



**Government of Pakistan
National Tariff Commission**

Report on

Conclusion of Sunset Review of the Anti-Dumping Duties Imposed on Dumped Imports of Galvanized Steel Coils/Sheets of thickness ranging from 0.15 mm to 2.75 mm Imported from People's Republic of China

A.D.C No. 37/2015/NTC/GCS/SSR-I/2021

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Conclusion of Sunset Review of the Anti-dumping Duties Imposed on Dumped Imports of Galvanized Steel Coils/Sheets of thickness ranging from 0.15 mm to 2.75 mm Imported from People’s Republic of China

A. Introduction

The National Tariff Commission (the “Commission”) having regard to the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (the “Agreement on Antidumping”), Anti-Dumping Duties Act, 2015 (the “Act”) and the Anti-Dumping Duties Rules, 2001 (the “Rules”) relating to the investigations /reviews and determination of dumping of goods into the Islamic Republic of Pakistan (“Pakistan”), material injury to the domestic industry caused by such imports, and imposition of anti-dumping duties to offset the impact of such injurious dumping, and to ensure fair competition thereof. Section 58 of the Act relates to sunset review of anti-dumping duties imposed on dumped imports of the investigated product.

2. Having regard to the Section 58(1) of the Act, any definitive anti-dumping duty imposed by the Commission shall be terminated on a date not later than five years from the date of its imposition, however, as per Section 58(3) of the Act, a definitive anti-dumping duty shall not expire if the Commission determines in a review that the expiry of such anti-dumping duty would likely lead to continuation or recurrence of dumping and injury.

3. The Commission has conducted a sunset review of anti-dumping duties imposed on dumped imports of Galvanized Steel Coils/Sheets from the People’s Republic of China (“China”) under the Act and the Rules. This report of conclusion of the review has been issued in accordance with Section 39(5) of the Act and Article 12.2 of the Agreement on Antidumping. The sunset review was initiated on February 08, 2022.

B. Background

4. Definitive Anti-Dumping Duties in Place

The Commission imposed following definitive anti-dumping duties on dumped imports of Galvanized Steel Coils/Sheets from China for a period of five years effective from February 08, 2017:

**Table-I
Antidumping Duties Imposed after Original Investigation**

Exporter/Foreign Producer	Duty rate (%)
(1)	(2)
Angang Steel Company Ltd., Anshan City, China	40.47
Bengang Steel Plates Co. Ltd., Benxi City, China	9.13
Hebei Iron & Steel Co. Ltd., Handan City, China	13.31
Maanshan Iron & Steel Co., Ltd., Maanshan City, China	6.09
All other producers/exporters from China	40.47

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C. Procedure

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

5. Notice of Impending Expiry of Definitive Anti-dumping Duties

The Commission published a notice of impending expiry of anti-dumping duties on dumped imports of Galvanized Steel Coils/Sheets from China in Official Gazette and national press on October 25, 2021, in accordance with Section 58(2) of the Act.

6. Receipt of Application

6.1 On December 08, 2021, the Commission received a written application under Section 58 of the Act from M/s Aisha Steels Mills Limited, Karachi and M/s International Steels Limited, Karachi (the "Applicants"), domestic producers of Galvanized Steel Coils/Sheets, in response to the notice of impending expiry.

6.2 The Applicants stated that expiry of anti-dumping duties on Galvanized Steel Coils/Sheets imported from China would be likely lead to the continuation and recurrence of dumping of Galvanized Steel Coils/Sheets and material injury to the domestic industry. The Applicants requested the Commission for continuation of the antidumping duties for a period of further five years on dumped imports of Galvanized Steel Coils /Sheets originating in and/ or exported from China to Pakistan.

7. Domestic Industry and Standing

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

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

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

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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”.

7.2 Currently the domestic industry manufacturing Galvanized Steel Coils /Sheets comprises of two units i.e., M/s International Steels Limited, Karachi and M/s Aisha Steel Mills Limited, Karachi. M/s Aisha Steel Mills Limited, Karachi started commercial production of Galvanized Steel Coils /Sheets from mid of May 2019 (after the imposition of anti-dumping duties). In the original anti-dumping investigation, the Applicant i.e. M/s International Steels Limited was the only domestic producer of Galvanized Steel Coils /Sheets. The Applicants are multi-product companies producing different steel products like Galvanized Steel Coils, Color Coated Steel Coils and Cold Rolled Steel Coils etc.

7.3 In 2015, International Steels Limited increased its production capacity of Cold Rolled Steel strip from 250,000 MT to 500,000 MT per annum and that of Galvanized Steel Coils from 150,000 MT to 450,000 MT per annum. In June 2018, International Steels Limited enhanced the production capacity of Cold Rolled Steel strip from 500,000 MT to 1,000,000 MT, out of which the capacity of Galvanized Steel Coils /Sheets is 462,000 MT per annum.

7.4 As stated earlier, in the course of original investigation Aisha Steel Mills Ltd was not producing Galvanized Steel Coils during the POI. It started its commercial production of Hot Dipped Galvanized Steel Coils in May 2019. It is a state-of-the-art Cold Rolling and Hot dipped Galvanized Rolling Complex with name plate capacity of 700,000 MT per annum. Its production capacity of Galvanized Steel Coils /Sheets is 250,000 MT per annum.

7.5 In terms of Section 24(1) of the Act:

“.... 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.”

7.6 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.”

7.7 The application fulfils requirements of Section 24 of the Act which 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 like product. The application has been jointly filed by the M/s International Steels Limited, Karachi and M/s Aisha Steel Mills Limited, Karachi whose collective output represent 100 percent of the domestic

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production of Galvanized Steel Coils/Sheets, as the Applicants are the only units manufacturing Galvanized Steel Coils /Sheets in Pakistan. Thus, the application fulfills requirements set out in Section 24 of the Act. Following table shows unit-wise installed capacity, production and standing during POR:

**Table-II
Unit-wise Production (MT)**

S. No.	Unit Name	Production FY 2020-2021 (MT)	% of total production	Standing
(1)	(2)	(4)	(5)	(6)
i.	Aisha Steel Mills Limited	38	38	Applicant
ii.	International Steel Limited	62	62	Applicant
	Total	100	100	

Sources: the Applicants.

Note: For the purpose of confidentiality actual figures have been indexed by taking total production of domestic industry as base.

8. Initiation of Sunset Review

8.1 Upon examination of the application, the Commission established that it met requirements of Sections 58 of the Act. Therefore, the Commission initiated the sunset review on February 08, 2022, to determine whether there is likelihood of continuation or recurrence of dumping of the Galvanized Steel Coils /Sheets from China and material injury to the domestic industry.

8.2 In terms of Section 27 of the Act, the Commission issued a notice of initiation of the sunset review of antidumping duties imposed on dumped imports of Galvanized Steel Coils/Sheets from China, which was published in the official Gazette¹ of Pakistan and in two widely circulated national newspapers² (one in English language and one in Urdu Language) on February 08, 2022.

8.3 The Commission notified the esteemed Embassy of China in Pakistan on February 09, 2022, of the initiation of sunset review by sending a copy of the notice of initiation of sunset review. Copies of notice of initiation were also sent to the Applicants, known importers of Galvanized Steel Coils/Sheets from China on February 09, 2022, and to known exporters on February 10, 2022, in accordance with the requirements of Section 27 of the Act.

8.4 In accordance with Section 28 of the Act, on March 02, 2022, the Commission also sent copy of full text of the written application (non-confidential version) to the esteemed Embassy of China in Pakistan and to the known exporters/producers of Galvanized Steel Coils/Sheets in China.

¹ The official Gazette of Pakistan (Extraordinary) dated February 08, 2022.

² Nida-i-Millat February 08, 2022 and daily Express of February 08, 2022.

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9. Period of Review

The Period of Review (“POR”) for this sunset review is from October 01, 2018, to September 30, 2021.

10. The Product under Review and the Domestic Like Product

10.1 The Product under Review

10.1.1 The product for which this review has been requested is Galvanized Steel Coils /Sheets. It is classified under Pakistan Customs Tariff (“PCT”) Heading Nos. 7210.4110 (flat-rolled products of iron or non-alloy steel of a width of 600 mm or more, of secondary quality), 7210.4190 (flat-rolled products of iron or non-alloy steel of a width of 600 mm or more, Others), 7210.4990 (flat rolled products of iron or non-alloy steel of a width of 600 mm or more, Other), 7212.3010 (flat rolled products of iron or non-alloy steel of a width of less than 600 mm, of secondary quality), 7212.3090 (flat rolled products of iron or non-alloy steel of a width of less than 600 mm, Other), 7225.9200 (flat rolled products of other alloy steel of a width of 600 mm or more, Otherwise plated or coated with zinc), 7226.9900 (flat rolled products of other alloy steel of a width of less than 600 mm, Other). The galvanized steel coils/sheets coated with zinc of thickness ranging from 0.15 mm to 2.75 mm and of a width of 600 mm or more is here in after called as “product under review”.

10.1.2 The product under review has large number of end-use applications. It is mainly used in cladding/sliding, roofing, building accessories, sliding shutters, doors, partitions, canopies, false ceilings, prefabricated buildings, sandwich panels, HVAC (heating, ventilation & air conducting), electrical home appliance (washing machines, deep freezers etc), water tanks, trunks, ducting, grain silos, packing containers, furniture, road signs etc.

10.1.3 Following table shows tariff for financial year 2020-21 applicable on imports of Galvanized Steel Coils/Sheets:

**Table-III
Current Tariff Structure of Galvanized Steel Coils/Sheets**

PCT No	Description	Customs Duty		ACD*	RD**	Sales Tax
		Statutory	FTA			
72.10	Flat- rolled products of iron or non- alloy steel, of a width of 600 mm or more, clad, plated or coated					
	- Otherwise plated or coated with zinc:					
	-- Corrugated:					
7210.4110	--- Of secondary quality	20%	CN 16%, MY 10% SAFTA 5%, LK 100%	6%	5%	17%
7210.4190	--- Other	11%	CN 5%, MY 10% SAFTA 5%, LK 100%	2%	5%	17%
	-- Other					
7210.4990	--- Other	11%	Do	2%	5%	17%

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72.12	Flat- rolled products of iron or non- alloy steel, of a width of less than 600 mm, clad, plated or coated					
	- Otherwise plated or coated with zinc:					
7212.3010	--- Of secondary quality	20%	CN 16%, MY 10%, SAFTA 5%, LK 100%	6%	--	17%
7212.3090	--- Other	11%	CN 5%, MY 10%, SAFTA 5%, LK 100%	2%	--	17%
72.25	Flat- rolled products of other alloy steel, of a width of 600 mm or more.					
	- Other:					
7225.9200	-- Otherwise plated or coated with zinc	11%	CN 0%, MY 0%, SAFTA 5%, LK 100%	2%	17.5%	17%
72.26	Flat- rolled products of other alloy steel, of a width of less than 600 mm					
	- Other:					
7226.9900	-- Other	11%	CN 0%, MY 0%,SAFTA 5%, LK 100%	2%	17.5%	17%

*Additional Customs Duty **Regulatory Duty

10.2. Domestic like product

10.2.1 The domestic like product, produced by the domestic industry is Galvanized Steel Coils/Sheets having thickness from 0.15mm to 2.75mm and of a width of 600 mm or more. Its specifications, uses and classification are same as of the product under review. Further, the Commission in its original investigation had determined that the investigated product and the domestic like product were like products.

