



**Government of Pakistan  
National Tariff Commission**

**REPORT**

**ON CONCLUSION OF**

**SUNSET AND CHANGED CIRCUMSTANCES REVIEWS  
OF THE ANTI-DUMPING DUTY IMPOSED ON DUMPED  
IMPORTS OF SORBITOL 70% SOLUTION ORIGINATING  
IN AND/OR EXPORTED FROM THE REPUBLIC OF INDIA**

**A.D.C No. 32/2015/NTC/SB/SR/2020  
August 17, 2021**

## **A. INTRODUCTION**

The National Tariff Commission (hereinafter referred to as the “Commission”) having regard to the Anti-Dumping Duties Act, 2015 (hereinafter referred to as the “Act”) and the Anti-Dumping Duties Rules, 2001 (hereinafter referred to as the “Rules. Sections 58 and 59 of the Act relate to reviews of anti-dumping duties imposed on dumped imports of the investigated products. Having regard to the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (hereinafter referred to as the “Agreement on Antidumping”).

2. Having regard to the Section 58(3) of the Ordinance, a definitive anti-dumping duty shall not expire if the Commission determines in a review that the expiry of such anti-dumping duty would be likely to lead continuation or recurrence of dumping and injury. Further, having regard to the Section 59 of the Act, the Commission shall review the need for continued imposition of anti-dumping duty, where warranted, on its own initiative or, provided that a period of twenty four months has elapsed since the imposition of definitive anti-dumping duty, upon a written request submitted by any interested party, which contains positive information substantiating the occurrence of change of circumstances justifying a need for a review including sufficient information to enable the Commission to calculate the export price and normal value of a product in question

3. The Commission has conducted a sunset and changed circumstances reviews of anti-dumping duty imposed on dumped imports of Sorbitol from the Republic of India under the Act and the Rules. This report on conclusion of the reviews has been issued in accordance with Section 39(5) of the Act and Article 12.2 of the Agreement on Anti-dumping.

4. In terms of Section 62(2) of the Act, the sunset and changed circumstances reviews under Sections 58 and 59 of the Act shall normally be completed within twelve months from its initiation. The sunset and changed circumstances review in this case was initiated on August 22, 2020, therefore the Commission is required to conclude this review by August 21, 2021.

## **B. BACKGROUND**

### **5. The Anti-dumping Duty**

The Commission imposed definitive anti-dumping duty at the rate of 16.97 percent in *advalorem* terms on dumped imports of Sorbitol, importable from India for a period of five years effective from August 25, 2015.

## **C. PROCEDURE**

The procedure set out below has been followed with regard to this sunset and changed circumstances review:

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**6. Notice of Impending Expiry of Definitive Anti-dumping Duties**

The Commission imposed definitive anti-dumping duty at the rate of 16.97 percent in *ad val* terms on dumped imports of Sorbitol importable from India for a period of five years effective from August 25, 2015. However, in terms of Section 58(3) of the Act, a definitive anti-dumping duty shall not expire if the Commission determines in a review initiated before expiry of anti-dumping duty that the expiry of such anti-dumping duty would be likely to lead to continuation or recurrence of dumping of the investigated product and injury to the domestic industry. In this connection, the Commission published a notice of impending expiry in official Gazette and newspapers in terms of Section 58(2) of the Act on June 16, 2020.

**7. Receipt of Application**

7.1 On July 29, 2020, the Commission received a written application under Sections 58 and 59 of the Act from M/s Habib Rice Products Limited (formerly Habib-ADM Ltd.), Karachi (the "Applicant"), the domestic producer of Sorbitol.

7.2 The Applicant alleged that expiry of anti-dumping duty on Sorbitol imported from India would likely lead to the continuation and recurrence of dumping of Sorbitol and material injury to the domestic industry. The Applicant further submitted that the circumstances for production and sales of Sorbitol in India had been significantly changed since imposition of anti-dumping duty w.e.f. 25 August 2015. Indian exporters are now exporting Sorbitol at increased dumping margin. Therefore, the Commission may conduct a sunset and changed circumstances review for continuation of the anti-dumping duty for a period of further 5 years at an increased rate on dumped imports of Sorbitol originating in and/ or exported from India to Pakistan.

**8. Domestic Industry and Standing**

The domestic industry manufacturing Sorbitol comprises of only one unit i.e. Habib Rice Products Limited (the "Applicant"). The Applicant production constitutes 100 percent of the production of domestic like product.

**9. Initiation of Sunset and Changed Circumstances Reviews**

9.1 Upon examination of the application, the Commission established that it met requirements of Sections 58 and 59 of the Act. Therefore, the Commission initiated sunset and changed circumstances reviews on August 22, 2020 to determine the following:

- i. Whether there is likelihood of continuation or recurrence of dumping of the Sorbitol from India and material injury to the domestic industry; and

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- ii. Whether circumstances for production and sales of Sorbitol in India have significantly changed, if so, re-determination of dumping margin and level of antidumping duty.

9.2 In terms of Section 27 of the Act, the Commission issued a notice of initiation of the sunset and changed circumstances review of anti-dumping duty imposed on dumped imports of Sorbitol from India, which was published in the official Gazette<sup>1</sup> of Pakistan and in two widely circulated national newspapers<sup>2</sup> (one in English language and one in Urdu Language) on August 22, 2020 and August 23, 2020.

9.3 The Commission notified the High Commission of India in Pakistan on August 26, 2020 of the initiation of reviews by sending a copy of notice of initiation of sunset and changed circumstances reviews. Copies of notice of initiation were also sent to the Applicant, known exporters/producers of Sorbitol in India, and known importers on August 26, 2020, in accordance with the requirements of Section 27 of the Act.

9.4 In accordance with Section 28 of the Act, on August 26, 2020, the Commission also sent copy of full text of the written application (non-confidential version) to the High Commission of India in Pakistan and to the known exporters/producers of Sorbitol in India.

## **10. Product under Review and Domestic Like Product**

### **10.1 Product under Review**

The product under review is the Sorbitol imported from India, which is subject to the anti-dumping duty. Sorbitol is a sugar alcohol classified as a “polyhydric alcohol” (polyol). Polyols are starch sugars, which have been hydrogenated under carefully controlled conditions to enable hydrogen atoms to bind with specific carbohydrates. It is classified under Pakistan Customs Tariff (“PCT”)/ HS heading Nos. 2905.4400 and 3824.6000. Sorbitol is one of the most versatile polyol with a wide range of applications in food, pharmaceuticals, cosmetics and textiles. In food industry, sorbitol is used to add body, texture and sweetness as well as to reduce the undesirable aftertaste of saccharin. It is also used as a sweetener in low calorie confectionery for diabetic consumers. In pharmaceuticals, the sorbitol is used as a carrier and bodying agent in products such as coughs syrups, toothpaste and skin ointments. The cosmetic industry uses sorbitol in shampoos and facial creams, whereas its applications in textiles include dry-cleaning and bleaching process. Following table shows tariff structure applicable on import of Sorbitol during last four years:

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<sup>1</sup> The official Gazette of Pakistan (Extraordinary) dated August 22, 2020.

<sup>2</sup> 4 The ‘Daily Dunya’ of August 22, 2020 and the ‘Daily Express’ of August 23, 2020 issue.

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**Table-I  
Tariff Structure of Sorbitol (%)**

| Year    | Customs Duty rate | Additional customs duty | Concessionary/ FTA rate | Sales Tax rate* |
|---------|-------------------|-------------------------|-------------------------|-----------------|
| 2017-18 | 20                | 2                       | SAFTA: 5                | 17              |
| 2018-19 | 16                | 4                       |                         | 17              |
| 2019-20 | 16                | 4                       |                         | 17              |
| 2020-21 | 16                | 4                       |                         | 17              |

\* Sales tax exempted under Sixth Schedule of Sales Tax Act, 1990 (amended/inserted by Finance Act 2015. Sr. 105 of the Sixth Schedule) on raw materials for manufacture of pharmaceutical products, provided that in case of import, only such raw materials shall be entitled to exemption which are liable to customs duty not exceeding ten per cent ad valorem, either under the First Schedule [or Fifth Schedule] to the Customs Act, 1969 (IV of 1969) or under a notification issued under section 19 thereof.

