



**Government of Pakistan
National Tariff Commission**

Report

On

Conclusion of

Newcomer Review to Determine Individual Rate of Definitive Anti-Dumping Duty For M/S Huzhou Zhonglei Chemical Fiber Co., Ltd., an Exporter of Polyester Staple Fiber from the People's Republic of China.

**A.D.C No. 33/2015/NTC/PSE/NCR/2023
November 15, 2024**

Conclusion of Newcomer Review to Determine Individual Rate of Definitive Anti-Dumping Duty for M/S Huzhou Zhonglei Chemical Fiber Co., Ltd., an Exporter of Polyester Staple Fiber from the People's Republic of China

A. INTRODUCTION

The National Tariff Commission (the "Commission") having regard to the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (the "Agreement on Anti-dumping"), Anti-Dumping Duties Act, 2015 (the "Act") and the Anti-Dumping Duties Rules, 2022 (the "Rules") relating to the investigation /review and determination of dumping of goods into the Islamic Republic of Pakistan ("Pakistan"), material injury to the domestic industry caused by such imports, and imposition of anti-dumping duties to offset the impact of such injurious dumping, and to ensure fair competition thereof.

2. Having regard to Section 60 of the Act, the Commission shall carry out a review for the purpose to determine individual dumping margin for any exporter or foreign producer of the exporting country concerned who did not export the investigated product (which is liable to an anti-dumping duty) to Pakistan during the Period of Investigation, if such exporter or producer can show that it is not related to any of the exporters or producers Polyester Staple Fiber in the exporting country that are subject to the anti-dumping duties.

3. The Commission has conducted a newcomer review to determine individual dumping margin and anti-dumping duty rate for M/s Huzhou Zhonglei Chemical Fiber Co., Ltd. (the "Applicant"), for its exports of Polyester Staple Fiber ("PSF") classified under PCT Heading No. 5503.2010 from the People's Republic of China ("China") to Pakistan under the Act and the Rules.

4. In terms of Section 60(2) of the Act, the newcomer review under Section 60 of the Act shall normally be completed within six months from its initiation and, in any event, not later than twelve months. The newcomer review was initiated on November 24, 2023. This report on the conclusion of the review has been issued in accordance with Section 39 of the Act and Article 12.2 of the Agreement on Anti-dumping.

B. BACKGROUND

5. Background/Anti-dumping Duties in Place

The Commission imposed definitive anti-dumping duties ranging from 2.82% to 11.51% in *ad val terms* on dumped imports of PSF, importable from China for a period of five years effective from October 3, 2015.

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5.2 In terms of Section 58 of the Act, the Commission conducted a sunset review on the request of domestic industry of PSF and decided to continue definitive anti-dumping duties imposed on dumped imports of PSF importable from China as per the rates given in the table below for another period of five years with effect from October 2, 2020:

Table-I
Definitive Anti-Dumping Duty Rates in Place

Exporter Name	Antidumping Duty Rate (%)
Shanghai Hengyi Polyester Fiber Co., Limited.	7.88
Jiangyin Huahong Chemical Fiber Co., Limited.	2.82
Jiangyin Hailun Chemical Fiber Co., Limited.	8.22
Xiamen Xianglu Chemical Fiber Company Limited.	7.81
Fujian Zhengqi High-Tech Fiber Technology Co., Limited.	7.72
All other exporters/producers.	11.51

5.3 Since the Applicant did not export the investigated product during the Period of Investigation (POI) of original investigation and the Period of Review (POR) of the sunset review, therefore, the Applicant's exports of PSF are subject to anti-dumping duty rate of 11.51 percent *ad valorem* that is applicable on the imports of PSF from "All other exporters/ producers" from China.

C. PROCEDURE

The procedure set out below has been followed with regard to this newcomer review in accordance with relevant provisions of the Act and Rules.

