(NON-CONFIDENTIAL)

Government of Pakistan
National Tariff Commission

Report of

Final Determination and Imposition of Definitive Anti-dumping Duties on 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

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

December 10, 2024

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 has conducted an investigation against dumped imports of Chlorinated Paraffin Wax into Pakistan originating in and/or exported from the People's Republic of China ("China"), the Islamic Republic of Iran ("Iran") and the State of Qatar ("Qatar") (here in after collectively referred as "Exporting Countries") under the Act and the Rules. The Commission has made final determination in this investigation under Section 39 of the Act. This report of final determination has been issued in accordance with Rule 16 of the Rules and Article 12.2 of the Anti-dumping Agreement.

4. In terms of Section 39 of the Act, the Commission shall normally make a final determination of dumping and injury within one hundred and eighty days of the date of publication of the notice of preliminary determination in the official Gazette. Further, the final determination shall be based on information obtained by the Commission during the course of this investigation. The notice of preliminary determination in this case was published in the official Gazette (extra ordinary) on August 04, 2024. The final determination is based on the information collected and/or obtained by the Commission during the investigation.

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 alleged that the Chlorinated Paraffin Wax classified under PCT No. 3824.9980 originating in and/or exported from the Exporting Countries is 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 Pakistan's domestic industry producing Chlorinated Paraffin Wax.

6.2 The Commission informed the Diplomatic Missions of the Exporting Countries in Islamabad through note verbals 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 from the Exporting Countries and consequent material retardation to the establishment of 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 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, classified under PCT code 3824.9980 into Pakistan from the Exporting Countries and such imports have caused material retardation of the establishment of domestic industry. Therefore, the Commission decided to initiate an anti-dumping investigation on March 28, 2024.

8.2 The Commission issued a notice of initiation in accordance with Section 27 of the Act, which was published in the official Gazette of Pakistan and in two widely circulated national newspapers (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 thirteen exporters/ producers of the Exporting Countries, 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 Anti-dumping Agreement and in accordance with Section 35 of the Act, the Commission sent Exporter's Questionnaire to all known thirteen exporters/ producers of the Exporting Countries, 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 of Chlorinated Paraffin Wax from the Exporting Countries, whose 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.

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 available information, 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. 1.30 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 for Chlorinated Paraffin Wax. The Applicant started commercial production of Chlorinated Paraffin Wax in February 2023.

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

9.4 The Applicant is neither related to any importer or exporter, nor has itself imported Chlorinated Paraffin Wax during the Period of Investigation ("POI") (paragraph 14 infra).

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 the only producer comprising the domestic industry of Chlorinated Paraffin Wax and is eligible to file an application under Section 20 of the Act.

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), therefore, the application fulfills requirements set out in Section 24 of the Act. Details of the production of the Applicant during February 2023 to March 2024 is as follows:

Table-I
Standing of the Application

Name of the industrial unit	% share in total production
(1)	(2)
Nimir Industrial Chemicals Limited	100

Source: the Applicant

11. Applicants' Views

11.1 The Applicant, *inter alia*, raised the following issues in application regarding dumping of the Chlorinated Paraffin Wax and material retardation caused by such imports to 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;

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

13 Investigated Product, Domestic Like Product and Like Product

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

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 product are defined and determined in the following paragraphs.

13.3 Investigated Product:

13.3.1 The investigated product as defined in notice of initiation is Chlorinated Paraffin Wax imported from the Exporting Countries (the "investigated product"). 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 etc.

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

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 ** till December 31, 2024
Source: Pakistan Customs Tariff

13.4 **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 etc.

13.5 **Like Products**

13.5.1 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.

13.5.2 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 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 has determined that the investigated product, domestic like product and Chlorinated Paraffin Wax imported from sources other than the Exporting Countries are like products.

14. **Period of Investigation**

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

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 data/information 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 to determine material retardition to the establishment of domestic industry, after initiation of the investigation. Thus, following POI was 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 Exporter's Questionnaire on April 02, 2024, to the thirteen exporters/ producers of Chlorinated Paraffin Wax of the Exporting Countries, whose addresses were available with the Commission, with a request to respond within 37 days of the dispatch of questionnaires. The Commission also sent the Exporter's Questionnaire to 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, 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 the Exporters Questionnaire. Keeping in view reasons explained in their letters, the Commission granted extension to the exporter/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 exporter/foreign producer from the Exporting Countries has responded to the Commission regarding submission of information on Exporters' Questionnaire.

15.3 Questionnaire response from M/s KLJ Organic, Qatar was received on June 15, 2024, which was found deficient in certain aspects. Deficiencies were conveyed to the M/s KLJ Organic on June 24, 2024. Response to deficiencies was received on June 28, 2024, however, the response was still deficient, again data deficiencies were conveyed to the M/s KLJ Organic on July 10, 2024. Response to the data deficiency letter was received on July 22, 2024. Some further clarifications were sought on July 24, 2024, and a response was received on July 29, 2024. On July 31, 2024, the Commission further requested some information from the exporter from Qatar, which was received on August 05, 2024. The information submitted by M/s KLJ Organic, Qatar in response to the questionnaire is used to determine dumping margin for it.

15.4 Importers' Questionnaire was also sent to known importers of the investigated product on April 02, 2024, with a request to provide information within 37 days of the dispatch of the letters. In response, on May 22, 2024, M/s Pakistan Cables Limited, Karachi, submitted information on Importer Questionnaire, however it did not provide non-confidential version of the Questionnaire response despite reminder sent on June 3, 2024. In addition, two more importers, i.e., M/s Khuram Gulzar & Co, Karachi and M/s Muhammad Iqbal Colour Co., Karachi submitted quite limited information i.e. few GDs only on May 27, 2024. Deficiency letters to importers were sent on June 3, 2024, however no response was received. Another importer, namely Allied Trading Corporation, Karachi requested for extension to submit information, which was granted. On June 20, 2024, it submitted quite limited information i.e. few 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 within the given timeline, the Commission will make its determination on the basis of best information available in terms of Section 32 of the Act.

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

15.7 Interested parties were invited to offer their views /comments and submit information (if any) relevant to this investigation within 45 days of initiation of the investigation. In response, the Commission did not receive any views/comments germane to this investigation.

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 and adequacy 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 investigation.

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 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.

16.3 In order to verify the information/data provided by M/s KLJ Organic, Qatar and to obtain further information (if any), officers of the Commission conducted on-the-spot investigation at office and plant of the M/s KLJ Organic, Qatar from September 08 to 10, 2024. The report of on-the-spot investigation/ verification was provided in full to M/s KLJ Organic, Qatar 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 remained 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 requests 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 provide reasonable understanding of the substance, have been placed in public file for review and copying of the interested parties.

19. Preliminary Determination

19.1 The Commission made preliminary determination in this investigation on August 02, 2024, in terms of Section 37 of the Act and imposed following provisional antidumping duties on dumped imports of Chlorinated Paraffin Wax from the Exporting Countries, for a period of four months effective from August 04, 2024:

Table-III
Provisional Anti-dumping Duties

Exporter/ Foreign Producer	Provisional Duty Rates (%)
Qatar:	
KLJ Organic	15.63
All other exporters	15.63
China:	
All Exporters from China	18.04
Iran:	
All Exporters from Iran	38.00

19.2 The Commission issued a notice of preliminary determination, which was published on August 04, 2024, in Official Gazette of Pakistan and on August 05, 2024, in two widely circulated national newspapers (the "The News" and "Daily Nawa-i-Waqt") notifying the preliminary determination and imposition of provisional antidumping duties.

19.3 On August 05, 2024, the Commission sent copy of the notice of preliminary determination and imposition of provisional antidumping duties to Diplomatic Missions of the Exporting Countries in Islamabad, the exporters, the importers, and the Applicant in accordance with the requirements of Section 37(4) of the Act. A detailed report (non-confidential version) of the preliminary determination was placed in the public file and posted on Commission's website www.ntc.gov.pk.

20. Hearing

20.1 In terms of Rule 14 of the Rules, the Commission shall, upon request by an interested party made not later than thirty days after publication of notice of preliminary determination, hold a hearing at which all interested parties may present information and arguments.

20.2. On request of M/s KLJ Organic, Qatar, the Commission held a hearing on October 02, 2024. M/s KLJ Organic, Qatar and other interested parties attended the hearing. The submission of the interested parties and the record note of the hearing were placed on the public file.

21. Disclosure Meeting

On requests of M/s KLJ Organic, Qatar, the officers of the Commission held a meeting with their representative on August 26, 2024, to explain the methodology used in calculations of its individual dumping margin. In the said meeting, copies of dumping calculations/ methodologies were also provided to the representative of M/s KLJ Organic, Qatar.

22. **Disclosure of Essential Facts**

22.1 In terms of Rules 15 of the Rules, and Article 6.9 of the Anti-dumping Agreement, the Commission disclosed essential facts to the interested parties in this investigation. In this context a Statement of Essential Facts ("SEF") was dispatched on November 04, 2024, to all interested parties including the known exporters/ foreign producers, the Applicant, known Pakistani importers, and to the Diplomatic Missions of the Exporting Countries in Islamabad.

22.2 Under Rule 15(2) of the Rules, the interested parties were required to submit their comments (if any) on the facts disclosed in SEF, in writing, not later than fifteen days of such disclosure. In response, the Commission received comments from only one party, i.e., the domestic industry i.e. M/s Nimir Industrial Chemicals Limited, Lahore on November 18, 2024. The Commission has analyzed and taken into account the comments of the interested parties. The comments germane to this investigation and the Commission's response are attached as Annexure.