As the applicable customs duty on imports from India is 5 percent, therefore, no sales tax is levied on import of the product under review. Drugs (medicine) is exempted from sales tax, therefore, sales tax paid on Sorbitol imported from other sources by the pharmaceutical companies forms part of their cost of production. Thus, imports of Sorbitol from India is lucrative for pharmaceutical companies because of zero sales tax on its import.

**10.2 Domestic like Product**

The domestic like product, produced by the domestic industry is Sorbitol. It is also classified under PCT Nos. 2905.4400 and 3824.6000. Domestic like product is used in food, pharmaceutical, cosmetics and textile industries.

10.3 The Commission in its original investigation had determined that the investigated product and the domestic like product were like products.

10.4 In order to establish whether the product under review and the domestic like product are like products, as contended by the Applicant, the Commission reviewed all relevant information received/obtained from various sources including the Applicant and has reached on following conclusions:

- i. both the products have similar appearance;
- ii. both the products are used for same purposes; and
- iii. both the products are classified under the same PCT/HS Code.

10.5 In light of the above, the Commission has determined that the product under review and the domestic like product are like products.

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**11. Period of Review (“POR”)**

The period of review (“POR”) for sunset review is from July 01, 2017 to June 30, 2020 and the POR for changed circumstances review for revision of dumping margin is from July 01, 2019 to June 30, 2020.

**12. Interested Parties**

The Commission gave an opportunity (through notice of initiation) to all interested parties to participate in this review and register themselves as interested parties with the Commission. Only Glaxosmith Kline Pakistan Limited requested for registration as an interested party in this review.

**13. Information/Data Gathering**

13.1 The Commission sent questionnaires on August 26, 2020 to the known exporters/ producers of Sorbitol from India, asking them to provide requisite information within 37 days of the dispatch of the questionnaires. The Commission also sent a copy of the questionnaire to the High Commission of India in Pakistan on 26 August 2020 with a request to forward it to all known exporters/ producers of Sorbitol in India. Questionnaire were also sent to known importers of Sorbitol on August 26, 2020 requesting them to provide information within 37 days.

13.2 The deadline for the submission of the data/information on the prescribed Exporter’s Questionnaire was October 02, 2020, which was later extended by one week. No response from any exporter/foreign producer was received within prescribed time period. Therefore, reminders were issued to the exporters/foreign producers on October 5, 2020 explaining that, if no response of the questionnaire is submitted by the exporters/ foreign producers, the Commission would be constrained to make determination of dumping and likely continuation or recurrence of dumping of the product under review on the basis of “Best Information Available” including those contained in the application submitted by the domestic industry. In response, M/s Maize Products, Ahmadabad, India, requested for extension in deadline, which was further extended till October 15, 2020. However, none of the exporters/ producers from India responded to the Commission and did not provide requisite information.

13.3 Questionnaires were also sent to known importers of the product under review on August 26, 2020. Upon various requests from various importers and Pakistan Pharmaceutical Manufacturers Association the deadline to submit the information on Importer’s Questionnaire was extended till November 20, 2020. M/s Glaxo Smith Kline Limited, M/s ZAFSA Pharmaceutical Laboratories (Pvt.) Limited, Barret Hodgson Pakistan (Pvt). Ltd. and Hilal Food Products Ltd. have provided certain information relating to their imports of the product under review, which

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corresponded and matched with to the Pakistan Revenue Automation Limited (“PRAL”) data already available to with the Commission.

13.4 The Commission has an access to the import statistics of PRAL, the data processing arm of the Federal Board of Revenue, Government of Pakistan. For the purpose of this review the Commission has also used import data obtained from PRAL’s database in addition to the information provided by the Applicant in the application and provided by other parties. In addition to this, the Commission has also obtained certain information from publicly available sources, which, *inter-alia*, includes websites of Indian producers of Sorbitol, websites of different departments of the Government of India, International Trade Centre, the World Bank etc.

**14. Verification of Information**

14.1 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 from 20-22 October, 2020.

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

**15. Public File**

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

**16. Confidentiality**

16.1 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 the interested parties upon good cause shown to be kept confidential.

16.2 The Applicant and the importers who have provided information have requested to keep the information confidential, which is by nature confidential in terms of Section 31 of the Act. This information includes data relating to sales, sale prices, cost to make and sell, inventories, production, profit/(loss), return on investment, investment, salaries & wages, number of employees etc. In addition to this, the Applicant has also provided certain other information on confidential basis

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under Section 31(2)(c), as such information, e.g. export or import price and import volume etc., which may lead to the disclosure of the by nature confidential information by way of reverse calculations. However, the parties have submitted non-confidential summaries of the confidential information in accordance with the Section 31(5) of the Act. Non-confidential summaries permit a reasonable understanding of the information submitted in the confidence.

16.3 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. 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).

**17. Hearing**

The interested parties were required to request for hearing in this review within 45 days of the publication of the notice of initiation. The Commission did not receive any request for hearing in this review. Therefore, no hearing was held in this review.

**18. Written Submissions by the Interested Parties**

All interested parties were invited to make their views/comments and to submit information and documents (if any) not later than 45 days of the date of publication of notice of initiation of the review. The Commission did not receive written submissions/comments from any of the interested parties in this review within this time period.

**19. Disclosure of Essential Facts**

19.1 In terms of Rules 14(8) of the Rules, and Article 6.9 of Agreement on Antidumping, the Commission disclosed essential facts, and in this context circulated a Statement of Essential Facts (hereinafter referred to as the "SEF") on December 31, 2020 to all interested parties including Applicant, exporters/foreign producers from India, importers and High Commission of the Republic of India in Islamabad.

19.2 Under Rule 14(9) of the Rules, the interested parties were required to submit their comments (if any) on the facts disclosed in SEF, in writing, not later than fifteen days of such disclosure. The Commission received comments from Pakistan Pharmaceutical Manufacturers Association (PPMA) on January 8, 2021 and from their representative on January 14, 2021. Commission also received



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comments on behalf of M/s Barrett Hodgson Pakistan (Pvt) Ltd (BHP) through their representative on January 15, 2021.

19.3 Comments received from interested parties on SEF have been considered in this sunset review and Commission's views/comments thereto are annexed to this report in annotated form at Annexure-I.

**D CHANGED CIRCUMSTANCES**

20. Section 59(1) of the Act provides as follows:

*“The Commission shall review the need for continued imposition of anti-dumping duty, where warranted, on its own initiative or, provided that a period of twenty-four months has elapsed since the imposition of definitive anti-dumping duty, upon a written request submitted by any interested party, which contains positive information substantiating the occurrence of changed circumstances justifying a need for a review including sufficient information to enable the Commission to calculate export price and normal value of a product in question.”*

21. Since the Commission is also conducting review for changed circumstances under Section 59 of the Act on the product under review, therefore, determination of changed circumstances and dumping margin are provided in the following paragraphs.

**22. Change of Circumstances that Warrants Re-determination of Dumping of the Product under Review**

**22.1 Significant Increase in Raw Materials Price**

The Applicant in his application has claimed that the raw materials cost to produce Sorbitol in India has increased more than 30 percent since imposition of the anti-dumping duty on dumped imports of the product under review. In India, sorbitol is mostly produced from maize corn. As per annual reports of the Department of Agriculture, Cooperation & Farmers Welfare, Government of India, minimum support price of maize corn in 2014 was Indian rupees 1310/quintal, which has increased to Indian rupees 1760/quintal in 2019-20 implying at least 34 percent increase in major raw material price in the cost of maize corn to produce sorbitol in India. Since maize accounted for about 45 percent to 50 percent of the cost of production and about 40 percent of cost to make & sell of the sorbitol, therefore, export price of the Sorbitol should have significantly increased during last five years.

