

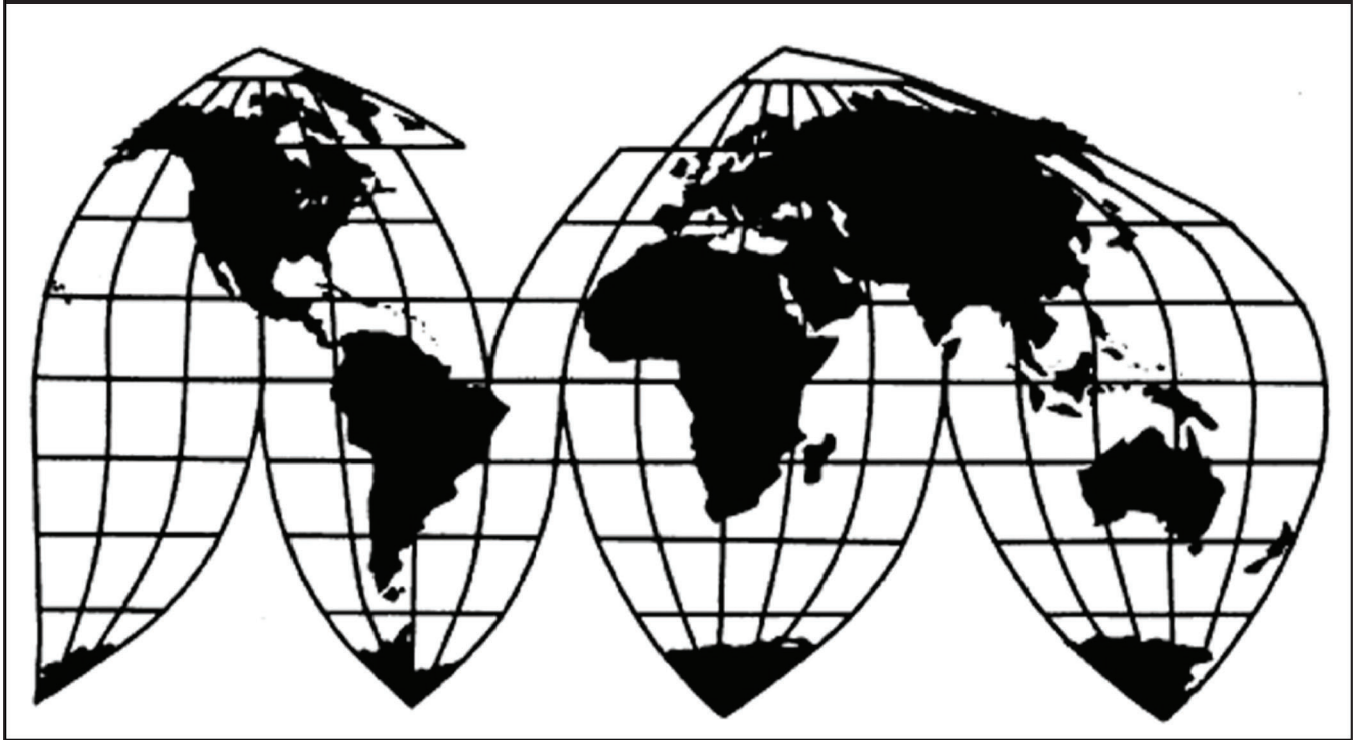
Polyester Textured Yarn from China and India

Investigation Nos. 701-TA-612-613 and 731-TA-1429-1430 (Preliminary)

Publication 4858

December 2018

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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Note.—Information that would reveal confidential operations of individual concerns may not be published. Such information is identified by brackets or by parallel lines in confidential reports and is deleted and replaced with asterisks in public reports.

UNITED STATES INTERNATIONAL TRADE COMMISSION
Investigation Nos. 701-TA-612-613 and 731-1429-1430 (Preliminary)
Polyester Textured Yarn from China and India

DETERMINATIONS

On the basis of the record¹ developed in the subject investigations, the United States International Trade Commission (“Commission”) determines, pursuant to the Tariff Act of 1930 (“the Act”), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of polyester textured yarn from China and India, provided for in subheadings 5402.33.30 and 5402.33.60 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value (“LTFV”) and to be subsidized by the governments of China and India.²

COMMENCEMENT OF FINAL PHASE INVESTIGATIONS

Pursuant to section 207.18 of the Commission’s rules, the Commission also gives notice of the commencement of the final phase of its investigations. The Commission will issue a final phase notice of scheduling, which will be published in the *Federal Register* as provided in section 207.21 of the Commission’s rules, upon notice from the U.S. Department of Commerce (“Commerce”) of affirmative preliminary determinations in the investigations under sections 703(b) or 733(b) of the Act, or, if the preliminary determinations are negative, upon notice of affirmative final determinations in those investigations under sections 705(a) or 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigations need not enter a separate appearance for the final phase of the investigations. Industrial users, and, if the merchandise under investigation is sold at the retail level, representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations.

BACKGROUND

On October 18, 2018, Unifi Manufacturing, Inc., Greensboro, North Carolina; and Nan Ya Plastics Corp. America, Lake City, South Carolina filed petitions with the Commission and Commerce, alleging that an industry in the United States is materially injured or threatened with material injury by reason of subsidized imports of polyester textured yarn from China and India and LTFV imports of polyester textured yarn from China and India. Accordingly, effective

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

² *Polyester Textured Yarn from India and the People’s Republic of China: Initiation of Countervailing Duty Investigations*, 83 FR 58232, November 19, 2018; *Polyester Textured Yarn from India and the People’s Republic of China: Initiation of Less-Than-Fair-Value Investigations*, 83 FR 58223, November 19, 2018.

October 18, 2018, the Commission, pursuant to sections 703(a) and 733(a) of the Act (19 U.S.C. 1671b(a) and 1673b(a)), instituted countervailing duty investigation Nos. 701-TA-612-613 and antidumping duty investigation Nos. 731-TA-1429-1430 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of October 25, 2018 (83 FR 53899). The conference was held in Washington, DC, on November 8, 2018, and all persons who requested the opportunity were permitted to appear in person or by counsel.

Views of the Commission

Based on the record in the preliminary phase of these investigations, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of polyester textured yarn from China and India that are allegedly sold in the United States at less than fair value (“LTFV”) and subsidized by the governments of China and India.¹

I. The Legal Standard for Preliminary Determinations

The legal standard for preliminary antidumping and countervailing duty determinations requires the Commission to determine, based upon the information available at the time of the preliminary determinations, whether there is a reasonable indication that a domestic industry is materially injured or threatened with material injury, or that the establishment of an industry is materially retarded, by reason of the allegedly unfairly traded imports.² In applying this standard, the Commission weighs the evidence before it and determines whether “(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation.”³

II. Background

Unifi Manufacturing Inc. (“Unifi”) and Nan Ya Plastics Corporation America (“Nan Ya”) (collectively “petitioners”), domestic producers of polyester textured yarn (“PTY”) filed the petitions in these investigations on October 18, 2018. Petitioners appeared at the staff conference and submitted a postconference brief.

One respondent entity, Fils Promptex Yarns Inc. (“Promptex”), an importer of subject merchandise, participated in these investigations. A representative of Promptex appeared at the conference, and Promptex submitted a postconference brief.

U.S. industry data are based on the questionnaire responses of five U.S. producers, accounting for 82.8 percent of U.S. production of PTY during 2017. U.S. import data are based on official import statistics of the U.S. Department of Commerce (“Commerce”) and from questionnaire responses from 22 U.S. importers, believed to account for 66.7 percent of total

¹ Due to the federal government’s closure on December 5, 2018, these investigations conducted under authority of Title VII of the Tariff Act of 1930 accordingly have been tolled pursuant to 19 U.S.C. §§ 1671a(b)(2), 1673d(b)(2).

² 19 U.S.C. §§ 1671b(a), 1673b(a) (2000); *see also American Lamb Co. v. United States*, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); *Aristech Chem. Corp. v. United States*, 20 CIT 353, 354-55 (1996). No party argues that the establishment of an industry in the United States is materially retarded by the allegedly unfairly traded imports.

³ *American Lamb Co.*, 785 F.2d at 1001; *see also Texas Crushed Stone Co. v. United States*, 35 F.3d 1535, 1543 (Fed. Cir. 1994).

subject imports, and representing 59.4 percent of U.S. imports from China and 78.5 percent of U.S. imports from India in 2017.⁴ The Commission did not receive responses to its questionnaires from any producer of subject merchandise in China. The Commission received usable responses from four producers of subject merchandise in India, accounting for approximately *** percent of U.S. imports of PTY from India in 2017.⁵

III. Domestic Like Product

In determining whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the “domestic like product” and the “industry.”⁶ Section 771(4)(A) of the Tariff Act of 1930, as amended (“the Tariff Act”), defines the relevant domestic industry as the “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.”⁷ In turn, 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.”⁸

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of “like” or “most similar in characteristics and uses” on a case-by-case basis.⁹ No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.¹⁰ The Commission looks for clear dividing lines among possible like products and disregards minor variations.¹¹ Although the Commission must accept

⁴ Confidential Report (“CR”) at I-5, IV-1; Public Report (PR”) at I-4, IV-1.

⁵ CR at VII-3, VII-6; PR at VII-3, VII-5.

⁶ 19 U.S.C. § 1677(4)(A).

⁷ 19 U.S.C. § 1677(4)(A).

⁸ 19 U.S.C. § 1677(10).

⁹ 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); *Torrington Co. v. United States*, 747 F. Supp. 744, 749 n.3 (Ct. Int’l Trade 1990), *aff’d*, 938 F.2d 1278 (Fed. Cir. 1991) (“every like product determination ‘must be made on the particular record at issue’ and the ‘unique facts of each case’”). The Commission generally considers a number of factors including the following: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes, and production employees; and, where appropriate, (6) price. See *Nippon*, 19 CIT at 455 n.4; *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996).

¹⁰ See, e.g., S. Rep. No. 96-249 at 90-91 (1979).

¹¹ See, e.g., *Nippon*, 19 CIT at 455; *Torrington*, 747 F. Supp. at 748-49; see also S. Rep. No. 96-249 at 90-91 (Congress has indicated that the like product standard should not be interpreted in “such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not ‘like’ each other, nor should the definition of ‘like (Continued...)”

Commerce's determination as to the scope of the imported merchandise that is subsidized and/or sold at LTFV,¹² the Commission determines what domestic product is like the imported articles Commerce has identified.¹³ The Commission may, where appropriate, include domestic articles in the domestic like product in addition to those described in the scope.¹⁴

In its notice of initiation, Commerce defined the imported merchandise within the scope of these investigations as follows:

The merchandise covered by these investigations, polyester textured yarn, is synthetic multifilament yarn that is manufactured from polyester (polyethylene terephthalate). Polyester textured yarn is produced through a texturing process, which imparts special properties to the filaments of the yarn, including stretch, bulk, strength, moisture absorption, insulation, and the appearance of a natural fiber. This scope includes all forms of polyester textured yarn, regardless of surface texture or appearance, yarn density and thickness (as measured in denier), number of filaments, number of plies, finish (luster), cross section, color, dye method, texturing method, or packing method (such as spindles, tubes, or beams).¹⁵

The products covered by these investigations are PTY. PTY is manufactured using polyethylene terephthalate ("PET"), which can be derived directly from chemical inputs or it can be manufactured from already-formed chips or flakes. The PET is then melted at a high

(...Continued)

product' be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.").

¹² See, e.g., *USEC, Inc. v. United States*, 34 Fed. App'x 725, 730 (Fed. Cir. 2002) ("The ITC may not modify the class or kind of imported merchandise examined by Commerce."); *Algoma Steel Corp. v. United States*, 688 F. Supp. 639, 644 (Ct. Int'l Trade 1988), *aff'd*, 865 F.3d 240 (Fed. Cir.), *cert. denied*, 492 U.S. 919 (1989).

¹³ *Hosiden Corp. v. Advanced Display Mfrs.*, 85 F.3d 1561, 1568 (Fed. Cir. 1996) (the Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); *Cleo*, 501 F.3d at 1298 n.1 ("Commerce's {scope} finding does not control the Commission's {like product} determination."); *Torrington*, 747 F. Supp. at 748-52 (affirming the Commission's determination defining six like products in investigations where Commerce found five classes or kinds).

¹⁴ See, e.g., *Pure Magnesium from China and Israel*, Inv. Nos. 701-TA-403 and 731-TA-895-96 (Final), USITC Pub. 3467 at 8 n.34 (Nov. 2001); *Torrington*, 747 F. Supp. at 748-49 (holding that the Commission is not legally required to limit the domestic like product to the product advocated by the petitioner, co-extensive with the scope).

¹⁵ *Polyester Textured Yarn from India and the People's Republic of China; Initiation of Less-than-Fair Value Investigations*, 83 Fed. Reg. 58223 (Dep't of Comm. Nov. 19, 2018); *Polyester Textured Yarn from India and the People's Republic of China; Initiation of Countervailing Duty Investigations*, 83 Fed. Reg. 58232 (Dep't of Comm. Nov. 19, 2018).

temperature to form a syrup-like solution, which is then extruded through the tiny holes of a metal container called a spinneret. The extruded filaments are referred to as partially oriented yarn (“POY”), or partially drawn yarn (“PDY”), which is the primary input for PTY.¹⁶

POY is further processed through drawing and texturing. The drawing process optimizes the orientation of the molecules in the fiber and increases resilience, strength, and tenacity as well as creates a softer hand-feel. Texturing introduces permanent distortions to the yarn, including crimps, curls, or loops, that changes the form and appearance of the yarn by increasing apparent volume and imparts special properties.¹⁷ PTY can also be dyed through one of two distinct dyeing processes – solution dyeing or package dyeing. Petitioners estimate ***.¹⁸

A. Arguments of the Parties

Petitioners’ Argument. Petitioners contend that the Commission should define a single domestic like product coextensive with the scope in these investigations.¹⁹

Respondent’s Argument. Promptex does not challenge petitioners’ proposed definition of the domestic like product at this time.²⁰

B. Analysis and Conclusion

Based on the record, we define a single domestic like product consisting of PTY.

Physical Characteristics and Uses. All PTY shares the same physical characteristics in that it is made of polyester, is comprised of continuous filaments, and has a textured surface.²¹ As previously discussed, this textured surface imparts special properties, including stretch, bulk, strength, abrasion resistance, warmth, insulation, and moisture absorption. It also gives PTY the soft, cotton-like feel that is desirable in many of PTY’s end uses, which include the manufacturing of fibers that people regularly touch like apparel, home textiles and furnishing, bedding, and automotive seating. PTY is also used in industrial applications including medical supplies and devices, industrial materials, and general automotive applications.²² PTY is characterized by its denier,²³ filament count, luster,²⁴ and other variants associated with the

¹⁶ CR at I-10 – I-11; PR at I-7 – I-8.

¹⁷ CR at I-9; PR at I-8.

¹⁸ CR at I-11 – I-12; PR at I-8.

¹⁹ Petitioners’ Postconference Br. at 3-7.

²⁰ Conference Transcript (“Tr.”) at 107 (Smith).

²¹ CR at I-9; PR at I-7.

²² CR at I-9; PR I-7.

²³ Denier is the weight in grams of 9,000 meters of yarn or filament. In general, the lower the denier, the finer the yarn. CR at I-9, n.18; PR at I-4, n.18.

texturing or dyeing process.²⁵ All PTY shares the key characteristics of being made from polyester into continuous filaments with the textured surface.

According to petitioners, all PTY, whether made from virgin or recycled PET, is chemically the same, and this chemical composition distinguishes PTY from yarn made from other inputs that have different physical characteristics.²⁶ Petitioners further assert that the continuous filament yarns in PTY distinguish it from polyester fibers, including fine denier polyester staple fibers and low melt polyester staple fibers.²⁷ PTY's textured surface, which "bulks" up the yarn and provides its soft feel, also distinguishes it from non-textured or flat yarns, which are not suitable for applications in which these physical characteristics are desirable.²⁸ Finally, although PTY can differ in terms of denier, luster, and color, in petitioners' view, these varying characteristics reflect a continuum of a single like product.²⁹

Manufacturing Facilities, Production Processes and Employees. As previously discussed, PTY is manufactured from PET that is melted at high temperatures and then extruded into filaments, referred to as POY, also known as PDY. The POY is further processed by drawing, texturing, and sometimes dyeing. Although the manufacturing process for PTY is generally the same, U.S. producers vary in terms of levels of production integration, and therefore, their respective manufacturing processes vary depending on their primary inputs.³⁰ PTY accounts for the vast majority of the production on the equipment used by domestic producers to produce PTY, although some firms reported producing a small quantity of alternative products, by ***.³¹

Channels of Distribution. The vast majority of domestically produced PTY is sold directly to textile manufacturers, with a small amount being sold to distributors.³²

Interchangeability. As discussed above, PTY can vary with respect to several factors, including, texturing, luster, denier, filament, and color. The record in these preliminary phase investigations, however, does not indicate whether these variations may limit interchangeability among PTY products. According to petitioners, PTY is not interchangeable with other products. Specifically, fibers or yarns made from other inputs have different physical characteristics and price points, which make them unsuitable as substitutes for PTY. In addition, non-textured yarns lack the characteristic bulk and soft feel of PTY, and therefore,

(...Continued)

²⁴ Luster refers to the quality of shining with reflected lights. Luster is frequently referenced on a scale of bright to dull. According to petitioners, PTY is most commonly semi-dull or bright. Other lusters include super bright, full-dull, cationic dyeable, and trilobal bright. CR at I-9, n.19; PR at I-7, n.19.

²⁵ CR at I-9; PR at I-7.

²⁶ Petitioners' Postconference Br. at 4 (citing Tr. at 17-20 (Cole)).

²⁷ Petitioners' Postconference Br. at 4-5.

²⁸ Petitioners' Postconference Br. at 5.

²⁹ Petitioners' Postconference Br. at 5.

³⁰ Some firms purchase PET chips or flakes and perform the extrusion, drawing, and texturing. Others purchase POY to draw and texture the yarn. When a company purchases POY from a fiber producer to draw and texture the yarn, it is known as a throwster. CR at I-11, CR at VI-9 – VI-10; PR at I-8, VI-3 – VI-4; Petitioners' Postconference Br., Responses to Commission Questions at 2.

³¹ CR at III-5; PR at III-4; CR/PR at Table III-5.

³² CR/PR at Table II-1.

non-textured yarns are more suitable in industrial applications and not interchangeable with PTY.³³

Producer and Customer Perceptions. According to petitioners, producers and customers perceive all PTY as the same product and perceive it to be unique from other products that do not have PTY's unique characteristics.³⁴

Price. Petitioners contend that all PTY is sold within a reasonable range of similar prices, which reflect the continuum nature of the product based on slight variations of technical characteristics.³⁵ For example, petitioners testified that finer denier PTY is more expensive to produce, and therefore, typically commands a higher price.³⁶

Conclusion. Based on the record in the preliminary phase of these investigations, we define a single domestic like product that is coextensive with the scope, consisting of all PTY. All PTY shares the same physical characteristics, made of polyester, comprised of continuous filaments, and having a textured surface, and end uses. These key characteristics of PTY distinguish it from other products, such as polyester fibers and non-textured yarn, which would not be suitable for the same end uses as PTY. Further, notwithstanding different levels of integration among U.S. producers, the production process for PTY is the same and it is produced on equipment that is largely dedicated to the production of PTY. In addition, producers and customers perceive PTY to be a unique product that is not interchangeable with other products that lack its key characteristics.

Although there may be some variations in PTY products, the record in the preliminary phase of these investigations does not indicate that there are clear dividing lines among these types of PTY.³⁷ Accordingly, we define a single domestic like product consisting of PTY that is coextensive with the scope.

³³ Petitioners' Postconference Br. at 6.

³⁴ Petitioners' Postconference Br. at 7.

³⁵ Petitioners' Postconference Br. at 6.

³⁶ Tr. at 37 (Cole), 40 (Caudle).

³⁷ In investigations such as these where domestically manufactured merchandise is made up of a grouping of similar products or involves specialty products, the Commission does not consider each item of merchandise to be a separate domestic like product that is only "like" its identical counterpart in the scope. Rather, the Commission considers the grouping itself to constitute the domestic like product and "disregards minor variations," absent a "clear dividing line" between particular products in the group. See, e.g., *US Fine Denier Polyester Staple Fiber from China, India, Korea, and Taiwan*, Inv. Nos. 701-TA-579-580 and 731-TA-1369-1372 (Preliminary), USITC Pub. 4709 (July 2017) at 7-9.

IV. Domestic Industry

The domestic industry is defined 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.”³⁸ 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.

A. Related Parties

We must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to Section 771(4)(B) of the Tariff Act. This provision allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.³⁹ Exclusion of such a producer is within the Commission’s discretion based upon the facts presented in each investigation.⁴⁰

In these investigations, two U.S. producers, *** and ***, imported subject merchandise during the period of investigation.⁴¹ Therefore, each of these domestic producers is a related party. Petitioners acknowledge that these two domestic producers are related parties because each imports subject merchandise, but argue that appropriate circumstances do not exist to

³⁸ 19 U.S.C. § 1677(4)(A).

³⁹ See *Torrington Co. v. United States*, 790 F. Supp. 1161, 1168 (Ct. Int’l Trade 1992), *aff’d without opinion*, 991 F.2d 809 (Fed. Cir. 1993); *Sandvik AB v. United States*, 721 F. Supp. 1322, 1331-32 (Ct. Int’l Trade 1989), *aff’d mem.*, 904 F.2d 46 (Fed. Cir. 1990); *Empire Plow Co. v. United States*, 675 F. Supp. 1348, 1352 (Ct. Int’l Trade 1987).

⁴⁰ The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include the following:

- (1) the percentage of domestic production attributable to the importing producer;
- (2) the reason the U.S. producer has decided to import the product subject to investigation (whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market);
- (3) whether inclusion or exclusion of the related party will skew the data for the rest of the industry;
- (4) the ratio of import shipments to U.S. production for the imported product; and
- (5) whether the primary interest of the importing producer lies in domestic production or importation. *Changzhou Trina Solar Energy Co. v. USITC*, 100 F. Supp.3d 1314, 1326-31 (Ct. Int’l. Trade 2015); see also *Torrington Co. v. United States*, 790 F. Supp. at 1168.

⁴¹ *** is wholly owned by *** that has a subsidiary producer of subject merchandise in China, ***, which did not return a foreign producer questionnaire. CR at Table III-2; CR at VII-3. However, it does not appear that *** is also an exporter of subject merchandise, ***. Petitioners Postconference Br. at 8.

exclude either producer as a related party because their primary interests are in domestic production.⁴² Promptex takes no position regarding the domestic industry at this time.⁴³

We discuss below whether appropriate circumstances exist to exclude any domestic producer pursuant to the related parties provision.

***. *** accounted for *** percent of domestic production in 2017, making it the *** U.S. producer of PTY, by quantity.⁴⁴ During the period of investigation, *** imported *** pounds of subject imports in 2015 and *** pounds of subject imports in 2017; it imported *** pounds in January through September (“interim”) 2017 and *** pounds in interim 2018.⁴⁵ These imports were equivalent to *** percent of its U.S. production of PTY in 2015 and less than *** percent throughout the rest of the period of investigation.⁴⁶ *** operating income to net sales ratio was *** than the industry average in 2015 and 2016, and *** in 2017.⁴⁷ *** with respect to the petition, but explained that it imports subject merchandise for *** reasons.⁴⁸

We find that appropriate circumstances do not exist to exclude *** from the domestic industry. ***’s primary interest appears to lie in domestic production as its U.S. production of PTY was substantially larger than the quantity of subject merchandise that it imported, and it does not appear to have benefitted from its limited importation of subject imports to a significant degree. In addition, no party has argued for it to be excluded from the domestic industry.

***. *** was the *** domestic producer in 2017, accounting for *** percent of domestic production of PTY during that year.⁴⁹ It imported *** pounds of subject imports in 2015, *** pounds in 2016, and *** pounds in 2017; it imported *** pounds in interim 2017 and *** in interim 2018.⁵⁰ These imports were equivalent to *** percent of its U.S. production of PTY in 2015, *** percent in 2016 and less than *** percent in 2017 and interim 2017.⁵¹ *** operating income to net sales ratio was *** than the industry average in 2015 and 2016 and the same in 2017.⁵² ***, and it explained that it imports subject merchandise ***.⁵³

⁴² Petitioners’ Postconference Br. at 8-9.

⁴³ Tr. at 107 (Smith)

⁴⁴ CR/PR at Table III-1.

⁴⁵ CR/PR at Table III-8. *** import subject PTY in 2016. *Id.*

⁴⁶ CR/PR at Table III-8.

⁴⁷ CR/PR at Table VI-5. *** ratio of operating income to net sales was *** percent in 2015, *** percent in 2016, and *** percent in 2017; it was *** percent in interim 2017 and *** percent in interim 2018. *Id.*

⁴⁸ CR/PR at Tables III-1 & III-8.

⁴⁹ CR/PR at Table III-1.

⁵⁰ CR/PR at Table III-8.

⁵¹ CR/PR at Table III-8.

⁵² CR/PR at Table VI-5. *** ratio of operating income to net sales was *** percent in 2015, *** percent in 2016, and *** percent in 2017; it was *** percent in interim 2017 and *** percent in interim 2018. *Id.*

⁵³ CR/PR at Tables III-1 & III-8.

We find that appropriate circumstances do not exist to exclude *** from the domestic industry. ***'s primary interest is in domestic production as its U.S. production of PTY was substantially larger than the quantity of subject merchandise that it imported, and it does not appear to have benefitted from its limited importation of subject imports to a significant degree. In addition, it is ***, and no party has argued for it to be excluded from the domestic industry.

Thus, for purposes of the preliminary phase of these investigations, we define the domestic industry to include all U.S. producers of PTY.

V. Negligible Imports

Pursuant to Section 771(24) of the Tariff Act, imports from a subject country of merchandise corresponding to a domestic like product that account for less than 3 percent of all such merchandise imported into the United States during the most recent 12 months for which data are available preceding the filing of the petition shall be deemed negligible.⁵⁴ The statute further provides that subject imports from a single country which comprise less than 3 percent of total such imports of the product may not be considered negligible if there are several countries subject to investigation with negligible imports and the sum of such imports from all those countries collectively accounts for more than 7 percent of the volume of all such merchandise imported into the United States.⁵⁵ In the case of countervailing duty investigations involving developing countries (as designated by the United States Trade Representative (“USTR”)), the statute indicates that the negligibility limits are 4 percent and 9 percent, rather than 3 percent and 7 percent.⁵⁶ The USTR has designated India to be a developing country subject to the 4 percent negligibility threshold for countervailing duty investigations.⁵⁷

Imports from each subject country exceed the statutory negligibility threshold. Subject imports from China accounted for 36.5 percent and subject imports from India accounted for 18.6 percent of total imports of PTY by quantity, respectively, for the 12-month period (October 2017 through September 2018) preceding the filing of the petitions.⁵⁸ We therefore find that imports from each subject source are not negligible.

VI. Cumulation

For purposes of evaluating the volume and effects for a determination of reasonable indication of material injury by reason of subject imports, section 771(7)(G)(i) of the Tariff Act requires the Commission to cumulate subject imports from all countries as to which petitions

⁵⁴ 19 U.S.C. §§ 1671b(a), 1673b(a), 1677(24)(A)(i), 1677(24)(B); *see also* 15 C.F.R. § 2013.1 (developing countries for purposes of 19 U.S.C. § 1677(36)).

⁵⁵ 19 U.S.C. § 1677(24)(A)(ii).

⁵⁶ 19 U.S.C. § 1677(24)(B).

⁵⁷ 15 C.F.R. § 2013.1; *see also* 19 U.S.C. § 1677(24)(B).

⁵⁸ CR at IV-7; PR at IV-6; CR/PR at Table IV-4.

were filed and/or investigations self-initiated by Commerce on the same day, if such imports compete with each other and with the domestic like product in the U.S. market. In assessing whether subject imports compete with each other and with the domestic like product, the Commission generally has considered four factors:

- (1) the degree of fungibility between subject imports from different countries and between subject imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;
- (2) the presence of sales or offers to sell in the same geographic markets of subject imports from different countries and the domestic like product;
- (3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and
- (4) whether the subject imports are simultaneously present in the market.⁵⁹

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.⁶⁰ Only a “reasonable overlap” of competition is required.⁶¹

Petitioners argue that the Commission should consider subject imports from China and India on a cumulated basis.⁶² Promptex takes no position with respect to cumulation at this time.⁶³

For the purposes of our present material injury analysis in the preliminary phase of these investigations, we consider subject imports from China and India on a cumulated basis because the statutory criteria for cumulation appear to be satisfied. As an initial matter, petitioners filed the antidumping/countervailing duty petitions with respect to both countries on the same day, October 18, 2018.⁶⁴ There also appears to be a reasonable overlap in competition between subject imports from the subject countries and among subject imports from each source and the domestic like product, for the reasons discussed below.

⁵⁹ See *Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan*, Inv. Nos. 731-TA-278-80 (Final), USITC Pub. 1845 (May 1986), *aff'd*, *Fundicao Tupy, S.A. v. United States*, 678 F. Supp. 898 (Ct. Int'l Trade), *aff'd*, 859 F.2d 915 (Fed. Cir. 1988).

⁶⁰ See, e.g., *Wieland Werke, AG v. United States*, 718 F. Supp. 50 (Ct. Int'l Trade 1989).

⁶¹ The Statement of Administrative Action (SAA) to the Uruguay Round Agreements Act (URAA), expressly states that “the new section will not affect current Commission practice under which the statutory requirement is satisfied if there is a reasonable overlap of competition.” H.R. Rep. No. 103-316, Vol. I at 848 (1994) (*citing Fundicao Tupy*, 678 F. Supp. at 902); see *Goss Graphic Sys., Inc. v. United States*, 33 F. Supp. 2d 1082, 1087 (Ct. Int'l Trade 1998) (“cumulation does not require two products to be highly fungible”); *Wieland Werke, AG*, 718 F. Supp. at 52 (“Completely overlapping markets are not required.”).

