

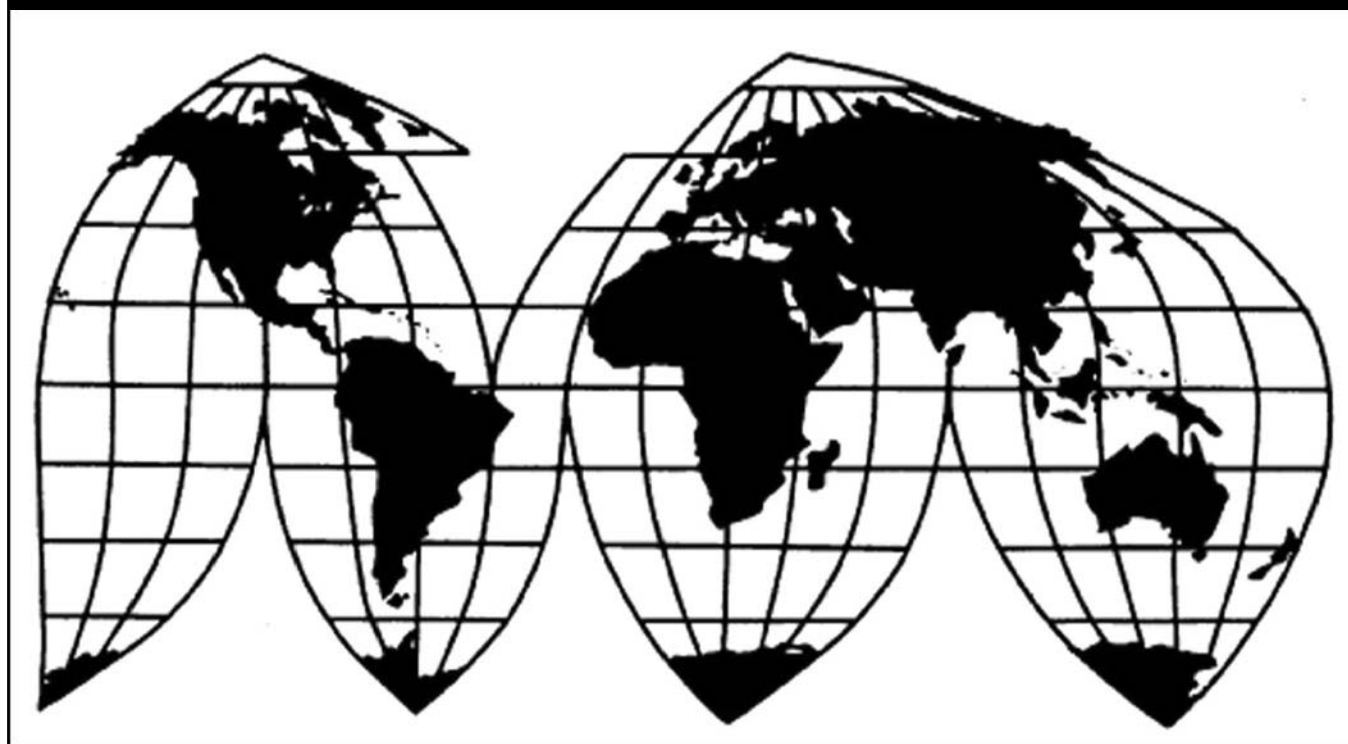
# Certain Polyester Staple Fiber from China

Investigation No. 731-TA-1104 (Second Review)

Publication 4767

March 2018

**U.S. International Trade Commission**



Washington, DC 20436

# U.S. International Trade Commission

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## CONTENTS

	Page
<b>Determination</b> .....	1
<b>Views of the Commission</b> .....	3
<b>Information obtained in this review</b> .....	<b>1</b>
Background.....	1
Responses to the Commission’s Notice of Institution .....	1
Individual responses .....	1
Party comments on adequacy.....	2
Recent developments in the industry .....	2
The original investigation and subsequent reviews.....	5
The original investigation .....	5
The first five-year review.....	5
Prior related investigations .....	5
The product .....	7
Commerce’s scope .....	7
Description and uses .....	7
Manufacturing process.....	9
U.S. tariff treatment .....	11
The definition of the domestic like product.....	12
Actions at Commerce .....	12
Current five-year review.....	13
Commerce’s Administrative Reviews.....	13
The industry in the United States .....	14
U.S. producers .....	14
Definition of the domestic industry and related party issues.....	14
U.S. producers’ trade and financial data.....	15
U.S. importers.....	17
U.S. imports .....	17
Apparent U.S. consumption and market shares .....	18
The industry in China.....	21
Antidumping or countervailing duty orders in third-country markets .....	23
The global market .....	24

## CONTENTS

Page

### Appendixes

A. <i>Federal Register</i> notices .....	A-1
B. Company-specific data .....	B-1
C. Summary data compiled in prior proceedings .....	C-1
D. Purchaser questionnaire responses .....	D-1

Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted. Such deletions are indicated by asterisks.

## UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-1104 (Second Review)

Certain Polyester Staple Fiber from China

### DETERMINATION

On the basis of the record<sup>1</sup> developed in the subject five-year review, the United States International Trade Commission (“Commission”) determines, pursuant to the Tariff Act of 1930 (“the Act”), that revocation of the antidumping duty order on certain polyester staple fiber from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

### BACKGROUND

The Commission, pursuant to section 751(c) of the Act (19 U.S.C. 1675(c)), instituted this review on September 1, 2017 (82 F.R. 41654) and determined on December 5, 2017 that it would conduct an expedited review (83 F.R. 394, January 3, 2018).

The Commission made this determination pursuant to section 751(c) of the Act (19 U.S.C. 1675(c)). It completed and filed its determination in this review on March 15, 2018. The views of the Commission are contained in USITC Publication 4767 (March 2018), entitled *Certain Polyester Staple Fiber from China: Investigation No. 731-TA-1104 (Second Review)*.

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<sup>1</sup> The record is defined in sec. 207.2(f) of the Commission’s Rules of Practice and Procedure (19 CFR 207.2(f)).





## Views of the Commission

Based on the record in this five-year review, we determine under section 751(c) of the Tariff Act of 1930, as amended (“the Tariff Act”), that revocation of the antidumping duty order on certain polyester staple fiber (“PSF”) from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

### I. Background

#### A. The Original Investigation

On June 23, 2006, DAK Americas, LLC (“DAK Americas”), Nan Ya Plastics Corporation, America (“Nan Ya America”), and Wellman Inc., domestic producers of PSF, filed an antidumping duty petition on imports of PSF from China. On April 19, 2007, the Department of Commerce (“Commerce”) determined that subject imports (except those from one producer/exporter) were being sold at less than fair value (“LTFV”).<sup>1</sup> On May 24, 2007, the Commission found that an industry in the United States was materially injured by reason of LTFV imports of certain PSF from China.<sup>2</sup> Consequently, on June 1, 2007, Commerce issued an antidumping duty order.<sup>3</sup> The Commission’s affirmative determination was appealed to the U.S. Court of International Trade, which affirmed the Commission’s findings.<sup>4</sup> Commerce subsequently revoked the antidumping duty order with respect to two additional exporters in its third administrative review.<sup>5</sup>

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<sup>1</sup> *Certain Polyester Staple Fiber from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances*, 72 Fed. Reg. 19690 (April 19, 2007). Commerce calculated a *de minimis* margin for Chinese producer/exporter Cixi Jiangnan Chemical Co., Ltd. (“Cixi Jiangnan”).

<sup>2</sup> *Certain Polyester Staple Fiber from China*, Inv. No. 731-TA-1104 (Final), USITC Pub. 3922 (May 2007) (“Original Determination”).

<sup>3</sup> *Certain Polyester Fiber from the People’s Republic of China: Notice of Antidumping Duty Order*, 72 Fed. Reg. 30545 (June 1, 2007).

<sup>4</sup> *Consolidated Fibers, Inc. v. United States*, 574 F. Supp. 2d 1371 (Ct. Int’l Trade 2008).

<sup>5</sup> On November 9, 2011, Commerce revoked the antidumping duty order with respect to Ningbo Dafa Chemical Fiber Co. Ltd. and Cixi Santai Chemical Fiber Co. Ltd. See *Certain Polyester Staple Fiber from the People’s Republic of China: Final Results of Antidumping Duty Administrative Review, and Revocation of an Order in Part*, 76 Fed. Reg. 69702, 69703 (Nov. 9, 2011).

## B. The First Review

On May 1, 2012, the Commission instituted its first five-year review of the antidumping duty order on PSF from China.<sup>6</sup> On September 6, 2012, the Commission reached an affirmative determination after conducting an expedited review.<sup>7</sup> As a result, effective October 4, 2012, Commerce issued a continuation of the antidumping duty order.<sup>8</sup>

## C. The Current Review

On September 1, 2017, the Commission instituted the current five-year review.<sup>9</sup> On September 28, 2017, three domestic interested parties jointly filed the sole response to the notice of institution.<sup>10</sup> The Commission determined that the domestic interested parties' group response to its notice of institution was adequate.<sup>11</sup> The Commission did not receive a response from any respondent interested party and determined that the respondent interested party group response to the notice of institution was inadequate.<sup>12</sup> On December 5, 2017, the Commission determined that it would conduct an expedited review pursuant to section 751(c)(3) of the Tariff Act.<sup>13</sup>

On February 14, 2018, the domestic interested parties filed comments with the Commission pursuant to 19 C.F.R. § 207.62(d).<sup>14</sup>

U.S. industry data are based on information submitted by the three responding producers of PSF in their response to the notice of institution. These producers estimate that

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<sup>6</sup> *Certain Polyester Staple Fiber from the People's Republic of China: Institution of a Five-Year Review*, 77 Fed. Reg. 25744 (May 1, 2012).

<sup>7</sup> *Certain Polyester Staple Fiber from China*, Inv. No. 731-TA-1104 (Review), USITC Pub. 4351 at 5 (Sept. 2012) ("First Five-Year Review Determination"). There was no litigation of the Commission's first five-year review determination.

<sup>8</sup> *Certain Polyester Staple Fiber From the People's Republic of China: Continuation of Antidumping Duty Order*, 77 Fed. Reg. 62217 (Oct. 12, 2012).

<sup>9</sup> *Certain Polyester Staple Fiber from China: Institution of a Five-Year Review*, 82 Fed. Reg. 41654 (Sept. 6, 2017). In accordance with section 751(c) of the Tariff Act, Commerce also published a notice of initiation of a five-year review of the subject antidumping duty on the same date. *Certain Polyester Staple Fiber from China: Initiation of Five-Year ("Sunset") Review*, 82 Fed. Reg. 42073 (Sept. 6, 2017).

<sup>10</sup> See Response of Auriga Polymers, Inc. ("Auriga"), DAK Americas, and Nan Ya America, ("domestic interested parties"), EDIS Doc. 624189 (Sept. 28, 2017) ("Domestic Interested Parties' Response").

<sup>11</sup> Explanation of Commission Determination on Adequacy, EDIS Doc. 630763 (Dec. 5, 2017).

<sup>12</sup> Explanation of Commission Determination on Adequacy.

<sup>13</sup> Explanation of Commission Determination on Adequacy.

<sup>14</sup> Domestic Industry's Comments Regarding the Commission's Determination in This Review, EDIS Doc. 636513 (Feb. 14, 2018) ("Domestic Industry's Expedited Review Comments"). While the Commission provided domestic interested parties with an opportunity to submit comments on Commerce's likely margin finding, no such comments were submitted.

they accounted for \*\*\* percent of domestic production of PSF in 2016.<sup>15</sup> U.S. import data and related information are based on official import statistics.<sup>16</sup> Foreign industry data and related information are based on information from the original investigation and prior review as well as information submitted by domestic interested parties in this expedited review and publicly available information, such as Global Trade Atlas data.<sup>17</sup>

## II. Domestic Like Product and Industry

### A. Domestic Like Product

In making its determination under section 751(c) of the Tariff Act, the Commission defines the “domestic like product” and the “industry.”<sup>18</sup> The Tariff Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle.”<sup>19</sup> The Commission’s practice in five-year reviews is to examine the domestic like product definition from the original investigation and consider whether the record indicates any reason to revisit the prior findings.<sup>20</sup>

Commerce has defined the imported merchandise within the scope of the order under review as follows:

synthetic staple fibers, not carded, combed or otherwise processed for spinning, of polyesters measuring 3.3 decitex (3 denier, inclusive) or more in diameter. This merchandise is cut to lengths varying from one inch (25 mm) to five inches (127 mm). The merchandise is classifiable under the HTSUS numbers 5503.20.0045 and 5503.20.0065. Although the HTSUS numbers are provided for convenience and customs purposes, the written description of the merchandise

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<sup>15</sup> Confidential Report, Memorandum INV-PP-152, (Nov. 21, 2017) (“CR”) at Table I-1, Public Report (“PR”) at Table I-1.

<sup>16</sup> CR/PR at Table I-4.

<sup>17</sup> See CR at I-29 to I-31, PR at I-21 to I-22.

<sup>18</sup> 19 U.S.C. § 1677(4)(A).

<sup>19</sup> 19 U.S.C. § 1677(10); see, e.g., *Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Department of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int’l Trade 1998); *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996); *Torrington Co. v. United States*, 747 F. Supp. 744, 748-49 (Ct. Int’l Trade 1990), *aff’d*, 938 F.2d 1278 (Fed. Cir. 1991); see also S. Rep. No. 249, 96<sup>th</sup> Cong., 1<sup>st</sup> Sess. 90-91 (1979).

<sup>20</sup> See, e.g., *Internal Combustion Industrial Forklift Trucks from Japan*, Inv. No. 731-TA-377 (Second Review), USITC Pub. 3831 at 8-9 (Dec. 2005); *Crawfish Tail Meat from China*, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 at 4 (July 2003); *Steel Concrete Reinforcing Bar from Turkey*, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 at 4 (Feb. 2003).

under the order is dispositive.<sup>21</sup>

PSF is a man-made fiber that is similar in appearance to cotton or wool fiber when baled. It is principally known in the industry as “fiber for fill,” as it is primarily used as polyester fiberfill.<sup>22</sup>

In the original investigation, the Commission found a single domestic like product consisting of PSF, coextensive with Commerce’s scope. During the final phase of the original investigation, two respondents raised domestic like product issues: Ashley Furniture Industries, Inc. argued that the Commission should define conjugate PSF<sup>23</sup> as a separate like product, and Insituform Technologies, Inc. argued that the Commission should define certain PSF qualified for use in its cured in place pipe applications (“CIPP PSF”) as a separate like product. The Commission found no clear dividing lines between conjugate PSF, CIPP PSF, and other forms of certain PSF and determined that certain PSF constituted a single domestic like product.<sup>24</sup>

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<sup>21</sup> *Certain Polyester Staple Fiber from the People’s Republic in China: Final Results of Expedited Sunset Review of the Antidumping Duty Order*, 83 Fed. Reg. 8052 (Feb. 23, 2018). In its final results memorandum, Commerce elaborated on the scope as follows:

The subject merchandise may be coated, usually with a silicon or other finish, or not coated. PSF is generally used as stuffing in sleeping bags, mattresses, ski jackets, comforters, cushions, pillows, and furniture.