22.1.2 The Commission finding on this is that actual increase in price is much less than support price of maize corn offered by Government of India during the POR. Actual price of maize corn for last three years is as under:

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**Table-II  
Price of Maize Corn in Indian Rupee**

(Indian Rupee)

| <b>Month/year</b> | <b>2016-17</b> | <b>2017-18</b> | <b>2018-19</b> | <b>2019-20</b> |
|-------------------|----------------|----------------|----------------|----------------|
| July              | 10,872.99      | 10,150.00      | 10,748.97      | 13,033.32      |
| Aug               | 10,050.67      | 9,498.94       | 11,290.36      | 11,638.72      |
| Sept              | 9,906.49       | 9,494.41       | 11,192.09      | 11,217.93      |
| Oct               | 10,164.46      | 9,673.09       | 11,797.98      | 11,876.32      |
| Nov               | 10,250.66      | 9,646.54       | 11,541.44      | 11,880.80      |
| Dec               | 10,351.19      | 9,570.82       | 11,860.03      | 11,885.57      |
| Jan               | 10,896.53      | 9,918.33       | 11,796.97      | 12,253.33      |
| Feb               | 10,928.35      | 10,516.11      | 12,071.17      | 12,054.10      |
| Mar               | 10,477.90      | 11,181.81      | 11,548.74      | 12,070.44      |
| Apr               | 10,092.54      | 11,530.35      | 11,211.83      | 11,192.96      |
| May               | 10,216.09      | 12,096.45      | 11,939.56      | 10,888.21      |
| Jun               | 10,176.38      | 11,190.60      | 13,546.13      | 11,204.13      |

Source: World Bank

22.1.3 The above table shows that average price for 2016-17 was INR 10,365.35 which was increased to INR 10,372.28 (increase of 0.067 percent) in year 2017-18 and further increased to 11,712.10 (increase of 12.91 percent) in year 2018-19. In POR average price of maize corn increased to INR 11,766.32 (increase of 0.46 percent). Similar increase is also visible in export price of Sorbitol in table-III infra.

**22.2. Increase in Energy Cost:**

The Applicant claimed that as per annual reports of Gulshan Polyols Ltd., a major producer of Sorbitol in India, electricity rate in 2013-14 was Indian rupees 6.62 per unit, which increased to Indian rupees 7.71 per unit in 2019-20 i.e. an increase of 16 percent in energy cost for production of sorbitol in India. Since, energy cost accounted for about 25 percent to 35 percent of the cost of production and about 30 percent of cost to make & sell of the Sorbitol, therefore, export price of the Sorbitol should have been increased during last five years. However, the Commission's finding is that export price of the product has also increased as evident in Table-III infra.

**22.3 Increase in Other Conversion and Operating Costs**

The Applicant claimed in its application that as per World Bank report there was about 5 percent inflation in India during 2018 and 2019, therefore, other production (conversion) and operating costs of sorbitol have also been increased at least in accordance with inflation rate by 5 percent annually. However, the export price of the product under review has also increased accordingly as provided in Table-III supra.

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22.4 Following table shows FOB export prices of the investigated/ product under review during the original POI and the POR obtained from Government of India's Commerce Division's website:

**Table-III**  
**FOB Prices of Sorbitol Exported to Pakistan**

| Year       | FOB Export price (INR/MT) |
|------------|---------------------------|
| POI (2014) | 31,526.37                 |
| 2017-18    | 30,349.53                 |
| 2018-19    | 36,485.38                 |
| 2019-20    | 37,115.81                 |

Source: <https://tradestat.commerce.gov.in>

22.5 On the basis of analysis above the Commission is of the view that available data does not support the claims made by the Applicant that circumstances for production and sales of Sorbitol in India have significantly changed. It has therefore concluded that re-determination of anti-dumping duty is not required.

**E. LIKELIHOOD OF CONTINUATION OF DUMPING**

**23. Likely Continued Dumping of the Product Under Review**

23.1 To determine likelihood of continuation of dumping of the product under review, the Commission has considered following factors. Information on these factors has been gathered/obtained from different sources including the Applicant, PRAL, websites of Indian producers of Sorbitol, websites of different departments of the Indian Government, ITC, the World Bank and different other websites etc.:

- i. Whether India has exportable surplus of the product under review;
- ii. Whether exporters/foreign producers stopped or continued exporting to Pakistan the product under review after imposition of anti-dumping duty;
- iii. Whether Indian exporters/foreign producers have developed other export markets after imposition of anti-dumping duty;

**23.2 India's Export Surplus of Sorbitol**

23.2.1 As per the information retrieved from annual reports of the Indian producers of Sorbitol they have made huge investments and have increased their installed capacities of Sorbitol during last five years. A brief summary of the

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investments made by the Indian producers is as follows:

- i. The total investments (equity plus long-term borrowing) of Gulshan Polyols Limited (Gulshan) in the year 2014-15 was INR 2.4 billion which increased to INR 3.3 billion in 2019-20. Currently, as per its website (<http://www.gulshanindia.com>), Gulshan's production capacity is 72,000 Metric Ton Per Annum. Besides, as per Annexure A to the Directors report for the year 2014-15 of M/s Gulshan Polyols Limited the electricity consumption for production of Sorbitol increased by 13.56 percent resulting in an increase of 8% in the production of Sorbitol.
- ii. The investment of Sukhjot Starch and Chemicals Limited (Sukhjot) in 2014-15 was INR 2.6 billion which rose to INR 4.8 billion in 2019-20 and commenced a new production facility of maize based products in the State of Punjab in the same year.
- iii. Gujrat Ambuja Exports Limited (Ambuja) installed a new Sorbitol production plant in the State of Utrakhnad in 2014-15 and total investment of the company was INR 8.2 billion in the same year which rose to INR 13.3 billion in the year 2019-20.

23.2.2 In 2013-14, Indian domestic demand of Sorbitol was estimated about 130,000 MT, which increased to about 158,000 MT in 2018. Installed capacities to produce Sorbitol in India was about 200,000 MT in 2014, which is increased to more than 300,000 MT in 2018. During the last five years, Indian producers expanded their installed capacity by 50% in response to 12% increase in the domestic demand, leaving enough surplus capacities with the Indian producers to export/dump the product under review. (Source: <https://www.imarcgroup.com/indian-sorbitol-market-reach-187>). Indian export surplus for Sorbitol is also supported from its exports of Sorbitol during last five years. India is net exporter of the Sorbitol as its exports are higher than its imports of the Sorbitol thus, Indian domestic demand for Sorbitol is met by the domestic producers; utilizing surplus capacity for exports. The information obtained from Government of India's Ministry of Commerce (<https://tradestat.commerce.gov.in>) shows a significant increase in exports of Sorbitol from India to the World. Following table shows Indian exports and imports of Sorbitol during 2014-15 to 2019-20:

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**Table-V  
Indian Exports and Imports of Sorbitol**

| Year    | Exports (MT) | Imports (MT) |
|---------|--------------|--------------|
| 2014-15 | 37,021       | 2,410        |
| 2015-16 | 45,763       | 3,204        |
| 2016-17 | 66,443       | 3,914        |
| 2017-18 | 70,311       | 4,444        |
| 2018-19 | 79,655       | 5,568        |
| 2019-20 | 63,644       | 9,937        |

Source: <https://tradestat.commerce.gov.in>

23.2.3 In view of the above information, the Commission has concluded that the India producers of Sorbitol have significant exportable surplus in product under review.

**23.3 Indian Exporters Continued to Export the Product Under Review and have Absorbed Anti-dumping Duty**

23.3.1 The data obtained from PRAL shows that Indian exporters kept exported Sorbitol to Pakistan throughout the period of imposition of duty. Further, as per the information obtained from Indian Government's Agriculture Department and from Indian producers' annual reports, cost of production of Sorbitol in India has increases significantly during last five years (paragraph 22 supra) whereas export price of the product under review remained almost same during last five years. Following table shows volume and prices of imports of the product under review during original POI and last four years:

**Table-VI  
Imports of Sorbitol from India**

| Year       | Volume* | Per MT* |
|------------|---------|---------|
| POI (2014) | 100.00  | 100.00  |
| 2017-18    | 86.80   | 101.12  |
| 2018-19    | 91.95   | 102.20  |
| 2019-20    | 20.24   | 102.28  |

Source: PRAL

\* For confidentiality reasons actual figures have been indexed w.r.t. figures of POI (2014) by taking them equal to 100

23.3.2 Government of Pakistan suspended bilateral trade with India on August 09, 2019 consequently imports of the investigated product from India declined sharply during 2019-20. However, on September 02, 2019 the Government of Pakistan allowed import from India of therapeutic products. Therefore, ban was lifted for pharmaceutical manufacturing companies registered with DRAP allowing them to import Sorbitol from India, while, imports of Sorbitol from India for traders and other users is still banned.