B. DETERMINATION OF DUMPING

23. **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*".

24. **Normal Value**

24.1 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*".

24.2 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:".

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

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

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

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

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

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

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

25. **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."*

26. **Dumping Determination:**

As stated earlier (paragraphs 15.3 supra) only M/s KLJ Organic, Qatar has provided necessary information in response to the Exporter's Questionnaire issued by the Commission. Therefore, individual dumping margin for M/s KLJ Organic, Qatar has been determined on the basis of information provided by it in response to the Exporter's Questionnaire and verified by the Commission. However, dumping margins for all other non-cooperating exporters/producers from the Exporting Countries has been determined on the basis of best available information in accordance with section 32 of the Act and Article 6.8 and Annex II of the Anti-dumping Agreement.

27. **Determination of Normal Value for the Investigated Product:**

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 on the basis of information provided by it in its response to the Exporter Questionnaire. 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) is determined on the basis of best information available in accordance with section 32 of the Act and Article 6.8 and Annex II of the Anti-dumping Agreement.

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

27.1.1 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 of 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 the POI were 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 profit 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 it.

27.1.2 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"*

27.1.3 M/s KLJ Organic, Qatar was asked for clarification for assigning a negative value to a raw material i.e. 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)"*

27.1.4 During on-the-spot verification at M/s KLJ Organic Qatar's premises, the investigating team discussed the issue of allocation of negative cost to chlorine and explained that chlorine is raw material (factor of production), whose value cannot be negative. The investigating team asked M/s KLJ Organic to provide batch-wise consumption of chlorine to determine total consumption of chlorine during the POI, which was provided by the company. Corresponding to the quantity consumed, the company provided only processing cost of Chlorine which makes it usable for production of Chlorinated Paraffin Wax. However, later on the M/s KLJ Organic provided a copy of *"Chemical Market Analysis of Global Chlor-Alkali"*, a journal reporting prices of different chemicals including prices of chlorine. For purposes of determination of chlorine cost for M/s KLJ Organic Qatar's cost of production of Chlorinated Paraffin Wax, the Commission has used prices of chlorine reported in Chemical Market Analysis of Global Chlor-Alkali for the Northeast Asia.

27.1.5 As M/s KLJ Organic, Qatar is a multi-product company, therefore, its financial expense related to interest on working capital is allocated on the basis of sales revenues of Chlorinated Paraffin Wax and other products, whereas remaining financial expenses related to interest on vehicle loan, term loan and unsecured loan are allocated on the basis of capital expenditure ratios of Chlorinated Paraffin Wax and other products.

27.1.6 Administration expenses are allocated to Chlorinated Paraffin Wax and other products on the basis of sales revenues. Selling and distribution expenses incurred on domestic sales only are used for calculation of normal value.

27.1.7 M/s KLJ Organic, Qatar was required to submit grade wise information on its cost of production of Chlorinated Paraffin Wax in response to the Questionnaire; however, it did not provide the same in the questionnaire's response. Subsequently, during 'on-the-spot investigation' conducted on its premises from 8 to 10 September 2024, M/s KLJ Organic, Qatar provided grade wise information on its cost of production.

27.1.8 The domestic industry in its comments on the Report of 'on-the-spot verification' has pointed out that in terms of Rule 9(e) of the Rules, the Commission cannot consider new information i.e. grade/ type wise cost of production, provided by the exporter /producer of

Chlorinated Paraffin Wax in Qatar during 'on-the-spot verification', because the Commission had already made preliminary determination in this case on 4 August 2024.

27.1.9 It was also observed by the Commission that the report of 'on-the-spot investigation' was placed in the Public File just one day before the issuance of SEF. Resultantly, the domestic industry could not submit their views/comments before the issuance of SEF. Therefore, the domestic industry raised this issue along with other comments on SEF.

27.1.10 The Commission, after having considered all legal and factual aspects, has decided that the Final Determination shall be made on the basis of the information originally provided by the exporter in the Exporters' Questionnaire and verified by the investigation team during 'on-the-spot investigation'. Hence the Commission has taken the overall weighted average cost of production of Chlorinated Paraffin Wax as provided by M/s KLJ Organic Qatar for determination of normal value.

27.1.11 In accordance with Rule 9(e) of the Rules any factual information relevant to the determination of dumping shall be submitted to the Commission in writing, prior to the preliminary determination in an investigation. Therefore, the Commission has not accepted the grade-wise information of cost of production of M/s KLJ Organic Qatar. The Commission has determined normal value for M/s KLJ Organic, Qatar on the basis of its total cost to make and sell provided in response to the Questionnaire and verified by the Commission during on-the-spot investigation at its premises.

27.1.12 During POI, M/s KLJ Organic, Qatar has exported Chlorinated Paraffin Wax to nineteen countries at different prices. During the POI M/s KLJ Organic, Qatar incurred an overall loss on sales of Chlorinated Paraffin Wax. Analysis of sales of M/s KLJ Organic, Qatar revealed that it has earned profit in certain markets and incurred losses in other markets. It earned profits on its exports to Pakistan during the POI. Therefore, for the purposes of calculation of reasonable profit, the Commission has used profit ratio of M/s KLJ Organic, Qatar's exports to Pakistan during the POI, which works out 8.97 percent of the cost to make and sell. Therefore, the Commission has applied this ratio as reasonable profit to determine normal value of Chlorinated Paraffin Wax for KLJ Organic Qatar. Normal value for M/s KLJ Organic, Qatar is provided at table below:

Table-IV
Calculation of Normal Value for KLJ Organic, Qatar

Description	Total
(1)	(2)
Raw material cost	69.90
Packing material cost	6.04
Other raw material-Chlorine	7.90
Salaries & Wages	6.48
Electricity, Diesel and Water	1.49

Other Expenses i.e., repair & maintenance, stores, spares.	2.22
Depreciation	5.55
Income of bi-product-HCl	(13.84)
Cost of Production	85.73
Inventory adjustment-FG	2.97
Cost of good sold	88.70
Administrative Expenses	2.49
Selling & Distribution Expenses	0.02
Financial Expense	8.79
Cost to make and sell	100.00
Cost to make and sell (Per MT)	334.03
Profit (8.97% of cost to make & sell)	29.95
Normal value (Per MT of QAR)	364.00
Normal value (Per MT of USD)	100.00

Source: M/s KLJ Organic, Qatar
Note: In order to maintain confidentiality, actual figures have been indexed w.r.t., figures of cost to make and sell and normal value by taking it equal to 100.

27.2. <u>Determination of Normal Values for Exporters of China and Iran</u>:

27.2.1 As no exporter/ producer from China and Iran has provided requisite data /information on Exporter's Questionnaire, therefore, normal values for exporters from China and Iran is 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 have been determined on the basis of cost of production of Chlorinated Paraffin Wax in the respective 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 following methodology has been used for construction of normal values for China and Iran: -

a) The raw materials and packing materials costs of M/s KLJ Organic, Qatar has been assumed as raw materials and packing material cost for China and Iran.

b) M/s KLJ Organic, Qatar's labor cost has been adjusted in accordance with wage rates prevailed in China and Iran during the POI. M/s KLJ Organic, Qatar's energy cost has been adjusted in accordance with the energy prices prevailed in China. For Iran, energy cost of M/s KLJ Organic, Qatar is used. Other conversion costs such as repair & maintenance, depreciation, stores, spares etc. of M/s KLJ Organic, Qatar has been assumed same for China and Iran.

c) Selling and admin expenses of M/s KLJ Organic, Qatar has been adjusted according to the wages and interest rates prevailed in China and Iran during the POI.

d) Financial cost of M/s KLJ Organic, Qatar has been adjusted according to the interest rates prevailed in China and Iran during the POI.

e) Profit rate of 8.97 percent, as is worked out for KLJ Organic Qatar, has been applied on cost to make & sell to arrive at normal values for China and Iran.

27.2.2 Based on the forgoing information, normal values of the investigated product for China and Iran are provided at table below:

Table-V
Calculation of Normal Value for China and Iran

Description	China	Iran
(1)	(2)	(3)
Raw material cost	65.79	65.79
Packing material cost	5.68	5.68
Other raw material-Chlorine	7.44	7.44
Salaries & Wages	2.00	1.51
Electricity, Diesel and Water	3.15	1.40
Other Expenses i.e., repair & maintenance, stores, spares.	2.09	2.09
Depreciation	5.22	5.22
Cost of Production	91.37	89.13
Inventory adjustment-FG	2.79	2.79
Cost of good sold	94.16	91.93
Administrative Expenses	0.75	0.57
Selling & Distribution Expenses	0.00	0.00
Financial Expense	4.32	29.43
Cost to make and sell	99.24	121.93
Profit (8.97%)	8.90	10.94
Normal Value	108.14	132.87

Source: KLJ Organic, Qatar

Note: In order to maintain confidentiality, actual figures have been indexed w.r.t., figure of normal value of KLJ Qatar by taking it equal to 100.

28. Determination of Export Price of the Investigated Product

As stated earlier only M/s KLJ Organic, Qatar has provided information. None of the other exporters/ foreign producers from the Exporting Countries have provided information. Therefore, export price for M/s KLJ Organic, Qatar is determined on the basis of information provided by it, and export prices for exporters from China and Iran is determined on the basis of best information available in accordance with section 32 of the Act and Article 6.8 and Annex II of the Anti-dumping Agreement.

