



**Government of Pakistan
National Tariff Commission**

Report on

**Conclusion of Sunset Review of the Anti-Dumping Duties
Imposed on Dumped Imports of Polyvinyl Chloride Resin
(Suspension Grade) Imported from People's Republic of China,
Chinese Taipei, Republic of Korea and Kingdom of Thailand**

**A.D.C No. 50/2016/NTC/PVC/SR-I/2022
December 07, 2023**

**Conclusion of Sunset Review of the Anti-dumping Duties Imposed on Dumped Imports of Polyvinyl Chloride Resin
(Suspension Grade) Imported from China, Chinese Taipei, Korea and Thailand**

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 then Anti-Dumping Duties Rules, 2001 and now Anti-Dumping Duties Rules, 2022 (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 the sunset review of anti-dumping duties imposed on dumped imports of the product under review.

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 Polyvinyl Chloride Resin (Suspension Grade) (“PVC Resin”) from the People’s Republic of China, Chinese Taipei, Republic of Korea, and Kingdom of Thailand (the “Exporting Countries”) under the Act and the Rules. This report on conclusion of the sunset review investigation has been issued in accordance with Rule 43(2) of the Rules and Article 12.2 of the Agreement on Anti-Dumping. The sunset review was initiated on June 08, 2022. In terms of Section 62(2) of the Act, the sunset review under Section 58 of the Act shall normally be completed within twelve months from its initiation. However, during the period from December 30, 2022, to September 03, 2023, the Commission was coram-non-judice as defined under Section 15 of the National Tariff Commission Act 2015 due to retirement of the Members. Therefore, proceedings of this sunset review were kept pending during this period.

B. Background

4. Definitive Anti-Dumping Duties in Place

The Commission imposed following definitive anti-dumping duties on dumped imports of PVC Resin from the Exporting Countries for a period of five years effective from June 13, 2017:

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

Country	Exporter/Foreign Producer	Duty rate (%)
(1)	(2)	(3)
China	Xinjiang Tianye (Group) Foreign Trade Co. Ltd	3.44
	Inner Mongolia Wuhai Chemical Industry Co., Ltd	6.65
	Tianjin LG Bohai Chemical Co. Ltd	20.47
	Tianjin Dagu Chemical Co., Ltd	14.34
	All other exporters	20.47
Korea	LG Chem, Korea	4.00
	All Other Exporters	14.97
Thailand	All Exporters	13.98
Chinese Taipei	All Exporters	16.68

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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 PVC Resin from the Exporting Countries in Official Gazette and national press on March 08, 2022, in accordance with Section 58(2) of the Act.

6. Receipt of Application

6.1 On April 22, 2022, the Commission received a written application under Section 58 of the Act from M/s Engro Polymer and Chemicals Ltd. Karachi (the “Applicant”), domestic producer of PVC Resin, in response to the notice of impending expiry.

6.2 The Applicant stated that expiry of anti-dumping duties on PVC Resin imported from the Exporting Countries would be likely to lead to the continuation and recurrence of dumping of PVC Resin and material injury to the domestic industry. The Applicant requested the Commission for continuation of the antidumping duties for a period of further five years on dumped imports of PVC Resin originating in and/or exported from the Exporting Countries 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 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 PVC Resin consists of one unit i.e. the Applicant. During the years 2013-15, the Company underwent expansion projects to increase the capacity from 150,000 MT to 174,000 MT per annum. Another debottlenecking project was undertaken in 2017 due to which the capacity increased from 174,000 tons to 195,000 tons followed by another expansion in 2021, which enhanced the total production capacity to 295,000 tons.

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

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“.... 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.”

7.4 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.”

7.5 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 filed by the Applicant whose output represent 100 percent of the domestic production of PVC Resin, as the Applicant is the only unit manufacturing PVC Resin in Pakistan. Thus, the application fulfills requirements set out in Section 24 of the Act.

8. Initiation of Sunset Review

8.1 Upon examination of the application, the Commission established that it met the requirements of Sections 58 of the Act. Therefore, the Commission initiated the sunset review on June 08, 2022, to determine whether there is likelihood of continuation or recurrence of dumping of PVC Resin from the Exporting Countries 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 PVC Resin exported from the Exporting Countries, 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 June 08, 2022. Thus, this sunset review was initiated on June 08, 2022.

8.3 The Commission notified the esteemed Embassies of the Exporting Countries on June 13, 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 Applicant, known importers and exporters of PVC Resin from the Exporting Countries on June 13, 2022, in accordance with the requirements of Section 27 of the Act.

8.4 In accordance with Section 28 of the Act, on June 30, 2022, the Commission also sent copy of full text of the written application (non-confidential version) to the esteemed Embassies of the Exporting Countries in Pakistan and on July 01, 2022, to the known exporters/producers of PVC Resin in the Exporting Countries.

9. Period of Review

The Period of Review (“POR”) for this sunset review is from January 01, 2019, to December 31, 2021.

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

² Daily Jang 08, 2022, and daily Express Tribune of June 08, 2022.

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10. The Product Under Review and the Domestic Like Product

10.1 The Product Under Review

10.1.1 The product under review is Polyvinyl Chloride Resin Suspension Grade (“PVC Resin”) imported from the Exporting Countries. PVC Resin is classified under Pakistan Customs Tariff (“PCT”) Heading No. 3904.1090 (the “product under review”).

10.1.2 The product under review has large number of end-use applications. It is mainly used in the manufacturing of pipes & fittings, garden hose, shoes, cables, films & sheets, compounding, packing etc.

10.1.3 Following table shows tariff structure applicable on import of PVC Resin during last three years:

**Table-II
Tariff Structure**

Years	PCT Code	PCT Description	CD+ACD+RD (%)	FTA
Jul. 2019 – Jun. 2020 Jul. 2020 – Jun. 2021 Jul. 2021 – Jun. 2022	3904.1090	Polymer of vinyl chloride or other halogenated olefins, in primary form ---Other	11 + 2 + 0	SAARC_LDC 's=Conc. 15%

10.2. Domestic like product

The “domestic like product” is PVC Resin Suspension Grade (“PVC Resin”). The domestic like product is classified under PCT Heading No. 3904.1090. The domestic like product is mainly used for pipes & fittings, garden hose, shoes, cables, films & sheets, compounding, packing etc.

11. Information/Data Gathering

11.1 The Commission sent questionnaires on July 01, 2022, to the known exporters/ producers of PVC Resin from the Exporting Countries, 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 embassies of China, Korea and Thailand in Pakistan and to esteemed Chinese Taipei Mission to the WTO through Pakistan Permanent Mission to the WTO on June 30, 2022, with a request to share it to all known exporters/ producers of PVC Resin in the Exporting Countries.

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 August 23, 2022, explaining that, if no response to the questionnaire is submitted by them, the Commission will 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/ foreign producers from the Exporting Countries responded to the Commission and did not provide requisite data/information.

