



**Government of Pakistan
National Tariff Commission**

Report on

**Preliminary Determination and Imposition of Provisional Anti-dumping
Duties Against Dumped Imports of Chlorinated Paraffin Wax
Originating in and/or Exported from the People's Republic of China,
the Islamic Republic of Iran and the State of Qatar**

August 02, 2024

A.D.C. No.64/NTC/2024/CPW

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

National Tariff Commission (the "Commission") having regard to the Anti-Dumping Duties Act, 2015 (the "Act"), the Anti-Dumping Duties Rules, 2022 (the "Rules") and the WTO's Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (the "Anti-Dumping Agreement").

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

3. The Commission is conducting an anti-dumping investigation on imports of Chlorinated Paraffin Wax originating in and/or exported from the People's Republic of China, the Islamic Republic of Iran and the State of Qatar (the "Exporting Countries") under the Act and the Rules. The Commission has made a preliminary determination in this investigation under Section 37 of the Act. This report of preliminary determination has been issued in accordance with Rule 12 of the Rules.

4. In terms of Section 37 of the Act, the Commission shall make a preliminary determination of dumping and injury, if any, not earlier than sixty days and not later than one hundred and eighty days, after initiation of an investigation. Such preliminary determination shall be based on the information available to the Commission at that time. This investigation was initiated on March 31, 2024. The preliminary determination is based on the information available to the Commission at this point of time.

A. PROCEDURE

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

6. Receipt of Application

6.1 On February 02, 2024, the Commission received a written application under Section 20 and 24 of the Act from M/s. Nimir Industrial Chemicals Limited, Lahore (the "Applicant"). The Applicant is engaged in manufacturing and sales of Chlorinated Paraffin Wax. The Applicant has alleged that Chlorinated Paraffin Wax classified under PCT No. 3824.9980 originating in and/or exported from the Exporting Countries is being dumped into Pakistan. According to the Applicant, the dumped imports of Chlorinated Paraffin Wax from the Exporting Countries have caused and is causing material retardation of the establishment of the Pakistan's domestic industry producing Chlorinated Paraffin Wax.

6.2 The Commission informed the Diplomatic Missions of the Exporting Countries in Islamabad through note verbal's dated February 14, 2024, of the receipt of application in accordance with the requirements of Section 21 of the Act.

7. Evaluation and Examination of the Application

Examination of the application showed that it met requirements of Section 20 of the Act as it contained sufficient evidence of alleged dumping of Chlorinated Paraffin Wax into Pakistan

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

from the Exporting Countries and causing material retardation of the establishment of the Pakistan's domestic industry producing Chlorinated Paraffin Wax. Requirements of Rule 3 of the Rules, which relates to the submission of information prescribed therein were also found to have been met.

8. Initiation of the Investigation

8.1 The Commission examined accuracy and adequacy of the data /information and evidence provided in the application in accordance with Section 23 of the Act and determined that there was sufficient evidence of alleged dumping of Chlorinated Paraffin Wax, imported under PCT code 3824.9980 into Pakistan from Exporting Countries and such imports has caused material retardation of the establishment of the domestic industry. Therefore, the Commission decided to initiate an anti-dumping investigation in this case on March 31, 2024.

8.2 The Commission issued a notice of initiation in accordance with Section 27 of the Act, which was published in the Official Gazette¹ of Pakistan and in two widely circulated national newspapers² (one in English language and one in Urdu Language) on March 31, 2024. Investigation concerning dumped imports of Chlorinated Paraffin Wax into Pakistan originating in and/or exported from the Exporting Countries was thus initiated on March 31, 2024, in accordance with Section 27(2) of the Act.

8.3 In pursuance of Section 27 of the Act, the Commission notified Diplomatic Missions of the Exporting Countries in Islamabad of initiation of the investigation (by sending a copy of the notice of initiation) on April 02, 2024, with a request to forward it to all exporters/ producers involved in production, sales and export of Chlorinated Paraffin Wax in the Exporting Countries. Copy of the notice of initiation was also sent directly to exporters/ producers whose addresses were available with the Commission, and Pakistani importers on April 02, 2024. The Commission also sent notice of initiation to the Applicant on April 01, 2024.

8.4 For the purpose of soliciting/acquiring information in pursuance of Article 6.1.1 of the Agreement on Implementation of Article VI of GATT 1994 and in accordance with Section 35 of the Act, the Commission sent Exporter's Questionnaire to all known exporters/ producers whose complete addresses were available with the Commission on April 02, 2024. The Commission also sent Exporter's Questionnaire to the Diplomatic Missions of the Exporting Countries in Islamabad with a request to forward it to their respective exporters/ producers involved in production, sale and/or export of Chlorinated Paraffin Wax.

8.5 In accordance with Section 28 of the Act, on April 29, 2024, the Commission sent copies of full text of the written application (non-confidential version) to all known exporters/ producers from the Exporting Countries whose complete addresses were available with the Commission. The Commission on April 29, 2024 also sent copies of full text of the written application (non-confidential version) to the Diplomatic Missions of the Exporting Countries in Islamabad with a request to forward it to their respective exporters/ producers involved in production, sale and/or export of Chlorinated Paraffin Wax.

¹ The official Gazette of Pakistan (Extraordinary) dated March 31, 2024.

² The daily "The News" and "Nawai-e-Waqt" of March 31, 2024.

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

9. Domestic Industry

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

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

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

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

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

9.2 As per the information available with the Commission, the Applicant is the only unit in Pakistan manufacturing Chlorinated Paraffin Wax. Therefore, the production of the Applicant constitutes 100 percent of domestic production of the domestic like product. The Applicant has invested approximately Rs. *** billion on the first ever production unit of Chlorinated Paraffin Wax in the Country. Its annual installed capacity to produce Chlorinated Paraffin Wax is 13,000 metric tons (“MT”), which is enough to meet entire domestic demand of Chlorinated Paraffin Wax. The Applicant has started commercial production of Chlorinated Paraffin Wax in February 2023.

9.3 The Applicant is also engaged in production and sale of a wide range of products like Palm Bright, Steric Acid, Glycerin, Caustic Soda, Sodium Hypochlorite, Chlorine and Hydrochloric Acid.

9.4 As per information available with the Commission, the Applicant is neither related to any importer or exporter nor it has imported Chlorinated Paraffin Wax itself during the POI. Therefore, considering the defined criteria for the domestic industry outlined in Section 2(d) of the Act, the Commission has established that the Applicant is a legitimate producer of the subject product and is eligible to file an application under Section 20 of the Act.

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

10. Standing of the Application

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

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

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

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

10.3 The application is filed by M/s. Nimir Industrial Chemicals Limited, whose production represents 100 percent of domestic production. As the Applicant is the only unit producing Chlorinated Paraffin Wax in Pakistan (paragraph 9.2 supra). Thus, the application fulfills requirements set-out in Section 24 of the Act. Details of the production and sales of the Applicant during February 2023 to March 2024 is as follows:

**Table-I
Standing of the Application**

| Name of the industrial unit | Quantity of the domestic like product Feb 2023-Mar 2024 | | Share in domestic production | | Supporting/ Opposing/ Indifferent |
|------------------------------------|---|------|------------------------------|-------|---|
| | Produced | Sold | Quantity | % age | |
| (1) | (2) | (3) | (4) | (5) | (6) |
| Nimir Industrial Chemicals Limited | 100 | 77 | 100 | 100% | Applicant |

Source: the Applicant

Note: In order to maintain confidentiality, actual figures have been indexed with reference to the figure of production of domestic like product by taking it equal to 100.

11. Applicants' Views

11.1 The Applicant, *inter alia*, raised the following issues in application regarding dumping of Chlorinated Paraffin Wax and causing material retardation of the establishment of domestic industry:

- a. Chlorinated Paraffin Wax imported from the Exporting Countries into Pakistan and Chlorinated Paraffin Wax produced by the domestic industry are like products;

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

- b. Exporters/producers from the Exporting Countries are exporting Chlorinated Paraffin Wax to Pakistan at dumped prices; and
- c. The domestic industry has the ability to produce a marketable product which is qualitatively acceptable to the purchasers. In addition, the domestic industry was in a position to sell at a higher price that would have avoided losses suffered by it in the absence of alleged dumped imports.
- d. Exports of Chlorinated Paraffin Wax by the exporters/producers from the Exporting Countries to Pakistan at dumped prices has caused and is causing material retardation of the establishment of Pakistan's domestic industry producing Chlorinated Paraffin Wax mainly through:
 - (i) Volume of dumped imports;
 - (ii) price undercutting;
 - (iii) price suppression;
 - (iv) price depression;
 - (v) restricted to gain projected market share;
 - (vi) decline in productivity;
 - (vii) decline in capacity utilization;
 - (viii) decline in sales;
 - (ix) decline in profits;
 - (x) magnitude of dumping margins

11.2 The Applicant has made following requests to the Commission:

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

12. **Exporters/ Producers of Chlorinated Paraffin Wax from the Exporting Countries:**

The Applicant has identified seven exporters/ foreign producers from China, four from Iran and two from Qatar who are involved in alleged dumping of the investigated product. The Applicant has further stated that there may be other exporters/ foreign producers involved in dumping from the Exporting Countries but they are unaware about them. Therefore, the Applicant has requested for imposition of anti-dumping duties on all imports of Chlorinated Paraffin Wax originating in and/or exported from the Exporting Countries.