28.1 Determination of Export Price for M/s KLJ Organic, Qatar

28.1.1 M/s KLJ Organic exported **** MT of Chlorinated Paraffin Wax to Pakistan in different grades during the POI. As M/s KLJ Organic Qatar export sales to Pakistan were at C&F level, therefore, to reach at ex-factory level, adjustments on account of ocean freight, inland freight, handling cost, bank charges, commission, credit cost and marketing fee have been made in C&F export price. The adjusted exports for M/s KLJ Organic, Qatar is as follows:

Table-VI
Export Price for M/s KLJ Organic, Qatar

Description	Per MT
(1)	(6)
C&F Price	90.6
Credit Cost	0.9
Inland Freight	3.2
Ocean Freight	0.8
Bank Charges	0.8
Commission	1.2
Marketing Fee	4.1
Adjusted Export Price	79.5

Source: KLJ Organic, Qatar

Note: In order to maintain confidentiality, actual figures have been indexed w.r.t., figure of normal value of KLJ Qatar by taking it equal to 100.

28.2 **Determination of Export Price for Exporters of China and Iran**

28.2.1 As none of the exporters/ foreign producers from China and Iran have provided requisite data /information , therefore, export price of the investigated product for exporters from China and Iran is determined on the basis of best information available in accordance with section 32 of the Act and Article 6.8 and Annex II of the Anti-dumping Agreement. The export prices for exporters from China and Iran have been worked out based on the data /information obtained from Pakistan Customs on imports of the investigated product during the POI.

28.2.2 Pakistan Customs has fixed minimum import prices for the investigated product for purposes of imposition of customs duties. Analysis of the information submitted by M/s KLJ Organic, Qatar on its export prices and it's import prices obtained from Pakistan Customs has shown that the assessed price was 6.20 percent higher 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 have been deflated by 6.20 percent.

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

Table-VII
Calculation of Export Prices for China and Iran

Description	**China**	**Iran**
(1)	(2)	(3)
C&F Price	97.4	93.4
Ocean freight	5.7	0.9
Inland freight	5.7	3.2
Commission	1.2	1.2
Bank charges	0.8	0.8
Credit cost	0.9	0.9
Marketing fee @ 4.5%	4.4	4.2
Adjusted Export price	78.8	82.2

Note: In order to maintain confidentiality, actual figures have been indexed w.r.t., figure of normal value of KLJ Qatar by taking it equal to 100.

29. <u>Dumping Margin</u>

29.1 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*".

29.2 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 margin by comparing weighted average normal value with weighted average export price at ex-factory/ ex-works level.

29.3 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.

29.4 Considering relevant provisions of the Act, dumping margin for KLJ Organic, Qatar, Chin and Iran works out as follows:

Table – VIII
Dumping Margins of:

Description	**KLJ Qatar**	**China**	**Iran**
(1)	(2)	(3)	(4)
Normal Value (US$/MT)	100.0	108.1	132.9
Adjusted Export Price (US$/MT)	79.5	78.8	82.2
C&F Export Price (US$/MT)	90.6	97.4	93.4
Absolute Dumping Margin (US$/MT)	20.5	29.4	50.7
Weighted average Dumping Margin as % of adjusted export price	25.71%	37.30%	61.70%
Weighted average Dumping Margin as % of C& F price	22.57%	30.17%	54.26%

Note: In order to maintain confidentiality, actual figures have been indexed w.r.t., figure of normal value of KLJ Qatar by taking it equal to 100.

30. ***De minimis* Dumping Margins and Negligible Volume of Dumped Imports**

30.1 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. The dumping margins provided in paragraph 29.4 supra are above the *de minimis* level.

30.2 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.

30.3 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 – IX
Volume of Dumped Imports

Country	Percentage
(1)	(2)
China	23.53
Iran	3.59
Qatar	66.23
Other Sources	6.65
Total	100.00

Source: M/s KLJ Organic, Qatar and FBR

30.4 It appears from the above table that the volume of dumped imports of the investigated product during the POI from each of the Exporting Countries was above the negligible level i.e. it was above 3 percent of the total imports of Chlorinated Paraffin Wax.

C. MATERIAL RETARDATION TO THE ESTABLISHEMENT OF THE DOMESTIC INDUSTRY

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

31.1 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 longer period. Whereas, assessment of injury factors outlined in Sections 15 and 17 of the Act in a traditional manner might not be an appropriate method for determination of injury to the domestic industry in a material retardation case. 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. However, neither the Act or Rules nor the Anti-dumping Agreement guide determination of material retardation of the establishment of domestic industry. Therefore, 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.

31.2 Domestic Industry's Commencement of Commercial Production

The investigation has established that the domestic Chlorinated Paraffin Wax manufacturing industry 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 based on trend analysis. In such a situation where, domestic industry has not been in operation for a longer period of time based on which an inference can be drawn from trends, inference may be drawn by comparing the projected results in the feasibility study and actual figures during the POI.

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

31.3.1 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 projected production and capacity utilization of the domestic industry:

Table-X
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	14	3	6	(2)	23	40	(17)
Apr-Jun 23	21	8	9	(1)	35	40	(5)
Jul-Sep 23	21	1	13	(12)	5	60	(55)
Oct-Dec 23	21	11	13	(1)	53	60	(7)
Jan-Mar 24	21	10	15	(5)	46	70	(24)
Total POI	100	33	55	(22)	33	55	(22)

Source: the Applicant
Note: In order to maintain confidentiality, actual figures have been indexed w.r.t. figure of total installed capacity of the POI by taking it equal to 100.

31.3.2 The above table shows that as per feasibility projections 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.

31.3.3 Overall analysis of the POI shows that the domestic industry achieved 33 percent of its installed production capacity against projected capacity utilization of 55 percent. The 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.

31.3.4 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.

31.4 **Size of Domestic Production and Size of Domestic Market**

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

Table – XI
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
		Actual	Projected	Actual	Projected						
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Feb-Mar 23	14	3	6	2	(58 % the total market share)	7	-	7	9	20	80
Apr-Jun 23	21	8	9	5		16	1	17	22	22	72
Jul-Sep 23	21	1	13	3		14	1	15	18	19	78
Oct-Dec 23	21	11	13	7		17	1	18	25	27	68
Jan-Mar 24	21	10	15	9		11	2	13	22	40	52
Total POI	100	33	55	25		65	5	70	95	27	68

Source: the Applicant, M/s KLJ Organic, Qatar and FBR

Note: In order to maintain confidentiality, actual figures have been indexed w.r.t. figure of total installed capacity of the POI by taking it equal to 100.

31.4.2 The above table shows that installed capacity of the domestic industry is sufficient to meet 100 percent of total domestic demand. However, during POI, the domestic industry was able to achieve only 27 percent market share in the total domestic market as compared to its projected market share of 58 percent. Thus, the domestic industry was not able to get its desired market share from the demand, whereas dumped imports retained major portion of the total domestic market i.e., 68 percent of total domestic market during POI.

31.4.3 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 57.7 percent of the total domestic market. However, the Applicant's production share was only 27 percent of the total domestic market, which was much lower than the projections made in the business plan.

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

31.5 **Whether Domestic Industry has Reached a Break-Even Point**

31.5.1 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:

Table – XII
Cost to Make & Sell and Price

Period	Domestic Industry's	
	Cost to make & sell	Sales Price
(1)	(2)	(3)
Feb-Mar 2023	140	101
Apr-Jun 2023	109	89
Jul-Sep 2023	111	81
Oct-Dec 2023	94	75
Jan-Mar 2024	87	72
Total POI	100	79

Source: The Applicant

Note: In order to maintain confidentiality, actual figures have been indexed w.r.t. figure of cost to make and sell of the POI by taking it equal to 100.

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

31.6 **Whether Activities Involve Establishment of a New Industry or Merely a New Product Line of the Established Firm**

31.6.1 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.

31.6.2 The Applicant (M/s 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 M/s Nimir Industrial Chemicals Limited. It is a part of M/s Nimir Group which consists of four companies namely, M/s Nimir Industrial Chemicals Ltd, M/s Nimir Resins Ltd, M/s Nimir Chemcoats Ltd and M/s Nimir Energy Ltd. The Applicant is engaged in manufacturing of a wide range of products like oleo-chemicals, soap noodles, soap finishing and aerosols.

31.6.3 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 in the domestic market. Therefore, the question of any aid from existing sales and marketing networks does not arise in the case of the domestic like product.

31.6.4. 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.

32. Cumulation of Dumped Imports

32.1 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 Act, the Commission may cumulatively assess the effects of such imports on the domestic industry only if it determines that:

(a) dumping margin in relation to 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."

32.2 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.

32.3 Investigation by the Commission has revealed that the dumping margins and volume of dumped imports during the POI from each of the Exporting Countries is above the negligible threshold and quantity respectively. The following table shows dumping margins and share of imports of each of the Exporting Countries during the POI:

Table-XIII
Dumping Margins and Volume of Imports

Country Name		Dumping Margin	% share of Imports
Exporting Countries	People's Republic of China	37.30	23.53
	Islamic Republic of Iran	61.70	3.59
	State of Qatar	25.71	66.24
Others		--	6.64

Source: Commission's working, FBR and M/s KLJ Organic, Qatar

32.4 The weighted average C&F export price of the investigated product during the POI from the Exporting Countries is given in a table below. 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.