⁶² Petitioners’ Postconference Br. at 10-14.

⁶³ Promptex’s Postconference Br. at 1.

⁶⁴ None of the statutory exceptions to cumulation applies.

Fungibility. The record in the preliminary phase of these investigations indicates that all PTY is fungible, regardless of source. The majority of U.S. producers and a plurality of U.S. importers reported that PTY from the United States, China, and India are always interchangeable.⁶⁵ In addition, U.S. producers and U.S. importers of PTY from both subject sources reported U.S. shipments of PTY in all denier sizes⁶⁶ and that the vast majority of their respective U.S. shipments of PTY were semi-dull finishes.⁶⁷ U.S. producers and U.S. importers of PTY from both subject sources also reported U.S. shipments of PTY in the “other” category of finishes, while only U.S. producers and U.S. importers of PTY from China reported U.S. shipments of PTY with full-dull and bright finishes.⁶⁸ Furthermore, the record contains pricing and/or direct import purchase observations for all four pricing products for domestically produced PTY and subject imports from China and India, which demonstrates sales of competing products from all sources in the U.S. market. Thus, the record indicates that there is sufficient fungibility between and among subject imports from China and India and the domestic like product to satisfy the reasonable overlap of competition standard.

Channels of Distribution. The domestic like product and subject imports from both subject countries shared the same main channels of distribution. During the period of investigation, the *** of U.S. shipments of domestically produced PTY and subject imports from China and *** of U.S. shipments of subject imports from India were to end users, specifically textile manufacturers.⁶⁹

Geographic Overlap. During the period of investigation, the domestic like product was sold in all regions of the contiguous United States, while subject imports from China were sold in the Northeast, Midwest, Southeast, Central Southwest, and Pacific Coast regions and subject imports from India were sold in the Northeast, Southeast, and Pacific Coast regions.⁷⁰ Accordingly, there is overlap in the geographic areas in which the domestic like product and imports from both subject sources compete.

Simultaneous Presence in Market. The domestic like product and subject sources were present in each full year of the period of investigation as well as in interim 2018.⁷¹

Conclusion. The antidumping and countervailing duty petitions were filed on the same day and the record in the preliminary phase of these investigations indicates that there is a reasonable overlap of competition between and among subject imports and the domestic like product. Therefore, we analyze subject imports from China and India on a cumulated basis for our analysis of whether there is a reasonable indication that a domestic industry is materially injured by reason of subject imports.

⁶⁵ CR/PR at Table III-10.

⁶⁶ CR/PR at Table IV-5.

⁶⁷ CR/PR at Table IV-6.

⁶⁸ CR/PR at Table IV-6.

⁶⁹ CR/PR at Table II-1. U.S. producers and U.S. importers of subject imports from China also reported *** quantities of U.S. shipments of PTY to distributors. *Id.*

⁷⁰ CR/PR at Table II-2.

⁷¹ CR/PR at Table IV-8.

VII. Reasonable Indication of Material Injury by Reason of Subject Imports

A. Legal Standard

In the preliminary phase of antidumping and countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.⁷² In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.⁷³ The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.”⁷⁴ In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.⁷⁵ No single factor is dispositive, and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”⁷⁶

Although the statute requires the Commission to determine whether there is a reasonable indication that the domestic industry is “materially injured by reason of” unfairly traded imports,⁷⁷ it does not define the phrase “by reason of,” indicating that this aspect of the injury analysis is left to the Commission’s reasonable exercise of its discretion.⁷⁸ In identifying a causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price effects of the subject imports and any impact of those imports on the condition of the domestic industry. This evaluation under the “by reason of” standard must ensure that subject imports are more than a minimal or tangential cause of injury and that there is a sufficient causal, not merely a temporal, nexus between subject imports and material injury.⁷⁹

⁷² 19 U.S.C. §§ 1671b(a), 1673b(a). The Trade Preferences Extension Act of 2015, Pub. L. 114-27, amended the provisions of the Tariff Act pertaining to Commission determinations of reasonable indication of material injury and threat of material injury by reason of subject imports in certain respects.

⁷³ 19 U.S.C. § 1677(7)(B). The Commission “may consider such other economic factors as are relevant to the determination” but shall “identify each {such} factor ... {a}nd explain in full its relevance to the determination.” 19 U.S.C. § 1677(7)(B).

⁷⁴ 19 U.S.C. § 1677(7)(A).

⁷⁵ 19 U.S.C. § 1677(7)(C)(iii).

⁷⁶ 19 U.S.C. § 1677(7)(C)(iii).

⁷⁷ 19 U.S.C. §§ 1671b(a), 1673b(a).

⁷⁸ *Angus Chemical Co. v. United States*, 140 F.3d 1478, 1484-85 (Fed. Cir. 1998) (“{T}he statute does not ‘compel the commissioners’ to employ {a particular methodology}.”), *aff’g* 944 F. Supp. 943, 951 (Ct. Int’l Trade 1996).

⁷⁹ The Federal Circuit, in addressing the causation standard of the statute, has observed that “{a}s long as its effects are not merely incidental, tangential, or trivial, the foreign product sold at less than fair value meets the causation requirement.” *Nippon Steel Corp. v. USITC*, 345 F.3d 1379, 1384 (Continued...)

In many investigations, there are other economic factors at work, some or all of which may also be having adverse effects on the domestic industry. Such economic factors might include nonsubject imports; changes in technology, demand, or consumer tastes; competition among domestic producers; or management decisions by domestic producers. The legislative history explains that the Commission must examine factors other than subject imports to ensure that it is not attributing injury from other factors to the subject imports, thereby inflating an otherwise tangential cause of injury into one that satisfies the statutory material injury threshold.⁸⁰ In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.⁸¹ Nor does the “by reason of” standard require that unfairly traded imports be the “principal” cause of injury or contemplate that injury from unfairly traded imports be weighed against other factors, such

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(Fed. Cir. 2003). This was re-affirmed in *Mittal Steel Point Lisas Ltd. v. United States*, 542 F.3d 867, 873 (Fed. Cir. 2008), in which the Federal Circuit, quoting *Gerald Metals, Inc. v. United States*, 132 F.3d 716, 722 (Fed. Cir. 1997), stated that “this court requires evidence in the record ‘to show that the harm occurred “by reason of” the LTFV imports, not by reason of a minimal or tangential contribution to material harm caused by LTFV goods.’” See also *Nippon Steel Corp. v. United States*, 458 F.3d 1345, 1357 (Fed. Cir. 2006); *Taiwan Semiconductor Industry Ass’n v. USITC*, 266 F.3d 1339, 1345 (Fed. Cir. 2001).

⁸⁰ SAA, H.R. Rep. 103-316, Vol. I at 851-52 (1994) (“{T}he Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports.”); S. Rep. 96-249 at 75 (1979) (the Commission “will consider information which indicates that harm is caused by factors other than less-than-fair-value imports.”); H.R. Rep. 96-317 at 47 (1979) (“in examining the overall injury being experienced by a domestic industry, the ITC will take into account evidence presented to it which demonstrates that the harm attributed by the petitioner to the subsidized or dumped imports is attributable to such other factors;” those factors include “the volume and prices of nonsubsidized imports or imports sold at fair value, contraction in demand or changes in patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry”); accord *Mittal Steel*, 542 F.3d at 877.

⁸¹ SAA at 851-52 (“{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports.”); *Taiwan Semiconductor Industry Ass’n*, 266 F.3d at 1345. (“{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports Rather, the Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports.” (emphasis in original)); *Asociacion de Productores de Salmon y Trucha de Chile AG v. United States*, 180 F. Supp. 2d 1360, 1375 (Ct. Int’l Trade 2002) (“{t}he Commission is not required to isolate the effects of subject imports from other factors contributing to injury” or make “bright-line distinctions” between the effects of subject imports and other causes.); see also *Softwood Lumber from Canada*, Inv. Nos. 701-TA-414 and 731-TA-928 (Remand), USITC Pub. 3658 at 100-01 (Dec. 2003) (Commission recognized that “{i}f an alleged other factor is found not to have or threaten to have injurious effects to the domestic industry, i.e., it is not an ‘other causal factor,’ then there is nothing to further examine regarding attribution to injury”), citing *Gerald Metals*, 132 F.3d at 722 (the statute “does not suggest that an importer of LTFV goods can escape countervailing duties by finding some tangential or minor cause unrelated to the LTFV goods that contributed to the harmful effects on domestic market prices.”).

as nonsubject imports, which may be contributing to overall injury to an industry.⁸² It is clear that the existence of injury caused by other factors does not compel a negative determination.⁸³

Assessment of whether material injury to the domestic industry is “by reason of” subject imports “does not require the Commission to address the causation issue in any particular way” as long as “the injury to the domestic industry can reasonably be attributed to the subject imports” and the Commission “ensure{s} that it is not attributing injury from other sources to the subject imports.”⁸⁴ Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed “rigid adherence to a specific formula.”⁸⁵

The Federal Circuit’s decisions in *Gerald Metals*, *Bratsk*, and *Mittal Steel* all involved cases in which the relevant “other factor” was the presence in the market of significant volumes of price-competitive nonsubject imports. The Commission interpreted the Federal Circuit’s guidance in *Bratsk* as requiring it to apply a particular additional methodology following its finding of material injury in cases involving commodity products and a significant market presence of price-competitive nonsubject imports.⁸⁶ The additional “replacement/benefit” test looked at whether nonsubject imports might have replaced subject imports without any benefit to the U.S. industry. The Commission applied that specific additional test in subsequent cases, including the *Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago* determination that underlies the *Mittal Steel* litigation.

Mittal Steel clarifies that the Commission’s interpretation of *Bratsk* was too rigid and makes clear that the Federal Circuit does not require the Commission to apply an additional test nor any one specific methodology; instead, the court requires the Commission to have “evidence in the record ‘to show that the harm occurred ‘by reason of’ the LTFV imports,’” and requires that the Commission not attribute injury from nonsubject imports or other factors to

⁸² S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

⁸³ See *Nippon*, 345 F.3d at 1381 (“an affirmative material-injury determination under the statute requires no more than a substantial-factor showing. That is, the ‘dumping’ need not be the sole or principal cause of injury.”).

⁸⁴ *Mittal Steel*, 542 F.3d at 877-78; see also *id.* at 873 (“While the Commission may not enter an affirmative determination unless it finds that a domestic industry is materially injured ‘by reason of’ subject imports, the Commission is not required to follow a single methodology for making that determination ... {and has} broad discretion with respect to its choice of methodology.”) citing *United States Steel Group v. United States*, 96 F.3d 1352, 1362 (Fed. Cir. 1996) and S. Rep. 96-249 at 75. In its decision in *Swiff-Train v. United States*, 793 F.3d 1355 (Fed. Cir. 2015), the Federal Circuit affirmed the Commission’s causation analysis as comporting with the Court’s guidance in *Mittal*.

⁸⁵ *Nucor Corp. v. United States*, 414 F.3d 1331, 1336, 1341 (Fed. Cir. 2005); see also *Mittal Steel*, 542 F.3d at 879 (“*Bratsk* did not read into the antidumping statute a Procrustean formula for determining whether a domestic injury was ‘by reason’ of subject imports.”).

⁸⁶ *Mittal Steel*, 542 F.3d at 875-79.

subject imports.⁸⁷ Accordingly, we do not consider ourselves required to apply the replacement/benefit test that was included in Commission opinions subsequent to *Bratsk*.

The progression of *Gerald Metals*, *Bratsk*, and *Mittal Steel* clarifies that, in cases involving commodity products where price-competitive nonsubject imports are a significant factor in the U.S. market, the Court will require the Commission to give full consideration, with adequate explanation, to non-attribution issues when it performs its causation analysis.⁸⁸

The question of whether the material injury threshold for subject imports is satisfied notwithstanding any injury from other factors is factual, subject to review under the substantial evidence standard.⁸⁹ Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.⁹⁰

B. Conditions of Competition and the Business Cycle

The following conditions of competition inform our analysis of whether there is a reasonable indication of material injury by reason of subject imports.

1. Captive Production

We first consider the applicability of the statutory captive production provision.⁹¹ Petitioners argue that the Commission should apply the captive production provision and focus

⁸⁷ *Mittal Steel*, 542 F.3d at 873 (quoting from *Gerald Metals*, 132 F.3d at 722), 875-79 & n.2 (recognizing the Commission's alternative interpretation of *Bratsk* as a reminder to conduct a non-attribution analysis).

⁸⁸ To that end, after the Federal Circuit issued its decision in *Bratsk*, the Commission began to present published information or send out information requests in the final phase of investigations to producers in nonsubject countries that accounted for substantial shares of U.S. imports of subject merchandise (if, in fact, there were large nonsubject import suppliers). In order to provide a more complete record for the Commission's causation analysis, these requests typically seek information on capacity, production, and shipments of the product under investigation in the major source countries that export to the United States. The Commission plans to continue utilizing published or requested information in the final phase of investigations in which there are substantial levels of nonsubject imports.

⁸⁹ We provide in our respective discussions of volume, price effects, and impact a full analysis of other factors alleged to have caused any material injury experienced by the domestic industry.

⁹⁰ *Mittal Steel*, 542 F.3d at 873; *Nippon Steel Corp.*, 458 F.3d at 1350, citing *U.S. Steel Group*, 96 F.3d at 1357; S. Rep. 96-249 at 75 ("The determination of the ITC with respect to causation is ... complex and difficult, and is a matter for the judgment of the ITC.").

⁹¹ The captive production provision, 19 U.S.C. § 1677(7)(C)(iv), as amended by the Trade Preferences Extension Act of 2015, provides:

(iv) CAPTIVE PRODUCTION – If domestic producers internally transfer significant production of the domestic like product for the production of a downstream article and sell significant production of the domestic like product in the merchant market, and the Commission finds that-

(I) the domestic like product produced that is internally transferred for processing into
(Continued...)

on the merchant market when analyzing the domestic industry's market share and financial performance.⁹² Promptex argues that the Commission should not apply the captive production provision in these investigations.⁹³

The captive production provision can be applied only if, as a threshold matter, significant production of the domestic like product is internally transferred and significant production is sold in the merchant market. Neither the statute nor the legislative history describes what quantum of production is significant. Instead, the SAA states merely that the Commission should determine "significance" on a case-by-case basis and that "{C}aptive production and merchant sales are significant if they are of such magnitude that a more focused analysis of market share and financial performance is needed for the Commission to obtain a complete picture of the competitive impact of imports on the domestic industry."⁹⁴

In these investigations, commercial shipments accounted for between *** percent and *** percent of the domestic industry's total shipments in this period.⁹⁵ Internal consumption accounted for between *** percent and *** percent of the domestic industry's total shipments of PTY between 2015 and interim 2018.⁹⁶ We observe that the internal consumption percentages are potentially understated because two U.S. producers that are understood to have had no merchant market sales of PTY did not submit questionnaire responses in the preliminary phase of these investigations.⁹⁷ Accordingly, due to uncertainties in the record, we are not finding the threshold to be met and decline to apply the captive production provision for purposes of the preliminary phase of these investigations.⁹⁸ We will consider further

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that downstream article does not enter the merchant market for the domestic like product, and

(II) the domestic like product is the predominant material input in the production of that downstream article.

The SAA indicates that where a domestic like product is transferred internally for the production of another article coming within the definition of the domestic like product, such transfers do not constitute internal transfers for the production of a "downstream article" for purposes of the captive production provision. SAA at 853.

⁹² Petitioners' Postconference Br. at 14-16.

⁹³ Promptex's Postconference Br. at 16.

⁹⁴ SAA at 852.

⁹⁵ CR/PR at Table III-6. Export shipments of PTY by the domestic industry accounted for between *** percent of its total shipments during the period of investigation. *Id.*

⁹⁶ CR/PR at Table III-6. Internal consumption accounted for between *** percent of the domestic industry's U.S. shipments during the period of investigation. *Id.*

⁹⁷ CR at III-13; PR at III-8.

⁹⁸ Chairman Johanson and Commissioner Kearns find that the criteria for application of the captive production provision are satisfied in these investigations and would thus apply the captive consumption provision for purposes of their analysis in the preliminary phase of these investigations. As a threshold matter, we find that both the internal transfer and merchant market segments constitute significant portions of the market. *See, e.g., Certain Steel Grating from China*, USITC Inv. Nos. 701-TA-465 and 731-TA-1161 (Preliminary), USITC Pub. No. 4087 (2009)(finding the threshold met for similar market segments); *Electrolytic Manganese Dioxide from Australia and China*, USITC Inv. Nos. 731-TA- (Continued...)

whether to apply this provision in any final phase of these investigations. We nonetheless consider as a condition of competition that a significant share of domestic production is sold in the merchant market and have examined merchant market data in our analysis when appropriate, as well as data for the total U.S. market.

2. Demand Conditions

U.S. demand for PTY depends on demand for downstream products. PTY is reportedly used in a variety of end uses, including apparel, automotive, bedding, medical supplies, industrial materials, and medical supplies and devices.⁹⁹ The largest end-use of PTY involves polyester fabrics in which the PTY is used.¹⁰⁰ PTY generally accounts for a moderately-to-large share of the cost of the products in which it was used. U.S. producers reported that PTY accounts for 5-80 percent of the cost of the downstream products, and importers reported that

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1124 and 1125 (Final), USITC Pub. No. 4036 (2008)(same); *Hydrofluorocarbon Blends and Components from China*, USITC Inv. No. 731-TA-1279 (Final), USITC Pub. No. 4629 (2016)(same); *Uncovered Innerspring Units from China, South Africa, and Vietnam*, USITC Inv. Nos. 731-TA-1140-1142, USITC Pub. No. 3983 (2008)(same); *Aluminum Foil from China (Final)*, USITC Inv. Nos. 701-TA-570 and 731-TA-1346 (Final), USITC Pub. No. 4771 (2018)(same); *Aluminum Foil from China*, USITC Inv. Nos. 701-TA-570 and 731-TA-1346 (Preliminary), USITC Pub. No. 4684 (2017)(same).

We further find that the statutory criteria are met. The first statutory criterion tests whether the domestic like product produced that is internally transferred for processing into downstream articles does not enter the merchant market for the domestic like product. 19 U.S.C. § 1677(7)(C)(iv)(I). In these investigations, *** out of five responding domestic producers reported internal consumption of PTY for the production of downstream *** products, and no domestic producers in these investigations reported diverting PTY that was to be internally consumed to the merchant market. See CR at III-13; PR at III-8. Hence, the first criterion is met here. In applying the second statutory criterion, the Commission generally considers whether the domestic like product is the predominant material input into a downstream product by referring to its share of the raw material cost of the downstream product. 19 U.S.C. § 1677(7)(C)(iv)(II). In these investigations, PTY reportedly comprises *** percent of the finished cost of downstream *** products made from PTY. See CR at III-14; PR at III-8. Thus, this criterion is also satisfied in these investigations. Accordingly, we focus our analysis primarily on the merchant market in analyzing the market share and financial performance of the domestic industry. Notwithstanding, because the Commission examined both the total and merchant markets in its analysis, we join the opinion in all other aspects not inconsistent with our finding that the criteria for the application of the captive production provision was met in these investigations. We also note that each case may have its own circumstances, and so there may not be an absolute numerical level that determines significance. As such, we will also evaluate any additional information that may surface during the final phase of these investigations to further assess whether to apply this provision at that stage.

⁹⁹ CR at I-9, II-6; PR at I-7, II-4.

¹⁰⁰ CR at I-9, II-6; PR at I-7, II-4.

PTY accounts for 5-100 percent of the cost of the downstream products.¹⁰¹ There are limited substitutes for PTY.¹⁰²

In petitioners' view, demand for PTY has been growing at a marginal rate, and was higher in the interim period.¹⁰³ Promptex argues that the domestic industry focuses on specialty products tailored to automotive, textile/apparel, and industrial end uses and that demand for these end uses declined during the period of investigation.¹⁰⁴ Among responding market participants, an equal number of U.S. producers (***) each reported that U.S. demand for PTY increased or did not change during the period of investigation, while *** reported that it fluctuated during the period of investigation. *** of importers (***) reported that U.S. demand for PTY increased or fluctuated, and *** (***), reported that U.S. demand did not change or decreased during the period of investigation.¹⁰⁵

Apparent U.S. consumption in the total market decreased 7.5 percent from 2015 to 2017. It was 310.6 million pounds in 2015, 293.3 million pounds in 2016, and 287.3 million pounds in 2017. It was 218.3 million pounds in interim 2017 and higher, at 224.9 million pounds, in interim 2018.¹⁰⁶ Apparent U.S. consumption in the merchant market followed the same trends, decreasing *** percent from 2015 to 2017. It was *** pounds in 2015, *** pounds in 2016, and *** pounds in 2017; it was *** pounds in interim 2017 and higher, at *** pounds, in interim 2018.¹⁰⁷

3. Supply Conditions

The sources of supply to the U.S. PTY market are the domestic industry, subject imports, and nonsubject imports. During the period of investigation, the domestic industry was the largest source of supply of PTY in the U.S. market. Its share of the total market was 54.5 percent in 2015, 54.3 percent in 2016, and 54.5 percent in 2017; it was 53.9 percent in interim 2017 and 51.6 percent in interim 2018.¹⁰⁸ The domestic industry's share of the merchant market was *** percent in 2015, *** percent in 2016, and *** percent in 2017; it was *** percent in interim 2017 and *** percent in interim 2018.¹⁰⁹ Although the domestic industry

¹⁰¹ CR at II-6; PR at II-4.

¹⁰² CR at II-6; PR at II-4.

¹⁰³ Petitioners' Postconference Br. at 16-17 & Exhibits 7, 13.

¹⁰⁴ Promptex's Postconference Br. at 8-9. Promptex also contends that, if the price of PTY becomes too high, it will affect demand for PTY in the apparel segment because companies in the United States will move production of the downstream product out of the United States or import the downstream product. Promptex's Postconference Br. at 9-10.

¹⁰⁵ CR/PR at II-4.

¹⁰⁶ CR/PR at Tables IV-9, C-1.

¹⁰⁷ CR/PR at Tables IV-11, C-1.

¹⁰⁸ CR/PR at Tables IV-10 & C-1.

¹⁰⁹ CR/PR at Tables IV-12 & C-2.

maintained its role as the largest source of supply of PTY during the period of investigation, two U.S. producers ceased some or all of their PTY production operations of PTY.¹¹⁰

In the beginning of the period of investigation, subject imports accounted for the smallest source of PTY in the U.S. market; however, they increased their market share to become the second largest source of supply at the end of the period. Subject imports' share of the total market was 19.9 percent in 2015, 21.3 percent in 2016, and 24.0 percent in 2017; it was 23.8 percent in interim 2017 and 26.5 percent in interim 2018.¹¹¹ Subject imports' share of the merchant market was *** percent in 2015, *** percent in 2016, and *** percent in 2017; it was *** percent in interim 2017 and *** percent in interim 2018.¹¹²

Nonsubject imports shifted from the second largest supply of PTY in the U.S. market to be the smallest source by the end of the period. Nonsubject imports' share of the total market was 25.6 percent in 2015, 24.3 percent in 2016, and 21.5 percent in 2017; it was 22.3 percent in interim 2017 and 21.9 percent in interim 2018.¹¹³ Nonsubject imports' share of the merchant market was *** percent in 2015, *** percent in 2016, and *** percent in 2017; it was *** percent in interim 2017 and *** percent in interim 2018.¹¹⁴ The largest source of nonsubject imports in 2017 was Mexico.¹¹⁵

4. Substitutability and Other Conditions

The record in the preliminary phase of these investigations indicates that there is a high degree of substitutability between domestically produced PTY and PTY from the subject sources. As discussed above, the majority of U.S. producers and a plurality of U.S. importers reported that PTY from the United States, China, and India are always interchangeable.¹¹⁶

The record also indicates that price is an important factor in purchasing decisions. The majority of U.S. producers reported that differences other than price were never significant between PTY produced in the United States, China, and India in the U.S. market.¹¹⁷ A plurality of importers also reported that differences other than price were never significant between PTY produced in the United States and India, and a plurality of importers reported that differences other than price were frequently significant when comparing U.S. produced PTY and subject imports from China.¹¹⁸ In addition, purchasers confirmed the importance of price in PTY sales in their responses to the Commission's lost sales and lost revenue survey. As discussed further in section VII.D., all *** purchasers that reported purchasing subject imports instead of

¹¹⁰ U.S. producer ***, and *** ceased all operations ***. CR at III-3; PR at II-2; CR/PR at Table VI-9.

¹¹¹ CR/PR at Tables IV-10 & C-1.

¹¹² CR/PR at Tables IV-12 & C-2.

¹¹³ CR/PR at Tables IV-11 & C-1.

¹¹⁴ CR/PR at Table IV-12 & C-2.

¹¹⁵ CR at II-5; PR at II-4.

¹¹⁶ CR/PR at Table II-6.

¹¹⁷ CR/PR at Table II-7.

¹¹⁸ CR/PR at Table II-6. At the conference, a representative from Promptex described price as being a "very important" factor. Tr. at 94, 96, 102, 110, 112 (Soor).

domestically produced PTY reported that the lower price of the subject imports was the primary reasons for their decision to purchase subject imports.¹¹⁹

Promptex argues that competition between subject imports and domestically produced PTY is not based on price; rather, competition between the two is attenuated. It asserts that there are several segments in the U.S. market in which its imported products do not compete, including the automotive segment, eco-friendly PTY products made from recycled materials, and other high end markets.¹²⁰ In contrast, according to Promptex, subject producers do not serve specialty markets and focus on commodity products, such as food, industrial, and apparel end uses that do not value appearance and involve less stringent specifications, such as elastic cord to tie food and pipe coverings.¹²¹ The record in the preliminary phase of these investigations, however, shows that most market participants view domestically produced PTY and subject imports to be interchangeable¹²² and that the domestic like product and subject imports compete directly in the U.S. market based on price.¹²³ In addition, even if Promptex does not serve all market segments in the United States, the record shows that domestic producers and importers of subject merchandise overlap in their end uses and customers.¹²⁴

Promptex further alleges that a large part of the U.S. market is regulated by laws such as the Berry Amendment, and free trade agreements (CAFTA, NAFTA, Regional FTAs), which prevent subject imports from competing with domestically produced products and other imports.¹²⁵ However, the limited record in the preliminary phase of these investigations does not contain sufficient evidence to assess whether and to what extent the Berry Amendment and free trade agreements affect the U.S. PTY market. Consequently, we intend to further explore these issues in any final phase of the investigations.

Pursuant to Section 301 of the Trade Act of 1974, subject imports from China are subject to an additional 10-percent *ad valorem* tariff, which is scheduled to increase to 25-percent *ad valorem* on January 1, 2019.¹²⁶ Market participants were asked whether their business or the U.S. PTY market had been affected or would be affected by the announcement and duties. Most U.S. producers reported that the Section 301 tariffs had not affected, and were not anticipated to affect, current or anticipated demand or prices for PTY in the U.S.

¹¹⁹ CR/PR at Table V-13.

¹²⁰ Promptex's Postconference Br. at 23-24.

¹²¹ Promptex's Postconference Br. at 9-12.

¹²² CR/PR at Table II-6.

¹²³ CR/PR at Table II-7.

¹²⁴ CR/PR at Tables V-13, V-15; Petitioners' Postconference Br. at 19-24 & Exhibits 7, 8.

¹²⁵ Promptex's Postconference Br. at 2-6.

¹²⁶ CR at I-8-9, PR at I-6. Section 301 of the Trade Act of 1974, as amended, 19 U.S.C. § 2411, authorizes the USTR, at the direction of the President, to take appropriate action to respond to a foreign country's unfair trade practices. On September 21, 2018, notice was published in the Federal Register that certain products, including those imported under HTS statistical reporting numbers 5402.33.3000 and 5402.33.6000 (PTY), would be subject to a 10 percent *ad valorem* duty, and that the duty will increase to 25 percent on or after January 1, 2019. *Notice of Modification of Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 83 Fed. Reg. 47974, 47992 (USTR Sept. 21, 2018).

market. Most importers, however, reported that the tariffs had caused, and were expected to continue to cause, prices for PTY in the U.S. market to increase.¹²⁷

As previously discussed in Section III, U.S. producers of PTY have differing levels of production integration. Accordingly, they vary in terms of the form of primary inputs used to produce PTY.¹²⁸ The main input for PTY, however, is PET, which may be derived from virgin or recycled materials, and the main components of PET are monoethylene glycol and purified terephthalic acid.¹²⁹ All five responding U.S. producers and the majority of responding importers (12 out of 21 firms) reported that the prices of raw materials used to produce PTY increased since January 2015, while the remaining nine importers reported that raw material prices fluctuated since January 2015 with no clear trend.¹³⁰

Another relevant characteristic of this market is that a considerable portion of subject imports entered the United States as direct imports.¹³¹ The most commonly reported benefit of directly importing PTY was the cost savings.¹³²

C. Volume of Subject Imports

Section 771(7)(C)(i) of the Tariff Act provides that the “Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant.”¹³³

Subject imports maintained a significant and increasing presence in the U.S. market throughout the period of investigation. In absolute terms, the volume of subject imports was 61.7 million pounds in 2015, 62.6 million pounds in 2016, and 68.9 million pounds in 2017; it was 51.9 million pounds in interim 2017 and 59.7 million pounds in interim 2018.¹³⁴ As explained above, subject imports’ share of the total market was 19.9 percent in 2015, 21.3 percent in 2016, and 24.0 percent in 2017; it was 23.8 percent in interim 2017 and 26.5 percent in interim 2018.¹³⁵ Subject imports’ share of the merchant market was *** percent in 2015, *** percent in 2016, and *** percent in 2017; it was *** percent in interim 2017 and *** percent in interim 2018.¹³⁶

Based on the foregoing, we find that the volume of subject imports, and the increase in the volume, were significant in absolute terms as well as relative to apparent U.S. consumption.