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

13. Investigated Product, Domestic Like Product and the Like Products

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

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

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

13.3 The Product: Chlorinated Paraffin Wax

Chlorinated Paraffin Wax is a colorless to amber or yellow viscous liquid manufactured through chlorine liquefaction plant and is used widely as a secondary plasticizer in flexible PVC compounds. The largest application of Chlorinated Paraffin Wax is as a plasticizer, generally in conjunction with primary plasticizer such as certain phthalates in flexible PVC. The use of Chlorinated Paraffin Wax in PVC imparts several technical benefits, one of the most important benefits is enhancement of flame-retardant properties. It is particularly benefiting the PVC flooring and cabling industries. Furthermore, it is also used as plasticizer in paint, sealants and adhesive industries where main advantages over its alternatives are inertness and flame-retardant properties.

13.4 Investigated Product:

13.4.1 The investigated product as defined in notice of initiation is Chlorinated Paraffin Wax (the “investigated product”) imported from the Exporting Countries. It is classified under Pakistan Customs Tariff (“PCT”) code 3824.9980. The investigated product is mainly used as a plasticizer in PVC compounds, paints, sealants and adhesive industries.

13.4.2 Following table shows customs tariff structure of 2024-25 applicable on imports of the investigated product:

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

**Table-II
Customs Tariff Structure of Chlorinated Paraffin Wax**

| PCT Code | Tariff Description | Customs Duty Rate | Additional Customs Duty Rate | Regulatory Duty Rate | Concessions/ FTA Rates* |
|-----------|---|-------------------|------------------------------|----------------------|---|
| (1) | (2) | (3) | (4) | (5) | (6) |
| 38.24 | Prepared Binders for foundry moulds or cores; Chemical products and preparations of the Chemical or allied industries (including those consisting of mixtures of natural products), not elsewhere specified, or included. | | | | |
| 3824.9980 | --Others ---Chloroparaffins liquid | 11% | 2% | 10% ** | CN_0; MY=10; SAFTA=5; IR=Conc.20%; LK Conc.=100% |

* CN : China, MY: Malaysia, IR: Iran, LK: Sri Lanka
Source: Pakistan Customs Tariff

** till December 31, 2024

13.5 Domestic Like Product

The domestically produced product is Chlorinated Paraffin Wax (the “domestic like product”), classified under PCT Codes 3824.9980. The domestic like product is also used as a plasticizer in PVC compounds, paints, sealants and adhesive industries.

13.6 Like Products

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

13.6.2 For determination of like products, the Commission has examined and analysed number of factors such as raw materials, production process used for production of Chlorinated Paraffin Wax, Customs classification, interchangeable usage, marketing and sales channels in Pakistan etc. The Commission has reached on the conclusion that there is no difference between the investigated product, the domestic like product and the Chlorinated Paraffin Wax imported from sources other than the Exporting Countries, as all three products are:

- a. produced with same/similar inputs and manufacturing process;
- b. have same/similar appearance;
- c. are substitutable in use and application;
- d. are sold in domestic market through same/similar channels.

13.5.3 In view of the foregoing, the Commission is satisfied that the investigated product, domestic like product and Chlorinated Paraffin Wax imported from sources other than the Exporting Countries are like products.

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

14. **Period of Investigation**

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

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

14.2 As the domestic industry of Chlorinated Paraffin Wax has come into operation from February 2023, therefore, information on injury factors is available with effect from February 2023. Thus, the Applicant in application had submitted information /data and evidence from February 01, 2023 till December 31, 2023 for determination of dumping and injury. However, keeping in view provisions of Section 36 of the Act as well as for better analysis, the Commission extended the POI till March 31, 2024 at the time of initiation of the investigation. Accordingly, the Commission decided that the information for the period from 1st January to 31st March 2024 will be collected/obtained from the Applicant after initiation of the investigation. Thus, following POI is set for the purposes of this investigation:

| | |
|-------------------------------|---|
| For determination of dumping: | From February 01, 2023, to March 31, 2024 |
| For determination of injury: | From February 01, 2023, to March 31, 2024 |

15. **Information/Data Gathering**

15.1 The Commission sent questionnaires on April 02, 2024, to the exporters/ producers of Chlorinated Paraffin Wax from the Exporting Countries whose addresses are available with the Commission with request to respond within 37 days of the dispatch of the questionnaires. The Commission also sent a copy of the questionnaire to the Diplomatic Missions of the Exporting Countries in Pakistan on April 02, 2024, with a request to forward it to all exporters/ producers of Chlorinated Paraffin Wax in the Exporting Countries.

15.2 In response, only one exporter and producer from Qatar namely M/s KLJ Organic, Qatar and its related company M/s KLJ Resource DMCC, Dubai approached the Commission with a request for extension in time period for submission of information on Exporters Questionnaire. Keeping in view the reasons explained in their letters, the Commission granted extension to these exporter and producer till May 31, 2024. On May 28, 2024, M/s KLJ Organic, Qatar again requested for extension of fifteen days, which was accorded by the Commission till June 07, 2024. Apart from this exporter, no other exporters/foreign producers from Qatar, China and Iran have responded to the Commission regarding submission of information on Exporters Questionnaire.

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

15.3 Questionnaire response from M/s KLJ Organic, Qatar was received on 15 June 2024, which was found deficient in certain respects. Deficiencies were conveyed to the exporter from Qatar on 24 June 2024. Response to deficiencies was received on 28 June 2024, however, the response was still deficient, deficiencies were conveyed to the exporter on 10 July 2024. Response of deficiencies was received on 22 July 2024. Some clarifications were sought on 24 July 2024, which response was received on July 29, 2024. On July 31, 2024, the Commission further requested some information from the Exporter, which is still awaited.

15.4 Questionnaires were also sent to known importers of the investigated product on April 02, 2024 with request to provide information on Importers Questionnaire with 37 days of the dispatch of the letters. In response, Pakistan Cables Limited, on 22 May 2024 submitted information on Importer Questionnaire, however it did not provide non-confidential version of the questionnaire response despite reminder sent on 03 June 2024. In addition, two more importers i.e., Khuram Gulzar & Co and MICC on 27 May 2024 submitted quite limited information i.e., GDs only. Deficiency letters to importers were sent on 3 June 2024, however no response was received. Another importer, namely Allied Trading Corporation requested for extension, which was granted. On 20 June 2024 it submitted quite limited information i.e., GDs only.

15.5 The Commission issued reminders to importers and exporters to submit information on respective questionnaires by May 27, 2024. Through this letter the Commission informed the interested parties that if no information is provided by the cutoff date, the Commission will make a preliminary determination on the basis of the best information available.

15.6 For subject investigation, the Commission has used information/ data obtained Federal Board of Revenue (FBR) in addition to the information provided by the Applicant in the application and information provided by the M/s KLJ Organic, Qatar.

15.7 Interested parties were invited to make their views/comments and submit information (if any) relevant to this investigation within 45 days of initiation of the investigation. However, the Commission did not receive any written submissions/ comments from any interested party.

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

16. Verification of the Information

16.1 In terms of Sections 32(4) and 35 of the Act and Rule 11 of the Rules, during course of an investigation, the Commission shall satisfy itself to the accuracy of the information. Accordingly, the Commission has satisfied itself to the accuracy and adequacy of information and evidence available with it to the extent possible for the purposes of this preliminary determination.

16.2 In order to verify the information/data provided by the Applicant and to obtain further information (if any), officers of the Commission conducted on-the-spot investigation at office

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

and plant of the Applicant from May 21 to 23, 2024. The report of on-the-spot investigation/verification conducted at premises of the Applicant was provided in full to the Applicant and a non-confidential version of the same was made available to other interested parties by placing it on the public.

17. Public File

The Commission, in accordance with Rule 7 of the Rules, has established and maintained a public file at its office. This file remains available to the interested parties for review and copying from Monday to Thursday between 11.00 hours to 13.00 hours throughout the investigation (except public holidays). This file contains non-confidential versions of the application, responses to the questionnaires, submissions, notices, correspondence, reports and other documents for disclosure to the interested parties.

18. Confidentiality

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

18.2 The interested parties 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 interested parties 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 of the investigated product, may lead to the disclosure of the by nature confidential information by way of reverse calculations. However, the interested parties 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.

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

18.4 In terms of Sub-Section (5) of Section 31, non-confidential summaries of all confidential information, which provides reasonable understanding of the substance, have been placed in public file for review and copying of the interested parties.

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

B. DETERMINATION OF DUMPING

19. **Dumping**

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

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

20. **Normal Value**

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

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

20.2 Further, Section 6 of the Act states:

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

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

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

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

Provided that, if such sales constitute less than five per cent of the sales of the investigated product to Pakistan, the Commission shall accept a lower ratio if, on the basis of evidence submitted by interested parties or otherwise available to it, it is satisfied that sales at such lower ratio are nonetheless of sufficient magnitude to provide for a proper comparison.”.

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

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

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

- “(a) within an extended period of time which shall normally be a period of one year and in no case less than a period of six months;*
- “(b) in substantial quantities; and*
- “(c) at prices which do not provide for the recovery of all costs within a reasonable period of time.*

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

- “(a) a weighted average selling price of transactions under consideration for the determination of normal value is below a weighted average cost; or*
- “(b) the volume of sales below per unit cost represents twenty per cent or more of the volume sold in transactions under consideration for the determination of normal value.*

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

21. Export Price:

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

22. Dumping Determination:

As stated earlier (paragraphs 15.2 supra) only M/s KLJ Organic, Qatar has provided necessary information in response to the questionnaire. Therefore, dumping for M/s KLJ Organic, Qatar is determined on the basis of the information provided by them. However, dumping of the investigated product for all other exporters/ producers of the Exporting Countries in this preliminary determination is determined on the basis of best information available in accordance with Section 32 of the Act. Details of determination of normal values, export prices and dumping margins are provided in the following paragraphs.