6. Receipt of Application

The Commission received an application on October 26, 2023, under Section 60 of the Act and Rule 34 of the Rules from the Applicant i.e. M/s Huzhou Zhonglei Chemical Fiber Co., Ltd. to initiate a newcomer review to determine individual dumping margin and anti-dumping duty rate for its exports of PSF to Pakistan. The Applicant is a manufacturer and exporter of PSF and has claimed that it did not export PSF to Pakistan during the Period of Investigation ("POI") i.e. from January 1, 2012 to December 31, 2014

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of original investigation as well as during the Period of Review ("POR") i.e. from July 01, 2017 to June 30, 2020 of the Sunset Review. The Applicant further stated that it is not related to any exporters or producers of PSF in China, who are subject to anti-dumping duties. Therefore, the Applicant made the following requests to the Commission:

- i. Initiate a newcomer review investigation under Section 60 of the Act; and
- ii. Determine individual dumping margin for the Applicant in accordance with relevant provisions of the Act.

7. **Applicant's Views:**

The Applicant claimed following in its applications that:

- i. it has not exported the PSF to Pakistan during the POI (from January 1, 2012 to December 31, 2014) of original investigation as well as during the Period of Review (from July 1, 2017 to June 30, 2020) of the Sunset Review; and
- ii. it is not related to any exporter or producer of PSF in China who are subject to anti-dumping duties imposed on dumped imports of PSF from China.

7.2 In support of above-mentioned claims, the Applicant submitted affidavit duly notarized by the notary public in China and attested by the Embassy of Pakistan in Beijing, China.

7.3 According to the information provided in the Application, the Applicant is a private limited liability company established on September 16, 2019, and got a business license from Huzhou Administration for Industry and Commerce under the Company Law of the People's Republic of China. According to the Applicant, the legal form of the Applicant has not changed since its establishment. The Applicant company is located in Wuxing District, Huzhou City, Zhejiang Province, China. The Business scope of the company includes production and sales of functional, differentiated, and super simulated fibers; research and development of differentiated fibers; import and export of chemical filaments, goods and technology.

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8. Evaluation and Examination of the Application

Examination of the application showed that it met the requirements of Section 60 of the Act and Rule 34 of the Rules as it contained sufficient evidence and information for initiating a newcomer review under Section 60 of the Act.

9. Initiation of Newcomer Review

9.1 Upon examination of the application, the Commission established that it met the requirements of Section 60 of the Act and Rule 34 of the Rules. Therefore, the Commission initiated newcomer review on November 24, 2023 to determine the following under relevant provisions of the Act;

- i. the Applicant has not exported PSF to Pakistan during the POI of original investigation;
- ii. the Applicant is not related to any of the exporters or producers of PSF in China, who are subject to the anti-dumping duty imposed by the Commission (paragraph 5 supra); and
- iii. individual dumping margin/duty rate for the Applicant.

9.2 In terms of Section 27 of the Act, the Commission issued a notice of initiation of the Newcomer Review, which was published in the official Gazette of Pakistan and in two widely circulated national newspapers ("Daily Dunya" and "The Nation") on November 24, 2023.

9.3 The Commission notified the Diplomatic Mission of China in Pakistan on November 24, 2023 of the initiation of the newcomer review by sending a copy of the notice of initiation of the newcomer review with a request to forward it to all exporters/producers involved in production, sales and export of PSF. Copy of notice of initiation of the newcomer review was also sent to the Applicant, known exporters/producers of PSF in China and to the known importers of PSF on November 24, 2023, in accordance with the requirements of Section 27 of the Act.

9.4 In accordance with Section 28 of the Act, on November 24, 2023, the Commission also sent copy of full text of the written application (non-confidential version) to all exporters/producers of PSF in China, whose complete addresses were available with the Commission and to the diplomatic mission of China in Islamabad with a request to

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forward it to all exporters /producers of PSF in China involved in the production, sale and/or export of PSF.