11.3 Questionnaires were also sent to known importers of the product under review on June 30, 2022. However, none of the importers have provided requisite data/information on the prescribed questionnaire. ATS Synthetics, an importer of PVC Resin requested extension till August 30, 2022, to submit the data on the importer’s questionnaire. The Commission issued reminder to all the importers on August 23, 2022, to submit the data/information on importer’s questionnaire till September 03, 2022, explaining that, if no response of the questionnaire is submitted by them, the Commission will be constrained to make

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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. No response was received from any importer within the prescribed time limit. The Commission sent a letter on September 28, 2022, to ATS Synthetics Pvt. Limited and asked it to submit the requisite data/information latest by October 15, 2022. However, no data/information was received from ATS Synthetics Pvt. Ltd.

11.4 For the purpose of this review, the Commission has also used import data obtained from Pakistan Customs database in addition to the information provided by the Applicant in the application and other interested 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 the 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 Applicant has 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 Applicant has 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 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 Applicant 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 Applicant. 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 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 Applicant and to obtain further information (if any) in terms of Rule 11 of the Rules, officers of the Commission conducted On-the-Spot investigation from January 17-19, 2023, at the office/plant of the Applicant.

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14.2 The reports of On-the-Spot Investigation/Verification conducted at premises of the Applicant was provided to the Applicant in full. A non-confidential version of the On-the-Spot Investigation/Verification report is 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 offer 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 sunset review. In response, the Commission has received written submissions/comments from the following interested parties: -

- (a) M/s Al Qaim Industries
- (b) M/s ATS Synthetics (Pvt.) Ltd.
- (c) M/s Alpha Pipe Industries Ltd.
- (d) M/s Shafisons Engineering (Pvt.) Ltd.

15.2 The above mentioned interested parties broadly raised the following issues:

- i. The Applicant did not have sufficient capacity to meet the total domestic demand and it delays the delivery of orders placed by customers.
- ii. Engro uses quota system and reduces the supplies whenever it wants.
- iii. Engro Chemical Ltd. is a single manufacturer of PVC Resin in Pakistan and entire downstream industry using PVC Resin depends on the Applicant's regular and continuous supply of PVC Resin. According to the interested parties, a single producer of PVC Resin is a big risk in case of technical shut down or any other reason and thousands of industries across the country will be closed.

15.3 The Commission wrote letters to the interested parties who raised comments/issues regarding the Applicant's capacity, quota system, demand & supply of the product under review. The Commission requested the interested parties to provide verifiable evidence of the above-referred claims. Also confirm and substantiate with proof if their companies/firms that are facing any difficulty in getting PVC Resin in a timely manner. However, not a single interested party replied to the Commission's letters and importers failed to establish their claim regarding quota system. The Commission also shared the comments of interested parties with the Applicant and requested it to submit its response to the queries raised by the interested parties along with verifiable evidence. The Applicant's submissions are summarized below:

- Keeping in view the growing demand of PVC Resin in domestic market, the Applicant has expanded its capacity. Recently (in 2021) an additional capacity of 100,000 MT of PVC Resin has been added thereby increasing Applicant's total production capacity to 295,000 MT per annum, whereas the demand in-domestic market reached its peak of *** MT during the last year of POR. Apart from serving the domestic demand the added capacity was used to increase Applicant's exports to the level of *** MT in 2021. Further, it denied the importers' claims of insufficient capacity and delays in delivery of orders placed by customers.
- The stance of importers regarding quota system is baseless, as the Applicant does not believe in quota system. With a 100,000 MT addition in capacity, the Applicant cannot afford not to make timely sales or restrict its production/supply of PVC Resin.
- The argument of importers regarding the monopoly position of the Applicant is incomprehensible; the PVC Resin manufacturing industry requires a higher level of investment and expertise. Due to these reasons, no other unit has entered the industry, and the Applicant is continuously making

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efforts to fulfil entire domestic demand. Based on the logic of importers, does it mean that if domestic industry comprises of a single unit, it does not deserve any protection against dumped imports? Technical shutdowns are exceptions and may happen with any industry in any part of the world. Importers can import from non-dumped sources in case of any such event.

15.4 The Commission has carefully reviewed all issues raised by the interested parties in their views /comments submitted in writing regarding this sunset review and has considered all information, evidence, views /comments of the interested parties. As none of the interested parties requested for hearing in terms of Rule 14 of the Rules, therefore, so no hearing was held in this sunset review.

16. Disclosure of Essential Facts

16.1 In terms of Rules 15(1) 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 October 17, 2023, to the Applicant, importers & their associations and Embassies of the Exporting Countries in Islamabad and esteemed Chinese Taipei Mission to the WTO through Pakistan Permanent Mission to the WTO. The SEF was emailed to exporters /foreign producers of PVC Resin in the Exporting Countries on October 18, 2023.

16.2 Under Rule 15(2) 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, to the SEF the following interested parties submitted the views/comments:

- (a). The Applicant;
- (b). Alpha Pipe Industries (Pvt.) Limited;
- (c). Pakistan Footwear Manufacturers Association; and
- (d). Fast Cables Limited.

16.3 Views/comments and the information submitted by the above-mentioned interested parties have been considered in making the Report of 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 the likelihood of continuation or recurrence of dumping of the product under review, the Commission has considered the following factors. Information on these factors has been gathered/obtained from different sources including the Applicant, PRAL, articles published in journals, ITC and other websites etc: -

- (a). Whether exporters/foreign producers stopped or continued exporting the product under review to Pakistan 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 remedial measures by any other country;

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- (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 the Exporting Countries and imports from non-dumped sources during the Period of Original Investigation (POI) and the POR is given in the table below. In order to ascertain the increase in the volume of dumped imports of the product under review, the Commission has obtained import data from Pakistan Customs.

**Table-III
Imports of PVC Resin (MT)**

Country	last year of the POI	The period of review		
	Jul. 2015- Jun.2016	Jan.2019- Dec.2019	Jan.2020- Dec.2020	Jan.2021- Dec.2021
China	190	6	40	10
Chinese Taipei	34	0	-	-
South Korea	24	2	38	1
Thailand	39	0	0	0
Total Dumped Imports	287	8	78	11
Other Sources	129	398	713	89
Total Imports	416	406	791	100

* POI of original investigation Source: Pakistan Customs.

** Note: For the purposes of confidentiality, actual figures have been indexed by taking total imports during Jan.2021-Dec.2021 as base.

17.2.2 From the above table it evident that the volume of dumped imports of the product under review from the Exporting Countries declined significantly after imposition of anti-dumping duties. Imports of the product under review were *** MT during the last year of the POI which decreased to *** MT during the first year of the POR due to imposition of anti-dumping duties. It then increased to *** MT during the second year of the POR due to the COVID-19 restriction and gas leakage incident at the Applicant's plant. The import from the Exporting Countries decreased during the last year of the POR due to the removal of COVID-19 restrictions and increase in the production and sales of the Applicant as a result of enhanced production capacity of the Applicant to 295,000 MT. Imports from all individual dumped sources also declined even the imports from Chinese Taipei ceased after the first year of the POR. This situation shows that after imposition of anti-dumping duties the imports from the Exporting Countries significantly declined.