23. Determination of Normal Values for the Investigated Product:

23.1 As stated earlier (paragraph 15.3 supra) only M/s KLJ Organic, Qatar has provided requisite information necessary for determination of normal value. Therefore, normal value for M/s KLJ Organic, Qatar is determined based on information provided by the exporter. No other exporter/ foreign producer from the Exporting Countries has provided requisite information on their domestic prices and cost to make & sell etc. Thus, normal values for all other exporters/ foreign producers of the Exporting Countries (except M/s KLJ Organic, Qatar) are determined on the basis of best information available in accordance with section 32 pf the Act and Article 6.8 and Annex II of the Anti-dumping Agreement.

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

23.2 Determination of Normal Value for M/s KLJ Organic, Qatar:

23.2.1 As per Section 6(2) of the Act sales of a like product destined for consumption in domestic market of an exporting may be considered to be a sufficient quantity for the determination of normal value if such sales constitute five per cent or more of the sales of an investigated product to Pakistan. The information provided by M/s KLJ Organic, Qatar has revealed that its sales in the domestic market during POI was 3.16 percent of the sales to Pakistan. Therefore, normal value for M/s KLJ Organic, Qatar is determined on the basis of its cost of production plus a reasonable amount for administrative, selling, general and financial costs (“cost to make and sell”) and for profits of the investigated product during the POI in accordance with Section 6(1)(b) of the Act. The cost to make and sell of M/s KLJ Organic, Qatar is calculated on the basis of the information provided by him.

23.2.2 While providing information on cost of production of the investigated product, M/s KLJ Organic, Qatar stated the following:

“We assign chlorine a negative value in our MIS as per the prevailing chlorine prices in the Asian market”

23.2.3 M/s KLJ Organic, Qatar was asked for clarification for assigning a negative value to a raw material (chlorine), because assigning of a negative value to a raw material is against the generally accepted accounting principles. They were also requested to share evidence of chlorine prices prevailing during the POI. In response M/s KLJ Organic, Qatar stated the following, however, they did not provide any evidence in support of their claims:

“In all Asian countries Chlorine and Hydrochloric acid are sold at negative realization by the chlor alkali industries, being available in the surplus quantities. We must compete with other producer who do not produce chlorine and purchasing chlorine from the chlor alkali facilities at the negative pricing. There is no published data available for this. It is generally derived by market intelligence.

Please also take a note that we have deducted the income realized by the Hydrochloric acid, which is significantly positive in middle east countries as compared to south Asian countries (Always Negative)Whether, it is a cost of chlorine and sales of Hydrochloric acid, we have taken the true representations.”

23.2.4 Assigning a negative value to a raw material is contrary to the principles of calculations of the cost of production. M/s KLJ Organic, Qatar has not only subtracted the chlorine value while calculating the cost of production, rather the income generated from sales of hydrochloric acid, another product produced from chlorine, is also deducted from calculations of cost of production of the investigated product. The appropriate way to calculate cost of production in this scenario should have been either chlorine’s value be added or sales revenues from hydrochloric acid may not be subtracted. As the reported cost of chlorine is less than the sales revenue of hydrochloric acid, therefore, for the purposes of determination of normal value on cost to make and sell basis, the chlorine’s value is added to the cost of production whereas sales revenues from hydrochloric acid is deducted from the cost of production.

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

23.2.5 As M/s KLJ Organic, Qatar is a multi-product company, therefore it was asked to state basis of allocation of financial expenses between chlorinated paraffin wax and other products and provide documentary evidence in support of the allocation basis. In response, M/s KLJ Organic, Qatar stated “*the basis of allocation on the value of Plant & Machinery – CPW - 20% and other products 80%*”. However, no details of the values of plant & machinery were provided. Furthermore, financial cost of the working capital is also allocated on the same value. The Commission is of the view that as a general accounting practice, the financial expenses are usually allocated on a sales revenue basis. However, for the purposes of preliminary determination, the financial cost provided by M/s KLJ Organic, Qatar is accepted. The claim of M/s KLJ Organic, Qatar for financial charges will be further investigated and final decision in this regard will be made in final determination.

23.2.6 The normal value for M/s KLJ Organic, Qatar is determined on its cost to make and sell provided by the exporter subject to above mentioned adjustments. Further, as per the information provided by M/s KLJ Organic, Qatar, it earned 3.84 percent of cost to make and sell as profits on sales of the chlorinated paraffin wax during the POI. The same ratio is applied to determine normal value for the company. Normal value for M/s KLJ Organic, Qatar is provided at Annex-I.

23.3 Determination of Normal Values for Exporters of China and Iran:

As stated earlier that no exporter/ producer from China and Iran has provided information, therefore, normal values for exporters from China and Iran are determined on the basis of best information available in accordance with section 32 of the Act and Article 6.8 of the Anti-dumping Agreement. The normal values for all exporters from China and Iran are determined on cost of production in the exporting country plus a reasonable amount for administrative, selling and general costs and profits in accordance with Section 6(1)(b) of the Act. The methodology used for construction of normal values for China and Iran is provided below: -

- a) The raw materials and packing materials costs of M/s KLJ Organic, Qatar is assumed as raw materials and packing material cost for China and Iran.
- b) Labor cost and energy cost have been adjusted in accordance with wage rates and energy rates prevailed in China and Iran during the POI. Other conversion costs such as repair & maintenance, depreciation, stores, spares etc. of M/s KLJ Organic, Qatar are used for China and Iran.
- c) Selling and admin expenses of M/s KLJ Organic, Qatar are adjusted according to the wage and interest rates prevailed in China and Iran during the POI.
- d) Financial cost of M/s KLJ Organic, Qatar is adjusted according to the interest rates prevailed in China and Iran during the POI.
- e) Profit mark up of 5 percent has been applied on cost to make & sell to arrive at normal values for China and Iran.

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

23.4 Based on the forgoing information, normal values of the investigated product for M/s KLJ Organic, Qatar, China and Iran work out 100.00, 102.83 and 125.59 respectively (*to maintain confidentiality, the actual figures have been indexed with respect to the KLJ's normal value by taking it equal to 100*). Calculations of normal values are provided at Annex-I:

24. Determination of Export Prices of the Investigated Product

24.1 As stated earlier only M/s KLJ Organic, Qatar has provided information. None of the other exporters/ foreign producers from Exporting Countries have provided information. Therefore, export price for M/s KLJ Organic, Qatar has been worked out on the basis of information provided by the exporter. Export prices of the investigated product for exporters from China and Iran are determined on the basis of best information available in accordance with section 32 pf the Act and Article 6.8 and Annex II of the Anti-dumping Agreement. The export prices for exporters from China and Iran are worked out based on the information/data obtained from Pakistan Customs/PRAL on imports of the investigated product during the POI. For the purposes of imposition of customs duties, Pakistan Customs has fixed minimum import prices for the investigated product, which is above than the invoiced import price. Analysis of the information submitted by M/s KLJ Organic, Qatar on its export prices and the KLJ's import prices obtained from Pakistan Customs has shown that the assessed price Custom's price was 6.20 percent more than the prices reported by M/s KLJ Organic, Qatar. Therefore, for determination of export prices for China and Iran, their import prices obtained from Pakistan Customs/PRAL have been deflated by 6.20 percent.

24.2 The information obtained from Pakistan Customs/PRAL is at C&F level, therefore, to reach at ex-works level, adjustments on account of ocean freight, inland freight, handling cost, bank charges, commission and credit cost have been made in C&F export price. Adjustments in the C&F export prices are made as are reported by M/s KLJ Organic, Qatar for its exports of the investigated product, except for ocean freight, which is worked out on the basis of KLJ's ocean freight and distance between concerned port of exportation to Karachi port, and inland freight for China is adjusted as per difference in POL prices of Qatar and China.

24.3 Based on the above methodology and information, export prices of the investigated product for the Exporting Countries are provided in the table below:

Table-III
Export Prices from the Exporting Countries

| S. No. | Description | KLJ Qatar | China | Iran |
|--------|--------------------------------|-----------|--------|-------|
| 1 | C&F Price | 96.67 | 103.91 | 99.72 |
| 2 | Ocean freight | 0.90 | 6.01 | 1.01 |
| 3 | Inland freight & handling cost | 3.47 | 6.08 | 3.47 |
| 4 | Commission | 1.28 | 1.28 | 1.28 |
| 5 | Bank charges | 0.87 | 0.87 | 0.87 |
| 6 | Credit cost | 0.91 | 0.91 | 0.91 |
| 7 | Marketing fee | 4.68 | 4.68 | 4.49 |
| 8 | Adjusted export price | 84.89 | 84.08 | 87.69 |

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

Source: the Applicant and PRAL

Note: In order to maintain confidentiality, actual figures have been indexed with reference to the figure of Normal value of KLJ Qatar by taking it equal to 100

25. Dumping Margins

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

25.2 Section 12 of the Act provides three methods for comparison of normal value and export price to establish dumping margin. The Commission has calculated dumping margins in this investigation by comparing weighted average normal value with weighted average export price at ex-factory/ ex-works level.

25.3 The Commission has also complied with the requirements of Section 11 of the Act which states that the Commission shall, where possible, compare export price and normal value with the same characteristics in terms of level of trade, time of sale, quantities, taxes, physical characteristics, conditions and terms of sale and delivery at the same place.

25.4 Considering relevant provisions of the Act, preliminary dumping margins for the investigated product works out as follows:

**Table-IV
Dumping Margins**

| S. No. | Description | KLJ Qatar | China | Iran |
|--------|--------------------------------------|-----------|--------|--------|
| 1 | Normal Values | 100.00 | 102.83 | 125.59 |
| 2 | Ex-factory export prices | 84.89 | 84.08 | 87.69 |
| 3 | C&F export prices | 96.67 | 103.91 | 99.72 |
| 4 | Dumping margins | 15.11 | 18.75 | 37.90 |
| 5 | Dumping margins as % of export price | 17.80 | 22.30 | 43.21 |
| 6 | Dumping margins as % of C&F price | 15.63 | 18.04 | 38.00 |

Source: the Applicant and PRAL

Note: In order to maintain confidentiality, actual figures have been indexed with reference to the figure of normal value of KLJ Qatar by taking it equal to 100

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

26.1 In terms of Section 41(3) of the Act, dumping margin shall be considered to be negligible if it is less than two percent, expressed as a percentage of the export price. Dumping margin, set out in paragraph 25.4 supra, are above the *de minimis* level.