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

Country	C&F Price (Per MT)
(1)	(2)
People's Republic of China	100.0
Islamic Republic of Iran	96.0
State of Qatar	87.6

Sources: PRAL and M/s KLJ Organic Qatar

Note: In order to maintain confidentiality, actual figures have been indexed w.r.t. figure C&F Price of China by taking it equal to 100.

32.5 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.

32.6 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 domestic industry in following paragraphs.

33. <u>Determination of Material Retardation of the Establishment of Domestic Industry</u>

33.1 Since this is a case of a nascent/new industry, therefore, assessment for material retardation of the establishment of domestic industry is more relevant than the assessment of material injury to the domestic industry.

33.2 **Volume of Dumped Imports**

33.2.1 In order to assess volume of dumped imports of the investigated product in accordance with Section 15(2) of the Act, the volume of dumped imports of the investigated product and actual versus projected production of the domestic like product during the POI for injury has been analyzed below.

Table – XV
Volume of Dumped Imports and Domestic Production

Period / Quarters	Imports from:			Domestic industry's Production:		Dumped imports as % of:	
	Dumped sources	Other sources	Total imports	Actual	Projected	Total imports	Domestic production
(1)	(2)	(3)	(4)	(6)	(7)	(8)	(9)
Feb-Mar 2023	11	-	11	5	9	100	214
Apr-Jun 2023	24	2	26	12	13	93	209
Jul-Sep 2023	22	1	22	2	20	96	1,348
Oct-Dec 2023	26	2	28	18	20	94	150
Jan-Mar 2024	17	3	20	15	23	86	114
Total	100	7	107	51	85	93	197

Source: the Applicant, FBR, M/s KLJ Organic, Qatar

Note: In order to maintain confidentiality, actual figures have been indexed w.r.t. figure of dumped imports of POI by taking it equal to 100.

33.2.2 Analysis of above table shows that volume of dumped imports in absolute terms and as a percentage of total import as well as domestic production remained significant during POI. The share of dumped imports in total imports remained from 86 percent to 100 percent during POI. On the other hand, production of the domestic like product showed a mixed trend during the POI. However, it remained far less than the projected level. The projected production of the domestic like product was **** MT for the entire POI, whereas it remained *** MT, which is 40 percent lower than the projected level.

33.2.3 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 projected volume of imports, which is given in the following table:

Table-XVI
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	68%	5%	73%	27%	100%
Projected as % of domestic market	37%	5%	42%	58%	100%

Source: the Applicant, FBR and M/s KLJ Organic, Qatar

33.2.4 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 the domestic industry will gain a major share i.e. 58 percent and dumped imports of the investigated product will be at 37 percent in the domestic market. However, actual share of the domestic industry and imports of the investigated product during the POI remained 27 percent and 68 percent respectively. This shows that dumped imports retained 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.

33.3. **<u>Effects on Sales and Market Share</u>**

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

Table – XVII
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	58 % market share	2	20	7	80	-	-	9	-
Apr-Jun 23		5	22	17	72	1	5	23	152
Jul-Sep 23		4	19	15	78	1	3	19	(17)
Oct-Dec 23		7	27	18	68	1	5	26	38
Jan-Mar 24		9	40	12	52	2	8	23	(14)
Total POI		27	27	68	68	5	5	100	341

Source: the Applicant, FBR and M/s KLJ Organic, Qatar
Note: In order to maintain confidentiality, actual figures have been indexed w.r.t. figure of total market volume of POI by taking it equal to 100.

33.3.2 The above table shows that the dumped imports of the investigated product retained major market share of 69 percent during the POI. 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 58 percent of market share for the POI but it was able to get only 27 percent market share.

33.3.3 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.

33.4 Price Effects

33.4.1 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.

33.4.2 Price Undercutting

33.4.2.1 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 – XVIII
Price Undercutting

Period/ Quarter	Domestic like product's price	Landed cost of dumped imports	Price undercutting in:	
			Absolute	percentage
(1)	(2)	(3)	(4)	(5)
Feb-Mar 2023	127	85	42	32.9
Apr-Jun 2023	112	90	22	19.6
Jul-Sep 2023	102	92	10	9.6
Oct-Dec 2023	94	85	10	10.2
Jan-Mar 2024	91	85	6	6.6
Total (POI)	100	91	9	9.4

Source: the Applicant, FBR and M/s KLJ Organic, Qatar

Note: In order to maintain confidentiality, actual figures have been indexed w.r.t. figure of domestic like product's price of POI by taking it equal to 100.

33.4.2.2 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 vary from quarter to quarter. The major reason for lower magnitude of price undercutting during the last three quarters of the POI as compared to price undercutting during first two quarters 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 9.4 percent for the entire POI.

33.4.2.3 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 undercuts the price of the domestic like product.

33.4.3 **Price Depression**

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

Table – XIX
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: In order to maintain confidentiality, actual figures have been indexed w.r.t. figure of Realized domestic like product's price of POI by taking it equal to 100.

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

33.4.4 **Price Suppression**

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

Table – XX
Price Suppression

Year/ Period	Capacity Utilization	Cost to make & 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	140	101	-	-
Apr-Jun 2023	35.42	109	89	(23)	(11)
Jul-Sep 2023	4.89	111	81	3	(10)
Oct-Dec 2023	53.23	94	75	(16)	(7)
Jan-Mar 2024	45.6	87	72	(6)	(4)
Total (POI)	33.04	100	79	-	-

Source: The Applicant, FBR and M/s KLJ Organic, Qatar

Note: In order to maintain confidentiality, actual figures have been indexed w.r.t. figure of cost to make and sell of POI by taking it equal to 100.

33.4.4.2 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 31.3.3 supra). The above table shows that the domestic industry was able to utilize only 30 percent of its capacity during first year February-December 2023) and 46 percent of its 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.

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

33.5. **Effects on Production and Capacity Utilization of the Domestic Like Product**

33.5.1Domestic industry's installed capacity, production volumes and capacity utilization during the POI were as follows:

Table – XXI
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 w.r.t. figure of total installed capacity by taking it equal to 100.

33.5.2 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 from *** MT in first quarter to *** MT in second quarter and then declined to *** MT during 3rd quarter. During the fourth quarter, domestic production increased to *** MT and then declined to *** MT in the fifth quarter of the

POI. The domestic industry achieved the highest level of domestic production and capacity utilization in the 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.

33.5.3 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 projected capacity utilization during third quarter of POI i.e., July-September 2023 and lowest deviation in second quarter of POI i.e., April-June 2023. 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.

33.6. **Effects on Inventories of the Domestic Like Product**

33.6.1Information on inventories, production, and sales of the domestic like product is provided in the following table:

Table – XXII
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	-	50	27	-	22
Apr-Jun 2023	22	117	75	-	65
Jul-Sep 2023	65	16	53	-	28
Oct-Dec 2023	28	176	104	-	100
Jan-Mar 2024	100	151	134	-	117

Source: the Applicant

Note: In order to maintain confidentiality, actual figures have been indexed w.r.t. figure of opening inventory for the period Jan-Mar 2024 by taking it equal to 100.

33.6.2 The above table shows that the domestic industry was not able to sell the domestic like product in the domestic market due to the 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. It is evident from the fact that during the last quarter of POI i.e., Jan-Mar 2024, the closing inventory of the domestic industry was ***MT. Hence, the domestic industry also suffered injury on account of increased inventory primarily due to dumped imports of the investigated product.

33.7. **Effects on Profits and Profitability**

33.7.1 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 – XXIII
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

Note: In order to maintain confidentiality, actual figures have been indexed w.r.t. figures of gross profit/loss and net profit/loss of POI by taking it equal to 100.

33.7.2 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.

33.8. <u>Effects on Return on Investment</u>

33.8.1The figures of equity, long-term loans, interest paid and profits of the of the domestic industry are shown in the following table:

Table – XXIV
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.

33.8.2 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 loss. Therefore, the domestic industry suffered a negative return on investment during the POI.

33.8.3 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.

33.9. **<u>Effects on Cash Flows</u>**

33.9.1Information on net cash flows from operations of Chlorinated Paraffin Wax business of the Applicant is provided in the following table:

Table – XXV
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.

33.9.2 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. Therefore, the domestic industry suffered an injury on account of negative cash flow.

33.10. **<u>Effects on Employment, Productivity and Salaries & Wages</u>**

33.10.1 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 – XXVI
Employment, salaries & Wages and Productivity

Quarter/period	Number of employees	Salaries & wages	Domestic Production	Productivity (MT/ worker)	Salaries and wages (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.

33.10.2 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 the third quarter, significantly increased in the fourth quarter and then decreased during the last quarter of POI. The salaries & wages per MT decreased in the second quarter, increased in the third quarter, decreased in the fourth quarter and then increased in the 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 inventories of the domestic like product.

33.11. **Effect on Growth and Investment**

The domestic industry started operations in February 2023 and its installed capacity is enough to cater for entire domestic demand. However, as is determined in the foregoing 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 from the Exporting Countries, 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.

33.12. **Ability to Raise Capital**

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.

33.13. **Magnitude of Dumping Margin**

Dumping margins ranging from 25.71 percent to 61.70 percent determined for the investigated product at paragraph 29.4 supra are considered enough to cause injury in the form of material retardation of the establishment of domestic industry.