17.2.3 Comparing the volume of imports from dumped and non-dumped sources, during the last year of POI (Jul.2015-Jun.2016) with the last year of POR (Jan.2021-Dec.2021), shows that the imports from dumped as well as non-dumped sources declined by approximately 76%. The reason for the decrease in imports volume from dumped sources was imposition of antidumping duties while the decrease in volume from non-dumped sources was due to an increase in the production capacity and production of the domestic industry.

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17.2.4 It is noted that there was an increase in the volume of imports from non-dumped sources. In order to ascertain the reason behind this increase in volume of imports from non-dumped sources, the Commission analyzed the prices pattern from non-dumped sources vis a vis dumped sources. The data of imports of PVC Resin and prices at C & F and landed cost level from dumped and non-dumped sources during the POR is tabulated as under: -

**Table-IV
Import volume and prices of PVC resin from dumped and non-dumped sources (MT)**

Year	Dumped Sources				Non-Dumped Sources		
	Volume of Imports (MT)	C&F Price of Import (Rs. /MT)	Landed Cost of Imports (Rs. /MT)		Volume of Imports (MT)	C&F Price of Import (Rs. /MT)	Landed Cost of Import (Rs. /MT)
			Without ADD	With ADD			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Jan. -Dec. 2019	70	68	79	86	3,509	72	84
Jan. -Dec. 2020	692	70	81	96	6,291	69	80
Jan. -Dec. 2021	100	100	115	129	783	99	113

Source: PRAL *Note: For the purposes of confidentiality actual figures of columns 2 and 6 were indexed by taking volume of imports from dumped sources for the year Jan.2021-Dec.2021 as base while columns 3,4,5,7 and 8 have been indexed by taking C&F Price of dumped imports for the year Jan. 2021-Dec.2021 as base.

17.2.5 By comparing the prices of PVC Resin imported from dumped and non-dumped sources at C&F level, it becomes evident that prices were in the same range. However, due to imposition of antidumping duties on imports from the Exporting Countries, landed cost of dumped imports of PVC Resin from the Exporting Countries was higher than the landed cost of its imports from non-dumped sources. Due to lower landed cost, importers of PVC Resin opted to buy from non-dumped sources. Further the total demand for PVC Resin increased after imposition of antidumping duties, particularly in 2020 the total demand increased to ***MT. Till 2020 the production capacity of Applicant was 195,000 MT whereas, the production was *** MT, which was lower than the total demand of *** MT. Chlorine leakage incident and COVID-19 restrictions reduce the Applicant’s production during the second year of the POR. Thus, due to price and abovementioned factors, the volume of non-dumped imports increased from ***MT in 2019 to *** MT in 2020.

17.2.6 It can be noted that from the import prices that consumers prefer to import from sources where landed cost is lower. It is evident from the above information and analysis that the anti-dumping duties imposed on dumped imports of the product under review from the Exporting Countries are the reason for the 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 are removed, because the exporters/producers from the Exporting Countries have their presence in Pakistani market despite the imposition of antidumping duties.

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

17.3.1 As per an Article titled “China Polyvinyl Chloride (PVC) Industry Report, 2018-2022 Research and Markets.com³”

³ <https://apnews.com/press-release/business-wire/business-china-9847b568202145c785d2267e62d7d01f>

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“China’s PVC Resin industry is still expanding its production capacity in 2018-19. It is expected that by the end of 2020, China’s annual PVC Resin production capacity will exceed 27 million MT. China has grown from a net PVC importer into a net PVC exporter.”

“Since 2003 when China took antidumping actions against PVC imports, PVC made from calcium carbide has been developing rapidly in China. In 2006, China surpassed the U.S. in both the capacity and volume of PVC production, becoming the largest PVC producer in the world.”

17.3.2 In another article titled in the “Global Data⁴” (a leading data and analytics company) “China to lead global polyvinyl chloride capacity additions by 2024”, states that:

“The global polyvinyl chloride (PVC) capacity is poised to see considerable growth by 2024, potentially increasing from 56.13 million MT per annum (mtpa) in 2019 to 65.60 mtpa in 2024, registering a total growth of 17%. China accounts for half of global capacity additions, says Global Data, a leading data and analytics company.”

“Furthermore, Global Polyvinyl Chloride (PVC) Industry Outlook to 2024 – Capacity and Capital Expenditure Forecasts with Details of All Active and Planned Plants’ reveals that China accounts for the highest capacity additions with increase from 24.37 million MT per annum (mtpa) in 2019 to 28.37 million MT per annum in 2024. Major capacity additions will be from the plant, Tianjin Bohai Chemical Development Company Tianjin PVC Plant with a capacity of 0.80 mtpa by 2024.”

After India, Thailand will be the third highest country in terms of capacity additions, with capacity increase from 1.09 mtpa in 2019 to 1.65 mtpa in 2024. Major capacity additions will be from the plant, Vinythai Map Ta Phut PVC Plant, with a capacity of 0.56 mtpa by 2024.

17.3.3 India is not amongst the Exporting Countries in this particular case. However, any capacity additions within India will significantly impact the likelihood of continuation / recurrence of dumping and injury from dumped source, as the capacity additions in India will reduce the exports of PVC Resin from these dumped sources to India.

17.3.4 India had been the top export destination of China, Korea and Chinese Taipei during 2016 but their exports to India have reduced during the POR. However, in case of Thailand, India is now the top export destination for PVC Resin. Hence, any capacity additions in India will also cause exportable surplus in the exporting countries.

17.3.5 According to IHS Markit Publications⁵, South Korea had an installed capacity of 1.4 million metric tons (mmt) in 2019 which increased to 1.6 mmt during the year 2021. The production of South Korea was 1.4 mmt in 2019 which increased to 1.5 mmt in 2021. During 2019, the domestic demand of South Korea was 1.35 mmt which reduced to 1.30 mmt in 2021. This situation depicts that South Korea has 0.1 mmt unutilized capacity which can be utilized to produce and export PVC.

17.3.6 The installed capacity of Chinese Taipei was 1.8 mmt in 2019 which increased to 1.9 mmt in 2021. The production was 1.75 mmt during 2019 which decreased in 2020 to level of 1.65mmt but then recovered to the level of 2019 during 2021. Domestic demand from 2019 to 2021 remained stagnant at a level of 0.65 mmt. This situation depicts that Chinese Taipei has 0.15 mmt unutilized capacity which can be utilized to produce and export PVC.

⁴ <https://www.globaldata.com/china-lead-global-polyvinyl-chloride-capacity-additions-2024-says-globaldata/>

⁵ [Connect.ihsmarkit.com](https://connect.ihsmarkit.com)

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17.3.7 In 2019 China’s installed capacity was 25 mmt which increased to 28 mmt in 2021. The production of China increased from 20 mmt to 22 mmt during the POR. Domestic demand also increased from 20.5 mmt to 21.5 mmt from 2019 to 2021. These statistics shows that China has 6 mmt unutilized capacity which can be utilized to produce and export PVC.