26.2 As regards the volume of dumped imports, Section 41(3) of the Act provides that the volume of such imports shall normally be regarded as negligible if the volume of dumped imports of an investigated product is found to account for less than three percent of total imports of a like product.

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

26.3 Volume of dumped imports of the investigated product and Chlorinated Paraffin Wax imported from other sources during the POI is given in the table below:

**Table – V
Volume of Dumped Imports**

| Country | Percentage |
|----------------|-------------------|
| (1) | (2) |
| China | 23.0 |
| Iran | 3.5 |
| Qatar | 67.0 |
| Other Sources | 6.5 |
| Total | 100.0 |

Source: FBR/PRAL

26.4 It appears from the above table that most of the imports of Chlorinated Paraffin Wax during the POI were from dumped source i.e., Exporting Countries. During POI, 93 percent of the total imports were from dumped sources, which means dumped imports were above the negligible threshold in terms of Section 41(3) of the Act.

C. MATERIAL RETARDATION TO THE ESTABLISHMENT OF THE DOMESTIC INDUSTRY

27. Whether Material Retardation of the Establishment of Domestic Industry or Material Injury to the Domestic Industry

27.1 Factors mentioned in Sections 15 and 17 of the Act are designed to measure injury to the domestic industry that has already attained a significant level of operational stability and has been operating for a substantial longer period. Therefore, injury factors outlined in Sections 15 and 17 of the Act may not be as reliably assessed in a material retardation case compared to a traditional case where industry is established and has stabilized its operations before the POI. In a scenario where the domestic industry has been in production for a shorter duration and yet to attain stability, assessment for material retardation of the establishment of domestic industry is more relevant than the assessment of material injury to the domestic industry.

27.2 Neither the Act or Rules nor the Anti-dumping Agreement provide guidance regarding determination of material retardation of the establishment of domestic industry. Therefore, criteria mentioned at para 27.5 is usually adopted by various anti-dumping authorities and the Commission's past practice for determination of material retardation of the establishment of domestic industry is also based on this criteria.

27.3 As the Applicant has claimed that it is facing material retardation to its establishment, therefore, first question before the Commission is whether the domestic industry producing Chlorinated Paraffin Wax is an established industry or it is a nascent industry, and second, if the domestic industry is not established, whether establishment of the unestablished industry appears to have been materially retarded by the dumped imports.

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

27.4 In case it is determined that the domestic industry is established, the material retardation standard will not be applicable, rather standards of material injury and/or threat of material injury to an established industry will be applicable.

27.5 Whether Domestic Chlorinated Paraffin Wax Manufacturing Industry is an Established or Yet a Nascent Industry:

27.5.1 As stated earlier (paragraph 9.2 supra) the domestic Chlorinated Paraffin Wax manufacturing industry comprises of only one unit i.e. the Applicant and it started commercial production in February 2023. Material injury or threat of material injury analysis which is based on trend analysis during the POI for injury comprising of standard three years is not possible here due to the short period since commencement of commercial operation of the domestic industry. To apply material retardation standard, the Commission must determine whether the domestic industry has stabilized its operations and is an established industry or whether it is a nascent industry. To make this assessment, the Commission has taken guidance from the Commission's earlier practice and practices of other WTO member countries that are traditional users of antidumping law. The Commission has analyzed the following factors to determine whether the domestic industry was an established industry during the POI:

- a) the date of commencement of commercial production;
- b) whether production of the domestic industry is steady or start-and-stop;
- c) the size of domestic production compared to size of the domestic market as a whole;
- d) whether the domestic industry has reached a "break-even point"; and
- e) whether the activities involve the establishment of a new industry or are merely a new product line of an established firm.

27.5.2 Domestic Industry's Commencement of Commercial Production

The investigation has established that the domestic Chlorinated Paraffin Wax manufacturing industry has started commercial production in February 2023 i.e. at the start of POI. Therefore, it has not been operating long enough to allow for a standard material injury analysis. In such a situation where, domestic industry has not been in operation for considerably long period of time based on which an inference can be drawn from trends, then inference may be drawn by comparing the projected results in the feasibility study and actual figures during the POI.

27.5.3 Whether Production of the Domestic Industry is Steady or Start-and-Stop

27.5.3.1 In order to determine whether the production of the domestic industry was steady or start-and-stop during the POI, actual and projected production of the Applicant was examined. Analysis of the Applicant's information has shown that the domestic industry witnessed a start-and-stop production during the POI for injury and its production remained lower than the projections made in the feasibility study. Following table shows installed capacity, actual and

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

projected production and capacity utilization of the domestic industry:

Table-VI
Actual and Projected Production and Capacity Utilization

| Period | Installed Capacity | Production | | | Capacity Utilization % | | |
|------------|--------------------|------------|-----------|------------|------------------------|-----------|------------|
| | | Actual | Projected | Deviations | Actual | Projected | Deviations |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| Feb-Mar 23 | 100 | 23 | 40 | (17) | 23 | 40 | (17) |
| Apr-Jun 23 | 150 | 53 | 60 | (7) | 35 | 40 | (5) |
| Jul-Sep 23 | 150 | 7 | 90 | (83) | 5 | 60 | (55) |
| Oct-Dec 23 | 150 | 80 | 90 | (10) | 53 | 60 | (7) |
| Jan-Mar 24 | 150 | 68 | 105 | (37) | 46 | 70 | (24) |

Source: The Applicant

Note: In order to maintain confidentiality, actual figures have been indexed with reference to the figure of installed capacity for period Feb-March 2023 by taking it equal to 100.

27.5.3.2 The above table shows that according to the feasibility, during first year of its operations the domestic industry may have achieved about 50 percent of its capacity utilization by attaining 20 percent each in first two quarters and 30 percent each in last two quarters. However, in contrast to projection of 50 percent capacity utilization, the domestic industry achieved only 30 percent of its installed capacity during the first year. As per feasibility, the domestic industry was expected to achieve capacity utilization at the rate of 70 percent of its installed capacity during second year, however, as compared to projection, the domestic industry was able to achieve only 46 percent of its installed capacity during first quarter of second year i.e., Jan-Mar 2024. The apparent main reason due to which the domestic industry was unable to achieve its desired level of production and capacity utilization is the pressure asserted by the dumped imports. Further, the investigation has also shown that the domestic industry did not produce domestic like product for two consecutive months i.e. July and August 2023 during the POI, which shows that the domestic industry experienced start-and-stop situation in its production.

27.5.3.3 Based on the above information and analysis, it is determined that the domestic industry was not able to produce and utilize the installed production capacity of the domestic like product during the POI as per projections. Further, the domestic industry experienced start-and-stop situation during POI.

27.6 Size of Domestic production and Size of Domestic Market

27.6.1 Following table compares size of the domestic production vis-a-vis total domestic market of Chlorinated Paraffin Wax: -

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

Table – VII
Size of production as percentage of total domestic market

| Quarter | Domestic Industry's | | | Imports from: | | | Total Domestic Market | % Market share of: | |
|------------|---------------------|------------|-------|----------------|---------------|---------------|-----------------------|--------------------|----------------|
| | Installed capacity | Production | Sales | Dumped sources | Other sources | Total imports | | Domestic industry | Dumped imports |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| Feb-Mar 23 | 14 | 3 | 2 | 11 | - | 11 | 12 | 14 | 86 |
| Apr-Jun 23 | 21 | 8 | 5 | 14 | 1 | 15 | 20 | 24 | 70 |
| Jul-Sep 23 | 21 | 1 | 3 | 11 | 1 | 12 | 15 | 22 | 74 |
| Oct-Dec 23 | 21 | 11 | 7 | 18 | 1 | 19 | 26 | 26 | 69 |
| Jan-Mar 24 | 21 | 10 | 9 | 12 | 2 | 14 | 23 | 38 | 54 |
| Total POI | 100 | 33 | 25 | 67 | 5 | 71 | 97 | 26 | 69 |

Source: the Applicant and PRAL

Note: In order to maintain confidentiality, actual figures have been indexed with reference to the figure of Total installed capacity for POI by taking it equal to 100.

27.6.2 Before entry of the Applicant in domestic market, the entire demand for Chlorinated Paraffin Wax was met through imports. The above table shows that the installed capacity of the domestic industry is sufficient to meet 100 percent of total domestic demand. However, the domestic industry was able to achieve a 26 percent share in the domestic market for the POI. Thus, the domestic industry was not able to get its projected market share from the demand, whereas dumped imports retained major portion of the total domestic market.

27.6.3 Quarterly imports figures for July – September 2023 is indicative of the fact that the dumped imports have the ability to substitute sales of the domestic like product. As stated earlier, Applicant's production level was expected to reach **** MT according to business plan. At this production level, the Applicant would have accounted for 53.77 percent of the total domestic market. However, the Applicant's production share was only 34.17 percent which was much lower than the projections made in the business plan.

27.6.4 Based on the above information it is concluded that the domestic industry is capable of meeting entire domestic demand, however, it was unable to achieve projected production and sales due to presence of high volume of dumped imports.