34. **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 was 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. Negative effects on cash flows
j. Decline in return on investment; and
k. Negative effects on growth;

D. Other Factors

35. 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, M/s KLJ Organic Qatar have highlighted following other factors, which may have caused injury to the domestic industry:

a) High interest cost of the domestic Industry; and
b) Reliance on feasibility study for determination of injury to the domestic industry without thorough due diligence

36. 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.

37. The above-mentioned other factors are analyzed in the following paragraphs.

38. **Imports from Other Sources**

38.1 The following table shows volume and prices of imports of the Chlorinated Paraffin Wax and domestic like product's price during the POI:

Table- XXVII
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	-	11	-	85	127
Apr-Jun 23	2	24	123	90	112
Jul-Sep 23	1	22	114	92	102
Oct-Dec 23	2	26	104	85	94
Jan-Mar 24	3	17	101	85	91
Total POI	7	100	111	91	100

Source: the Applicant, cooperating exporter and FBR

Note: In order to maintain confidentiality, actual figures have been indexed with reference to the figures of total imports from dumped sources and domestic industry's price during POI by taking it equal to 100.

38.2 The above table shows that, during the POI, volume of imports from other sources was 6.5 percent of the total imports, which was not significant enough to cause material retardation of the establishment of domestic industry. 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.

39. **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 in 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-XXVIII
Market Size during Last Three Years

Year/Period	Total domestic market
(1)	(2)
January - December 2021	100
January - December 2022	97
January - December 2023	90
January - March 2024	25

Source: the Applicant, FBR & M/s KLJ Organic, Qatar

Note: In order to maintain confidentiality, 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.

40. **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.

41. **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.

42. **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.

43. **Interest Cost of the Domestic Industry**

43.1 M/s KLJ Organic Qatar has raised the issue that the Applicant *"has reported substantial financial costs. These elevated financial costs are largely the result of two key factors: (1) the domestic industry's recent plant establishment, which has led to a heavy reliance on debt financing; and the fact that interest rates in Pakistan were at their peak during the period of investigation, further exacerbating financial expenses. ……………. The financial burden experienced by the domestic industry due to its debt-equity structure and high interest rates should not be attributed to imports, as these are independent, internal factors."*

43.2 The Commission, while determining cost to make and sell of the domestic like product has followed the provisions of Rule 22 of the Rules, including the reasonableness of the interest cost. During on-the-spot investigation at premises of the Applicant detailed information of term loans, cash credit limits, short term loans, deposits and other borrowings were obtained and verified. Analysis of the verified information has shown that the domestic industry has incurred reasonable expenditure on account of interest cost. Further, high interest rate in Pakistan is an external factor and is applicable to all industries in Pakistan, not just the domestic Chlorinated Paraffin Wax industry. Moreover, interest costs of long-term loans are fixed expense, and its impact on per unit cost of production is significantly magnified when production volumes fall short of targets. Had the domestic industry achieved its projected production and sales targets, the per-unit allocation of interest costs would have been substantially lower. Therefore, the financial cost on per unit basis is not solely due to the debt-equity structure, but also a direct consequence of lower production volumes.

44. **Reliance on Feasibility Study for Determination of Injury to the Domestic Industry without Due Diligence**

44.1 According to M/S KLJ Organic Qatar, "*It appears that the Commission has placed significant reliance on the figures presented in the feasibility report for assessing the material retardation in the establishment of the domestic industry, potentially without thorough due diligence. It is important to note that feasibility study/report offers only estimations, which, while useful for preliminary analysis, do not reflect the real and actual projections. The figures presented in the feasibility study/report should be viewed as indicative rather than definitive, and further in-depth analysis is required to achieve a more accurate and realistic projection. We respectfully request that the Commission conduct an unbiased and objective examination of the feasibility study to verify whether the figures and estimations within it are both realistic and accurate. Should the Commission determine that the projections in the feasibility report are overly ambitious or inflated then appropriate adjustments should be made to ensure that the projections are reasonable and reflective of achievable outcomes"*

44.2 The Commission has analysed the Applicant's feasibility study in an unbiased and objective manner. The feasibility study was prepared by an independent chartered accountancy firm. Further, the Applicant has presented the same feasibility study to get finances from financial institutions for establishment of its Chlorinated Paraffin Wax plant. Financial institutions have extended financial facility to the Applicant after critical review and analysis of the same facility. As the Applicant's feasibility study was based on prices prevailing in the year 2020, therefore, the Applicant was asked to get updated version of financial part of the feasibility study on prices prevailed in the year 2023, which it did.

44.3 In a material retardation investigation where analysis of nascent or newly established industry is involved, investigating authorities use feasibility studies as a benchmark for analysis. Further, the Commission has also used the same approach in its all-previous material retardation investigations.

45 Based on the fore-going information and analysis, the Commission did not find any other factor caused injury to the domestic industry during the POI other than dumped imports from the Exporting Countries.

E. CAUSATION

46. **Effects of Dumped Imports and Causal Link**

46.1 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.

46.2 Based on the fore-going information, analysis and conclusions, the Commission has determined that no factor other than dumped imports of the investigated product 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

47. After taking into account all considerations for this final 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;

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-works level work out ranging from 25.71 percent to 61.70 percent and at C&F level work out ranging from 22.57 percent to 54.26 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 DEFINITIVE ANTIDUMPING DUTY

48. 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 has decided to impose definitive antidumping duties on dumped imports of the investigated product under Section 50(1) of the Act.

49. M/s KLJ Organic, Qatar has provided requisite information in this investigation, therefore, individual dumping margin/duty rate for M/s KLJ Organic, Qatar have been determined. As no exporter/foreign producer of the investigated product from China and Iran

have provided requisite information, therefore, dumping margins/duty rates for the exporter/foreign producers of the investigated product from China and Iran are determined on the basis of best available information in terms of Section 32 of the Act.

50. For the purposes of imposition of lesser duty in terms of Section 50 (2) of the Act the Commission has calculated injury margins in accordance with Rule 21 of the Rules 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. Calculations of injury margin are given below:

Table-XXIX
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 (Rs/MT)			105.00
C & F price of investigated product	64.09	62.46	57.07*
Landed cost of investigated product :			
With 10% regulatory duty	73.06	78.08	71.34*
Without 10% regulatory duty	66.65	71.83	65.63
Absolute Injury margins :			
With 10% regulatory duty	31.94	26.92	33.66
Without 10% regulatory duty	38.35	33.17	39.37
Injury Margins as % of C&F Price:			
With 10% regulatory duty	49.84	43.10	58.98
Without 10% regulatory duty	59.84	53.10	68.98
Dumping Margins as % of C&F price	30.17	54.26	22.57

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 KLJ Organic, Qatar in questionnaire response.
Note: In order to maintain confidentiality, actual figures have been indexed w.r.t to figure of cost to make and sell of domestic like product by taking it equal to 100.

51. The above table shows that the injury margins (with regulatory duty of 10 percent) workout 49.84 percent, 43.10 percent and 58.98 percent for China, Iran and Qatar respectively, which is above the C&F dumping margins of 30.17 percent, 22.57 percent in case of China and Qatar respectively. However, the C&F dumping margin of 54.26 percent is above the injury margin of 43.10 percent in case of Iran. Thus, in terms of Section 50 (2) of the Act, lesser duty would not be adequate to remove injury to the domestic industry in case of China and Qatar. Therefore, definitive antidumping duties are hereby imposed equal to margin of dumping i.e.

30.17 percent and 22.57 percent *ad valorem* on dumped imports of the investigated product originated in and/or imported from China and Qatar respectively, and 43.10 percent *ad valorem*, equal to the injury margin, on dumped imports of the investigated product from Iran are hereby imposed for a period of five years effective from August 04, 2024. However, in accordance with Section 51.1(ea) of the Act, antidumping duties 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.

52. The definitive anti-dumping duties in this final determination are higher than the provisional rate of anti-dumping duties imposed with effect from August 04, 2024, however, the difference between the provisional rates of antidumping duty and the definitive rates of antidumping duty shall not be collected as provided under Section 55(2) of the Act.

53. Chlorinated Paraffin Wax originated and imported from sources other than China, Iran and Qatar shall not be subject to the above-mentioned antidumping duty.

54. In accordance with Section 51 of the Act, the definitive 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 circulation in Pakistan shall be subject to imposition of such antidumping duties.

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

56. The definitive antidumping duties would be collected in the same manner as customs duty is collected under the Customs Act, 1969 (IV of 1969) and would be deposited in the head of account "“G-11217”, titled “Personal Deposits” maintained with State Bank of Pakistan.