17.3.8 Thailand’s installed capacity of PVC production remained unchanged from 2019 to 2021 at a level 0.9 mmt. The production of PVC was 0.9 mmt in 2019 which decreased to 0.75 mmt in 2020 but again increased to 0.8 mmt in 2021. The domestic demand was 0.58 mmt in 2019 which was decreased to 0.55 mmt in 2021. This shows that Thailand has unutilized capacity of 0.1 mmt which can be utilized to export PVC.

17.3.9 The cumulative unutilized capacities summing up to 6.35 mmt are available in the Exporting Countries which can be utilized for production and export of PVC Resin to Pakistan. Cumulative unutilized capacities of the Exporting Countries can be used for producing exportable surplus. Regarding the magnitude of the cumulative unutilized capacities of the Exporting Countries, it was noted that such capacities are manyfold of the total domestic market, and this increases the likelihood of continuation/recurrence of dumping of PVC Resin.

17.4 Trade Defense Measures taken by Other Countries on Exports of PVC Resin:

17.4.1 Since the original investigation in 2015-16, the Indian authority has imposed trade remedial measures on import of PVC Resin from China in order to protect their domestic industry from influx of imports at unfair (dumped) prices. On August 10, 2019, Indian authorities extended definitive anti-dumping duties for a period of five years imposed on the imports of PVC Resin from China and the United States following the conclusion of the sunset review.

17.4.2 On the basis of above information, it appears that the China’s exports to other country have been restricted due to trade remedial measures taken by another country. Therefore, there is likelihood of increase in volume of dumped imports of the product under review from China if the 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 In order to analyze the impact of antidumping duties on the exporters /producers of PVC Resin from the Exporting Countries and to assess whether there is change in pattern of their exports, the trend of exports of the Exporting Countries have been analyzed. The current review contains limited new information concerning the PVC resin industry, as no producer or exporter from the Exporting Countries responded to the Commission’s questionnaire. The exact information on exports of PVC Resin from the Exporting Countries is not available as it is very closely defined, therefore, the information available at the International Trade Centre (www.trademap.org) is broadly analyzed. Following table shows major exports destinations of the Exporting Countries under relevant HS codes at six digits level, which includes the product under review:

Table-V

Major Export Markets of the Exporting Countries of PVC (MT)				
	Destination	2015	Destination	2021
(1)	(2)	(3)	(4)	(5)
	India	157,777	India	304,071

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Major Exports Markets of China	Malaysia	110,978	Viet Nam	219,702
	Russian Federation	65,893	Bangladesh	160,064
	Thailand	52,785	Brazil	86,034
	Kazakhstan	50,613	Nigeria	75,353
	Viet Nam	46,256	Egypt	74,889
	Uzbekistan	43,659	Kazakhstan	74,625
	Korea, Republic of	36,345	United Arab Emirates	73,410
	Kenya	34,365	Malaysia	70,691
	Pakistan	20,483	Pakistan	2,139
	Others	154,822	Others	613,298
	Total	773,974	Total	1,754,276
	Destination	2015	Destination	2021
Major Exports Markets of Korea	India	322,860	India	233,819
	China	46,194	Türkiye	49,536
	Türkiye	22,922	Nigeria	36,379
	Bangladesh	21,216	Brazil	20,275
	Malaysia	15,872	Bangladesh	18,450
	United Arab Emirates	12,883	South Africa	16,181
	South Africa	11,536	Egypt	14,824
	Iran, Islamic Republic of	11,125	Viet Nam	13,716
	Nigeria	11,116	United Arab Emirates	10,297
	Pakistan	5,234	Pakistan	1,016
	Other	108,954	Others	116,246
	Total	589,912	Total	529,723
	Destination	2015	Destination	2021
Major Exports Markets of Taiwan	India	348,977	India	348,365
	China	199,917	China	228,229
	Bangladesh	46,729	Australia	172,801
	Viet Nam	33,587	Viet Nam	164,962
	United Arab Emirates	26,642	Bangladesh	129,112
	Sri Lanka	23,168	Brazil	65,837
	Brazil	21,224	New Zealand	23,953
	Türkiye	14,936	United Arab Emirates	21,151
	Australia	14,386	Saudi Arabia	16,697
	Pakistan	3,572	Pakistan	229
	Others	113,735	Others	108,112
	Total	846,873	Total	1,279,448
	Destination	2015	Destination	2021
Major Exports Markets of Thailand	Australia	46,404	India	117,290
	Malaysia	38,316	Viet Nam	45,363
	Indonesia	35,978	China	27,840
	Bangladesh	25,468	Malaysia	27,368
	India	23,058	Bangladesh	20,193

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	Philippines	21,634	Cambodia	19,634
	Viet Nam	21,564	Indonesia	15,033
	Cambodia	15,683	Australia	12,062
	China	13,482	United Arab Emirates	10,589
	Pakistan	11,094	Pakistan	6,571
	Others	77,549	Others	76,308
	Total	330,230	Total	378,251
Grand Total of Export under all four PCT Headings		2,540,989	Grand Total of Export under all four PCT Headings	3,941,698

Source: Trade Map

Source Wise Detail of Exports

Source	Total Export		*Common Export markets		%	
	2015	2021	2015	2021	2015	2021
China	773,974	1,754,276	386,106	671,228	50%	38%
Korea	589,912	529,723	407,767	365,678	69%	69%
Chinese Taipei	846,873	1,279,448	695,034	1,130,686	82%	88%
Thailand	330,230	378,251	231,047	291,354	70%	77%
Total	2,540,989	3,941,698	1,719,954	2,458,946	68%	62%

Source: Trade Map * Common export markets represents that portion of total exports which were destined for same markets during last year of original POI and last year of the POR.

17.5.2 Total exports and common export destinations for the product under review were summarized in the table above. It is noted that overall export of product under review of the Exporting Countries increased by 55% in 2021, as compared to last year of the POI. China's overall exports increased from 773,974 MT in the last year of the POR to 1,754,276 MT during the last year of the POR. Chinese share in exports of the Exporting Countries increased from 30% in 2015 to 45% in 2021. However, China's exports to common destination decreased from 50% in 2015 to 38% during 2021 meaning thereby that China has developed other markets for exports. The share of the other three Exporting countries which constituted 70% of total exports during 2015 decreased to 55% in 2021. The exports of these three countries to common export destination remained the same or increased from 2015 to 2021. The collective exports of these three Exporting Countries to common destination increased from 75% in 2015 to 82% in 2021. This means that exporters /producers of the Exporting Countries have penetrated the already discovered markets except China. However, China has un-utilized capacity of around 6 mmt which can be used for production of PVC Resin and such production can be diverted to common as well as new markets.

17.5.3 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 the Exporting Countries if anti-dumping duties imposed on dumped imports from the Exporting Countries of the product under review are terminated.