¹²⁷ CR at II-9 – II-10; PR at II-7.

¹²⁸ CR at VI-9 – VI-10; PR at VI-3 – VI-4.

¹²⁹ CR/PR at V-1.

¹³⁰ CR at/PR at V-1. We intend, in any final phase of these investigations, to further explore raw material prices and trends. In this regard, we invite the parties to identify any sources for raw material prices and to place on the record in any final phase any information regarding these prices.

¹³¹ CR/PR at Tables V7 – V-9.

¹³² CR at V-14; PR at V-5.

¹³³ 19 U.S.C. § 1677(7)(C)(i).

¹³⁴ CR/PR at Table C-1.

¹³⁵ CR/PR at Table C-1.

¹³⁶ CR/PR at Table C-2.

D. Price Effects of the Subject Imports

Section 771(7)(C)(ii) of the Tariff Act provides that, in evaluating the price effects of subject imports, the Commission shall consider whether –

- (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and
- (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.¹³⁷

As addressed in section VII.B.4 above, the record indicates that there is a high degree of substitutability between subject imports and the domestic like product and that price is an important consideration in purchasing decisions.

The Commission collected quarterly pricing data on four PTY products.¹³⁸ Four U.S. producers and 10 importers provided usable pricing data, although not all firms reported pricing for all products for all quarters.¹³⁹ Pricing data reported by these firms accounted for 21.9 percent of U.S. producers' commercial shipments of PTY, 29.6 percent of U.S. shipments of subject imports from China, and 7.4 percent of reported U.S. commercial shipments of subjects from India in 2017.¹⁴⁰

The pricing data show that cumulated subject imports undersold the domestic like product in 85 out of 91 quarterly comparisons, involving *** pounds.¹⁴¹ Margins of underselling ranged from *** to *** percent.¹⁴² In the remaining 6 instances, involving *** pounds, subject imports were priced higher than the domestic like product at margins ranging from *** to *** percent.¹⁴³

In addition to the pricing data for domestic producers' and importers' sales, eight importers provided quarterly purchase cost data for their direct imports of products 1, 2, and

¹³⁷ 19 U.S.C. § 1677(7)(C)(ii).

¹³⁸ The pricing products were as follows:

Product 1 – Single ply, 150 denier, 34 to 38 filaments, semi-dull natural luster, round polyester textured yarn.

Product 2 – Single ply, 70 denier, 34 to 38 filaments, semi-dull natural luster, round polyester textured yarn.

Product 3 – Single ply, 70 denier, 68 to 72 filaments, semi-dull natural luster, round polyester textured yarn.

Product 4 – Single ply, 300 denier, 68 to 72 filaments, semi-dull natural luster, round polyester textured yarn.

CR at V-5; PR at V-3 – V-4; CR/PR at Tables V-3 – V-6.

¹³⁹ CR at V-5; PR at V-4.

¹⁴⁰ CR at V-5; PR at V-4.

¹⁴¹ CR/PR at Tables V-3 – V-6; CR at V-22; PR at V-7.

¹⁴² CR/PR at Tables V-3 – V-6; CR at V-22; PR at V-7.

¹⁴³ CR/PR at Tables V-3 – V-6; CR at V-22; PR at V-7.

4.¹⁴⁴ These importers imported the subject merchandise for their own use. Import purchase cost data reported by these firms accounted for approximately *** percent of U.S. shipments of imports from China in 2017 and *** percent of U.S. shipments of imports from India in 2017.¹⁴⁵ The direct import purchase costs of cumulated subject imports were lower than the sales prices for the domestically produced product in *** quarterly comparisons.¹⁴⁶ Moreover, on a quantity basis, there were *** pounds of cumulated subject imports in quarters in which the purchase cost was lower than the sales price for the domestic like product.¹⁴⁷

We are aware that the direct import purchase costs may not account for the total costs of importing. Consequently, the questionnaires also requested that direct importers provide additional estimated costs above landed duty-paid value associated with their importing activities. Direct import costs were far lower than domestic producer sales prices even after taking into account the reported additional costs associated with the direct importation of subject merchandise.¹⁴⁸

Based on the high degree of substitutability between subject imports and the domestic like product and the importance of price in purchasing decisions, we find that the pervasive subject import underselling caused the market share losses experienced by the domestic industry during the period of investigation. As further evidence, we observe that four of six responding purchasers reported that they had purchased subject imports rather than the domestic like product, and all four reported that subject import prices were lower than prices for domestically produced PTY.¹⁴⁹ Moreover, all four responding purchasers reported that price was a primary reason for purchasing subject imports instead of the domestic like product in purchases involving *** pounds of PTY.¹⁵⁰

Considering all quarterly pricing data available, including importers' resale data and direct import purchase cost data, as well as lost sales data, we find that subject import prices were lower than the prices for the domestic like product, involving a substantial volume of PTY.

¹⁴⁴ CR at V-14; PR at V-5; CR/PR at Table V-7 – V-9.

¹⁴⁵ *Calculated from* Responses to Commission Questionnaires.

¹⁴⁶ Derived from CR/PR at Tables V-7 – V-9.

¹⁴⁷ Derived from CR/PR at Tables V-7 – V-9. On a quantity basis, there were *** pounds of subject imports from China and *** pounds of subject imports from India in quarters in which the purchase cost was lower than the sales price for the domestic like product. *Id.*

¹⁴⁸ Firms reported the following estimates of additional costs of direct importing as a share of landed duty-paid value for the following factors: logistical or supply chain costs, 4 percent; inventory carrying costs, 1 to 5 percent; and additional insurance costs, 1 percent. CR at V-14; PR at V-6. Three importers estimated that they saved between 3 and 16 percent of landed duty-paid value by importing themselves rather than purchasing. *Id.* The average difference between direct import purchase costs and domestic sales prices, however, was approximately *** percent, which was significantly higher than the estimated additional costs reported by direct importers for their importing activities. *Calculated from* CR/PR at Tables V-1 – V-9.

¹⁴⁹ CR at V-25; PR at V-9; CR/PR at Table V-13.

¹⁵⁰ CR at V-25; PR at V-9 – V-10; CR/PR at Table V-13. Furthermore, two purchasers reported increasing their share of subject imports by the same percentage points that they decreased their purchases of domestic like product. CR/PR at Table V-15.

Consequently, we find that subject imports undersold the domestic like product to a significant degree.¹⁵¹

We have also examined price trends for the domestic like product and cumulated subject imports. Prices of the domestic like product and subject imports fluctuated during the period of investigation.¹⁵² From the first quarter of 2015 through the third quarter of 2018, prices for the domestic like product increased *** percent for product 1 and *** percent for product 4.¹⁵³ From the first quarter of 2015 through the third quarter of 2018, the domestic like product decreased *** percent for product 2 and *** percent for product 4.¹⁵⁴

Although the record indicates that U.S. producers were able to increase prices for their PTY products to some degree during the period of investigation, they were unable to raise prices commensurately with their costs. The domestic industry's ratio of its costs of goods sold ("COGS") to net sales was high and increased during the period of investigation. With respect to the total U.S. PTY market, the domestic industry's COGS to net sales increased from *** percent in 2015 to *** percent in 2016 and *** percent in 2017; it was *** percent in interim 2017 and *** percent in interim 2018.¹⁵⁵ With respect to the U.S. PTY merchant market, the domestic industry's COGS to net sales increased from *** percent in 2015 to *** percent in 2016 and *** percent in 2017; it was *** percent in interim 2017 and *** percent in interim 2018.¹⁵⁶ Other record evidence supports finding that subject imports put competitive pressure on domestic producers to reduce prices, despite the increasing ratio of COGS to net sales. Specifically, one purchaser reported that the domestic producer reduced its prices by *** percent to compete with lower priced subject imports, and another producer indicated that it had requested a price reduction, but the domestic producer did not comply.¹⁵⁷ Accordingly, we find that subject imports prevented price increases for the domestic like product that otherwise would have occurred to a significant degree.

In conclusion, given that the domestic like product and subject imports are highly substitutable and compete on the basis of price, we find that the pervasive underselling by subject imports affected the prices for domestically produced PTY. The lower prices of subject

¹⁵¹ Promptex argues that differences in prices of the domestic like product and subject imports reflects differences in the types of products rather than underselling because the domestic industry allegedly focuses on higher end specialty and branded PTY products, while subject imports allegedly focus on less expensive, lower end grades of PTY. Promptex's Postconference Br. at 21-23. As previously discussed, we find that there is a high degree of substitutability between domestically produced PTY and PTY from the subject sources and that PTY from the United States and subject sources compete directly in the U.S. market in overlapping end uses. Thus, based on the record in the preliminary phase of these investigations, we reject Promptex's argument that the differences in prices of the domestic like product and subject imports reflect differences in products rather than underselling.

¹⁵² CR/PR at Tables V-3 – V-6.

¹⁵³ CR/PR at Table V-10.

¹⁵⁴ CR/PR at Table V-10

¹⁵⁵ CR/PR at Table C-1.

¹⁵⁶ CR/PR at Table C-1.

¹⁵⁷ CR/PR at Table V-15.

imports prevented the domestic industry from obtaining price increases, which otherwise would have occurred given the domestic industry's increasing ratio of COGS to net sales.

Therefore, for purposes of the preliminary phase of these investigations, we find that subject imports had significant price effects on domestically produced PTY.

E. Impact of the Subject Imports¹⁵⁸

Section 771(7)(C)(iii) of the Tariff Act provides that the Commission, in examining the impact of the subject imports on the domestic industry, "shall evaluate all relevant economic factors which have a bearing on the state of the industry." These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, gross profits, net profits, operating profits, cash flow, return on investment, return on capital, ability to raise capital, ability to service debt, research and development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."¹⁵⁹

We have examined the domestic industry's performance with respect to a number of factors. As discussed above, we consider the domestic industry's internal consumption of PTY to constitute a significant condition of competition. Accordingly, we examine the domestic industry's performance not only in the context of the total PTY market, but also the merchant market, where relevant to analysis.

From 2015 to 2017, the domestic industry's output indicators declined at a greater rate than apparent U.S. consumption, and the indicators were generally lower in interim 2018 compared to interim 2017, even though apparent U.S. consumption was higher.¹⁶⁰

The domestic industry's capacity remained relatively stable during the period of investigation. It was 274.3 million pounds in 2015, 274.2 million pounds in 2016, and 274.8 million pounds in 2017; it was 206.1 million pounds in interim 2017 and 205.9 million pounds in

¹⁵⁸ In its notice initiating the antidumping duty investigation on PTY from China and India, Commerce reported estimated dumping margins ranging from 74.98 to 77.15 percent for imports from China, and 35.14 to 202.93 percent for imports from India. *Polyester Textured Yarn from India and the People's Republic of China: Initiation of Less-Than-Fair-Value Investigations*, 83. Fed. Reg. 58223 (Dep't of Comm. Nov. 19, 2018); CR at I-7 – I-8; PR at I-6.

¹⁵⁹ 19 U.S.C. § 1677(7)(C)(iii). This provision was amended by the Trade Preferences Extension Act of 2015, Pub. L. 114-27.

¹⁶⁰ In the total market, apparent U.S. consumption fell 7.5 percent from 2015 to 2017, while the domestic industry's production fell 12.1 percent and U.S. shipments fell 7.5 percent during that time. Apparent U.S. consumption in the total market was 3.0 percent higher in interim 2018 than in interim 2017; however, the domestic industry's production was 0.1 percent lower and U.S. shipments were 1.5 percent lower in interim 2018 than in interim 2017. *Id.* In the merchant market, apparent U.S. consumption fell *** percent from 2015 to 2017, while the domestic industry's production fell 12.1 percent and commercial U.S. shipments fell *** percent during that time. Apparent U.S. consumption in the merchant market was *** percent higher in interim 2018 than in interim 2017; however, the domestic industry's production was 0.1 percent lower and commercial U.S. shipments were *** percent lower in interim 2018 than in interim 2017. CR/PR at Tables C-1 & C-2.

interim 2018.¹⁶¹ Production, however, decreased from 216.9 million pounds in 2015 to 194.9 million pounds in 2016 and 190.6 million pounds in 2017; production was 145.7 million pounds in interim 2017 and 145.5 million pounds in interim 2018.¹⁶² As a result, the domestic industry's capacity utilization rate fell from 79.1 percent in 2015 to 71.1 percent in 2016 and 69.4 percent in 2017; it was 70.7 percent in both interim periods.¹⁶³ The domestic industry's inventories decreased from 18.0 million pounds in 2015 to 15.9 million pounds in 2016 and 12.5 million pounds in 2017; they were 15.1 million pounds in interim 2017 and 15.8 million pounds in interim 2018.¹⁶⁴

During the period of investigation, the domestic industry's total U.S. shipments, by quantity, fell from 169.4 million pounds in 2015 to 159.3 million pounds in 2016 and 156.6 million pounds in 2017; they were 117.7 million pounds in interim 2017 and 116.0 million pounds in interim 2018.¹⁶⁵ In the merchant market, the domestic industry's commercial U.S. shipments, by quantity, fell at an even greater rate, declining from *** pounds in interim 2015 to *** pounds in 2016 and *** pounds in 2017; they were *** pounds in interim 2017 and *** pounds in interim 2018.¹⁶⁶

In the total U.S. PTY market, the domestic industry's market share was stable from 2015 to 2017, although it was lower in interim 2018 than in interim 2017.¹⁶⁷ The domestic industry's share of the merchant market, however, decreased from 2015 to 2017 and was lower in interim 2018 compared to interim 2017, as it lost market share to subject imports.¹⁶⁸

The domestic industry's employment indicia were mixed during the period of investigation.¹⁶⁹

The domestic industry's total net sales, by value, declined from \$*** in 2015 to \$*** in 2016 and \$*** in 2017; they were \$*** in interim 2017 and \$*** in interim 2018.¹⁷⁰ The

¹⁶¹ CR/PR at Table C-1.

¹⁶² CR/PR at Table C-1.

¹⁶³ CR/PR at Table C-1.

¹⁶⁴ CR/PR at Table C-1.

¹⁶⁵ CR/PR at Table C-1.

¹⁶⁶ CR/PR at Table C-2.

¹⁶⁷ CR/PR at Table C-1. Its share of the total market was 54.5 percent in 2015, 54.3 percent in 2016, and 54.5 percent in 2017; it was 53.9 percent in interim 2017 and 51.6 percent in interim 2018. *Id.*

¹⁶⁸ CR/PR at Table C-2. The domestic industry's share of the merchant market was *** percent in 2015, *** percent in 2016, and *** percent in 2017; it was *** percent in interim 2017 and *** percent in interim 2018. *Id.*

¹⁶⁹ Production related workers ("PRWs") were 1,015 in 2015, 998 in 2016, and 1,043 in 2017; the number of PRWs was 1,034 in interim 2017 and 1,007 in interim 2018. Hours worked decreased from 2.1 million in 2015 to 2.0 million in 2016 and 2017; they were 1.5 million in interim 2017 and 1.6 million in interim 2018. Productivity declined from 2015 to 2017, and was lower in interim 2018 compared to interim 2017. It was 102.8 pounds per hour in 2015, 96.3 pounds per hour in 2016, and 94.3 pounds per hour in 2017; it was 96.6 pounds per hour in interim 2017 and 91.9 in interim 2018. Wages paid were \$46.2 million in 2015, \$45.2 million in 2016, and \$46.8 million in 2017; they were \$35.1 million in interim 2017 and \$35.5 million in interim 2018. CR/PR at Table C-1.

¹⁷⁰ CR/PR at Table C-1.

domestic industry's sales revenues in the merchant market declined at an even greater rate, falling from \$*** in 2015 to \$*** in 2016 and \$*** in 2017; they were \$*** in interim 2017 and \$*** in interim 2018.¹⁷¹ In both the total U.S. market and the merchant market, the domestic industry's COGS fell overall from 2015 to 2017, but was higher in interim 2018 compared to interim 2017. For the total market, the domestic industry's COGS initially decreased from \$*** in 2015 to \$*** in 2016 and then increased to \$*** in 2017; it was \$*** in interim 2017 and \$*** in interim 2018.¹⁷² For the merchant market, the domestic industry's COGS also initially decreased from \$*** in 2015 to \$*** in 2016 and then increased to \$*** in 2017; it was \$*** in interim 2017 and \$*** in interim 2018.¹⁷³ Notwithstanding the declines in total COGS, the domestic industry's ratio of COGS to net sales increased steadily and at a greater pace throughout the period of investigation, resulting in a cost-price squeeze. In the total market, the COGS to net sales ratio was *** percent in 2015, *** percent in 2016, and *** percent in 2017; it was *** percent in interim 2017 and *** percent in interim 2018.¹⁷⁴ In the merchant market, the COGS to net sales ratio was *** percent in 2015, *** percent in 2016, and *** percent in 2017; it was *** percent in interim 2017 and *** percent in interim 2018.¹⁷⁵

The domestic industry's gross profit in the total market declined from \$*** in 2015 to \$*** in 2016 and \$*** in 2017; it was \$*** in interim 2017 and \$*** in interim 2018.¹⁷⁶ Operating income in the total market declined from \$*** in 2015 to \$*** in 2016 and \$*** in 2017; it was \$*** in interim 2017 and \$*** in interim 2018.¹⁷⁷ The industry's operating income to net sales ratio in the total market declined from *** percent in 2015 to *** percent in 2016 and *** percent in 2017; it was *** percent in interim 2017 and *** percent in interim 2018.¹⁷⁸ Net income in the total market declined from \$*** in 2015 to \$*** in 2016 and \$*** in 2017; it was \$*** in interim 2017 and \$*** in interim 2018.¹⁷⁹ The industry's ratio of net income to net sales in the total market declined from *** percent in 2015 to *** percent in 2016 and *** percent in 2017; it was *** percent in interim 2017 and *** percent in interim 2018.¹⁸⁰

¹⁷¹ CR/PR at Table C-2.

¹⁷² CR/PR at Table C-1.

¹⁷³ CR/PR at Table C-2.

¹⁷⁴ CR/PR at Table C-1. In the total market, the domestic industry's COGS declined by *** percent from 2015 through 2017, while the domestic industry's net sales by value declined *** percent during that time. *Id.* In the total market, the domestic industry's COGS was *** percent higher in interim 2017 compared to interim 2018, and its net sales by value was *** percent lower. *Id.*

¹⁷⁵ CR/PR at Table C-2. In the merchant market, the domestic industry's COGS declined by *** percent from 2015 through 2017, while the domestic industry's merchant market sales by value declined *** percent during that time. *Id.* In the merchant market, the domestic industry's COGS was *** percent higher in interim 2017 compared to interim 2018, and its merchant market sales by value were *** percent lower in interim 2018. *Id.*

¹⁷⁶ CR/PR at Table C-1.

¹⁷⁷ CR/PR at Table C-1.

¹⁷⁸ CR/PR at Table C-1.

¹⁷⁹ CR/PR at Table C-1.

¹⁸⁰ CR/PR at Table C-1.

The domestic industry's profitability in the merchant market showed even greater declines than in the total market. Gross profit in the merchant market declined from \$*** in 2015 to \$*** in 2016 and \$*** in 2017; it was \$*** in interim 2017 and \$*** in interim 2018.¹⁸¹ Operating income in the merchant market declined from \$*** in 2015 to \$*** in 2016 and \$*** in 2017; it was \$*** in interim 2017 and \$*** in interim 2018.¹⁸² The industry's operating income to net sales ratio in the merchant market declined from *** percent in 2015 to *** percent in 2016 and *** percent in 2017; it was *** percent in interim 2017 and *** percent in interim 2018.¹⁸³ Net income in the merchant market declined from \$*** in 2015 to \$*** in 2016 and \$*** in 2017; it was \$*** in interim 2017 and negative \$*** in interim 2018.¹⁸⁴ The industry's ratio of net income to net sales in the merchant market declined from *** percent in 2015 to *** percent in 2016 and *** percent in 2017; it was *** percent in interim 2017 and negative *** percent in interim 2018.¹⁸⁵

The domestic industry's return on assets declined from *** percent in 2015 to *** percent in 2016 and *** percent in 2017.¹⁸⁶ The industry's capital expenditures declined from 2014 to 2017, but were higher in interim 2018 compared to interim 2017.¹⁸⁷ Research and development ("R&D") expenses fluctuated during the period of investigation.¹⁸⁸

Thus, the significant volume of subject imports, which are highly substitutable with domestically produced PTY, undersold the domestic like product at substantial margins, resulting in competitive pressure that prevented the domestic industry from increasing its prices commensurately with its costs. In addition, the record indicates that the low priced subject imports took sales from U.S. producers and increased their share in the merchant market at the expense of domestic producers. Consequently, the subject imports caused the domestic industry to receive less revenue than it otherwise would have. For these reasons, we determine that subject imports had a significant impact on the domestic industry during the period of investigation.

We have also considered whether there are other factors that may have affected the domestic industry during the period of investigation to ensure that we are not attributing injury from these factors to subject imports. In particular, we have considered the presence of nonsubject imports during the period of investigation. As described above, nonsubject imports initially were the second largest source of supply during the period of investigation, but they lost market share to subject imports from 2015 to 2017.¹⁸⁹ In addition, the record indicates

¹⁸¹ CR/PR at Table C-2.

¹⁸² CR/PR at Table C-2.

¹⁸³ CR/PR at Table C-2.

¹⁸⁴ CR/PR at Table C-2.

¹⁸⁵ CR/PR at Table C-2.

¹⁸⁶ CR/PR at Table VI-7.

¹⁸⁷ CR/PR at Table VI-6. The domestic industry's capital expenditures were \$*** in 2015, \$*** in 2016, and \$*** in 2017; they were \$*** in interim 2017 and \$*** in interim 2018. *Id.*

¹⁸⁸ CR/PR at Table VI-6. The domestic industry's R&D expenses were \$*** in 2015, \$*** in 2016, and \$*** in 2017; they were \$*** in interim 2017 and \$*** in interim 2018. *Id.*

¹⁸⁹ Nonsubject imports volume decreased significantly over the period of investigation, from 79,510,000 pounds in 2015 to 71,406,000 pounds in 2016 and 61,782,000 pounds in 2017. Nonsubject (Continued...)

that nonsubject imports are priced higher than subject imports.¹⁹⁰ We find, therefore, for purposes of the preliminary phase of these investigations, that nonsubject imports do not explain the adverse price effects that we have attributed to subject imports and the domestic industry's loss of market share in the merchant market.

We have also considered that apparent U.S. consumption decreased from 2015 to 2017 in both the total and merchant markets. As previously discussed, however, these declines were generally less than the declines in production, shipments, and sales experienced by the domestic industry. In addition, apparent U.S. consumption in both markets was higher in interim 2018 than in interim 2017, while the domestic industry's production and shipments were lower. Moreover, subject imports continued to gain market share, even as apparent U.S. consumption declined, and did so at least in part at the expense of the U.S. producers in the merchant market.

We find unpersuasive Promptex's arguments that factors other than subject imports caused any injury to the domestic industry.¹⁹¹ In particular, as discussed previously, we find that the record in the preliminary phase indicates that the domestic like product and subject imports compete directly in the U.S. market. Nonetheless, we will further explore in any final phase of these investigations whether and to what extent the Berry Amendment and free trade agreements affect the U.S. market. In addition, although we intend to further explore the raw material inputs in any final phase of these investigations, the record in the preliminary phase does not suggest that any volatility in raw material prices or differences in raw material inputs due to the various levels of integration among U.S. producers sever the causal nexus between the behavior of subject imports and the adverse effects experienced by the domestic industry.

VIII. Conclusion

For the reasons stated above, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of subject imports of PTY from China and India that are allegedly subsidized and sold in the United States at less than fair value.

(...Continued)

imports' share of the total market was 25.6 percent in 2015, 24.3 percent in 2016, and 21.5 percent in 2017; it 22.3 percent in interim 2017 and 21.9 percent in interim 2018. CR/PR at Table C-1.

¹⁹⁰ CR/PR at Table C-1.

¹⁹¹ Promptex's Postconference Br. at 11-14 and 23-24.

PART I: INTRODUCTION

BACKGROUND

These investigations result from petitions filed with the U.S. Department of Commerce (“Commerce”) and the U.S. International Trade Commission (“USITC” or “Commission”) by Unifi Manufacturing, Inc., Greensboro, North Carolina; and Nan Ya Plastics Corp. America, Lake City, South Carolina, on October 18, 2018, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized and less-than-fair-value (“LTFV”) imports of polyester textured yarn¹ from China and India. The following tabulation provides information relating to the background of these investigations.^{2 3}

Effective date	Action
October 18, 2018	Petitions filed with Commerce and the Commission; institution of Commission investigations (83 FR 53899, October 25, 2018)
November 7, 2018	Commerce’s notices of initiation of AD and CVD investigations (83 FR 58223 and 83 FR 58232, November 19, 2018)
November 8, 2018	Commission’s conference
November 30, 2018	Commission’s vote
December 3, 2018	Commission’s determinations
December 11, 2018	Commission’s views

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory criteria

Section 771(7)(B) of the Tariff Act of 1930 (the “Act”) (19 U.S.C. § 1677(7)(B)) provides

that in making its determinations of injury to an industry in the United States, the Commission--

shall consider (I) the volume of imports of the subject merchandise, (II) the effect of imports of that merchandise on prices in the United States for domestic like products, and (III) the impact of imports of such merchandise on domestic producers of domestic like products, but only in the context of production operations within the United States; and. . . may consider such other economic factors as are relevant to the

¹ See the section entitled “The Subject Merchandise” in *Part I* of this report for a complete description of the merchandise subject in this proceeding.

² Pertinent *Federal Register* notices are referenced in appendix A, and may be found at the Commission’s website (www.usitc.gov).

³ A list of witnesses appearing at the conference is presented in appendix B of this report.

determination regarding whether there is material injury by reason of imports.

Section 771(7)(C) of the Act (19 U.S.C. § 1677(7)(C)) further provides that--⁴

In evaluating the volume of imports of merchandise, the Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States is significant. . . In evaluating the effect of imports of such merchandise on prices, the Commission shall consider whether. . . (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree. . . In examining the impact required to be considered under subparagraph (B)(i)(III), the Commission shall evaluate (within the context of the business cycle and conditions of competition that are distinctive to the affected industry) all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to. . . (I) actual and potential decline in output, sales, market share, gross profits, operating profits, net profits, ability to service debt, productivity, return on investments, return on assets, and utilization of capacity, (II) factors affecting domestic prices, (III) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, (IV) actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and (V) in {an antidumping investigation}, the magnitude of the margin of dumping.

In addition, Section 771(7)(J) of the Act (19 U.S.C. § 1677(7)(J)) provides that—⁵

(J) EFFECT OF PROFITABILITY.—The Commission may not determine that there is no material injury or threat of material injury to an industry in the United States merely because that industry is profitable or because the performance of that industry has recently improved.

⁴ Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

⁵ Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

Organization of report

Part I of this report presents information on the subject merchandise, alleged subsidy/dumping margins, and domestic like product. *Part II* of this report presents information on conditions of competition and other relevant economic factors. *Part III* presents information on the condition of the U.S. industry, including data on capacity, production, shipments, inventories, and employment. *Parts IV* and *V* present the volume of subject imports and pricing of domestic and imported products, respectively. *Part VI* presents information on the financial experience of U.S. producers. *Part VII* presents the statutory requirements and information obtained for use in the Commission's consideration of the question of threat of material injury as well as information regarding nonsubject countries.

MARKET SUMMARY

Polyester textured yarn is generally used in weaving and knitting of synthetic fabrics, which are ultimately manufactured into numerous products such as socks/hosiery and apparel, footwear, home textiles and furnishings, bedding, medical supplies and devices, industrial materials, and automotive seating and upholstery.⁶ The leading U.S. producer of polyester textured yarn is *** while leading producers of polyester textured yarn outside the United States include ***.⁷ The leading U.S. importer of polyester textured yarn from ***. Leading importers of polyester textured yarn from nonsubject countries (primarily Mexico, Indonesia, Malaysia, Taiwan, and Thailand) include *** and ***.

Apparent U.S. consumption of polyester textured yarn totaled approximately 287.3 million pounds (\$404.0 million) in 2017.⁸ Currently, eight firms are known to produce polyester textured yarn in the United States.⁹ U.S. producers' U.S. shipments of polyester textured yarn totaled 156.6 million pounds (\$271.5 million) in 2017, and accounted for 54.5 percent of apparent U.S. consumption by quantity and 67.2 percent by value.¹⁰ U.S. imports from subject sources totaled 68.9 million (\$62.7 million) in 2017 and accounted for 24.0 percent of apparent U.S. consumption by quantity and 15.5 percent by value. U.S. imports from nonsubject sources totaled 61.8 million (\$69.8 million) in 2017 and accounted for 21.5 percent of apparent U.S. consumption by quantity and 17.3 percent by value.

⁶ Petition, Volume I, p. 6.

⁷ Petition, Volume I, pp. 24-25.

⁸ These quantities and values are understated, as U.S. producers *** did not submit U.S. producer questionnaires. *** did report via email their production figures in 2017, which were *** pounds, respectively. Petitioners estimated that *** produced *** pounds in 2017. Petition, Exhibit General 2.

⁹ Nine firms were known to produce polyester textured yarn since January 2015, but one producer, ***. Email response from ***, November 13, 2018.