27.7 Whether Domestic Industry has Reached a Break-Even Point

27.7.1 The investigation has shown that the domestic industry persistently incurred losses on sales of domestic like product during the POI. In the feasibility report, domestic industry projected breakeven point at *** MT whereas during POI, the domestic industry was only able to sell *** MT. Following table shows cost to make and sell and prices of the Chlorinated Paraffin Wax produced and sold by the Applicant during POI:

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

**Table – VIII
Cost to Make & Sell and Price**

| Period | Domestic Industry's | |
|--------------|---------------------|-------------|
| | Cost to make & sell | Sales Price |
| (1) | (2) | (3) |
| Feb-Mar 2023 | 100 | 72 |
| Apr-Jun 2023 | 77 | 64 |
| Jul-Sep 2023 | 79 | 58 |
| Oct-Dec 2023 | 67 | 54 |
| Jan-Mar 2024 | 62 | 52 |

Source: The Applicant

Note: In order to maintain confidentiality, actual figures have been indexed with reference to the figure of cost to make and sell of Feb-Mar 2023 by taking it equal to 100.

27.7.2 The above table shows that the cost to make & sell of the domestic like product remained above to its price throughout the POI. Therefore, the domestic industry could not achieve break-even point during the POI.

27.8 Whether Activities involve Establishment of a New Industry or Merely a New Product Line of the Established Firm

27.8.1 Introducing a new product line by an established industry could expedite the establishment of the new product in the market by leveraging its existing distribution and marketing networks to promote sales. In such a case, production operations tend to stabilize in a short period. However, if the production of the newly introduced product doesn't receive substantial support from the existing and established product categories, the operation of the domestic industry concerning the new product will take longer period to achieve stability. Therefore, it can be termed as a new industry.

27.8.2 The Applicant (Nimir Industrial Chemicals Ltd.) is a public listed company incorporated in Pakistan under the Companies Ordinance, 1984. Originally, the company was incorporated as Ravi Alkalis Limited in 1994. However, in 1998, the name of the company was changed to Nimir Industrial Chemicals Limited. It is a part of Nimir Group which consist of four companies namely, Nimir Industrial Chemicals Ltd, Nimir Resins Ltd, Nimir Chemcoats Ltd and Nimir Energy Ltd. The Applicant is engaged in manufacturing a wide range of products like oleo-chemicals, soap noodles, soap finishing, aerosols.

27.8.3 The domestic like product produced by the domestic industry has never been produced earlier locally in Pakistan. It is altogether a different product and has different uses than the other products being produced by the Applicant. Therefore, it is developing its own sales and marketing channels to sell in the domestic market. Therefore, the question of any aid from existing sales and marketing networks does not arise in case of the domestic like product i.e. Chlorinated Paraffin Wax Industry. Hence the domestic industry cannot be regarded as an established industry on the basis of this criteria.

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

27.9. The above information and analysis show that the domestic industry manufacturing Chlorinated Paraffin Wax is a newly established industry which is still at its infancy stage. It is competing with less than fair value/dumped imports of Chlorinated Paraffin Wax from the Exporting Countries and is incurring losses at its nascent stage. Therefore, in this case, assessment for material retardation of the establishment of domestic industry is more relevant to determine injury to the domestic industry.

28. Cumulation of Dumped Imports

28.1 As per Section 16 of the Act:

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

(a) dumping margin in relation to the investigated product from each countries is more than the negligible amount, and volume of dumped imports from each investigated country is not less than the negligible quantity; and

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

28.2 In terms of Section 41(3) of the Act, dumping margin shall be considered to be negligible if it is less than two percent, expressed as a percentage of the export price. As regards the volume of dumped imports, Section 41(3) of the Act provides that the volume of such imports shall normally be regarded as negligible if it is found to account for less than three percent of total imports of a like product.

28.3 Investigation by the Commission has revealed that the dumping margins and volume of dumped imports during the POI from each of the Exporting Countries was above the negligible amount and quantity respectively. Following table shows dumping margins and share of imports of each of the Exporting Countries during the POI:

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

Table-IX
Dumping Margins and Volume of Imports

| Country Name | | Dumping margin (%) | Share of Imports |
|---------------------|----------------------------|--------------------|------------------|
| Exporting Countries | People’s Republic of China | 22.30 | 23.03 |
| | Islamic Republic of Iran | 43.21 | 3.52 |
| | State of Qatar | 17.80 | 66.95 |
| Others | | -- | 6.51 |

* Sources: PRAL

28.4 It is evident from the weighted average export price charged by the exporters of the investigated product during the POI that there was price competition between themselves. Weighted average C&F export price of the investigated product during the POI from the Exporting Countries is given in a table below:

Table-X
Weighted Average C&F Price of the Investigated Product

| Country | C&F Price |
|----------------------------|-----------|
| People’s Republic of China | 100 |
| Islamic Republic of Iran | 96 |
| State of Qatar | 88 |

Sources: PRAL and KLJ Organic Qatar

Note: Actual figures have been indexed with reference to the figure of C&F Price of China by taking it equal to 100.

28.4 The investigation has revealed that there was also competition between investigated product and the domestic like product in terms of price, market share, and sales etc. Conditions of competition between imports of the investigated product and the domestic like product are discussed in detail in following paragraphs.

28.5 For the reasons given above, the Commission has cumulatively assessed the effects of dumped imports from the Exporting Countries to determine material retardation of the establishment of the domestic industry in following paragraphs.

29. Determination of Material Retardation of the Establishment of Domestic Industry

29.1 Volume of Dumped Imports

29.1.1 In order to assess the effects of volume of dumped imports of the investigated product is analysed vis-à-vis actual and projected production of the domestic like product during the POI. Following table shows the information on volume of dumped imports, actual and projected

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

production of the domestic like product:

**Table – XI
Volume of Dumped Imports and Domestic Production**

| Periods / Quarters | Imports from: | | | Dumped Imports as % of total imports | Domestic industry's Production: | |
|--------------------|----------------|---------------|---------------|--------------------------------------|---------------------------------|-----------|
| | Dumped sources | Other sources | Total imports | | Actual | Projected |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| Feb-Mar 2023 | 15 | - | 15 | 100 | 5 | 8 |
| Apr-Jun 2023 | 20 | 2 | 22 | 92 | 11 | 12 |
| Jul-Sep 2023 | 16 | 1 | 17 | 96 | 1 | 18 |
| Oct-Dec 2023 | 25 | 2 | 27 | 94 | 16 | 18 |
| Jan-Mar 2024 | 17 | 2 | 20 | 87 | 14 | 21 |
| Total | 93 | 7 | 100 | 93 | 46 | 77 |

Source: PRAL and the Applicant

Note: In order to maintain confidentiality, actual figures have been indexed with reference to the figure of total imports during POI by taking it equal to 100

29.1.2 As stated earlier, in a material retardation case, inference from trend analysis is not appropriate as domestic industry is likely to increase production and the imports are likely to decrease. However, the question for material retardation is whether such an increase in domestic production is according to projections or not. Therefore, in the following analysis, the projections and feasibility study figures are frequently used.

29.1.3 Analysis of the above table shows that volume of dumped imports in absolute terms and as a percentage of total import remained significant during POI. Share of dumped imports in total imports remained from 87 percent to 100 percent during POI. On the other hand, production of the domestic like product showed a mixed trend of increasing and decreasing during the POI. However, it remained far less than the projected level. The projected production of the domestic product was **** MT for the entire POI, whereas it remained **** MT, which is 40 percent lower than the projected level.

29.1.4 Since the domestic industry only operated for fourteen months during the POI, actual volume of imports for 14 months i.e. February 23 – March 2024 is compared with the volume of imports in the absence of dumping to project its volume, worked out on the basis of projected sales of the domestic like product, are given in the following table:

**Table-XII
Volume of Dumped Imports (Actual vs Projected)**

| February 2023 to March 2024 | Dumped imports | Other imports | Total Imports | Domestic industry's sales | Total Domestic Market |
|--------------------------------------|----------------|---------------|---------------|---------------------------|-----------------------|
| (1) | (2) | (3) | (4) | (5) | (6) |
| Actual as % of total domestic market | 69% | 5% | 74% | 26% | 100% |
| Projected as % of domestic market | 38% | 5% | 43% | 57% | 100% |

Source: the Applicant and FBR/PRAL

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

29.1.5 As per projections of the Applicant sales of the domestic like product and imports of the investigated product would have been at the level of *** MT and ***MT respectively during the POI. It was projected that, during the POI, sales by domestic industry would have a major share i.e. 57 percent and dumped imports of the investigated product at 38 percent in the domestic market. However, in actuality, the share of domestic industry and imports of the investigated product during the POI were at the level of 26 percent and 69 percent respectively. This shows that imports were having major share in the domestic market contrary to projections made in the business plan of the Applicant. Thus, the domestic industry suffered injury on account of volume of dumped imports of the investigated product.

29.2. **Effects on Sales and Market Share**

29.2.1 Following table shows domestic industry’s sales and market share of each source of supply during the POI:

**Table – XIII
Sales and Market Share**

| Quarter | Domestic Industry’s | | | Dumped imports | | Other imports | | Total Market | |
|------------|----------------------------|--------------|----------------|----------------|----------------|---------------|----------------|--------------|----------|
| | Projected sales | Actual sales | % market share | Volume | % market share | Volume | % market share | Volume | % Change |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| Feb-Mar 23 | 56.87 % market share | 1.8 | 14.2 | 11.0 | 85.8 | - | - | 12.9 | - |
| Apr-Jun 23 | | 5.0 | 23.8 | 14.8 | 70.3 | 1.2 | 5.8 | 21.0 | 63.3 |
| Jul-Sep 23 | | 3.5 | 22.2 | 11.8 | 74.5 | 0.5 | 3.3 | 15.9 | (24.4) |
| Oct-Dec 23 | | 7.0 | 26.2 | 18.5 | 69.3 | 1.2 | 4.5 | 26.7 | 68.0 |
| Jan-Mar 24 | | 9.0 | 38.2 | 12.7 | 54.0 | 1.8 | 7.8 | 23.5 | (12.1) |
| Total POI | | 26.3 | 26.3 | 68.9 | 68.9 | 4.8 | 4.8 | 100.0 | - |

Source: the Applicant and PRAL/FBR

Note: In order to maintain confidentiality, actual figures have been indexed with reference to the figure of total market during POI by taking it equal to 100

29.2.2 Before entry of the Applicant in domestic market, the entire demand for Chlorinated Paraffin Wax was met through imports. The above table shows that the dumped imports of the investigated product retained major market share of 69 percent during the POI.