(Ahmed Sheraz)
Member-IV
December 10, 2024

(Imran Zia)
Member-III
December 10, 2024

(Muhammad Iqbal Tabish)
Member-II
December 10, 2024

(Naeem Anwar)
Chairman
December 10, 2024

Annexure

Comments of Interested Parties	NTC's Response/ Views
Views/Comments of KLJ Organic, Qatar	
"Assessment of Chlorine Costs in the Production of Chlorinated Paraffin Wax: Nimir Industrial Chemicals Ltd (NICL) manufactures Caustic Soda, with chlorine produced as a by-product in this process. Chlorine is subsequently used as an input in the production of Chlorinated Paraffin Wax (CPW). However, any excess chlorine that is not utilized in production must either be consumed in other processes or neutralized for safe disposal, which incurs additional costs. NICL utilizes its in-house produced chlorine gas for CPW manufacturing. It is critical that the Commission thoroughly assess the cost implications of transferring chlorine gas to CPW production to ensure that excessive or undue costs are not attributed to this process. *In the global chlor-alkali industry, particularly in Asian markets such as China, India, and Bangladesh, chlorine is typically regarded as an undesirable by-product. Producers often go to great lengths to offload chlorine, mostly, chlorine selling it at a negative value just to maintain the caustic soda production at optimum capacity. Disposal of chlorine incurs significant costs, and in many cases, producers are willing to absorb these losses to keep their plants operational. Further, companies like KLJ Organic in Qatar contend that the costs of chlorine should not be heavily attributed to CPW production, given that the expense of chlorine disposal is considerably higher. In light of this, it is crucial to factor in the correct cost allocations for chlorine when determining CPW production expenses. On October 2, 2024, during the hearing, NICL clarified that they are selling Liquid Chlorine in the market and have used the same price for raw material chlorine in the production of CPW. Regarding the sale of chlorine by NICL in the domestic market, we would like to emphasize that this may be feasible only due to the small quantities involved, as the majority of companies typically opt for other chlorine derivatives. It is important to note that selling small quantities of chlorine while using the same price in the costing sheet may not be appropriate. Furthermore, we wish to clarify that the term "domestic market/price" refers to the local price in Pakistan, not that in Qatar".*	In application, the Applicant i.e. NICL used selling price of chlorine for calculation of chlorine cost for CPW. However, the Commission has not accepted this selling price of chlorine for the purpose of calculation of chlorine cost rather, the actual cost obtained from SAP system of NICL is used to work out chlorine cost of CPW. The chlorine cost applied by the Commission for NICL is much lower than the cost reported by the NICL in its application.
"Adjustment of Hydrochloric Acid (HCl) Revenue: Hydrochloric Acid (HCl) is generated as a by-product during the production of CPW. To accurately determine the representative cost to produce and sell CPW, the revenue earned from the sale of HCl must also be deducted from the overall production cost of CPW. However, upon reviewing Annexure-I of the on-the-spot investigation report regarding the domestic industry, it has been noted that the Commission has not made this adjustment. The revenue generated from the sale of HCl produced during CPW manufacturing has not been factored into the cost calculations. Therefore, we respectfully request that the Commission make the necessary adjustments to account for this revenue in the final determination of CPW production costs. *During the hearing on October 2, 2024, NCIL stated that they are disposing of Hydrochloric Acid as waste rather than selling it. The disposal of such a*	The Commission has analyzed and investigated this issue and found that HCl produced from regenerated chlorine during Chlorinated Paraffin Wax production contains dissolved chlorine and a residual amount of Paraffin Oil, requiring further processing to make it saleable, which incurs additional costs. As having no much demand of HCl due to chlorine smell and Paraffin Oil traces, the Applicant did not sell HCl from regenerated chlorine during Chlorinated Paraffin Wax production during the POI. Therefore, no income of HCl has been subtracted from the domestic industry's cost of

significant quantity of Hydrochloric Acid is highly unusual and generally impractical within the chlor-alkali industry. Therefore, we request the Commission to conduct a thorough investigation, as this assertion by the domestic industry appears to lack credibility. Without prejudice to the above, we would like to bring to the Commission's attention that the aforementioned alleged disposal cost has not been even included in their Cost of Production (COP) calculations. We kindly request that the Commission should verify this claim to ensure an accurate assessment of any potential injury to the domestic industry".	production of Chlorinated Paraffin Wax. However, the Applicant has produced and sold HCl from the chlorine generated during production process of caustic soda, which is not the subject product for this investigation.
"<u>Determination of Normal Value for KLJ Organic, Qatar</u>: In its preliminary determination, the Commission has calculated a single normal value for all grades of CPW and compared it with the weighted average export price of all CPW grades. However, it is important to note that the cost of production varies between different CPW grades due to varying input requirements. For example, the quantity of paraffin oil and chlorine required to produce one metric ton of CPW 40 grade differs significantly from that required for CPW 62 grade. These differences in input quantities lead to variations in the cost of production for each CPW grade, which should be factored into the normal value calculation. Therefore, we respectfully submit that the Commission should determine grade-specific costs to produce and sell CPW, along with corresponding normal values. These should then be compared with the respective export prices of each CPW grade exported to Pakistan. The Commission's preliminary determination report did not include a comprehensive apple- to-apple comparison of comparable products and imposed provisional anti-dumping duties without adequately considering the important distinctions among the different grades of CPW. By failing to align the imported product with its domestic equivalent in terms of key characteristics such as quality and specifications, the comparison lacks fairness and accuracy. This oversight has resulted in skewed conclusions regarding price disparities and dumping margins, which undermines the integrity of the investigation. We respectfully request that the Commission should establish grade-specific costs associated with the production and sale of CPW, as well as the corresponding normal values. These figures should be analyzed in relation to the respective export prices for each CPW grade exported to Pakistan as rigorous and objective comparison is vital to ensure a fair assessment and appropriate determination of anti-dumping duties. It is also worth noting that the difference in pricing among CPW grades is clearly reflected in the export price data previously submitted to the Commission".	Time barred information submitted by M/s KLJ Organic, Qatar has not been accepted by the Commission for calculations of dumping margin.
"<u>Excessive Interest Costs Should Not Be Attributed to Imports:</u> Under Rule 22 of the Anti-Dumping Duties Rules 2022, the Commission is required to evaluate the reasonableness of interest costs when determining the cost to make and sell the domestic like product. According to Annexure-1 of the non-confidential on-site investigation report for the domestic industry, NICL has reported substantial financial costs. These elevated financial costs are largely the result of two key factors: (1) the domestic industry's recent plant establishment, which has led to a heavy reliance on debt financing; and the fact that interest rates in Pakistan were at their peak	The Commission, while determining cost to make and sell of the domestic like product has followed the provisions of Rule 22 of the Rules, including the reasonableness of the interest cost. During on-the-spot investigation at premises of the Applicant detailed information of term loans, cash credit limits, short term loans, deposits and other borrowings were obtained and verified. Analysis of the verified

during the period of investigation, further exacerbating financial expenses. We respectfully request that the Commission consider these excessive financial costs when determining the domestic industry's production costs. The financial burden experienced by the domestic industry due to its debt-equity structure and high interest rates should not be attributed to imports, as these are independent, internal factors.	information has shown that the domestic industry has incurred reasonable expenditure on account of interest cost. Further, high interest rate in Pakistan is an external factor and is applicable to all industries in Pakistan, not just the domestic Chlorinated Paraffin Wax industry. Moreover, interest costs of long-term loans are fixed expense, and its impact on per unit cost of production is significantly magnified when production volumes fall short of targets. Had the domestic industry achieved its projected production and sales targets, the per-unit allocation of interest costs would have been substantially lower. Therefore, the financial cost on per unit basis is not solely due to the debt-equity structure, but also a direct consequence of lower production volumes.
"<u>Reliance on Feasibility Study for Determination of Material Retardation in the Establishment of Domestic Industry:</u> It appears that the Commission has placed significant reliance on the figures presented in the feasibility report for assessing the material retardation in the establishment of the domestic industry, potentially without thorough due diligence. It is important to note that feasibility study/report offers only estimations, which, while useful for preliminary analysis, do not reflect the real and actual projections. The figures presented in the feasibility study/report should be viewed as indicative rather than definitive, and further in-depth analysis is required to achieve a more accurate and realistic projection. We respectfully request that the Commission conduct an unbiased and objective examination of the feasibility study to verify whether the figures and estimations within it are both realistic and accurate. Should the Commission determine that the projections in the feasibility report are overly ambitious or inflated then appropriate adjustments should be made to ensure that the projections are reasonable and reflective of achievable outcomes".	The Commission has analysed the Applicant's feasibility study in an unbiased and objective manner. The feasibility study was prepared by an independent chartered accountancy firm. Further, the Applicant has presented the same feasibility study to get finances from financial institutions for establishment of its Chlorinated Paraffin Wax plant. Financial institutions have extended financial facility to the Applicant after critical review and analysis of the same facility. As the Applicant's feasibility study was based on prices prevailing in the year 2020, therefore, the Applicant was asked to get updated version of financial part of the feasibility study on prices prevailed in the year 2023, which it did.
"<u>Clarification on Savings Claimed in Nimir's Non-Confidential Version:</u> Nimir's non-confidential version (Page 3) claims, "With the strategic focus on replacing imports with domestic sales, the company anticipates achieving significant savings of $10 million in foreign exchange for the country." However, as per NTC document no. ASC No. 64/NTC/2024/CPW (Page 11), it is clearly reflected in the "Cost to Make and Sell" that the cost of imported raw materials accounts for 70-80% of the selling price. Therefore, the net savings for the country, as projected by Nimir, appear to be only 20 - 25%, which is significantly lower than the claimed $10 million".	The Commission has complied with all legal and procedural requirements in this investigation. There is no requirement to determine foreign exchange saving in an anti-dumping investigations.
"<u>Quarterly Price Decrease Comparison: Nimir vs. KLJQ:</u> The table below outlines the quarter-wise percentage price decreases of CPW for Nimir and	The comparison of index figures of two different companies to establish price