The following products are excluded from the scope: (1) PSF of less than 3.3 decitex (less than 3 denier) currently classifiable in the Harmonized Tariff Schedule of the United States (“HTS”) at subheading 5503.20.0025 and known to the industry as PSF for spinning and generally used in woven and knit applications to produce textile and apparel products; (2) PSF of 10 to 18 denier that are cut to lengths of 6 to 8 inches and that are generally used in the manufacture of carpeting; and (3) low-melt PSF defined as a bi-component fiber with an outer, non-polyester sheath that melts at a significantly lower temperature than its inner polyester core (classified at HTSUS 5503.20.0015).

*Issues and Decision Memorandum for the Final Results of the Expedited Sunset Review of the Antidumping Duty Order on Certain Polyester Staple Fiber from the People’s Republic of China*, Case No. A-570-905, EDIS Doc. 636918 at 3-4 (Feb. 16, 2018) (“Commerce’s Second Sunset IDM”). The scope is unchanged from the original investigation, and Commerce has not conducted any scope inquiries since the completion of the last five-year review. CR at I-17, PR at I-12; Commerce’s Second Sunset IDM at 3.

<sup>22</sup> CR at I-10, PR at I-8.

<sup>23</sup> Conjugate PSF achieves greater loft and fill capacity than non-conjugate PSF through the twisting of two types of fiber into a three-dimensional spiral configuration, through either a chemical or a mechanical process, prior to crimping, which produces additional loft. Non-conjugate PSF relies on crimping alone for its loft, yielding somewhat less fill capacity. Original Determination, USITC Pub. 3922 at 6.

<sup>24</sup> Original Determination, USITC Pub. 3922 at 5-6.

In the first five-year review, the domestic interested parties agreed with the definition of the domestic like product from the original investigation, and the Commission again defined the domestic like product as PSF.<sup>25</sup>

In this expedited second five-year review, domestic interested parties assert that the Commission should define the domestic like product in the same manner as it did in the prior proceedings.<sup>26</sup> The record does not indicate any changes to the pertinent characteristics of PSF since the prior proceedings.<sup>27</sup> Consequently, we continue to define the domestic like product as PSF, coextensive with Commerce's scope.

## **B. Domestic Industry and Related Parties**

Section 771(4)(A) of the Tariff Act defines the relevant industry as the domestic “producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”<sup>28</sup> In defining the domestic industry, the Commission’s general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

In the original investigation, the Commission found a single domestic industry, consisting of all U.S. producers of PSF.<sup>29</sup> In the first five-year review, the Commission determined that the record contained no new information that would indicate that any domestic producer qualified as a related party, and again defined the domestic industry to include all U.S. producers of PSF.<sup>30</sup>

In the current review, domestic interested parties agree with the Commission’s domestic industry definition from the original determination and the first five-year review.<sup>31</sup> There are no related party or other domestic industry issues in this review.<sup>32</sup> Accordingly,

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<sup>25</sup> Five-Year Review Determination, USITC Pub. 4351 at 5.

<sup>26</sup> Domestic Interested Parties’ Response at 17.

<sup>27</sup> See *generally* CR at I-10 to I-15, PR at I-8 to I-11.

<sup>28</sup> 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 are applicable to the entire subtitle containing the antidumping and countervailing duty laws, including 19 U.S.C. §§ 1675 and 1675a. See 19 U.S.C. § 1677.

<sup>29</sup> Although no party argued that any firm be excluded from the domestic industry as a related party, the Commission noted that one domestic producer, United Synthetics, Inc., might qualify as a related party given its partial ownership by a firm which was the largest importer of subject merchandise. However, the Commission found that, even if United Synthetics were a related party, appropriate circumstances did not exist to warrant its exclusion from the domestic industry. See Original Determination, USITC Pub. 3922 at 12-13.

<sup>30</sup> First Five-Year Review Determination, USITC Pub. 4351 at 6.

<sup>31</sup> Domestic Industry’s Expedited Review Comments at 3.

<sup>32</sup> In the current review, domestic interested parties identified \*\*\*. See Domestic Parties’ Response at 14. Because exports from \*\*\* are not subject to the order, \*\*\* is not related to an exporter of subject merchandise and hence is not a related party.

consistent with the domestic like product definition, we again define the domestic industry as consisting of all U.S. producers of PSF.

### **III. Revocation of the Antidumping Duty Order Would Likely Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time**

#### **A. Legal Standards**

In a five-year review conducted under section 751(c) of the Tariff Act, Commerce will revoke an antidumping or countervailing duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur and (2) the Commission makes a determination that revocation of the antidumping or countervailing duty order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”<sup>33</sup> The Uruguay Round Agreements Act Statement of Administrative Action (“SAA”) states that “under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”<sup>34</sup> Thus, the likelihood standard is prospective in nature.<sup>35</sup> The U.S. Court of International Trade has found that “likely,” as used in the five-year review provisions of the Tariff Act, means “probable,” and the Commission applies that standard in five-year reviews.<sup>36</sup>

The statute states that “the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of

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<sup>33</sup> 19 U.S.C. § 1675a(a).

<sup>34</sup> SAA, H.R. Rep. No. 103-316, vol. I at 883-84 (1994). The SAA states that “{t}he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed.” *Id.* at 883.

<sup>35</sup> While the SAA states that “a separate determination regarding current material injury is not necessary,” it indicates that “the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued {sic} prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked.” SAA at 884.

<sup>36</sup> See *NMB Singapore Ltd. v. United States*, 288 F. Supp. 2d 1306, 1352 (Ct. Int’l Trade 2003) (“‘likely’ means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)”), *aff’d mem.*, 140 Fed. Appx. 268 (Fed. Cir. 2005); *Nippon Steel Corp. v. United States*, 26 CIT 1416, 1419 (2002) (same); *Usinor Industeel, S.A. v. United States*, 26 CIT 1402, 1404 nn.3, 6 (2002) (“more likely than not” standard is “consistent with the court’s opinion;” “the court has not interpreted ‘likely’ to imply any particular degree of ‘certainty’”); *Indorama Chemicals (Thailand) Ltd. v. United States*, 26 CIT 1059, 1070 (2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); *Usinor v. United States*, 26 CIT 767, 794 (2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

time.”<sup>37</sup> According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but normally will exceed the ‘imminent’ timeframe applicable in a threat of injury analysis in original investigations.”<sup>38</sup>

Although the standard in a five-year review is not the same as the standard applied in an original investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated.”<sup>39</sup> It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if an order is revoked or a suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).<sup>40</sup> The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission’s determination.<sup>41</sup>

In evaluating the likely volume of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.<sup>42</sup> In doing so, the Commission must consider “all relevant economic factors,” including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.<sup>43</sup>

In evaluating the likely price effects of subject imports if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as

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<sup>37</sup> 19 U.S.C. § 1675a(a)(5).

<sup>38</sup> SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” *Id.*

<sup>39</sup> 19 U.S.C. § 1675a(a)(1).

<sup>40</sup> 19 U.S.C. § 1675a(a)(1). Commerce has not made any duty absorption findings concerning PSF from China. CR at I-17, PR at I-12.

<sup>41</sup> 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

<sup>42</sup> 19 U.S.C. § 1675a(a)(2).

<sup>43</sup> 19 U.S.C. § 1675a(a)(2)(A-D).

compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.<sup>44</sup>

In evaluating the likely impact of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.<sup>45</sup> All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the order under review and whether the industry is vulnerable to material injury upon revocation.<sup>46</sup>

No respondent interested party participated in this expedited review. The record, therefore, contains limited new information with respect to the PSF industry in China. There also is limited information on the PSF market in the United States during the period of review. Accordingly, for our determination, we rely as appropriate on the facts available from the original investigation and first five-year review, and the limited new information on the record in this second five-year review.

## **B. Conditions of Competition and the Business Cycle**

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, the statute directs the Commission to consider all relevant economic factors “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”<sup>47</sup> The following conditions of competition inform our determination.

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<sup>44</sup> See 19 U.S.C. § 1675a(a)(3). The SAA states that “{c}onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices.” SAA at 886.

<sup>45</sup> 19 U.S.C. § 1675a(a)(4).

<sup>46</sup> The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission “considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.” SAA at 885.

<sup>47</sup> 19 U.S.C. § 1675a(a)(4).



## 1. Demand Conditions

In the original investigation and the first five-year review, the Commission observed that demand for PSF generally was related to the amount of housing-related activity in the economy, and that demand for PSF generally tracked overall economic activity.<sup>48</sup> The record in the current review indicates that the drivers of demand for PSF in the U.S. market have not changed.<sup>49</sup>

During the original investigation, the Commission found that apparent U.S. consumption of PSF declined 5.4 percent over the period of investigation, from 1.13 billion pounds in 2004 to 1.07 billion pounds in 2006, notwithstanding a 2.2 percent increase between 2004 and 2005.<sup>50</sup> During the first five-year review, apparent U.S. consumption was \*\*\* million pounds in 2011.<sup>51</sup> In this review, the record indicates that apparent U.S. consumption in 2016 was \*\*\* million pounds, and is expected to increase.<sup>52</sup>

## 2. Supply Conditions

During the original investigation, the Commission found that eight U.S. firms produced PSF.<sup>53</sup> During the first five-year review, despite some changes in the composition of the domestic industry that occurred during the period of review, the Commission again found that there were eight domestic producers.<sup>54</sup> In this review, domestic interested parties identify ten known and currently operating U.S. producers of PSF, with two new producers having commenced production in the United States during the period of review.<sup>55</sup>

During the original investigation, the Commission found that the domestic industry's share of apparent U.S. consumption declined from 60.2 percent in 2004 to 46.9 percent in 2006.<sup>56</sup> During the first five-year review, the Commission found that in 2011 the U.S. producers' share of apparent U.S. consumption was \*\*\* percent.<sup>57</sup> The domestic industry's share of apparent U.S. consumption was \*\*\* percent in 2016.<sup>58</sup>

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<sup>48</sup> Original Determination, USITC Pub. 3922 at 14; First Five-Year Review Determination, USITC Pub. 4351 at 8.

<sup>49</sup> CR at I-5, PR at I-3.

<sup>50</sup> Original Determination, USITC Pub. 3922 at 14.

<sup>51</sup> Confidential Views of the Commission in First Five-Year Review Determination, Inv. No. 731-TA-1104 (Review), EDIS Doc. 637131 (September 2012) ("Confidential First Five-Year Review Determination") at 10; First Five-Year Review Determination, USITC Pub. 4351 at 8.

<sup>52</sup> CR/PR at Table I-5; CR at I-26, PR at I-8.

<sup>53</sup> Original Determination, USITC Pub. 3922 at 12.

<sup>54</sup> First Five-Year Review Determination, USITC Pub. 4351 at 8-9.

<sup>55</sup> Domestic Interested Parties' Response at 12-14, 17.

<sup>56</sup> Original Determination, USITC Pub. 3922 at 21.

<sup>57</sup> Confidential First Five-Year Review Determination at 11; First Five-Year Review Determination, USITC Pub. 4351 at 9.

<sup>58</sup> CR/PR at Table I-6.

During the original investigation, the Commission found that subject imports' share of apparent U.S. consumption increased from \*\*\* percent in 2004 to \*\*\* percent in 2006.<sup>59</sup> In the first five-year review, subject imports' share of apparent U.S. consumption was \*\*\* percent in 2011.<sup>60</sup> Subject imports' share of the U.S. market was \*\*\* percent in 2016.<sup>61</sup>

During the original investigation, the Commission found nonsubject imports' share of apparent U.S. consumption declined from \*\*\* percent in 2004 to \*\*\* percent in 2006.<sup>62</sup> In the first five-year review, nonsubject imports accounted for \*\*\* percent of the U.S. market in 2011.<sup>63</sup> The Commission emphasized that nonsubject imports from the exporters in China for which the order had been revoked between the time of the original investigation and the first review were higher in 2011 than in 2007.<sup>64</sup> Finally, the Commission observed in both prior proceedings that nonsubject imports of PSF from Korea and Taiwan were subject to antidumping duty orders.<sup>65</sup> Nonsubject imports' share of the U.S. market was \*\*\* percent in 2016, and nonsubject imports were the largest source of supply to the U.S. market.<sup>66</sup> Because, as described above, imports from three Chinese firms are not currently subject to the order, there are nonsubject imports from China in addition to nonsubject imports from other sources.<sup>67</sup> Nonsubject imports of PSF from China, which accounted for \*\*\* percent of apparent U.S. consumption in 2016, constituted a substantial portion of total nonsubject imports.<sup>68</sup> Imports of PSF from Korea and Taiwan continue to be subject to antidumping duty orders in the United States.<sup>69</sup>

### 3. Substitutability and Other Conditions

In the original investigation and the first five-year review, the Commission found that there was a moderate-to-high degree of interchangeability between subject imports and the

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<sup>59</sup> Confidential Views of the Commission, Inv. No. 731-TA-1104, EDIS Doc. 275063 (Final) (May 2007) ("Confidential Original Determination") at 23; Original Determination, USITC Pub. 3922 at 17.

<sup>60</sup> Confidential First Five-Year Review Determination at 11; First Five-Year Review Determination, USITC Pub. 4351 at 9.

<sup>61</sup> CR/PR at Table I-6.

<sup>62</sup> Confidential Original Determination at 38; Original Determination, USITC Pub. 3922 at 17.

<sup>63</sup> Confidential First Five-Year Review Determination at 11; First Five-Year Review Determination, USITC Pub. 4351 at 9.

<sup>64</sup> First Five-Year Review Determination, USITC Pub. 4351 at 9.

<sup>65</sup> Original Determination, USITC Pub. 3922 at 17; First Five-Year Review Determination, USITC Pub. 4351 at 9.

<sup>66</sup> CR/PR at Table I-6.

<sup>67</sup> As previously discussed in the background section, exports from three Chinese producers/exporters (Cixi Jiangnan, Ningbo Dafa Chemical Fiber Co. Ltd., and Cixi Santai Chemical Fiber Co. Ltd.) are not subject to the antidumping duty order.

<sup>68</sup> CR/PR at Table I-6

<sup>69</sup> See *Certain Polyester Staple Fiber From the Republic of Korea and Taiwan: Continuation of Antidumping Duty Orders*, 82 Fed. Reg. 10330 (Feb. 10, 2017).

domestic like product.<sup>70</sup> The Commission also found that price was an important factor in purchasing decisions.<sup>71</sup>

In this review, there is no new information on the record to suggest any changes since the prior proceedings in substitutability between the domestic like product and subject imports or in the importance of price.<sup>72</sup> Accordingly, we again find that there exists a moderate-to-high degree of interchangeability between the domestic like product and subject imports, and that price is an important factor in purchasing decisions.