10.2.2 Pakistan Iron and Steel Merchant Association (“PISMA”) and Karachi Iron and Steel Merchant Association (“KISMA”) in their written comments on initiation of the subject review and after public hearing raised the following issues:

- (a). that domestic like product not being alike to imported product;
- (b). domestic industry produces limited range of Galvanized Steel Coils whereas the product range offered by the exporters are too broad. KISMA provided comparison of product ranges of Chinese exporters with ASML and ISL;
- (c). domestic industry only offered limited range of products which lies between thickness range of 0.25mm to 2.50mm.
- (d). the Applicants are not able to produce galvanized coils falling under PCT Codes 7225.9200 and 7226.9900 because they don't have the capability to produce alloy steel. Furthermore, there are several products which are imported in these PCT Codes. The Commission has included the whole PCT Code due to which all the products imported under these PCT Codes have been subjected to anti-dumping duties.

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10.2.3 The Applicants submitted the following in response to the above submissions of the importers:

- (a). *“The product brochures shared by KISMA for the exporters represent the product range of the exporter which is internally developed based on slight variations of the product. This does not mean that all such variations are imported in Pakistan and domestic industry does not produce all these varieties. Fact of the matter is that the domestic industry is catering more than 80% of the domestic demand which means that the domestic industry produces all the categories of Galvanized Coils which are imported from the dumped sources. Domestic industry has the capability and capacity to produce all required varieties of the product which are being used in the domestic market. If products of the exporters are analyzed, it is seen that all these products of exporters fall under standard JIS G3302 and ASTM A653/A653M which are also being followed by the domestic industry. EN 10346 is a British Standard comparable with JIS G 3302 (Japanese Standard) and ASTM A 653 (American Standard).”*
- (b). *“Anti-dumping duties are imposed on the products not on the PCTs. It is very clear before the Commission and held by the Antidumping Appellate Tribunal that the PCT Codes are only for the purpose of the identification of the products. For imposition of anti-dumping duties PCT Codes are read along with the description of the product and the products not having the description of the investigated product will not attract antidumping duties despite having the PCT Codes. As regards the production of the alloy steel, type of steel depends upon the type of HRC being used. The domestic industry has the capability of producing Alloy Steel Galvanized Coils for which it only needs to import HRC of the required type as like all other types of galvanized coils being produced by the domestic industry.”*
- (c). *“All the thicknesses can be produced from 0.15mm to 2.75mm by the domestic industry.”*

10.2.4 Facts are that:

- (a). the Commission requested the representative of KISMA, PISMA to point out the detail regarding the specific grades names, technical data sheets, samples, names and addresses of importers/users of these grades and any communication /correspondence of the importers /consumer of these grades of product under review not manufactured by the domestic industry. KISMA and PISMA replied that information submitted on page No. 13 to 41 of letter dated May 31, 2022, may be considered for this purpose.
- (b). The Applicants were requested, that the importers' associations have identified certain grades which are purportedly not being manufactured by the domestic

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industry in their submission on the initiation of the sunset review on page number 13 to 41. The domestic industry may examine these grades /types along with their technical data, parameters and confirm whether it had manufactured equivalent grades /types during the POR or it can manufacture these grades /types of Galvanized Steel Coils /Sheets. Also share the quantity produced and sold along with customers names.

- (c). The Applicants submitted that PISMA/ KISMA has tried its best to mislead the Commission with the grades mentioned by the exporters on their websites as well as product brochures. A careful review of brochures of the exporters reveal that they only reproduced different grade terminologies provided in the standards because the Chinese exporters export their products all over the world and the terminologies used are meant for all of their customers in different export markets. However, the domestic industry only mentioned those grades which are mostly in use in the domestic market of Pakistan. The domestic industry has a market share of around 80% which shows that the domestic industry is already fulfilling the needs of most of the domestic users of Galvanized Steel Coils. Only 20% market share is captured by the imports which are mostly of the grades produced by the domestic industry. Therefore, the domestic industry is catering the needs of customers for almost all the grades which are being used in the domestic market of Pakistan.
- (d). Mostly there are three different standards that are followed in different international markets. These standards include EN issued by British Standards Institution (BSI), American Standards for Technical Materials (ASTM) issued by ASTM International America and Japanese Industrial Standards (JIS) issued by Japanese Industrial Standards Committee. Different standards use different terminologies for different grades based on product specifications. In Pakistan, for production of steel in general and for Galvanized Steel Coils /Sheets in particular, ASTM and JIS Standards are generally followed.
- (e). Production of Galvanized Steel Coils follows EN 10346, ASTM A653/ A653M and JIS G 3302. Mostly customers in Pakistani market demand galvanized steel as per ASTM A653/653M and JIS G 3302 Standards whereas very few customers demand galvanized coils as per grades of EN 10346 standard specifications. All the grades of ASTM A653/ A653M have equivalency to relevant grade in EN 10346.
- (f). The Applicants submitted that domestic producers of Galvanized Steel (i.e. International Steels Limited and Aisha Steel Mills Limited) have produced and sold Galvanized Steel Coils as per grades mentioned in ASTM A653/A653M and JIS G 3302, because these two standards are mostly followed in the domestic market. For the Standard EN 10346, the domestic industry has only produced very small quantity of grade DX51D+Z because of specific customer demand. Also, there are

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a very few imports transactions of only grade DX51D+Z from EN 10346 Standard. Rest of all other grades of EN 10346 are never demanded by the customers nor there are imports in Pakistan because the customers mostly use equivalent grades in ASTM and JIS Standards. This standard is generally followed by the European and British Steel producers and is mostly used by the users in those markets. As users in Pakistan usually do not follow EN 10346 Standard, therefore the grades mentioned by the exporters in their product brochures do not have any relevancy with reference to Pakistani market, as these grades on the brochure are meant for European customers of the Chinese exporters. However, the products in ASTM A653/A653M and JIS G 3302 are equivalent to the corresponding grade of EN 10346. Therefore, any product exclusion cannot be made on the basis of European Standard, which is not followed in Pakistan.

- (g). As regards production of these grades by the domestic industry based on usage of the domestic industry. The domestic industry has sold most of the grades of ASTM A653/A653M which are used by the domestic users. The grades which are not produced by the domestic industry are not because the domestic industry is not capable of producing such grades, but it was because there was no demand for these grades from the customers. That is why no evidence has been brought before the Commission that domestic industry has refused to fulfill any customer order because of its inability to manufacture the same. In fact, the domestic industry fulfilled all the demand which was raised by the customers and have not declined any query from the customers for its inability of manufacturing.
- (h). The Applicants also submitted the grade-wise comparison of its products under three different standards. They further submitted that domestic industry has produced most of the grades of galvanized steel coils as provided in JIS G 3302 and ASTM A653/A653M. Few grades that are not produced are because there is no demand from the domestic consumers. Domestic industry is capable of manufacturing all the grades of galvanized steel coils except Galvanized High Strength Bake Hardening Steel. Grades provided by the domestic producers on its website are those which are mostly used by the domestic industry. This does not substantiate the claim of KISMA/ PISMA that domestic industry only produces narrow range of grades. Grades of Galvanized Steel which are mentioned on the brochures of the Chinese exporters are merely reproduction of grades of Galvanized Steel which are meant for the customers in all markets of the world. Most of these grades especially from EN 10346 Standard are not relevant because they are not being followed in Pakistan. Customers in Pakistan mostly require Galvanized steel as per specification provided in ASTM A653/A653M and JIS G 3302.
- (i). The Applicants provided grade-wise details of their products under different standards and identified the grades which they are not manufacturing however they can manufacture them when such demand is made by the domestic customers.

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However, KISMA and PISMA did not provide the detail of demand and customers/users of grades which are not manufactured by the local industry despite as required by the Commission. The domestic industry is currently fulfilling the demand of more than 80% of the domestic requirement.

- (j). During on-the-spot investigation of the Applicants, the investigating team of the Commission obtained thickness-wise details of Galvanized Coils /Sheets. Record showed that the Applicants were producing Galvanized Steel Coils /Sheets of thickness range of 0.15 mm to 2.75mm and of width of up to 1219mm. However, the domestic industry claimed during hearing that they could produce Galvanized Steel Coils /Sheets of thickness of up to 3.20mm with the width of up to 1219 mm. The Applicants were asked to share evidence for their ability to produce Galvanized Steel Coils/Sheets up to thickness of 3.20mm. The domestic industry informed that “it can produce Galvanized Coils of thickness ranging from 0.15mm to 2.75mm.” So, the product under review is galvanized steel coils/sheets of thickness ranging from 0.15 mm to 2.75 mm.

10.2.5 The domestic like product is mainly used in cladding/sliding, roofing, building accessories, sliding shutters, doors, partitions, canopies, false ceilings, prefabricated buildings, sandwich panels, HVAC (heating, ventilation & air conducting), electrical home appliance (washing machines, deep freezers etc), water tanks, trunks, ducting, grain silos, packing containers, furniture, road signs etc.

11. Information/Data Gathering

11.1 The Commission sent questionnaires on March 01, 2022, to the known exporters/producers of the product under review from China, asking them to respond within 37 days of the dispatch of the questionnaires. The Commission also dispatched a copy of the Questionnaire to the esteemed Embassy of China in Pakistan on March 02, 2022, with a request to share it to all known exporters/ producers of the product under review in China.

11.2 No response from any exporter/ foreign producer was received within the prescribed time period. Therefore, reminders were issued to the exporters/foreign producers on April 15, 2022, explaining that, if no response of the questionnaire is submitted by them, the Commission would be constrained to make determination of 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. However, none of the exporters/ producers from China responded to the Commission and did not provide requisite information.

11.3 Questionnaires were also sent to known importers of the product under review on March 02, 2022. However, none of the importers have provided requisite data/information on prescribed questionnaire. PISMA and KISMA representing importers of the product under review requested for extension till May 31, 2022, which was granted by the Commission. PISMA and KISMA did

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not reply on the prescribed questionnaire. However, PISMA and KISMA submitted comments on behalf of importers on initiation of sunset review.

11.4 The Commission had access to the 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 review, the Commission has also used import data obtained from PRAL's database in addition to the information provided by the Applicants in the application and the other parties. In addition to this, the Commission has also obtained certain information from publicly available sources, which, *inter-alia*, includes articles published in different journals and International Trade Centre database etc.

12. Confidentiality

12.1 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.

12.2 The Applicants, KISMA and PISMA, the importers' Associations have requested to keep confidential the information, which is by nature confidential in terms of Section 31 of the Act. This information includes data relating to sales, sale prices, cost to make and sell, inventories, production, profit/(loss), return on investment, investment, salaries & wages, number of employees etc. In addition to this, the Applicants have also provided certain other information on confidential basis under Section 31(2)(c), as such information, e.g., export or import price and import volume etc., which may lead to the disclosure of the by nature confidential information by way of reverse calculations. However, they 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.