18. Summing up information for likelihood of continuation or recurrence of dumping.

Even after the imposition of antidumping duties on dumped imports of product under review from the Exporting Countries, imports of product under review continued during the entire POR. However, volume of dumped imports decreased substantially after imposition of antidumping duties. It normally happens that the dumped imports significantly reduce due to imposition of antidumping duties. The continued imports of PVC Resin despite imposition of antidumping duties indicates that the exporters have the ability to

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absorb the effects of antidumping duties. Presence of dumped imports indicate that import volume from the Exporting Countries can increase in case antidumping duties are removed. Exporters/producers from the Exporting Countries have strong marketing channels in Pakistan and will be able to export Pakistan once the anti-dumping duties are removed. Further, as per trade map data, export destinations were same as were during the POI for three out of four Exporting Countries. This indicates that these three Exporting Countries were not able to find new destinations for the product under review. However, Chinese exporters/producers were able to divert their exports to new destinations. China's has huge unutilized production capacities (6 mmt) which can be used to generate exportable surplus and this exportable surplus can be used to export product under review to Pakistan. of around can be utilized by it for domestic sales and exports. The Indian authority has imposed trade remedial measures on import of PVC Resin from China in order to protect their domestic industry from influx of imports at unfair (dumped) prices. On August 10, 2019, Indian authorities extended definitive anti-dumping duties for a period of five years imposed on the imports of PVC Resin from China and the United States following the conclusion of the sunset review. The continuation of anti-dumping duties on China's export of PVC Resin will create further exportable surplus of China's exporter/producers of PVC Resin. All these factors indicate that there is likelihood of an increase in imports of PVC Resin in case antidumping duties on dumped imports from the Exporting Countries 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 the 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:

- (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 Pakistan Customs. The information on volume of imports of the product under review from the Exporting Countries, non-dumped sources and domestic production during the POI and during the POR are given below in the table:

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**Table-VI
Imports and Domestic Production of PVC Resin (MT)**

Year/Period	Imports from the Exporting Countries	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 15 – Jun 16	2,530	1,138	3,669	10,848	68.97	23.33
Jan. – Dec. 2019	70	3,509	3,579	12,935	1.95	0.54
Jan. – Dec. 2020	692	6,291	6,983	9,991	9.91	6.92
Jan. – Dec. 2021	100	783	883	15,858	11.33	0.63

* POI of original investigation Source: Pakistan Customs and the Applicant

** Note: For the purposes of confidentiality actual figures have been indexed by taking imports from the Exporting Countries for the year Jan.2021-Dec.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 the Exporting Countries:

- (a). Dumped imports of the product under review decreased from *** MT in the original POI to *** MT, *** MT, and *** MT during first, second and third year of the POR respectively. Imports of product under review from the Exporting Countries decreased in absolute terms after imposition of antidumping duties. Imports of product under review from non-dumped sources increased during the first two years of the POR and then decreased during the last year of the POR.
- (b). The 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 the POI, an increase of 46 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 23.33 percent of the domestic production in the last year of original POI to 0.63 percent in the last year of the POR.
- (c). During the second year of the POR domestic production decreased while imports from dumped and non-dumped sources increased. It was due to closure of the Applicant's plant owing to chlorine gas leakage incident (11 days) and COVID-19 restrictions (27 days). However, during the last year of the POR, production of the domestic industry was back on track, replacing imports.
- (d). It was also observed that dumped imports as the percentage of total imports decreased during the POR because the landed cost of imports from dumped imports was higher than the imports from non-dumped sources and consumers opted to buy from non-dumped sources.

19.3.3 Despite the imposition of antidumping duties, imports from the Exporting Countries continue to hold share in the total imports of PVC in the country. This is indicative of the fact that dumped imports from the Exporting Countries still have customer base in Pakistan and in case antidumping duties are terminated, there are chances that dumped imports will increase sharply which will have adverse effects on the domestic industry. In case antidumping duties are removed then there are chances that imports from

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non-dumped sources will shift to dumped sources as there is minor difference between their prices at C&F level.

19.3.4 As there is likelihood of continuation and recurrence of dumped imports of the product under review (paragraph 18 supra) from the Exporting Countries, 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 the Exporting Countries if antidumping duties are terminated on it, which is likely to adversely affect production, sales and profitability 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-VII
Sales and Market Share**

Year/Period	Domestic Industry's Sales		Imports from:				Total Domestic Market	
			Dumped Sources		Other Sources			
	MT	% share	MT	% share	MT	% share	MT	%change**
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
*Jul 15 – Jun 16	70	73.41	17	18.34	8	8.25	95	---
Jan. – Dec. 2019	86	77.7	0	0.44	24	21.87	111	16.33
Jan. – Dec. 2020	73	60.28	5	3.93	43	35.78	121	9.55
Jan. – Dec. 2021	94	93.9	1	0.69	5	5.41	100	(17.67)

* POI of Original Investigation ** % change vis-à-vis previous year

Sources: The Applicant and PRAL

*** Note: For the purposes of confidentiality actual figures have been indexed by taking total domestic market for the year Jan. 2021-Dec. 2021 as base.

19.4.2 The above table shows that the total domestic market of the product under review increased during the first two years of POR and then decreased during last year of POR. During the POR, it increased by 16.33% from *** MT during the last year of original POI to *** MT during the first year of POR then it further increased by 9.55% to *** MT during the second year of POR on year-on-year basis. However, it decreased to *** MT during the last year of the POR (by 17.67%). The total domestic market overall increased by 5% from ***MT during the last year of POI to *** MT during the last year of POR.

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 23%) in Jan.-Dec. 2019, then decreased to *** MT in Jan.-Dec. 2020 (by 15% with respect to previous period). This decrease in domestic industry's sales during the second year of POR was due to the chlorine gas leakage incident at the plant and COVID-19 restrictions. Domestic sales again increased to *** MT (by 28% with respect to previous period) in Jan.-Dec. 2021.

19.4.4 The above table shows that the volume of dumped imports from the Exporting Countries decreased from *** MT in the POI to *** MT (by 97%) in the first year of POR. Dumped imports then increased to *** MT i.e., an increase of 890 percent as compared to first year of the POR. Dumped imports again declined during the last year of POR to *** MT i.e., a decrease of 85 percent as compared to second year of the POR.

19.4.5 Share of the dumped imports from the Exporting Countries in total domestic market was 18.34% in the original POI, which declined to 0.44% percent during first year of POR then it increased to 3.93% during the second year of POR and then decreased to 0.69% of total domestic market in last year of

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POR (Jan.-Dec. 2021). Market share of the imports from other sources increased from 8.25% in the last year of original POI to 21.87% during the first year of POR, it further increased to 35.78% during the second year of POR, however it decreased to 5.41% during the last year of POR. Market share of domestic industry has increased from 73.41% in the last year of original POI (Jul.14- Jun.15) to 77.70% during the first year of POR then it decreased to 60.28% during the second year of POR and then in the last year of POR, it increased to 93.90%. The dumped imports decreased during the first year of POR due to imposition of anti-dumping duties which resulted in improvement in the domestic industry sales and diversion of imports to non-dumped sources. During the second year of POR due to COVID-19 restrictions and gas leakage incident the domestic industry’s production decreased which resulted in increase in share of imports from dumped and non-dumped sources. During the last year of POR after COVID era the domestic industry enhanced capacity resulted in improvement in domestic sales and reduction in imports from dumped and non-dumped sources.