### **C. Likely Volume of Subject Imports**

#### **1. The Prior Proceedings**

In the original investigation, the Commission found that both subject import volume and market share increased significantly over the period of investigation.<sup>73</sup> The volume of subject imports increased by \*\*\* percent, from \*\*\* million pounds in 2004 to \*\*\* million pounds in 2005 and to \*\*\* million pounds in 2006.<sup>74</sup> Subject imports' share of the market increased from \*\*\* percent of apparent U.S. consumption in 2004 to \*\*\* percent in 2006. The Commission found that the \*\*\* percentage points of market share that subject imports captured during the period of investigation largely came at the expense of the domestic industry, which lost 13.3 percentage points of market share.<sup>75</sup> The Commission consequently found that the volume of subject imports was significant, both in absolute terms and relative to consumption and production in the United States, and that the increase in subject import volume also was significant.<sup>76</sup>

In the first five-year review, the Commission found that subject imports continued to maintain a significant presence in the U.S. market and increased their market penetration, despite the presence of the order.<sup>77</sup> The Commission relied on several additional factors to support its conclusion that subject import volume would likely be significant if the order were revoked. Specifically, the Commission focused on the strong growth of nonsubject imports

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<sup>70</sup> Original Determination, USITC Pub. 3922 at 13-14; First Five-Year Review Determination, USITC Pub. 4351 at 9.

<sup>71</sup> Original Determination, USITC Pub. 3922 at 13-14 (also noting that the prevalence of spot and short-term contract sales in the PSF market indicated that many purchasers could easily switch suppliers on the basis of price or other factors); First Five-Year Review Determination, USITC Pub. 4351 at 9.

<sup>72</sup> Domestic interested parties assert that domestic and imported PSF is "essentially fungible" and sold through the same channels of distribution, and that price "continues to be the predominant factor driving purchasing decisions for PSF in the U.S. market." Domestic Industry's Expedited Review Comments at 4-5.

<sup>73</sup> Original Determination, USITC Pub. 3922 at 18.

<sup>74</sup> Confidential Original Determination at 23; Original Determination, USITC Pub. 3922 at 17.

<sup>75</sup> Confidential Original Determination at 23; Original Determination, USITC Pub. 3922 at 17.

<sup>76</sup> Original Determination, USITC Pub. 3922 at 18.

<sup>77</sup> First Five-Year Review Determination, USITC Pub. 4351 at 10.

from China, the export-oriented nature of subject producers, and the excess capacity of the Chinese industry as factors that would make additional subject imports likely upon revocation.<sup>78</sup> Furthermore, it stated that barriers to entry for imports of PSF from China in Pakistan, Turkey, South Africa, and Indonesia would encourage exporters from China to focus on the U.S. market in the event of revocation.<sup>79</sup>

## 2. The Current Review

In this review, we find that the subject import volume would likely be significant in the event of revocation. During the period of review, subject imports consistently maintained an appreciable presence in the U.S. market, despite the antidumping duty order. Subject imports of PSF from China totaled \*\*\* pounds in 2012, \*\*\* pounds in 2013, \*\*\* pounds in 2014, \*\*\* pounds in 2015, and \*\*\* pounds in 2016.<sup>80</sup> While subject import data exhibits some disciplining effect of the order, other information in the record indicates that the subject producers maintain both a strong interest in supplying the U.S. market and the ability to increase the amount they supply.

This includes data in the record indicating the behavior of Chinese producers that are not subject to the order. The volume of nonsubject imports from China totaled \*\*\* pounds in 2012, \*\*\* pounds in 2013, \*\*\* pounds in 2014, \*\*\* pounds in 2015, and \*\*\* pounds in 2016.<sup>81</sup> The continued presence of subject imports during the period of review, when combined with sustained and much higher levels of nonsubject imports from China, indicates that PSF producers from China maintain a strong interest in the U.S. market.

The record contains limited data concerning the PSF industry in China because no producer or exporter of subject merchandise participated in this review. Nonetheless, several factors support the conclusion that subject imports are well-positioned to capture additional market share within a reasonably foreseeable time if the order were revoked. The available information indicates that the PSF industry in China had 150 producers/exporters engaged in the production and/or export of PSF during the period of review,<sup>82</sup> and that production of PSF in China increased by 1.8 percent and accounted for 60 percent (21.5 billion pounds) of worldwide PSF production in 2016.<sup>83</sup> China maintains its position as the world's largest supplier of PSF and,

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<sup>78</sup> First Five-Year Review Determination, USITC Pub. 4351 at 11.

<sup>79</sup> First Five-Year Review Determination, USITC Pub. 4351 at 11.

<sup>80</sup> CR/PR at Table I-4.

<sup>81</sup> CR/PR at Table I-4.

<sup>82</sup> CR at I-29, PR at I-21; Domestic Interested Parties' Response at 4.

<sup>83</sup> CR at I-29 to I-30, PR at I-21 to I-22; "Worldwide Synthetic Fiber Production and Producing Capacity by Fiber Except Olefin: 2013 to 2018." *Fiber Organon* at 133 (July 2017). We observe that the information available, including Global Trade Atlas data, concerning the PSF industry in China includes data from nonsubject producers, and may include data concerning products outside the scope of the order.

despite the antidumping duty order, the United States was the largest market for Chinese PSF in 2016.<sup>84</sup>

Subject producers are likely to direct additional exports to the United States upon revocation of the order. Available Global Trade Atlas data indicate that PSF producers in China are heavily export oriented, increasing their global exports during the period of review from 1.4 billion pounds in 2012 to 2.2 billion pounds in 2016.<sup>85</sup> Moreover, the Chinese industry faces restrictions on its access to several third-country markets. In particular, antidumping measures against PSF from China exist in Indonesia, South Africa, and Turkey, and imports of PSF are subject to general tariff rate restrictions in India.<sup>86</sup> These actions provide additional incentive for subject producers to direct exports to the United States should the order be revoked.<sup>87</sup>

Based on the above, we find that subject producers would likely increase their exports to the United States if the antidumping duty order were to be revoked. In particular, the record indicates the continued presence of subject imports in the U.S. market even under the discipline of the order, the size of the industry in China and its growing export orientation, and restrictions on its exports in various third-country markets. Accordingly, based on the available information, we conclude that the volume of subject imports would likely be significant, both in absolute terms and relative to U.S. consumption, should the order be revoked.

#### **D. Likely Price Effects**

##### **1. The Prior Proceedings**

In its original investigation, the Commission found that subject imports and the domestic like product possessed a moderate-to-high degree of interchangeability, and that price was an important factor in purchasing decisions.<sup>88</sup> It also observed that subject imports undersold the domestic like product in 37 of 54 comparisons, or 68.5 percent of the time. The Commission found this underselling to be significant.<sup>89</sup> The Commission concluded that pricing pressure from subject import underselling contributed to the domestic producers' inability to increase prices in tandem with raw material costs, and that the principal adverse impact of subject imports on the domestic industry was the 13.3 percentage point market share shift

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<sup>84</sup> CR at I-30 to I-31, PR at I-21 to I-22. China also supplied the largest volume of PSF to the U.S. market, accounting for 39 percent (\$104.9 million) of total U.S. imports.

<sup>85</sup> CR/PR at Table I-7. *See also* Domestic Interested Parties' Response at 7 (noting several Chinese producers of PSF that established U.S. sales networks to support their export operations).

<sup>86</sup> CR at I-32 to I-33, PR at I-23 to I-24. While Pakistan previously maintained antidumping duties covering PSF from China, the order was terminated in 2013. Moreover, in addition to the tariff rate restrictions in India with respect to PSF, India initiated an antidumping investigation against PSF from China in February 2017. *Id.*

<sup>87</sup> Because of the expedited nature of this review, the record does not contain information about inventories of the subject merchandise or the subject industry's potential for product shifting.

<sup>88</sup> Original Determination, USITC Pub. 3922 at 19.

<sup>89</sup> Original Determination, USITC Pub. 3922 at 19.

from domestic producers to subject imports over the period of investigation.<sup>90</sup> As underselling by subject imports was found to be a key factor in this shift in market share, the Commission determined that the subject imports had significant price effects on the domestic industry.<sup>91</sup>

In the first five-year review, the Commission again found that the domestic like product and imports from all sources were generally substitutable, and that price continued to be an important factor in purchasing decisions.<sup>92</sup> It concluded that revocation of the antidumping duty order would likely result in subject imports gaining market share by underselling the domestic like product, as found in the original investigation. In light of the interchangeability of the domestic like product and the subject imports and the importance of price in purchasing decisions, the Commission concluded that the likely underselling would be likely to result in significant price effects, similar to those in the original investigation.<sup>93</sup>

## **2. The Current Review**

As noted above, the limited record in this review indicates that there is a moderate-to-high degree of substitutability between imports of PSF from China and the domestic like product and that price continues to be an important factor in purchasing decisions. This review, due to its expedited nature, does not contain pricing data. We have found, however, that subject import volumes from China would likely increase significantly upon revocation of the order. Given the continued attractiveness of the U.S. market and the importance of price to purchasers, subject producers would be likely to resume the behavior observed in the original investigation, offering subject merchandise in the U.S. market at low prices to gain market share. These subject imports would likely undersell domestically produced PSF, as they did during the original investigation. Consequently, there would likely be significant underselling by subject imports from China.

Because of the substitutability between the domestic like product and subject imports and because price continues to be an important factor in purchasing decisions, the likely significant volume of subject imports, which would undersell the domestic like product, would likely force the domestic industry to lower prices or lose sales. In light of these considerations, we conclude that subject imports would likely have significant depressing or suppressing effects on prices for the domestic like product upon revocation of the order.

## **E. Likely Impact**

### **1. The Prior Proceedings**

In the original investigation, the Commission found that subject imports had a significant impact on the domestic industry, inasmuch as most indicia of domestic industry

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<sup>90</sup> Original Determination, USITC Pub. 3922 at 19-20.

<sup>91</sup> Original Determination, USITC Pub. 3922 at 20.

<sup>92</sup> First Five-Year Review Determination, USITC Pub. 4351 at 13.

<sup>93</sup> First Five-Year Review Determination, USITC Pub. 4351 at 13.

performance declined over the period of investigation.<sup>94</sup> Specifically, from 2004 to 2006, the domestic industry's share of apparent U.S. consumption declined by 13.3 percentage points, and its net sales quantity declined by 24.0 percent.<sup>95</sup> Declines in sales led to capacity reductions and closure of production lines and facilities.<sup>96</sup> The domestic industry also suffered a decline in capacity utilization rates, production related workers ("PRWs"), worker productivity, PRW hours worked, and wages paid.<sup>97</sup> The Commission found that the domestic industry's financial performance generally reflected its deteriorating operating performance, particularly in 2006 when it was unable to increase its prices sufficiently to compensate for higher raw material costs.<sup>98</sup> Specifically, the domestic industry suffered an operating loss of \$5.4 million in 2006, or negative 1.3 percent of sales.<sup>99</sup>

The Commission found that subject imports had a causal connection to the injury experienced by the domestic industry, particularly in 2006.<sup>100</sup> In this regard, the Commission underscored the price suppression by subject imports in 2006, which coincided with the domestic industry's operating loss in that same year.<sup>101</sup> The Commission added that subject imports greatly increased their market share, at the domestic industry's expense, in an environment of declining demand, thereby depressing domestic industry sales, production, and capacity utilization.<sup>102</sup> Accordingly, the Commission found that subject imports had a significant impact on the domestic industry during the period of investigation.<sup>103</sup>

In the first five-year review, in light of the limited information available with respect to the domestic industry's performance, the Commission did not make a finding on whether the domestic industry was vulnerable to the continuation or recurrence of material injury in the event of revocation of the order.<sup>104</sup> It did find that if the order were revoked, the likely volume and price effects of the subject imports would likely have a significant impact on the production, shipment, sales, market share, and revenues of the domestic industry.<sup>105</sup> The Commission considered the role of other factors so as not to attribute likely injury from these factors to the subject imports. It acknowledged that demand declined during the period of review, but stated that the subject imports nevertheless increased their volume and market penetration at the expense of the domestic industry, and consequently found that the likely domestic industry declines due to subject imports were distinguishable from those due to demand. It acknowledged that nonsubject imports were present in the U.S. market in

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<sup>94</sup> Original Determination, USITC Pub. 3922 at 21.

<sup>95</sup> Original Determination, USITC Pub. 3922 at 21.

<sup>96</sup> Original Determination, USITC Pub. 3922 at 21-22.

<sup>97</sup> Original Determination, USITC Pub. 3922 at 21-22.

<sup>98</sup> Original Determination, USITC Pub. 3922 at 22.

<sup>99</sup> Original Determination, USITC Pub. 3922 at 23.

<sup>100</sup> Original Determination, USITC Pub. 3922 at 23.

<sup>101</sup> Original Determination, USITC Pub. 3922 at 23.

<sup>102</sup> Original Determination, USITC Pub. 3922 at 23.

<sup>103</sup> Original Determination, USITC Pub. 3922 at 24.

<sup>104</sup> First Five-Year Review Determination, USITC Pub. 4351 at 15.

<sup>105</sup> First Five-Year Review Determination, USITC Pub. 4351 at 15.

substantial quantities throughout the review period, but found that the continued presence of nonsubject imports in the market would not sever the requisite causal nexus between the subject imports and the likely impact of the subject imports.<sup>106</sup> In sum, the Commission concluded that if the order were revoked, subject imports would likely have a significant impact on the domestic industry within a reasonably foreseeable time.<sup>107</sup>

## 2. The Current Review

In this expedited review, the information available on the domestic industry's condition is limited. In 2016, the domestic industry's production capacity was \*\*\* pounds, its production was \*\*\* pounds, and its capacity utilization rate was \*\*\* percent.<sup>108</sup> The industry's domestic shipments were \*\*\* pounds.<sup>109</sup> Its net sales value was \*\*\*, and its operating income was \*\*\*, with an operating margin of \*\*\* percent.<sup>110</sup> The limited evidence in this expedited review is insufficient for us to make a finding on whether the domestic industry is vulnerable to the continuation or recurrence of material injury in the event of revocation of the order.

Based on the information available in this review, we find that revocation of the order would likely lead to a significant volume of subject imports and that these imports would likely undersell the domestic like product to a significant degree, resulting in likely significant depression or suppression of the domestic industry's prices. We find that the increased subject import competition that would likely occur after revocation of the order would likely have a significant impact on the domestic industry. The domestic industry would likely lose market share to subject imports and/or experience lower prices due to competition from subject imports, which would adversely impact its production, shipments, sales, and revenue. These reductions would likely have a direct adverse impact on the domestic industry's profitability and employment levels, as well as its ability to raise capital and make and maintain necessary capital investments.

We have also considered the role of factors other than subject imports, including the presence of nonsubject imports, so as not to attribute likely injury from other factors to the subject imports. Nonsubject imports have been present in the U.S. market since the original investigation; their share of apparent U.S. consumption, based on quantity, was \*\*\* percent in 2016, a higher level than during the first five-year review (\*\*\* percent in 2011) and the original investigation (\*\*\* percent in 2006).<sup>111</sup> Nevertheless, because the domestic industry maintains a

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<sup>106</sup> First Five-Year Review Determination, USITC Pub. 4351 at 15.

<sup>107</sup> First Five-Year Review Determination, USITC Pub. 4351 at 15.

<sup>108</sup> CR/PR at Table I-3.

<sup>109</sup> CR/PR at Table I-3.