10. Product under Review

10.1 The product subject to the anti-dumping duty is Polyester Staple Fiber, not exceeding 2.0 denier and excluding colored and regenerated Polyester Staple Fiber ("PSF"), which is classified under PCT Heading No. 5503.2010 exported by the exporters/producers from China. It is generally used in the production of blended yarn and pure polyester sewing thread. The blended yarn is used to produce woven and knitted fabrics. Following is the current applicable customs tariff structure of Polyester Staple Fiber:

Table-II
Tariff Structure of Polyester Staple Fiber

Description	Customs Duty Rates (%)			
	MFN	*Applicable	Additional duty	FTA
Synthetic staple fibers, not carded, combed or otherwise processed for spinning: -of polyesters --- of polyesters not exceeding 2.22 decitex	11	7	--	SAFTA= 5

* Under 5th Schedule (Customs Duty) Part-VII- Serial No.133

11. Period of Review

For determination of individual dumping margin, the Applicant submitted data / information from July 1, 2022, to June 30, 2023. The Period of Review ("POR") for determination of individual dumping margin is one year i.e. from July 1, 2022, to June 30, 2023.

12. Data/Information Gathering

12.1 The Commission sent notice of initiation on November 24, 2023, to all known exporters/ producers of PSF in China. The Commission also sent a copy of the notice of initiation to the diplomatic mission of China in Pakistan on November 24, 2023 with a request to forward it to all known exporters/ producers of PSF in China.

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12.2 Questionnaire was sent to all known importers of the product under review on November 24, 2023. In response, FKN Textiles Pvt. Ltd. and Gadoon Textile Mills Ltd. provided the limited information which has been analyzed and relevant information has been used in this review.

12.3 The Commission has access to the import statistics of Pakistan Revenue Automation Limited ("PRAL"), the data processing arm of the Federal Board of Revenue, Government of Pakistan. For the purpose of this review the Commission has also used import data obtained from PRAL's database in addition to the information provided by the Applicant.

12.4 The Commission has sought relevant data and information from all available sources deemed necessary for the purposes of this review.

13. **Public File**

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

14. **Views, Comments and Hearing**

14.1 All interested parties were invited to make their views/comments and to submit information and documents (if any) not later than 45 days of the date of publication of notice of initiation of the newcomer review. In response, M/s Lucky Core Industries Ltd. and M/s Ibrahim Fibres Ltd. submitted their views/comments relating to the product under review.

14.2 The interested parties were required to request for hearing in this review within 30 days of the publication of the notice of initiation i.e. latest by December 23, 2023. The Commission did not receive any request for the hearing within the stipulated time period, however, M/s Lucky Core Industries Ltd. and M/s Ibrahim Fibres Ltd. requested for hearing on January 15, 2024 in this review in accordance with Rule 14 of the Rules. A

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hearing was held in the Commission on February 21, 2024, to obtain the views/comments of the interested parties. The information submitted by the participants during the hearing and record note of the hearing prepared by the Commission are available in the Public File for review and copy of the interested parties.

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

15. **Confidentiality**

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

15.2 The Applicant has requested to keep confidential the information, which is by nature confidential in terms of Section 31 of the Act. This information includes data relating to sales, sale prices, cost to make and sell, production, profit/ (loss) etc. However, the Applicant has submitted non-confidential summaries of confidential information in accordance with the Section 31(5) of the Act. Non-confidential summaries permit a reasonable understanding of the information submitted in confidence.

15.3 Pursuant to requests made by the Applicant 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. However, in terms of Sub-Section (5) of Section 31, non-confidential summaries of all confidential information, which provide reasonable understanding of the substance, have been placed in Public File.

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16. Verification of the Information

In terms of Sections 23, 32(4) and 35 of the Act and Rule 12 of the Rules, during the course of an investigation /review, the Commission is required to satisfy itself to the accuracy of the information and verify/examine the accuracy of the information supplied by the Applicant. In order to verify data /information provided by the Applicant and to obtain further information (if any), the officers of the Commission conducted desk verification via online zoom meetings with representatives and employees of the Applicant from August 8 to 9, 2024. The non confidential report of said desk verification is also placed in the Public File.

D. COMMISSION'S DETERMINATION

17. Issues to be Determined in Newcomer Review

17.1 Section 60 of the Act requires the Commission to determine that the Applicant has not exported PSF to Pakistan during the POI of the original investigation as well as during the Period of Review of the Sunset Review and they are not related to any of the exporters or producers of PSF, who are subject to the antidumping duties.