<table>
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KLJQ, using Feb-Mar '23 as the reference point:
<table>
<tr><th>Description</th><th>Feb-Mar 23</th><th>Apr - Jun 23</th><th>Jul-Sept 23</th><th>Oct-Dec 23</th><th>Jan-Mar 24</th></tr>
<tr><td>Nimir (Indexed Price)</td><td>71.75</td><td>63.61</td><td>57.51</td><td>53.42</td><td>51.54</td></tr>
<tr><td>Nimir % Decrease in price</td><td></td><td>11.3%</td><td>19.8%</td><td>25.5%</td><td>28.2%</td></tr>
<tr><td>KLJQ (Indexed Price)</td><td>95.14</td><td>90.53</td><td>82.12</td><td>78.47</td><td>80.57</td></tr>
<tr><td>KLJQ % Decrease in Price</td><td></td><td>4.8%</td><td>13.7%</td><td>17.5%</td><td>15.3%</td></tr>
</table>
There is a notable discrepancy between the percentage decrease in CPW prices for Nimir and KLJQ in the same market. With the Commission now having access to the actual selling prices of both companies, a more accurate and realistic comparison can be made. Additionally, when comparing the selling prices in the Pakistani local market, it is essential to account for the following cost components associated with KLJQ's CFR prices:
•Custom Duty: 11%
•Additional Customs Duty (ACD): 2%
•Regulatory Duty: 10%
•Local Customs Clearance and Logistics to Customer Warehouse: 5-8%
These costs together contribute an approximate 28-30% increase over KLJQ's CFR prices, which should be taken into consideration to ensure a fair, "apple-to-apple" comparison. During the personal hearing, NCIL representatives claimed that KLJQ was comparing price trends across two different markets. However, we have only compared the price trends within the Pakistan market".
</td>
<td>differential is not a reasonable method because of difference in the reference figures used for indexation purposes. The Commission has analyzed quarter wise confidential information of NICL and KLJQ wherein it is found that export price (landed cost) of KLJQ is lower than the price of domestic like product.</td>
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<td><u>"Discrepancy in Calculation of Export Price vs. Normal Value: </u>As mentioned during the personal hearing, we observed a discrepancy in the calculations based on the preliminary details submitted by KLJ Organic. Specifically, when determining the export price, commission is calculated on an Ex-works basis, whereas in normal value, it is calculated on an FOB basis. We respectfully request the Commission's attention to this matter for resolution.</td>
<td>Normal value for KLJ Organic Qatar is constructed on the basis of its cost to make and sell and reasonable profit at ex-works level on the basis of the information provided by KLJ Organic Qatar and verified by the Commission.</td>
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<td><u>"Injury to Domestic Industry: </u>According to the non-confidential version of the Applicant's Questionnaire (Nimir), page 14, point 7.1, the Applicant stated that "imported quantities and prices have been considered by the domestic industry based on market intelligence."
<table>
<tr><th>S. #</th><th>Country name</th><th>Wt. Avg C N F export Price</th><th>Ocean & internal Freight and insurance</th><th>Ex-factory export Prices</th></tr>
<tr><td>1.</td><td>China</td><td>125.83</td><td>25.83</td><td>100</td></tr>
</table>
</td>
<td>The comparison of index figures of two different companies to establish price differential is not a reasonable method because of difference in the reference figure used for indexation purposes. The Commission has analyzed quarter wise confidential information of NICL and KLJQ wherein it is found that export price of KLJQ is lower than the price of NICL. As a result, domestic industry suffered</td>
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</table>

2.	Iran	123.33	9.09	114.24
3.	Qatar	117.99	11.35	106.64

Both companies have documented that the cost of production is heavily influenced by the cost of raw materials (such as paraffin) and packaging. Based on the non-confidential documents provided, KLJQ's cost structure consists of 81.01% for raw materials and packaging, while Nimir's cost structure consists of 70.26%. Nimir also reported an average loss of 17.5 for the period of investigation (POI). However, due to differences in the indexing of non-confidential documents from both companies, a direct comparison of selling prices cannot be made. Nevertheless, using available data, we can compare the cost of production and export prices (CFR plus duties) with the cost of production and local sales prices of domestic industries. Assuming CFR prices of KLJQ are taken as a base of 100, and adding 30% for duties, customs, and local logistics, the landed price becomes 130. Based on our analysis, if domestic industries are selling below 90-95 (as per our cost calculations), they would begin incurring losses. It's practically unexplainable, what compelled the domestic industry to sell the product below 90 level. We do not foresee any injury caused to the domestic industry, as it appears to be adequately protected under the current duty structure.

injury on account of price undercutting, price suppression and price depression etc., during the POI.

"<u>Inventory Adjustment of Finished Goods in Preliminary Duty Calculations:</u> The calculations provided to KLJQ by NTC for determining the preliminary duty include a line item 14 titled "Inventory Adjustment of Finished Goods." Based on our understanding, this adjustment does not appear to be a relevant factor in the unit economics of product costing. Therefore, we respectfully request the removal of this line item from the calculations.

During the personal hearing, we also drew attention to the last page of the Report on the Spot Investigation of M/s Nimir, specifically Annex 1 (Page 11), which outlines the "Cost to make and sell" for the investigation period from February 2023 to March 2024. We would like to submit our humble submission that on perusal of the details given, columns though provided have been left blank for Inventory adjustments (i.e. Opening Stock, Available for sales, transferred to other products, Closing Stock). However, while arriving at Gross profit, there seems to be an adjustment done towards value of inventories, and the net difference is as follows:

Description	Feb-Mar 2023	Apr-Jun 2023	Jul-Sep 2023	Oct-Dec 2023	Jan-Mar 2024	Total
	Per MT	Per MT	Per MT	Per MT	Per MT	
Sales	71.75	63.61	57.51	53.42	51.54	297.83
Total cost of production	74.56	53.44	57.3	51.89	52.37	289.56
Gross profit Without Adj for inventory	-2.81	10.17	0.21	1.53	-0.83	8.27

The Commission has already included inventory adjustment effect in cost to make & sell of CPW for NICL. However, it was not reflected in the report due to a change in format for indexation. The following table shows inventory adjustment for NICL, which is already incorporated in its cost to make & sell of CPW:

Description	Feb-Mar 2023	Apr-Jun 2023	Jul-Sep 2023	Oct-Dec 2023	Jan-Mar 2024
	per MT				
Sales revenue	71.75	63.61	57.51	53.42	51.54
Cost of production	74.56	53.45	57.30	51.88	52.36
Inventory adjustment	0.20	6.55	(1.14)	0.76	(1.30)
Cost of good sold	74.76	60.00	56.16	52.65	51.06
Gross profit	(3.01)	3.62	1.35	0.78	0.48

Gross profit - As per worksheet	-3.01	3.62	1.35	0.78	0.48	3.22
Netprofit- as per worksheet	-28.25	-13.73	-21.81	-13.12	-10.69	-87.6
Net Profit - Without adj for inventory	-28.05	-7.18	-22.95	-12.37	-12.00	-82.55
Difference	-0.20	-6.55	1.14	-0.75	1.31	-5.05

In view of above, Commission is requested to consider similar calculations for KLJ Organic, Qatar as otherwise inclusion of "Inventory adjustment of finished goods of 23.28 USD/MT" results in a higher Normal value calculations which in turn results in an increased "Dumping Margin amount", thus a higher Dumping margin %".

"<u>Regulatory Duty in lieu of Anti-dumping:</u> Commission is requested to consider the crucial fact that CPW is currently subject to 10% Regulatory Duty which was levied in lieu of anti-dumping duty. We believe that the current 10% regulatory duty has already placed a significant burden and the imposition of an additional anti-dumping duty would be both unfair and detrimental to business operations. The cumulative effect of both regulatory and anti-dumping duties would result in price increases for end consumers and disrupt fair market competition".

The purpose of anti-dumping duties and regulatory duties is entirely different. Therefore, imposition of anti-dumping duties cannot be linked with regulatory duty. Anti-dumping duties are contingent upon determination of dumping of the investigated product, injury to the domestic industry and casual link between dumped imports and injury to the domestic industry in accordance with provisions of the WTO agreement and Pakistan's Anti-Dumping Duties Act 2015.

"<u>Actual Production vs Projected Production of the Domestic Industry:</u> In reference to above, attention is invited to the Table-1 at 4th page of the Report on the Spot Investigation of M/s Nimir, which contains Nimir's "Installed capacity and production of CPW details for the period of investigation period Feb 2023 to Mar 2024.

	Indexed		
Period	Installed Capacity	Actual Production	Projected Production
Feb-Mar 23	100	23	40
Apr-June 23	150	53	60
Jul-Sep 23	150	7	90
Oct-Dec 23	150	80	90
Jan-Mar 24	150	68	84
	700	231	364
		33%	52%

The Honorable Commission will observe that during POI, actual production has been only 33% while the projections have also been only 52% of installed capacity. Thus, their COP and overheads will be higher resulting in net loss with Jul-Sept 23 being the very bad quarter in terms of production with only 4.67% as against installed capacity. In light of this,

This table itself explains that the domestic industry was not able to achieve its projected level of production during the POI because of the presence of dumped imports. In the absence of dumped imports, the domestic industry would have been able to achieve its projected level of production, hence, lower cost of production as compared to current cost of production. Further, in the third quarter i.e., July-September 2023, the domestic industry did not produce domestic like product for two consecutive months i.e. July and August 2023 due to pressure exerted by the dumped imports.

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we respectfully request that the Honorable Commission consider this factor, as doing so will contribute to an unbiased investigation, which is the Commission's primary objective".

