applicable duties on investigated product. For details please refer paragraph 30.1 of the report.