17.2 Keeping in view the above provisions of the Act, purpose of this newcomer review investigation is will be to determine the following under relevant provisions of the Act and the Rules:

- i. the Applicant has not exported PSF to Pakistan during the POI original investigation as well as during the Period of Review of the Sunset Review;
- ii. the Applicant is not related to any of the exporters or producers of PSF, who are subject to the anti-dumping duties imposed by the Commission (paragraph 5 supra); and
- iii. individual dumping margin/ duty rate for the Applicant.

17.3 The Commission's determination on these issues is given in following paragraphs:

18. Exports of the Product Under Review by the Applicant

18.1 Investigation of the Commission has revealed that Applicant sold PSF in its domestic market as well as in international markets. The Commission's investigation has shown that the Applicant did not export PSF to Pakistan during the POI of original

investigation as well as during the POR of the sunset review. The Applicant started exporting PSF to Pakistan in the year 2022.

18.2 On the basis of the above, the Commission has concluded that the Applicant has not exported PSF to Pakistan during the POI of original investigation as well as during the POR of sunset review.

19. Relationship of the Applicant with Exporters or Producers of PSF in China.

19.1 The Applicant claimed that it is not related to any of the exporters or producers of PSF from China, who are subject to antidumping duties. In support of this claim, the Applicant submitted affidavit duly notarized by the notary public in China, attested by the Embassy of Pakistan in Beijing, China and stamped in Pakistan in accordance with Stamp Act, 1899.

19.2 For the purposes of determining relationship with Chinese producers and exporters of PSF (who are subject to definitive antidumping duties), the Applicant provided information on its related companies and details (name, address and telephone no. etc.) of its customers who purchased PSF from the Applicant during the POI of original investigation as well as during the POR of sunset review.

19.3 As per information submitted by the Applicant, it is a subsidiary of Xinfengming Group of China which is largest textile value chain industrial conglomerate. This group has been subjected to number of Anti-Dumping duties by other countries. However, the anti-dumping duties are mostly levied on the PFY business of this group. Further, the affiliated companies of this group were involved in the business of PFY, chemicals and energy. Only the Applicant is manufacturing PSF, and it was incorporated in September 2019.

19.4 In view of the above facts, the Commission has concluded that Applicant is not related to any exporter and producer of PSF, who are subject to definitive antidumping duties imposed on PSF originating in and/or exported from China into Pakistan. Thus, it qualifies to request for an individual dumping margin under Section 60 of the Act.

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E. DETERMINATION OF DUMPING

20. 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”.

21. Normal Value

21.1 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”.

21.2 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:”.

21.3 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

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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.”

22. Export Price

The “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”.

23. Dumping Determination

23.1 The Commission has determined individual dumping margin for the Applicant on the basis of available and verified data and information provided it.

23.2 Normal value, export price and individual dumping margin for the Applicant has been determined in accordance with Part III, IV and V of the Act on the basis of the information provided by it.

24. Determination of Normal Value for the Applicant

24.1 Normal value for the Applicant has been determined on the basis of the information provided by it on its domestic sales of PSF and cost to make and sell during the POR for this newcomer review.

24.2 According to the information, the Applicant sold PSF in its domestic market during the POR for this newcomer review. Section 7 of the Act requires the Commission to determine ordinary course of trade for domestic sales to determine normal value. Investigation has revealed that out of total domestic sales, 77% sales were below cost during the POR, whereas, 23% sales were profitable sales. As the below costs sales were in substantial quantities in terms of Section 7(2) of the Act, and thus, in determination of normal value for PSF, the Commission disregarded sales which were not in the ordinary course of trade in accordance with provisions of Section 7 of the Act. The sales which were in ordinary course of trade are in sufficient quantities to determine normal value in terms of Section 6(2) of the Act, as these domestic sales are more than 5 percent of the export sales of PSF exported to Pakistan during the POR for this newcomer review. Further, these domestic below cost sales were at prices which do not provide for recovery of all costs within a reasonable period of time in accordance with Section 7(1) of the Act.

24.3 During the POR, the Applicant sold like product in its domestic market at ex works and delivered basis. To arrive at the ex-factory price, the Applicant has claimed adjustment on account of inland freight where the delivery terms were on delivered basis.