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**23.4 Whether Indian exporters/foreign producers have developed other export markets after imposition of antidumping duty**

24.4.1 The information obtained from Government of India's Ministry of Commerce website shows that Pakistan was the largest export destination of India's Sorbitol export till 2018-19 (till suspension of trade with India and COVID 19). India's exports and export destinations of Sorbitol is given in the following table:

**Table-VII  
India's Top Fifteen Export Destinations of Sorbitol**

| 2014-15    |             | 2015-16    |             | 2016-17    |             | 2017-18    |             | 2018-19    |             |
|------------|-------------|------------|-------------|------------|-------------|------------|-------------|------------|-------------|
| Country    | Volume (MT) | Country    | Volume (MT) | Country    | Volume (MT) | Country    | Volume (MT) | Country    | Volume (MT) |
| Pakistan   | 8,192.00    | Pakistan   | 7,911.00    | Pakistan   | 8,893.00    | Nigeria    | 7,901.13    | Pakistan   | 8,455.03    |
| Nigeria    | 4,263.60    | Nigeria    | 7,035.10    | Iran       | 7,213.80    | Pakistan   | 7,387.00    | Iran       | 7,488.00    |
| Iran       | 3,199.40    | Iran       | 4,566.60    | Nigeria    | 7,162.35    | Turkey     | 5,218.00    | Nigeria    | 6,596.50    |
| Bangladesh | 3,099.02    | Bangladesh | 3,556.00    | Bangladesh | 5,578.13    | Bangladesh | 4,888.35    | Bangladesh | 4,649.90    |
| Turkey     | 2,760.00    | Vietnam    | 2,531.00    | Russia     | 3,486.00    | Iran       | 4,643.00    | Turkey     | 4,478.10    |
| Nepal      | 1,896.40    | UAE        | 1,780.64    | Vietnam    | 3,180.01    | Thailand   | 3,999.00    | S. Africa  | 4,240.00    |
| UAE        | 1,718.70    | Nepal      | 1,775.40    | UAE        | 2,965.86    | Russia     | 3,764.00    | Vietnam    | 3,797.03    |
| Tanzania   | 1,565.70    | Tanzania   | 1,764.00    | Brazil     | 2,962.00    | Brazil     | 2,929.00    | Thailand   | 3,453.41    |
| Vietnam    | 1,272.00    | Brazil     | 1,343.05    | Turkey     | 2,276.00    | Vietnam    | 2,680.02    | Brazil     | 2,918.00    |
| Brazil     | 1,271.00    | Turkey     | 1,305.00    | Nepal      | 1,990.25    | UAE        | 2,369.73    | Russia     | 2,876.00    |
| Egypt a    | 1,180.00    | Malaysia   | 1,268.00    | Egypt      | 1,924.00    | Nepal      | 2,180.76    | Nepal      | 2,772.58    |
| Jordan     | 681.03      | Egypt a    | 1,235.00    | Tanzania   | 1,922.70    | Tanzania   | 2,085.60    | JAE        | 2,568.19    |
| Saudi Arab | 521.27      | Jordan     | 875         | Malaysia   | 1,793.35    | Egypt      | 1,564.02    | Tanzania   | 2,556.60    |
| Russia     | 408         | Russia     | 716.01      | Thailand   | 1,727.00    | Indonesia  | 1,398.00    | Egypt      | 1,472.00    |
| Sri Lanka  | 365.2       | Saudi Arab | 679         | U s a      | 1,241.01    | S. Africa  | 1,358.00    | U s a      | 1,466.56    |
| Others     | 4,628.02    | Others     | 7,422.06    | Others     | 12,127.91   | Others     | 15,944.95   | Others     | 19,867.58   |
| Total      | 37021.34    | Total      | 45762.86    | Total      | 66,443.37   | Total      | 70,310.56   | Total      | 79,655.48   |

Source: <https://tradestat.commerce.gov.in>

23.4.2 The above table clearly shows that Pakistan remained a major market for Sorbitol exporters even after the imposition of anti-dumping duties. However, besides Pakistan, the top destinations remained almost the same during this period. Therefore, the Commission has concluded that the Indian exporters have not developed market diversification of its exports after imposition of anti-dumping duties on product under review.

**23.5 Dumping of the Product Under Review During POR**

Dumping (normal value, export price and dumping margin) of the product under review is determined at paragraph 23 supra, which shows that the Indian exporters/ producers have exported Sorbitol to Pakistan at dumped price during the POR.

**24.** Based on the information and analysis provided at paragraph 23 supra the Commission has determined that there is significant likelihood of continued dumping of the product under review.

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**F. LIKELIHOOD OF RECURRENCE OR CONTINUATION OF INJURY**

**25. Likely Recurrence or Continuation of Material Injury to the Domestic Industry**

25.1 Likelihood of Injury to the domestic industry is determined in accordance with provisions of the Act. The Commission has taken into account all relevant factors in order to determine likely continuation or recurrence of injury to the domestic industry as under:

- i. Likely change in volume of imports of the product under review if anti-dumping duties are terminated;
- ii. Likely impact of imports of the product under review on prices of the domestic like product with and without anti-dumping duties; and
- iii. Consequent likely impact on the domestic industry, which includes likely and potential decline in: sales, profits, output, market share, productivity, return on investment, capacity utilization and likely negative effects on: cash flow, inventories, employment, wages, growth, ability to raise capital or investments.

25.2 Information/facts on injury factors are provided in the following paragraphs.

**26 Likely Effect on Volume of Dumped Imports**

26.1 After imposition of antidumping duty, the volume of dumped imports of the investigated product declined between 8 percent to 13 percent during the 5 years of imposition of the duty. Following table shows volume of dumped imports of the investigated product, imports from other sources and domestic production during original POI and POR:

**Table-VIII**  
**Imports and Domestic Production of Sorbitol**

| Year       | Dumped imports* | Other imports* | Domestic production* |
|------------|-----------------|----------------|----------------------|
| POI (2014) | 177.98          | 50.80          | 100.00               |
| 2017-18    | 154.47          | 60.08          | 179.39               |
| 2018-19    | 163.65          | 72.83          | 147.28               |
| 2019-20    | 36.03           | 178.79         | 163.88               |

Sources: PRAL and the Applicant

\* For confidentiality reasons actual figures have been indexed w.r.t. the domestic production of POI (2014) by taking it equal to 100

26.2 The above table shows that volume of dumped imports did not decline significantly during the POR except 2019-20. However, as shown in the Table-VII above, Pakistan is the largest destination for Indian Sorbitol exporters for a long

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period, which suggests closer business ties among them and Pakistani importers. In case of normalization of trade with India (removal on ban) it is natural to expect a sharp increase of imports of the product under review from India. Similarly, expiry of anti-dumping duties coupled with lower customs duty and no sales tax on imports from India (paragraph 10.1 Table-I supra) would attract significantly more imports of the product under review.

26.4 In addition, as shown in the Table-VII above, Pakistan is the largest destination for Indian Sorbitol exporters for a long period, which suggests closer business ties among them and Pakistani importers. In case of normalization of trade with India (removal on ban) it is natural to expect a sharp increase of imports of the product under review from India. Similarly, expiry of anti-dumping duties coupled with lower customs duty and no sales tax on imports from India (paragraph 10.1, Table-I supra) would attract significantly more imports of the product under review.

26.5 Based on the above information and analysis it is determined that there is likelihood of significant increase in volume of dumped imports of the product under review if anti-dumping duty expires.