12.3 Pursuant to requests made by the Applicants and other interested parties to treat certain information as confidential, the Commission has determined the confidentiality in light of Section 31 of the Act, and for the reasons that disclosure of such information may be of significant competitive advantage to a competitor, or because its disclosure would have a significant adverse effect upon the interested parties providing such information. However, in terms of Sub-Section (5) of Section 31, non-confidential summaries of all confidential information, which provide reasonable understanding of the substance, have been placed in non-confidential file (public file).

13. 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

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

14. Verification of the Information

14.1 In order to verify the information/data provided by the Applicants and to obtain further information (if any), officers of the Commission conducted On-the-Spot investigations from May 12-14, 2022, at International Steel Limited's office/plant and from May 16-18, 2022, at M/s Aisha Steel Mills Limited's office/plant.

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

15. Written Submissions by the Interested Parties and Hearing

15.1 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. In response, KISMA and PISMA, submitted their views/comments relating to the application and initiation of this sunset review.

15.2 The interested parties were required to request for hearing in this review within 45 days of the publication of the notice of initiation i.e., latest by March 25, 2022. The Commission received a request for hearing from PISMA and KISMA on April 06, 2022. Therefore, virtual hearing via Zoom Application was held by the Commission on June 13, 2022, to obtain the views/comments of the interested parties. The information submitted by the participants during the hearing and record note of the hearing prepared by the Commission are available in the public file for review and copy of the interested parties.

15.3 The Commission has carefully reviewed all issues raised by the interested parties during the course of this sunset review, including the issues raised in the hearing and has reached on this conclusion of review after consideration of all information, evidence, views and comments. Views/comments of the interested parties germane to this sunset review and response of the Commission are given in annotated form at **Annexure-I**.

16. Disclosure of Essential Facts

16.1 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 (the "SEF") on July 29, 2022, to all interested parties including Applicants, exporters /foreign producers of Galvanized Steel Coils /Sheets in China, importers & their associations and Embassy of China in Islamabad.

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16.2 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. In response following parties submitted the views/comments:

- (a). The Applicants; and
- (b). Karachi Iron and Steel Merchant Association.

16.3 Views/comments and the information submitted by the above-mentioned interested parties have been considered in making conclusion of this sunset review. Views/comments of the interested parties germane to this sunset review and response of the Commission are given in annotated form at **Annexure-I**.

17. Determination of Likelihood of Continuation or Recurrence of Dumping of the Product Under Review

17.1 To determine likelihood of continuation or recurrence 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 Applicants, PRAL, articles published in different journals, ITC and various other websites etc:

- (a). Whether exporters/foreign producers stopped or continued exporting to Pakistan the product under review after imposition of anti-dumping duties;
- (b). Whether exporters/foreign producers have exportable surplus of the product under review;
- (c). Whether the product under review is subject to trade defense measures by any other country;
- (d). Whether exporters/foreign producers have developed other export markets after imposition of anti-dumping duty.

17.2 Whether exporters/foreign producers stopped or continued exporting to Pakistan the product under review after imposition of anti-dumping duties:

17.2.1 The information relating to the imports of the product under review from China and imports from sources other than dumped source during the Period of Original Investigation (POI) and the POR are given below in the table. In order to ascertain the increase in the volume of dumped imports of the product under review, the Commission has obtained import data from PRAL. It is worth mentioning that the imports data has been sorted carefully and the imports of Galvanized Steel Coils/Sheets having thickness ranging from 0.15mm to 2.75mm have been included in imports data for purposes of this sunset review:

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**Table-IV
Imports of Galvanized Steel Coils/Sheets (MT)**

Year/Period	Dumped Imports from China	Imports from Non-Dumped Sources	Total Imports
(1)	(2)	(3)	(4)
*Jul 2014 – Jun 2015	400	37	437
Oct 2018 - Sep 2019	134	17	151
Oct 2019 - Sep 2020	99	15	114
Oct 2020 - Sep 2021	92	8	100

* POI of original investigation Source: PRAL Note: For the purpose of confidentiality actual figures have been indexed by taking total imports for the period Oct. 2020-Sep. 2021 as base.

17.2.2 The above table shows that after imposition of anti-dumping duties, the imports of the product under review significantly decreased in absolute terms. Imports from China reduced during the POR after imposition of antidumping duties however, the Chinese exporters continued exporting the product under review despite imposition of anti-dumping duties ranging from 6.09 percent to 40.47 percent by the Government of Pakistan. The volume of imports of product under review from China still holds over 90 percent share of total imports.

17.2.3 Comparing the volume of imports from dumped and non-dumped sources from the last year of POI (Jul.2014-Jun.2015) to last year of POR (Oct.2020-Sep.2021), a decline of approximately 77% was observed in imports from dumped as well as non-dumped sources. During the POR, landed costs of imports of Galvanized Steel Coils/Sheets from non-dumped sources were higher than that of the domestic industry. Another reason for decrease in imports volume from non-dumped sources was increase in the production capacity and production of the domestic industry.

17.2.4 It is evident from the above information and analysis that the anti-dumping duties imposed on dumped imports of the product under review from China are the reason for sharp decline in volume of dumped imports. Therefore, on the basis of the above information and analysis there is likelihood of significant increase in volume of dumped imports of the product under review in case antidumping duties expire, because the exporters from the Exporting Countries have their presence in Pakistani market.

17.3 Whether exporters/foreign producers have exportable surplus of the product under review:

17.3.1 As per the information available to the Commission, installed capacity and inventories of the product under review have increased many folds in China in recent past. The excess steel capacity had always been an issue for China even though China has cut 150 million tons of steel capacity. According to the Chinese Ministry “China has slashed total steel production capacity by more than 150 million MT since 2016, or 114 per cent of the global steel capacity cut ... and China has redeployed 280,000 steel workers, which is more than the combined deployed number

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of steel workers in the US, the EU and Japan,” Same problem has been highlighted in an article “Alarm bells in Beijing as steel production reaches all-time high”³ published on January 13, 2020, in following words:

- (a). “SHANGHAI -- As China's steel production reaches record levels, the Chinese government is growing increasingly uneasy about a harmful glut in the market.”
- (b). “Though the nation's steel output posted its first decline in three-and-a-half years in October, overall production for 2019 appears to have reached an all-time high.”
- (c). “The government has started looking into the operational status of blast furnaces across the nation as well as new production investments by steelmakers, seeking to prevent another bout of oversupply that sinks earnings.”
- (d). “At the end of November, three governmental bodies supervising the steel industry, including the National Development and Reform Commission, jointly issued a warning to steelmakers saying there is still "excess capacity" in the Chinese steel industry, which "cannot be ignored."

17.3.2 According to the OECD Report 2021 there had been a consistent increase in steelmaking capacity in China despite the Chinese government have provided programs for capacity swaps to close inefficient plant with latest plants over the environmental concerns. However, finding the loopholes in programs, the Chinese steel makers had been able to increase their capacity more than the capacity cuts. This fact is evident from the following table:

Table-V
Nominal Crude Steel Making Capacity (mmt)

Market	2010	2016	2017	2018	2019	2020
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total Asia	1435.3	1629.1	1612.9	1585.2	1617.6	1646.3
China	1056.0	1188.6	1160.1	1124.2	1149.5	1157.1

Source: OECD Report 2021

17.3.3 The steel production in China increased further in 2020 crossing the mark of 1 billion tons as can be seen below:

Table-VI
Steel Production in China

Country	2020	2019
(1)	(2)	(3)
China	1 064.8 million Tons	995.4 million Tons

Source: WorldSteel.com

17.3.4 The above tables show the trend of capacity and production of all steel products however does not relate to capacity for the flat steel and more specifically galvanized steel. In fact, there

³ <https://asia.nikkei.com/Business/Companies/Alarm-bells-in-Beijing-as-steel-production-reaches-all-time-high>

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had been an increase in capacity of Galvanized Steel in China and by the end of 2018, total capacity of galvanized steel was more than 100 million tons per annum. This fact was mentioned in news article “Present situation and development trend of Hot Galvanizing Industry in China”, published on April 03, 2019, in one of the leading metals information providers in China SMM News. As per the article:

“China's steel plate continuous hot-dip galvanizing started from 13 lines in 2000 with a production capacity of 2.3 million tons. By the end of 2018, more than 640 hot-dip galvanized steel production lines had been built in China, with a production capacity of more than 100 million tons. The galvanizing capacity has reached the level of 10 to 15% of crude steel in developed countries.”

17.3.5 As per data available at website www.ceicdata.com, production of Galvanized Steel had been on the rise since 2019 till 2021. Production of Galvanized Steel as per CEIC data during the three years has been provided in the following table:

Table-VII
Production of Galvanized Steel Coils/Sheets in China

Sr. No.	Year	Total Production of Galvanized Steel in China MT (000)
(1)	(2)	(3)
1.	2018	22,345
2.	2019	21,304
3.	2020	21,699
4.	2021	24,197

Source: www.ceicdata.com

17.3.6 According to the data available at website www.ceicdata.com there had been a significant increase in inventories of Galvanized Steel in China in the year 2021. Quarter wise data on inventories of Galvanized Steel held by the Chinese Galvanized Steel producers as per CEIC quarter wise data for the year 2021 are given below:

Table-VIII
Quarter wise Galvanized Inventories Data (In 000 MT)

Quarter	2021
(1)	(2)
January (Opening)	457.68
March (1 st Quarter)	473.493
June (2 nd Quarter)	474.542
September (3 rd Quarter)	575.134

Source: www.ceicdata.com

17.3.7 In the current sunset review, no Chinese exporter cooperated with the Commission. However, few Chinese exporters cooperated with Australian Investigating Authority in the “Expiry Review Investigation of Zinc Coated (Galvanized) Steel Exported to Australia from the

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People's Republic of China, The Republic of Korea and Thailand" against China, Korea and Taiwan concluded in year 2018. Australian Investigating Authority concluded that;

"The Commission observes that the spare capacity for the production of galvanised steel available to six of the eight cooperating exporters from China, Korea and Taiwan during the inquiry period was in excess of the entire Australian market".

17.3.8 The Commission also notes that the inventories of Galvanized Steel Coils/Sheets held by Chinese exporters at the end of POR are greater than the total size of Pakistani market.

17.3.9 The problem of overcapacity and excess steel supply has been further aggravated due to the global economic slowdown because of Covid-19 pandemic. This has been confirmed by an article "Excess steel capacity an 'enormous' issue in coronavirus recovery: AISI"⁴ published on 30 April 2020:

(a). *"The increase in steel production combined with battered end-user demand took China's finished and semi-finished steel inventories to around 100 million mt by the end of March, three times as high as at the end of March 2019, Platts analysis show."*

(b). *"China's steel inventories declined 2.96% in April, but not as fast as most market participants expected, indicating end-user demand recovery has not been strong enough to absorb surplus steel supply, according to China Iron & Steel Association data released April 24."*

17.3.10 After passage of more than one year after Corona pandemic the situation in China has not improved. The production in China has increased by just 69.4 million tons in 2020 over the year 2019. The demand in China has not fully recovered. According to an Article published on October 22, 2021, the demand for steel in China is expected to decline by 1% "Steel demand picks up after Covid – except in China"⁵.