<sup>110</sup> CR/PR at Table I-3. We observe that the domestic industry's operating margin in 2016 was higher than that reported in 2006, the final year of the original period of investigation, and in 2011, during the first review. *Id.*

<sup>111</sup> See CR/PR at Table I-6; Confidential First Five-Year Review Determination at 11; First Five-Year Review Determination, USITC Pub. 4351 at 9; Confidential Original Determination at 38; Original Determination, USITC Pub. 3922 at 17.



substantial share of the U.S. market,<sup>112</sup> and subject imports will likely compete head-to-head with the domestic like product upon revocation, the likely increase in subject imports will likely take market share away from the domestic industry as well as from nonsubject imports. Consequently, the subject imports will likely have adverse effects distinct from any that may be caused by nonsubject imports.

Accordingly, we conclude that, if the antidumping duty order on PSF from China were to be revoked, subject imports would likely have a significant impact on domestic producers of PSF within a reasonably foreseeable time.

#### **IV. Conclusion**

For the above reasons, we determine that revocation of the antidumping duty order on PSF from China would likely lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

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<sup>112</sup> The responding domestic producers accounted for \*\*\* percent of apparent U.S. consumption in 2016. CR/PR at Table I-6.



## INFORMATION OBTAINED IN THIS REVIEW

### BACKGROUND

On September 1, 2017, the U.S. International Trade Commission (“Commission”) gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”),<sup>1</sup> that it had instituted a review to determine whether revocation of antidumping orders on certain polyester staple fiber (“PSF”) from China would likely lead to the continuation or recurrence of material injury to a domestic industry.<sup>2</sup> All interested parties were requested to respond to this notice by submitting certain information requested by the Commission.<sup>3 4</sup> The following tabulation presents information relating to the background and schedule of this proceeding:

Effective or statutory date	Action
September 1, 2017	Notice of initiation and institution by Commerce and Commission
December 5, 2017	Commission vote on adequacy
January 4, 2018	Commerce results of its expedited review
January 29, 2018	Commission’s statutory deadline to complete expedited review
August 27, 2018	Commission’s statutory deadline to complete full review

### RESPONSES TO THE COMMISSION’S NOTICE OF INSTITUTION

#### Individual responses

The Commission received one submission in response to its notice of institution in the subject review. It was filed on behalf of the following entities:

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<sup>1</sup> 19 U.S.C. 1675(c).

<sup>2</sup> *Certain Polyester Staple Fiber from China; Institution of a Five-Year Review*, 82 FR 41654, September 1, 2017. In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of a five-year review of the subject antidumping duty order concurrently with the Commission’s notice of institution. *Initiation of Five-Year (“Sunset”) Review*, 82 FR 42073, September 6, 2017. Pertinent *Federal Register* notices are referenced in app. A, and may be found at the Commission’s website ([www.usitc.gov](http://www.usitc.gov)).

<sup>3</sup> As part of their response to the notice of institution, interested parties were requested to provide company-specific information. That information is presented in app. B. Summary data compiled in prior proceedings is presented in app. C.

<sup>4</sup> Interested parties were also requested to provide a list of three to five leading purchasers in the U.S. market for the subject merchandise. Presented in app. D are the responses received from purchaser surveys transmitted to the purchasers identified in the adequacy phase of this review.

1. Auriga Polymers Inc. (“Auriga”), DAK Americas, LLC (“DAK Americas”), and Nan Ya Plastics Corporation, America (“Nan Ya America”), domestic producers of certain PSF (collectively referred to herein as “domestic interested parties”).

A complete response to the Commission’s notice of institution requires that the responding interested party submit to the Commission all the information listed in the notice. Responding firms are given an opportunity to remedy and explain any deficiencies in their responses. A summary of the number of responses and estimates of coverage for each is shown in table I-1.

**Table I-1**  
**Certain PSF: Summary of responses to the Commission’s notice of institution**

Type of interested party	Completed responses	
	Number	Coverage
Domestic:		
U.S. producer	3	***% <sup>1</sup>
Respondent:		
U.S. importer	0	0%
Foreign producer/exporter	0	0%

<sup>1</sup> The coverage figure presented, as provided by the domestic interested parties in their response to the notice of institution, represents the firms’ aggregate share of total U.S. production of certain PSF in 2016. *Domestic Interested Parties’ Response to the Notice of Institution*, September 28, 2017, p.16.

### Party comments on adequacy

The Commission received a joint submission from domestic interested parties commenting on the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews. This joint submission was filed on behalf of the following entities: (1) Auriga, (2) DAK Americas, and (3) Nan Ya America.

Domestic interested parties argued that the Commission should find the respondent interested party group response to be inadequate since there was no complete submission by any respondent interested party. Therefore, because of the inadequate response by the respondent interested parties and the fact that there have been no major changes in the conditions of competition in the market since the Commission’s last five-year review, the domestic interested parties request that the Commission conduct an expedited review of the antidumping duty order on certain PSF.<sup>5</sup>

### RECENT DEVELOPMENTS IN THE INDUSTRY

Since the Commission’s last five-year review in 2012, the following developments occurred in the polyester staple fiber industry:

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<sup>5</sup> *Domestic Interested Parties’ Comments on Adequacy*, November 13, 2017, p. 2.

- Global production of all polyester fibers (including certain polyester fiber) rose to 114.7 billion pounds in 2016, an increase of 2.8 percent over the total global production level in 2015.<sup>6</sup> This growth can likely be attributed to polyester's particular ease of recyclability relative to other synthetic fibers, and its versatility and use in numerous products, including apparel and soda bottle manufacturing.<sup>7</sup> Global polyester production accounted for 82 percent of total manufactured fiber production, including olefin, up from 78 percent in 2015.<sup>8</sup> Asian suppliers dominate worldwide polyester fiber manufacturing, accounting for 91 percent of global manufactured fiber production excluding olefin. China, alone, accounted for 69% of worldwide production in 2016 and continues to expand its production capacity.<sup>9</sup> China remains the world's largest exporter of polyester staple fiber and the United States is its largest market.<sup>10</sup>
- Industry sources report that polyester staple fiber has become the fastest growing fiber;<sup>11</sup> global production of polyester staple production rose by 1.7 percent in 2016.<sup>12</sup>
- Competition in the global polyester staple fiber market is cyclical and key drivers of competitiveness are pricing, credit terms, product quality, and after-sales support.<sup>13</sup>
- Demand for certain PSF, which is largely driven by consumer demand for clothing and housing as well as industrial demand for high-performance fibers for use in innovative products,<sup>14</sup> \*\*\*.<sup>15</sup>

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<sup>6</sup> "2017 Worldwide Survey of Production and Capacity." *Fiber Organon*, July 2017, p. 119.

<sup>7</sup> IBISWorld, "Synthetic Fiber Manufacturing in the US," June 2017, p. 13.

<sup>8</sup> "2017 Worldwide Survey of Production and Capacity." *Fiber Organon*, July 2017, p. 119.

<sup>9</sup> "2017 Worldwide Survey of Production and Capacity." *Fiber Organon*, July 2017, p. 119; see also *Domestic Interested Parties' Response to the Notice of Institution*, September 28, 2017, p. 5.

<sup>10</sup> *Domestic Interested Parties' Response to the Notice of Institution*, September 28, 2017, pp. 5 and 7.

<sup>11</sup> "Polyester Staple Fiber Market Estimates to Reach US \$35,545.6 Mn by 2025: Transparency Market Research." Press Release, June 27, 2017, PRNewswire.

<http://www.fox8live.com/story/35756469/polyester-staple-fiber-market-estimated-to-reach-us-345466>.

<sup>12</sup> "Man-Made Fibres: Industrialised Countries." *Textiles Intelligence Limited 2017*, p. 85.

<sup>13</sup> "Global Polyester Staple Fiber Market: Moderate Competition to Keep Situation Staple and Support Growth." Press Release, June 27, 2017, <http://www.transparencymarketresearch.com/polyester-staple-fiber.html> (accessed September 25, 2017).

<sup>14</sup> Innovative products include sophisticated medical devices and protective garments for the military, police, and firefighters. IBIS World, "Synthetic Manufacturing in the US," June 2017, p. 14.

- As during the first review in 2012, the leading U.S. producers of polyester staple fiber remain Auriga, DAK Americas, and Nan Ya.<sup>16</sup>
- Several new U.S. producers of certain PSF have entered the U.S. market and have started production operations. China-based polyester staple fiber products manufacturer Cixi Jiangnan, operating under its subsidiary Sun Fiber LLC., established a new \$45 million manufacturing facility in Richburg, South Carolina to produce polyester staple fibers from recycled soda and water bottles for use in home textiles, furniture, upholstery, and automotive industries. Also, PolyTech Fibers LLC, a Georgia-based polyester fiber manufacturer, invested \$12 million in an 80,000-square-foot manufacturing facility in Chatsworth, Georgia to produce and distribute several types of regenerated/recycled polyester staple fiber for the automotive industry and filter sector during the period of review.<sup>17</sup>
- In late 2015, another firm, Custom Synthetic Fibers, announced plans to transform an existing empty facility in Rogersville, Alabama into an 80,000 square-foot plant with state-of-the-art technology and hire about 50 employees to manufacture recycled polyester staple fiber.<sup>18</sup>
- Actions in third-country markets are limiting imports of certain PSF from China.<sup>19</sup>

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(...continued)

<sup>15</sup> *Domestic Interested Parties' Response to the Notice of Institution*, September 28, 2017, pp. 16-17.

<sup>16</sup> *Domestic Interested Parties' Response to the Notice of Institution*, September 28, 2017, p. 15-16.

<sup>17</sup> *Domestic Interested Parties' Response to the Notice of Institution*, September 28, 2017, p. 17, South Carolina Department of Commerce. News release, "JN Fibers Inc. Locating Facility in Chester County: \$45 Million Expected to Create 318 New Jobs," September 25, 2013. <http://sccommerce.com/news/press-releases/jn-fibers-inc-locating-facility-chester-county>, and Georgia.org News Release, "PolyTech Fibers to Create 114 Jobs in Murray County: Georgia-based business to open its first manufacturing facility in Chatsworth, investing \$12 million." October 6, 2014. <http://www.georgia.org/newsroom/press-releases/polytech-fibers-create-114-jobs-murray-county/12million>.

<sup>18</sup> Recycling Today, "Plastics Recycler to Open New Plant in Alabama: Customs Synthetic Fibers will Target Polyester as a Raw Material," June 3, 2016. <http://www.recyclingtoday.com/article/custom-synthetic-plastics-polymers/>.

<sup>19</sup> *Domestic Interested Parties' Response to the Notice of Institution*, September 28, 2017, pp.7-8.

## THE ORIGINAL INVESTIGATION AND SUBSEQUENT REVIEW

### The original investigation

The original investigation resulted from a petition filed on June 23, 2006 with Commerce and the Commission by DAK Americas, LLC, Charlotte, NC; Nan Ya Plastics Corporation, America, Lake City, SC; and Wellman, Inc., Shrewsbury, NJ (“Wellman”). On April 19, 2007, Commerce determined that imports of certain PSF from China were being sold at less than fair value (“LTFV”).<sup>20</sup> The Commission determined on May 24, 2007 that the domestic industry was materially injured by reason of LTFV imports of certain PSF from China.<sup>21</sup> On June 1, 2007, Commerce issued its antidumping duty order with the final weighted-average dumping margins ranging from 3.47 to 44.30 percent.<sup>22</sup>

### The first five-year review

On May 1, 2012, the Commission determined that it would conduct an expedited review of the antidumping duty order on certain PSF from China. On September 6, 2012, Commerce published its determination that revocation of the antidumping duty order on certain PSF from China would be likely to lead to continuation or recurrence of dumping.<sup>23</sup> On September 28, 2012, the Commission notified Commerce of its determination that material injury would be likely to continue or recur within a reasonably foreseeable time.<sup>24</sup> Following affirmative determinations in the five-year reviews by Commerce and the Commission, effective, October 4, 2012, Commerce issued a continuation of the antidumping duty order on imports of certain PSF from China.<sup>25</sup>

## PRIOR RELATED INVESTIGATIONS<sup>26</sup>

On April 2, 1999, a petition was filed with Commerce and the Commission alleging that an industry in the United States was materially injured by reason of dumped imports of certain

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<sup>20</sup> *Final Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances: Certain Polyester Staple Fiber from the People’s Republic of China*, 72 FR 19690, April 19, 2007.

<sup>21</sup> *Certain Polyester Staple Fiber From China*, 72 FR 30394, May 31, 2007.

<sup>22</sup> *Notice of Antidumping Duty Order: Certain Polyester Fiber from the People’s Republic of China*, 72 FR 30545, June 1, 2007.

<sup>23</sup> *Certain Polyester Staple Fiber From the People’s Republic of China: Final Results of Expedited Sunset Review of the Antidumping Duty Order*, 77 FR 54898, September 6, 2012.

<sup>24</sup> *Certain Polyester Staple Fiber From China*, 77 FR 60720, October 4, 2012.

<sup>25</sup> *Certain Polyester Staple Fiber From the People’s Republic of China: Continuation of Antidumping Duty Order*, 77 FR 62217, October 12, 2012.

<sup>26</sup> Unless otherwise noted, this information is based on *Investigation No. 731-TA-1104 (Final): Certain Polyester Staple Fiber—Staff Report, INV-EE-044, May 1, 2007, pp. 1-8-9.*

PSF from Korea and Taiwan. Following Commerce's final affirmative dumping determinations, the Commission made affirmative injury determinations with respect to imports from Korea and Taiwan. Commerce issued antidumping duty orders with weighted-average margins of 7.91 percent ad valorem for imports from Korea, and 5.77 to 9.51 percent ad valorem for imports from Taiwan.

On March 31, 2005, the Commission instituted its first five-year reviews of the antidumping duty orders on imports of certain PSF from Korea and Taiwan and on July 5, 2005, determined it would conduct full reviews. On August 5, 2005, Commerce determined that revocation of the antidumping duty orders would likely lead to continuation or recurrence of dumping at a weighted-average margin of 7.91 percent ad valorem for Korea, and a range of 3.79 to 11.50 percent ad valorem for Taiwan. On March 23, 2006, the Commission published its determinations in its first five-year reviews that revocation of the antidumping duty orders on imports of certain PSF from Korea and Taiwan would likely lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. Commerce published notice of continuation of the antidumping duty orders on imports of certain PSF from Korea and Taiwan on April 3, 2006.

On March 1, 2011, the Commission instituted its second expedited five-year reviews of the antidumping duty orders on imports of certain PSF from Korea and Taiwan and on June 6, 2011 determined that it would conduct expedited reviews. On July 1, 2011, Commerce determined that revocation of the antidumping duty orders would likely lead to continuation or recurrence of dumping at a weighted-average margin of 7.91 percent ad valorem for Korea, and a range of 3.79 to 11.50 percent ad valorem for Taiwan. On September 19, 2011, the Commission published its determinations in its expedited five-year reviews that revocation of the antidumping duty orders on imports of certain PSF from Korea and Taiwan would likely lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. Commerce published its notice of continuation of the antidumping duty orders on imports of certain PSF from Korea and Taiwan on September 30, 2011.

On August 1, 2016, the Commission instituted its third expedited five-year reviews of the antidumping duty orders on imports of certain PSF from Korea and Taiwan and on November 4, 2016 determined that it would conduct expedited reviews.<sup>27</sup> <sup>28</sup> On December 20, 2016, Commerce determined that revocation of the antidumping duty orders would likely lead to continuation or recurrence of dumping at a weighted-average margin of 7.48 percent ad valorem for Korea, and 9.90 percent ad valorem for Taiwan.<sup>29</sup> On February 6, 2017, the Commission published its determinations in its expedited five-year reviews that revocation of the antidumping duty orders on imports of certain PSF from Korea and Taiwan would likely lead

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<sup>27</sup> *Polyester Staple Fiber From Korea and Taiwan: Institution of Five-Year Reviews*, 81 FR 50544, August 1, 2016.