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 capacity, 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 the Exporting Countries, 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 the Exporting Countries, which will adversely affect sales and market share of the product under review.

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.

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 duties during the original POI and POR are given in following table:

**Table-VIII
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
(1)	(2)	(3)	(4)	(5)	(6)
*Jul 15 – Jun 16	36	34	---	2	---
Jan. – Dec. 2019	58	52	57	6	2
Jan. – Dec. 2020	67	53	63	13	3

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Jan. – Dec. 2021	100	76	85	24	15
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* POI of Original Investigation Sources: the Applicant and Pakistan Customs

** Note: For the purposes of confidentiality actual figures have been indexed by taking domestic like product Price for the year Jan. 2021-Dec. 2021 as base.

19.5.1.2 The above table shows that the domestic industry faced price undercutting in original POI (when compared with landed cost without antidumping duties) and during the whole POR when compared the domestic like product with landed cost of imported product under review with and without anti-dumping duties. The above table also reveals that the domestic industry is still facing price undercutting during the whole POR despite imposition antidumping duties. 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 the Exporting Countries are removed.

19.5.2 Likely Effect on Price Depression

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

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-IX
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 15 – Jun 16	56	52	---	---	---	49	---
Jan. – Dec. 2019	76	84	---	---	---	75	82
Jan. – Dec. 2020	74	96	-2	12	---	76	91
Jan. – Dec. 2021	100	144	26	48	---	109	123

* POI of Original Investigation

Sources: the Applicant and Pakistan Customs

** Note: For the purposes of confidentiality actual figure have been indexed by taking cost to make and sell of the domestic like product for the year Jan. 2021-Dec. 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 during the first year of POR, decreased slightly in the second year of POR and then increased sharply during the last year of POR. However, despite this fluctuation in the cost to make and sell of the

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domestic like product the Applicant was able to increase its price during the entire period of POR. Furthermore, the Applicant was able to recover increase in cost to make and sell through increase in the price of the domestic like product. Thus, the Applicant did not experience price suppression during the entire POR.

19.5.3.3 As the landed cost of the product under review imported from the exporting countries, with and without antidumping duty, remained lower than the sale price of the domestic like product during 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 the Exporting Countries are removed.

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:

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

Year/Period	**Net Profit/(Loss)
(1)	(2)
*Jul 15 – Jun 16	(6)
Jan. – Dec. 2019	15
Jan. – Dec. 2020	35
Jan. – Dec. 2021	100

* POI of Original Investigation

Source: the Applicant

** Note: For the purposes of confidentiality actual figures have been indexed by taking profit for the year Jan. 2021-Dec. 2021 as base.

19.6.2 The above table shows that the domestic industry earned net loss of Rs.*** million during last year of the POI of original investigation (Jul. 2015-Jun. 2016). After imposition of antidumping duties, the sales volume of the Applicant increased, and it was able to charge a better sale price for its product. Due to increased sales volume and better profit margin, net profit of the domestic industry improved during the POR. Profit reached the level of Rs. *** million during first year of POR (Jan. - Dec. 2019). Similarly, during the second year of POR (Jan. - Dec. 2020) net profits increased to Rs.*** million. In the last year of POR, net profit increased to Rs.*** million.

19.6.3 The price of the domestic like product is set on the basis of difference of between prices of major raw material i.e. Ethylene and finished product i.e. PVC Resin. This is the practice adopted by the Applicant in setting its price. The difference between the prices of Ethylene and PVC Resin increased from US \$ *** in 2019 to US \$ *** in 2020 and then it further increased to US \$ *** in 2021. This widening gap between the prices prompted the domestic industry to charge higher prices for its product which led to better financial performance.

19.6.4 However, in case antidumping duties are terminated and PVC Resin becomes available at dumped prices then there is likelihood that the profit of the domestic industry will be adversely affected.

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: -

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**Table-XI
Production and Capacity Utilization**

Year/Period	Capacity Utilization (%)
(1)	(4)
*Jul 15 – Jun 16	93
Jan. – Dec. 2019	101
Jan. – Dec. 2020	78
Jan. – Dec. 2021	87

* POI of Original Investigation

Source: the Applicant.

**According to the audited financial statement of 2021, the commercial production from additional capacity of 100,000MT PVC-III plant started w.e.f. March 01, 2021.

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 56 percent. To cater the expanding market, domestic industry invested for expanding its capacity.

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. Production of the domestic like product decreased by 23% during the second year of the POR (Jan. 2020-Dec. 2020) as compared to the first year of the POR (Jan. 2019- Dec. 2019). This reduction in production volume was the result of shut down of production plant for 38 days on account of COVID 19 pandemic (27 days) and leakage of chlorine plant (11 days) during the year. This reduction in domestic production resulted in an increase in the volume of dumped and non-dumped imports. The vacuum created by the reduction of domestic production was filled by the imports. However, during the last year of the POR, domestic industry recovered by increasing its production to *** MT and was able to utilize 87% of its installed capacity. The domestic industry now not only cater for more than 94% of the domestic demand of the product under review but also exports PVC Resin 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 the Exporting Countries 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-XII
Inventories of the Domestic Like Product (MT)**

Period	Opening Inventory	Production	Sales		Closing Inventory
			Domestic	Export	
(1)	(2)	(3)	(4)	(5)	(6)
*Jul 15 – Jun 16	114	6,430	6,002	261	280
Jan. – Dec. 2019	298	7,666	7,391	84	490
Jan. – Dec. 2020	490	5,922	6,282	30	100
Jan. – Dec. 2021	100	9,399	8,057	753	690

* POI of Original Investigation

Source: Applicant

** Note: For the purposes of confidentiality, actual figures have been indexed by taking opening inventory for the year Jan. 2021-Dec. 2021 as base.

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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 *** MT during the last year of POR (Jan.- Dec. 2021). This increase in closing inventory is because of the fact that domestic industry had to maintain a certain level of inventories to meet any urgent requirements of domestic market and exports. Removal of anti-dumping duties on dumped imports from the Exporting Countries 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 Applicant is a multi-product company 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 the entire operations of the Applicant. Information on net cash flows of the domestic industry is given below:

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

Year/Period	(Million Rs.)
(1)	(2)
*Jul 15 – Jun 16	4
Jan. – Dec. 2019	53
Jan. – Dec. 2020	77
Jan. – Dec. 2021	100

* POI of Original Investigation Source: Applicant

** Note: For the purposes of confidentiality, actual figures have been indexed by taking cash flows for the year Jan. 2021-Dec. 2021 as base.

19.9.2 The above table shows that the cash flow from operating activities of the Applicant improved after imposition of antidumping duties. It was analyzed during the review proceedings that improvement in profitability of the Applicant positively impacted the cash flows of the Applicant.

19.9.3 As is evident from Table-VIII supra that the landed cost of the product under review from the Exporting Countries with and without antidumping duties is lower than the price of the domestic like product, therefore, in case of removal of antidumping duties on imports from the Exporting Countries, 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 the Exporting Countries.