25. Determination of Export Price for the Applicant

25.1 Export price for the Applicant has been will be determined on the basis of the information provided by it on its export sales of PSF to Pakistan made during the POR of this newcomer review.

25.2 According to the information, the Applicant exported PSF to Pakistan during the POR of this newcomer review. All export sales to Pakistan, during the POR, were made to un-related customers.

25.3 During the POR of this newcomer review, the Applicant exported PSF mostly on LC at sight at CFR level. To arrive at the ex-factory level, it has reported adjustments on account of inland freight, ocean freight, bank charges, and handling charges.

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25.4 During the POR of this newcomer review, payment terms were LC at sight, however, the Applicant on average received payment after certain days. Accordingly, an adjustment on account of credit cost has been made by the Commission in the export price.

25.5 The export price for each export transaction at ex-factory level has been worked out by deducting values reported for adjustments from the gross value of export sales transactions.

26. Dumping Margin

26.1 The Act defines “dumping margin” in relation to a product to mean “*the amount by which its normal value exceeds its export price*”.

26.2 In terms of Section 14(1) of the Act the Commission shall determine an individual dumping margin for each known exporter or foreign producer of an investigated product. In this newcomer review, the Commission has determined individual dumping margins for the Applicant.

26.3 Section 12 of the Act provides three methods for fair comparison of normal value and export price in order to establish dumping margin. The Commission has calculated dumping margin by comparing ex-factory normal value and export prices on a transaction-to transaction basis.

26.4 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*”.

26.4 The Commission has adopted the transaction-to-transaction comparison method because the export sales transactions of Applicant were very few while the quantum of its domestic sales was quite high. The Applicant has exported *** MT of PSF to Pakistan during POR of this newcomer review through 31 transactions while in the domestic market, the Applicant sold *** MT of PSF through 3,398 transactions.

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26.5 For the purpose of comparison of export sales with domestic sales, the specification of PSF and date of export sale invoices has been taken as basis for comparison. In situation where all domestic sales of PSF against corresponding export transaction of PSF are below cost, the normal value has been constructed by adding *** percent profit in weighted average cost to make and sell of all below cost domestic sales. The profit rate has been calculated on the basis of the weighted average difference between gross value and cost to make and sell of 23% profitable domestic sales of PSF. Against export transaction where more than one profitable domestic sales transaction exists, normal value has been based on weighted average domestic sales price of all profitable sales transactions.

26.7 Taking into account all requirements set-out above, the dumping margin has been determined as follows. Calculations of dumping margin are placed at Annexure-II:

Table-III
Dumping Margins

Exporters / Producers	Dumping Margin as	
	% of Export Price	% of C& F Price
M/s Huzhou Zhonglei Chemical Fiber Co., Ltd. China	4.66	4.37

E. Conclusion

27. On the basis of fore-going facts and analysis, the Commission has concluded as follows:

- i. The written application was filed by the Applicant for determination of individual dumping margin under Section 60 of the Act and Rule 34 of the Rules;
- ii. PSF exported from China and the domestic like product are alike products;
- iii. Applicant did not export PSF during original the POI.
- iv. Applicant is not related to any producer or any exporter who are subject to definitive antidumping duty imposed on PSF. Thus. it qualify to request for an individual dumping margin under Section 60 of the Act.
- v. during the POR of this newcomer review, PSF was exported to Pakistan by the Applicant at prices below its normal value;

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- vi. the dumping margin expressed as a percentage of weighted average adjusted export price at ex-factory level is 4.66% for the Applicant;

F. IMPOSITION OF DEFINITIVE ANTI-DUMPING DUTY

28. In this newcomer review, the Commission has determined individual dumping margin for the Applicant. Thus, the Commission, pursuant to powers under Section 50 of the Act, has decided to impose the definitive anti-dumping duty at the rates mentioned below on C&F value in ad valorem terms on imports of PSF imported from for M/s Huzhou Zhonglei Chemical Fiber Co., Ltd. China under PCT Heading Nos. 5503.2010 with effect from November 24, 2023, till October 1, 2025. However, in accordance with Section 51(ea) of the Act, definitive antidumping duty will not be levied on imports of the product under review that are used as inputs in products destined solely for exports 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).