<sup>28</sup> *Polyester Staple Fiber From Korea and Taiwan; Scheduling of Expedited Five-Year Reviews*, 81 FR 87587, December 5, 2016.

<sup>29</sup> *Certain Polyester Staple Fiber From Korea and Taiwan: Final Results of Expedited Sunset Review of Antidumping Duty Orders*, 81 FR 92783, December 20, 2016.



to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.<sup>30</sup> Commerce published its notice of continuation of the antidumping duty orders on imports of certain PSF from Korea and Taiwan on February 10, 2017.<sup>31</sup>

On May 31, 2017, a petition was filed with Commerce and the Commission alleging that an industry in the United States was materially injured by reason of dumped imports of fine denier polyester staple fiber (“fine denier PSF”) from China, India, Korea, Taiwan, and Vietnam and subsidized by the Governments of China and India.<sup>32 33</sup> Following the Commission’s affirmative preliminary injury determinations with respect to imports from China, India, Korea, Taiwan, and Vietnam, Commerce initiated antidumping duty investigations based on estimated dumping margins of 88.07 to 103.06 percent for fine denier PSF from China, 21.43 percent for fine denier from India, 37.28 percent to 45.23 percent for fine denier PSF from Korea, 31.07 percent to 56.72 percent for fine denier PSF from Taiwan, and 64.73 percent for fine denier PSF from Vietnam.<sup>34</sup>

On June 27, 2017, a petition was filed with Commerce and the Commission alleging that an industry in the United States was materially injured by reason of dumped imports of low melt polyester staple fiber (“low melt PSF”) from Korea and Taiwan.<sup>35</sup> Following the Commission’s affirmative preliminary injury determinations with respect to imports from Korea and Taiwan, Commerce initiated antidumping duty investigations based on estimated dumping margins of 39.24 to 52.23 percent for low melt PSF from Korea and 28.47 to 73.21 percent for low melt PSF from Taiwan.<sup>36</sup>

## THE PRODUCT

### Commerce’s scope

Commerce has defined the subject merchandise as:

The merchandise subject to the order is certain polyester staple fiber defined under the scope of the order as synthetic staple fibers, not carded, combed or otherwise

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<sup>30</sup> *Polyester Staple Fiber From Korea and Taiwan*, 82 FR 9392, February 6, 2017.

<sup>31</sup> *Certain Polyester Staple Fiber From Korea and Taiwan: Continuation of Antidumping Duty Orders*, 82 FR 10330, February 10, 2017.

<sup>32</sup> *Fine Denier Polyester Staple Fiber from China, India, Korea, and Taiwan, Investigation Nos. 701-TA-579-580 and 731-TA-1369-1372 (Preliminary)*, USITC Publication 4709, August 2017, p. I-1.

<sup>33</sup> *Fine Denier Polyester Staple Fiber from China, India, Korea, and Taiwan, Investigation Nos. 701-TA-579-580 and 731-TA-1369-1372 (Preliminary)*, USITC Publication 4709, August 2017, pp. I-6- I-9.

<sup>34</sup> *Fine Denier Polyester Staple Fiber from China, India, Korea, and Taiwan, Investigation Nos. 701-TA-579-580 and 731-TA-1369-1372 (Preliminary)*, USITC Publication 4709, August 2017, p. I-9.

<sup>35</sup> *Low Melt Polyester Staple Fiber from Korea and Taiwan, Investigation Nos. 731-TA-1378-1379 (Preliminary)*, USITC Publication 4720, August 2017, p. I-1.

<sup>36</sup> *Low Melt Polyester Staple Fiber from Korea and Taiwan, Investigation Nos. 731-TA-1378-1379 (Preliminary)*, USITC Publication 4720, August 2017, pp. I-5-6.

processed for spinning, of polyesters measuring 3.3 decitex (3 denier, inclusive) or more in diameter. Certain polyester staple fiber subject to the order is currently classifiable in the Harmonized Tariff Schedule of the United States (“HTSUS”) at subheadings 5503.20.0045 (3.3 to 13.2 decitex) and 5503.20.00.65 (13.2 decitex or greater). Although the subheadings are provided for convenience and customs purposes, the written product description, available in *Notice of Antidumping Duty Order: Certain Polyester Staple Fiber From the People’s Republic of China*, 72 FR 30545 (June 1, 2007), remains dispositive.<sup>37</sup>

### **Description and uses<sup>38</sup>**

Certain PSF is a man-made fiber that is similar in appearance to cotton or wool fiber when baled. Certain PSF is principally known in the industry as “fiber for fill,” as it is primarily used as polyester fiberfill. Certain PSF is generally used as stuffing in sleeping bags, mattresses, ski jackets, comforters, cushions, pillows, and furniture. Certain PSF has physical characteristics that distinguish it from other polyester staple fibers (such as carpet fiber and fiber for spinning), including the denier of the fiber, the length of the fiber, and in some cases the finish and “crimp” of the fiber. Most synthetic fiber is sold by quantity based on the denier of the fiber.

Because certain PSF is principally used as fiberfill, it is seldom visible. Therefore, the appearance of certain PSF can be less important than its performance<sup>39</sup> to customers. However, the appearance of certain PSF directly affects the look and perceived value of many end-products, such as mattresses, comforters, cushions, pillows, and furniture with less opaque upholstery.

Certain PSF used for fill can be produced in many variations for purposes of quality enhancement. For example, the subject fiber may be crimped or conjugated—i.e., in the first stage of conjugate PSF production, two polymers of differing viscosities are forced through a Y-shaped extruder before being blasted with cold air to make a single fiber. Conjugate PSF has a three-dimensional spiral twist in the fiber made from two types of fiber by either a chemical or mechanical process, designed to provide greater loft or fill capacity to the fiber for stuffing purposes. By contrast, non-conjugate fiber undergoes polymer formation before being extruded through a shower-head like spinneret and solidified with a blast of cold air. Non-conjugate PSF has a two-dimensional saw tooth crimp and provides somewhat less fill capacity.<sup>40</sup> Certain PSF may also be coated with a finish (usually silicone or oil-based), making

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<sup>37</sup> *Certain Polyester Staple Fiber From the People’s Republic of China: Continuation of Antidumping Duty Order*, 77 FR 62217, October 12, 2012.

<sup>38</sup> Unless otherwise noted, this information is based on *Certain Polyester Staple Fiber from China, Investigation No. 731-TA-1104 (Review)*, USITC Publication 4351, September 2012, pp. I-11 and I-12.

<sup>39</sup> “Performance” refers to the ability of the fiber to fulfill purchaser’s end uses, in loft, fill capacity, and durability.

<sup>40</sup> *Certain Polyester Staple Fiber from China*, Investigation No. 731-TA-1104 (Final), Publication 3922, June 2007, pp. 6-7.

the fiber smoother to the touch for certain high-end uses.<sup>41</sup> The subject fiber may vary in shape and may be hollow or solid, depending on both the preference of the manufacturer and the end use of the fiber.<sup>42</sup> Raw materials used to produce certain PSF may also vary. PSF can be made by reacting ethylene glycol with either terephthalic acid or its methyl ester; if so produced, it is termed virgin PSF. Virgin PSF is characterized by the purity of the whiteness of the fiber. PSF may also be made from recycled polyester, using either consumer waste, such as polyethylene terephthalate (“PET”) bottles, or industrial waste, such as polyester chips or spun tow. Fiber made in this way is known as regenerated, or recycled, fiber, and does not contain virgin fiber. Some producers of the subject fiber also manufacture a blend of virgin and recycled/regenerated materials by introducing polyester chips into the virgin production line. Finally, certain PSF may be produced in the form of a low-melt fiber. This is a bicomponent fiber with an outer sheath that melts at a significantly lower temperature than its inner polyester core, for purposes of thermal bonding, and is not included within the scope of this review.

### **Manufacturing process<sup>43</sup>**

The manufacturing process for certain PSF may be divided into two discrete stages. The first stage of the process is polymer formation, which can vary depending on whether virgin (unprocessed chemicals) or recycled materials are being used. Polymer formation also varies depending on whether conjugate fiber or low-melt fiber is being produced. The second stage of the process, which is common to all certain PSF, is fiber formation, including stretching, cutting, and baling.

The manufacture of certain PSF from virgin materials begins by reacting ethylene glycol with either terephthalic acid or its methyl ester in the presence of an antimony catalyst. The reaction is carried out at a high temperature and in a vacuum to achieve the high molecular weights needed to form useful fiber. The mix is then sent through an esterification process before it is polymerized. Esterification is the chemical process of combining an acid with an alcohol to form an ester. If a virgin/recycled blend is to be produced, the recycled material (usually in the form of polyester chips) is introduced at the esterification stage. After polymerization, the solid, molten plastic, which has a consistency similar to cold honey, must be heated and liquefied before it can be extruded. The liquid fiber-forming polymers are then extruded through tiny holes of a spinneret, a device similar to a showerhead, to form

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<sup>41</sup> A silicone finish is preferred for certain end uses such as pillows. When rubbed, fiber with a silicone finish will slide, giving the product a slightly slick feeling.

<sup>42</sup> Considered the leading global polyester staple fiber, solid fiber is segmented into various colors: semi-dull white, bright optical white, black doped dyed, colored dope dyed, others semi-dull, and others bright. “Polyester Staple Fiber Market Estimated to Reach US\$ 24,546.6 Mn by 2025: Transparency Market Research.” Press release, June 27, 2017, PRNewswire, <http://www.fox8live.com/story/35756469/polyester-staple-fiber-market-estimated-to-reach-us-345466>.

<sup>43</sup> Unless otherwise noted, this information is based on *Certain Polyester Staple Fiber from China, Investigation No. 731-TA-1104 (Review)*, USITC Publication 4351, September 2012, pp. I-11 and I-12.6

continuous filaments of semi-solid polymer. The denier of the fiber is controlled by the size of the holes on the spinneret. After extrusion, the semi-solid fibers are blasted with cold air to form solid fibers. This process is known as continuous polymerization.

In the first stage of production, unlike non-conjugate PSF, which requires a single spinning process, conjugate PSF is produced using a double spinning process either by direct spinning or batch spinning. Whether direct or batch spinning, conjugate fibers are composed of a bipolymer blend of two different polyester polymers of different viscosities. One of the polymers shrinks more than the other, resulting in spiral-shaped crimps. Conjugate and non-conjugate are typically made on separate manufacturing lines, and one line would not ordinarily be switched from one PSF type to the other.<sup>44</sup> However, the same employees are used to produce conjugate PSF and other types of certain PSF. After the conjugate PSF is extruded, the stretching, cutting, and baling of the conjugate PSF is identical to other types of certain PSF.

The manufacture of regenerated certain PSF begins with the processing of the recycled materials. As reported in the petition, regenerated certain PSF inputs can consist of a variety of different types of materials including: virgin first quality chip, virgin off-spec chip, post-industrial (regenerated) pellet waste, post-industrial (regenerated) film waste, post-consumer bottles, post-consumer bottle flake, and miscellaneous post-industrial (regenerated) waste. Depending on the materials used, the recycled product is cleaned and either chipped or pelletized before being sent to the extruder. The recycled material is then melted to form molten polymers and sent through the spinneret to form continuous filaments of semisolid polymer. As with fiber from virgin materials, the polymer is then blasted with cold air to form solid fiber.

The second stage of production is common to fibers made from either virgin or recycled materials, including conjugate. The solid fiber is coated for the first time with an oil finish, usually only for internal use to facilitate further processing. The spun tow, as it is now known, is collected into a can to be stretched. The spun tow is sent over a creel and a series of “draw wheels” to orient the fiber molecules and strengthen the tow. Next, the tow is sent through a crimping machine, which gives the fiber tow a two-dimensional, saw-tooth shape. The tow is then sent through an oven to heat-set the crimp. A second finish (usually silicone or some type of oil-based finish) may be added during this stage of the process, either before the fiber tow is crimped and heat-set or directly after, depending on the preference of the manufacturer. Finally, the fiber tow is cut to length and baled.

The manufacturing processes for nonsubject PSF are similar to those for certain PSF. Nonsubject PSF includes PSF of less than 3 denier, PSF for carpeting, and low-melt PSF, in addition to other products. These nonsubject forms of PSF may be manufactured on the same equipment and machinery used in the production of certain PSF. The production of PSF of less than 3 denier, commonly referred to as fine denier PSF, is controlled by the size of the holes on

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<sup>44</sup> A silicone finish is preferred for certain end uses such as pillows. When rubbed, fiber with a silicone finish will slide, lending the product a slightly slick feeling.

the spinneret. By using a spinneret with smaller holes, a production line can switch from heavier gauge PSF to finer denier; the other steps of the manufacturing process remain generally the same. PSF for carpeting is a higher denier than certain PSF and is produced by using a spinneret with larger holes. To achieve carpet fibers with luster, a slightly different mix of raw materials is used. Low-melt fiber is produced in a very similar process to conjugate fiber. Like conjugate fiber, low-melt fiber can be produced by both a direct spinning system or a batch system. Component polymers are forced through a Y-shaped extruder to form a single fiber. A chemical ingredient is added to make the outer sheath polymer subject to a lower melting point. The fiber is then stretched, cut, and baled.

### **U.S. tariff treatment**

Subject certain PSF is currently provided for in subheading 5503.20.00 of the Harmonized Tariff Schedule (“HTS”) and imported under the following statistical reporting numbers: 5503.20.0045 and 5503.20.0065. Certain PSF enter the United States at the column 1-general duty rate of 4.3 percent ad valorem. Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection.

## The definition of the domestic like product

The domestic like product is defined as the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the subject merchandise.

In its original determination, the Commission defined the domestic like product as all certain PSF, corresponding to Commerce's scope definition.<sup>45</sup> During the final phase of the original investigation, two respondents raised domestic like product issues: Ashley Furniture Industries, Inc. argued that the Commission should define conjugate certain PSF as a separate like product, and Insituform Technologies, Inc. argued that the Commission should define certain PSF qualified for use in its cured in place pipe applications ("CIPP PSF"), as a separate like product. Based on the application of the Commission's six like product factors, the Commission determined that certain PSF constituted a single domestic like product comprised of all certain PSF. The Commission found no clear dividing line between conjugate PSF, CIPP PSF and other forms of certain PSF under its six like product factors. In the first five-year review, the Commission again defined the domestic like product as all certain PSF, and the domestic interested parties agreed with the definitions of the domestic like product as stated in the original investigation.<sup>46</sup>

In its notice of institution for this review, the Commission solicited comments from interested parties regarding what they deemed to be the appropriate definition of the domestic like product. According to their response to the notice of institution, the domestic interested parties agreed with the Commission's definition of the domestic like product as stated in the last five-year review.<sup>47</sup>

## ACTIONS AT COMMERCE

Commerce has not conducted any changed circumstances reviews, scope inquires, anti-circumvention findings,<sup>48</sup> or duty absorption findings since the completion of the last five-year

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<sup>45</sup> *Certain Polyester Staple Fiber from China, Investigation No. 731-TA-1104 (Final)*, USITC Publication 3922, June 2007, pp. 5-6.