(a). *"The outlook for China notes 'marked signs of deceleration' in the steel-using sector since July, leading to a steel demand contraction of -13.3% in July and -18.3% in August. It says this is partly attributable to recent adverse weather and Covid infection waves, but more substantive causes include a slowing momentum in the real estate sector and a government cap on steel production."*

(b). *"From a high base last year and with a continued negative trend in the real estate sector, Chinese steel demand will have negative growth for the rest of 2021,' the outlook says. 'As a result, while the January to August apparent steel use still*

⁴ <https://www.spglobal.com/platts/en/market-insights/latest-news/meta...cess-steel-capacity-an-enormous-issue-in-coronavirus-recovery-aisi>

⁵ [Steel demand picks up after Covid - except in China • Recycling International](#)

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stands at a positive 2.7%, overall steel demand is expected to decline by -1.0% in 2021."

17.3.11 With such over-capacity and excess supply of steel, China is looking for export markets at cheap prices. Another reason for continued imports of GCS from China during the POR was stay orders granted by different Honorable High Courts on collection of antidumping duties.

17.3.12 China has huge installed capacities of the product under review not only for domestic consumption but also meant for export purposes. In addition, China has further increased its capacities and few expansions are also in the planning stage. According to the news article on expansions made by Bao Steel⁶ (China's largest producer of steel products and one of the largest steel producers in the world), its capacity is set to increase again. Bao Steel is commissioning new blast furnaces and steel making facilities. Apart from that Bao Steel is moving ahead with mergers and acquisitions to further consolidate its position as largest Chinese steel manufacturer. According to OECD report 'Latest Developments in Steel Making 2020' other manufacturers also involved in expansion of their capacities namely: Shandong Iron and Steel, Shougang Group, Shougang Jingtang United Iron and Steel (Shougang Jingtang), Guangxi Liuzhou Iron and Steel Group, Liu'an Steel Holdings, Baosteel Zhanjiang Iron and Steel, Fujian Dingsheng Iron and Steel, HBIS Laoting Steel, Shanxi Jinnan Iron and Steel, Shaanxi Hanzhong Iron and Steel, Yaan Anshan Iron and Steel, Hubei Shunle Steel are installing new plants to augment their installed capacities.

17.3.13 From the above it can be concluded that Chinese producers/exporters are increasing their installed capacities. Further, their production has also increased but demand has not fully recovered resulting in built up of inventories. In view of the above facts, it appears that due to overcapacity and high inventories level in China, the Chinese exporters have export surplus and there is likelihood of continuation and recurrence of dumped imports of the product under review from China.

17.4 Trade Defense Measures taken by Other Countries on Exports of Galvanized Steel Coils/ Sheets of China:

17.4.1 Since imposition of anti-dumping duties on the product under review from China with effect from February 08, 2017, a number of other countries have also imposed trade defense measures on imports of Galvanized Steel Coils from China; in order to protect their steel industries from influx of imports at dumped imports. Some of the instances are identified as under:

⁶ <https://www.spglobal.com/platts/en/market-insights/latest-news/metals/083120-baosteel-expects-2020-china-steel-output-to-rise-4-breach-1-bil-mt-for-...>

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Table-IX**Tariff Defense Measures Imposed on exports of Galvanized Steel Coils from China**

Imposing Country	Origin (s)	Measure
(1)	(2)	(3)
Thailand	China	On September 7, 2021, Government of Thailand imposed anti-dumping duties @ 8.2% to 37.54% on imports of China origin hot dipped galvanized cold-rolled steel sheets/coils and non-rolls products.
Ukraine	China, Russia	Ukraine imposed anti-dumping duty @22.78% on imports of certain rolled products with corrosion-resistant coating from China in 2019.
European Union	China	European Union extended anti-dumping duty @ from 17.2% to 27.90% on imports of certain rolled products with corrosion-resistant coating from China in 2019.
Canada	China, Chinese Taipei, India, and South Korea.	Canada imposed anti-dumping and in December 2018 on imports of corrosion-resistant steel sheet from China from 3.6% to 53.3%.
United States of America	China	USA imposed antidumping duties on certain corrosion-resistant steel products from China @ 199.43%.

17.4.2 On the basis of above information, it appears that the China's exports to other countries have been restricted/barred through trade remedial measures by those countries. Therefore, there is likelihood of increase in volume of dumped imports of the product under review from the China if anti-dumping duties are terminated.

17.5 Whether exporters of the Exporting Countries have developed other export markets after imposition of antidumping duties.

17.5.1 As per the information obtained from Trade Map, following were the major export destinations of China for Galvanized Steel Coils Sheets exports during 2015, 2019, 2020 and 2021:

Table-X

Major Export Markets of China (MT)						
(1)	(2)	(3)	(4)	(5)	(6)	(7)
HS Code	Destination	2015	Destination	2019	2020	2021
7210.41	Tanzania	22,141	Peru	78,122	98,101	90,610
	Nigeria	21,806	Nigeria	50,296	49,261	61,405
	Nicaragua	16,789	Djibouti	130,009	95,717	48,394
	Togo	16,408	Somalia	33,046	22,013	23,949
	Ghana	13,961	Thailand	7,501	15,404	10,688
	Angola	10,709	Ghana	21,205	25,711	10,344

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	Peru	9,822	South Africa	15,747	11,736	9,919
	Congo	8,851	Philippines	11,978	19,160	8,694
	Myanmar	8,485	Tanzania	8,015	9,904	7,007
	Indonesia	8,276	UAE	6,670	4,616	6,902
	Pakistan	452	Pakistan	464	1,675	896
	Others	132,270	Others	145,162	126,711	84,731
	Total	269,970	Total	508,215	480,009	363,539
	Destination	2015	Destination	2019	2020	2021
7210.49	South Korea	902,280	South Korea	1,204,166	801,578	1,263,677
	Viet Nam	784,050	Thailand	1,087,975	1,288,105	1,205,340
	Belgium	741,857	Brazil	166,540	183,674	610,681
	USA	516,509	Philippines	509,382	512,159	602,603
	Thailand	455,010	Viet Nam	565,435	363,247	451,932
	Philippines	324,106	Israel	173,363	74,014	334,229
	Taipei, Chinese	310,659	Chile	174,651	141,720	257,775
	Spain	287,114	Italy	284,569	99,974	247,577
	United Kingdom	234,034	South Africa	96,439	111,611	229,748
	Israel	211,274	Japan	268,946	191,030	204,261
	Pakistan	171,047	Pakistan	73,765	59,738	85,172
	Others	3,280,193	Others	3,192,937	2,535,416	3,303,147
	Total	8,218,133	Total	7,798,167	6,362,267	8,796,142
	Destination	2015	Destination	2019	2020	2021
7212.2	Nigeria	10,257	Philippines	21,748	32,962	46,121
	Angola	2,413	Brazil	327	1,031	4,021
	Indonesia	2,131	Indonesia	1,648	709	1,744
	India	1,898	Bangladesh	1,703	797	1,624
	Philippines	938	Viet Nam	3,091	181	1,371
	Kyrgyzstan	708	Nigeria	446	623	1,027
	Australia	649	Malaysia	834	765	964
	Viet Nam	466	Thailand	169	92	769
	Uzbekistan	305	Australia	613	341	748
	Thailand	299	Singapore	373	164	482
	Pakistan	-	Pakistan	314	52	204
	Others	4,381	Others	7,281	4,499	8,086
	Total	24,445	Total	38,546	42,216	67,159
	Destination	2015	Destination	2019	2020	2021
7225.92	Italy	51,052	Indonesia	58,624	43,550	93,660
	South Korea	38,163	Italy	126,913	64,690	87,141
	Colombia	10,649	Sri Lanka	---	30,572	71,347
	Iran	5,642	Costa Rica	576	24,735	35,273
	Thailand	5,490	Spain	9,242	13,086	20,274
	Costa Rica	4,492	Belgium	36,950	12,366	18,958
	Mexico	3,999	Colombia	12,531	8,761	18,014
	Australia	2,942	Thailand	9,115	11,500	17,427
	Canada	1,535	South Korea	23,422	27,224	15,663

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	Portugal	1,392	Turkey	283	9,454	13,274
	Pakistan	101	Pakistan	361	410	46
	Others	3,505	Others	16,934	24,902	52,657
	Total	128,962	Total	294,951	271,250	443,734
	Destination	2015	Destination	2019	2020	2021
7226.99	Nigeria	13,502	Thailand	842	28,815	31,391
	Pakistan	1,024	Nigeria	18,660	26,576	20,578
	South Korea	914	Bangladesh	62	6,040	7,201
	Turkey	884	Turkey	440	487	6,516
	Iran	849	Israel	1	1,182	5,070
	Japan	814	Costa Rica	---	1,869	4,818
	Thailand	730	UAE	51	432	3,482
	Egypt	715	Philippines	917	3,379	2,574
	Belgium	657	Saudi Arabia	2,341	4,334	2,449
	Brazil	652	Pakistan	360	127	254
	Others	6,470	Others	14,206	21,494	16,526
	World	27,211	World	37,880	94,735	100,859
Grand Total of Export under above HS Codes		8,668,721	Grand Total of Export under above HS Codes	8,677,758	7,250,477	9,771,433

Source: www.trademap.org

17.5.2 The table above shows that the imports of product under review of China have increased from 8,668,721 MT during the year 2015 to 9,771,433 MT in the year 2021 which was an increase of 12.72 percent in Chinese exports. As per given details China's major geographical markets remained more or less the same. China's export destinations which accounted for 37.59 percent during the year 2015 (last year of POI) accounts for 46.98 percent of exports during the year 2021 (last year of POR). This shows that major geographical export destination of China for product under review did not change over the years and it did not develop other export markets over the years.

18. The Commission, based on above information, analysis and conclusions has determined that there is likelihood of continuation and/or recurrence of dumping of the product under review from China if anti-dumping duties imposed on dumped imports from China of the investigated product are terminated.

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

19.1 Likelihood of Injury to the domestic industry was determined in accordance with relevant 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. To determine likelihood of continuation or recurrence of injury to the domestic industry, the Commission has, inter alia, considered following factors:

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- (a). Likely change in volume of imports of the product under review if antidumping duties are terminated;
- (b). Likely impact of imports of the product under review on prices of the domestic like product with and without antidumping duties; and
- (c). 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.

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

19.3 Likely Effect on Volume of Dumped Imports

19.3.1 In order to ascertain the increase in the volume of dumped imports of the product under review, the Commission has obtained import data from PRAL. The information on volume of imports of the product under review from China and imports from other than dumped source during the POI and during POR are given below in the table:

**Table-XI
Imports and Domestic Production of Galvanized Steel Coils/Sheets (MT)**

Year/Period	Dumped Imports from China**	Imports from Non-Dumped Sources	Total Imports	Domestic Production	Dumped Imports as % of:	
					Total Imports	Domestic Production
(1)	(2)	(3)	(4)	(5)	(6)	(7)
*Jul 2014 – Jun 2015	400	37	437	350	92	114
Oct 2018 - Sep 2019	134	17	151	743	89	18
Oct 2019 - Sep 2020	99	15	114	680	87	15
Oct 2020 - Sep 2021	92	8	100	977	92	9

* POI of original investigation Source: PRAL and Applicants

** Figures based on imports of product under review having thickness from 0.15 mm to 2.75 mm.

Note: For the purpose of confidentiality actual figures have been indexed by taking total imports for the period Oct 2020-Sep. 2021 as base.