Table-IV
Definitive Antidumping Duty Rates

Country	Exporters/Producers	Definitive Antidumping Duty Rates (%)
China	Exporters/Producers selected for Detailed Examination:	
	M/s Huzhou Zhonglei Chemical Fiber Co., Ltd	4.37

29. In accordance with Section 51 of the Act, the antidumping duty shall take the form of ad valorem duty and be held in a non-lapsable personal ledger account established and maintained by the Commission for the purpose. Release of the product under review for free circulation in Pakistan shall be subject to imposition of such antidumping duty.

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

31. The definitive antidumping duty would be collected in the same manner as customs duty is collected under the Customs Act, 1969 (IV of 1969) and would be

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deposited in the head of account "G-11217 Personal Deposits" maintained with State Bank of Pakistan.

(Ahmed Sheraz)
Member
November 15, 2024

(Imran Zia)
Member
November 15, 2024

(Muhammad Iqbal Tabish)
Member
November 15, 2024

(Naeem Anwar)
Chairman
November 15, 2024

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Annexure-I

Comments of Interested Parties on Hearing and SEF

Comments of Interested Parties on Hearing	Remarks/Commission's Response
Views and Comments of Lucky Core Industries and Ibrahim Fibres Ltd (the "Domestic Industry"):	
China is considered a non-market economy by many countries, including EU and India. For non-market economies, normal value is to be determined in accordance with Section 9 of the Ordinance. However, due to political reasons, China is being considered a market economy by the Commission and normal value is being calculated in accordance with Sections 5 and 6 of the Act. Nevertheless, keeping in view the real situation, both domestic sales prices and cost to make and sell provided by the Exporter should be considered with circumspection by the Commission. In particular, the Commission needs to verify all data provided by exporter and cannot rely on it without verification.	The Commission has determined the normal value for Applicant on the basis of the information provided by it on its domestic sales and cost to make and sell during the POR by treating the Applicant as operating in market economy. Further, the Commission could not verify the data/information submitted by the Applicant by way of on spot verification visit at premises of the Applicant due to administrative reasons.
As per section 5 of the Act, only such sales which are in the ordinary course of trade when destined for consumption in the exporting country should be considered.	Investigation has revealed that out of total sales, 77% sales were at loss while 23% sales were profitable sales. Below costs sales were in substantial quantities in terms of Section 7(2) of the Act. Thus, in determination of normal value for the product under review, the Commission disregarded sales which were not in the ordinary course of trade in accordance with provisions of Section 7 of the Act.
In cases where domestic sales are against advance payment while export sales are not against advance payment, appropriate adjustments on account of working capital charges should be made by the Commission.	During the POR, where payment terms in export transactions were LC at sight, on average the Applicant received payment after 30 days. Accordingly, an adjustment on account of credit cost is made by the Commission in export price.
It is pertinent to note that from July 2023 onwards, the Exporter substantially increased its exports of PSF to Pakistan. Moreover, in the month of October 2023, when the Exporter submitted the Newcomer Review Application, it had made its highest export to Pakistan, i.e. xxx MT..... In view of the foregoing, we would request the Commission to amend the POR of this investigation to include Q1 2023-24. The POR of this investigation should be October 2022 - September 2023.....	It is pertinent to mention that under the provisions of Law, the Period of Review after the initiation of Review cannot be changed.

Conclusion of Newcomer Review to Determine Individual Rate of Definitive Anti-Dumping Duty for M/S Huzhou Zhonglei Chemical Fiber Co., Ltd., an Exporter of Polyester Staple Fiber from the People's Republic of China