<sup>46</sup> *Certain Polyester Staple Fiber from China, Investigation No. 731-TA-1104 (Review)*, USITC Publication 4351, September 2012, p. 5.

<sup>47</sup> *Domestic Interested Parties' Response to the Notice of Institution*, September 28, 2017, p. 17.

<sup>48</sup> On April 10, 2007, Commerce determined that critical circumstances existed with respect to subject producer/exporter, Far Eastern, and that its shipments would be included in Commerce's analysis. *Final Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances: Certain Polyester Staple Fiber from the People's Republic of China*, 72 FR 19690, April 19, 2007; *Investigation of Certain Polyester Staple Fiber from the People's Republic of China: Issues and Decision Memorandum*, U.S. Department of Commerce, International Trade Administration, April 10, 2007.

review.<sup>49</sup> In addition, Commerce has not made any duty absorption findings or issued any company revocations or scope rulings since the imposition of the order.<sup>50</sup>

### Current five-year review

Commerce is conducting an expedited review with respect to certain PSF from China and intends to issue the final results of this review based on the facts available not later than January 4, 2018.<sup>51</sup>

### Commerce’s Administrative Reviews

Since 2012, when the antidumping order was last continued, Commerce has completed numerous administrative reviews and new shipper reviews of the antidumping order on certain PSF from China. Table I-2 presents these administrative reviews and new shipper reviews, their periods of review, and resulting margins or final results.

**Table I-2**  
**Certain PSF: Commerce’s administrative and new shipper reviews, 2012-16**

Period of review	Action	Manufacturer/Exporter	Firm-specific margin (percent)
6/1/2012 – 5/31/2013 (80 FR 4542, January 28, 2015)	Administrative review	Takayasu Industrial (Jiangyin Co., Ltd.)	42.36
6/1/2013 – 5/31/2014 (81 FR 4613, January 27, 2016)	Administrative review	Takayasu Industrial (Jiangyin Co., Ltd.) <sup>1</sup>	44.30
		Zhaoqing Tifo New Fibre Co., Ltd. <sup>1</sup>	44.30
6/1/2015 – 5/31/2016 (82 FR 23187, May 22, 2017)	Administrative review	Hangzhou Huachuang <sup>1</sup>	44.30

<sup>1</sup> Takayasu Industrial (Jiangyin Co., Ltd.), Zhaoqing Tifo New Fibre Co., Ltd., and Hangzhou Huachuang failed to establish their eligibility for separate rates and the Department of Commerce determined the firms remain part of the PRC-wide entity.

Source: Cited *Federal Register* notices.

<sup>49</sup> Issues and Decision Memorandum for the Expedited Sunset Review of the Antidumping Duty Order on Certain Polyester Staple Fiber from the People’s Republic of China, U.S. Department of Commerce, International Trade Administration, August 29, 2012.

<sup>50</sup> On November 9, 2011, Commerce revoked the anti-dumping order on certain PSF from China in part for Cixi Santai Chemical Fiber Co., Lt. and Ningbo Dafa Chemical Fiber Co., Ltd. in accordance with 19 CFR 351.222(b)(2)(ii). *Certain Polyester Staple Fiber From the People’s Republic of China: Final Results of Antidumping Duty Administrative Review, and Revocation of an Order in Part*, 72 FR 69702, November 9, 2011.

<sup>51</sup> *Letter from Irene Darzenta Tzafolias, Director, AD/CVD Operations, Enforcement and Compliance, U.S. Department of Commerce to Michael G. Anderson*, November 15, 2017.

## THE INDUSTRY IN THE UNITED STATES

### U.S. producers

The original investigation resulted from a petition filed on June 23, 2006 on behalf of the following three firms: DAK Americas, LLC, Charlotte, NC; Nan Ya Plastics Corporation, America, Lake City, SC; and Wellman, Inc., Shrewsbury, NJ. At the time of the original investigation, the combined production of those firms represented \*\*\* percent of certain PSF production in the U.S. in 2006.<sup>52</sup> Petitioners identified nine firms, eight of which certified production of certain PSF during the period of investigation and accounted for all known production of certain PSF in the United States during 2006.<sup>53 54</sup> In 2006, Wellman was the largest producer of certain PSF in the United States, accounting for \*\*\* percent of reported production of certain PSF in that year.<sup>55</sup>

During the first five-year review, the domestic interested parties indicated in their response to the Commission's notice of institution that the following eight firms were domestic producers of certain PSF: Auriga Polymers Inc. (formerly Invista S.a.r.L.) ("Auriga"), Color-Fi, DAK Americas LLC ("DAK"), Nan Ya Plastics Corporation ("Nan Ya"), Palmetto Synthetics LLC ("Palmetto"), U.S. Fibers ("U.S. Fibers"), United Synthetics, and Wellman.

The Commission received responses to the notice of institution from four firms, which were estimated to represent \*\*\* percent of production of U.S. certain PSF in the United States in 2011.<sup>56</sup>

In response to the Commission's notice of institution in this current review, domestic interested parties provided a list of ten known and currently operating U.S. producers of certain PSF.<sup>57</sup>

### Definition of the domestic industry and related party issues

The domestic industry is defined as the U.S. producers as a whole of the domestic like product, or those producers whose collective output of the domestic like product constitutes a major proportion of the total domestic production of the product. Under the related parties provision, the Commission may exclude a related party for purposes of its injury determination if "appropriate circumstances" exist.<sup>58</sup>

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<sup>52</sup> *Investigation No. 731-TA-1104 (Final): Certain Polyester Staple Fiber—Staff Report*, INV-EE-044, May 1, 2007, p. III-1.

<sup>53</sup> \*\*\* certified no production of certain PSF during the period of investigation.

<sup>54</sup> *Investigation No. 731-TA-1104 (Final): Certain Polyester Staple Fiber—Staff Report*, INV-EE-044, May 1, 2007, p. III-1.

<sup>55</sup> *Investigation No. 731-TA-1104 (First Review): Certain Polyester Staple Fiber—Staff Report*, INV-KK-090, August 30, 2012, p. I-18.

<sup>56</sup> *Investigation No. 731-TA-1104 (First Review): Certain Polyester Staple Fiber—Staff Report*, INV-KK-090, August 30, 2012, p. I-18.

<sup>57</sup> *Domestic Interested Parties' Response to the Notice of Institution*, September, 28, 2017, p. 12.

<sup>58</sup> Section 771(4)(B) of the Tariff Act of 1930, 19 U.S.C. § 1677(4)(B).



In the preliminary phase of the original investigation, the Commission considered whether United Synthetics should be excluded from the domestic industry as a related party given its \*\*\* percent ownership by \*\*\*, the \*\*\* during that period of investigation. However, in the final phase of the original investigation, no party argued United Synthetics should be excluded from the domestic industry. Moreover, no new information was placed on the record following the preliminary phase relevant to whether United Synthetics qualified as a related party. The Commission found that appropriate circumstances did not exist to exclude United Synthetics from the domestic industry.<sup>59</sup> In the first five-year review, the Commission determined that the record did not contain any new information that would indicate that any domestic producer qualified as a related party.<sup>60</sup> Furthermore, in their response to the notice of institution, the domestic interested parties did not cite any potential related parties issues and agreed with the Commission's prior definition of the domestic industry.<sup>61</sup>

In its notice of institution for this review, the Commission solicited comments from interested parties regarding the appropriate definition of the domestic industry and inquired as to whether any related parties issues existed. The domestic interested parties reported that domestic producer Sun Fiber LLC (also known as JN Fibers) is a wholly owned subsidiary of the Chinese PSF producer, Cixi Jiangnam Chemical Fiber Co., Ltd., of Zhejiang, China, but that no other U.S. producer is related to a foreign producer/exporter or an importer of the subject merchandise.<sup>62</sup> None of the three domestic producers that responded to the Commission's notice of institution is an importer of the subject merchandise or is related to an importer of subject certain PSF.<sup>63</sup>

### **U.S. producers' trade and financial data**

The Commission asked domestic interested parties to provide trade and financial data in their response to the notice of institution of the current five-year review.<sup>64</sup> Table I-3 presents a compilation of the data submitted from all three responding U.S. producers as well as trade and financial data submitted by U.S. producers in the original investigation and first five-year review.

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<sup>59</sup> *Certain Polyester Staple Fiber From China, Investigation No. 731-TA-1104 (Final)*, USITC Publication 3922, June 2007, pp. 12-13.

<sup>60</sup> *Certain Polyester Staple Fiber From China, Investigation No. 731-TA-1104 (Review)*, USITC Publication 4351, September 2012, p. 6.

<sup>61</sup> *Certain Polyester Staple Fiber From China, Investigation No. 731-TA-1104 (Review)*, USITC Publication 4351, September 2012, p. I-15.

<sup>62</sup> *Domestic Interested Parties' Response to the Notice of Institution*, September 28, 2017, p. 14.

<sup>63</sup> *Domestic Interested Parties' Response to the Notice of Institution*, September, 28, 2017, p. 14.

<sup>64</sup> Individual company trade and financial data are presented in app. B.

**Table I-3****Certain PSF: Trade and financial data submitted by U.S. producers, 2006, 2011, and 2016**

Item	2006 <sup>1</sup>	2011	2016
Capacity (1,000 pounds)	774,943	***	***
Production (1,000 pounds)	573,068	***	***
Capacity utilization (percent)	73.9	***	***
U.S. commercial shipments:			
Quantity (1,000 pounds)	***	***	***
Value (\$1,000)	***	***	***
Unit value (per pound)	***	***	***
Internal consumption/company transfers:			
Quantity (1,000 pounds)	***	***	***
Value (\$1,000)	***	***	***
Unit value (per pound)	***	***	***
Total U.S. shipments:			
Quantity (1,000 pounds)	500,161	***	***
Value (\$1,000)	369,142	***	***
Unit value (per pound)	\$0.74	***	***
Net sales (\$1,000)	404,209	***	***
COGS (\$1,000)	397,741	***	***
COGS/net sales	98.4	***	***
Gross profit or (loss) (\$1,000)	6,468	***	***
SG&A expenses (loss) (\$1,000)	11,912	***	***
Operating income/(loss) (\$1,000)	(5,444)	***	***
Operating income (loss)/net sales (percent)	(1.3)	***	***

<sup>1</sup> Figures in this column have been corrected and may appear different than in previous reports.

Source: For the years 2006-2011, data are compiled using data submitted in the Commission's final and first five-year review. *See app. C.* For the year 2016, data are compiled using data submitted by domestic interested parties. *Domestic Interested Parties' Response to the Notice of Institution*, September 28, 2017, exh. 8. U.S. imports and apparent consumption

## U.S. importers

During the final phase of the original investigation, the Commission received U.S. importer questionnaires from 18 firms, which accounted for approximately 81.8 percent of total U.S. imports of certain PSF from China during 2006.<sup>65</sup> In response to the Commission's request in its notice of institution in the first five-year review, the domestic interested parties identified 53 importers of subject merchandise from China in 2011.<sup>66</sup> Although the Commission did not receive responses from any respondent interested parties in this current review, the domestic interested parties provided a list of 77 potential U.S. importers of certain PSF from China in its response to the Commission's notice of institution.<sup>67 68</sup>

## U.S. imports

In its original investigation, the Commission found the volume of subject imports, both in absolute terms and relative to consumption and production in the United States, and the increase in subject import volume to be significant.<sup>69</sup> In its first five-year review, the Commission found that subject imports from China were likely to be significant if the order were to be revoked. The Commission specifically noted the significant and growing presence of subject imports in the U.S. market, even with the order in place, the increasing presence of Chinese nonsubject imports in the U.S. market during the period of review, the Chinese PSF industry's large size, the significant excess capacity maintained by the Chinese industry, its continued exports to the United States, and barriers in third-country markets as factors that would likely lead to a significant increase in the volume of subject imports.<sup>70</sup>

The import volume of subject certain PSF from China decreased by \*\*\*percent from 2012 to 2016, from \*\*\*million pounds to \*\*\*million pounds, and was lower in each year since 2012 with the exception of 2015. Nonsubject imports of certain PSF from China fluctuated throughout the period, but increased between 2012 and 2016 from \*\*\*million pounds to \*\*\*million pounds, or an increase of \*\*\*percent.

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<sup>65</sup> *Investigation No. 731-TA-1104 (Review): Certain Polyester Staple Fiber from China—Staff Report*, INV-KK-090, August 30, 2012, p. I-20.

<sup>66</sup> *Investigation No. 731-TA-1104 (Review): Certain Polyester Staple Fiber from China—Staff Report*, INV-KK-090, August 30, 2012, p. I-20.

<sup>67</sup> *Domestic Interested Parties' Response to the Notice of Institution*, September 28, 2017, exh. 9.

<sup>68</sup> The list of possible U.S. importers submitted by domestic interested parties likely overstates the actual number of U.S. importers of certain PSF because it includes duplicate entities. *Domestic Interested Parties' Response to the Notice of Institution*, September 28, 2017, exh. 9.

<sup>69</sup> *Certain Polyester Staple Fiber from China, Investigation No. 731-TA-1104 (Final)*, USITC Publication 3922, June 2007, p. 18.

<sup>70</sup> *Certain Polyester Staple Fiber from China, Investigation No. 731-TA-1104 (Review)*, USITC Publication 4351, September 2012, p. 11.

Table I-4 presents the quantity, value, and unit value for imports from China as well as all other sources of U.S. imports.

**Table I-4**  
**Certain PSF: U.S. imports, 2012-16**

Item	2012	2013	2014	2015	2016
	<b>Quantity (1,000 pounds)</b>				
China, subject	***	***	***	***	***
China, nonsubject	***	***	***	***	***
All other sources <sup>1</sup>	271,151	232,002	261,608	296,967	323,708
Total, nonsubject	511,692	457,579	496,773	556,743	571,811
Total imports	568,513	504,368	538,182	624,755	616,619
	<b>Landed, duty-paid value (\$1,000)</b>				
China, subject	***	***	***	***	***
China, nonsubject	***	***	***	***	***
All other sources	216,957	183,934	190,935	187,998	185,591
Total, nonsubject	376,202	314,967	317,768	315,194	289,566
Total imports	415,370	343,207	341,526	349,253	310,022
	<b>Unit value (dollars per pound)</b>				
China, subject	***	***	***	***	***
China, nonsubject	***	***	***	***	***
All other sources	0.80	0.79	0.73	0.63	0.57
Total, nonsubject	0.74	0.69	0.64	0.57	0.51
Total imports	0.73	0.68	0.63	0.56	0.50

<sup>1</sup>The primary other sources during 2016 were Korea, India, Thailand, and Indonesia.

Note.--Subject U.S. imports of certain PSF have been adjusted to exclude nonsubject imports from Chinese producers/exporters Cixi Jiangnan, Cixi Santai Chemical Fiber Co., and Ningbo Dafa Chemical Fiber Co., Ltd.

Source: Official Commerce statistics for HTS statistical reporting numbers 5503.20.0045 and 5503.20.0065.