19.3.2 The above table shows that the following happened after imposition of antidumping duties on dumped imports of product under review from China:

- (a). Dumped imports of the product under review decreased from *** MT in original POI to *** MT, *** MT, and *** MT during first, second and third year of the POR respectively. Imports of product under review from China decreased in

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absolute terms after imposition of antidumping duties. Imports of product under review from non-dumped sources also decreased over the POR.

- (b). Decrease in imports was replaced by increase in domestic production over the POR. Domestic production increased during the POR and reached to the level of *** MT which was *** MT during the last year of POI, an increase of 179 percent. Following the same trend of absolute terms, imports as relative to domestic production decreased as domestic production increased. Dumped imports of the investigated product declined from 114 percent of the domestic production in the last year of original POI to 9 percent in the last year of POR.
- (c). It was also observed dumped imports as the percentage of total imports remained almost the same point to the fact that imports from the dumped sources as well as non-dumped sources declined throughout the period of review.

19.3.3 Despite the levy of antidumping duties, imports from China continues to hold major share accounting from 87 to 92 percent of total imports of galvanized steel coils/sheets. This is indicative of the fact that dumped imports from China still have customer base in Pakistan and in case antidumping duties are terminated, there are ample chances that dumped imports will increase sharply which will have adverse effects on the domestic industry.

19.3.4 As there is likelihood of continuation and recurrence of dumped imports of the product under review (paragraph 18 supra) from China, therefore, 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 from China if antidumping duties are terminated on it, which will likely affect adversely production and sales of the domestic like product.

19.4 Likely Effect on Sales and market share of domestic industry

19.4.1 Following table shows sales and market share of each segment of supply during original POI and POR:

**Table-XII
Sales and Market Share**

Year/Period	Domestic Industry’s Sales		Imports from:				Total Market	
			China		Other Sources			
	MT	% share	MT	% share	MT	% share	MT	%change**
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
*Jul 2014 – Jun 2015	30	37.21	46	57.51	4	5.28	81	---
Oct 2018 - Sep 2019	70	80.14	15	17.63	2	2.23	88	9.13
Oct 2019 - Sep 2020	75	85.06	11	13.01	2	1.93	88	9.39
Oct 2020 - Sep 2021	88	88.43	11	10.61	1	0.96	100	24.21

* POI of Original Investigation

** % change vis-à-vis original POI

Sources: The Applicants and PRAL

Note: For the purpose of confidentiality actual figures have been indexed by taking total market for the period Oct.2020-Sep.2021 as base.

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19.4.2 The above table shows that the total domestic market of the product under review has significantly increased during the POR. During the POR, it increased from *** MT during the last year of original POI to *** MT during the last year of POR (by 24.21%).

19.4.3 Domestic industry's sales in original POI were *** MT, which increased after imposition of antidumping duties on dumped import to *** MT (by 135%) in Oct 2018 to Sep.2019, *** MT in 2018-19 (by 6% with respect to previous period) and *** MT (by 18% with respect to previous period) in Oct.2020 -Sep.2021.

19.4.4 The above table shows that the volume of dumped imports from China decreased from *** MT in the POI to *** MT (by 66%) in the first year of POR. Imports further decreased to *** MT i.e., a decrease of 26.03 percent as compared to first year of the POR. Dumped imports declined to *** MT i.e. a decrease of 7.40 percent as compared to second year of the POR.

19.4.5 Share of the dumped imports from China in total domestic market was 57.51 percent in the original POI, which declined to 10.61 percent of total domestic market in last year of POR (Oct.20 – Sep.21). Market share of the imports from other sources also decreased from 5.28 percent in the last year of original POI to 0.96 percent in the last year of POR. Market share of domestic industry has increased from 37.21 percent in the last year of original POI (Jul.14- Jun.15) to 88.43 percent during the last year of POR.

19.4.6 Market share and sales of the dumped imports were replaced by that of the domestic industry. After imposition of antidumping duties, the domestic industry was able to increase its sales and market share.

19.4.7 As it is evident from the information provided at paragraph 19.3 supra that there is likelihood of significant increase in volume of imports of the product under review from China if antidumping duties are removed, therefore, in case antidumping duties are removed, there is likelihood of significant increase in market share of dumped imports of the product under review from China, which will adversely affect sales and market share of the domestic like product.

19.5 Likely Price Effects on the Domestic Like Product

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 antidumping duty on dumped imports of the investigated product expires.

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19.5.1 Likely Price Undercutting

19.5.1.1 Information/data on weighted average ex-factory price of the domestic like product and weighted average landed cost of the product under review, with and without antidumping duty during the original POI and POR is given in following table:

Table-XIII
Likely Price Undercutting (Rs./MT)

Year/Period	Domestic like product's price	Landed cost of dumped imports		Price undercutting	
		Without ADD	With ADD	Without ADD	With ADD
		(3)	(4)	(5)	(6)
(1)	(2)	(3)	(4)	(5)	(6)
*Jul 2014 – Jun 2015	38	36	---	2	---
Oct 2018 - Sep 2019	56	51	70	4	---
Oct 2019 - Sep 2020	59	54	74	4	---
Oct 2020 - Sep 2021	82	74	100	8	---

* POI of Original Investigation

Sources: the Applicants and PRAL

Note: For the purpose of confidentiality actual figures have been indexed by taking landed cost of dumped imports with anti-dumping duties for the period Oct. 2020-Sep. 2021 as base.

19.5.1.2 The above table shows that the domestic industry faced price undercutting in original POI and during the whole POR when compared the domestic like product with landed cost of imported product under review without anti-dumping duties. However, during the whole POR the landed cost of dumped imports with anti-dumping duties remained higher than the prices of domestic like product due to levy of anti-dumping duties. The above table also reveals that the domestic industry would have been facing price undercutting during the whole POR if no anti-dumping duties would have been imposed. Therefore, there is likelihood of adverse effects on prices of the domestic like product in case antidumping duties on the product under review imported from China are removed.

19.5.2 Likely Effect on Price Depression

The information provided in Table – XIII above shows that the prices of domestic like product increased after imposition of antidumping duties throughout the POR. The domestic industry was able to increase its price because the landed cost of the product under review with antidumping duties was above the cost to make and sell of the domestic like product (Table-XIII). However, as it is evident from Table-XIII that the landed cost of the product under review imported from China, without antidumping duties, remained lower than the prices of the domestic like product during the POR, therefore, in case antidumping duties on imports from China are removed there is likelihood that the domestic industry would be forced to reduce its price of the domestic

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like product to compete with imports. Thus, the domestic industry will face price depression if antidumping duties are terminated on imports of the product under review from China.

19.5.3 Likely Effect on Price Suppression:

19.5.3.1 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:

**Table-XIV
Price Suppression (Rs. /MT)**

Year/ Period	Domestic like product's		Increase in:		Price Suppression	Landed cost of dumped imports	
	Cost to make and sell	Ex-factory price	Cost to make & sell	Price		Without anti-dumping duties	With antidumping duties
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
*Jul 2014 – Jun 2015	37	38	---	---	---	36	---
Oct 2018 - Sep 2019	51	56	---	---	---	51	70
Oct 2019 - Sep 2020	55	59	4	3	2	54	74
Oct 2020 - Sep 2021	67	82	12	23	---	74	100

* POI of Original Investigation

Sources: the Applicants and PRAL.

Note: For the purpose of confidentiality actual figures have been indexed by taking landed cost of dumped imports for the period Oct. 2020-Sep.2021 as base.

19.5.3.2 Above table shows that the weighted average cost to make and sell of the domestic like product, increased by Rs. ***/MT (9 percent) and Rs. ***/MT (21 percent) in the years Oct.2019-Sep.2020 and Oct.2020-Sep.2021 respectively, whereas weighted average prices of the domestic like product increased by Rs. ***/MT (5 percent) and Rs. ***/MT (40 percent) in the years Oct.2019-Sep.2020 and Oct.2020-Sep.2021 respectively. Therefore, the domestic industry, faced price suppression in the year Oct.2019-Sep.2020 as it was unable to recover increased cost to make and sell by way of an increase in price.

19.5.3.3 As the landed cost of the product under review imported from China, without antidumping duty, is lower than the cost to make and sell of the domestic like product during second year of the POR, therefore, there is likelihood of price suppression to be faced by the domestic industry in case antidumping duties on dumped imports of the product under review from China are removed, because domestic industry will not be able to increase its price.

19.6 Likely Effect on Profit& Loss:

19.6.1 Information on profits/(loss) of the domestic industry for the original POI and POR is given in the following table:

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Table-XV
Profit/(Loss) (million Rs.)

Year/Period	Net Profit/(Loss)
(1)	(2)
*Jul 2014 – Jun 2015	3
Oct 2018 - Sep 2019	25
Oct 2019 - Sep 2020	19
Oct 2020 - Sep 2021	100

* POI of Original Investigation Source: the Applicants.

Note: For the purpose of confidentiality actual figures have been indexed by taking total profit for the period Oct. 2020-Sep.2021 as base.

19.6.2 The above table depicts that after imposition of antidumping duties, the domestic industry earned handsome profits in first year of POR. However, profit decreased during the second year of POR. According to the Applicants this decrease was due to COVID pandemic. However during the last year of POR it was able to earn profit again. Increase in profits during last year of POR are attributed to inventory gains, higher sales volume achieved due to capacity expansions and better prices fetched by the Applicants due to cushion provided by the levy of antidumping duties.

19.6.3 As it is evident from Table-XIII supra that the landed cost of the product under review imported from China, without antidumping duties, was lower than the price of the domestic like product during the POR, therefore, in case of removal of antidumping duties on imports from China, there is likelihood that the domestic industry would be forced to reduce its price to compete with imports of the product under review, which will adversely affect profits of the domestic industry. Thus, there is likelihood of adverse effects on profits of the domestic industry if antidumping duties are terminated on imports of the product under review from China.

19.7 Likely Effect on Production and Capacity Utilization:

19.7.1 Following table shows the installed capacity, production, and capacity utilization figures of the domestic industry during last year of the POI of original investigation and the POR: -

Table-XVI
Production and Capacity Utilization

Year/Period	Production (MT)	Capacity Utilization (%)
(1)	(2)	(3)
*Jul 2014 – Jun 2015	36	113
Oct 2018 - Sep 2019	76	63
Oct 2019 - Sep 2020	70	46
Oct 2020 - Sep 2021	100	66

* POI of Original Investigation Source: the Applicants

Note: For the purpose of confidentiality actual figures have been indexed by taking domestic production for the period Oct. 2020-Sep.2021 as base.