Dumping Margin by The Exporter: The Exporter is part of Xinfengming Group which is one of the largest textile value chain based industrial conglomerate that has been operating in the market since last 20 years. The group is involved in the production of Polyester Staple Fibre ("PSF"), Polyester Filament Yarn ("PFY") and Pure Terephthalic Acid ("PTA"). It has an installed PSF capacity of xxx Ton i.e. xxx more than the PSF demand in Pakistan during POR..... As the Exporter has a high exportable surplus, Pakistan has become a lucrative market for its dumping practices..... In a normal case where exporter is developing business in a new market, exports sales that are made in the beginning are at the lowest prices to get customer acceptance and subsequently the prices normalize. However, in case in instant case, it appears that as the product started to get acceptance the prices went down and so did the margins..... Based on the normal value and export price, the dumping margin for the Exporter is xx%, which is above the current ADD rate of xxx% applies on the Exporter.	As per information submitted by the Applicant, it is a subsidiary of Xinfengming Group of China which is largest textile value chain industrial conglomerate. This group has been subjected to number of Anti-Dumping duties by other countries. However, the anti-dumping duties are mostly levied on the PFY business of this group. Further, the affiliated companies of this group were involved in the business of PFY, chemicals and energy. Only the Applicant is manufacturing PSF, and it was incorporated in September 2019.
Capacity Utilization: It is pertinent to note that as the Exporter's share in dumped imports increased, the domestic PSF manufacturers faced injury on account of capacity utilization too. The capacity utilization for the domestic PSF industry declined from xx% to xx% while the share of the Exporter in dumped imports increased from xx% to xx% in the same time period.	The scope of the Review is to determine the individual dumping margin/duty rate therefore, the injury analysis on account of Capacity utilization is not warranted in this Review investigation under the provisions of the Act.
Exportable Surplus: the exporter is part of Xinfengming group which has an installed PSF capacity of xxx. Moreover, recently the group has gone for an aggressive expansion (xxKt in 2022 and 2023) which also shows the Exporter interest now to get its duties reduced or terminated. In the last four months (July 2023 - October 2023), the Exporter substantially increased its dumped exports to Pakistan, increasing its share from 1 % to 10% in dumped imports. If the ADD is removed or reduced, it will open floodgates for such a high exportable surplus group to dump its inventories in Pakistan to keep operating rates high....	The scope of the Review is to determine the individual dumping margin/duty rate therefore, the analysis on account of threat of injury by way of exportable surplus is not warranted in this Review investigation under the provisions of the Act.

Conclusion of Newcomer Review to Determine Individual Rate of Definitive Anti-Dumping Duty for M/S Huzhou Zhonglei Chemical Fiber Co., Ltd., an Exporter of Polyester Staple Fiber from the People's Republic of China

Comments of Interested Parties on SEF	
Views and Comments of the Applicant:	Remarks/Commission's Response
Incomplete Dumping Margin Calculations: The disclosure document includes only one table for dumping margin calculation. As per the methodology outlined, the Commission calculated the dumping margin by comparing the normal value and export price on a transaction-to-transaction basis. However, the document does not contain the detailed calculations of normal value, making it impossible for the Applicant to verify how the Commission arrived at the normal value for Zhonglei. Commission provides complete and detailed calculations related to the normal value, enabling the Applicant to fully understand the methodology.	Details of transactions related to the calculations of normal value were provided to the Applicant in response to this.
Methodology for Calculating Normal Value: Methodology used by the Commission for calculation of normal value is flawed. Instead of using average cost, the Commission could have used the average monthly domestic price (in the ordinary course of trade) in cases where no domestic sales corresponding to the date of export sales existed. Commission reconsider its methodology in this regard and provide clarification on the reasons for adopting the current approach. The Commission to use actual profit rate for construction of normal value.	Section 12 of the Act provides three methods for fair comparison of normal value and export price in order to establish dumping margin. The Commission has calculated dumping margin by comparing ex-factory normal value and export prices on a transaction-to-transaction basis. The Commission has adopted the transaction-to-transaction comparison method because the export sales transactions of Applicant are very few while the quantum of domestic sales is quite high. The Applicant has exported *** MT of product under review to Pakistan during POR through 31 transactions while in the domestic market, the Applicant sold *** MT of the product under review through 3,398 transactions. The Commission uses the actual profit rate for construction of normal value.

(Non-Confidential)

Conclusion of Newcomer Review to Determine Individual Rate of Definitive Anti-Dumping Duty for M/S Huzhou Zhongli Chemical Fiber Co., Ltd., an Exporter of Polyester Staple Fiber from the People's Republic of China

Annexure-II

In terms of Section 31 of the Act, the information is of the confidential nature.