¹⁰ These quantities and values are understated, as U.S. producers *** did not submit U.S. producer questionnaires.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in these investigations is presented in appendix C, table C-1. U.S. industry data are based on questionnaire responses of five firms that accounted for 82.8 percent of U.S. production of polyester textured yarn during 2017. U.S. imports are based on Commerce's official import statistics under statistical reporting numbers 5402.33.3000 and 5402.33.6000 and the questionnaire responses of 22 U.S. importers of polyester textured yarn that are believed to have accounted for 74.5 percent of total U.S. imports (59.4 percent of U.S. imports from China and 78.5 percent of U.S. imports from India), 66.7 percent of total subject imports, and 83.2 percent of nonsubject U.S. imports during 2017.

PREVIOUS AND RELATED INVESTIGATIONS

Polyester textured yarn has not been the subject of prior countervailing or antidumping duty investigations in the United States.

NATURE AND EXTENT OF ALLEGED SUBSIDIES AND SALES AT LTFV

Alleged subsidies

On November 19, 2018, Commerce published a notice in the *Federal Register* of the initiation of its countervailing duty investigations on polyester textured yarn from China and India.¹¹

Commerce identified the following government programs in China:

- A. Preferential Loans and Interest Rates
 - 1. Policy Loans to the Polyester Textured Yarn Industry
 - 2. Export Loans from Chinese State-Owned Banks
 - 3. Export Seller's Credit
 - 4. Export Buyer's Credit
 - 5. Export Credit Guarantees
- B. Income Tax & Direct Tax Programs
 - 6. Income Tax Reduction for High- or New-Technology Enterprises
 - 7. Income Tax Deduction for Research and Development Expenses Under the Enterprise Income Tax
- C. Indirect Tax Programs
 - 8. Import Tariff and VAT Reductions for Foreign-Invested Enterprises (FIEs) and Certain Domestic Enterprises Using Imported Equipment in Encouraged Industries
 - 9. VAT Refunds for FIEs Purchasing Domestically-Produced Equipment

¹¹ *Polyester Textured Yarn from India and the People's Republic of China: Initiation of Countervailing Duty Investigations*, 83 FR 58232, November 19, 2018.

- D. Government Provision of Goods and Services for Less Than Adequate Remuneration (LTAR)
 - 10. Provision of Land for LTAR
 - 11. Provision of Monoethylene Glycol (MEG) for LTAR
 - 12. Provision of Purified Terephthalic Acid (PTA) for LTAR
 - 13. Provision of Electricity for LTAR
- E. Grant Programs
 - 14. GOC and Sub-Central Government Subsidies for the Development of Famous Brands and China World Top Brands
 - 15. Special Fund for Energy Savings Technology Reform
 - 16. The State Key Technology Renovation Project Fund
 - 17. SME International Market Exploration/Development Fund
 - 18. Small- and Medium-Sized Enterprise (SME) Technology Innovation Fund
 - 19. Export Assistance Grants
 - 20. Government Grants to Fujian Billion

Commerce identified the following government programs in India:

- A. Alleged Subsidy Programs Provided by the Government of India (GOI)
 - 1. Advance Authorization Program (AAP) (a.k.a. Advance License Program)
 - 2. Duty Drawback Program (DDB)
 - 3. Duty-Free Import Authorization Scheme (DFIA)
 - 4. Export Promotion of Capital Goods Scheme (EPCGS)
 - 5. Merchandise Export Incentive Scheme (MEIS)/Focus Product Scheme (FPS)
 - 6. Status Holders Incentive Scrip Scheme (SHIS)
 - 7. Incremental Export Incentive Scheme (IEIS)
 - 8. Special Economic Zones (SEZs) Programs
 - 9. Export Oriented Units (EOU) Scheme Programs
 - 10. Market Access Initiative (MAI)
 - 11. Market Development Assistance Program
 - 12. GOI Loan Guarantees
 - 13. Income Tax Deduction for Research and Development (R&D) Expenses
 - 14. Renewable Energy Certificate
- B. State Government Subsidy Programs
 - 15. State and Union Territory Sales Tax Incentive
 - 16. State Government of Maharashtra (SGOM) Subsidies Under the Package Scheme of Incentives
 - 17. Alleged Subsidy Programs Provided by State Government of Gujarat (SGOG)
 - 18. Alleged Subsidy Programs Provided by State Government of Uttar Pradesh (SGUP) Subsidies

Alleged sales at LTFV

On November 19, 2018, Commerce published a notice in the *Federal Register* of the initiation of its antidumping duty investigations on polyester textured yarn from China and India.¹² Commerce has initiated antidumping duty investigations based on estimated dumping margins of 74.98 to 77.15 percent for polyester textured yarn from China and 35.14 to 202.93 percent for polyester textured yarn from India.

THE SUBJECT MERCHANDISE

Commerce's scope

In the current proceeding, Commerce has defined the scope as follows:

The merchandise covered by these investigations, polyester textured yarn, is synthetic multifilament yarn that is manufactured from polyester (polyethylene terephthalate). Polyester textured yarn is produced through a texturing process, which imparts special properties to the filaments of the yarn, including stretch, bulk, strength, moisture absorption, insulation, and the appearance of a natural fiber. This scope includes all forms of polyester textured yarn, regardless of surface texture or appearance, yarn density and thickness (as measured in denier), number of filaments, number of plies, finish (luster), cross section, color, dye method, texturing method, or packing method (such as spindles, tubes, or beams).¹³

Tariff treatment

Based upon the scope set forth by the Department of Commerce, information available to the Commission indicates that the merchandise subject to these investigations is provided for in the following provisions of the Harmonized Tariff Schedule of the United States ("HTS"): 5402.33.30 and 5402.33.60. The 2018 general rate of duty is 8.8 percent ad valorem for merchandise under 5402.33.30, and 8.0 percent ad valorem for merchandise under 5402.33.60. Products of China under both of these subheadings are assessed an additional duty of 10 percent ad valorem under heading 9903.88.03 through the close of 2018, and this rate will increase to 25 percent ad valorem as of January 1, 2019.¹⁴ Decisions on the tariff classification

¹² *Polyester Textured Yarn from India and the People's Republic of China: Initiation of Less-Than-Fair-Value Investigations*, 83 FR 58223, November 19, 2018.

¹³ *Polyester Textured Yarn from India and the People's Republic of China: Initiation of Countervailing Duty Investigations*, 83 FR 58232, November 19, 2018.

¹⁴ Notice of the U.S. Trade Representative under Section 301 of the Trade Act of 1974, as amended (83 F.R. 47974 of September 21, 2018), effective September 24, 2018.

and treatment of imported goods are within the authority of U.S. Customs and Border Protection.

THE PRODUCT

Description and applications

The products covered by these investigations are polyester textured yarn. Polyester textured yarn is made wholly of polyester and is comprised of continuous filaments that have a textured surface.¹⁵ The scope of these investigations specifically excludes yarns of other man-made fibers such as nylon, polypropylene or polyethylene. The texturing process of polyester textured yarn imparts physical characteristics such as bulk, and makes it feel soft to the touch.¹⁶ As such, polyester textured yarn is oftentimes used in the manufacturing of fabrics that people regularly touch, like apparel, home textiles and furnishing, and bedding and automotive seating.¹⁷ Polyester textured yarn is also applied in industries including medical supplies and devices, industrial materials, and general automotive.

Polyester textured yarn is characterized by its denier,¹⁸ filament count, luster,¹⁹ and other variants associated with the texturing or dyeing process. The petitioners state that customers generally request polyester textured yarn with denier between 20 and 400; however, polyester textured yarn can be manufactured in denier outside this range to specifications requested by the customer.

Manufacturing processes

Polyester textured yarn is manufactured using polyethylene terephthalate (PET), which can be derived directly from chemical inputs or it can be manufactured from already-formed chips or flakes. If the yarns are formed from chemical inputs, monoethylene glycol (MEG) and purified terephthalic acid (PTA) react (called polymerization) to produce the PET. Polyester textured yarn manufacturers can also purchase PET chips or flakes which are subsequently melted and used to produce polyester textured yarn. PET flakes or chips can be made from virgin chemical inputs (MEG and PTA) or from recycled materials.²⁰ The PET is then melted at a high temperature to form a syrup-like solution, and extruded through the tiny holes of a metal

¹⁵ Conference Transcript, p. 8 (Rosenthal).

¹⁶ Conference Transcript, p. 19 (Cole).

¹⁷ Ibid.

¹⁸ Denier is the weight in grams of 9,000 meters of yarn or filament. In general, the lower the denier, the finer the yarn. Hoechst Celanese, Dictionary of Fiber & Textile Technology, p. 42, 1990.

¹⁹ Luster refers to the quality of shining with reflected lights. Luster is frequently referenced on a scale of bright to dull. According to the petitioners, polyester textured yarn is most commonly semi-dull or bright. Other lusters include super bright, full-dull, cationic dyeable, and trilobal bright. Hoechst Celanese, Dictionary of Fiber & Textile Technology, p. 42, 1990.

²⁰ Repreve. <https://repreve.com/discover>, accessed November 15, 2018.

container called a spinneret. The extruded PET filaments cool upon leaving the spinneret and are subsequently collected and wound around a cylinder. At this point in the manufacturing process, the extruded filaments are referred to as partially oriented yarns (POY—also known as partially drawn yarns, or PDY), the primary input for polyester textured yarn.²¹

Polyester textured yarn is further processed through drawing and texturing. The polyester textured yarn is stretched over heated rolls until they are smaller in width and longer. This drawing process optimizes the orientation of the molecules in the fiber and increases resilience, strength, and tenacity. It also creates a softer hand-feel.²² Texturing introduces permanent distortions to the yarn through a set of rotating friction disks, gears, belts, air jets, spindles, or related devices.^{23 ***}²⁴

Firms have differing levels of polyester textured yarn production integration.²⁵ Some firms purchase PET chips or flakes and perform the extrusion, drawing, and texturing. Others purchase POY to draw and texture the yarn. When a company purchases POY from a fiber producer to draw and texture the yarn, it is known as a throwster.²⁶

After texturing, the yarn passes into a secondary heater tub. The yarn then passes over a break detector and lubrication rollers (which apply a light oil to aid in the later processing of the yarn by the purchases), and is wound onto a cardboard or plastic tube.²⁷ Multiple strands of finished polyester textured yarn may also be wound onto a beam tube, which can then be placed directly on a loom for weaving by the downstream textile manufacturing customer. The yarn is then taken for testing and/or inspection, and packed for shipment.

Polyester textured yarn can be dyed through two distinct dyeing processes. Solution dyeing—also known as dope dyeing—occurs when highly concentrated colored chips are combined with non-colored PET chips or flakes and melted and mixed together in the extruder to produce “solution dyed” fiber. Package dyeing occurs at the end of the polyester textured yarn production process by immersing an entire spool or spindle of polyester textured yarn in a dye bath.²⁸ The petitioners estimate ***.²⁹

²¹ Conference Transcript, p. 17 (Cole).

²² Conference Transcript, p. 18 (Cole).

²³ Ibid.

²⁴ ***.

²⁵ Petitioner Nan Ya Plastics manufactures the PET chip, POY, and polyester textured yarn. Nan Ya Plastics also manufactures MEG, one chemical input needed to produce the PET. The company purchases PTA, a second chemical input used for the initial polymerization process. Conference Transcript, p. 28 (Freeman).

²⁶ ***.

²⁷ Hearing Transcript, p. 20 (Cole).

²⁸ Hearing Transcript, p. 18 (Cole).

²⁹ ***. Petitioners Unifi and Nan Ya Plastics, postconference brief, pp. 64 and 109.

DOMESTIC LIKE PRODUCT ISSUES

No issues with respect to domestic like product have been raised in these investigations. The petitioners propose a single domestic like product definition of polyester textured yarn, corresponding to the scope of the investigations.³⁰ Respondents agree with the petitioners' definition of the domestic like product, but reserved the right to address any issues in its postconference brief.³¹

³⁰ Petition, Volume I, p. 12

³¹ Conference transcript. p. 107. No issues were raised in the postconference brief.

PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET

U.S. MARKET CHARACTERISTICS

Polyester textured yarn is a textile used in fabrics. It is created when polyester partially oriented yarn is textured through one of several processes, including heating, drawing, twisting, crimping, or air drawing. Partially oriented yarn is produced from polyester chips or flakes or directly from polyethylene terephthalate. Almost all polyester textured yarn is sold to purchasers who weave or knit the yarn into synthetic fabrics. These fabrics are ultimately manufactured into products such as socks/hosiery and apparel, home textiles and furnishings, bedding, medical supplies and devices, industrial materials, and automotive seating upholstery.

Polyester textured yarn is produced in a variety of filaments, finishes (lusters), colors, and deniers. Denier is a unit of measurement of the linear mass density (in terms of grams of weight per 9000 meters of length) or thickness of the polyester textured yarn. Polyester textured yarn commonly ranges from 20 to 400 denier, and is sold on the basis of the number of filaments, or strands of individual fibers, it contains. Finishes or “lusters” of polyester textured yarn also vary, with available lusters that included semi-dull, full-dull, bright, cationic dyeable, and “trilobal bright.” Numerous colors of polyester textured yarn can be produced, either through solution (or “dope”) dye or packaged dye.

The domestic polyester textured yarn market is served by multiple U.S. producers, subject importers, and nonsubject importers. Apparent U.S. consumption of polyester textured yarn decreased by 7.5 percent from 2015 to 2017, from approximately 311 billion pounds in 2015 to 287 billion pounds in 2017. Apparent U.S. consumption was 3.0 percent higher during January-September 2018 compared to January-September 2017.

CHANNELS OF DISTRIBUTION

U.S. producers and importers sold polyester textured yarn almost entirely to textile manufacturers, as shown in table II-1. Both U.S. producers and importers also reported selling small quantities of yarn (less than *** percent of their U.S. commercial shipments) to distributors. No responding U.S. producers or importers report selling polyester textured yarn to other end users.

Table II-1

Polyester textured yarn: U.S. producers’ and importers’ U.S. commercial shipments, by sources and channels of distribution, 2015-17, January to September 2017, and January to September 2018

* * * * *

GEOGRAPHIC DISTRIBUTION

U.S. producers reported selling polyester textured yarn to all regions in the United States (table II-2). Importers reported selling Chinese polyester textured yarn to all regions of

the contiguous United States except the Mountain and “other” regions. Importers reported selling Indian polyester textured yarn to the Northeast, Southeast, and Pacific Coast regions of the United States. For U.S. producers, 22.2 percent of their sales were within 100 miles of their production facilities, 69.1 percent were between 101 and 1,000 miles, and 8.8 percent were over 1,000 miles. Importers sold 21.4 percent within 100 miles of their U.S. points of shipment, 70.8 percent between 101 and 1,000 miles, and 7.7 percent over 1,000 miles.

Table II-2
Polyester textured yarn: Geographic market areas in the United States served by U.S. producers and importers

Region	U.S. producers	Subject U.S. importers	
		China	India
Northeast	4	4	4
Midwest	4	2	---
Southeast	5	11	6
Central Southwest	1	1	---
Mountain	1	---	---
Pacific Coast	3	2	2
Other ¹	2	---	---
All regions (except Other)	1	---	---
Reporting firms	5	11	7

¹ All other U.S. markets, including AK, HI, PR, and VI.

Source: Compiled from data submitted in response to Commission questionnaires.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. supply

Table II-3 provides a summary of the supply factors regarding polyester textured yarn from U.S. producers and from subject countries. U.S. and Indian producers both increased production capacity while decreasing capacity utilization from 2015 to 2017. The U.S. and Indian producers both have low levels of inventories. The majority of U.S. producers reported being able to shift production to alternate products, while only one Indian producer reported the ability to shift production to alternate products.

Table II-3
Polyester textured yarn: Supply factors that affect the ability to increase shipments to the U.S. market

Country	Capacity (1,000 pounds)		Capacity utilization (percent)		Ratio of inventories to total shipments (percent)		Shipments by market, 2017 (percent)		Able to shift to alternate products
	2015	2017	2015	2017	2015	2017	Home market shipments	Exports to non-U.S. markets	No. of firms reporting "yes"
United States	274,314	274,829	79.1	69.4	***	***	***	***	3 of 5
China ¹	---	---	---	---	---	---	---	---	0 of 0
India	***	***	***	***	***	***	***	***	1 of 4

Note.--Responding U.S. producers accounted for more than *** percent of U.S. production of polyester textured yarn in 2017. Responding foreign producer/exporter firms accounted for more than half of U.S. imports of polyester textured yarn from India in 2017. For additional data on the number of responding firms and their shares of U.S. production and of U.S. imports from each subject country, please refer to Part I, "Summary Data and Data Sources."

¹ No Chinese producers responded to the Commission's foreign producer questionnaire.

Source: Compiled from data submitted in response to Commission questionnaires.

Domestic production

Based on available information, U.S. producers of polyester textured yarn have the ability to respond to changes in demand with large changes in the quantity of shipments of polyester textured yarn to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity, the ability to shift shipments from alternate markets, and the ability to shift production to or from alternate products. A factor mitigating responsiveness of supply include the limited availability of inventories.

U.S. producers' production capacity increased while their overall capacity utilization decreased from 2015 to 2017. Other products that producers reportedly can produce on the same equipment as polyester textured yarn are other synthetic yarns and fibers. Factors affecting U.S. producers' ability to shift production include machine modifications to change temperatures, speeds, discs, and machine production specifications.

Subject imports from India

Based on available information, producers of polyester textured yarn from India have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of polyester textured yarn to the U.S. market. The main contributing factors to this degree of responsiveness of supply are some availability of unused capacity and ability to shift shipments from alternate markets. Factors mitigating responsiveness of supply include limited inventories and a limited ability to shift production to or from alternate products.

Indian producers' production capacity increased while their overall capacity utilization decreased from 2015 to 2017. The majority of responding Indian producers reported being unable to shift production to or from alternate products. The Indian producer that reported an ability to shift production reported the ability to produce other synthetic yarns and fibers, such as nylon-textured yarn, on the same equipment as polyester textured yarn. Factors affecting the producers' ability to shift production include changes in production required to produce specific product mixes and particular deniers.

Imports from nonsubject sources

Nonsubject imports accounted for 47.3 percent of total U.S. imports in 2017.¹ The largest source of nonsubject imports in 2017 was Mexico, which accounted for 20.1 percent of nonsubject imports in 2017.

U.S. demand

Based on available information, the overall demand for polyester textured yarn is likely to experience small changes in response to changes in price. The main contributing factor is the lack of substitute products. This degree of demand responsiveness maybe mitigated by the moderate-to-large cost share of polyester textured yarn in most of its end-use products.

Respondents claim that purchasers will shift from U.S. produced end-use products to importing end-use products from other countries based on changes in the price of polyester textured yarn.²

End uses and cost share

U.S. demand for polyester textured yarn depends on the demand for U.S.-produced polyester fabric in which polyester textured yarn is used. Reported end uses include fabrics used in the apparel and garment sector, the automotive sector, and mattress sector.

Polyester textured yarn accounts for a moderate-to-large share of the cost of the end-use products in which it is used. The U.S. producers reported that polyester textured yarn accounts for 5-80 percent of total end-use products, while importers reported that it accounts for 5-100 percent of end-use products.

Business cycles

All four responding U.S. producers and 15 of 21 importers indicated that the market was not subject to business cycles or conditions of competition. One importer, ***, reported that the market for polyester textured yarn is seasonal, and one importer (***) reported that the market is driven by raw material prices cycles.

¹ Compiled from official U.S. import statistics using HTS statistical reporting numbers 5402.33.3000 and 5402.33.6000. See also tables IV-2 and IV-3.

² Conference transcript, pp. 94-95 (Soor).

Demand trends

Firms reported changes in U.S. demand for polyester textured yarn since January 1, 2015 (table II-4). These changes in demand took place both inside and outside of the United State. Half of responding U.S. producers reported that the demand for polyester textured yarn in the United States increased and half of responding U.S. producers reported that there was no change in demand for polyester textured yarn in the United States. One third of importers reported that demand for polyester textured yarn in the United States increased and one third reported that demand for polyester textured yarn in the United States fluctuated. The majority of U.S. producers and importers reported an increase in demand outside of the United States.

Table II-4
Polyester textured yarn: Firms' responses regarding U.S. demand and demand outside the United States

Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
Demand inside the United States:				
U.S. producers	2	2	---	1
Importers	6	3	3	6
Demand outside the United States:				
U.S. producers	3	---	---	1
Importers	7	1	1	4

Source: Compiled from data submitted in response to Commission questionnaires.

Substitute products

All responding U.S. producers and 17 of 18 responding importers reported that there are no substitutes for polyester textured yarn. Only one importer (***) reported a substitute, indicating that that spun polyester yarn is a substitute in rugs but that it is typically larger in size and more expensive than polyester textured yarn.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported polyester textured yarn depends upon such factors as relative prices, quality (e.g., grade standards, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, reliability of supply, product services, etc.). Based on available data, staff believes that there is high degree of substitutability between domestically produced polyester textured yarn and polyester textured yarn imported from subject sources. Many purchasers purchased both imported and domestically produced polyester yarn. Purchasers also reported price as well as quality as one of the most important purchasing factors, and did not report source or origin as an important purchasing factor.

Lead times

Polyester textured yarn is both produced-to-order and sourced through inventories. U.S. producers reported that *** percent of their commercial shipments were produced-to-order, with lead times averaging 38 days. The remaining *** percent of their commercial shipments came from inventories, with lead times averaging 3 days. Subject U.S. importers reported that *** percent of their commercial shipments were sourced through U.S. inventories, with lead times averaging 3 days. The remaining *** percent of commercial shipments were produced-to-order, with lead times averaging 80 days, and *** percent were from foreign inventories with lead times averaging 63 days.

Factors affecting purchasing decisions

Purchasers responding to lost sales lost revenue allegations³ were asked to identify the main purchasing factors their firm considered in their purchasing decisions for polyester textured yarn. The major purchasing factors identified by firms included quality, price/cost, availability, supply reliability, speed of delivery, proximity to customers, value, and long-term partnership. Five of the six responding purchasers reported quality as an important factor (with 4 of 6 firms citing it as the first-most important factor), and five reported price as an important factor (with 3 of them citing as the second-most important factor and 2 citing it as the third-most important factor).

Impacts of the Section 301 investigation and duties

U.S. producers and importers were also asked a series of questions related to the U.S. application of duties on polyester textured yarn from China pursuant to the U.S. Trade Representative's (USTR) investigation of Chinese trade practices under Section 301 of the Trade Act of 1974.⁴ First, firms were asked whether their business and/or the polyester textured yarn market as a whole had either already been impacted or would be impacted by the announcements and duties. As shown in table II-5, most U.S. producers reported that the 301 tariffs have had and will continue to have no impact on the current or anticipated future demand or prices for polyester textured yarn in the U.S. market. While most responding

³ This information is compiled from responses by purchasers identified by Petitioners to the lost sales lost revenue allegations. See Part V for additional information.

⁴ On June 20, 2018, USTR provided notice of initial action in the Section 301 investigation into the acts, policies, and practices of the Chinese government related to technology transfer, intellectual property, and innovation, imposing a 25 percent ad valorem duty on certain products from China. See <https://www.gpo.gov/fdsys/granule/FR-2018-07-17/2018-15090>, retrieved November 25, 2018. On September 21, 2018, notice was published in the Federal Register that additional products, including those imported under HTS statistical reporting numbers 5402.33.3000 and 5402.33.6000 (polyester textured yarn), would be subject to a 10 percent ad valorem duty, and that the duty will increase to 25 percent on or after January 1, 2019. See <https://www.gpo.gov/fdsys/pkg/FR-2018-09-21>, retrieved November 25, 2018.

importers reported that the 301 tariffs have had no impact on the current demand or anticipated future demand for polyester textured yarn, most reported that it has increased the current price and anticipated future price.

Table II-5
Polyester textured yarn: U.S. producers' and importers' responses regarding the perceived impact of the 301 investigation and duties

Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
U.S. producers				
Impact on demand	---	5	---	---
Impact on prices	1	4	---	---
Anticipated impact on demand	---	5	---	---
Anticipated impact on prices	1	4	---	---
Importers				
Impact on demand	---	10	4	4
Impact on prices	12	1	1	4
Anticipated impact on demand	---	8	4	4
Anticipated impact on prices	9	1	1	4

Source: Compiled from data submitted in response to Commission questionnaires.

Comparison of U.S.-produced and imported polyester textured yarn

In order to determine whether U.S.-produced polyester textured yarn can generally be used in the same applications as imports from China and India, U.S. producers and importers were asked whether the products can always, frequently, sometimes, or never be used interchangeably. As shown in table II-6, the majority of responding U.S. producers reported that U.S. produced polyester textured yarn is always interchangeable with Chinese and Indian polyester textured yarn. The majority of responding U.S. producers reported that Chinese and Indian polyester textured yarn is always interchangeable. The majority of responding U.S. producers also reported that polyester textured yarn produced in the United States, India, and China is always interchangeable with polyester textured yarn produced in nonsubject countries. A plurality of responding U.S. importers reported that U.S. produced polyester textured yarn is always interchangeable with Chinese and Indian produced polyester textured yarn. A plurality of U.S. importers reported that Chinese and Indian polyester textured yarn is always interchangeable. A plurality of U.S. importers reported that polyester textured yarn from nonsubject countries is frequently interchangeable with U.S., Chinese, and Indian polyester textured yarn.

Table II-6

Polyester textured yarn: Interchangeability between polyester textured yarn produced in the United States and in other countries, by country pair

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting			
	A	F	S	N	A	F	S	N
U.S. vs. subject countries:								
U.S. vs. China	4	1	1	---	7	5	5	1
U.S. vs. India	4	1	1	---	5	2	3	1
Subject countries comparisons:								
China vs. India	5	1	---	---	6	4	1	---
Nonsubject countries comparisons:								
U.S. vs. nonsubject	4	1	1	---	4	6	4	1
China vs. nonsubject	4	1	1	---	4	7	2	---
India vs. nonsubject	4	1	1	---	4	5	2	---

Note.--A=Always, F=Frequently, S=Sometimes, N=Never.

Source: Compiled from data submitted in response to Commission questionnaires.

In addition, producers and importers were asked to assess how often differences other than price were significant in sales of polyester textured yarn from the United States, subject, or nonsubject countries. As seen in table II-7, the majority of reporting U.S. producers reported that differences other than price are never significant between polyester textured yarn produced in the United States, China, India, and nonsubject countries. Responses from U.S. importers were more varied. A plurality of responding U.S. importers reported that differences other than price were frequently significant when comparing U.S. and Chinese polyester textured yarn. A plurality of importers reported that difference other than price were never significant when comparing U.S. and Indian product as well as Chinese and Indian product. In additional comments, one importer reported that India is known for lower prices and lower quality, and another reported that the range of colored yarns is limited from domestic producers. A plurality of importers reported that difference other than price are sometimes significant when comparing polyester textured yarn produced in nonsubject countries with product produced in the United States, India, and China.

Table II-7

Polyester textured yarn: Significance of differences other than price between polyester textured yarn produced in the United States and in other countries, by country pair

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting			
	A	F	S	N	A	F	S	N
U.S. vs. subject countries:								
U.S. vs. China	---	1	---	5	4	6	3	4
U.S. vs. India	---	1	---	5	2	2	2	4
Subject countries comparisons:								
China vs. India	---	---	---	6	1	1	3	6
Nonsubject countries comparisons:								
U.S. vs. nonsubject	---	1	---	5	4	3	4	3
China vs. nonsubject	---	---	1	5	1	1	8	3
India vs. nonsubject	---	---	1	5	---	2	5	3

Note.--A = Always, F = Frequently, S = Sometimes, N = Never.

Source: Compiled from data submitted in response to Commission questionnaires.

PART III: U.S. PRODUCERS' PRODUCTION, SHIPMENTS, AND EMPLOYMENT

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the alleged subsidies and dumping margins was presented in *Part I* of this report and information on the volume and pricing of imports of the subject merchandise is presented in *Part IV* and *Part V*. Information on the other factors specified is presented in this section and/or *Part VI* and (except as noted) is based on the questionnaire responses of five firms that accounted for *** percent of U.S. production of polyester textured yarn during 2017.

U.S. PRODUCERS

The Commission issued a U.S. producer questionnaire to nine firms based on information contained in the petition. Five firms provided usable data on their productive operations.¹ Staff believes that these responses represent approximately *** percent of U.S. production of polyester textured yarn.

Table III-1 lists U.S. producers of polyester textured yarn, their production locations, positions on the petition, and shares of total production.

Table III-1
Polyester textured yarn: U.S. producers, their position on the petition, location of production, and share of reported production, 2017

Firm	Position on petition	Production location(s)	Share of production (percent)
Milliken	***	Williamston, SC	***
Nan Ya	Petitioner	Lake City, SC	***
Omara	***	Rutherford College, NC	***
Sapona	***	Cedar Falls, NC	***
Unifi	Petitioner	Yadkinville, NC Madison, NC	***
Total			100.0

Source: Compiled from data submitted in response to Commission questionnaires.

¹ *** submitted a questionnaire that did not contain usable trade data. *** submitted a questionnaire that had usable trade data, but not usable financial data. As such, its data is presented in Part III, but not in Part VI.

Table III-2 presents information on U.S. producers' ownership, related and/or affiliated firms of polyester textured yarn. Two U.S. producers are related to exporters of nonsubject polyester textured yarn. In addition, as discussed in greater detail below, two U.S. producers directly import the subject merchandise and one purchases the subject merchandise from U.S. importers.

Table III-2
Polyester textured yarn: U.S. producers' ownership, related and/or affiliated firms

* * * * *

Table III-3 presents U.S. producers' reported changes in operations since January 1, 2015. Two U.S. producers that did not submit usable questionnaire responses reported *** during the 2015-2017 period. ² ³

Table III-3
Polyester textured yarn: U.S. producers' reported changes in operations, since January 1, 2015

* * * * *

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-4 and figure III-1 present U.S. producers' production, capacity, and capacity utilization. Capacity remained stable from 2015 to September 2018. *** reported that ***.