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19.7.2 It can be seen from the table above that the installed production capacity of the domestic industry has significantly increased from *** MT per annum in the original POI to ***MT per annum in the last year of POR i.e., by 375 percent. To cater the expanding market, domestic industry invested in expanding its capacity. During the course of original investigation, there was only one unit however, now another player Aisha Steel Mills Limited started producing product under review during the POR.

19.7.3 Production of the domestic like product, which was *** MT during last year of the POI, significantly increased after imposition of antidumping duties on dumped imports of the product under review. The domestic industry now not only cater for more than 80% of the domestic demand of the product under review but also export Galvanized Steel Coils/Sheets to other countries.

19.7.4 As it is evident from the information provided at paragraph 19.3 supra that, there is likelihood of significant increase in volume of imports of the product under review from China if antidumping duties are removed, therefore, there is likelihood that the domestic industry would be forced to reduce production of the domestic like product. This situation would, adversely affect production and capacity utilization of the domestic industry.

19.8 Likely Effect on Inventories of the Domestic Like Product

19.8.1 Inventory position of the domestic like product during the original POI and POR is given in the table below:

**Table-XVII
Inventories of the Domestic Like Product (MT)**

Period	Opening Inventory	Production	Sales		Closing Inventory
			Domestic	Export	
(1)	(2)	(3)	(4)	(5)	(6)
*Jul 2014 – Jun 2015	31	407	301	67	69
Oct 2018 - Sep 2019	64	863	707	79	142
Oct 2019 - Sep 2020	142	791	752	129	51
Oct 2020 - Sep 2021	51	1,135	888	198	100

* POI of Original Investigation

Source: Applicants

Note: For the purpose of confidentiality actual figures have been indexed by taking closing inventory for the period Oct.2020-Sep.2021 as base.

19.8.2 The above table shows that after imposition of antidumping duties, the closing inventory level of the domestic like product increased significantly to *** MT in first year of POR, then it decreased to *** MT during second year of POR and again increased to *** during the last year of POR (Oct. 2020- Sep. 2021). Investigation has shown that this increase in closing inventory is because of the fact that domestic industry had to maintain certain level of inventories to meet any urgent requirements of domestic market and exports. Removal of anti-dumping duties on

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dumped imports from China would be likely to lead to increase in volume of dumped imports of the product under review, which would negatively affect production and sales of the domestic like product. Therefore, removal of anti-dumping duties on dumped imports of the product under review would negatively affect inventories of the domestic like product of the domestic industry.

19.9 Likely Effect on Cash Flow:

19.9.1 As the Applicants are multi-product companies and the cash flow cannot be determined separately for different products, therefore, in terms of Section 17(2) of the Act, cash flow position has been assessed for entire operations of the Applicants. Information on net cash flows of the domestic industry is given below:

**Table-XVIII
Cash Flow from operating activities**

Year/Period	(Million Rs.)
(1)	(2)
*Jul 2014 – Jun 2015	7
Oct 2018 - Sep 2019	(51)
Oct 2019 - Sep 2020	100
Oct 2020 - Sep 2021	(29)

* POI of Original Investigation Source: Applicants

Note: For the purpose of confidentiality actual figures have been indexed by taking profit for the period Oct.2019-Sep.2020 as base.

19.9.2 The above table shows that the cash flow was negative during first and last year of POR. It was analyzed during the review proceedings that this was due to higher level of inventory maintained by the domestic industry as part of its strategic decision to ensure continued supply at affordable prices to the user industry. The strategy of holding excess inventory of raw materials/finished goods was adopted due to the confidence of domestic industry over its production and supply in presence of antidumping duties.

19.9.3 As is evident from Table-XIII supra that the landed cost of the product under review from China without antidumping duties is lower than the price of the domestic like product, therefore, in case of removal of antidumping duties on imports from China, there is likelihood that the domestic industry would be forced to reduce its price to compete with imports, which will adversely affect cash flows of the domestic industry. Thus, there is likelihood of adverse effects on cash flows of the domestic industry if antidumping duties are terminated on imports of the product under review from China.

19.10 Likely Effects on Employment, salaries, wages and productivity:

19.10.1 The information regarding employment in the domestic industry and the salaries & wages paid are given in the following table:

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

Year/Period	Number of employees	Salaries & wages (million Rs)	Production (MT)	Productivity (MT/worker)	Salaries & wages (Rs/ MT)
(1)	(2)	(3)	(4)	(5)	(6)
*Jul 2014 – Jun 2015	45	18	36	80	49
Oct 2018 - Sep 2019	75	60	76	102	78
Oct 2019 - Sep 2020	93	69	70	75	99
Oct 2020 - Sep 2021	100	100	100	100	100

* POI of first Original Investigation

Source: Applicants

Note: For the purpose of confidentiality actual figures have been indexed by taking figures for the period Oct. 2020-Sep.2021 of respective columns as base.

19.10.2 The above table shows that the employment increased from ***employees in period of original investigation (Jul. 2014-Jun. 2015) to *** employees during the last year of POR (Oct 2020-Sep 2021) i.e., by 122 percent as a result of increase in installed capacity and production of the domestic like product. Before last quarter of 2018 steel industry was showing a growth rate of over 20%, considering this growth rate, domestic industry increased its capacity and hired more employees to manage the same.

19.10.3 Productivity per worker increased from *** MT per worker during the original POI to *** MT per worker during first year of POR i.e., by 28 percent. Due to economic slowdown in last quarter of 2019 and Covid-19 Pandemic in 2020, the productivity per worker decreased to *** MT/worker in second year of POR which then increased to *** MT/worker during the last year of POR.

19.10.4 Salaries and wages increased throughout the POR and reached to Rs. ***/MT in last year of POR as compared to the original POI Rs. ***/MT i.e., by 104%.

19.10.5 As the information provided at paragraph 19.3 supra shows that there is likelihood of significant increase in volume of imports of the product under review from China if antidumping duties are removed, therefore, there is likelihood that the domestic industry would be forced to reduce production and sales of the domestic like product. This situation would, adversely affect employment, production and salaries & wages of the domestic industry.

19.11 Likely Effect on Growth and Ability to Raise Capital Growth

After imposition of antidumping duties on product under review, the Applicants have made investments and installed production capacity of the domestic industry has increased and reached to *** MT per annum, which shows that the Applicants did not face any problem in growth and raising of the capital required for such growth. Current capacity of the domestic industry is more than the domestic demand, therefore, no further growth in the domestic industry is expected in

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near future. Therefore, there is no likelihood of adverse effects on growth of the domestic industry if antidumping duties are terminated on dumped imports of the product under review. However, the Applicants are of the view that they will face problems to raise capital if antidumping duties on imports of the product under review are terminated, because it will affect adversely to the production, sales, prices, cash flows and profitability of the domestic like product.

19.12 Likely Effect on Return on Investment

19.12.1 As the Applicants are multi-product companies and the investment and return on investment cannot be determined separately for different products, therefore, in terms of Section 17(2) of the Act, the return on investment of the Applicants is determined for their entire operations during the POR. The information with regard to the return on investment of domestic industry during original POI and the POR is given in the following table:

**Table-XX
Return on Investment**

Year/Period	Return on investment (%)
(1)	(4)
*Jul 2014 – Jun 2015	6.34
Oct 2018 - Sep 2019	10
Oct 2019 - Sep 2020	08
Oct 2020 - Sep 2021	52

* POI of Original Investigation

Source: Applicants

**Investment = Equity + Long term Loans

***Return = Profit before taxation + interest paid on Long term loan

19.12.2 The above table shows that the domestic industry’s return on investment increased significantly after the imposition of anti-dumping duties. During the second year of POR, return on investment reduced due to price suppression faced by the domestic industry. As noted in the para 18.6, during last year of POR, increase in profits which translates into return on investment, are attributed to inventory gains, higher sales volume achieved due to capacity expansions and better prices fetched by the Applicants due to cushion provided by the levy of antidumping duties.

19.12.3 As the information provided at paragraph 19.2 supra show, there is likelihood of significant increase in volume of imports of the product under review from China if antidumping duties are removed, therefore, there is likelihood that the domestic industry would be forced to reduce production, sales and sales price of the domestic like product. This situation would adversely affect return on investment of the domestic industry.

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20. 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 on conclusion that termination of anti-dumping duties imposed on dumped imports of the product under review from China would lead to likely recurrence and continuation of injury to the domestic industry on account of the following: -

- (a). There is likelihood of continued dumping of the product under review from China if antidumping duties on the product under review are terminated.
- (b). There is likelihood of significant increase in volume of the product under review from China if antidumping duties are terminated.
- (c). There is likelihood of decline in production and sales of the domestic like product, which will, adversely effect the market share, capacity utilization, profits, inventories, ROI, and employment and productivity of the domestic industry. Thus, there is likelihood of recurrence of material injury to the domestic industry if antidumping duties imposed on imports of the product under review from China are terminated.

D. Conclusion

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

- (a). The domestic industry filed an application for sunset review of the antidumping duties imposed on dumped imports of the product under review from China within prescribed time period in accordance with Section 58(3) of the Act in response to the notice of impending expiry of the antidumping duties. The application met requirements of Sections 24 and 58 of the Act.
- (b). There is likelihood of continuation of dumping of the product under review from China if antidumping duties imposed on dumped imports of the product under review are terminated.
- (c). Termination of antidumping duties imposed on imports of the product under review from China will lead to likely increase in volume of dumped imports, thus there is likelihood of recurrence of injury to the domestic industry on accounts decline in domestic industry's production, capacity utilization, sales, market share, profits, employment and productivity.

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CONTINUATION OF DEFINITIVE ANTIDUMPING DUTIES

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

23. In view of the information, analysis and conclusions in the forgoing paragraphs the Commission has determined that the expiry of antidumping duties imposed on dumped imports of the product under review from China would likely lead to continuation of dumping and as a result the domestic industry is likely to suffer injury. Therefore, the Commission has decided to continue antidumping duties for a period of further five years with effect from February 08, 2022, imposed on dumped imports of the product under review from China as per the rates provided in the following table:

**Table-XXI
Anti-dumping Duty Rates**

Exporter/Foreign Producer	Duty rate (%)
(1)	(2)
Angang Steel Company Ltd., Anshan City, China	40.47
Bengang Steel Plates Co. Ltd., Benxi City, China	9.13
Hebei Iron & Steel Co. Ltd., Handan City, China	13.31
Maanshan Iron & Steel Co., Ltd., Maanshan City, China	6.09
All other producers/exporters from China	40.47

24. Galvanized Steel Coils/Sheets imported from China having thickness of less than 0.15 mm and more than 2.75 mm will not be subject to these definitive antidumping duties as these are excluded from scope of the product under review.

25. Galvanized Steel Coils/Sheets imported from sources, other than China shall not be subject to antidumping duties. Further, in accordance with Section 51(e) of the Act, definitive antidumping duties 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.

26. In accordance with Section 51 of the Act, the antidumping duties 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 this purpose. Release of the dumped imports of the product under review for free circulation in Pakistan shall be subject to imposition of such antidumping duties.

27. Definitive antidumping duties levied would be in addition to other taxes and duties leviable on import of the product under review under any other law.