**27. Likely Effect on Sales and market share:**

27.1 Following table shows sales and market share of each segment of supply during original POI and after imposition of antidumping duty:

**Table-IX  
Sales and Market Share**

| Year/<br>Period | Domestic<br>Industry sales |         | Dumped<br>Imports |         | Other<br>Imports |         | Total Domestic<br>Market |         |
|-----------------|----------------------------|---------|-------------------|---------|------------------|---------|--------------------------|---------|
|                 | Volume*                    | % share | Volume*           | % share | Volume*          | % share | Volume*                  | %change |
| 2014*           | 30.56                      | 30.56   | 54.02             | 54.02   | 15.42            | 15.42   | 100.00                   | --      |
| 2017-18         | 54.84                      | 45.71   | 46.89             | 39.09   | 18.23            | 15.20   | 119.96                   | 20      |
| 2018-19         | 43.94                      | 37.97   | 49.67             | 42.93   | 22.11            | 19.10   | 115.71                   | -4      |
| 2019-20         | 51.55                      | 44.15   | 10.93             | 9.37    | 54.27            | 46.48   | 116.75                   | 1       |

\*POI of Original Investigation Sources: Applicant and PRAL

\* For confidentiality reasons actual figures have been indexed w.r.t. the total domestic market of POI (2014) by taking it equal to 100

27.2 The above table shows that the total domestic market increased about 16 to 20 percent during the POR as compared to the original POI.

27.3 Domestic industry's sales and market share increased significantly after imposition of anti-dumping duty on dumped imports of the product under review. Sales of the domestic like product increased by 79 percent in 2017-18 and by 69 percent in 2019-20. Market share of the domestic industry, which was 30.56 percent



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in original POI increased to 45.16 percent, 37.55 percent and 43.43 percent in the years 2017-18, 2018-19 and 2019-20 respectively.

27.4 Market share of dumped imports of the product under review declined by 38.62 percent and 42.45 percent in the years 2017-18 and 2018-19 respectively. Market share of dumped imports of the product under review declined to 9.21 percent in the year 2019-20, however, this sharp decline is due to partial ban on imports of the investigated product from India and worst COVID situation in India.

27.5 As there is strong likelihood of increase in volume of dumped imports at dumped price of the product under review if anti-dumping duty expires (paragraphs 26 supra), therefore, there is significant likelihood of increase in market share of dumped imports if the anti-dumping duty is removed/terminated, which will adversely affect sales and market share of the domestic industry.

**28. Likely Price Effects on the Domestic Like Product**

28.1.1 Likely effect of dumped imports on the sales price of the domestic like product in the domestic market has been examined in the following paragraphs to establish whether there will be price undercutting (the extent to which the price of the investigated product will be lower than the price of the domestic like product), price depression (the extent to which the domestic industry may experience decrease in its selling prices of domestic like product), and price suppression (the extent to which increased cost of production could not be recovered by way of increase in selling price of the domestic like product) if anti-dumping duty on dumped imports of the product under review expires.

28.1.2 The analysis of price affects in this section will include the Sales Tax incidence as there is an anomaly arising from sales tax structure governing the Sorbitol. Pharmaceutical industry under Sixth Schedule of Sales Tax Act, 1990 (amended/inserted by Finance Act 2015. Sr. 105 of the Sixth Schedule) is exempted from payment of sales tax on import of Sorbitol from SAFTA sources including India (paragraph 10.1 supra). As pharmaceutical sector is the major user of the product under review and the domestic like product, the analysis of likely price effects have been undertaken keeping into account the sales tax affect in prices/landed cost. Moreover, the domestic industry's price to pharmaceutical industry does not include sales tax as pharmaceutical industry is exempted from sales tax, however, domestic industry do pay the sales tax on its inputs which they are unable to adjust/pass on to the pharmaceutical industry. Therefore, due to this reason the price of the domestic like product in the following analysis would include the sales tax paid on inputs in order to ensure a fair comparison.

**28.2 Price Undercutting**

28.2.1 Information/data on weighted average ex-factory price of the domestic like product and weighted average landed cost of the investigated product, with and

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without anti-dumping duty during the original POI and POR is given in following table:

**Table-X  
Effect on Price Undercutting ( Per MT)**

| Year    | Domestic like product's price** | Landed cost of dumped imports# |                 | Price undercutting |      |                 |       |
|---------|---------------------------------|--------------------------------|-----------------|--------------------|------|-----------------|-------|
|         |                                 |                                |                 | With AD duty       |      | Without AD duty |       |
|         |                                 | With AD duty                   | Without AD duty | Absolute           | %age | Absolute        | %age  |
| 2014*   | 100.00                          | --                             | 82.91           | --                 | --   | 17.09           | 17.09 |
| 2017-18 | 101.70                          | 108.43                         | 94.05           | --                 | --   | 7.65            | 7.52  |
| 2018-19 | 125.50                          | 134.38                         | 116.56          | --                 | --   | 8.94            | 7.13  |
| 2019-20 | 164.88                          | 156.10                         | 135.40          | 8.78               | 5.32 | 29.48           | 17.88 |

\* POI of Original Investigation \*\* Prices includes Sales Tax paid on inputs # ST exempted Sources: the Applicant and PRAL

**Note:** For confidentiality reasons actual figures have been indexed w.r.t. the domestic like product's price of POI (2014) by taking it equal to 100

28.2.2 The above table shows that there was 17 percent price undercutting in the original POI. However, due to imposition of anti-dumping duty, price undercutting eliminated except in the year 2019-20. Investigation of the Commission has shown that major imports of Sorbitol were from India till 2018-19 and its price was considerably lower than the imports of Sorbitol from other sources as shown below. Therefore, domestic industry was competing mainly with imports from India.

**Table-XI  
Landed Cost of Imports and Domestic Industry's Price**

| Year    | Volume (MT) and Landed cost (Rs/MT) of Imports from: |         |        |          | Domestic Industry's price ( Per MT)** |
|---------|--|---------|--------|----------|---------------------------------------|
|         | India  |         | Others |          |                                       |
|         | Volume   | Per MT* | Volume | Per MT** |                                       |
| 2017-18 | 100.00   | 100.00  | 38.89  | 127.11   | 107.44                                |
| 2018-19 | 105.94   | 125.89  | 47.15  | 162.89   | 132.64                                |
| 2019-20 | 23.32  | 146.25  | 115.74 | 174.94   | 173.81                                |

\* Inclusive of antidumping duty \*\* Inclusive of sales tax

**Note:** For confidentiality reasons actual figures have been indexed w.r.t. the India's volume and price of 2017-18 by taking them equal to 100

28.2.3 As imports from India declined considerably in 2019-20 due to suspension of bilateral trade with India on 09 August 2019 and the COVID 19 situation in India, therefore, the domestic industry got a cushion or space to increase its price at the level of landed cost of other imports. Therefore, 5 percent price undercutting is visible in 2019-20 vis-à-vis dumped imports of the product under review even with antidumping duty.

28.2.4 However, landed cost of the product under review without antidumping duty was significantly lower, ranging from 7 percent to 18 percent, than the price of the domestic like product during the POR, therefore, termination of antidumping duty would likely adversely impact to the price of the domestic like product.

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28.2.5 On the basis of above information and analysis it is concluded that dumped imports of the product under review will likely undercut price of the domestic like product in case anti-dumping duty expires.

**28.3 Likely Effect on Price Depression**

28.3.1 Information for the POR on prices of the domestic like product and landed cost of the product under review without antidumping duty is provided in the following table:

**Table-XII  
Domestic Price and Landed Cost of Product Under Review**

| Year    | Domestic price<br>(Per MT) | Landed cost (perMT)<br>(without AD duty) |
|---------|----------------------------|--|
| 2017-18 | 100.00                     | 92.48                                    |
| 2018-19 | 123.40                     | 114.60                                   |
| 2019-20 | 162.12                     | 133.13                                   |

**Note:** For confidentiality reasons actual figures have been indexed w.r.t. the domestic like product's price of 2017-18 by taking it equal to 100

28.3.2 It is evident from the above table that the landed cost of the product under review without antidumping duty was significantly lower than the prices of the domestic like product during the POI. Therefore, in case of termination of antidumping duty, the domestic industry will be forced to reduce its prices to compete with dumped imports of the product under review owing to better market access rather than lower cost of production by India. Thus, there is likelihood of price depression in price of the domestic like product if anti-dumping duty on dumped imports of the product under review expires.