U.S. production decreased by 12.1 percent between 2015 and 2017, and was 0.1 percent lower in interim 2017 than interim 2018. This decrease was largely driven by ***, which decreased production by *** percent between 2015 and 2017, and reported that it ***. *** production also decreased between 2015 and 2017, by *** percent. Production increased for U.S. producers *** between 2015 and 2017, by *** percent and *** percent, respectively. Stable U.S. capacity coupled with an overall decrease in production led to a decrease in capacity utilization of 9.7 percentage points between 2015 and 2017. Capacity utilization was the same in interim 2017 and interim 2018.

Two companies reported ***, and one company reported the *** as production constraints.

² Email response from ***, November 13, 2018.
³ U.S. producer questionnaire response, question II-2.

Table III-4

Polyester textured yarn: U.S. producers' capacity, production, and capacity utilization, 2015-17, January to September 2017, and January to September 2018

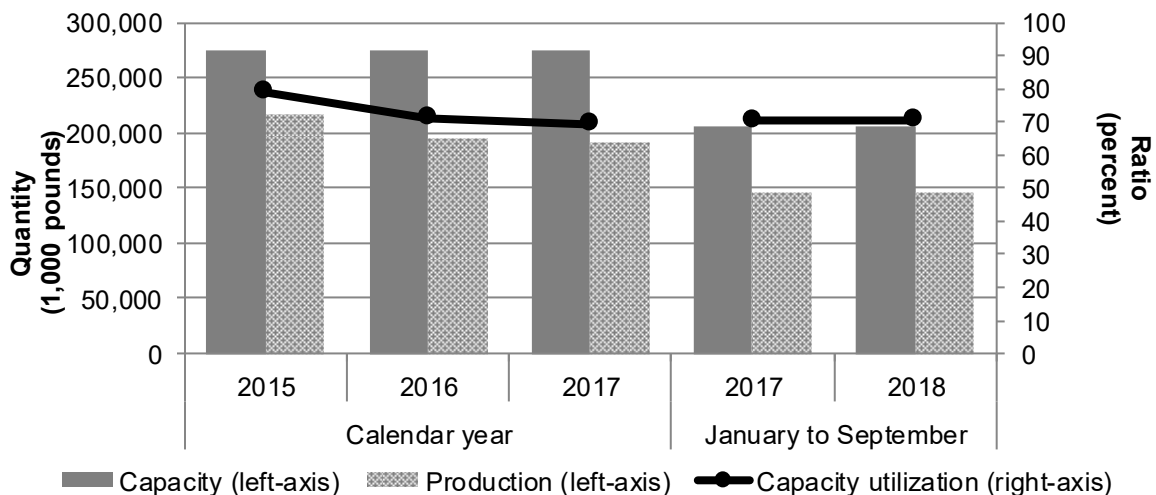
Item	Calendar year			January to September	
	2015	2016	2017	2017	2018
Capacity (1,000 pounds)					
Milliken	***	***	***	***	***
Nan Ya	***	***	***	***	***
Omara	***	***	***	***	***
Sapona	***	***	***	***	***
Unifi	***	***	***	***	***
Total capacity ¹	274,314	274,244	274,829	206,063	205,874
Production (1,000 pounds)					
Milliken	***	***	***	***	***
Nan Ya	***	***	***	***	***
Omara	***	***	***	***	***
Sapona	***	***	***	***	***
Unifi	***	***	***	***	***
Total production ¹	216,905	194,947	190,616	145,664	145,461
Capacity utilization (percent)					
Milliken	***	***	***	***	***
Nan Ya	***	***	***	***	***
Omara	***	***	***	***	***
Sapona	***	***	***	***	***
Unifi	***	***	***	***	***
Average capacity utilization	79.1	71.1	69.4	70.7	70.7

¹ Total capacity and production data are understated, as four U.S. producers did not submit questionnaire responses. These companies did provide capacity and production figures for 2017. These data are not incorporated into the table. ***. See EDIS document 662351.

Source: Compiled from data submitted in response to Commission questionnaires.

Figure III-1

Polyester textured yarn: U.S. producers' capacity, production, and capacity utilization, 2015-17, January to September 2017, and January to September 2018



Source: Compiled from data submitted in response to Commission questionnaires.

Alternative products

As shown in table III-5, the majority (***) percent) of the production on the same machinery and equipment as polyester textured yarn was subject product. Three firms reported producing alternative products such as *** by **. *** do not produce out of scope products on the same machinery as polyester textured yarn.⁴ Overall production decreased by *** percent between 2015 and 2017, but was *** percent higher in interim 2018 than interim 2017. Overall capacity utilization decreased by *** percentage points between 2015 and 2017, and was *** percentage points higher in interim 2018 than interim 2017.

Table III-5

Polyester textured yarn: U.S. producers' overall capacity and production on the same equipment as subject production, 2015-17, January to September 2017, and January to September 2018

Item	Calendar year			January to September	
	2015	2016	2017	2017	2018
	Quantity (1,000 pounds)				
Overall capacity	***	***	***	***	***
Production:					
Polyester textured yarn	216,905	194,947	190,616	145,664	145,461
Partially oriented yarn	***	***	***	***	***
Other products	***	***	***	***	***
Out-of-scope products	***	***	***	***	***
Total production on same machinery	***	***	***	***	***
	Ratios and shares (percent)				
Overall capacity utilization	***	***	***	***	***
Share of production:					
Polyester textured yarn	***	***	***	***	***
Partially oriented yarn	***	***	***	***	***
Other products	***	***	***	***	***
Out-of-scope products	***	***	***	***	***
Total production on same machinery	100.0	100.0	100.0	100.0	100.0

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. PRODUCERS' U.S. SHIPMENTS AND EXPORTS

Table III-6 presents U.S. producers' U.S. shipments, export shipments, and total shipments. Commercial U.S. shipments ranged from *** percent of total shipments from 2015 to interim 2018. Internal consumption's share of total shipments increased from *** percent in 2015 to *** percent in interim 2018, while export shipments' share decreased from *** percent in 2015 to *** percent in interim 2018.

⁴ Mr. Timothy Cole of Unifi testified that polyester textured yarn is generally made in discrete manufacturing facilities and on dedicated equipment that is different from other yarns and fibers. Companies generally would not produce other types of yarn on the same equipment as polyester textured yarn. Conference transcript p. 20.

Total shipments decreased between 2015 and 2017 by *** percent by quantity and *** percent by value. Commercial U.S. shipments declined by quantity and value between 2015 and 2017, by *** percent and *** percent, respectively. Export shipments also declined by quantity and value between 2015 and 2017, by *** percent and *** percent, respectively. Internal consumption increased by quantity and value between 2015 and 2017 by *** percent and *** percent, respectively.

As total shipments decreased more by value than quantity, unit values declined between 2015 and 2017 from *** per pound to *** per pound, but increased to *** per pound in interim 2018.

*** responding U.S. producers reported that they export polyester textured yarn. Principal export markets included ***.

Table III-6
Polyester textured yarn: U.S. producers' U.S. shipments, export shipments, and total shipments, 2015-17, January to September 2017, and January to September 2018

Item	Calendar year			January to September	
	2015	2016	2017	2017	2018
Quantity (1,000 pounds)					
Commercial U.S. shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
U.S. shipments	169,399	159,284	156,613	117,737	115,991
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
Value (1,000 dollars)					
Commercial U.S. shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
U.S. shipments	304,641	273,599	271,515	203,327	207,509
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
Unit value (dollars per pound)					
Commercial U.S. shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
U.S. shipments	1.80	1.72	1.73	1.73	1.79
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
Share of quantity (percent)					
Commercial U.S. shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	100.0	100.0	100.0	100.0	100.0
Share of value (percent)					
Commercial U.S. shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	100.0	100.0	100.0	100.0	100.0

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. PRODUCERS' INVENTORIES

Table III-7 presents U.S. producers' end-of-period inventories and the ratio of these inventories to U.S. producers' production, U.S. shipments, and total shipments. U.S. producers' end-of-period inventories decreased from 2015 to 2017 by 30.8 percent, but were 4.4 percent higher in interim 2018 than in interim 2017. The ratio of inventories to U.S. shipments decreased between 2015 and 2017, from 10.6 percent to 8.0 percent. The ratio of inventories to total shipments also decreased between 2015 and 2017 from *** percent to *** percent.

*** U.S. producer, Unifi, testified during the conference that a fair amount of its product is sold to the automotive industry, which tends to want small, just-in-time orders. This requires Unifi to forecast what their automotive industry clients' needs are and maintain inventories based on those forecasts.⁵

Table III-7
Polyester textured yarn: U.S. producers' inventories, 2015-17, January to September 2017, and January to September 2018

Item	Calendar year			January to September	
	2015	2016	2017	2017	2018
	Quantity (1,000 pounds)				
U.S. producers' end-of-period inventories	18,004	15,897	12,455	15,129	15,794
	Ratio (percent)				
Ratio of inventories to-- U.S. production	8.3	8.2	6.5	7.8	8.1
U.S. shipments	10.6	10.0	7.9	9.6	10.2
Total shipments	***	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. PRODUCERS' IMPORTS AND PURCHASES

U.S. producers' imports of polyester textured yarn are presented in table III-8. Two U.S. producers imported *** amounts of polyester textured yarn relative to their production. *** imported between *** and *** pounds annually from 2015 to 2017, amounting to *** percent or less of its U.S. production. Similarly, *** imported between *** pounds and *** pounds annually from 2015 to 2017, amounting to *** percent or less of its U.S. production. *** also made purchases of U.S. produced polyester textured yarn and purchases of imports from a U.S. entity. This data is presented in Part V.

Table III-8
Polyester textured yarn: U.S. producers' imports, 2015-17, January to September 2017, and January to September 2018

* * * * *

⁵ Conference transcript, pp. 78-79 (Cole).

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-9 shows U.S. producers' employment-related data. The number of production and related workers increased by 2.8 percent between 2015 and 2017. *** number of production and related workers decreased between 2015 and 2017, by *** percent, respectively, while *** increased, by *** percent, respectively. The number of production and related workers was 2.6 percent lower in interim 2018 than in interim 2017. This decrease was ***, which reported a decrease of *** workers between interim 2017 and interim 2018.⁶ The number of hours worked decreased between 2015 and 2017 by *** percent, but was *** percent lower in interim 2018 than interim 2017. Like the number of production and related workers, *** number of hours worked also decreased between 2015 and 2017, by *** percent, respectively, while *** also increased, by *** percent, respectively.

Wages paid and hourly wages increased by 1.4 percent and 5.9 percent, respectively, between 2015 and 2017. Wages paid were 1.2 percent higher in interim 2018 than interim 2017, while hourly wages were 3.6 percent lower in interim 2018 than in interim 2017. Productivity decreased by 8.2 percent between 2015 and 2017, and was 4.8 percent lower in interim 2018 than interim 2017. Unit labor costs increased by 15.3 percent between 2015 and 2017.

Table III-9
Polyester textured yarn: U.S. producers' employment related information, 2015-17, January to September 2017, and January to September 2018

Item	Calendar year			January to September	
	2015	2016	2017	2017	2018
Production and related workers (PRWs) (number)	1,015	998	1,043	1,034	1,007
Total hours worked (1,000 hours)	2,111	2,024	2,021	1,509	1,583
Hours worked per PRW (hours)	2,080	2,028	1,938	1,459	1,572
Wages paid (\$1,000)	46,155	45,224	46,783	35,108	35,515
Hourly wages (dollars per hour)	\$21.87	\$22.34	\$23.15	\$23.27	\$22.44
Productivity (pounds per hour)	102.8	96.3	94.3	96.6	91.9
Unit labor costs (dollars per pound)	\$0.21	\$0.23	\$0.25	\$0.24	\$0.24

Source: Compiled from data submitted in response to Commission questionnaires.

CAPTIVE CONSUMPTION

Section 771(7)(C)(iv) of the Act states that—⁷

If domestic producers internally transfer significant production of the domestic like product for the production of a downstream article and sell

⁶ Unifi attributed its reduction in production and related workers to the idling of one-third of its texturing machines due to lost sales to imports. Conference transcript, p. 20-21 (Cole).

⁷ Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

significant production of the domestic like product in the merchant market, and the Commission finds that—

- (I) the domestic like product produced that is internally transferred for processing into that downstream article does not enter the merchant market for the domestic like product,*
- (II) the domestic like product is the predominant material input in the production of that downstream article, and*

then the Commission, in determining market share and the factors affecting financial performance . . . , shall focus primarily on the merchant market for the domestic like product.

Transfers and sales

As reported in table III-6, internal consumption accounted for between *** and *** percent of U.S. producers' total shipments of polyester textured yarn between 2015 and interim 2018. This percentage may be understated, however, because two U.S. producers that are understood to have no merchant market sales of polyester textured yarn (***)⁸ did not submit a questionnaire.

First statutory criterion in captive consumption

The first requirement for application of the captive consumption provision is that the domestic like product that is internally transferred for processing into that downstream article not enter the merchant market for the domestic like product. *** of the five U.S. producers reported internal consumption of polyester textured yarn for the production of downstream *** products, including ***. No U.S. producer reported diverting polyester textured yarn intended for internal consumption to the merchant market.

Second statutory criterion in captive consumption

The second criterion of the captive consumption provision concerns whether the domestic like product is the predominant material input in the production of the downstream article that is captively produced. With respect to the downstream articles resulting from captive production, polyester textured yarn reportedly comprises *** percent of the finished cost of downstream fabric products made from polyester textured yarn.⁹

⁸ Petition, p. 4 and email response from ***, November 15, 2018.

⁹ Petitioners' postconference brief, Exhibit 7, paragraph 14.

PART IV: U.S. IMPORTS, APPARENT U.S. CONSUMPTION, AND MARKET SHARES

U.S. IMPORTERS

The Commission issued importer questionnaires to 61 firms believed to be importers of subject polyester textured yarn, as well as to all U.S. producers of polyester textured yarn.¹ Usable questionnaire responses were received from 22 companies,² representing 59.4 percent of U.S. imports from China, 78.5 percent of U.S. imports from India, 83.2 percent of U.S. imports from nonsubject sources, and 74.5 percent of total U.S. imports under HTS statistical reporting numbers 5402.33.3000 and 5402.33.6000, in 2017.

Table IV-1 lists all responding U.S. importers of polyester textured yarn from China, India, and other sources, their locations, and their shares of U.S. imports, in 2017. *** was the leading importer of polyester textured yarn from ***, which accounted for *** of subject imports, and *** percent of all imports, in 2017. *** was the leading importer of polyester textured yarn from nonsubject sources, accounting for *** percent, in 2017.

¹ The Commission issued questionnaires to those firms identified in the petition, along with firms that, based on a review of data provided by U.S. Customs and Border Protection (“Customs”), may have accounted for more than one percent of total imports under HTS statistical reporting numbers 5402.33.3000 and 5402.33.6000 in 2017.

² Seven firms certified that they had not imported polyester textured yarn from any source since January 1, 2015. The Commission received a questionnaire response from ***, a U.S. importer that represented approximately *** percent of total U.S. imports in 2017. Despite the company’s best efforts to fill out the questionnaire, the data submitted could not be reconciled. Staff did not include *** questionnaire response in the trade data, but did include it in the pricing data presented in this report, thus, only 21 importers’ data are presented in Parts IV and VII. A questionnaire response was also received from ***, a U.S. importer that represented approximately *** percent of total U.S. imports in 2017. *** questionnaire was not used, as substantial portions were missing data.

Table IV-1
Polyester textured yarn: U.S. importers, their headquarters, and share of total imports by source, 2017

Firm	Headquarters	Share of imports by source (percent)				
		China	India	Subject sources	Nonsubject sources	All import sources
Aberdeen	Aberdeen, NC	***	***	***	***	***
Akra	Monterrey, NL, MX	***	***	***	***	***
Altex	Irvine, CA	***	***	***	***	***
Ashfar	Edison, NJ	***	***	***	***	***
Bekaert	Winston-Salem, NC	***	***	***	***	***
Chori	Jersey City, NJ	***	***	***	***	***
Cosmic	Maitland, FL	***	***	***	***	***
Culp	High Point, NC	***	***	***	***	***
Deca	Memphis, TN	***	***	***	***	***
DeSales	Burlington, NC	***	***	***	***	***
Glen Raven	Glen Raven, NC	***	***	***	***	***
KCTex	Charlotte, NC	***	***	***	***	***
Milliken	Spartanburg, SC	***	***	***	***	***
Promptex	Dorval, QC, CA	***	***	***	***	***
Toray	New York, NY	***	***	***	***	***
RSM	Charlotte, NC	***	***	***	***	***
Safer	Newark, NJ	***	***	***	***	***
Simatex	Spartanburg, SC	***	***	***	***	***
Style Fashion SRL	Cazzano S.Andrea, IT	***	***	***	***	***
Unifi	Greensboro, NC	***	***	***	***	***
William Barnet	Spartanburg, SC	***	***	***	***	***
Total		100.0	100.0	100.0	100.0	100.0

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. IMPORTS

Table IV-2 and figure IV-1 present data for U.S. imports of polyester textured yarn from China, India, and all other sources. Imports from subject sources increased in quantity by 11.5 percent between 2015 and 2017, and were 14.9 percent higher in interim 2018 than interim 2017, while imports from nonsubject sources decreased in quantity by 22.3 percent, and were 1.3 percent higher in interim 2018 than interim 2017. Imports from all sources decreased in quantity by 7.5 percent from 2015 to 2017, but were 8.3 percent higher in interim 2018 than interim 2017.

Average unit values from subject sources decreased between 2015 and 2017 by 7.9 percent, while they increased during this same period for nonsubject sources, by 0.7 percent. The difference between average unit values from subject and nonsubject sources has increased over the 2015-2017 period - average unit values from nonsubject sources were 13.5 percent higher than subject sources in 2015, and were 24.2 percent higher than subject sources in 2017.

Average unit values for imports from India were 6 to 10 cents lower than imports from China between 2015 and 2017.

Imports from subject sources surpassed nonsubject sources by 2017, in quantity, at 52.7 percent of all imports, while they remained lower than nonsubject sources by value in all time periods, until interim 2018, when the share by value was split evenly between subject and nonsubject sources, at 50.0 percent. Imports from China as a share of total imports increased by 10.7 percentage points between 2015 and interim 2018, while imports from India as a share of total imports decreased by 0.4 percentage points during the same period.

The ratio of subject sources to U.S. production increased by 7.6 percentage points from 2015 to 2017, while the ratio of nonsubject imports to U.S. production decreased by 4.3 percentage points during this period.

Table IV-2
Polyester textured yarn: U.S. imports, by source, 2015-17, January to September 2017, and January to September 2018

Item	Calendar year			January to September	
	2015	2016	2017	2017	2018
Quantity (1,000 pounds)					
U.S. imports from.--					
China	35,862	38,247	42,621	31,201	39,369
India	25,876	24,365	26,239	20,744	20,313
Subject sources	61,738	62,612	68,860	51,945	59,682
Nonsubject sources	79,510	71,406	61,782	48,583	49,234
All import sources	141,249	134,018	130,642	100,528	108,916
Value (1,000 dollars)					
U.S. imports from.--					
China	36,390	33,881	40,472	29,672	38,985
India	24,639	20,085	22,192	17,371	18,773
Subject sources	61,029	53,966	62,665	47,043	57,758
Nonsubject sources	89,218	78,396	69,807	54,292	57,823
All import sources	150,247	132,362	132,471	101,336	115,581
Unit value (dollars per pound)					
U.S. imports from.--					
China	1.01	0.89	0.95	0.95	0.99
India	0.95	0.82	0.85	0.84	0.92
Subject sources	0.99	0.86	0.91	0.91	0.97
Nonsubject sources	1.12	1.10	1.13	1.12	1.17
All import sources	1.06	0.99	1.01	1.01	1.06

Table continued on next page.

Table IV-2 – Continued

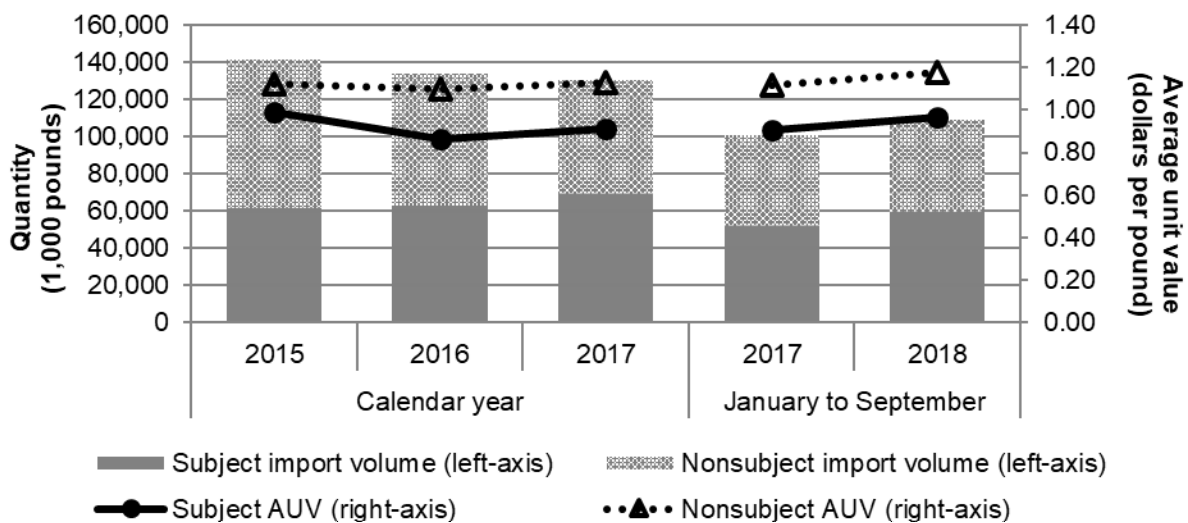
Polyester textured yarn: U.S. imports, by source, 2015-17, January to September 2017, and January to September 2018

Item	Calendar year			January to September	
	2015	2016	2017	2017	2018
Share of quantity (percent)					
U.S. imports from.-- China	25.4	28.5	32.6	31.0	36.1
India	18.3	18.2	20.1	20.6	18.7
Subject sources	43.7	46.7	52.7	51.7	54.8
Nonsubject sources	56.3	53.3	47.3	48.3	45.2
All import sources	100.0	100.0	100.0	100.0	100.0
Share of value (percent)					
U.S. imports from.-- China	24.2	25.6	30.6	29.3	33.7
India	16.4	15.2	16.8	17.1	16.2
Subject sources	40.6	40.8	47.3	46.4	50.0
Nonsubject sources	59.4	59.2	52.7	53.6	50.0
All import sources	100.0	100.0	100.0	100.0	100.0
Ratio to U.S. production					
U.S. imports from.-- China	16.5	19.6	22.4	21.4	27.1
India	11.9	12.5	13.8	14.2	14.0
Subject sources	28.5	32.1	36.1	35.7	41.0
Nonsubject sources	36.7	36.6	32.4	33.4	33.8
All import sources	65.1	68.7	68.5	69.0	74.9

Source: Compiled from official U.S. import statistics using HTS statistical reporting numbers 5402.33.3000 and 5402.33.6000, accessed November 9, 2018.

Figure IV-1

Polyester textured yarn: U.S. import volumes and prices, 2015-17, January to September 2017, and January to September 2018



Source: Compiled from official U.S. import statistics using HTS statistical reporting numbers 5402.33.3000 and 5402.33.6000, accessed November 9, 2018.

Table IV-3 presents major nonsubject U.S. imports sources of polyester textured yarn from January 2015 to September 2018. Mexico was the leading source of nonsubject imports from 2015 to interim 2018, with a share of total imports, by quantity, between 18.4 and 21.2 percent. Indonesia and Malaysia are the second leading sources of nonsubject imports, although their shares declined throughout the 2015 to interim 2018 period.

Table IV-3
Polyester textured yarn: Major nonsubject U.S. import sources, 2015-17, January to September 2017, and January to September 2018

Item	Calendar year			January to September	
	2015	2016	2017	2017	2018
	Quantity (1,000 pounds)				
Major nonsubject U.S. imports sources.--					
Indonesia	16,506	14,292	10,087	7,987	6,738
Korea	1,463	2,263	1,915	1,456	2,835
Malaysia	12,810	11,563	8,880	7,083	6,927
Mexico	29,606	24,714	26,239	19,989	23,064
Taiwan	8,190	6,546	5,884	4,643	4,173
Thailand	3,826	4,025	4,184	3,590	1,893
All other sources	7,109	8,003	4,593	3,834	3,605
Nonsubject sources	79,510	71,406	61,782	48,583	49,234
	Ratio to total U.S. imports (percent)				
Major nonsubject U.S. imports sources.--					
Indonesia	11.7	10.7	7.7	7.9	6.2
Korea	1.0	1.7	1.5	1.4	2.6
Malaysia	9.1	8.6	6.8	7.0	6.4
Mexico	21.0	18.4	20.1	19.9	21.2
Taiwan	5.8	4.9	4.5	4.6	3.8
Thailand	2.7	3.0	3.2	3.6	1.7
All other sources	5.0	6.0	3.5	3.8	3.3
Nonsubject sources	56.3	53.3	47.3	48.3	45.2

Source: Compiled from official U.S. import statistics using HTS statistical reporting numbers 5402.33.3000 and 5402.33.6000, accessed November 9, 2018.

NEGLIGENCE

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.³ Negligible imports are generally defined in the Act, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation. However, if there are imports of such merchandise

³ Sections 703(a)(1), 705(b)(1), 733(a)(1), and 735(b)(1) of the Act (19 U.S.C. §§ 1671b(a)(1), 1671d(b)(1), 1673b(a)(1), and 1673d(b)(1)).

from a number of countries subject to investigations initiated on the same day that individually account for less than 3 percent of the total volume of the subject merchandise, and if the imports from those countries collectively account for more than 7 percent of the volume of all such merchandise imported into the United States during the applicable 12-month period, then imports from such countries are deemed not to be negligible.⁴ As presented in Table IV-4 below, imports from China accounted for 36.5 percent of total imports of polyester textured yarn by quantity during October 2017 through September 2018, and imports from India accounted for 18.6 percent.

Table IV-4
Polyester textured yarn: U.S. imports in the twelve month period preceeding the filing of the petition, October 2017 through September 2018

Item	October 2017 through September 2018	
	Quantity (1,000 pounds)	Share quantity (percent)
U.S. imports from.--		
China	50,789	36.5
India	25,808	18.6
Subject sources	76,597	55.1
Nonsubject sources	62,433	44.9
All import sources	139,030	100.0

Source: Compiled from official U.S. import statistics using HTS statistical reporting numbers 5402.33.3000 and 5402.33.6000, accessed November 9, 2018.

CUMULATION CONSIDERATIONS

In assessing whether imports should be cumulated, the Commission determines whether U.S. imports from the subject countries compete with each other and with the domestic like product and has generally considered four factors: (1) fungibility, (2) presence of sales or offers to sell in the same geographical markets, (3) common or similar channels of distribution, and (4) simultaneous presence in the market. Information regarding channels of distribution, market areas, and interchangeability appear in Part II. Additional information concerning fungibility, geographical markets, and simultaneous presence in the market is presented below.

Fungibility

Table IV-5 and figure IV-2 present data collected on U.S. shipments by denier in 2017. U.S. shipments were present in all range options presented in the questionnaire for U.S. shipments from all sources. Denier from 101 to 250 was the most common range for U.S. shipments from U.S. producers, India, and nonsubject sources, while denier from 0 to 100 was the most common range for U.S. shipments from China. Imports from India had the highest share of U.S. shipments of 400+ denier. Petitioners testified that finer deniers are more expensive to produce, and thus, typically, command a higher price.⁵

⁴ Section 771 (24) of the Act (19 U.S.C § 1677(24)).

⁵ Conference transcript, p. 37 (Cole) and p. 40 (Caudle).

Table IV-5

Polyester textured yarn: U.S. producers' and U.S. importers' U.S. shipments by denier, 2017

Item	U.S. producers	U.S. importers					U.S. producers and U.S. importers
		China	India	Subject sources	Nonsubject sources	All import sources	
Quantity (1,000 pounds)							
U.S. shipments.-- 0 to 100 denier	37,394	12,153	1,902	14,055	12,595	26,650	64,044
101 to 250 denier	99,590	7,930	8,892	16,822	25,576	42,399	141,988
251 to 400 denier	16,756	***	3,501	6,449	5,799	12,248	29,004
401 and greater denier	***	***	***	***	10,289	***	***
all denier sizes	***	24,989	***	***	54,260	***	***
Share across (percent)							
U.S. shipments.-- 0 to 100 denier	58.4	19.0	3.0	21.9	19.7	41.6	100.0
101 to 250 denier	70.1	5.6	6.3	11.8	18.0	29.9	100.0
251 to 400 denier	***	***	***	***	***	***	100.0
401 and greater denier	***	***	***	***	***	***	100.0
all denier sizes	61.0	9.7	8.1	17.8	21.1	39.0	100.0
Share down (percent)							
U.S. shipments.-- 0 to 100 denier	23.9	48.6	9.2	30.8	23.2	26.7	25.0
101 to 250 denier	63.6	31.7	42.9	36.8	47.1	42.4	55.3
251 to 400 denier	***	***	***	***	***	***	***
401 and greater denier	***	***	***	***	***	***	***
all denier sizes	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Compiled from data submitted in response to Commission questionnaires

Figure IV-2

Polyester textured yarn: U.S. producers' and U.S. importers' U.S. shipments by denier, 2017

* * * * *

Table IV-6 and figure IV-3 present data collected on U.S. shipments by finish in 2017. The *** of U.S. shipments from both importers and U.S. producers had *** finishes. Petitioners testified that the lusters of most polyester textured yarn are typically semi-dull or bright, and that the different lusters have a very small to no impact on price.⁶ Other finishes reported by U.S. producers included ***, while U.S. importers reported *** finishes.