29.2.3 The domestic industry had projected a much higher volume of sales of *** MT during the POI compared to its actual sales of ***** MT. Similarly, the Applicant had projected 57 percent of market share for the POI but it was able to get 26 percent market share.

29.2.4 Based on the above information and analysis it is concluded that the domestic industry suffered injury on account of sales and market share during the POI as it was unable to sell at the projected level.

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

29.3 Price Effects

29.3.1 The Act requires the Commission to assess whether there has been significant price under-cutting, price suppression and price depression during the POI. The effects of dumped imports on price of the domestic like product are analyzed in following paragraphs.

29.3.2 Price Undercutting

29.3.2.1 Following table shows the weighted average ex-factory price of the domestic like product and weighted average landed cost of the investigated product during the POI:

**Table – XIV
Price Undercutting**

| Period/ Quarter | Domestic like product's price | Landed cost of dumped imports | Price undercutting in: | |
|-----------------|-------------------------------|-------------------------------|------------------------|------------|
| | | | Absolute | percentage |
| (1) | (2) | (4) | (6) | (7) |
| Feb-Mar 2023 | 127 | 85 | 42 | 33 |
| Apr-Jun 2023 | 112 | 93 | 19 | 17 |
| Jul-Sep 2023 | 102 | 97 | 5 | 5 |
| Oct-Dec 2023 | 94 | 91 | 4 | 4 |
| Jan-Mar 2024 | 91 | 89 | 3 | 3 |
| Total (POI) | 100 | 91 | 9 | 9 |

Source: the Applicant and FBR

Note: In order to maintain confidentiality, actual figures have been indexed with reference to the figure of total domestic like product price during POI by taking it equal to 100

29.3.2.2 The above table shows that weighted average landed cost of the investigated product imported from the Exporting Countries remained lower than ex-factory price of the domestic like product during the POI. Therefore, the domestic industry suffered price undercutting during the POI. However, the magnitude of the price undercutting has declined in each successive quarter of the POI. The major reason for lower magnitude of price undercutting during the last three quarters of the POI is imposition of 10 percent of regulatory duty w.e.f. 1st July 2023 till 31st December 2024 by the Federal Government. However, the weighted average price undercutting works out to be 9 percent for the entire POI.

29.3.2.3 The Applicant had projected domestic like product's price as well as landed cost of the investigated product at Rs. *****/MT for the POI. However, due to dumping of the investigated product its landed cost remained significantly lower at Rs. *****/ MT (22%) during the POI than the projected one. Resultantly, it undercut price of the domestic like product.

29.3.3 Price Depression

29.3.3.1 Following table shows prices of the domestic like product during the POI:

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

**Table – XV
Price Depression**

| Period/ Quarter | Domestic like product’s price: | | Price Depression in: | |
|-----------------|--------------------------------|-----------|----------------------|------------|
| | Realized | Projected | Absolute | Percentage |
| (1) | (2) | (3) | (4) | (5) |
| Feb-Mar 2023 | 127 | 116 | - | - |
| Apr-Jun 2023 | 112 | | 14 | 11 |
| Jul-Sep 2023 | 102 | | 11 | 10 |
| Oct-Dec 2023 | 94 | | 7 | 7 |
| Jan-Mar 2024 | 91 | | 3 | 4 |
| Total (POI) | 100 | | -- | -- |

Source: the Applicant Note: Actual figures have been indexed with reference to the figure of total domestic like product price realized during POI by taking it equal to 100

29.3.3.2 Above table shows that the domestic industry suffered price depression in the range of 4 percent to 11 percent during the POI. As landed cost of the investigated product was lower than the prices of domestic like product throughout the POI (Table-XV supra), therefore, the domestic industry was forced to reduce its price to penetrate in the market.

29.3.4 Price Suppression

29.3.4.1 Information/data on cost to make and sell and prices of the domestic like product during the POI are provided in the following table.

**Table – XVI
Price Suppression**

| Year/ Period | Capacity Utilization | Cost to make and sell | Sale Price | Increase/ (decrease) in cost to make and sell | Increase/ (decrease) in price |
|--------------|----------------------|-----------------------|------------|---|-------------------------------|
| (1) | (2) | (3) | (4) | (5) | (6) |
| Feb-Mar 2023 | 22.57 | 100 | 72 | - | - |
| Apr-Jun 2023 | 35.42 | 77 | 64 | (23) | (8) |
| Jul-Sep 2023 | 4.89 | 79 | 58 | 2 | (6) |
| Oct-Dec 2023 | 53.23 | 67 | 54 | (13) | (4) |
| Jan-Mar 2024 | 45.60 | 62 | 52 | (4) | (2) |
| Total (POI) | 33.04 | 71 | 57 | - | |

Source: the Applicant

Note: In order to maintain confidentiality, actual figures have been indexed with reference to the figure of cost to make and sell for the period Feb-Mar 2023 by taking it equal to 100

29.3.4.2 As stated earlier, the domestic industry had projected 50 percent capacity utilization during 1st year of its operation and 70 percent capacity utilization in 2nd year of its operations (paragraph 27.5.3.2 supra). The above table shows that the domestic industry was able to utilize 30 percent of its capacity during first year February-December 2023) and 46 percent of its

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

capacity during first quarter of second year (January-March 2024), and 33 percent for the entire POI due to dumped imports. It can be observed that the cost of production significantly decreased by Rs. **** (23 percent) during the second quarter of its operation due to an increase in production. However, due to lower actual production than the projected production, it fetched relatively higher fixed cost, resultantly the cost of production remained relatively high during the POI. Due to the significant volume of imports of the investigated product at dumped prices, the domestic industry realized lower price at Rs. ****/MT of the domestic like product than the projected price of Rs. ****/MT for the POI. Therefore, the domestic industry faced price suppression during all quarters of the POI as it could not recover its cost to make and sell.

29.3.5 Based on the foregoing information and analysis it is determined that the domestic industry faced injury on account of prices (price undercutting, depression and suppression) during the POI.

29.4 Effects on Production and Capacity Utilization of the Domestic Like Product

29.4.1 Domestic industry's installed capacity, production volumes and capacity utilization during the POI were as follows:

**Table – XVII
Installed Capacity and Production**

| Period/Quarter | Installed Capacity | Actual/realized during POI | | Projected for the POI | |
|----------------|--------------------|----------------------------|--------------------------|-----------------------|--------------------------|
| | | Production | Capacity Utilization (%) | Production | Capacity Utilization (%) |
| (1) | (2) | (3) | (4) | (5) | (6) |
| Feb-Mar 2023 | 14 | 3 | 23 | 6 | 40 |
| Apr-Jun 2023 | 21 | 8 | 35 | 9 | 40 |
| Jul-Sep 2023 | 21 | 1 | 5 | 13 | 60 |
| Oct-Dec 2023 | 21 | 11 | 53 | 13 | 60 |
| Jan-Mar 2024 | 21 | 10 | 46 | 15 | 70 |
| Total | 100 | 33 | 33 | 55 | 55 |

Source: the Applicant

Note: In order to maintain confidentiality, actual figures have been indexed with reference to the figure of total installed capacity during POI by taking it equal to 100

29.4.2 The above table shows that the installed production capacity of the domestic industry remained same during the POI whereas, actual capacity utilization remained between 4.89 percent to 53.23 percent as against 40 percent to 70 percent projected capacity utilization. Actual production of the domestic like product initially increased on start of commercial operations and then declined during 3rd and 5th quarters of the POI. The domestic industry achieved highest level of domestic production and capacity utilization in 4th quarter of the POI i.e., Oct to Dec 2023 wherein domestic production was **** MT and capacity utilization was 53.23 percent. Overall capacity utilization during POI remained 33.04 percent.

29.4.3 It can be observed from the above table that the actual capacity utilization was very low as compared to the projected in the business plan i.e. deviations ranged from (5%) to (55%) during the POI. The domestic industry experienced the highest deviations between actual and

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

projected capacity utilization during the third quarter of POI and lowest deviation in second quarter of POI. Based on the above information and analysis it is concluded that the domestic industry suffered injury on account of production and capacity utilization during the POI.

29.5. Effects on Inventories of the Domestic Like Product

29.5.1 Information on inventories, production, and sales of the domestic like product is provided in the following table:

**Table – XVIII
Inventories of the Domestic Like Product**

| Quarter/Period | Opening Inventory | Production | Sales | | Closing Inventory |
|----------------|-------------------|------------|----------|--------|-------------------|
| | | | Domestic | Export | |
| (1) | (2) | (3) | (4) | (5) | (6) |
| Feb-Mar 2023 | - | 100 | 55 | - | 45 |
| Apr-Jun 2023 | 45 | 235 | 150 | - | 130 |
| Jul-Sep 2023 | 130 | 33 | 106 | - | 57 |
| Oct-Dec 2023 | 57 | 354 | 210 | - | 201 |
| Jan-Mar 2024 | 201 | 303 | 269 | - | 235 |

Source: the Applicant

Note: In order to maintain confidentiality, actual figures have been indexed with reference to the figure of production for Feb-Mar 2023 by taking it equal to 100

29.5.2 The above table shows that the domestic industry was not able to sell the domestic like product in the domestic market due to presence of dumped imports. Therefore, considerable quantities of unsold inventory remained in the Applicant’s warehouse, which is also creating cash flow issues for the Applicant. Hence, the domestic industry also suffered injury on account of increased inventory primarily due to dumped imports of the investigated product.