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-XIV
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 15 – Jun 16	76	33	68	90	49
Jan. – Dec. 2019	88	67	82	92	83
Jan. – Dec. 2020	99	73	63	63	116
Jan. – Dec. 2021	100	100	100	100	100

* POI of first Original Investigation

Source: Applicant

** Note: For the purposes of confidentiality actual figures have been indexed by taking figures of respective columns for the year Jan.2021-Dec. 2021 as base.

19.10.2 The above table shows that the employment increased from *** employees in period of original investigation (Jul. 2015-Jun. 2016) to *** employees during the last year of POR (Jan.-Dec. 2021) i.e., by 31 percent as a result of increase in installed capacity and production of the domestic like product.

19.10.3 Productivity per worker increased from *** MT per worker during the original POI to *** MT per worker during last year of POR i.e., by 12 percent. Due to economic slowdown in last quarter of 2019 and Covid-19 Pandemic in 2020, the productivity per worker decreased however it improved in last year of POR.

19.10.4 Salaries and wages per MT increased throughout the POR and reached Rs ***/MT in last year of POR as compared to the original POI Rs. ***/MT.

19.10.5 As the information provided at paragraph 19.3 supra shows that there is likelihood of increase in volume of imports of the product under review from the Exporting Countries 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 Applicant has made investments and installed production capacity of the domestic industry has increased and reached to 295,000 MT per annum, which shows that the Applicant did not face any problem in growth and raising of the capital required for such growth as the Applicant's financial position improved after imposition of antidumping duties. The current capacity of the domestic industry is more than the domestic demand, and the domestic industry is able to export the excess production to foreign countries. During on-the-spot investigation, the Applicant informed the Commission's investigating team that they are planning to further increase the production by de bottlenecking the plant and increase the export of PVC Resin. There is likelihood of adverse effects on growth plans of the domestic industry if antidumping duties are terminated on dumped imports of the product under review as the Applicant will not be able to sell its product in domestic market at profitable price. Further, the Applicant was 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.

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19.12 Likely Effect on Return on Investment

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

**Table-XV
Return on Investment**

Year/Period	Return on investment (%)
(1)	(4)
*Jul 15 – Jun 16	3
Jan. – Dec. 2019	20
Jan. – Dec. 2020	23
Jan. – Dec. 2021	46

* POI of Original Investigation Source: Applicant

**Investment = Equity + Long term Loans+ current maturity of long-term loans

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

19.12.2 The above table shows that return on investment significantly increased from 3 percent during the last year of the POI of original investigation (Jul 2015-Jun. 2016) to 46 percent in last year of the POR (Jan. 2021-Dec. 2021). The increase in ROI during last year of the POR was due to increase in profit earned by the domestic industry.

19.12.3 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 the Exporting Countries 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.

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 the Exporting Countries would be likely to lead to 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 the Exporting Countries 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 the Exporting Countries if antidumping duties are terminated.
- (c). There is likelihood of decline in production and sales of the domestic like product, which will, adversely affect the prices, 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 the Exporting Countries are terminated.

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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 the Exporting Countries 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 the requirements of Sections 24 and 58 of the Act.
- (b). There is likelihood of continuation of dumping of the product under review from the Exporting Countries 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 the Exporting Countries 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.

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 anti-dumping 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 the Exporting Countries would be likely to 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 on dumped imports of PVC Resin for a period of further three years with effect from June 08,2022, imposed on dumped imports of the product under review from the Exporting Countries as per the rates provided in the following table:

**Table-XVI
Antidumping Duties Rates**

Country	Exporter/Foreign Producer	Duty rate (%)
(1)	(2)	(3)
China	Xinjiang Tianye (Group) Foreign Trade Co. Ltd	3.44
	Inner Mongolia Wuhai Chemical Industry Co., Ltd	6.65
	Tianjin LG Bohai Chemical Co. Ltd	20.47
	Tianjin Dagu Chemical Co., Ltd	14.34
	All other exporters	20.47
Korea	LG Chem, Korea	4.00
	All Other Exporters	14.97
Thailand	All Exporters	13.98
Chinese Taipei	All Exporters	16.68

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24. PVC Resin imported from sources, other than the Exporting Countries shall not be subject to antidumping duties. Further, in accordance with Section 51(1) (ae) of the Act, definitive antidumping duties shall 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.

25. In accordance with Section 51 of the Act, the antidumping duties shall take the form of *ad valorem* duty. Release of the dumped imports of the product under review for free circulation in Pakistan shall be subject to imposition of such antidumping duties.

26. 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.

27. 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 account "G1270X", titled "National Tariff Commission Fund" maintained with State Bank of Pakistan.

(Ahmad Sheraz)
Member, NTC
December 07, 2023

(Imran Zia)
Member, NTC
December 07, 2023

(Muhammad Iqbal Tabish)
Member, NTC
December 07, 2023

(Naeem Anwar)
Chairman, NTC
December 07, 2023

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Annex-I

Comments of Interested Parties during the sunset review

Comments of Interested Parties	Reply
Views/Comments of Importers:	
<p>Comments made by Al Qaim Industries:</p> <ol style="list-style-type: none"> Reference to the proposal of imposing Anti-Dumping Duty on all PVC raw material by NTC (National Tariff Commission) is being very unjust because PVC sector is one of the backbone sector, which not only contributes in real estate, agriculture, domestic consumption but also contributes to foreign reserves of Pakistan by their exports to other countries. The PVC sector can't compete in the international market if the Government imposes Anti-Dumping Duties on all raw materials of PVC. Because very few items of raw material are produced in Pakistan i.e., PVC Resin which is still not in a sufficient quantity to meet the Local demand of all PVC factories in Pakistan. On other side most of other items are not producing in Pakistan which is the compulsory ingredients of PVC Sector production. <p>Comments made by Beta Pipes:</p> <ol style="list-style-type: none"> Engro Polymer and Chemicals has a monopoly as supplier of PVC Resin in the whole country. The following steps of Engro Polymer will discourage the local manufacturers, also: <ul style="list-style-type: none"> It has no so much stock/production to fulfill the requirement of the country. It also applies a quota system to the buyers and reduce their supplies. 	<p>The anti-dumping duties are imposed to curb the unfair trade. The domestic consumers can import the product under review from non-dumped sources without payment of anti-dumping duties.</p> <p>The Commission has considered views/comments as well as explanations provided by the Applicant. Furthermore, during sunset review, letters were written to the interested parties, including your company, and they were requested to submit verifiable data/information to substantiate their views/concerns. However, not a single interested party responded to the Commission. The Domestic industry has installed capacity of 295,000 MT per annum which is more than the domestic demand of Pakistan. The Applicant is exporting the product under review to other countries. These facts shows that the Applicant has sufficient capacity the meet the total domestic demand.</p> <p>The monopolistic position of an industry cannot deprive it of protection against unfair trade practices such as dumping.</p> <p>The Applicant has a capacity of 295,000 MT per annum and in addition to fulfilling the domestic demand, has exported PVC Resin. Beta Pipes was requested to provide verifiable evidence to substantiate the issue of quota system, but no such evidence was provided by the company. On the contrary, the Applicant has established that it has capacity to meet domestic demand.</p>