**28.4 Likely Effect on Price Suppression:**

28.4.1 The following table shows the information with regard to weighted average cost to make and sell and weighted average ex-factory sales price of domestic like product, and landed cost without antidumping duty of the product under review during the POR:

**Table-XIII  
Effect on Price Suppression (Per MT)**

| Year    | Domestic Industry's:      |                      |                          |       | Landed cost<br>without AD<br>duty* |
|---------|---------------------------|----------------------|--------------------------|-------|------------------------------------|
|         | Cost to make<br>and sell* | Ex-factory<br>price* | Increase/ (decrease) in: |       |                                    |
|         |                           |                      | Cost                     | Price |                                    |
| 2017-18 | 114.99                    | 100.00               | --                       | --    | 92.48                              |
| 2018-19 | 142.06                    | 123.40               | 27.07                    | 23.40 | 114.60                             |
| 2019-20 | 153.17                    | 162.12               | 11.11                    | 38.72 | 133.13                             |

Sources: the Applicant and PRAL

\* For confidentiality reasons actual figures have been indexed w.r.t. the ex-factory price of 2017-18 by taking it equal to 100

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28.4.2 The above table shows that the domestic industry was able to recover increased cost to make and sell by way of an increase in price during the POR. However, as the landed cost without imposition of antidumping duty is significantly lower than the prices of the domestic like product, there is likelihood of price depression in case antidumping duty on the product under review is terminated (paragraph 27.3 supra). This would lead to the price suppression as well because the domestic industry will not be able to recover increased costs by increasing its price in this situation.

28.4.3 Based on the above information and analysis, there is likelihood of price suppression to be faced by the domestic industry if anti-dumping duty on the product under review is terminated.

**29. Likely Effect on Profit & Loss:**

29.1 Information on the Applicants' profits/(loss) during the POR is given in the following table:

**Table-XIV**  
**Profit/Loss (amount)**

| Year    | Net Profit/(Loss)* |
|---------|--------------------|
| 2017-18 | (100.00)           |
| 2018-19 | (99.32)            |
| 2019-20 | 13.83              |

Source: Applicant

\* For confidentiality reasons actual figures have been indexed w.r.t. the loss of 2017-18 by taking it equal to 100

29.2 The above table shows that the domestic industry incurred losses up till 2018-19, due to low priced/ dumped imports of the product under review as the Indian exporters have absorbed the antidumping duty (paragraph 23.3 supra). However, significant decline in dumped imports of the product under review in 2019-20 due to partial ban on trade with India and worse COVID 19 situation in India, the domestic industry was able to increase its price of the domestic like product, which has resulted in making profits on sales of the domestic like product in this year.

29.3 There is strong likelihood of significant increase in volume of dumped imports of the product under review (paragraph 26 supra) and adverse price effects (undercutting, depression and suppression) (paragraph 28 supra) if antidumping duty is terminated. This situation will lead in reduction of profits/ incurring losses by the domestic industry. Thus, there is likelihood of adverse effects on profits of the domestic industry if antidumping duty terminated on imports of the product under review.

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**30. Likely Effect on Production and Capacity Utilization:**

30.1 Installed production capacity, quantity produced and the capacity utilization of the domestic industry during the original POI and the POR is provided in the following table:

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

| Year    | Installed Capacity** | Production** | Capacity Utilization (%) |
|---------|----------------------|--------------|--------------------------|
| 2014*   | 100.00               | 35.23        | 35.23%                   |
| 2017-18 | 150.00               | 63.20        | 42.13%                   |
| 2018-19 | 150.00               | 51.89        | 34.60%                   |
| 2019-20 | 150.00               | 57.74        | 38.49%                   |

\* POI of Original Investigation Source: Applicant

\*\* For confidentiality reasons actual figures have been indexed w.r.t. the installed capacity of 2014 by taking it equal to 100

30.2 The above table shows that installed capacity of the domestic industry increased by 50 percent after imposition of antidumping duty on the product under review compared to the installed capacity during the original POI. Similarly, production of the domestic like product increased up to 70 percent during the POR. Resultantly, capacity utilization also increased up to 42 percent during the POR despite doubling the production capacity.

30.3 As there is likelihood of significant increase in volume of imports of the product under review if anti-dumping duty is terminated (paragraphs 26 supra), which will adversely effect sales and market share of the domestic industry (paragraph 27 supra), therefore, there is strong likelihood of decline in production and capacity utilization of the domestic industry if anti-dumping duty on the product under review is terminated.

**31. Likely Effect on Inventories of the Domestic Like Product**

31.1 Inventory position of the domestic industry in the original POI and the POR is given in the table below:

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

| Year    | Opening Inventory** | Production** | Sales** | Closing Inventory** |
|---------|---------------------|--------------|---------|---------------------|
| 2014*   | 100.00              | 3222.56      | 3244.51 | 78.05               |
| 2017-18 | 209.76              | 5780.49      | 5821.34 | 168.90              |
| 2018-19 | 168.90              | 4746.34      | 4664.63 | 250.61              |
| 2019-20 | 250.61              | 5281.10      | 5473.17 | 58.54               |

\* POI of Original Investigation Source: the Applicant

\*\* For confidentiality reasons actual figures have been indexed w.r.t. the opening inventory of 2014 by taking it equal to 100

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31.2 The above table indicates that closing inventory of the domestic like product declined significantly in the year 2019-20 as a result of increased sales.

31.3 As there is a strong likelihood of significant increase in volume of imports of the product under review if antidumping duty is terminated (paragraphs 26 supra), it will affect adversely to the sales of the domestic like product. Thus, there is likelihood of increase in inventory level of the domestic like product if antidumping duty on the product under review is terminated.

**32. Likely Effect on Cash Flow:**

32.1 The Applicant is a multi-product company and the cash flows for different products cannot be determined separately as number of factors are combined for all products. Therefore, total net cash flow of the entire operations of the Applicant for the POR is given below:

**Table-XVII  
Cash Flow**

| Year    | Amount** |
|---------|----------|
| 2014*   | 100.00   |
| 2017-18 | 53.50    |
| 2018-19 | 40.87    |
| 2019-20 | 76.37    |

\* POI of original investigation Source: Applicant

\*\* For confidentiality reasons actual figures have been indexed w.r.t. the cash flow of 2014 by taking it equal to 100

32.2 It is evident from the above table that domestic industry was able to generate positive cash flows during the POR on its entire operations. As Sorbitol is the major source of revenues of the Applicant, because it accounted for 49 percent, 45 percent and 63 percent of total revenues during 2017-18, 2018-19 and 2019-20 respectively, therefore, any change in revenues of Sorbitol will affect Applicant's entire cash flows.

32.3 As there is likelihood of adverse/ negative effects on production, sales and prices of the domestic like product due to termination of antidumping duty on dumped imports of the product under review (paragraphs 26 to 30 supra), therefore, there is likelihood of adversely affect on cash flows of the domestic industry if antidumping duty is terminated on dumped imports of the product under review.

**33. Likely Effects on Employment, salaries, wages and productivity:**

33.1 The information with regard to employment in the domestic industry, productivity per worker and salaries & wages paid for production of the domestic like product is given in the following table:

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**Table-XVIII  
Employment, Productivity and Wages**

| Year    | Number of employees** | Productivity (per worker)** | Salaries & wages (per MT)** |
|---------|-----------------------|-----------------------------|-----------------------------|
| 2014*   | 100                   | 100.00                      | 100.00                      |
| 2017-18 | 172                   | 104.60                      | 225.41                      |
| 2018-19 | 150                   | 98.40                       | 291.82                      |
| 2019-20 | 166                   | 98.97                       | 323.05                      |

\* POI of Original Investigation                      Source: the Applicant

\*\* For confidentiality reasons actual figures have been indexed w.r.t. the figures of 2014 by taking them equal to 100

33.2 The above table shows that the employment increased significantly from period of original investigation (2014) during 2018-19 and 2019-20 respectively. This increase in employment was due to significant increase in installed capacity of the industry and significant increase in production of domestic like product (paragraph 30 supra), which is a result of imposition of antidumping duty on dumped imports of the investigated product. Productivity per worker remained in the same range as it was during the original POI despite increase in number of employees. This was due to increased production. As employment has increased, therefore, salaries and wages have also increased in absolute as well as on production of per unit.