29.6. Effects on Profits and Loss

29.6.1 The data/Information relating to Applicant’s profits/(loss) on domestic sales of the domestic like product during the POI is provided in the following table:

**Table – XIX
Domestic Industry’s Profits/Loss**

| Period | Gross Profit/Loss | Net Profit/Loss |
|------------|-------------------|-----------------|
| (1) | (2) | (3) |
| Feb-Mar 23 | (20) | (13) |
| Apr-Jun 23 | 67 | (18) |
| Jul-Sep 23 | 17 | (20) |
| Oct-Dec 23 | 20 | (24) |
| Jan-Mar 24 | 16 | (25) |
| Total POI | 100 | (100) |

Source: the Applicant

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

Note: In order to maintain confidentiality, actual figures have been indexed with reference to the total of gross and net profit/loss during POI by taking it equal to 100.

29.6.2 Above information shows that the domestic industry incurred net loss during the entire POI. The quantum of net loss was Rs. **** million during the first quarter of POI, which increased to Rs. *** million during the last quarter of POI. Accumulated loss for the POI is Rs. ****million. Due to price undercutting and price suppression, the domestic industry was not able to fully recover costs. Therefore, it suffered huge losses at the net profit level.

29.7. Effects on Return on Investment

29.7.1 The figures of equity, long-term loans, interest paid and profits of the Chlorinated Paraffin Wax business of the Applicant are shown in the following table:

**Table – XX
Investment and Return on Investment**

| Period | Total Investment | Return | Return on investment |
|------------|------------------|--------|----------------------|
| (1) | (2) | (3) | (4) |
| Feb-Mar 23 | 100 | (0.61) | (0.61)% |
| Apr-Jun 23 | 100 | (0.00) | (0.00)% |
| Jul-Sep 23 | 100 | (0.39) | (0.39)% |
| Oct-Dec 23 | 100 | (1.38) | (1.38)% |
| Jan-Mar 24 | 100 | (1.64) | (1.64)% |

Source: the Applicant

Note: In order to maintain confidentiality, actual figures have been indexed with reference to the figure of total investment for the period Feb 23- Mar 23 by taking it equal to 100.

29.7.2 Due to the presence of dumped imports from the very inception of its production, the domestic industry could not achieve the desired level of sales. The sales made during the POI were at a loss. Therefore, the domestic industry suffered a negative return on investment during the POI.

29.7.3 Had the domestic industry been able to sell the projected quantity at a non-injurious or projected price, its profitability position would have been much better translating into better return on investment. The Applicant had projected positive return on investment (“RoI”) since its operation and the payback period of the project is calculated to be 3.79 years in the business plan. However, due to dumped imports of the investigated product the domestic industry could not meet its projections made for sales, prices and profits, therefore, it could not meet its projection of the RoI as well. Thus, the domestic industry suffered injury on account of return on investment during the POI.

29.8. Effects on Cash Flows

29.8.1 Information on net cash flows from operations of Chlorinated Paraffin Wax business of the Applicant is provided in the following table:

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

**Table – XXI
Net Cash Flows of the Applicant**

| Period | Cash Flows |
|------------|------------|
| (1) | (2) |
| Feb-Mar 23 | (100) |
| Apr-Jun 23 | (130) |
| Jul-Sep 23 | (148) |
| Oct-Dec 23 | (183) |
| Jan-Mar 24 | (193) |

Source: The Applicant

Note: In order to maintain confidentiality, actual figures have been indexed with reference to the figure of Feb 23- Mar 23 by taking it equal to 100.

29.8.2 The above table shows that the domestic industry experienced negative cash flow throughout the POI. The main reason for the negative cash flow is sales at loss due to dumped imports of the investigated product. As per its business plan, the domestic industry anticipated positive cash flows in the first year of its operations.

29.9. Effects on Employment, Productivity and Salaries & Wages

29.9.1 The data/information relating to employment, salaries & wages, production, and productivity for the domestic like product during the POI is given in following table:

**Table – XXII
Employment, salaries & Wages and Productivity**

| Quarter/period | Number of employees | Salaries & wages | Domestic Production | Productivity per worker | Salaries and wages Rs. per MT |
|----------------|---------------------|------------------|---------------------|-------------------------|-------------------------------|
| (1) | (2) | (3) | (4) | (5) | (6) |
| Feb-Mar 23 | 100 | 100 | 100 | 100 | 100 |
| Apr-Jun 23 | 100 | 150 | 235 | 233 | 64 |
| Jul-Sep 23 | 100 | 150 | 33 | 33 | 461 |
| Oct-Dec 23 | 100 | 150 | 354 | 348 | 42 |
| Jan-Mar 24 | 100 | 150 | 303 | 300 | 50 |

Source: The Applicant

Note: In order to maintain confidentiality, actual figures have been indexed with reference to the figures of each respective column for the period Feb 23- Mar 23 by taking it equal to 100.

29.9.2 Above table shows that number of employees and salaries & wages remained same during POI. However, due to fluctuation in domestic production, the productivity per worker and salaries & wages per MT shows mixed trend during POI. The productivity per worker increased during the second quarter, decreased in third quarter, significantly increased in fourth quarter and then decreased during last quarter of POI. The salaries & wages per MT decreased in the second quarter, increased in third quarter, decreased in fourth quarter and then increased in last quarter of POI. During the third quarter, the main reason for extra-ordinary lower productivity per worker and exorbitantly higher salaries & wages per MT is due to the fact that domestic industry was out of production in the months of July and August as it had accumulated significant

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

inventories of the domestic like product.

29.10. Effect on Growth and Investment

The domestic industry started operations in February 2023 and its installed capacity is enough to cater entire domestic demand. However, as is determined in the fore-going paragraphs that the domestic industry was unable to achieve projected levels of production, sales, prices, profits etc. due to dumped imports of the investigated product, therefore it would be a serious impediment in further growth and investment of the domestic industry if fair competition or level playing field is not provided to it.

29.11. Ability to Raise Capital

The Applicant is of the view that the domestic industry is facing deterioration in its operations from the very beginning of its production, the continued dumping is adversely affecting the confidence of investors and financial institutions. Resultantly, the ability of domestic industry to raise further investment has already been adversely affected.

30. Magnitude of Dumping Margin

Dumping margins ranging from 17.80 percent to 43.21 percent determined for the investigated product at paragraph 25.4 supra are considered enough to cause injury in the form of material retardation of the establishment of domestic industry.

31. Summing up of Injury i.e. Material Retardation to the Establishment of Domestic Industry

The information/ data and analysis in the foregoing paragraphs show that the establishment of domestic industry is materially retarded on account of:

- a. Volume of imports of the investigated product.
- b. Price undercutting;
- c. Price suppression;
- d. Price depression;
- e. Decline in sales and market share;
- f. Decline in profits;
- g. Decline in production and capacity utilization;
- h. Negative effects on inventories;
- i. Decline in return on investment; and
- j. Negative effects on growth;

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

D. Other Factors

32. In accordance with Section 18(2) of the Act, the factors other than dumped imports of the investigated product which may cause injury to the domestic industry shall also be analyzed so that the injury caused by such other factors shall not to be attributed to dumped imports. In addition to the other factors mentioned at Section 18(3) of the Act, none of the interested party has highlighted any other factors, which may have caused injury to the domestic industry.

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

- a. volume and price of imports not sold at the dumped prices;
- b. contraction in demand or changes in the patterns of consumption;
- c. trade restrictive practices of and competition between foreign and domestic producers;
- d. development in technology; and
- e. export performance and productivity of domestic industry.

34 Volume and Prices of Non-dumped Imports from Other Sources

34.1 During POI, the volume of imports from other sources was 6.5 percent of the total imports, which was not significant. Further, prices of imports from other sources remained higher than the prices of imports from dumped sources as well as prices of the domestic like product through the POI. Therefore, domestic industry did not suffer injury on account of non-dumped imports from other sources. Following table shows volume and prices of imports and domestic like product's price during the POI:

Table- XXIII
Volume and prices from dumped and other sources

| Quarter/ Period | Volume of imports from | | Landed Cost of imports of: | | Domestic industry's price |
|--------------------|------------------------|-------------------|----------------------------|-------------------|---------------------------------|
| | Other sources | Dumped sources | Other sources | Dumped sources | |
| (1) | (2) | (3) | (4) | (5) | (6) |
| Feb-Mar 23 | - | 16 | - | 85 | 127 |
| Apr-Jun 23 | 2 | 21 | 123 | 93 | 112 |
| Jul-Sep 23 | 1 | 17 | 114 | 97 | 102 |
| Oct-Dec 23 | 2 | 27 | 104 | 91 | 94 |
| Jan-Mar 24 | 3 | 18 | 101 | 89 | 91 |
| Total POI | 7 | 100 | 111 | 91 | 100 |

Source: FBR

Note: Actual figures have been indexed with reference to the figures of total imports from dumped sources and weighted average price of domestic industry during POI by taking it equal to 100.

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

35. **Contraction in Demand or Change in Pattern of Consumption**

Analysis of domestic demand during last three years and first quarter of 2024 shows that there was slight decline of 3 percent and 7 percent during 2022 and 2023, however there is an increase in 2024 (on annualized basis). Based on the information provided the following table it is determined that there was neither significant contraction in domestic demand nor any visible change in consumption pattern of Chlorinated Paraffin Wax during the POI. Therefore, no injury or material retardation to domestic industry could be attributed on this account.