### **Apparent U.S. consumption and market shares**

Demand for certain PSF is growing likely because it is one of the most easily recycled of all synthetic fibers and its versatility and use in numerous products, including apparel and soda bottle manufacturing.<sup>71</sup> Polyester continues to dominate fiber demand growth, expanding at a significantly faster rate than all other fiber types. Additionally, in their response to the Commission's notice of institution, the domestic interested parties noted that demand for certain PSF is also connected to the amount of housing-related activity and that demand has

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<sup>71</sup> IBIS World, "Synthetic Manufacturing in the US," June 2017, p. 13.

\*\*\*.<sup>72</sup> The domestic interested parties also noted that China’s PSF exports in 2016 were \*\*\* apparent U.S. consumption in that year.<sup>73</sup>

Table I-5 presents data on U.S. producers’ U.S. shipments, U.S. imports, and apparent U.S. consumption.

**Table I-5  
Certain PSF: U.S. producers’ U.S. shipments, U.S. imports, and apparent U.S. consumption, 2006, 2011, and 2016**

Item	2006	2011 <sup>1</sup>	2016
<b>Quantity (1,000 pounds)</b>			
U.S. producers’ U.S. shipments	500,161	***	***
U.S. imports from—			
China, subject	***	***	***
China, nonsubject	***	***	***
All other sources	***	***	***
Total nonsubject	***	***	***
Total imports	566,731	507,268	***
Apparent U.S. consumption	1,066,892	***	***
<b>Value (1,000 dollars)</b>			
U.S. producers’ U.S. shipments	369,142	***	***
U.S. imports from—			
China, subject	***	***	***
China, nonsubject	***	***	***
All other sources	***	***	***
Total nonsubject	***	***	***
Total imports	333,096	398,750	***
Apparent U.S. consumption	702,238	***	***

<sup>1</sup>Figures in this column have been corrected and may appear different than in previous reports.

Note.--Subject U.S. imports of certain PSF have been adjusted to exclude nonsubject imports from Chinese producers/exporters/, Cixi Jiangnan, Cixi Santai Chemical Fiber Co., and Ningbo Dafa Chemical Fiber Co., Ltd.

Source: For the years 2006-11, data are compiled using data submitted in the Commission’s first five-year review. See *app. C*. For the year 2016, U.S. producers’ U.S. shipments are compiled from the domestic interested parties’ response to the Commission’s notice of institution and U.S. imports are compiled using official Commerce statistics under HTS subheading 5503.20.00 and \*\*\* data.

<sup>72</sup> *Domestic Interested Parties’ Response to the Notice of Institution*, September 28, 2017, pp.16-17.

<sup>73</sup> *Domestic Interested Parties’ Response to the Notice of Institution*, September 28, 2017, p. 7.

Table I-6 presents data on U.S. market shares of U.S. apparent consumption.

**Table I-6**

**Certain PSF: Apparent U.S. consumption and U.S. market shares, 2006, 2011, and 2016**

Item	2006	2011 <sup>1</sup>	2016
	<b>Quantity (1,000 pounds)</b>		
Apparent U.S. consumption	1,066,892	***	***
	<b>Value (1,000 dollars)</b>		
Apparent U.S. consumption	702,238	***	***
	<b>Share of consumption based on quantity (percent)</b>		
U.S. producers' share	46.9	***	***
U.S. imports from--			
China	***	***	***
China, nonsubject	***	***	***
All other sources	***	***	***
Total nonsubject	***	***	***
Total imports	53.1	***	***
	<b>Share of consumption based on value (percent)</b>		
U.S. producers' share	52.6	***	***
U.S. imports from--			
China	***	***	***
China, nonsubject	***	***	***
All other sources	***	***	***
Total nonsubject	***	***	***
Total imports	***	***	***

<sup>1</sup> Figures in this column have been corrected and may appear different than in previous reports.

Note.--Subject U.S. imports of certain PSF have been adjusted to exclude nonsubject imports from Chinese producers/exporters/, Cixi Jiangnan, Cixi Santai Chemical Fiber Co., and Ningbo Dafa Chemical Fiber Co., Ltd.

Source: For the years 2006-11, data are compiled using data submitted in the Commission's first five-year review. See *app. C*. For the year 2016, U.S. producers' U.S. shipments are compiled from the domestic interested parties' response to the Commission's notice of institution and U.S. imports are compiled using official Commerce statistics for HTS statistical reporting numbers 5503.20.0045 and 5503.20.0065 and \*\*\* data.

## THE INDUSTRY IN CHINA

During the final phase of the original investigation, the Commission received foreign producer/exporter questionnaires from seven firms<sup>74</sup>, which accounted for approximately 11.1 percent of production of certain PSF from China during 2006, and approximately \*\*\* percent of exports from China to the United States of certain PSF during 2006.<sup>75</sup>

Although the Commission did not receive responses from any respondent interested parties in its first five-year review, the domestic interested parties provided a list of 150 firms in China that they believed produced or exported subject merchandise to the United States or other countries after 2011.<sup>76</sup> Domestic producers also provided data regarding capacity, production, and exports of certain PSF from China.

China's dominance in the global production of synthetic fiber—especially polyester—continued in 2016.<sup>77</sup> China's total production of polyester staple fiber grew by 1.8 percent<sup>78</sup> and accounted for 60 percent (21.5 million pounds) of worldwide polyester staple fiber, slightly down from 62 percent (20.7 million pounds) in 2012.<sup>79</sup> China remains the largest supplier of polyester staple fiber to the U.S. market, accounting for 39 percent (\$104.9 million) of total U.S. imports in 2016.<sup>80</sup> However, the share and total value of U.S. imports of polyester staple fiber from China declined sharply from its previous share of 47 percent and \$173.3 million in value, respectively in 2012. China lost some of its share of U.S. imports to India, Thailand, and Indonesia, which may be attributed to the rising cost of doing business in China.<sup>81</sup> For example,

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<sup>74</sup> Cixi Santai Chemical Fiber Co., Ltd. (“Cixi Santai”); Cixi Waysun Chemical Fiber Co., Ltd. (“Cixi Waysun”); Hangzhou Huachuang Co., Ltd. (“Hangzhou Huachuang”); Nanyang Textile Co., Ltd. (“Nanyang Textile”); Ningbo Dafa Chemical Fiber Co., Ltd. (“Ningbo Dafa”); Zhejiang Anshun Pettechs Fibre Co., Ltd (“Zhejiang Anshun”); and Zhejiang Waysun Chemical Fiber Co., Ltd. (“Zhejiang Waysun”).

<sup>75</sup> *Investigation No. 731-TA-1104 (Final): Certain Polyester Staple Fiber from China—Staff Report*, INV-EE-044, May 1, 2007, p. VII-4 and VII-7.

<sup>76</sup> *Certain Polyester Staple Fiber from China, Investigation No. 731-TA-1104 (Review)*, USITC Publication 4351, September 2012, p. I-20.

<sup>77</sup> “Man-Made Fibres: Trends in Man-Made Fibre Production by Country and Region – China.” *Textiles Intelligence Limited 2017*, p. 81.

<sup>78</sup> “Man-Made Fibres: Trends in Man-Made Fibre Production by Country and Region – China.” *Textiles Intelligence Limited 2017*, p. 82.

<sup>79</sup> “Worldwide Synthetic Fiber Production and Producing Capacity by Fiber Except Olefin: 2012 to 2017.” *Fiber Organon*, July 2016, p. 132 and “Worldwide Synthetic Fiber Production and Producing Capacity by Fiber Except Olefin: 2013 to 2018.” *Fiber Organon*, July 2017, p. 133.

<sup>80</sup> USITC Dataweb (accessed September 28, 2017).

<sup>81</sup> India's polyester staple fiber production rose by 4.7 percent in 2016. “Man-Made Fibres: Trends in Man-Made Fibre Production by Country and Region – China.” *Textiles Intelligence Limited 2017*, p. 84.

China's rapid wage increases averaging 15 percent a year have eroded some of its competitive advantage.<sup>82</sup>

Table I-7 presents export data for certain PSF from China in descending order of quantity for 2016.

**Table I-7**  
**Certain PSF: Exports of certain PSF from China, by destination, 2012-16**

Item	Calendar year				
	2012	2013	2014	2015	2016
<b>Quantity (1,000 pounds)</b>					
United States	353,798	349,681	364,582	458,892	454,410
Indonesia	86,383	99,929	133,618	115,607	222,397
Pakistan	191,405	181,945	264,252	265,321	182,707
India	39,345	66,422	127,134	154,467	151,154
Vietnam	67,655	88,275	79,945	87,637	146,834
Mexico	41,788	53,900	79,307	104,639	114,314
Israel	62,486	83,441	94,199	88,494	94,900
Russia	92,300	86,464	88,603	69,852	69,120
Brazil	49,208	70,926	81,065	69,614	68,684
Bangladesh	40,490	45,542	47,095	55,154	59,656
All other countries	411,058	460,137	565,112	610,008	655,386
Total	1,435,915	1,586,662	1,924,913	2,079,684	2,219,563

Note.--Because of rounding, figures may not add to totals shown.

Source: Global Trade Information Services, Inc., Global Trade Atlas, HTS subheading 5503.20. These data may be overstated as HTS 5503.20 may contain products outside the scope of this review.

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<sup>82</sup> Beth H. Land. "Textile Industry Making a Comeback in the U.S. Southeast," September 8, 2017. <http://www.areadevelopment.com/advanced-manufacturing/Q2-2017/textile-industry-making-comeback-in-US-southeast.shtml>.



## ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

At the time of the original investigation, certain PSF from China faced antidumping duty orders from the European Union, which were imposed in March 2005 and expired in 2010.

Since that time, certain PSF exports from China have been subject to additional import relief investigations in Indonesia, Pakistan, South Africa, and Turkey.<sup>83</sup> Pakistan maintained antidumping duties covering certain PSF from China beginning in June 2009,<sup>84</sup> but in July 2013, determined to take no final measures and terminated the antidumping duty order on imports of certain PSF from China.<sup>85</sup> Turkey also imposed antidumping duty measures on certain PSF imports from China in September 2007 and October 2009, and then subsequently extended the orders in July 2013.<sup>86</sup> South Africa imposed antidumping duty measures on Chinese PSF in May 2010<sup>88</sup> and Indonesia imposed antidumping duty measures on Chinese PSF in November 2010.<sup>89</sup> Additionally, certain PSF imports from China are subject to tariff rate restrictions in India,<sup>90</sup> and India also recently initiated an antidumping investigation against certain PSF from China in February 2017.<sup>91</sup>

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<sup>83</sup> *Certain Polyester Staple Fiber from China, Investigation No. 731-TA-1104 (Review)*, USITC Publication 4351, September 2012, p. 11; see also *Domestic Interested Parties' Response to the Notice of Institution*, September 28, 2017, p. 7.

<sup>84</sup> World Trade Organization, Semi-Annual Report under Article 16.4 of the Agreement: Pakistan, G/ADP/N/195/PAK/Rev.1, April 23, 2010, p. 7.

<sup>85</sup> World Trade Organization, Semi-Annual Report under Article 16.4 of the Agreement: Pakistan, G/ADP/N/252/PAK, February 28, 2014, p. 2.

<sup>86</sup> World Trade Organization, Semi-Annual Report under Article 16.4 of the Agreement: Turkey, G/ADP/N/166/TUR, March 7, 2008, p. 4; see also World Trade Organization, Semi-Annual Report under Article 16.4 of the Agreement: Turkey, G/ADP/N/195/TUR, April 1, 2010, p. 4

<sup>87</sup> World Trade Organization, Semi-Annual Report under Article 16.4 of the Agreement: Turkey, G/ADP/N/259/TUR, October 16, 2014, p. 11.

<sup>88</sup> World Trade Organization, Semi-Annual Report under Article 16.4 of the Agreement: South Africa, G/ADP/N/209/ZAF, February 15, 2011, p. 2.

<sup>89</sup> World Trade Organization, Semi-Annual Report under Article 16.4 of the Agreement: Indonesia, G/ADP/N/209/IDN, April 4, 2011, p. 2.

<sup>90</sup> Certain PSF is subject to a general customs duty of 10 percent in India.

<sup>91</sup> *Domestic Interested Parties' Response to the Notice of Institution*, September 28, 2017, pp. 7-8; see also World Trade Organization, Semi-Annual Report under Article 16.4 of the Agreement: India, G/ADP/N/209/IND, October 9, 2017, p. 6.

## THE GLOBAL MARKET

Table I-8 presents the largest global export sources of polyester staple fiber during 2012-16. In 2016, China was the largest global exporter of certain PSF.

**Table I-8**  
**Certain PSF: Global exports by major sources, 2012-16**

Item	Calendar Year				
	2012	2013	2014	2015	2016
<b>Quantity (1000 pounds)</b>					
China	1,435,915	1,586,662	1,924,913	2,079,684	2,219,563
Korea	1,363,854	1,399,352	1,422,221	1,496,118	1,574,954
Taiwan	913,748	819,703	817,008	796,495	857,550
Thailand	390,844	444,315	448,486	555,955	575,526
India	370,464	433,232	432,133	389,980	458,294
Indonesia	153,413	151,654	306,451	336,397	320,521
Malaysia	184,093	208,826	218,924	231,630	236,965
Ireland	177,921	173,568	175,897	181,710	180,364
Belarus	115,875	98,342	77,827	103,506	124,512
Romania	96,200	101,238	106,809	110,768	113,748
All other countries	2,123,790	932,184	882,024	858,443	780,749
<b>Total</b>	<b>7,326,117</b>	<b>6,349,076</b>	<b>6,812,692</b>	<b>7,140,686</b>	<b>7,442,746</b>

Note.--Because of rounding, figures may not add to total shown.

Source: Global Trade Information Services, Inc., Global Trade Atlas, HTS subheading 5503.20. These data may be overstated as HTS 5503.20 may contain products outside the scope of this review.

**APPENDIX A**

***FEDERAL REGISTER NOTICES***



The Commission makes available notices relevant to its investigations and reviews on its website, [www.usitc.gov](http://www.usitc.gov). In addition, the following tabulation presents, in chronological order, *Federal Register* notices issued by the Commission and Commerce during the current proceeding.