33.3 As there is likelihood of significant increase in volume of imports of the product under review if anti-dumping duty is terminated (paragraphs 26 supra), which will adversely affect sales and market share of the domestic industry (paragraph 27 supra), therefore, there is strong likelihood of decline in production and capacity utilization of the domestic industry (paragraph 30 supra) , therefore, there is likelihood of decline in productivity and increase in per MT salaries & wages if antidumping duty on dumped imports of the product under review is terminated.

**34. Likely Effect on Growth and Ability to Raise Capital**

After imposition of antidumping duty on the investigated product the Applicant has made significant investment and installed production capacity of the domestic industry has increased to \*\*\*\*\* MT per annum (Table-XV supra), which is little higher than the domestic demand (Table-IX supra). Keeping in view increasing demand of the country, there would be a need to enhance domestic industry's installed capacity in near future. However, as there is strong likelihood of increase in volume of dumped imports of the product under review in case antidumping duty is terminated, which will adversely affect sales and market share of the domestic industry (paragraph 27 supra), therefore, it will adversely affect growth and ability of the domestic industry to raise capital. Thus, there is likelihood of adverse effects on growth and ability to raise capital of the domestic industry if antidumping duty is terminated on the product under review.

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**35. Likely Effect on Return on Investment**

35.1 As the Applicant is a multi-product company and the investment and return on investment (“ROI”) for different products cannot be determined separately. Therefore, ROI of the entire operations of the Applicant for the POR is provided in the following table:

**Table-XIX  
Return on Investment**

| Year    | ROI (%) |
|---------|---------|
| 2014*   | 19      |
| 2017-18 | 8       |
| 2018-19 | 16      |
| 2019-20 | 23      |

\* POI of Original Investigation Source: the Applicant

35.2 The above table shows that the ROI of the domestic industry remained in the same range before and after imposition of antidumping duty on dumped imports of the investigated product. However, the increase in ROI from 16% in 2018-19 to 23% in 2019-20 coincide with the increased sales price sales volume of the domestic like product in this year. As Sorbitol is the major source of revenues of the Applicant (paragraph 32.2 supra), therefore, any change in revenues of Sorbitol will affect Applicant’s ROI. As there is strong likelihood of increase in volume of dumped imports of the product under review in case antidumping duty is terminated, which will adversely affect sales and price of the domestic like product, therefore, there is likelihood of adverse effect on ROI of the domestic industry as well.

**36. Summing up Likely Recurrence or Continuation of Injury to the Domestic Industry**

On the basis of information and analysis at preceding paragraphs the Commission has reached to the conclusion that termination of anti-dumping duty imposed on dumped imports of the product under review from India would lead to likely recurrence and continuation of injury to the domestic industry on account of the following:

- i. Significant increase in volume of dumped imports of the product under review from India;
- ii. Significant price undercutting, price depression and price suppression of the domestic like product;
- iii. Decline in production, capacity utilization, sales and market share of the domestic like product;
- iv. Adverse effects on: profits, cash flows, return on investment, inventories, growth and investment, and productivity of the domestic industry.



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**37. Other Factors**

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

37.2 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

**37.3 Volume of Imports from Other Sources**

37.3.1 Following table shows volume of imports of the product under review, and Sorbitol imported from other sources:

**Table-XX**  
**Volume of Imports and Domestic Industry's Sales**

| Year    | Imports from:* |               | Domestic Industry sales* | Total market* |
|---------|----------------|---------------|--------------------------|---------------|
|         | Other Sources  | Dumped source |                          |               |
| 2017-18 | 16.22          | 38.62         | 45.17                    | 100.00        |
| 2018-19 | 19.28          | 40.91         | 36.19                    | 96.38         |
| 2019-20 | 46.29          | 9.01          | 42.46                    | 97.76         |

Sources: PRAL and the Applicant

\* For confidentiality reasons actual figures have been indexed w.r.t. the total domestic market of 2017-18 by taking it equal to 100

37.3.2 The above table shows that there was a significant decrease in volume of imports from dumped source in 2019-20, which resulted in increase in imports from other sources as well as domestic industry's sales. Further, domestic demand remained in the same range during the POR. Therefore, it appears from the above information that imports from other sources are not likely cause for recurrence/ continuation of material injury to the domestic industry.

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**37.4 Prices of Imports of Sorbitol from Other Sources**

37.4.1 Following table shows prices (weighted average landed cost) of imports of the product under review, Sorbitol imported from other sources and ex-factory price of the domestic like product:

**Table-XXI**  
**Landed cost of imports and Domestic Price (Per MT)**

| Period  | Domestic like product's price* | Landed Cost of: |                |
|---------|--------------------------------|-----------------|----------------|
|         |                                | dumped imports* | Other Imports* |
| 2017-18 | 100.00                         | 93.08           | 118.31         |
| 2018-19 | 123.46                         | 117.18          | 151.62         |
| 2019-20 | 161.78                         | 136.13          | 162.83         |

Sources: The Applicant and PRAL

\* For confidentiality reasons actual figures have been indexed w.r.t. the total domestic like product's price of 2017-18 by taking it equal to 100

37.4.2 The above table shows the landed cost of imports of Sorbitol from other sources was above the ex-factory price of domestic industry's prices during the POR, whereas, landed cost of dumped imports of the product under review was significantly lower than the price of the domestic like product. Hence, there is no likelihood of injury to the domestic industry on prices of the domestic like product due to imports of Sorbitol from other sources.

**37.5 Trade restrictive practices and competition between foreign and domestic producers**

37.5.1 Government of Pakistan suspended bilateral trade with India on August 09, 2019 owing to political reasons. Thus, imports of the product under review from India have declined sharply during 2019-20. However, on September 02, 2019 the Government of Pakistan allowed import from India of therapeutic products. Therefore, ban is lifted for pharmaceutical manufacturing companies registered with DRAP allowing them to import Sorbitol from India, however, imports of Sorbitol from India is still banned for traders and other users. Further, worst situation of COVID 19 in India has resulted in low import volume of the product under review from India during 2019-20, which resulted in increase in imports from other sources as well as increase in domestic industry's sales (Table-XX supra). Further, as the landed cost of other imports was significantly higher than the landed cost of Sorbitol imported from other sources, therefore the domestic industry was able to increase its price significantly during 2019-20 (Table-XIX supra). Due to increase in price in the year 2019-20, the domestic industry was able to earn profits in this year (Table-XIV supra). Thus, this trade restrictive practice of the Government has benefitted the domestic industry and is not a cause of injury to it.

37.5.2 There was no such policy by the government during the POR 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

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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 POR.

**37.6 Developments in Technology**

According to the Applicants, there was no development in technology during the POR that could lead to the likely material injury of the domestic industry.

**37.7 Export Performance of Domestic Industry**

The domestic industry did not export the domestic like product during entire POR for injury. Therefore, there was no likely of injury to the domestic industry due to its export performance.

**G. CONCLUSIONS**

38. After taking into account all information, data and analysis the Commission has reached on the following conclusions:

- i. The domestic industry of Sorbitol filed an application for sunset review within prescribed time-period in accordance with Section 58(3) of the Act. The domestic industry also applied for changed circumstances review under Section 59 of the Act for upward revision of the definitive antidumping duty imposed on the product under review. The application was filed by the domestic industry representing 100 percent of the domestic production of domestic like product during POR;
- ii. The product under review and the domestic like product are like products.
- iii. Claims of the Applicant that prices of basic factors of production i.e. raw materials, energy/gasoline and other conversion costs of the Sorbitol in India have significantly changed over the period has not been accepted by the Commission as the finding of the Commission is different from the Applicant. Therefore, the request of the Applicant for changed circumstances review under Section 59 of the Act is not accepted. Thus, dumping margin and anti-dumping duty level of the product under review is not redetermined.
- iv. There is strong likelihood of continuation of dumping of the product under review if anti-dumping duty imposed on dumped imports of the investigated product is terminated because:

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- a. Pakistan was the largest export destination of the product under review of Indian exporters
  - b. Indian producers/exporters of the product under review have huge surplus capacities for exports.
  - c. Indian exporters continued exporting the product under review after imposition of antidumping duty.
  - d. Major export destinations of Sorbitol from India remained almost same after imposition of antidumping duty. Hence, no significant new market was developed by Indian exporters.
  - e. Installed production capacities of Sorbitol of Indian producers/exporters have increased significantly since imposition of antidumping duty.
  - f. The recessionary impact of Covid 19 in presence of expanded production capacities of exporters/foreign producers from India, along with lack of new significant markets for their exports will provide them excess capacities to dump products in Pakistani market.
- v. Termination of anti-dumping duty imposed on dumped imports of the product under review from India would lead to likely recurrence and continuation of injury to the domestic industry on account:
- a. Significant increase in volume of dumped imports of the product under review from India;
  - b. Significant price undercutting, price depression and price suppression of the domestic like product;
  - c. Decline in production, capacity utilization, sales and market share of the domestic like product; and
  - d. Adverse effects on: profits, cash flows, return on investment, inventories, growth and investment, and productivity of the domestic industry.