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28. The definitive 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 30, 2022

-sd-
(Anjum Assad Amin)
Member
August 30, 2022

-sd-
(Robina Ather)
Chairperson
August 30, 2022

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Annex-I

Comments of Interested Parties on Initiation Memo, Hearing and SEF

Comments of Interested Parties	NTC View
Views/Comments of Pakistan Iron and Steel Merchant Association (“PISMA”), Karachi Iron and Steel Merchant Association (“KISMA”)	
<p>1. The Pakistan Iron and Steel Merchant Association (“PISMA”) and Karachi Iron and Steel Merchant Association in their written comments on initiation of the sunset review and hearing, raised the issue that the Applicants submitted the application for sunset review on December 15, 2021, after the expiry of prescribed time limit in this regard.</p> <p>2. Applicants do not fall under the definition of domestic industry. According to PISMA and KISMA, the Applicants sold the product under review to the importers of the product under review and imported its raw materials from the same exporters on which they requested to extend imposition of anti-dumping duties for further five years. Due to this, there exists a relationship between the Applicants and importers/exporters. As the Applicants have relationship with the importers and exporters of the product under review, so they do not fulfill the requirements of being considered as domestic industry as given in Section 2(d) of the Act.</p>	<p>The Commission on December 08, 2021, received a written application under Section 58 of the Act from M/s Aisha Steel Mills Limited, Karachi and M/s International Steel Limited, Karachi (the “Applicants”), domestic producers of Galvanized Steel Coils/Sheets, in response to the notice of impending expiry. The Applicants applied for sunset review within prescribed time limits to the Commission.</p> <p>The Commission issued letter of receipt of Application on December 15, 2021.</p> <p>The Commission has considered views/comments as well as explanations provided by KISMA and PISMA on the issue of domestic industry and standing of the application keeping in view relevant provisions of the Act, the Antidumping Agreement, judgement of honorable Appellate Tribunal and the practices of other investigating authorities in the same/similar situations. The Commission determined:</p> <p>(a) that the Applicants did not import the product under review themselves during the POR;</p> <p>(b) Section 2(d) of the Act as well as Article 4.1 of the Antidumping Agreement provides that, if domestic producers are related to exporters or are themselves importers of the product under review the term “domestic industry” may be interpreted as referring to the rest of the producers. Thus, these provisions give an option to the authority and does not impose an obligation to exclude related and/or importing producers from the definition of the domestic industry.</p>

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- (c) The WTO Panel in EC – Fasteners (China) found that "the use of the term 'may' in Article 4.1 makes it clear that investigating authorities are not required to exclude related producers or importing producers" and that "there is nothing in Article 3.1, or in Article 4.1, that limits the discretion of investigating authorities to exclude, or not, related or importing domestic producers."
- (d) Exclusion of any producer from the definition of the domestic industry is conditional i.e., dependent upon the behavior of the producer concerned. Section 2(d) of the Act stipulates that the concerned producer may be excluded from domestic industry if it “*behave differently from non-related producers*”. The question of different behavior does not arise as the producers themselves are the Applicants in this case.
- (e) The Applicants are the legitimate producers of product under review in Pakistan and have made considerable investments for production of product under review in the country. Therefore, their primary objective lies in domestic production and sales of the domestic like product. Applicants are not importer of the product under review as confirmed by the representative of KISMA /PISMA during the hearing. The Applicants imported the raw materials i.e. Hot Rolled Coils and sold the finished product i.e. Galvanized Steel Coils to its customers. The Applicants represent hundred percent domestic industry, therefore, if it is denied filing the application under the Act, the right of the domestic industry will be deprived.
- (f) Based on the above information and analysis, the Commission has determined that the Applicants are producers of product under review in Pakistan and qualify as the domestic industry. Therefore, the application filed is in accordance with provisions of the Act and the Antidumping Agreement.

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<p>3. The applicants do not fulfill the requirement of Section 24 of the Act, as the so called domestic industry/domestic producers are not producers of the investigated product as Pakistan Steel Mills Corporation is but they are entirely dependent on the imports of Hot Rolled Steel Coils as their raw material, which is just re-rolled, cold reduced or processed by them, without which they would be shutting down their units of processing.</p> <p>4. “The Commission fully ignored the information submitted in comparison tables as they needed to protect the applicants/domestic industry, which proves that at only place they have mentioned that the widths of the coils/sheets which could be produced by the applicants is up to 1219 mm only, however the Commission has covered all the widths by mentioning 600 mm or more in their imposition</p>	<p>In terms of Section 24(1) of the Act:</p> <p><i>“.... 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.”</i></p> <p>Furthermore, Section 24(2) of the Act provides that:</p> <p><i>“..... 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.”</i></p> <p>The application fulfils requirements of Section 24 of the Act which 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 like product. The application has been jointly filed by the M/s International Steels Limited, Karachi and M/s Aisha Steel Mills Limited, Karachi who collectively represent 100 percent of the domestic production, as the Applicants are the only units manufacturing Galvanized Steel Coils/Sheets in Pakistan. Thus, the application fulfills requirements set out in Section 24 of the Act.</p> <p>The Commission does not consider it appropriate to set the upper limit of width due to possibility of circumvention.</p>
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<p>of anti-dumping duties initially and the Commission will do the same in this review</p> <p>5. The applicants always makes ignorant and mindless statements, which the Commission accepts whole heartedly, as the JIS, EN or ASTM grades mentioned by the applicants are a very wide range of product standard, the in depth details lies in grades as shared by the importers associations for instance S220GD+Z(ZF), SS 230, MTS 73H038-2019-02, Q/HG007-2016 GB/T2518-2008, etc which are given in much details and numbers</p> <p>6. It was mentioned in our earlier submissions related to this review investigation and the same is being mentioned that the applicants only produce until 2.50 mm and widths up to 1219 mm, as the list prices of the applicants also mentions the same, whenever asked applicants refuses to provide anything above 2.50 mm in thickness or over 1219 mm in width and they would never ever give the same in writing as they have been caught in front of the Commission of</p>	<p>The domestic industry fulfilled the 80 percent of domestic demand. It’s true that the importers’ associations pointed out certain grades of product under review which they claimed that the domestic industry is not manufacturing. Importers’ associations were requested to provide correspondence or evidence of their claim that the domestic industry is not producing certain grade. However, they could not provide evidence. It is worthwhile mentioning that no user industry approached the Commission during the course of sunset review that certain grades used by it, are not being manufactured locally. Domestic industry informed that for production of any grade, it has to import required grade of HRC which can then be processed for production of required type of Galvanized Steel Coils/Sheets. Detailed reply submitted by the domestic industry was placed in the Public File.</p> <p>The Commission defined domestic like product, produced by the domestic industry is Galvanized Steel Coils/Sheets of thickness ranging from 0.15mm to 2.75mm and of a width of 600 mm or more. The Commission did not set the upper limit_in terms of width of Galvanized Steel Coils/Sheets due to possibility of circumvention.</p>
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<p>their lies earlier by the importers associations.</p> <p>7. The Commission feels that its responsibility is fulfilled by just informing the embassies of the exporting countries however if the Commission would have made any research or acquired information from any secondary sources as per the best information definition given in the Act, it would have reached any neutral conclusion.</p> <p>8. The Chinese exporters have developed many new markets, some had very few quantities in 2015 and some were not buying at all but had good quantities in 2020, therefore Commission is making a completely flawed statements, common export destinations have also been increased by more than 50% and in some cases by over 100%, from 2015 to 2020.</p> <p>9. In their written comments on initiation of the subject review and after hearing raised the issue that,</p> <p>“Duty Structure for the domestic industry is decreasing whereas duty structure for the importers is increasing which means domestic industry is already well protected.”</p>	<p>The Commission used all the available sources to get the best information available before taking a decision.</p> <p>Please refer para 17.5 of the report.</p> <p>The Commission has considered views/comments as well as explanations provided by the interested parties on the issue of tariff structure applicable to the raw materials and finished product (product under review) produced by the domestic industry keeping in view relevant provisions of the Act and the Antidumping Agreement. The Commission determined:</p> <ul style="list-style-type: none">(a) that in the light of cascading principles there should be higher tariff on the finished product and lower tariffs on the raw materials. Same international practice has been adopted by the Government of Pakistan over the years to promote the domestic industry.(b) Anti-Dumping Duty is a measure which is imposed by a country to remedy the unfair trade practice of dumped
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<p>10. The Commission asked the importers association of the samples of the imported investigated product however never got the samples of the applicants to test and verify what they are making and what they can make but relied blindly on the false statements of the applicants as they always do and why the Commission should not do the same, as they get rewards for the same.</p> <p>11. It has been stated that China has been reducing and limiting its production of crude as well as of finished steel for the last 5 years, articles and publications which were quoted and shared by the applicants/domestic industry to the Commission, stated the same itself, however the applicants/domestic industry as usual twisted and manipulated the words and tried to use them in their favor, the wrongful effort by the applicants/domestic industry misleading the Commission should</p>	<p>products and to provide level playing field to its domestic industry against unfair trade practices such as dumping and antidumping duties are not linked with the normal tariff structure of an industry.</p> <p>(c) The changes in duties/taxes paid on import of input are accounted for in the cost to make and sell of the domestic like product over the Period of Review. Further, the Commission, has already taken into account current tariff structure on imported product under review while calculating the landed cost during analysis of price effects.</p> <p>The importers' associations claimed that there are certain grades of product under review which are not manufactured by the domestic industry. The Commission, therefore requested the importers' associations to submit the relevant data to substantiate their claims however they did not provide the relevant information relating to the imports volume, details regarding the users/consumers, annual requirement of the users/consumers of grades allegedly not being produced domestically.</p> <p>The Commission considered the comments made by KISMA and PISMA in the light of following information available with the Commission:</p> <p>The Organization for Economic Cooperation and Development ("OECD") data, show that capacity in China fell by 87 mmt between 2016 and 2018. Now if such capacity reductions of Chinese steel producers are analysed, it will become evident that Chinese government has shut down illegal induction furnaces over the environmental concerns. This fact was mentioned in the OECD report on Latest Development in Steelmaking Capacity for the year 2020. Extracts from the OECD reports are given below</p>
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definitely be dealt by the Commission.

The China's Ministry of Commerce said in a statement that China had made the greatest and most outstanding contribution to global efforts to reduce excessive steel capacity as it was the only country that had imposed a mandatory target upon itself. China has slashed total steel production capacity by more than 150 million tonnes since 2016 or 114 percent of the global steel capacity cut...and China has redeployed 280,000

steel workers, which is more than the combined deployed number of steel workers in the US, the EU and Japan," according to the ministry.

There was an arrest made by Chinese authorities as a general manager of a large state-owned steel mill in the industrial city of Tangshan near Beijing was detained as the mill had been ordered to halve its production because of environmental concerns but it ignored the same and continued to boost production.

“China has reportedly made many efforts to close illegal induction furnace (IF) steelmaking capacity. According to the definition used by the Chinese government since 2002, these IF steel production units, called “ditiaogang (地条钢)” in Chinese, which melt ferrous scrap to produce steel, do not allow for effective control over the chemical composition and quality of the steel produced. Furthermore, these IF producers usually do not have refining and quality inspection equipment. Therefore, the steel produced can raise a number of quality-related concerns, notably if their output is branded and sold as quality steel products.”