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<ul style="list-style-type: none"> • The Plant of Engro Polymer got fired which become a major cause in reduction of supply of PVC Resin and the manufacturers have to import PVC Resin, to fulfill their requirements. • Engro Polymer as a monopolistic supplier of PVC Resin, mostly keep the prices of PVC Resin at higher trend than imported material. Due to high price of raw material, the price of finished goods in local market is also high. • When we import the material, we have to pay duty, Sales Tax, Income Tax and many other expenses to the government treasury but Engro Polymer pay nothing except sales tax but still the imported material is cheaper than Engro Polymer. • Higher side trend of Dollar also badly damage our economy. • Government should reduce the customs duty on import of PVC Resin from 13% to 5%. 	<p>During the second year of POR the Applicant’s plant was closed from March 06, 2020, to March 16, 2020, owing to a chlorine leakage incident and the plant was shut down for a period of 10 days. An accident can happen as it is uncontrollable. This cannot deprive an industry from protection against unfair trade.</p> <p>The price of a commodity is determined by the market forces. Furthermore, during the POR the prices of product under review increased worldwide.</p> <p>The anti-dumping duties are imposed to curb the unfair trade. The domestic consumers can import the product under review from non-dumped sources without payment of anti-dumping duties.</p> <p>The Applicant had to face similar sort of situation as major raw material of PVC Resin is imported.</p> <p>For rationalization of tariffs, application can be submitted to the National Tariff Commission under relevant law.</p>
<p>Comments made by Alpha Pipes:</p> <p>4. The anti-dumping duties imposed on import of PVC Resin was not a rationale step as it deprived us from a very reliable and good source of procuring raw materials for our factory. It is also informed that these companies are no more dumping raw materials in our country and offering competitive rates for PVC Resin, which may not hurt local manufacturer of PVC Resin.</p> <p>5. Engro Polymer and Chemicals Ltd is a single manufacturer of PVC Resin in Pakistan and entire PVC industry depends on their regular and continuous supply of PVC Resin. It’s a big risk in case of technical shutdown or any other reason,</p>	<p>The Commission, during the original investigation, has established that PVC Resin was being exported to Pakistan at dumped prices. During the course of sunset review, the Commission requested the exporter/producers of Exporting Countries to submit requisite data for determination of likelihood of continuation or recurrence of dumping but no response was received.</p> <p>The monopolistic position of an industry cannot deprive it of protection against unfair trade practices. In case of technical shutdown, the Companies maintain sufficient level of inventories to cater to the demand. Anti-Dumping Duties are specialized measures which are</p>

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<p>thousands of factories across the country will be closed.</p> <p>6. Engro Polymer & Chemicals Ltd (EPCL), has already been protected as the rate of Custom duties is 11% on import of PVC Resin as compared to other polymers in Chapter 39 (HS Code 3904.1090). Any further restrictions on reports in the shape of anti-dumping duties will only culminate in further strengthening monopoly of Engro Polymer & Chemicals Limited (EPCL), and higher rates and profits.</p>	<p>used to discourage the dumped imports and provide a level playing field to the domestic industry. For rationalization of tariffs, application can be submitted to the National Tariff Commission under relevant law.</p>
<p><u>Pakistan Footwear Manufacturers Association and Fast Cables:</u></p>	
<p>7. Thirty two percent of global share of PVC Resin production is held by China, due to this mass production we can get the best prices from China's top supplier. Nevertheless, we have applied highest antidumping duty (20.47%) on imports from China, which is unfair competition and supporting to lead the monopoly of Engro Pakistan.</p>	<p>Anti-Dumping Duties are applied to protect the domestic industry from unfair trade practices. During the course of the sunset review Exporter Questionnaires were issued to known Chinese exporters however no response was received. So, the Commission had to conclude the instant review on the basis of best available information with the Commission.</p>
<p>8. According to Aug. 2022 to Aug. 2023 import data under HS Code 3904.1090, average import price from China is around 0.79 \$/Kg CFR price, if we applied CD/ACD/ST and clearance then it will total contribute to 34%, so landed cost would reach to (0.79*1.34=1.06\$ or @ 290 PKR 307/Kg) whereas we are getting from Engro at Rs. 387/Kg in Oct. 2023, it was Rs. 417/Kg in Sep. 2023, which means we are paying around 31% additional amount to Engro including anti-dumping duty 20.47%.</p>	<p>The pricing strategy is an internal decision of the company. The consumers are also at liberty to explore best available avenues keeping in view their commercial interests. The Commission has imposed antidumping duties as per relevant provisions of the law.</p>
<p>9. These unjustifiable higher profit margins by Engro lead to higher prices for consumers. If foreign producers are restricted or face higher tariffs, it reduces competition in the market, allowing domestic producers to potentially increase prices. This could result in increased costs for various industries that rely on PVC Resin.</p>	<p>The price of a product is determined by the market factors of demand and supply. The product under review can be imported from the non-dumped sources without payment of anti-dumping duties by the domestic downstream industries/importers.</p>
<p>10. During Aug 2022 to Aug 2023, imported quantity of PVC Resin is 32 KT, if Engro has run further their plant on full capacity with 295KT, that depict</p>	<p>During the POR, the Applicant was able to fulfill domestic demand plus it exported the PVC Resin as well. After</p>

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<p>annual requirement of country has reached up to 327 KT, that cannot be fulfilled by Engro, this could create supply shortages, market distortions, price fluctuations, and delays in manufacturing operations that rely on PVC Resin as a crucial raw material such as plastic or cable manufacturing. Higher prices or limited availability of PVC Resin could increase production costs for these industries, making them less competitive globally.</p>	<p>increasing the capacity to 295,000 MT, the Applicant was operating at 82% of its capacity.</p>
<p>11. Restricting imports through anti-dumping measures may limit the availability of different types and qualities of PVC Resin in the market. This could hinder the ability of Pakistani industries to access specialized resins or those of higher quality, potentially limiting the innovations, diversity and competitiveness within the domestic manufacturing sector.</p>	<p>Before the issuance of SEF, no interested party raised the point that certain types of PVC Resins are not being manufactured by the Applicant.</p>
<p>12. Protecting domestic PVC Resin manufacturers through anti-dumping measures may reduce their incentive or improve efficiency and competitiveness. Without the pressure of competition from foreign producers, domestic companies may become complacent to invest in research and development, upgrade technology, or streamline operation, which could harm long-term growth and innovation within the industry.</p>	<p>Anti-Dumping Duties are applied to protect the domestic industry from unfair trade practices. After imposition of Anti-Dumping Duties, the Applicant has increased its production capacity. Furthermore, imposition of antidumping duties does not mean that imports have been banned. In addition, importers are at liberty to import from non-dumped sources and import data reveals that importers have exercised this option during the POR.</p>
<p>13. Anti-dumping duty is not refunded with the intention of re-export, nonetheless with the use of expensive local resin, we are unable to compete in global market.</p>	<p>The anti-dumping duties are not levied on the import of raw material which is used in the manufacturing of goods meant for exports.</p>