**Table-XXIV
Market Size during Last Three Years**

| Year | Total domestic market |
|-------------------------|-----------------------|
| (1) | (2) |
| January - December 2021 | 100 |
| January - December 2022 | 97 |
| January - December 2023 | 90 |
| January - March 2024 | 26 |

Source: FBR/PRAL

Note: Actual figures have been indexed with reference to the figure of total domestic market for the period Jan 2021-Dec 2021 by taking it equal to 100.

36. **Trade Restrictive Practices and Competition Between Foreign and Domestic Producers**

There was no such policy by the Government of Pakistan during the POI that have negatively affected the domestic industry and created distortion in the competitive environment between foreign and domestic producers. However, the Applicant has direct competition with the foreign producers/ exporters in the domestic market.

37. **Developments in Technology**

The domestic industry is just established, and the Applicant has acquired a plant of Chlorinated Paraffin Wax based on latest technology. Thus, there was no development or change in technology during the POI that could have contributed to the injury to the domestic industry.

38. **Export Performance of Domestic Industry**

As the domestic industry started production in February 2023, there were no exports of the domestic like product prior to the POI. Thus, no injury to the domestic industry could be associated with its export performance.

39. The Commission did not find any other factors injuring domestic industry during the POI other than dumped imports from the Exporting Countries

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

E. CAUSATION

40. Effects of Dumped Imports and Causal Link

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

- a. Volume of dumped imports of the investigated product retained major share in the domestic market whereas production, capacity utilization and sales of the domestic like product remained significantly lower than the projected production and sales the during POI.
- b. Landed cost of dumped imports of the investigated product remained significantly lower than the cost to make and sell as well as prices of the domestic like product during the POI. Therefore, the domestic industry suffered significant price undercutting, price depression and price suppression due to dumped imports of the investigated product during the POI. Resultantly, the domestic industry incurred losses instead of projected profits during the POI. Furthermore, the domestic industry suffered injury on account of increase in inventories of the domestic like product, decline in return on investment and productivity.
- c. Prices of the imports of Chlorinated Paraffin Wax from other sources remained higher than the prices of imports from dumped sources as well as prices of the domestic like product through the POI. Therefore, domestic industry did not suffer any injury on account of non-dumped imports from other sources.

40.2 Based on the fore-going information, analysis and conclusions, the Commission has determined that no factor other than dumped imports of the investigated product is/was the reason of injury to the domestic industry during the POI. Furthermore, the information and analysis in the fore-going paragraphs have established that there was/is a direct causal relationship between dumped imports of the investigated product and injury to the domestic industry, as both happened simultaneously during the POI.

F. CONCLUSIONS

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

- a. the application was filed by the domestic industry representing 100 percent production of the domestic like product during the POI;
- b. the investigated product and the domestic like product are like products;
- c. during POI, the investigated product was exported to Pakistan by the exporters/producers from the Exporting Countries at prices below its normal value;

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

- d. the volume of dumped imports of the investigated product and the dumping margins established for the investigated product from the Exporting Countries are above the negligible and *de minimis* levels;
- e. the dumping margins expressed as a percentage of weighted average adjusted export price at ex-factory level work ranging from 17.80 percent to 43.21 percent and at C&F level work out ranging from 15.63 percent to 38.00 percent;
- f. the domestic industry is a nascent industry and has started commercial production of the domestic like product in February 2023. Dumped imports of the investigated product has caused material retardation to the establishment of the domestic industry as:
 - i.) volume of dumped imports of the investigated product retained major share in the domestic market whereas production, capacity utilization and sales of the domestic like product remained significantly lower than the projected levels during the POI.
 - ii.) landed cost of dumped imports of the investigated product remained significantly lower than the cost to make and sell as well as prices of the domestic like product during the POI. Therefore, the domestic industry suffered significant price undercutting, price depression and price suppression during the POI.
 - iii.) consequently, the domestic industry incurred losses instead of projected profits for the POI.
 - iv.) domestic industry also suffered injury on account of increase in inventories of the domestic like product, cash flows, decline in return on investment and productivity.
- g. there was a causal relationship between dumped imports of the investigated product and the material retardation of the establishment of domestic industry during the POI.

G. IMPOSITION OF PROVISIONAL ANTIDUMPING DUTIES

42. Keeping in view determination of dumping of the investigated product, material retardation to the establishment of domestic industry and a causal link between dumped imports and injury to the domestic industry, the Commission is of the view that imposition of provisional anti-dumping duties on the investigated product are necessary to prevent injury being caused to the domestic industry during the course of this investigation in accordance with Section 43 of the Act.

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

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

**Table-XXV
Calculation of Injury Margins**

| Description | China | Iran | Qatar |
|--|-------|--------|--------|
| (1) | (2) | (3) | (4) |
| Cost to make & Sell of the domestic like product | | 100.00 | |
| Profit: 5% of cost to make & sell | | 5.00 | |
| Estimated Non-injurious price of the domestic like product | | 105.00 | |
| C & F price of investigated product | 64.09 | 62.46 | 57.15* |
| Landed cost of investigated product: | | | |
| With 10% regulatory duty | 73.06 | 78.08 | 71.44* |
| Without 10% regulatory duty | 66.65 | 71.83 | 65.72 |
| Absolute Injury margins: | | | |
| With 10% regulatory duty | 31.94 | 26.92 | 33.56 |
| Without 10% regulatory duty | 38.35 | 33.17 | 39.28 |
| Injury Margins as % of C&F Price: | | | |
| With 10% regulatory duty | 49.84 | 43.10 | 58.72 |
| Without 10% regulatory duty | 59.84 | 53.10 | 68.72 |
| Dumping Margins as % of C&F price | 18.04 | 38.00 | 15.63 |

Note: Non-injurious price and landed costs are without sales tax

Landed Cost = C&F Price + customs duty + additional customs duty + regulatory duty + incidentals @ 2%

* C&F price and landed cost for Qatar is determined on the basis the information submitted by M/s K LJ in questionnaire response.

Note: In order to maintain confidentiality, actual figures have been indexed with reference to the figure of cost to make and sell of domestic like product by taking it equal to 100.

44. The above table shows that the injury margins (with regulatory duty of 10 percent) workout 49.84 percent, 43.10 percent and 58.72 percent for China, Iran and Qatar respectively, which is above the dumping margins of 18.04 percent, 38.00 percent and 15.63 percent respectively. Thus, in terms of Section 43 (1) of the Act, lesser duty would not be adequate to remove injury to the domestic industry. Therefore, provisional antidumping duties at full margin of dumping i.e. 18.04 percent, 38.00 percent and 15.63 percent respectively *ad valorem* on dumped imports of the investigated product originated in and/or imported from China, Iran and Qatar respectively are hereby imposed for a period of four months effective from August 04, 2024. However, in accordance with Section 51(e) of the Act, provisional antidumping duty will not be levied on imports of the investigated product that are used as inputs in products destined solely for exports or for use in the foreign grant-in-aid projects and are covered under any scheme exempting customs duties for exports or foreign grant-in-aid projects under the Customs Act, 1969 (IV of 1969). The investigated product is classified under PCT code. 3824.9980.

45. Chlorinated Paraffin Wax originated and imported from sources other than the Exporting Countries shall not be subject to the above-mentioned provisional antidumping duties.

47. In accordance with Section 51 of the Act, the provisional 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 the purpose. Release of the investigated product for free

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

circulation in Pakistan shall be subject to imposition of such antidumping duties.

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

49. The provisional antidumping duties would be collected in the same manner as customs duty is collected under the Customs Act, 1969 (IV of 1969) and would be deposited in the head of account "G1270X", titled "National Tariff Commission fund" maintained with State Bank of Pakistan.

(Ahmed Sheraz)
Member-IV
August 02, 2024

(Imran Zia)
Member-III
August 02, 2024

(Muhammad Iqbal Tabish)
Member-II
August 02, 2024

(Naeem Anwar)
Chairman
August 02, 2024

Preliminary Determination and Imposition of Provisional Anti-Dumping Duties against Dumped Imports of Chlorinated Paraffin Wax into Pakistan Originating in and/or Exported from China, Qatar, and Iran

Annex-I

CALCULATIONS OF NORMAL VALUES

| S. No. | Description | KLJ Qatar | China | Iran |
|--------|--|-----------|--------|--------|
| 1 | Raw & packing materials cost | 78.02 | 78.02 | 78.02 |
| 2 | Manufacturing salaries and wages | 4.77 | 1.56 | 1.18 |
| 3 | Stores, spares/ supplies | 1.08 | 1.08 | 1.08 |
| 4 | Electricity | 1.32 | 2.98 | 1.32 |
| 5 | Repair & maintenance | 1.49 | 1.49 | 1.49 |
| 6 | Depreciation | 5.69 | 5.69 | 5.69 |
| 7 | Misc./ other expenses | 0.93 | 0.93 | 0.93 |
| 8 | Less income of by-products | (13.90) | -* | -* |
| 9 | Cost of goods manufactured | 79.40 | 91.76 | 89.72 |
| 11 | Inventory adjustment of finished goods | 2.99 | -* | -* |
| 12 | Manufacturing cost of sales | 82.39 | 91.76 | 89.72 |
| 14 | Administrative expenses | 1.56 | 0.51 | 0.39 |
| 15 | Selling & distribution expenses | 4.58 | 1.50 | 1.14 |
| 16 | Financial expenses | 7.78 | 4.17 | 28.37 |
| 17 | Cost to make & sell | 96.30 | 97.94 | 119.61 |
| 18 | Profit | 3.70 | 4.90 | 5.98 |
| 19 | Normal Value | 100.00 | 102.83 | 125.59 |

* Can't be determined as no response from exporters

Note: In order to maintain confidentiality, actual figures have been indexed with reference to the normal value of KLJ Qatar by taking it equal to 100.