⁶ Conference transcript, p. 20 and p. 41 (Cole).

Table IV-6
Polyester textured yarn: U.S. producers' and U.S. importers' U.S. shipments by finish, 2017

Item	U.S. producers	U.S. importers					U.S. producers and U.S. importers
		China	India	Subject sources	Nonsubject sources	All import sources	
Quantity (1,000 pounds)							
U.S. shipments.-- Full-dull Q	***	***	---	***	---	***	***
Semi-dull Q	145,659	22,774	20,180	42,954	51,293	94,246	239,905
Bright Q	8,521	***	---	***	***	***	***
Other Q	***	***	***	***	***	***	***
All finishes Q	156,613	24,989	***	45,701	52,235	97,936	254,549
Share across (percent)							
U.S. shipments.-- Full-dull Q	***	***	---	***	---	***	100.0
Semi-dull Q	60.7	9.5	8.4	17.9	21.4	39.3	100.0
Bright Q	***	***	---	***	***	***	***
Other Q	***	***	***	***	***	***	***
All finishes Q	***	***	***	***	***	***	***
Share down (percent)							
U.S. shipments.-- Full-dull Q	***	***	---	***	---	***	***
Semi-dull Q	93.0	91.1	97.4	94.0	98.2	96.2	94.2
Bright Q	***	***	***	***	***	***	***
Other Q	***	***	***	***	***	***	***
All finishes Q	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Compiled from data submitted in response to Commission questionnaires.

Figure IV-3
Polyester textured yarn: U.S. producers' and U.S. importers' U.S. shipments by finish, 2017

* * * * *

Geographical markets

Table IV-7 presents U.S. imports by border of entry in 2017.⁷ Almost all (98.5 percent) of imports from India, and two-thirds (66.5 percent) of imports from China, entered through the

⁷ The "East" border of entry includes the following Customs entry districts: Baltimore, MD; Boston, MA; Buffalo, NY; Charleston, SC; Charlotte, NC; New York, NY; Norfolk, VA; Ogdensburg, NY; Philadelphia, PA; Portland, ME; San Juan, PR; Savannah, GA; St. Albans, VT; and Washington, DC. The "North" border of entry includes the following Customs entry districts: Chicago, IL; Cleveland, OH; Detroit, MI; Duluth, MN; Great Falls, MT; Minneapolis, MN; Pembina, ND; and St. Louis, MO. The "North" border of entry includes the following Customs entry districts: Dallas-Fort Worth, TX; El Paso, TX; Houston-Galveston, TX; Laredo, TX; Miami, FL; Mobile, AL; New Orleans, LA; and Tampa, FL. The
(continued...)

East U.S. customs district. Imports from nonsubject sources entered most commonly through the East (50.2 percent) and South (45.1 percent) U.S. customs districts.

Table IV-7
Polyester textured yarn: U.S. imports by border of entry, 2017

Item	Border of entry				
	East	North	South	West	All borders
Quantity (1,000 pounds)					
U.S. imports from.--					
China	28,345	100	88	14,088	42,621
India	25,843	40	101	255	26,239
Subject sources	54,188	140	189	14,343	68,860
Nonsubject sources	31,005	153	27,887	2,736	61,782
All import sources	85,193	293	28,076	17,079	130,642
Share across (percent).					
U.S. imports from.--					
China	66.5	0.2	0.2	33.1	100.0
India	98.5	0.2	0.4	1.0	100.0
Subject sources	78.7	0.2	0.3	20.8	100.0
Nonsubject sources	50.2	0.2	45.1	4.4	100.0
All import sources	65.2	0.2	21.5	13.1	100.0
Share down (percent)					
U.S. imports from.--					
China	33.3	34.0	0.3	82.5	32.6
India	30.3	13.8	0.4	1.5	20.1
Subject sources	63.6	47.7	0.7	84.0	52.7
Nonsubject sources	36.4	52.3	99.3	16.0	47.3
All import sources	100.0	100.0	100.0	100.0	100.0

Source: Compiled from official U.S. import statistics using HTS statistical reporting numbers 5402.33.3000 and 5402.33.6000, accessed November 9, 2018.

Presence in the market

Table IV-8, figure IV-4 and figure IV-5 present monthly U.S. imports during January 2015 through September 2018. These data show that imports of polyester textured yarn from China, India, and nonsubject sources were present in the U.S. market in every month during January 2015 through September 2018.

(...continued)

“West” border of entry includes the following Customs entry districts: Anchorage, AK; Columbia-Snake, OR; Honolulu, HI; Los Angeles, CA; Nogales, AZ; San Diego, CA; San Francisco, CA; and Seattle, WA.

Table IV-8
Polyester textured yarn: U.S. imports by month, January 2015 to September 2018

Item	U.S. imports				
	China	India	Subject sources	Nonsubject sources	All import sources
2015.--					
January	2,521	1,464	3,985	8,339	12,324
February	2,507	1,767	4,274	6,257	10,530
March	4,219	3,395	7,614	7,649	15,263
April	4,305	2,680	6,986	7,913	14,899
May	3,611	2,498	6,108	5,106	11,215
June	2,921	2,273	5,193	7,929	13,122
July	2,212	1,913	4,125	7,857	11,982
August	3,276	2,193	5,469	6,347	11,816
September	2,041	2,158	4,199	5,265	9,464
October	3,209	1,814	5,024	5,930	10,953
November	2,509	2,632	5,141	4,659	9,801
December	2,531	1,089	3,621	6,259	9,880
2016.--					
January	3,325	1,954	5,279	7,337	12,615
February	3,094	1,865	4,959	5,250	10,209
March	2,903	2,738	5,640	6,327	11,968
April	3,016	2,140	5,156	6,237	11,393
May	3,469	2,030	5,500	6,663	12,163
June	3,489	1,797	5,286	5,778	11,065
July	4,131	2,001	6,133	6,210	12,343
August	2,966	1,803	4,769	6,186	10,955
September	2,848	1,855	4,703	5,504	10,207
October	3,011	1,776	4,787	5,986	10,773
November	2,838	2,192	5,030	5,500	10,531
December	3,157	2,214	5,371	4,427	9,797
2017.--					
January	2,723	2,407	5,130	5,934	11,063
February	2,639	2,768	5,408	4,848	10,256
March	3,453	3,183	6,636	5,881	12,517
April	3,230	2,135	5,365	4,990	10,355
May	4,579	2,197	6,776	6,011	12,787
June	3,524	1,927	5,451	5,422	10,874
July	3,840	2,052	5,892	5,925	11,818
August	2,974	1,937	4,912	5,042	9,954
September	4,237	2,138	6,376	4,529	10,905
October	3,847	2,009	5,856	4,655	10,511
November	3,597	1,613	5,210	4,428	9,638
December	3,976	1,873	5,849	4,116	9,965

Table continued on next page.

Table IV-8--Continued

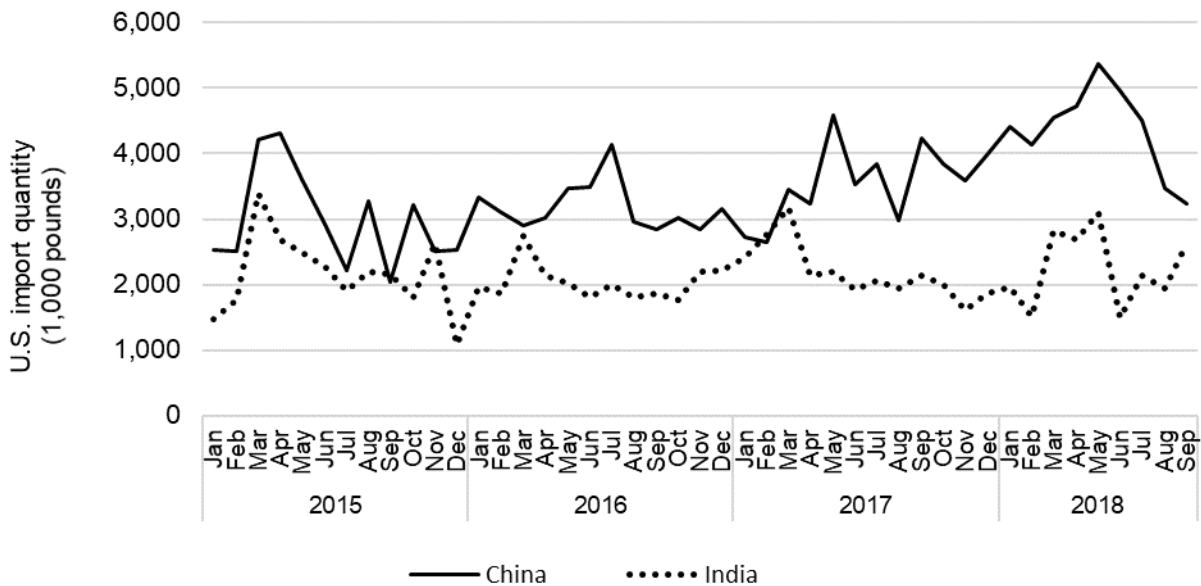
Polyester textured yarn: U.S. imports by month, January 2015 to September 2018

Item	U.S. imports				
	China	India	Subject sources	Nonsubject sources	All import sources
2018.--					
January	4,404	1,955	6,359	5,666	12,025
February	4,145	1,519	5,663	5,928	11,591
March	4,543	2,830	7,374	5,891	13,264
April	4,723	2,686	7,410	5,717	13,127
May	5,379	3,108	8,487	5,928	14,415
June	4,951	1,496	6,446	4,957	11,403
July	4,505	2,140	6,646	5,169	11,815
August	3,477	1,946	5,423	5,075	10,498
September	3,242	2,633	5,875	4,904	10,779

Source: Compiled from official U.S. import statistics using HTS statistical reporting numbers 5402.33.3000 and 5402.33.6000, accessed November 9, 2018.

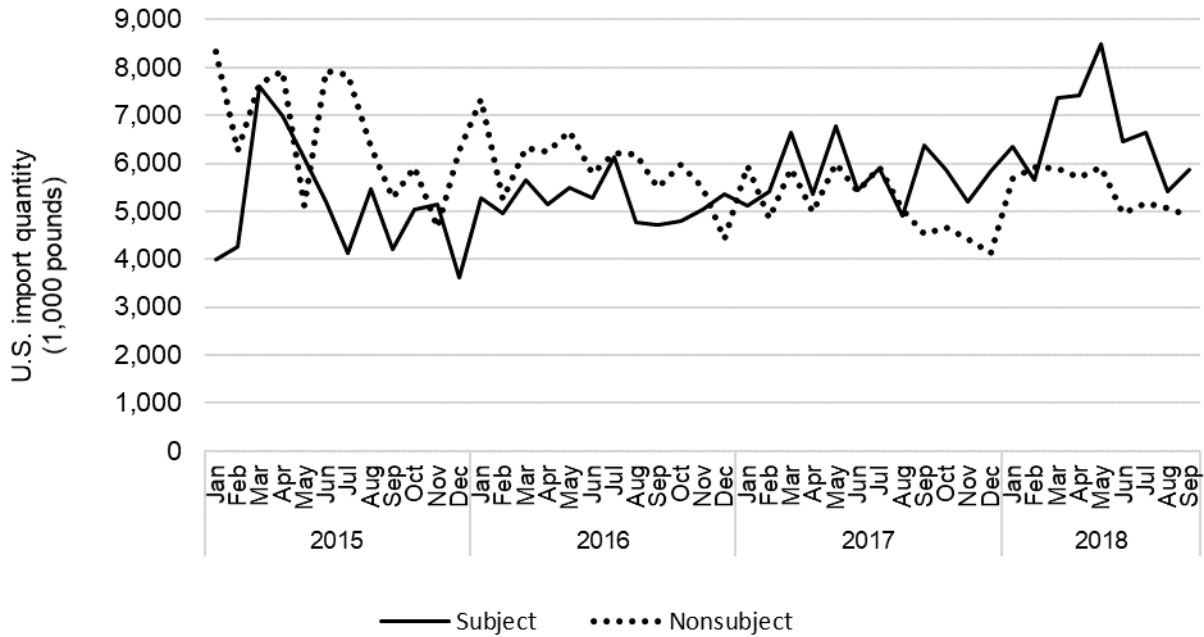
Figure IV-4

Polyester textured yarn: Monthly U.S. imports, by individual subject source, January 2015 to September 2018



Source: Compiled from official U.S. import statistics using HTS statistical reporting numbers 5402.33.3000 and 5402.33.6000, accessed November 9, 2018.

Figure IV-5
Polyester textured yarn: Monthly U.S. imports, by subject and nonsubject sources, January 2015 to September 2018



Source: Compiled from official U.S. import statistics using HTS statistical reporting numbers 5402.33.3000 and 5402.33.6000, accessed November 9, 2018.

APPARENT TOTAL MARKET U.S. CONSUMPTION

Table IV-9 presents data on apparent total market U.S. consumption for polyester textured yarn. Apparent total market U.S. consumption decreased in quantity and value between 2015 and 2017, by 7.5 and 11.2 percent, respectively. However, total market U.S. consumption was higher in interim 2018 than interim 2017 in quantity and value, by 3.0 and 6.0 percent, respectively.

Table IV-9**Polyester textured yarn: Apparent total market U.S. consumption, 2015-17, January to September 2017, and January to September 2018**

Item	Calendar year			January to September	
	2015	2016	2017	2017	2018
	Quantity (1,000 pounds)				
U.S. producers' U.S. shipments	169,399	159,284	156,613	117,737	115,991
U.S. imports from.--					
China	35,862	38,247	42,621	31,201	39,369
India	25,876	24,365	26,239	20,744	20,313
Subject sources	61,738	62,612	68,860	51,945	59,682
Nonsubject sources	79,510	71,406	61,782	48,583	49,234
All import sources	141,249	134,018	130,642	100,528	108,916
Apparent U.S. consumption	310,647	293,302	287,255	218,265	224,908
	Value (1,000 dollars)				
U.S. producers' U.S. shipments	304,641	273,599	271,515	203,327	207,509
U.S. imports from.--					
China	36,390	33,881	40,472	29,672	38,985
India	24,639	20,085	22,192	17,371	18,773
Subject sources	61,029	53,966	62,665	47,043	57,758
Nonsubject sources	89,218	78,396	69,807	54,292	57,823
All import sources	150,247	132,362	132,471	101,336	115,581
Apparent U.S. consumption	454,887	405,961	403,986	304,663	323,090

Source: Compiled from data submitted in response to Commission questionnaires and from official U.S. import statistics using HTS statistical reporting numbers 5402.33.3000 and 5402.33.6000, accessed November 9, 2018.

TOTAL MARKET U.S. MARKET SHARES

Market shares in the total U.S. market are presented in table IV-10 and figure IV-6. Total market share of U.S. producers' U.S. shipments remained stable between 2015 and 2017, at 54.5 percent by quantity, and between 67.0 and 67.4 percent by value. However, U.S. producers' U.S. shipments total market share was 2.4 percentage points lower in interim 2018 than interim 2017.

U.S. shipments of imports from China and India gained total market share during the 2015-2017 period, in quantity, by 3.3 and 0.8 percentage points, respectively. U.S. shipments of imports from nonsubject sources lost total market share during this same period, in quantity, by 4.1 percentage points. By value, U.S. shipments of imports from subject sources gained total market share during the 2015-2017 period, by 2.1 percentage points, while U.S. shipments of imports from nonsubject sources lost total market share during this same period, by 2.3 percentage points.

Table IV-10

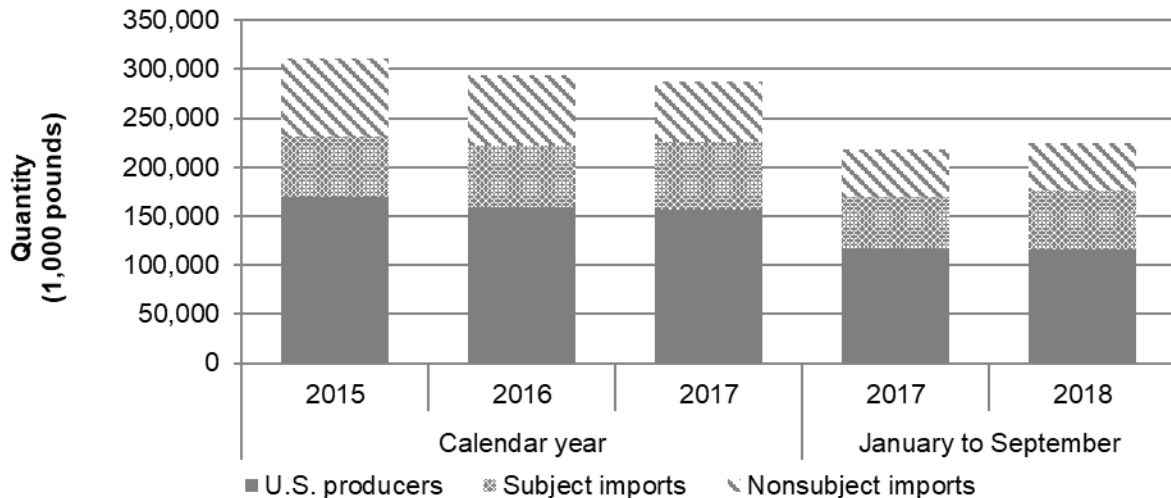
Polyester textured yarn: Total market market shares, 2015-17, January to September 2017, and January to September 2018

Item	Calendar year			January to September	
	2015	2016	2017	2017	2018
Quantity (1,000 pounds)					
Apparent U.S. consumption	310,647	293,302	287,255	218,265	224,908
Share of quantity (percent)					
U.S. producers' U.S. shipments	54.5	54.3	54.5	53.9	51.6
U.S. imports from.-- China	11.5	13.0	14.8	14.3	17.5
India	8.3	8.3	9.1	9.5	9.0
Subject sources	19.9	21.3	24.0	23.8	26.5
Nonsubject sources	25.6	24.3	21.5	22.3	21.9
All import sources	45.5	45.7	45.5	46.1	48.4
Value (1,000 dollars)					
Apparent U.S. consumption	454,887	405,961	403,986	304,663	323,090
Share of value (percent)					
U.S. producers' U.S. shipments	67.0	67.4	67.2	66.7	64.2
U.S. imports from.-- China	8.0	8.3	10.0	9.7	12.1
India	5.4	4.9	5.5	5.7	5.8
Subject sources	13.4	13.3	15.5	15.4	17.9
Nonsubject sources	19.6	19.3	17.3	17.8	17.9
All import sources	33.0	32.6	32.8	33.3	35.8

Source: Compiled from data submitted in response to Commission questionnaires and from official U.S. import statistics using HTS statistical reporting numbers 5402.33.3000 and 5402.33.6000, accessed November 9, 2018.

Figure IV-6

Polyester textured yarn: Apparent total market U.S. consumption, 2015-17, January to September 2017, and January to September 2018



Source: Compiled from data submitted in response to Commission questionnaires and from official U.S. import statistics using HTS statistical reporting numbers 5402.33.3000 and 5402.33.6000, accessed November 9, 2018.

APPARENT MERCHANT MARKET U.S. CONSUMPTION

Table IV-11 presents data on apparent U.S. consumption in the merchant market for polyester textured yarn. Apparent U.S. consumption in the merchant market decreased in quantity and value between 2015 and 2017, by *** and *** percent, respectively. However, U.S. consumption in the merchant market was higher in interim 2018 than interim 2017 in quantity and value, by *** and *** percent, respectively.

Table IV-11

Polyester textured yarn: Apparent merchant market U.S. consumption, 2015-17, January to September 2017, and January to September 2018

Item	Calendar year			January to September	
	2015	2016	2017	2017	2018
	Quantity (1,000 pounds)				
U.S. producers' commercial U.S. shipments	***	***	***	***	***
U.S. imports from.--					
China	35,862	38,247	42,621	31,201	39,369
India	25,876	24,365	26,239	20,744	20,313
Subject sources	61,738	62,612	68,860	51,945	59,682
Nonsubject sources	79,510	71,406	61,782	48,583	49,234
All import sources	141,249	134,018	130,642	100,528	108,916
Apparent U.S. consumption	***	***	***	***	***
	Value (1,000 dollars)				
U.S. producers' commercial U.S. shipments	***	***	***	***	***
U.S. imports from.--					
China	36,390	33,881	40,472	29,672	38,985
India	24,639	20,085	22,192	17,371	18,773
Subject sources	61,029	53,966	62,665	47,043	57,758
Nonsubject sources	89,218	78,396	69,807	54,292	57,823
All import sources	150,247	132,362	132,471	101,336	115,581
Apparent U.S. consumption	***	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires and from official U.S. import statistics using HTS statistical reporting numbers 5402.33.3000 and 5402.33.6000, accessed November 9, 2018.

MERCHANT MARKET U.S. MARKET SHARES

Table IV-12 and figure IV-7 present data on market shares in the merchant market. Merchant market share of U.S. producers' U.S. shipments decreased between 2015 and 2017, by *** percentage points in quantity, and *** percentage points in value. U.S. producers' U.S. shipments merchant market share was also lower in interim 2018 than interim 2017, by quantity (*** percentage points) and value (*** percentage points).

U.S. shipments of imports from China and India gained merchant market share during the 2015-2017 period, in quantity, by *** and *** percentage points, respectively. U.S. shipments of imports from nonsubject sources lost merchant market share during this same period, in quantity, by *** percentage points. By value, U.S. shipments of imports from subject sources gained merchant market share during the 2015-2017 period, by *** percentage points, while U.S. shipments of imports from nonsubject sources lost merchant market share during this same period, by *** percentage points.

Table IV-12

Polyester textured yarn: Merchant market market shares, 2015-17, January to September 2017, and January to September 2018

* * * * *

Figure IV-7

Polyester textured yarn: Apparent merchant market U.S. consumption, 2015-17, January to September 2017, and January to September 2018

* * * * *

PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

The main input for polyester textured yarn is polyethylene terephthalate resin (PET).¹ Some producers of polyester textured yarn purchase partially-oriented yarn, while some purchase PET, and some produce PET.² The PET may be derived either from virgin or recycled materials.³ Petitioners state that ***.⁴ The main components required to produce PET are monoethylene glycol (“MEG”) and polyethylene terephthalic acid (PTA).

All five responding U.S. producers and the majority of responding importers (12 of 21 firms) reported that the prices of the raw materials used to produce polyester textured yarn increased since January 2015. The other nine responding importers reported that raw material prices fluctuated with no clear trend. *** reported that the increase in raw material costs has “put margin pressures” on its polyester textured yarn, and *** reported that PTA, MEG, finish oils, other chemicals, and packing material have increased its costs. *** also reported that MEG and PTA prices have gone up, while *** reported that the increase in raw material prices are due to an increase in oil prices. *** reported that the PEG index fluctuates depending on supply and demand.

Transportation costs to the U.S. market

Transportation costs for polyester textured yarn shipped from subject countries to the United States averaged 7.2 percent for China during 2017 and 4.8 percent for India, for an average of 6.3 percent for the subject countries combined. These estimates were derived from official import data and represent the transportation and other charges on imports.⁵

U.S. inland transportation costs

Two of 5 responding U.S. producers and 10 of 13 responding importers reported that they typically arrange transportation to their customers. Most U.S. producers reported that

¹ Conference transcript, p. 17 (Cole).

² Conference transcript, pp. 21-22, 38-39, 61 (Freeman, Caudle).

³ Petitioners’ postconference brief, p. 4.

⁴ Petitioners’ postconference brief, Answers to Staff Questions, p. 2.

⁵ The estimated transportation costs were obtained by subtracting the customs value from the c.i.f. value of the imports for 2017 and then dividing by the customs value based on the HTS subheadings 5402.33.30 and 5402.33.60.

their U.S. inland transportation costs ranged from 1 to 4 percent, while most importers reported costs of 1 to 5 percent.⁶

Importers of polyester textured yarn from China and/or India for their own use were also requested to estimate U.S. inland transportation costs from the port of importation to the point of use. Four of these importers responded that their U.S. inland transportation costs for such imports were between 1 and 15 percent of the total cost.

PRICING PRACTICES

Pricing methods

Most U.S. producers (4 of 5 responding) and most importers (10 of 15 responding) reported using transaction-by-transaction negotiations, with several also using contracts to set prices (table V-1). In addition, one U.S. producers and three importers sell using other methods, including a pricing formula based on raw material costs, and market pricing.

Table V-1
Polyester textured yarn: U.S. producers' and importers' reported price setting methods, by number of responding firms¹

Method	U.S. producers	U.S. importers
Transaction-by-transaction	4	10
Contract	2	4
Set price list	---	1
Other	1	3
Responding firms	5	15

¹ The sum of responses down may not add up to the total number of responding firms as each firm was instructed to check all applicable price setting methods employed.

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. producers reported selling the majority of their product in the spot market, with the remaining amount under short-term contract. As shown in table V-2, in 2017, most U.S. producers' sales were spot sales and most importers' sales were under short term contracts.

Table V-2
Polyester textured yarn: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2017

* * * * *

⁶ U.S. producer *** reported an inland transportation cost of 10 percent, and importer *** reported a cost of 15 percent.

Most U.S. producers reporting contract provisions for their short-term contract sales reported that contract prices were not renegotiated during the contract period (3 of 4 firms), and the contracts fixed price (3 of 4 firms). Half (2 of 4 firms) reported that prices were indexed to raw materials. Most importers reporting contract provisions for their short-term contracts indicated that contract prices were not renegotiated during the contract period (7 of 8 firms), the contracts fix both price and quantity (all 8 firms), and prices were not indexed to raw materials (7 of 8 firms). The sole responding importer that detailed contract provisions for its annual and long-term contract sales (***) reported that they were indexed to raw materials.

Purchasers also provided a general description of their firms' methods of purchase for polyester textured yarn. Purchasers reported individual or ad hoc purchases (4 of 6 firms); requests for quotation, "schedule delivery," purchase orders (one firm); and "blanket production purchase orders... with agreed upon pricing" (one firm).

Sales terms and discounts

Most U.S. producers (4 of 5 responding) typically quote prices on an f.o.b. basis. Most importers (9 of 12 responding) typically quote prices on a delivered basis.⁷ Most producers (3 of 5) and most importers (13 of 15) reported that they had no specific discount policy. Two U.S. producers reported they offered quantity discounts and one offered discounts based on net payment terms. One importer reported that it offered total volume discounts based on customer and quantity.

PRICE DATA

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and f.o.b. value of the following polyester textured yarn products shipped to unrelated U.S. customers during January 2015-September 2018.

Product 1.--Single ply, 150 denier, 34 to 48 filaments, semi-dull natural luster, round polyester textured yarn.

Product 2.--Single ply, 70 denier, 34 to 48 filaments, semi-dull natural luster, round polyester textured yarn.

Product 3.--Single ply, 70 denier, 68 to 72 filaments, semi-dull natural luster, round polyester textured yarn.

⁷ Two of the importers that reported typically selling on a delivered basis also reported selling on an f.o.b. basis.

Product 4.--Single ply, 300 denier, 68 to 72 filaments, semi-dull natural luster, round polyester textured yarn.

Four U.S. producers and 10 importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.⁸ Pricing data reported by these firms accounted for approximately *** percent of U.S. producers' shipments of polyester textured yarn in 2017, *** percent of U.S. shipments of subject imports from China, and *** percent of U.S. shipments of subject imports from India in 2017.

Price data for products 1-4 are presented in tables V-3 to V-6 and figures V-1 to V-4.

Table V-3

Polyester textured yarn: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarter, January 2015-September 2018

* * * * *

Table V-4

Polyester textured yarn: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarter, January 2015-September 2018

* * * * *

Table V-5

Polyester textured yarn: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarter, January 2015-September 2018

* * * * *

Table V-6

Polyester textured yarn: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by quarter, January 2015-September 2018

* * * * *

⁸ Per-unit pricing data are calculated from total quantity and total value data provided by U.S. producers and importers. The precision and variation of these figures may be affected by rounding, limited quantities, and producer or importer estimates.

Figure V-1
Polyester textured yarn: Weighted-average prices and quantities of domestic and imported product 1, by quarter, January 2015-September 2018

* * * * *

Figure V-2
Polyester textured yarn: Weighted-average prices and quantities of domestic and imported product 2, by quarter, January 2015-September 2018

* * * * *

Figure V-3
Polyester textured yarn: Weighted-average prices and quantities of domestic and imported product 3, by quarter, January 2015-September 2018

* * * * *

Figure V-4
Polyester textured yarn: Weighted-average prices and quantities of domestic and imported product 4, by quarter, January 2015-September 2018

* * * * *

Import purchase costs

In addition to price data, the Commission also requested that importers provide landed duty-paid values and quantities for imports used for internal consumption (direct imports). Eight importers provided such data, and their purchase cost data for imports of products 1, 2 and 4 are presented in tables V-7 to V-9 and figures V-5 to V-7, along with U.S. sales prices to end users (previously presented).⁹

These importers were also asked to identify the benefits of directly importing polyester textured yarn as opposed to purchasing it from a U.S. producer or importer. Most responding importers (6 of 8) reported that lower prices were one of the benefits of importing directly. Other benefits for direct importing included: it is the only way to be competitive with imported finished fabric and maintain U.S. production; better lead times than when purchasing from importers; higher quality; “better performance with China sourced yarn;” “availability of specialty ‘branded’ product;” and adding an additional source for qualified material.

Three importers estimated that they saved between 3 and 16 percent of landed duty-paid value by importing themselves rather than purchasing. Importers also estimated additional

⁹ No importer reported usable import purchase cost data for product 3. ***.

costs of direct imports including: 4 percent for logistics or supply chain management (reported by one importer); 1 to 5 percent for inventory carrying costs (reported by two importers); and 1 percent for additional insurance costs (reported by one importer).