**H. CONTINUATION OF DEFINITIVE ANTI-DUMPING DUTY**

39. In terms of Section 58(3) of the Act, definitive anti-dumping duty shall not expire if the Commission determines in the review that the expiry of such anti-dumping duty would be likely to lead continuation or recurrence of dumping and injury.

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40. In view of the information, analysis and conclusions in preceding paragraphs, the Commission has determined that the expiry of anti-dumping duty imposed on dumped imports of the product under review would be likely to lead continuation and recurrence of its dumping and the domestic industry would likely suffer injury due to likely continuation of dumped imports of the product under review. The Commission has, therefore, decided to continue anti-dumping duty of 16.97 percent *ad valorem* imposed on dumped imports of the product under review for further five years effective from 25 August 2020. However, in accordance with Section 51(e) of the Act, definitive antidumping duty will not be levied on imports of the product under review that are used as inputs in products destined solely for exports and are covered under any scheme exempting customs duty for exports under the Customs Act, 1969.

41. In accordance with Section 51 of the Act, the 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 dumped imports of the product under review for free circulation in Pakistan shall be subject to imposition of such anti-dumping duty.

42. Definitive anti-dumping duty levied would be in addition to other taxes and duties leviable on import of the product under review under any other law.

43. The definitive anti-dumping 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.

( Anjum Assad Amin )  
Member  
August 17, 2021

( Tippu Sultan)  
Member  
August 17, 2021

( Abdul Khaliq)  
Member  
August 17, 2021

( Robina Ather)  
Chairperson  
August 17, 2021

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**Annexure-I**

**Views/Comments of Interested Parties**

| <b>Comments by Interested Parties</b>   | <b>Commission's Response</b>   |
|---|--|
| <b>Views/Comments of PPMA and Barrett Hodgson Pakistan (Pvt) Ltd</b>  |  |
| The Commission issued SEF only around four months after the initiation of investigation is matter of immense surprise and serious concern for PPMA and its members. PPMA and its members are unable to understand the extraordinary circumstances of the investigation resulting in such a hasty investigation without providing a reasonable opportunities to interested parties to defend their interests.                              | The Commission provided ample opportunities to interested parties to defend their interests, which are briefly narrated here This review was initiated on August 22, 2020 Notice of initiation was sent to all known interested parties on the same day. Interested parties were required to submit views/ comments and information within 45 days. However, no comments and information received from any interested party within stipulated time-period. To gather necessary information, questionnaires were sent to exporters, importers, including PPMA on 26 August 2020 followed by a reminder on October 5, 2020. Upon requests from PPMA, deadline to submit information was extended till November 4, 2020 which was again extended till November 20, 2020. However, no response was received from any exporter, PPMA or any of its member. Besides, no party requested for hearing SEF was issued after meeting all statutory requirements of the Act |
| ..... There is a huge difference in the cost of production of the domestic industry and cost of production of the Indian producers. This is due to difference in raw material being used to produced Sorbitol. Indian producers use corn to produce Sorbitol. Whereas, Pakistani producers use rice..... Therefore, consideration of domestic cost of production for the purpose of calculation of normal value for India is not relevant | The Commission has not accepted Applicant's claims for changed circumstances   |
| If imports of Sorbitol from India are banned for an indefinite period, then how there could be a likelihood of continuation of recurrence of dumping and resulting injury to the domestic industry.   | There is no ban for imports of Sorbitol from India for pharmaceutical companies. Information obtained from PRAL has shown continued imports of Sorbitol from India during 2019-20 and July 2020 till March 2021.   |
| This ban on imports came into force w.e.f. August 09, 2019. Therefore, consideration of the last year of POR will not be of any relevance to assess impact of levy of anti-dumping duty on state of domestic industry.  | Likely continuation or recurrence of injury to the domestic industry is determined for the defined POR in accordance with provisions of the Act. Please refer Part F of the report.  |
| The shelf life of Sorbitol produced by the Applicant is only three years as compared to the shelf life of Indian Sorbitol which is 5 years.   | The Commission's investigation has shown that Sorbitol is marketed with expiry of 2 to 5 years. Furthe, it is logical to say that in industrial usage of Sorbitol for production of industrial, edible/food and pharmaceutical products does not make sense to procure raw material for production planned after 3 or 5 years. Therefore, the expiry of 3 years of the domestic like product makes no difference in likeness of the product under review and the domestic like product.  |
| Sorbitol is being supplied in used drums by the   | As per purchase orders presented to the Commission, the  |

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|  |   |
|--|---|
| Applicant whereas the Indian exporters supply Sorbitol in new drums.   | Applicant offers Sorbitol 70% solution in both used drums as well as in new drums as per requirements of the buyers.  |
| The Indian suppliers of Sorbitol meet GMP compliance with pharmacopeial monograph, the Applicant has no pharmacopeial monograph for Sorbitol.  | As per documents presented to the Commission, the Applicant is GMP certified company. Besides, it is also certified by FSSC and HACCP. As per the information verified by the Commission, about 80% of domestic industry's sales are destined towards pharmaceutical industry including the including members of PPMA.  |
| The Applicant is lacking any officially announced sale distribution network, which adversely impacts timely supplies. Further, in last 15 days of the year, they are unable to supply goods due to machine maintenance. If under any circumstances the applicant is not able to supply material on time, pharma industry cannot immediately switch to other sources as it has to follow the QC protocol of development of new source that requires stability of the product..... | The Applicant has its own sales, marketing and distribution team and it is industry's business decision and strategy. On face of it Commission does not see any illogical thing in their approach to consider it as an other factor causing injury.<br>The Applicant has presented the sales data of last 15 days of 2019 and 2020 which contradicts PPMA's claim. Furthermore, the information obtained from the domestic industry and PRAL showed that all the renowned pharmaceutical industries in the country have been procuring Sorbitol from the domestic industry as well as from foreign sources and this suggest that they could switch to any of the source at any point of time. |
| It is very important to note that despite ban on imports from India, users did not fully switch their demand towards domestic industry as sales of the domestic industry only increased 17% against 80% decrease in imports from India. Major portion from reduction in imports from India shifted towards other imported sources  | Although there is a significant increase in the imports form other sources, the domestic industry have managed to gain a substantial share in the domestic market as well as significant increase in price of the domestic like product in 2019-20. Due to increase in price the domestic industry could not manage to replace Indian imports, however, it managed to convert its loss into profit.   |
| ...the domestic industry did not suffer injury during the POI due to so called dumping but injury to the domestic industry is due to other factors, otherwise there would have been a significant decrease in volume of dumped imports during the POR.   | The Commission has also analysed other factors in accordance with Section 18(2) of the Act, which could at the same time cause injury to the domestic industry, in order to ensure that possible likely injury caused by other factors is not attributed to the dumped imports of the product under review. Please refer paragraph 37 of the report   |
| .... Closing inventory during 2018-19 was 250 indexed points against 78.05 indexed points during the original POI which is 3 times higher. Even during 2017-18, inventory was two time higher than the inventory during the original POI. This shows the domestic industry is not able to increase its sales despite levy of anti-dumping duty due to which its inventories increased manyfold.....  | The investigation has shown that Indian exporters absorbed antidumping and continued exporting the product under review at increased dumped prices (see Paragraph 24.3 of the report).  |
| If an industry is not able to show improvement in its performance indicators after levy of antidumping duty, it is considered that such dumping was not a cause of injury to the domestic industry and continuation of antidumping duties as a result of sunset review investigation is not justified.   | Please refer Part D and E of the report for response.   |