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"Nimir's Profit/Loss and Inventories of CPW: In reference to above, attention is invited to the Table-XII at page No.9 of the Report of on the Spot Investigation of M/s Nimir, which contains its "Profit/Loss of CPW" and to the Table-IX at page No.7 of the said Report which contains "Inventories of the Domestic Like Product" for the POI from Feb 2023 to Mar 2024. Following are the details of their quarter-wise increase in net loss despite having gross profit except the Feb-Mar 23:

Table-XII
Cost to Make and Sell CPW: Profit/Loss of CPW

<table>
<tr><th>Period</th><th>Cost - Make and sell</th><th>Gross Profit/Loss</th><th>Net Profit/Loss</th></tr>
<tr><td>Feb-Mar 23</td><td>100</td><td>-100</td><td>-939</td></tr>
<tr><td>Apr-June 23</td><td>77</td><td>329</td><td>-1249</td></tr>
<tr><td>Jul-Sep 23</td><td>79</td><td>86</td><td>-1396</td></tr>
<tr><td>Oct-Dec 23</td><td>67</td><td>99</td><td>-1665</td></tr>
<tr><td>Jan-Mar 24</td><td>62</td><td>79</td><td>-1742</td></tr>
</table>

As per Table-IX, CPW quarter wise inventory of the domestic industry for the POI has been shown as under:

Table-IX

<table>
<tr><th>Period</th><th>Opening Inventory</th><th>Production</th><th>Sales</th><th>Closing Inventory</th></tr>
<tr><td>Feb-Mar 23</td><td></td><td>100</td><td>55</td><td>45</td></tr>
<tr><td>Apr-June 23</td><td>45</td><td>235</td><td>150</td><td>130</td></tr>
<tr><td>Jul-Sep 23</td><td>130</td><td>33</td><td>106</td><td>57</td></tr>
<tr><td>Oct-Dec 23</td><td>57</td><td>354</td><td>210</td><td>201</td></tr>
<tr><td>Jan-Mar 24</td><td>201</td><td>303</td><td>269</td><td>235</td></tr>
</table>

The Honorable Commission is requested to note that the 3rd quarter of July-Sep 2023 experienced challenges in both production, with an index value of 33, and sales, which had an index value of 106. Nonetheless, the Gross Profit shown at Table-XII of the said Report for this period was significantly higher, reflecting an index value of 86, compared to the first quarter of January to March 2024, which had a Gross Profit index value of 79 despite better performance in production and sales".

</td><td>

In July-September 2023, the gross profit earned by the domestic industry is better than last quarter i.e., January-March 2024 due to higher prices charged by the domestic industry in July-September 2023 as compared to January-March 2024. This factor is evident from table-VII of the non-confidential report of NICL.

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Views/Comments of Nimir Industrial Chemical (NICL) on SEF

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"The Commission sent the Exporter's Questionnaire on April 02, 2024, to

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The actual utility and importance of Rule 9 of

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</table>

all known exporters/producers of Chlorinated Paraffin Wax from the exporting countries, with a clear instruction to submit the required information within 37 days, i.e., by May 09,2024. This timeline is in line with the statutory requirements aimed at ensuring a fair and timely investigation process. The Mis KLJ Organic, Qatar, requested an extension, the first extension was granted until May 31, 2024, which already constituted a 22-day extension beyond the initial deadline. Despite this generous accommodation, M/s KLJ Organic, Qatar, further requested an additional 15-day extension on May 28, 2024, which was subsequently granted, extending the submission deadline to June 07, 2024. Despite these extensions totaling 29 additional days, the initial response from MIs KLJ Organic, Qatar, was only received on June 15, 2024, 8 days after the already extended deadline of June 07, 2024. The total days at the receipt of exporter questionnaire are 75 days that are far above the stipulated time of 37 days. Furthermore, the response was found deficient in several critical areas. These deficiencies were communicated to MIs KLJ Organic on June 24, 2024. After multiple rounds of communication, the final response received on August 05, 2024 which was even after the Preliminary Determination made by the Commission. We would like to draw the Commission's attention to, Rule-9 of the Anti-Dumping Duties Rules, 2022, which clearly outlines the procedure for acquiring information: *9. Acquisition of information. -The Commission shall solicit, gather, obtain and accept or reject information under section 35 of the Act for the purposes 'of an investigation or a ,review in accordance with the following, namely:* *(b) the Commission shall give exporters and foreign producers receiving a questionnaire for at least thirty days for reply and the time, limit shall be counted from the date of receipt of the questionnaire which, for this purpose shall be deemed to have been received one week from the date on which it was sent. to the respondent or transmitted to the appropriate diplomatic or official representative of an exporting country: provided that the Commission shall give due consideration to any request for an extension of such thirty-day period and, shall grant an extension, whenever practicable, upon good cause shown, taking into account the limits for an investigation;* *(c) the Commission may disregard any reply to a questionnaire, which is not submitted within the time provided and, in the form, requested. In this case, M/s KLJ Organic's responses, including any supplementary information provided after the final extended deadline, were submitted outside the prescribed timeline. When the exporter initially requested an extension for the second time, it was granted by the Commission. However, the exporter subsequently failed to submit the complete questionnaire by the revised deadline. Moreover, no further extension was requested for the additional week during which the submission was delayed. Given that no additional extension was sought and no good cause was provided for this further delay, the exporter's actions constitute non-cooperation. Therefore, we respectfully request the Commission to disregard the late-submitted*	the Anti-dumping Rules, 2022 is about acquisition of information in an investigation for meaningful determination rather than extensions. Further, Rule 9(b) of the Anti-dumping Rules, 2022 provides that *"the Commission shall give due consideration to any request for an extension of such thirty-day period and, shall grant an extension, whenever practicable, upon good cause shown, taking into account the limits for an investigation".* The Commission granted extensions to the M/s KLJ Organic, Qatar by taking into account all relevant provisions of the Rules and timelines of the investigation. Moreover, there is no date is defined as "late" in the Rules and the Act. Therefore, the request to disregard late submission of M/s KLJ Organic, Qatar is not justified under the Rules and the Act.

questionnaire, as it was not provided within the stipulated timeframe ..As per Section 32(a) of the Anti-Dumping Duties Act, 2015 (the Act), it would have been more appropriate to rely on the best information available, as the questionnaire was not submitted within the prescribed deadline set by the Commission".	
"Regarding the Commission's decision to calculate grade-wise normal value for M/s KLJ Organic, Qatar based on the cost of production information provided by the exporter during the On-Spot Verification. The relevant paragraph of On-Spot Verification is reproduced as follows: *11.4 During on-the-spot verification, KLJ Organic informed that quantity of inputs required to manufacture. Chlorinated Paraffin Wax (CPW) grade varies depending on the grade being produced. For instance, to produce CPW 40 grade, approximately 40 percent chlorine and 60 percent paraffin oil is required, whereas to produce CPW62 grade, chlorine input is 62 percent and paraffin oil is 40 percent. Due to variation in the percentage. and cost of inputs, grade wise cost of CPW varies. As paraffin oil has major share in raw material cost, therefore, A grade having larger content of paraffin oil is costly as compared to grade having lower paraffin oil ratio. This fact can be verified from the price trends of different grades of CPW as well, total verified cost to make and, sell of CPW has been allocated amongst the different grades of CPW on the basis of the following.* *This clearly indicates that M/s KL.J Organic voluntarily provided grade-wise costing information during the On-Spot Verification. However, we would like ,to draw the Commission's attention to Rule 9(e) of the Anti-Dumping Duties Rules, which specifies the following:* *Rule 9 (e) any interested party may, on its own initiative, submit to the Commission in writing any information it considers relevant to an investigation or a review and the Commission shall consider such information unless such consideration would be unduly burdensome to the Commission or disrupt the timely progress of an investigation or a review:* *Provided that any voluntary submission of factual information relevant to the determination of dumping or injury shall be submitted to the Commission in writing, prior to the date of preliminary determination in an investigation or prior to ninety days of the proposed date of conclusion of a review; and* *When the on-spot verification of the exporter was conducted, preliminary determination had already been made, and duty was imposed based. on the information provided by the exporter., However, at the verification stage, the exporter submitted additional grade-wise costing information, which changed the entire basis of costing and normal value construction used in reaching preliminary determination, which is contrary to the provisions of Rule 9(e). The exporter already has ample time to fill in the data and they again changed the entire data taking more time. It is inappropriate to revise the methodology at, this late stage, especially after the preliminary determination. Therefore, we request the. Commission to rely on the original data submitted prior to the 'preliminary determination, without considering the revised methodology introduced at the verification stage.* *Furthermore, here it is also important to highlight Rule 11 subrule 5 of the*	Time barred information submitted by M/s KLJ Organic, Qatar has not been accepted by the Commission for calculations of dumping margin.

Antidumping Duties Rules, 2022, *11. Verification of information or, on-the-spot investigation: (5) The Commission shall endeavor to complete any such verification and on-the-spot investigation prior to the date, of any hearing in an investigation or a review.* *Rule highlights that the Commission shall complete the on-spot verification before the hearing, however, the hearing was conducted on October 2,2024 and the non-confidential version On-Spot verification report was issued on November 3rd, 2024 and afterward SEF was issued on November 4th, 2024. The On-spot verification report was issued around one month late from the date of hearing. Sufficient time was not provided to the domestic industry to comment ,on the On-Spot report of the exporter, therefore, we again request Commission to not consider grade wise costing information.* *Accordingly, we request that the final determination be based on the non-grade-wise cost of production initially provided.*	