Table V-7

Polyester textured yarn: Weighted-average f.o.b. prices and quantities of domestic product 1 and landed duty-paid values and quantities of imported product 1, by quarter, January 2015-September 2018

* * * * *

Table V-8

Polyester textured yarn: Weighted-average f.o.b. prices and quantities of domestic product 2 and landed duty-paid values and quantities of imported product 2, by quarter, January 2015-September 2018

* * * * *

Table V-9

Polyester textured yarn: Weighted-average f.o.b. prices of and quantities of domestic product 4 and landed duty-paid values and quantities of imported product 4, by quarter, January 2015-September 2018

* * * * *

Figure V-5

Polyester textured yarn: Weighted-average f.o.b. prices and quantities of domestic product 1 and landed duty paid values and quantities of imported product 1, by quarter, January 2015-September 2018

* * * * *

Figure V-6

Polyester textured yarn: Weighted-average f.o.b. prices and quantities of domestic product 2 and landed duty paid values and quantities of imported product 2, by quarter, January 2015-September 2018

* * * * *

Figure V-7

Polyester textured yarn: Weighted-average f.o.b. prices and quantities of domestic product 4 and landed duty paid values and quantities of imported product 4, by quarter, January 2015-September 2018

* * * * *

Price trends

Table V-10 summarizes the price trends, by country and by product. As shown in the table, prices for domestic products 1 and 4 increased during January 2015-September 2018, while prices for domestic products 2 and 3 decreased. Domestic price increases ranged from *** to *** percent and decreases ranged from *** to *** percent during January 2015-September 2018. Prices and LDP values for all reported products from China decreased during January 2015-September 2018, while prices for products 1 and 4 from India increased and prices for product 2 decreased during the same time. Import price increases ranged from *** to *** percent (for India) while price decreases ranged from *** to *** percent (for China) during January 2015-September 2018.

Table V-10

Polyester textured yarn: Summary of weighted-average f.o.b. prices for products 1-4 from the United States, China, and India, and LDP values (costs) from China and India

* * * * *

Price comparisons

As shown in table V-11, prices for product imported from China were below those for U.S.-produced product in 44 of 50 instances (** pounds); margins of underselling ranged from *** to *** percent. In the remaining six instances (** pounds), prices for product from China were between *** and *** percent above prices for the domestic product. Overselling occurred **. Prices for product imported from India were below those for U.S.-produced product in all 41 instances (** million pounds); margins of underselling ranged from *** to *** percent.

Table V-11
Polyester textured yarn: Instances of underselling/overselling and the range and average of margins, by country, January 2015-September 2018

Source	Underselling				
	Number of quarters	Quantity ¹ (pounds)	Average margin (percent)	Margin range (percent)	
				Min	Max
Product 1	***	***	***	***	***
Product 2	***	***	***	***	***
Product 3	***	***	***	***	***
Product 4	***	***	***	***	***
Total, overselling	85	***	***	***	***
China	44	***	***	***	***
India	41	***	***	***	***
Total, overselling	85	***	***	***	***
Source	(Overselling)				
	Number of quarters	Quantity ¹ (pounds)	Average margin (percent)	Margin range (percent)	
				Min	Max
Product 1	***	***	***	***	***
Product 2	***	***	***	***	***
Product 3	***	***	***	***	***
Product 4	***	***	***	***	***
Total, overselling	6	***	***	***	***
China	***	***	***	***	***
India	***	***	***	***	***
Total, overselling	6	***	***	***	***

¹ These data include only quarters in which there is a comparison between the U.S. and subject product.

Source: Compiled from data submitted in response to Commission questionnaires.

LOST SALES AND LOST REVENUE

The Commission requested that U.S. producers of polyester textured yarn report purchases where they experienced instances of lost sales or revenue due to competition from imports of polyester textured yarn from China and/or India during January 2015-September 2018. Three of five responding U.S. producers reported that they had to reduce prices and three of five reported they had to roll back announced price increases. Four of five reported they had lost sales.¹⁰ Two U.S. producers submitted lost sales and lost revenue allegations. The two responding U.S. producers identified 34 firms where they had lost sales. There were no lost

¹⁰ ***

revenue allegations. All 34 allegations reported China as a source of competition, and 17 reported that India was also a source of competition.

Staff contacted 30 purchasers and received responses from six purchasers. Responding purchasers reported purchasing and/or importing 162.8 million pounds of polyester textured yarn during January 2015-September 2018 (table V-12).

Table V-12
Polyester textured yarn: Purchasers' responses to purchasing patterns

Purchaser	Purchases and/or imports in January 2015-September 2018 (1,000 pounds)			Change in domestic share ² (pp, 2015-17)	Change in subject country share ² (pp, 2015-17)
	Domestic	Subject	All other ¹		
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Total	71,898	17,472	73,405	0.5	4.4

¹ Includes all other sources and unknown sources.

² Percentage points (pp) change: Change in the share of the firm's total purchases of domestic and/or subject country imports between first and last years.

Source: Compiled from data submitted in response to Commission questionnaires.

During 2017, responding purchasers bought 44.6 percent from U.S. producers, 5.3 percent from China, 6.2 percent from India, and 43.8 percent from non-subject countries. Of the responding purchasers, three reported decreasing purchases from domestic producers, two reported increasing purchases, and one reported no change.¹¹ One purchaser explained that it increased purchases of domestic product because its business increased. Two purchasers explained that they decreased purchases of domestic product because of declining business, price increases, and quality issues. Two purchasers explained that they increased their purchases from China because of an increase in business, better quality of Chinese product, and an increase in the domestic price. One purchaser explained that it had decreased its purchases of Indian product because it purchased only a sample and they did not purchase any more orders.

Of the six responding purchasers, four reported that, since 2015, they had purchased imported polyester textured yarn from China instead of U.S.-produced product, and two reported that they had purchased imported polyester textured yarn from India instead of U.S.-produced product. All of these purchasers reported that subject import prices were lower than U.S.-produced product, and all of them reported that price was a primary reason for the decision to purchase imported product rather than U.S.-produced product. Four purchasers

¹¹ None of the purchasers indicated that they did not know the source of the polyester textured yarn they purchased.

estimated the quantity of polyester textured yarn from China purchased instead of domestic product; quantities ranged from *** pounds to *** pounds (tables V-13 and V-14). One purchaser (***) also identified quality as a non-price reason for purchasing subject imports rather than U.S.-produced product.

Table V-13

Polyester textured yarn: Purchasers' responses to purchasing subject imports instead of domestic product, by firm

Purchaser	Purchased imports instead of domestic (Y/N)	Imports priced lower (Y/N)	If purchased imports instead of domestic, was price a primary reason		
			Y/N	If Yes, quantity purchased instead of domestic (1,000 pounds)	If No, non-price reason
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Total	Yes--4; No--2	Yes--4; No--0	Yes--4; No--0	6,237	

Source: Compiled from data submitted in response to Commission questionnaires.

Table V-14

Polyester textured yarn: Purchasers' responses to purchasing subject imports instead of domestic product, by country

Source	Count of purchasers reporting subject instead of domestic	Count of purchasers reported that imports were priced lower	Count of purchasers reporting that price was a primary reason for shift	Quantity subject purchased (1,000 pounds)
China	4	4	4	***
India	2	2	2	***
Any subject source	4	4	4	6,237

Source: Compiled from data submitted in response to Commission questionnaires.

Of the six responding purchasers, one reported that U.S. producers had reduced prices in order to compete with lower-priced imports from China, and three reported that they had not; two purchasers reported that they did not know (tables V-15 and V-16). The reported estimated price reduction was *** percent. No purchasers reported price reductions in response to imports from India. In describing the price reductions, purchasers indicated that the reduction was limited to only one product.

Table V-15

Polyester textured yarn: Purchasers' responses to U.S. producer price reductions, by firm

* * * * *

Table V-16

Polyester textured yarn: Purchasers' responses to U.S. producer price reductions, by country

Source	Count of purchasers reporting U.S. producers reduced prices	Simple average of estimated U.S. price reduction (percent)	Range of estimated U.S. price reductions (percent)
China	1	***	***
India	---	---	---
All subject sources	1	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

Four U.S. producers, Milliken, Nan Ya, Sapona, and Unifi, reported their financial results on polyester textured yarn for 2015 through January-September 2018.¹ *** accounted for the largest share of total commercial sales (**% percent), followed by *** (**% percent), *** (**% percent), and *** (**% percent).²

The petitioners in this investigation, Nan Ya and Unifi, both reported the *** related to the production of polyester textured yarn during the period examined with Unifi also reporting related workforce reductions.³ According to Unifi, its current operations also reflect large-scale consolidation of production that took place prior to 2015.⁴ *** did not report specific operational disruptions during the period examined.⁵

OPERATIONS ON POLYESTER TEXTURED YARN

Table VI-1 presents polyester textured yarn financial results specific to commercial sales only (including exports). Table VI-2 presents corresponding changes in average per pound values. Table VI-3 presents polyester textured yarn financial results specific to overall operations (commercial sales, transfers, and internal consumption). Table VI-4 presents corresponding changes in average per pound values. Company-specific financial information is presented in table VI-5.⁶

Table VI-1

Polyester textured yarn: Results of commercial operations of U.S. producers, 2015-17, January-September 2017, and January-September 2018

* * * * *

¹ Financial results were reported on the basis of generally accepted accounting principles (GAAP) by all companies. ***, U.S. producers reported their annual financial results for calendar-year periods. ***, USITC auditor notes (preliminary phase).

² When considering overall polyester textured yarn operations (i.e., commercial sales, transfers, and internal consumption), *** accounted for the largest share of total revenue (**% percent), followed by *** (**% percent), *** (**% percent), and *** (**% percent).

³ *** producer questionnaires, responses to II-2. Conference transcript, pp. 15-16 (Caudle).

⁴ Ibid.

⁵ *** producer questionnaires, responses to II-2. Several U.S. producers, not included in the U.S. industry's financial results, closed and/or idled parts of their operations during the period examined (see Part III of this report).

⁶ While U.S. producers generally indicated that product mix did not change substantially during the period, some company-specific average values were essentially *** for parts of the period (see footnotes 14 and 22). Because its utility is unclear under these circumstances, a variance analysis is not presented in this section of the report.

Table VI-2
Polyester textured yarn: Changes in average per pound values (commercial sales), 2015-17, January-September 2017, January-September 2018

* * * * *

Table VI-3
Polyester textured yarn: Results of overall operations of U.S. producers, 2015-17, January-September 2017, and January-September 2018

* * * * *

Table VI-4
Polyester textured yarn: Changes in average per pound values (overall operations), 2015-17, January-September 2017, January-September 2018

* * * * *

Table VI-5
Polyester textured yarn: Results of overall operations of U.S. producers, by firm, 2015-17, January-September 2017, and January-September 2018

* * * * *

Revenue

As reported to the Commission, commercial sales represent the substantial majority (***) percent) of overall polyester textured yarn revenue. The remaining revenue (***) percent) reflects internal consumption, which was reported by ***.⁷

Volume

Total polyester textured sales volume for both categories of operations (commercial sales only and overall) declined throughout the period.⁸ While total commercial sales volume declined throughout the period, on a company-specific basis the pattern was only directionally uniform during parts of the period: 2015-16 and between the interim periods.⁹ *** total sales volume declined throughout the period, reflecting declines in both U.S. commercial sales and exports.¹⁰ In contrast, ***, the *** largest producer in terms of sales volume, reported an

⁷ ***. November 14, 2018 e-mail with attachment from *** to USITC auditor. ***. Ibid.

***. November 14, 2018 e-mail with attachments from *** to USITC auditor.

⁸ ***. Table VI-5 shows that *** declined somewhat in 2016 and then increased in 2017 and was higher in January-September 2018 compared to January-September 2017. ***. November 14, 2018 e-mail with attachment from *** to USITC auditor.

⁹ ***. November 14, 2018 e-mail with attachment from *** to USITC auditor. ***. Ibid.

¹⁰ ***. November 14, 2018 e-mail with attachments from *** to USITC auditor.

overall increase in sales volume during the full-year period, which the company attributed to ***.¹¹

Value

For commercial sales only and overall operations, average per pound sales value declined in 2016, increased in 2017, recovering a relatively small amount of the previous year's decline, and then was higher in January-September 2018 compared to January-September 2017.¹² Like the pattern of total sales volume, the large share of commercial sales is such that the pattern for overall operations largely reflects the pattern of commercial sales. While magnitudes differed, average per pound sales values and raw material costs followed the same directional pattern of change throughout the period.¹³

On a company-specific basis, the directional pattern of change in average sales value was mixed throughout much of the period. Table VI-5 shows that *** reported the highest average per pound commercial sales value throughout the period.¹⁴ For most of the period, *** reported the lowest average per pound sales value.¹⁵

Cost of goods sold and gross profit or loss

Raw materials

For commercial sales only, raw material costs as a share of total cost of goods sold (COGS) ranged from *** percent to *** percent. For overall operations, raw material cost shares were somewhat lower, ranging from *** percent to *** percent of total COGS.

U.S. producers vary in terms of the form of primary inputs used to produce polyester textured yarn; e.g., Nan Ya is vertically integrated back to the production of PET (polyethylene terephthalate) to produce POY (partially-oriented yarn),¹⁶ while Unifi purchases and recycles plastic bottles and post-industrial polyester waste, and purchases both PET resin chips and

¹¹ November 14, 2018 e-mail with attachment from *** to USITC auditor. ***. Ibid.

¹² ***. Petitioners' post conference brief, exhibit 7.

¹³ While some sales transactions directly pass through raw material costs, polyester textured yarn sales are primarily made on a spot basis and do not directly pass through raw material costs. Conference transcript, p. 71 (Freeman, Caudle).

¹⁴ ***. November 14, 2018 e-mail with attachment from *** to USITC auditor. ***. November 14, 2018 e-mail with attachment from *** to USITC auditor.

¹⁵ ***. November 14, 2018 e-mail with attachment from *** to USITC auditor. ***. November 14, 2018 e-mail with attachments from *** to USITC auditor.

¹⁶ Conference transcript, p. 62 (Freeman). Nan Ya also uses a small amount of recycled polyester. Conference transcript, p. 69 (Freeman). With respect to the feedstock used to produce PET, Nan Ya purchases PTA (purified terephthalic acid) on the merchant market and MEG (monoethylene glycol) from another Nan Ya Division. Conference transcript, p. 38 (Freeman). ***. *** producer questionnaire, response to III-7. ***. November 14, 2018 e-mail with attachment from *** to USITC auditor.

POY.¹⁷ *** and *** reported that their primary raw material cost reflects purchased POY.¹⁸ While U.S. producers vary in terms of the level of material input integration, the production of polyester textured yarn was generally described as capital intensive with a corresponding incentive to maintain high capacity utilization.¹⁹

Table VI-5 shows that U.S. producers reported a range of average raw material costs with most reporting lower average raw material costs in 2016, a mixed directional pattern in 2017, and higher average raw material costs in January-September 2018 compared to January-September 2017.²⁰

Direct labor and other factory costs

In addition to other differences in company-specific cost structure, the range of average direct labor and other factory costs shown in table VI-5 appears to be generally consistent with differences in the level of material input processing.²¹

For both categories of activity, the share of total COGS accounted for by direct labor remained within a relatively narrow range. For commercial sales only, direct labor ranged from *** percent to *** percent of total COGS. For overall operations, direct labor accounted for a marginally larger share: *** percent to *** percent. ***, reported steady increases in its average per pound direct labor costs during the full-year period (see table VI-5). ***, in conjunction with a decline in sales volume, also reported a relatively large increase in its average per pound direct labor costs in 2016, which subsequently remained at the same level for the rest of the period. The other U.S. producers reported minimal variability in their average direct labor costs during the period.²²

Other factory costs, the second largest component of COGS, also remained within a relatively narrow range for both categories. Largely reflecting the decline in average raw material costs in 2016, the share of COGS accounted for by other factory costs increased to its highest level in that year: *** percent for commercial sales only and *** percent for overall operations. Similarly, increases in average raw material costs generally explain the subsequent decline in the share of COGS accounted for by other factory costs. The impact of changes in energy costs appears to be limited with *** indicating that they were relatively stable the period.²³

¹⁷ Conference transcript, pp. 38-39 (Caudle). Petitioners' postconference brief, exhibit 7. *** and are therefore impacted by crude oil prices and supply and demand. Ibid. ***. Petitioners' postconference brief, exhibit 8.

¹⁸ November 14, 2018 e-mail with attachment from *** to USITC auditor. November 14, 2018 e-mail with attachment from *** to USITC auditor. ***. Ibid.

¹⁹ Conference transcript, p. 23 (Freeman). Conference transcript, p. 21 (Cole).

²⁰ ***. November 14, 2018 e-mail with attachment from *** to USITC auditor. ***. USITC auditor notes (preliminary phase). ***.

²¹ ***.

²² ***. November 14, 2018 e-mail with attachment from *** to USITC auditor.

²³ Unifi identified its primary energy input as electricity. Conference transcript, p. 76 (Caudle). ***. Petitioners' postconference brief, exhibit 8.

Similar to its pattern of average direct labor and in conjunction with declining sales and production volume, *** reported increases in average other factory costs throughout the period. In contrast and in conjunction with a mixed directional pattern of sales and production volume, *** average other factory costs declined throughout the period.

Cost of goods sold

For both commercial sales only and overall operations, average COGS fluctuated during the period, declining to its lowest level in 2016, increasing in 2017, and reaching its highest level in January-September 2018. Table VI-2 and table VI-4 show that for both categories of activity, the pattern of declining and increasing average COGS primarily reflects changes in corresponding average raw material costs; i.e., while average direct labor and other factory costs increased during the period, the impact on average COGS was less pronounced.

Table VI-5 shows that company-specific average COGS were generally in a similar range with most U.S. producers reporting lower average COGS in 2016 and a mixed pattern of higher and lower average COGS in 2017. Company-specific differences in the directional pattern of average COGS broadly reflect variations in both average raw material costs and conversion costs (combined direct labor and other factory costs). All U.S. producers reported higher average COGS in January-September 2018 compared to January-September 2017.

Gross profit or loss

While remaining positive, gross profit for both commercial sales only and overall operations declined on an absolute basis and as a ratio to sales throughout the period. Table VI-5 shows that most U.S. producers reported declining gross profit ratios during parts of the period with *** reporting declines throughout the period. ***, subsequent to its ***, was the *** U.S. producer that reported consecutive increases in its gross profit ratio.²⁴

For commercial sales only, as compared to overall operations, the sharper decline in total gross profit generally reflects larger percentage declines in sales volume and a more notable deterioration in gross profit ratios. The source of the deterioration in gross profit ratio for both categories was attributable to changes in raw material costs, which were only partially matched by corresponding changes in average sales value. The impact of changes in average conversion costs, which increased throughout most of the period and therefore further reduced gross profit, was also a factor but less pronounced.

SG&A expenses and operating income or loss

For commercial sales only and overall operations, total SG&A expenses declined to their lowest annual levels of the period in 2016, increased modestly in 2017, and were somewhat higher in January-September 2018 compared to January-September 2017.

On a company-specific basis (see table VI-5), U.S. producers reported a relatively wide range of SG&A expense ratios (total SG&A expenses divided by total revenue) with most

²⁴ ***. November 14, 2018 e-mail with attachment from *** to USITC auditor. ***.

reporting modest fluctuations during the period.^{25 26 ***}, reported increasing SG&A expense ratios throughout the period.

Most U.S. producers reported declines in their operating results during the full-year period (see table VI-5).²⁷ At the end of the period, the operating loss for commercial sales only and the lower operating results for overall operations largely reflect ***.²⁸ The other U.S. producers reported a mix of higher and lower operating results in January-September 2018 compared to January-September 2017.

While SG&A expenses ratios for both categories increased somewhat during the period, the pattern of declining operating results primarily reflects the factors impacting financial results at the gross level; i.e., reduced sales volume and declining gross profit ratios.

Interest expense, other expenses, and net income or loss

*** were the *** U.S. producers that reported interest expense with *** accounted for the majority. Total interest expense declined to its lowest annual level in 2016 and subsequently increased to its highest annual level in 2017. Total interest expense was also somewhat higher in January-September 2018 compared to January-September 2017. Other expenses and the higher level of corresponding other income fluctuated during the period and reflect *** U.S. producer that reported other income and other expenses.

While the absolute difference between operating and net results narrowed and widened in conjunction with changes in total interest expense and net other income and expenses, the U.S. industry's operating and net results followed the same directional trend throughout the period.

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

Table VI-6 presents the U.S. producers' capital expenditures and research and development (R&D) expenses related to polyester textured yarn operations.

Table VI-6
Polyester textured yarn: Capital expenditures and research and development (R&D) expenses of U.S. producers, by firm, 2015-17, January-September 2017, and January-September 2018

* * * * *

²⁵ With regard to the sale of polyester textured yarn, Nan Ya and Unifi both have in-house sales personnel, as well as separate staff that provide technical support. Conference transcript, pp. 74-75 (Caudle, Freeman). ***. Petitioner's postconference brief, Exhibits 7 and 8. Both companies primarily maintain finished goods inventory at the manufacturing plant and ship to customers by truck. Conference transcript, p. 76 (Caudle, Freeman).

²⁶ ***. November 14, 2018 e-mail with attachment from *** to USITC auditor.

²⁷ ***. November 14, 2018 e-mail with attachment from *** to USITC auditor.

²⁸ ***. November 14, 2018 e-mail with attachments from *** to USITC auditor.

Total capital expenditures were at their highest level in 2015 and declined during the rest of the full-year period. This trend reversed itself at the end of the period with the level of capital expenditures in January-September 2018 notably higher compared to January-September 2017. *** accounted for the majority of total reported capital expenditures (**% percent), followed by *** (**% percent), and *** (**% percent).²⁹ *** did not report capital expenditures during the period.³⁰

Total R&D expenses fluctuated during the period, declining in 2016 from their highest level in 2015, increasing in 2017, and then somewhat higher in January-September 2018 compared to January-September 2017. Like capital expenditures, *** accounted for the majority of total R&D expenses (**% percent), followed by *** (**% percent), and *** (**% percent).³¹ *** did not report R&D expenses during the period.

ASSETS AND RETURN ON ASSETS

Table VI-7 presents data on the U.S. producers' total net assets and operating return on net assets related to polyester textured yarn operations.³²

Table VI-7
Polyester textured yarn: U.S. producers' total net assets and operating return on net assets, by firm, 2015-17

* * * * *

CAPITAL AND INVESTMENT

The Commission requested U.S. producers of polyester textured yarn to describe any actual or potential negative effects on their return on investment or their growth, investment, ability to raise capital, existing development and production efforts (including efforts to develop a derivative or more advanced version of the product), or the scale of capital investments as a result of imports of polyester textured yarn from China and India.³³ Table VI-8 tabulates the responses on actual negative effects on investment, growth and development, as well as anticipated negative effects. Table VI-9 presents the narrative responses of U.S.

²⁹ ***. *** producer questionnaires, responses to III-13 (note 1).

³⁰ ***. November 14, 2018 e-mail with attachment from *** to USITC auditor.

³¹ ***. *** producer questionnaires, responses to III-13 (note 2).

³² With respect to a company's overall operations, staff notes that a total asset value (i.e., the bottom line value on the asset side of a company's balance sheet) reflects an aggregation of a number of current and non-current assets, which, in many instances, are not product specific. The ability of U.S. producers to assign total asset values to discrete product lines affects the meaningfulness of operating return on net assets.

³³ While *** are not included in the U.S. industry's financial results (see footnote 1), their producer questionnaire responses regarding actual and anticipated negative effects due to subject imports are reflected in table VI-8 and table VI-9.

producers regarding actual and anticipated negative effects on investment, growth and development.

Table VI-8
Polyester textured yarn: Negative effects of imports from subject sources on investment, growth, and development since January 1, 2015

* * * * *

Table VI-9
Polyester textured yarn: Narrative response of U.S. producers regarding actual and anticipated negative effects of imports from subject sources on investment, growth, and development since January 1, 2015

* * * * *

PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

Section 771(7)(F)(i) of the Act (19 U.S.C. § 1677(7)(F)(i)) provides that—

In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the subject merchandise, the Commission shall consider, among other relevant economic factors¹⁻⁻

- (I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement), and whether imports of the subject merchandise are likely to increase,*
- (II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,*
- (III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,*
- (IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices, and are likely to increase demand for further imports,*
- (V) inventories of the subject merchandise,*

¹ Section 771(7)(F)(ii) of the Act (19 U.S.C. § 1677(7)(F)(ii)) provides that “The Commission shall consider {these factors} . . . as a whole in making a determination of whether further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted under this title. The presence or absence of any factor which the Commission is required to consider . . . shall not necessarily give decisive guidance with respect to the determination. Such a determination may not be made on the basis of mere conjecture or supposition.”

- (VI) *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,*
- (VII) *in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both),*
- (VIII) *the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and*
- (IX) *any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).²*

Information on the nature of the alleged subsidies was presented earlier in this report; information on the volume and pricing of imports of the subject merchandise is presented in *Parts IV and V*; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in *Part VI*. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows. Also presented in this section of the report is information obtained for consideration by the Commission on nonsubject countries.

² Section 771(7)(F)(iii) of the Act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, "... the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other WTO member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry."

THE INDUSTRY IN CHINA

The Commission issued foreign producers' or exporters' questionnaires to 44 firms believed to produce and/or export polyester textured yarn from China.³ No responses to the Commission's questionnaire were received from these firms.⁴ Petitioners estimate that China's polyester textured yarn capacity in 2017 was *** and production was ***, for an estimated 2017 capacity utilization rate of ***.⁵

Exports

According to GTA, the leading export markets for polyester textured yarn from China are Pakistan, Turkey, and Vietnam (table VII-1).⁶ During 2017, the United States was the 13th largest export market for polyester textured yarn from China, accounting for 2.1 percent.

³ These firms were identified through a review of information submitted in the petition and contained in *** records.

⁴ Multiple outreach attempts were made via email and fax to obtain questionnaires from Chinese firms identified by the petition to be major producers of polyester textured yarn, including Suzhou Shenghong Fiber Co. Ltd., Fujian Billion Polymerization Fiber Technology, and Fujian Zhengqi High Tech Fiber. Petition, Volume II p. 2. *** Email from ***.

⁵ Petitioners' postconference brief, Exhibit 16.

Table VII-1
Polyester textured yarn:⁷ Exports from China, 2015-2017

Destination market	Calendar year		
	2015	2016	2017
	Quantity (1,000 pounds)		
China exports to the United States	33,153	35,876	41,586
China exports to other major destination markets.--			
Pakistan	294,766	313,761	229,092
Turkey	151,673	146,814	198,274
Vietnam	167,220	173,148	177,458
Brazil	74,787	137,052	172,530
Egypt	71,092	91,648	141,830
Korea	141,193	139,156	138,145
Bangladesh	82,161	88,094	108,955
Mexico	88,369	91,766	96,031
All other destination markets	523,615	648,127	677,187
Total China exports	1,628,027	1,865,442	1,981,088
	Value (1,000 dollars)		
China exports to the United States	25,912	24,753	31,633
China exports to other major destination markets.--			
Pakistan	178,513	171,451	143,822
Turkey	108,221	94,558	139,460
Vietnam	119,584	109,209	134,512
Brazil	47,240	74,267	104,558
Egypt	44,778	49,573	87,700
Korea	119,260	105,241	112,103
Bangladesh	55,350	52,956	75,250
Mexico	63,320	57,161	66,306
All other destination markets	396,113	429,398	494,856
Total China exports	1,158,290	1,168,568	1,390,199

Table continued on next page.

⁷ Global trade databases present data on six-digit HTS subheading 5402.33, which describes the article as: "synthetic filament yarn other than sewing thread, not put up for retail sale, textured yarn of polyester." Harmonized Tariff Schedule of the United States 2018.

Table VII-1--Continued
Polyester textured yarn: Exports from China, 2015-2017

Destination market	Calendar year		
	2015	2016	2017
	Unit value (dollars per pound)		
China exports to the United States	0.78	0.69	0.76
China exports to other major destination markets.--			
Pakistan	0.61	0.55	0.63
Turkey	0.71	0.64	0.70
Vietnam	0.72	0.63	0.76
Brazil	0.63	0.54	0.61
Egypt	0.63	0.54	0.62
Korea	0.84	0.76	0.81
Bangladesh	0.67	0.60	0.69
Mexico	0.72	0.62	0.69
All other destination markets	0.76	0.66	0.73
Total China exports	0.71	0.63	0.70
	Share of quantity (percent)		
China exports to the United States	2.0	1.9	2.1
China exports to other major destination markets.--			
Pakistan	18.1	16.8	11.6
Turkey	9.3	7.9	10.0
Vietnam	10.3	9.3	9.0
Brazil	4.6	7.3	8.7
Egypt	4.4	4.9	7.2
Korea	8.7	7.5	7.0
Bangladesh	5.0	4.7	5.5
Mexico	5.4	4.9	4.8
All other destination markets	32.2	34.7	34.2
Total China exports	100.0	100.0	100.0

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

Source: Official exports statistics under HS subheading 5402.33 as reported by China Customs in the Global Trade Atlas database, accessed November 9, 2018.

THE INDUSTRY IN INDIA

The Commission issued foreign producers' or exporters' questionnaires to 27 firms believed to produce and/or export polyester textured yarn from India.⁸ Usable responses to the Commission's questionnaire were received from four firms: Ascent Yarns Private Limited ("Ascent"), JBF Industries Limited ("JBF"), Reliance Industries Ltd. ("Reliance"), and Sarla Performance Fibers Ltd. ("Sarla"). These firms' exports to the United States accounted for approximately *** percent of U.S. imports of polyester textured yarn from India in 2017.

⁸ These firms were identified through a review of information submitted in the petition and contained in *** records.

According to estimates requested of the responding Indian producers, the production of polyester textured yarn in India reported in questionnaires accounts for between *** and *** percent of overall production of polyester textured yarn in India.⁹ Table VII- 2 presents information on the polyester textured yarn operations of the responding producers and exporters in India.