“According to China Iron and Steel Association (CISA) guidelines, only three uses of IFs are deemed legal: i) casting, ii) making high-quality steel and ferroalloys with specific properties, and iii) stainless and high-alloy steelmaking. CISA has proposed that any IF producers which are not included in these categories should be categorised as “ditiaogang”, and should be eliminated, regardless of whether the IF is new, whether the IF producers have equipment for environmental protection, and regardless of the scale of the company (CISA, 2017).”

“The Chinese Ministry of Industry and Information Technology (MIIT) reported that China had eliminated 140 mmt of “ditiaogang” capacities in 2017 (MIIT, 2018). Moreover, the National Development and Reform Commission (NDRC) reportedly carried out nationwide inspections in May and June 2018 to ensure the effective closure of these capacities, including by preventing them from restarting operations and enforcing the elimination of closed IFs (NDRC, 2019a). Furthermore, NDRC reports that it carried out inspections to prevent the re-start of IFs in Guizhou and Yunnan provinces in September 2019 (NDRC, 2019[12]).”

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From the above it becomes clear that 140 million tons reduction in Chinese steel-making capacity only relates to closure of Induction Furnace (Melting units) which are mostly small-scale workshops who did not have refining and testing facilities. This fact is also confirmed by the article “Alarm bells in Beijing as steel production reaches all-time high”¹¹. The article states that “Beijing has also pledged to wipe out production of substandard steel known as *di tiao gang*, often made in small workshop-style factories from melted scrap iron and steel, which does not appear in official statistics”.

12. According to an article, **Tangshan releases detailed restrictions on steel for ‘21** “A total of 23 steel mills in Tangshan, China’s top steelmaking city in North China’s Hebei, that have been discovered failing to adhere to air pollution control measures by various degrees have been imposed on a set of detailed restrictions until the end of 2021 starting March 20. Tangshan government’s latest move, as shared in a new notice circulated in the market on Friday, matched the market anticipation on harsher control on steel mills for the rest of 2021, as Mysteel Global reported on March 18, and all the involved steel mills are ordered to cut their operative.”⁷

According to an article, China issues revised steel ‘capacity swap’ guidance draft “In December 2020, China’s Ministry of Industry and Information Technology (MIIT) released a draft version of the “capacity swap” scheme for the domestic steel industry, and the long-awaited document has been viewed as the new code of conduct to shape the country’s steel industry in the

According to the OECD Report 2021 there had been a consistent increase in steelmaking capacity in China despite the Chinese government have provided programs for capacity swaps to close inefficient plant with latest plants over the environmental concerns. However, finding the loopholes in programs, the Chinese steel makers had been able to increase their capacity more than the capacity cuts. This fact is evident from the following table:

**Table-V
Nominal Crude Steel Making Capacity (mmt)**

Market	2010	2016	2017	2018	2019	2020
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total Asia	1435.3	1629.1	1612.9	1585.2	1617.6	1646.3
China	1056.0	1188.6	1160.1	1124.2	1149.5	1157.1

Source: OECD Report 2021

There had been an increase in capacity of Galvanized Steel in China and by the end of 2018, total capacity of galvanized steel was more than 100 million tons per annum. This fact was mentioned in news article “Present situation and development

⁷ <https://www.mysteel.net/article/5022175/Tangshan-releases-detailed-restrictions-onsteel-for-21.html>

¹¹ <https://asia.nikkei.com/Business/Companies/Alarm-bells-in-Beijing-as-steel-production-reaches-all-time-high>

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future. The updated version states that the old-for-new steel capacity swap ratio for areas that are susceptible to atmospheric pollution has been raised to 1.5:1 from 1.25:1 and that in the other areas lifted to 1.25:1 from 1:1, which is to help to slim the country’s steelmaking capacity and at the same time to promote environmentally friendly steel production and industry integration via mergers and acquisitions.”⁸

trend of Hot Galvanizing Industry in China”, published on April 03, 2019, in one of the leading metals information providers in China SMM News. As per the article;

“China's steel plate continuous hot-dip galvanizing started from 13 lines in 2000 with a production capacity of 2.3 million tons. By the end of 2018, more than 640 hot-dip galvanized steel production lines had been built in China, with a production capacity of more than 100 million tons. The galvanizing capacity has reached the level of 10 to 15% of crude steel in developed countries.”

As per data available at website www.ceicdata.com, production of Galvanized Steel had been on the rise since 2019 till 2021. Production of Galvanized Steel as per CEIC data during the four years has been provided in the following table;

**Table-VII
Production of Galvanized Steel Coils/Sheets in China**

Sr. No.	Year	Total Production of Galvanized Steel in China MT (000)
(1)	(2)	(3)
1.	2018	22,345
2.	2019	21,304
3.	2020	21,699
4.	2021	24,197

Source: www.ceicdata.com

Above data and information shows that over the years the Galvanized Steel production has continuously increased.

13. China will cancel more rebates of value-added tax for some steel exports from August 1, its Ministry

⁸ <https://www.hellenicshippingnews.com/highlights-of-chinas-steel-industry-in-2020/>

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of Finance said⁹ on Thursday July 29. Among them are rebates for flat steel products classified under Harmonized System codes 7209, 7210, 7225, 7226, 7302 and 7304, including cold-rolled coil and hot-dipped galvanized coil. Most trading companies stopped issuing offers in mid-July because their profit margins were not enough to offset the potential loss from a removal of the rebate for the 13% VAT, sources said. China last made changes to its tax rebates for steel exports on May 1, when it removed them for products such as hot-rolled coil and plate. As Chinese export volumes are expected to be limited due to the rebate cancellation, market participants expect suppliers of higher priced products from other regions to compete on an international level, with a knock-on effect on what will be offered in Europe and the Middle East. The removal of the 13% VAT rebate on cold-rolled coil, or CRC, and coated steel products was widely anticipated by the market since May.

“In calls with reporters and analysts, Mittal noted that as regards world steel trade, the role of China --over the past decade a major exporter -- is changing. China's first half and expected August removals of export tax rebates on certain products means it is no longer incentivizing steel exports.”¹⁰

The above news articles confirms that the rebate on export (VAT) has been cancelled, moreover there is a strong likelihood of imposition of

The issue of removal of export rebate is not relevant for determination of likelihood of dumping and injury since removal of export rebate does not affect likelihood of dumping by the Chinese exporters. The Commission is not going to redetermine or change the dumping margin in the proceedings of instant review as the KISMA,PISMA were informed during the hearing. If the exporters are of the view that their dumping margin has changed after removal of the export rebates, they can file an application for change of circumstances review investigation to re-determine their dumping margin.

⁹ <https://www.metalbulletin.com/Article/4000714/NEWSBREAK-China-to-cancelmore-steel-export-rebates-from-Aug-1.html>

¹⁰ <https://www.spglobal.com/platts/en/market-insights/videos/market-moversasia/091321-india-covid-gasoline-diesel-recovery-cop26>

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tax on export of Galvanized steel from the Chinese government which will lead prices from China even higher, therefore there is no need for the continuation of anti-dumping duties under the review application received by the Commission.

14. There is no doubt that countries like USA, EU, Canada, Ukraine and Thailand has imposed anti-dumping duties on China as an exporting country along with on other countries, but USA, Canada, Ukraine and EU imposed anti-dumping duties on cold rolled products with Corrosion Resistant Coated Cold Rolled Steel Coils/Sheets not Galvanized Steel Coils/Sheets as the product under review is latter not the former, also these countries have steel mills not coating plants or re-rolling plants like applicants, who during the original POI imported their raw materials as well as machineries and equipment during the POR and original POI from China itself, nor these countries have such companies whether national corporations or in private sector, who after imposition of anti-dumping duties import themselves investigated products from exporting countries on whom anti-dumping duties have been imposed, also these countries defend integrated steel mills, but in Pakistan any such duties were not imposed when national corporation i.e. Pakistan Steel Mills Corporation was operational but for these coating plants and re-rollers like Aisha Steel Mills Limited and International Steels Mills Limited....”

The Commission examined the issue raised by KISMA and PISMA and confirmed that the anti-dumping duties imposed by USA, EU, Canada, Ukraine and Thailand on the HS Codes are same on which anti-dumping duties were imposed by Pakistan.

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<p>15. CEIC data is not reliable or dependable as the same is not from a Chinese source, the importers associations have presented mysteel.com / mysteel.net data in other investigations which is run by Chinese departments itself but the Commission ignored the same, moreover the data shows that in June 2022 the inventory position of Chinese Galvanized Steel stocks reduced by 14.40% about and the same was very low in December 2021 as shown on https://www.ceicdata.com/en/china/steel-inventory-large-and-medium-enterprise/cn-steel-inventory-lm-sp-galvanize-sheet, the production in January 2022 reduced by 91.10% about for Chinese Galvanized Steel as shown on https://www.ceicdata.com/en/china/steel-production-large-and-medium-enterprise/cn-steel-production-lm-ytd-sp-galvanize-sheet-zinc-plate and the exports of Chinese Galvanized Steel in 2020 has reduced by 157% about as shown on https://www.ceicdata.com/en/china/steel-export-quantity/cn-steel-export-steel-product-sheet-galvanized but the Commission has failed to show that which identifies the Commission ill intentions.</p>	<p>The argument of unreliable CEIC data shared by the Applicants with the Commission is baseless. As the data available with the Commission is reliable because the source of the data is “China Iron and Steel Association” which is “a national wide industrial organization of Chinese steel industry. Guided by the Party’s lines, rules and policies, it follows scientific development view and provides services to the enterprises, the industry, the government and the society. It is dedicated to maintaining the overall interests and legal rights of the member companies, functioning its role as a bridge between the government and enterprises and continuously improving the competitiveness of the Chinese steel industry in the domestic and overseas market.”¹²</p>
<p>Views/Comments of M/s Aisha Steels Mills Limited, Karachi and M/s International Steels Limited, Karachi (the “Applicants”)</p>	
<p>The Commission has defined the product as Galvanized Steel Coils/Sheets of thickness from 0.15 mm to 2.75 mm and of a width of 600 mm or more. In the original investigation, thickness</p>	<p>Normally coils are produced in width of 1219 mm approximately and then slitted to required sizes as per consumer’s requirement. Broadening</p>

¹² <http://english.chinaisa.org.cn/do/cn.org.chinaisa.view.Column.d?column=0>

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<p>of galvanized coils was not limited which has now been restricted to 0.15 mm to 2.75 mm whereas width of the coils is limited to more than 600 mm. In this regard the domestic industry like to state that it has produced the galvanized coils/sheets having width below 600mm. ISL, one of the applicants, has integrated slitting facility through which it can produce galvanized coils/sheets of any width below 600 mm. Since the production scope has been amended, the domestic industry would request the Commission to include galvanized coils of width less than 600mm in the production scope.</p>	<p>the scope of domestic like product at this stage of the review without obtaining views of other interested parties would not be appropriate.</p>
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