Citation	Title	Link
82 FR 41654 September 1, 2017	<i>Certain Polyester Staple Fiber from China; Institution of a Five-Year Review</i>	<a href="https://www.gpo.gov/fdsys/pkg/FR-2017-09-01/pdf/2017-18358.pdf">https://www.gpo.gov/fdsys/pkg/FR-2017-09-01/pdf/2017-18358.pdf</a>
82 FR 42073 September 6, 2017	<i>Initiation of Five-Year ("Sunset") Reviews</i>	<a href="https://www.gpo.gov/fdsys/pkg/FR-2017-09-06/pdf/2017-18763.pdf">https://www.gpo.gov/fdsys/pkg/FR-2017-09-06/pdf/2017-18763.pdf</a>



**APPENDIX B**  
**COMPANY-SPECIFIC DATA**





**RESPONSE CHECKLIST FOR U.S. PRODUCERS**

Item	Auriga	DAK	NanYa	Total
	Quantity=1,000 pounds; value=1,000 dollars; Unit values, unit labor costs, and unit financial data are per pound			
Nature of operation	✓	✓	✓	✓
Statement of intent to participate	✓	✓	✓	✓
Statement of likely effects of revoking the order	✓	✓	✓	✓
U.S. producer list	✓	✓	✓	✓
U.S. importer/foreign producer list	✓	✓	✓	✓
List of 3-5 leading purchasers	✓	✓	✓	✓
List of sources for national/regional prices	?	?	?	?
<b>Production:</b>				
Quantity	***	***	***	***
Percent of total reported				100.0
Capacity	***	***	***	***
<b>U.S. Commercial shipments:</b>				
Quantity	***	***	***	***
Value	***	***	***	***
<b>Internal consumption:</b>				
Quantity	***	***	***	***
Value	***	***	***	***
Net sales	***	***	***	***
COGS	***	***	***	***
Gross profit or (loss)	***	***	***	***
SG&A expenses (loss)	***	***	***	***
Operating income/(loss)	***	***	***	***
Changes in supply/demand	✓	✓	✓	✓
<p>Note.—The production, capacity, and shipment data presented are for calendar year 2016. The financial data are for fiscal year ended 2016.</p> <p>✓ = response provided; ✖ = response not provided; NA = not applicable; ? = indicated that the information was not known.</p>				



**APPENDIX C**

**SUMMARY DATA COMPILED IN PRIOR INVESTIGATIONS**



**Table C-1**  
**Certain PSF: Summary data concerning the U.S. market, 2004-06**

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound;  
period changes=percent, except where noted)

Item	Reported data			Period changes		
	2004	2005	2006	2004-06	2004-05	2005-06
<b>U.S. consumption quantity:</b>						
Amount . . . . .	1,128,375	1,152,674	1,066,891	-5.4	2.2	-7.4
Producers' share (1) . . . . .	60.2	52.3	46.9	-13.4	-7.9	-5.4
Importers' share (1):						
China (subject)	***	***	***	***	***	***
Korea . . . . .	18.6	16.0	15.9	-2.7	-2.6	-0.1
Taiwan . . . . .	6.4	4.7	3.5	-2.9	-1.7	-1.2
Subtotal, Korea & Taiwan . . . . .	25.0	20.7	19.4	-5.6	-4.3	-1.3
China (nonsubject) . . . . .	***	***	***	***	***	***
Thailand . . . . .	3.7	3.8	3.1	-0.6	0.1	-0.7
Indonesia . . . . .	1.1	2.2	4.1	2.9	1.0	1.9
India . . . . .	1.4	1.8	2.0	0.5	0.4	0.1
Mexico . . . . .	1.1	0.8	0.0	-1.0	-0.2	-0.8
All other . . . . .	1.1	1.5	2.2	1.1	0.3	0.8
Subtotal, nonsubject . . . . .	***	***	***	***	***	***
Total imports . . . . .	39.8	47.7	53.1	13.4	7.9	5.4
<b>U.S. consumption value:</b>						
Amount . . . . .	637,604	770,478	702,238	10.1	20.8	-8.9
Producers' share (1) . . . . .	62.2	55.5	52.6	-9.7	-6.7	-3.0
Importers' share (1):						
China (subject)	***	***	***	***	***	***
Korea . . . . .	15.8	14.1	13.3	-2.5	-1.7	-0.8
Taiwan . . . . .	6.8	4.8	3.5	-3.3	-2.0	-1.3
Subtotal, Korea & Taiwan . . . . .	22.6	18.9	16.8	-5.8	-3.7	-2.1
China (nonsubject) . . . . .	***	***	***	***	***	***
Thailand . . . . .	4.2	4.1	3.3	-0.9	-0.1	-0.8
Indonesia . . . . .	1.1	2.0	3.9	2.8	0.9	1.9
India . . . . .	1.2	1.6	1.7	0.5	0.4	0.2
Mexico . . . . .	1.7	1.2	0.0	-1.7	-0.4	-1.2
All other . . . . .	1.4	2.2	3.3	1.9	0.8	1.1
Subtotal, nonsubject . . . . .	***	***	***	***	***	***
Total imports . . . . .	37.8	44.5	47.4	9.7	6.7	3.0
<b>U.S. imports from:</b>						
China (subject):						
Quantity . . . . .	***	***	***	***	***	***
Value . . . . .	***	***	***	***	***	***
Unit value . . . . .	***	***	***	***	***	***
Ending inventory quantity . . . . .	***	***	***	***	***	***
Other--						
Korea:						
Quantity . . . . .	209,856	184,832	169,865	-19.1	-11.9	-8.1
Value . . . . .	100,920	108,549	93,297	-7.6	7.6	-14.1
Unit value . . . . .	0.48	0.59	0.55	14.2	22.1	-6.5
Taiwan:						
Quantity . . . . .	72,376	54,139	37,471	-48.2	-25.2	-30.8
Value . . . . .	43,262	36,971	24,549	-43.3	-14.5	-33.6
Unit value . . . . .	0.60	0.68	0.66	9.6	14.2	-4.1
Subtotal (Korea + Taiwan):						
Quantity . . . . .	282,232	238,971	207,336	-26.5	-15.3	-13.2
Value . . . . .	144,181	145,521	117,847	-18.3	0.9	-19.0
Unit value . . . . .	\$0.51	\$0.61	\$0.57	11.3	19.2	-6.7

Table continued on next page.

Table C-1--continued

## Certain PSF: Summary data concerning the U.S. market, 2004-06

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound;  
period changes=percent, except where noted)

Item	Reported data			Period changes		
	2004	2005	2006	2004-06	2004-05	2005-06
U.S. imports from:						
China (nonsubject):						
Quantity .....	***	***	***	***	***	***
Value .....	***	***	***	***	***	***
Unit value .....	***	***	***	***	***	***
Thailand:						
Quantity .....	41,848	43,475	33,177	-20.7	3.9	-23.7
Value .....	26,694	31,598	23,282	-12.8	18.4	-26.3
Unit value .....	0.64	0.73	0.70	10.0	13.9	-3.4
Indonesia:						
Quantity .....	12,657	24,830	43,378	242.7	96.2	74.7
Value .....	6,722	15,438	27,199	304.6	129.7	76.2
Unit value .....	0.53	0.62	0.63	18.1	17.1	0.8
India:						
Quantity .....	16,147	21,090	20,914	29.5	30.6	-0.8
Value .....	7,654	12,205	12,199	59.4	59.5	-0.0
Unit value .....	0.47	0.58	0.58	23.1	22.1	0.8
Mexico:						
Quantity .....	11,854	9,702	242	-98.0	-18.2	-97.5
Value .....	10,644	9,468	125	-98.8	-11.1	-98.7
Unit value .....	0.90	0.98	0.52	-42.6	8.7	-47.1
All other sources:						
Quantity .....	12,549	16,743	23,990	91.2	33.4	43.3
Value .....	8,694	16,753	22,901	163.4	92.7	36.7
Unit value .....	0.69	1.00	0.95	37.8	44.4	-4.6
Subtotal (nonsubject imports)						
Quantity .....	***	***	***	***	***	***
Value .....	***	***	***	***	***	***
Unit value .....	***	***	***	***	***	***
Ending inventory quantity (2) .....	***	***	***	***	***	***
All sources:						
Quantity .....	448,568	549,684	566,730	26.3	22.5	3.1
Value .....	240,799	342,599	333,096	38.3	42.3	-2.8
Unit value .....	\$0.54	\$0.62	\$0.59	9.5	16.1	-5.7
Ending inventory quantity .....	83,501	121,306	89,029	6.6	45.3	-26.6

Table continued on next page.

**Table C-1--continued**

**Certain PSF: Summary data concerning the U.S. market, 2004-06**

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound;  
period changes=percent, except where noted)

Item	Reported data			Period changes		
	2004	2005	2006	2004-06	2004-05	2005-06
U.S. producers:						
Average capacity quantity . . . . .	889,565	843,607	774,942	-12.9	-5.2	-8.1
Production quantity . . . . .	733,677	657,064	573,068	-21.9	-10.4	-12.8
Capacity utilization (1) . . . . .	82.5	77.9	73.9	-8.5	-4.6	-3.9
U.S. shipments:						
Quantity . . . . .	679,807	602,990	500,161	-26.4	-11.3	-17.1
Value . . . . .	396,805	427,879	369,142	-7.0	7.8	-13.7
Unit value . . . . .	\$0.58	\$0.71	\$0.74	26.4	21.6	4.0
Export shipments:						
Quantity . . . . .	50,186	54,444	63,830	27.2	8.5	17.2
Value . . . . .	27,391	37,501	44,616	62.9	36.9	19.0
Unit value . . . . .	\$0.55	\$0.69	\$0.70	28.1	26.2	1.5
Ending inventory quantity . . . . .	35,984	36,520	42,901	19.2	1.5	17.5
Inventories/total shipments (1) . . . . .	4.9	5.6	7.6	2.7	0.6	2.1
Production workers . . . . .	1,106	1,001	968	-12.5	-9.5	-3.3
Hours worked (1,000s) . . . . .	2,314	2,185	2,079	-10.1	-5.6	-4.8
Wages paid (\$1,000) . . . . .	40,035	39,636	37,052	-7.5	-1.0	-6.5
Hourly wages . . . . .	\$17.30	\$18.14	\$17.82	3.0	4.8	-1.8
Productivity (pounds per hour) . . . . .	316.6	294.1	268.6	-15.2	-7.1	-8.6
Unit labor costs . . . . .	\$0.05	\$0.06	\$0.07	21.4	12.9	7.5
Net sales:						
Quantity . . . . .	727,996	642,785	553,253	-24.0	-11.7	-13.9
Value . . . . .	422,770	454,139	404,209	-4.4	7.4	-11.0
Unit value . . . . .	\$0.58	\$0.71	\$0.73	25.8	21.7	3.4
Cost of goods sold (COGS) . . . . .	426,288	432,193	397,741	-6.7	1.4	-8.0
Gross profit or (loss) . . . . .	(3,518)	21,946	6,468	(3)	(3)	-70.5
SG&A expenses . . . . .	11,758	13,342	11,912	1.3	13.5	-10.7
Operating income or (loss) . . . . .	(15,276)	8,603	(5,444)	64.4	(3)	(3)
Capital expenditures . . . . .	2,021	1,157	1,466	-27.5	-42.8	26.7
Unit COGS . . . . .	\$0.59	\$0.67	\$0.72	22.8	14.8	6.9
Unit SG&A expenses . . . . .	\$0.02	\$0.02	\$0.02	33.3	28.5	3.7
Unit operating income or (loss) . . . . .	(\$0.02)	\$0.01	(\$0.01)	53.1	(3)	(3)
COGS/sales (1) . . . . .	100.8	95.2	98.4	-2.4	-5.7	3.2
Operating income or (loss)/ sales (1) . . . . .	(3.6)	1.9	(1.3)	2.3	5.5	-3.2

(1) "Reported data" are in percent and "period changes" are in percentage points.

(2) Includes inventories from all sources other than subject China.

(3) Undefined.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from official statistics of the U.S. Department of Commerce.





**APPENDIX D**

**PURCHASER QUESTIONNAIRE RESPONSES**



As part of their response to the notice of institution, interested parties were asked to provide a list of three to five leading purchasers in the U.S. market for the domestic like product. A response was received from domestic interested parties and it named the following three firms as the top purchasers of polyester staple fiber: \*\*\*. Purchaser questionnaires were sent to these three firms and two firms (\*\*\*) provided responses which are presented below.

1. a.) Have any changes occurred in technology; production methods; or development efforts to produce polyester staple fiber that affected the availability of polyester staple fiber in the U.S. market or in the market for polyester staple fiber in China since 2011?
  
- b.) Do you anticipate any changes in technology; production methods; or development efforts to produce polyester staple fiber that will affect the availability of polyester staple fiber in the U.S. market or in the market for polyester staple fiber in China within a reasonably foreseeable time?

Purchaser	Changes that have occurred	Anticipated changes
***	Not applicable; we purchase only from domestic sources	Not applicable; we purchase only from domestic sources
***	No.	No.

2. a.) Have any changes occurred in the ability to increase production of polyester staple fiber (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production) that affected the availability of polyester staple fiber in the U.S. market or in the market for polyester staple fiber in China since 2011?
  
- b.) Do you anticipate any changes in the ability to increase production (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production) that will affect the availability of polyester staple fiber in the U.S. market or in the market for polyester staple fiber in China within a reasonably foreseeable time?

Purchaser	Changes that have occurred	Anticipated changes
***	Not applicable; we purchase only from domestic sources	Not applicable; we purchase only from domestic sources
***	Don't know.	Don't know.

3. a.) Have any changes occurred in factors related to the ability to shift supply of polyester staple fiber among different national markets (including barriers to importation in foreign markets or changes in market demand abroad) that affected the availability of polyester staple fiber in the U.S. market or in the market for polyester staple fiber in China since 2011?
  
- b.) Do you anticipate any changes in factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad) that will affect the availability of polyester staple fiber in the U.S. market or in the market for polyester staple fiber in China within a reasonably foreseeable time?

Purchaser	Changes that have occurred	Anticipated changes
***	Not applicable; we purchase only from domestic sources	Not applicable; we purchase only from domestic sources
***	No.	No.

4. a.) Have there been any changes in the end uses and applications of polyester staple fiber in the U.S. market or in the market for polyester staple fiber in China since 2011?

b.) Do you anticipate any changes in the end uses and applications of polyester staple fiber in the U.S. market or in the market for polyester staple fiber in China within a reasonably foreseeable time?

<b>Purchaser</b>	<b>Changes that have occurred</b>	<b>Anticipated changes</b>
***	No.	No.
***	Don't know.	Don't know.

5. a.) Have there been any changes in the existence and availability of substitute products for polyester staple fiber in the U.S. market or in the market for polyester staple fiber in China since 2011?

b.) Do you anticipate any changes in the existence and availability of substitute products for polyester staple fiber in the U.S. market or in the market for polyester staple fiber in China within a reasonably foreseeable time?

<b>Purchaser</b>	<b>Changes that have occurred</b>	<b>Anticipated changes</b>
***	No.	No.
***	Don't know.	Don't know.

6. a.) Have there been any changes in the level of competition between polyester staple fiber produced in the United States, polyester staple fiber produced in China, and such merchandise from other countries in the U.S. market or in the market for polyester staple fiber in China since 2011?

b.) Do you anticipate any changes in the level of competition between polyester staple fiber produced in the United States, polyester staple fiber produced in China, and such merchandise from other countries in the U.S. market or in the market for polyester staple fiber in China within a reasonably foreseeable time?

<b>Purchaser</b>	<b>Changes that have occurred</b>	<b>Anticipated changes</b>
***	Do not know.	Do not know.
***	Don't know.	Don't know.

7. a.) Have there been any changes in the business cycle for polyester staple fiber in the U.S. market or in the market for polyester staple fiber in China since 2011?

b.) Do you anticipate any changes in the business cycle for polyester staple fiber in the U.S. market or in the market for polyester staple fiber in China within a reasonably foreseeable time?

<b>Purchaser</b>	<b>Changes that have occurred</b>	<b>Anticipated changes</b>
***	Unknown. We can only speak for the sales of our product made with polyester staple fiber. They have increased of the last 5 years.	Unknown. We can only speak for the sales of our product made with polyester staple fiber. They have increased of the last 5 years.
***	Don't know.	Don't know.