**Table VII-2
Polyester textured yarn: Summary data for producers in India, 2017**

Firm	Production (1,000 pounds)	Share of reported production (percent)	Exports to the United States (1,000 pounds)	Share of reported exports to the United States (percent)	Total shipments (1,000 pounds)	Share of firm's total shipments exported to the United States (percent)
Ascent	***	***	***	***	***	***
JBF	***	***	***	***	***	***
Reliance	***	***	***	***	***	***
Sarla	***	***	***	***	***	***
Total	***	100.0	***	100.0	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

Changes in operations

As presented in table VII-3, Indian producers reported expansions and one Indian producer reported revised labor agreements since January 1, 2015.

**Table VII-3
Polyester textured yarn: Reported changes in operations by producers in India, since January 1, 2015**

* * * * *

Operations on polyester textured yarn

Table VII-4 presents information on the polyester textured yarn operations of the responding producers and exporters in India. Capacity, production, capacity utilization, total home market shipments, and total exports all peaked in 2016, before decreasing in 2017 to levels similar to 2015.

⁹ This percentage range was calculated by dividing *** (the total reported 2017 production of all four firms) by a low of *** pounds of total 2017 Indian production, based on *** reported 2017 production and estimate of its percentage of total Indian production, and a high of *** pounds, based on *** reported 2017 production and estimate of its percentage of total Indian production. Petitioners estimate total Indian production in 2017 was *** pounds, which would make questionnaire responses represent *** percent of total production in India. Petitioners' postconference brief, Exhibit 16.

Capacity increased by *** percent from 2015 to 2016, followed by a decrease of *** percent from 2016 to 2017, for an overall increase in capacity between 2015 and 2017 of ***. Capacity is projected to remain at the 2017 level in 2018 and 2019. Production increased by *** percent from 2015 to 2016, followed by a decrease of *** percent from 2016 to 2017, for an overall decrease between 2015 and 2017 of *** percent. However, production was *** percent higher in interim 2018 than interim 2017. Capacity utilization increased by *** percentage points from 2015 to 2016, followed by a decrease of *** percentage points from 2016 to 2017. Capacity utilization is projected to increase by *** percentage points from 2018 to 2019.

Home market shipments increased by *** percent from 2015 to 2016, followed by a decrease of *** percent from 2016 to 2017, for an overall increase of *** percent. Home market shipments were *** percent higher in interim 2018 than in interim 2017, and are projected to increase by *** percent between 2018 and 2019.

Exports as a share of total shipments have decreased from *** percent in 2015 to *** percent in interim 2018. Total export shipments increased by *** percent from 2015 to 2016, then decreased by *** percent from 2016 to 2017, for an overall decrease of *** percent between 2015 and 2017. However, export shipments are projected to increase between 2018 and 2019 by *** percent. The share of total export shipments to the United States has increased from *** percent of total exports in 2015 to *** percent of total exports in interim 2018. Indian producers and exporters identified the following as their principal export markets for polyester textured yarn: ***.

Table VII-4
Polyester textured yarn: Data on industry in India, 2015-17, January to September 2017, and January to September 2018 and projection calendar years 2018 and 2019

* * * * *

Alternative products

Table VII-5 presents the overall capacity and production on the same equipment as in-scope production by Indian producers. Three of the four responding Indian firms produce other products on the same equipment and machinery used to produce polyester textured yarn. Approximately *** percent of total production on the same machinery consisted of out-of-scope products during the January 2015 to September 2018 period. These products included fully drawn yarn, twisted polyester filament yarn from fully drawn yarn, dyed cotton yarn, dyed polyester spun yarn, and dyed polyester blended spun yarns. Total production increased by *** percent from 2015 to 2016, and decreased by *** percent from 2016 to 2017, for an overall increase of *** percent from 2015 to 2017. Production in interim 2018 was *** percent higher than in interim 2017. Overall capacity utilization increased by *** percentage points from 2015 to 2016, then decreased by *** percentage points from 2016 to 2017, for an overall decrease in capacity utilization between 2015 and 2017 of *** percentage points.

Table VII-5

Polyester textured yarn: Overall capacity and production on the same equipment as in-scope production by producers in India, 2015-17, January to September 2017, and January to September 2018

* * * * *

Exports

According to GTA, the leading export markets for polyester textured yarn from India are Brazil, Turkey, and Bangladesh (table VII-6). During 2017, the United States was the 13th largest export market for polyester textured yarn from India, accounting for 1.6 percent.

Table VII-6

Polyester textured yarn¹⁰: Exports from India, 2015-17

Destination market	Calendar year		
	2015	2016	2017
	Quantity (1,000 pounds)		
India exports to the United States	23,586	20,218	18,798
India exports to other major destination markets.--			
Brazil	167,033	253,435	299,106
Turkey	270,854	295,728	277,765
Bangladesh	74,901	92,058	74,766
Korea	59,818	70,927	57,403
Peru	38,234	38,223	42,520
Egypt	30,831	30,746	38,700
Mexico	35,113	35,660	32,790
Vietnam	26,309	23,995	26,803
All other destination markets	344,624	356,515	321,340
Total India exports	1,071,303	1,217,506	1,189,992
	Value (1,000 dollars)		
India exports to the United States	17,705	12,398	12,631
India exports to other major destination markets.--			
Brazil	105,193	138,892	186,266
Turkey	176,314	175,075	185,534
Bangladesh	47,996	53,761	51,045
Korea	39,387	41,441	37,421
Peru	25,259	22,180	28,471
Egypt	19,644	17,646	25,707
Mexico	23,583	21,030	20,992
Vietnam	19,471	16,768	20,551
All other destination markets	234,930	214,688	218,175
Total India exports	709,481	713,880	786,793

Table continued on next page.

¹⁰ Global trade databases present data on six-digit HTS subheading 5402.33, which describes the article as: "synthetic filament yarn other than sewing thread, not put up for retail sale, textured yarn of polyester." Harmonized Tariff Schedule of the United States 2018.

Table VII-6--Continued
Polyester textured yarn: Exports from India, 2015-17

Destination market	Calendar year		
	2015	2016	2017
	Unit value (dollars per pound)		
India exports to the United States	0.75	0.61	0.67
India exports to other major destination markets.--			
Brazil	0.63	0.55	0.62
Turkey	0.65	0.59	0.67
Bangladesh	0.64	0.58	0.68
Korea	0.66	0.58	0.65
Peru	0.66	0.58	0.67
Egypt	0.64	0.57	0.66
Mexico	0.67	0.59	0.64
Vietnam	0.74	0.70	0.77
All other destination markets	0.68	0.60	0.68
Total India exports	0.66	0.59	0.66
	Share of quantity (percent)		
India exports to the United States	2.2	1.7	1.6
India exports to other major destination markets.--			
Brazil	15.6	20.8	25.1
Turkey	25.3	24.3	23.3
Bangladesh	7.0	7.6	6.3
Korea	5.6	5.8	4.8
Peru	3.6	3.1	3.6
Egypt	2.9	2.5	3.3
Mexico	3.3	2.9	2.8
Vietnam	2.5	2.0	2.3
All other destination markets	32.2	29.3	27.0
Total India exports	100.0	100.0	100.0

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

Source: Official exports statistics under HS subheading 5402.33 as reported by Ministry of Commerce in the Global Trade Atlas database, accessed November 9, 2018.

U.S. INVENTORIES OF IMPORTED MERCHANDISE

Table VII-7 presents data on U.S. importers' reported inventories of polyester textured yarn. End-of-period inventories from China increased by 28.4 percent between 2015 and 2017, and were 2.2 percent higher in interim 2018 than interim 2017. End-of-period inventories from India decreased by 16.5 percent between 2015 and 2017, and were 34.5 percent lower in interim 2018 than interim 2017. End-of-period inventories for subject sources increased by 6.1 percent between 2015 and 2017, while end-of-period inventories for nonsubject sources decreased by *** percent. Overall, inventories from all import sources declined by *** percent between 2015 and 2017, and were *** percent lower in interim 2018 than interim 2017.

The ratio of importers' inventories to U.S. shipments of subject imports ranged from *** to *** percent between 2015 and 2017, while the ratio of nonsubject import sources to the U.S. shipments ranged from *** to *** percent.

Table VII-7
Polyester textured yarn: U.S. importers' end-of-period inventories of imports by source, 2015-17, January to September 2017, and January to September 2018

Item	Calendar year			January to September	
	2015	2016	2017	2017	2018
	Inventories (1,000 pounds); Ratios (percent)				
Imports from China Inventories	2,791	2,408	3,583	2,749	2,809
Ratio to U.S. imports	13.8	12.2	14.1	11.9	11.3
Ratio to U.S. shipments of imports	13.9	11.9	14.3	12.0	11.3
Ratio to total shipments of imports	13.9	11.9	14.3	12.0	11.3
Imports from India Inventories	2,749	2,422	2,295	3,384	2,215
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***
Imports from subject sources Inventories	5,540	4,829	5,878	6,133	5,024
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***
Imports from nonsubject sources Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***
Imports from all import sources: Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. IMPORTERS' OUTSTANDING ORDERS

The Commission requested importers to indicate whether they imported or arranged for the importation of polyester textured yarn from China or India after September 30, 2018. Eighteen of the 21 importers indicated that they had arranged such imports. These data are presented in table VII-8.

Table VII-8
Polyester textured yarn: Arranged imports, October 2018 through September 2018

* * * * *

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS¹¹

According to petitioners, there are currently three countries with antidumping duty orders in place on PTY from subject countries. Argentina, Pakistan, and Turkey have orders in place against PTY import from China and Turkey has an order in place against PTY imports from India. Argentina imposed the duty order on PTY from China in 2010, which was extended after a sunset review in 2016. Argentina also imposed an antidumping order on imports of polyester yarn, including PTY from India, but that order was revoked in a sunset review in 2017. Turkey's antidumping duty order on imports of PTY from China was imposed in 2008 and extended after a sunset review in 2014 while the order on imports of PTY from India was imposed in 2000 and extended in 2012. Pakistan's order on PTY from China was imposed in 2017.

INFORMATION ON NONSUBJECT COUNTRIES

Table VII-9 presents global exports of polyester textured yarn.¹² Global exports increased minimally by 0.7 percent by quantity and increased 9.1 percent by value during 2016–17. In 2017, the four leading country exporters (China, India, Taiwan, and Indonesia) accounted for 79.9 percent of the quantity and 70.4 of the value, respectively, of global exports of polyester textured yarn.

¹¹ Unless otherwise noted, information in this section is based on petitioners' postconference brief, exh. 19.

¹² Global trade databases present data on six-digit HTS subheading 5402.33, which describes the article as: "synthetic filament yarn other than sewing thread, not put up for retail sale, textured yarn of polyester." Harmonized Tariff Schedule of the United States 2018).

Table VII-9
Polyester textured yarn: Global exports by exporter, 2015-17

Exporter	Calendar year		
	2015	2016	2017
	Quantity (1,000 pounds)		
United States	69,364	63,264	79,329
China	1,628,027	1,865,442	1,981,088
India	1,071,303	1,217,506	1,189,992
All other major reporting exporters.--			
Taiwan	273,647	299,875	291,907
Indonesia	192,534	195,481	220,801
Thailand	166,289	176,435	186,272
Malaysia	223,581	183,647	164,743
Italy	54,600	54,432	56,727
Belarus	47,479	48,814	46,548
Turkey	37,318	39,598	45,134
Belgium	25,674	27,367	44,338
Mexico	50,642	46,006	44,088
All other exporters	369,468	361,729	259,176
Total global exports	4,209,926	4,579,596	4,610,144
	Value (1,000 dollars)		
United States	304,793	262,528	316,396
China	2,553,590	2,576,248	3,064,861
India	1,564,137	1,573,834	1,734,580
All other major reporting exporters.--			
Taiwan	610,378	578,016	610,008
Indonesia	325,361	294,385	356,608
Thailand	274,292	268,001	304,169
Malaysia	304,577	225,825	227,286
Italy	240,712	239,529	246,582
Belarus	85,149	86,041	89,894
Turkey	117,178	116,536	134,056
Belgium	55,102	57,662	58,236
Mexico	134,921	115,125	109,625
All other exporters	1,272,215	1,117,434	943,647
Total global exports	7,842,406	7,511,163	8,195,948

Table continued on next page.

Table VII-9 Continued
Polyester textured yarn: Global exports by exporter, 2015-17

Exporter	Calendar year		
	2015	2016	2017
	Unit value (dollars per pound)		
United States	4.39	4.15	3.99
China	1.57	1.38	1.55
India	1.46	1.29	1.46
All other major reporting exporters.--			
Taiwan	2.23	1.93	2.09
Indonesia	1.69	1.51	1.62
Thailand	1.65	1.52	1.63
Malaysia	1.36	1.23	1.38
Italy	4.41	4.40	4.35
Belarus	1.79	1.76	1.93
Turkey	3.14	2.94	2.97
Belgium	2.15	2.11	1.31
Mexico	2.66	2.50	2.49
All other exporters	3.44	3.09	3.64
Total global exports	1.86	1.64	1.78
	Share of quantity (percent)		
United States	1.6	1.4	1.7
China	38.7	40.7	43.0
India	25.4	26.6	25.8
All other major reporting exporters.--			
Taiwan	6.5	6.5	6.3
Indonesia	4.6	4.3	4.8
Thailand	3.9	3.9	4.0
Malaysia	5.3	4.0	3.6
Italy	1.3	1.2	1.2
Belarus	1.1	1.1	1.0
Turkey	0.9	0.9	1.0
Belgium	0.6	0.6	1.0
Mexico	1.2	1.0	1.0
All other exporters	8.8	7.9	5.6
Total global exports	100.0	100.0	100.0

Source: Official exports statistics under HS subheadings 5402.33, as reported by various national statistical authorities in the IHS/GTA database, accessed November 9, 2018.

APPENDIX A

FEDERAL REGISTER NOTICES

The Commission makes available notices relevant to its investigations and reviews on its website, 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
83 FR 53899 October 25, 2018	<i>Polyester Textured Yarn From China and India; Institution of Antidumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations</i>	https://www.gpo.gov/fdsys/pkg/FR-2018-10-25/pdf/2018-23287.pdf
83 FR 58223 November 19, 2018	<i>Polyester Textured Yarn From India and the People's Republic of China: Initiation of Less-Than-Fair-Value Investigations</i>	https://www.gpo.gov/fdsys/pkg/FR-2018-11-19/pdf/2018-24953.pdf
83 FR 58232 November 19, 2018	<i>Polyester Textured Yarn From India and the People's Republic of China: Initiation of Countervailing Duty Investigations</i>	https://www.gpo.gov/fdsys/pkg/FR-2018-11-19/pdf/2018-24952.pdf

APPENDIX B

LIST OF STAFF CONFERENCE WITNESSES

CALENDAR OF PUBLIC PRELIMINARY CONFERENCE

Those listed below appeared as witnesses at the United States International Trade Commission's preliminary conference:

Subject: Polyester Textured Yarn from China and India
Inv. Nos.: 701-TA-612-613 and 731-TA-1429-1430 (Preliminary)
Date and Time: November 8, 2018 - 9:30 a.m.

Sessions were held in connection with these preliminary phase investigations in the Main Hearing Room (Room 101), 500 E Street, SW., Washington, DC.

OPENING REMARKS:

In Support of Imposition (**Paul C. Rosenthal**, Kelly Drye & Warren LLP)
In Opposition to Imposition (**Kristen Smith**, Sandler, Travis, & Rosenberg, P.A.)

In Support of the Imposition of Antidumping and Countervailing Duty Orders:

Kelly Drye & Warren LLP
Washington, DC
on behalf of

Unifi Manufacturing, Inc.
Nan Ya Plastics Corp. America

Thomas Caudle, Director, President and Chief Operating Officer,
Unifi Manufacturing, Inc.

Timothy Cole, Vice President of Manufacturing,
Unifi Manufacturing, Inc.

Jane L. Johnson, Manager, Government Relations,
Unifi Manufacturing, Inc.

Sohan Mangaldas, Vice President of Supply Chain,
Pricing and Global Market Intelligence,
Unifi Manufacturing, Inc.

**In Support of the Imposition of
Antidumping and Countervailing Duty Orders (continued):**

John Freeman, Assistant Sales Director, Nan Ya
Plastics Corp. America

Paul Elliott, Senior Account Manager, Nan Ya
Plastics Corp. America

Michael T. Kerwin, Economic Consultant, Georgetown
Economic Services LLC

Gina Beck, Economic Consultant, Georgetown
Economic Services LLC

Paul C. Rosenthal)
Kathleen W. Cannon) – OF COUNSEL
Melissa M. Brewer)

**In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders:**

Sandler, Travis, & Rosenberg, P.A.
Washington, DC
on behalf of

Fils Promptex Yarns Inc.

Talvinder (Johnny) Soor, President, Fils Promptex Yarns Inc.

Kristen Smith)
) – OF COUNSEL
Sarah E. Yuskaitis)

REBUTTAL/CLOSING REMARKS:

In Support of Imposition (**Paul C. Rosenthal**, Kelly Drye & Warren LLP)
In Opposition to Imposition (**Kristen Smith**, Sandler, Travis, & Rosenberg, P.A.)

-END-

APPENDIX C
SUMMARY DATA

Table C-1: Polyester textured yarn: Summary data concerning the total U.S. market C-3

Table C-2: Polyester textured yarn: Summary data concerning the merchant U.S. market C-5

Table C-1

Polyester textured yarn: Summary data concerning the total U.S. market, 2015-17, January to September 2017, and January to September 2018

(Quantity=1,000 pounds; Value=1,000 dollars; Unit values, Unit labor costs, and Unit expenses=dollars per pound; Period changes=percent—exceptions noted)

	Reported data					Period changes			
	Calendar year			January to September		Calendar year			Jan-Sep
	2015	2016	2017	2017	2018	2015-17	2015-16	2016-17	2017-18
U.S. consumption quantity:									
Amount.....	310,647	293,302	287,255	218,265	224,908	(7.5)	(5.6)	(2.1)	3.0
Producers' share (fn1).....	54.5	54.3	54.5	53.9	51.6	(0.0)	(0.2)	0.2	(2.4)
Importers' share (fn1):									
China.....	11.5	13.0	14.8	14.3	17.5	3.3	1.5	1.8	3.2
India.....	8.3	8.3	9.1	9.5	9.0	0.8	(0.0)	0.8	(0.5)
Subject sources.....	19.9	21.3	24.0	23.8	26.5	4.1	1.5	2.6	2.7
Nonsubject sources.....	25.6	24.3	21.5	22.3	21.9	(4.1)	(1.2)	(2.8)	(0.4)
All import sources.....	45.5	45.7	45.5	46.1	48.4	0.0	0.2	(0.2)	2.4
U.S. consumption value:									
Amount.....	454,887	405,961	403,986	304,663	323,090	(11.2)	(10.8)	(0.5)	6.0
Producers' share (fn1).....	67.0	67.4	67.2	66.7	64.2	0.2	0.4	(0.2)	(2.5)
Importers' share (fn1):									
China.....	8.0	8.3	10.0	9.7	12.1	2.0	0.3	1.7	2.3
India.....	5.4	4.9	5.5	5.7	5.8	0.1	(0.5)	0.5	0.1
Subject sources.....	13.4	13.3	15.5	15.4	17.9	2.1	(0.1)	2.2	2.4
Nonsubject sources.....	19.6	19.3	17.3	17.8	17.9	(2.3)	(0.3)	(2.0)	0.1
All import sources.....	33.0	32.6	32.8	33.3	35.8	(0.2)	(0.4)	0.2	2.5
U.S. imports from:									
China:									
Quantity.....	35,862	38,247	42,621	31,201	39,369	18.8	6.7	11.4	26.2
Value.....	36,390	33,881	40,472	29,672	38,985	11.2	(6.9)	19.5	31.4
Unit value.....	\$1.01	\$0.89	\$0.95	\$0.95	\$0.99	(6.4)	(12.7)	7.2	4.1
Ending inventory quantity.....	2,791	2,408	3,583	2,749	2,809	28.4	(13.7)	48.8	2.2
India:									
Quantity.....	25,876	24,365	26,239	20,744	20,313	1.4	(5.8)	7.7	(2.1)
Value.....	24,639	20,085	22,192	17,371	18,773	(9.9)	(18.5)	10.5	8.1
Unit value.....	\$0.95	\$0.82	\$0.85	\$0.84	\$0.92	(11.2)	(13.4)	2.6	10.4
Ending inventory quantity.....	2,749	2,422	2,295	3,384	2,215	(16.5)	(11.9)	(5.2)	(34.5)
Subject sources:									
Quantity.....	61,738	62,612	68,860	51,945	59,682	11.5	1.4	10.0	14.9
Value.....	61,029	53,966	62,665	47,043	57,758	2.7	(11.6)	16.1	22.8
Unit value.....	\$0.99	\$0.86	\$0.91	\$0.91	\$0.97	(7.9)	(12.8)	5.6	6.9
Ending inventory quantity.....	5,540	4,829	5,878	6,133	5,024	6.1	(12.8)	21.7	(18.1)
Nonsubject sources:									
Quantity.....	79,510	71,406	61,782	48,583	49,234	(22.3)	(10.2)	(13.5)	1.3
Value.....	89,218	78,396	69,807	54,292	57,823	(21.8)	(12.1)	(11.0)	6.5
Unit value.....	\$1.12	\$1.10	\$1.13	\$1.12	\$1.17	0.7	(2.2)	2.9	5.1
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
All import sources:									
Quantity.....	141,249	134,018	130,642	100,528	108,916	(7.5)	(5.1)	(2.5)	8.3
Value.....	150,247	132,362	132,471	101,336	115,581	(11.8)	(11.9)	0.1	14.1
Unit value.....	\$1.06	\$0.99	\$1.01	\$1.01	\$1.06	(4.7)	(7.2)	2.7	5.3
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
U.S. producers':									
Average capacity quantity.....	274,314	274,244	274,829	206,063	205,874	0.2	(0.0)	0.2	(0.1)
Production quantity.....	216,905	194,947	190,616	145,664	145,461	(12.1)	(10.1)	(2.2)	(0.1)
Capacity utilization (fn1).....	79.1	71.1	69.4	70.7	70.7	(9.7)	(8.0)	(1.7)	(0.0)
U.S. shipments:									
Quantity.....	169,399	159,284	156,613	117,737	115,991	(7.5)	(6.0)	(1.7)	(1.5)
Value.....	304,641	273,599	271,515	203,327	207,509	(10.9)	(10.2)	(0.8)	2.1
Unit value.....	\$1.80	\$1.72	\$1.73	\$1.73	\$1.79	(3.6)	(4.5)	0.9	3.6
Export shipments:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	18,004	15,897	12,455	15,129	15,794	(30.8)	(11.7)	(21.7)	4.4
Inventories/total shipments (fn1).....	***	***	***	***	***	***	***	***	***
Production workers.....	1,015	998	1,043	1,034	1,007	2.8	(1.7)	4.5	(2.6)
Hours worked (1,000s).....	2,111	2,024	2,021	1,509	1,583	(4.3)	(4.1)	(0.2)	4.9
Wages paid (\$1,000).....	46,155	45,224	46,783	35,108	35,515	1.4	(2.0)	3.4	1.2
Hourly wages (dollars per hour).....	\$21.87	\$22.34	\$23.15	\$23.27	\$22.44	5.9	2.2	3.6	(3.6)
Productivity (pounds per hour).....	102.8	96.3	94.3	96.6	91.9	(8.2)	(6.3)	(2.1)	(4.8)
Unit labor costs.....	\$0.21	\$0.23	\$0.25	\$0.24	\$0.24	15.3	9.0	5.8	1.3

Table continued on next page.

Table C-1--Continued

Polyester textured yarn: Summary data concerning the total U.S. market, 2015-17, January to September 2017, and January to September 2018

(Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to September		Calendar year			Jan-Sep
	2015	2016	2017	2017	2018	2015-17	2015-16	2016-17	2017-18
U.S. producers'--Continued									
Net sales:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS).....	***	***	***	***	***	***	***	***	***
Gross profit or (loss).....	***	***	***	***	***	***	***	***	***
SG&A expenses.....	***	***	***	***	***	***	***	***	***
Operating income or (loss).....	***	***	***	***	***	***	***	***	***
Net income or (loss).....	***	***	***	***	***	***	***	***	***
Capital expenditures.....	***	***	***	***	***	***	***	***	***
Unit COGS.....	***	***	***	***	***	***	***	***	***
Unit SG&A expenses.....	***	***	***	***	***	***	***	***	***
Unit operating income or (loss).....	***	***	***	***	***	***	***	***	***
Unit net income or (loss).....	***	***	***	***	***	***	***	***	***
COGS/sales (fn1).....	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales (fn1).....	***	***	***	***	***	***	***	***	***
Net income or (loss)/sales (fn1).....	***	***	***	***	***	***	***	***	***

Notes:

fn1.--Reported data are in percent and period changes are in percentage points.

fn2.--Undefined.

Source: Compiled from data submitted in response to Commission questionnaires and from official U.S. import statistics using HTS statistical reporting numbers 5402.33.3000 and 5402.33.6000, accessed November 9, 2018.

Table C-2

Polyester textured yarn: Summary data concerning the merchant U.S. market, 2015-17, January to September 2017, and January to September 2018
 (Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted)

	Reported data					Period changes				
	Calendar year		January to September			Calendar year		Jan-Sep		
	2015	2016	2017	2017	2018	2015-17	2015-16	2016-17	2017-18	
U.S. consumption quantity:										
Amount.....	***	***	***	***	***	***	***	***	***	***
Producers' share (fn1).....	***	***	***	***	***	***	***	***	***	***
Importers' share (fn1):										
China.....	***	***	***	***	***	***	***	***	***	***
India.....	***	***	***	***	***	***	***	***	***	***
Subject sources.....	***	***	***	***	***	***	***	***	***	***
Nonsubject sources.....	***	***	***	***	***	***	***	***	***	***
All import sources.....	***	***	***	***	***	***	***	***	***	***
U.S. consumption value:										
Amount.....	***	***	***	***	***	***	***	***	***	***
Producers' share (fn1).....	***	***	***	***	***	***	***	***	***	***
Importers' share (fn1):										
China.....	***	***	***	***	***	***	***	***	***	***
India.....	***	***	***	***	***	***	***	***	***	***
Subject sources.....	***	***	***	***	***	***	***	***	***	***
Nonsubject sources.....	***	***	***	***	***	***	***	***	***	***
All import sources.....	***	***	***	***	***	***	***	***	***	***
U.S. imports from:										
China:										
Quantity.....	35,862	38,247	42,621	31,201	39,369	18.8	6.7	11.4	26.2	
Value.....	36,390	33,881	40,472	29,672	38,985	11.2	(6.9)	19.5	31.4	
Unit value.....	\$1.01	\$0.89	\$0.95	\$0.95	\$0.99	(6.4)	(12.7)	7.2	4.1	
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***	***
India:										
Quantity.....	25,876	24,365	26,239	20,744	20,313	1.4	(5.8)	7.7	(2.1)	
Value.....	24,639	20,085	22,192	17,371	18,773	(9.9)	(18.5)	10.5	8.1	
Unit value.....	\$0.95	\$0.82	\$0.85	\$0.84	\$0.92	(11.2)	(13.4)	2.6	10.4	
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***	***
Subject sources:										
Quantity.....	61,738	62,612	68,860	51,945	59,682	11.5	1.4	10.0	14.9	
Value.....	61,029	53,966	62,665	47,043	57,758	2.7	(11.6)	16.1	22.8	
Unit value.....	\$0.99	\$0.86	\$0.91	\$0.91	\$0.97	(7.9)	(12.8)	5.6	6.9	
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***	***
Nonsubject sources:										
Quantity.....	79,510	71,406	61,782	48,583	49,234	(22.3)	(10.2)	(13.5)	1.3	
Value.....	89,218	78,396	69,807	54,292	57,823	(21.8)	(12.1)	(11.0)	6.5	
Unit value.....	\$1.12	\$1.10	\$1.13	\$1.12	\$1.17	0.7	(2.2)	2.9	5.1	
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***	***
All import sources:										
Quantity.....	141,249	134,018	130,642	100,528	108,916	(7.5)	(5.1)	(2.5)	8.3	
Value.....	150,247	132,362	132,471	101,336	115,581	(11.8)	(11.9)	0.1	14.1	
Unit value.....	\$1.06	\$0.99	\$1.01	\$1.01	\$1.06	(4.7)	(7.2)	2.7	5.3	
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***	***
U.S. producers':										
Commercial U.S. shipments:										
Quantity.....	***	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***	***
Open market sales:										
Quantity.....	***	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS).....	***	***	***	***	***	***	***	***	***	***
Gross profit or (loss).....	***	***	***	***	***	***	***	***	***	***
SG&A expenses.....	***	***	***	***	***	***	***	***	***	***
Operating income or (loss).....	***	***	***	***	***	***	***	***	***	***
Net income or (loss).....	***	***	***	***	***	***	***	***	***	***
Unit COGS.....	***	***	***	***	***	***	***	***	***	***
Unit SG&A expenses.....	***	***	***	***	***	***	***	***	***	***
Unit operating income or (loss).....	***	***	***	***	***	***	***	***	***	***
Unit net income or (loss).....	***	***	***	***	***	***	***	***	***	***
COGS/sales (fn1).....	***	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales (fn1).....	***	***	***	***	***	***	***	***	***	***
Net income or (loss)/sales (fn1).....	***	***	***	***	***	***	***	***	***	***

Notes:

fn1.--Reported data are in percent and period changes are in percentage points.
 fn2.--Undefined.

Source: Compiled from data submitted in response to Commission questionnaires and from official U.S. import statistics using HTS statistical reporting numbers 5402.33.3000 and 5402.33.6000, accessed November 9, 2018.

