

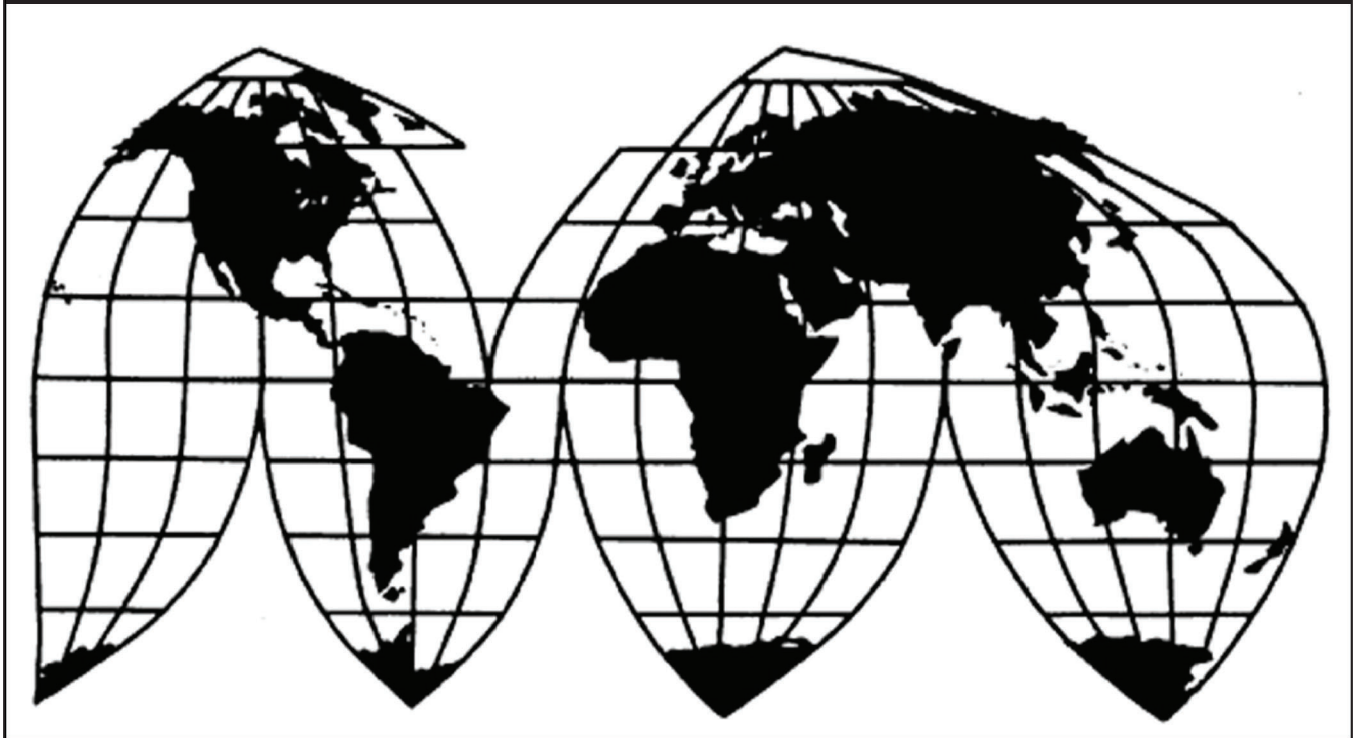
Polyethylene Terephthalate Film, Sheet, and Strip from China and the United Arab Emirates

Investigation Nos. 731-TA-1132 and 1134 (Second Review)

Publication 5110

August 2020

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 731-TA-1132 and 1134 (Second Review)

Polyethylene Terephthalate Film, Sheet, and Strip from China and the United Arab Emirates

DETERMINATIONS

On the basis of the record¹ developed in the subject five-year reviews, the United States International Trade Commission (“Commission”) determines, pursuant to the Tariff Act of 1930 (“the Act”), that revocation of the antidumping duty orders on polyethylene terephthalate film, sheet, and strip from China and the United Arab Emirates would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

BACKGROUND

The Commission instituted these reviews on January 2, 2020 (85 FR 114) and determined on April 6, 2020 that it would conduct expedited reviews (85 FR 42916, July 15, 2020).

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

Views of the Commission

Based on the record in these five-year reviews, we determine under section 751(c) of the Tariff Act of 1930, as amended (“the Tariff Act”), that revocation of the antidumping duty orders on polyethylene terephthalate film, sheet, and strip (“PET film”) from China and the United Arab Emirates (“UAE”) would likely lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

I. Background

Original Investigations. On September 28, 2007, four domestic producers of PET film filed antidumping duty petitions on PET film from Brazil, China, Thailand, and the UAE.¹ In October 2008, the Commission determined that a domestic industry was threatened with material injury by reason of imports of PET film from Brazil, China, and the UAE, while also determining that a domestic industry was neither materially injured nor threatened with material injury by reason of imports of PET film from Thailand.² The U.S. Department of Commerce (“Commerce”) issued antidumping duty orders for PET film from Brazil, China, and the UAE on November 10, 2008.³

First Reviews. The Commission instituted its first five-year reviews on October 1, 2013.⁴ After conducting full reviews, in January 2015 the Commission reached affirmative determinations in the reviews concerning PET film from China and the UAE and made a negative determination in the review concerning PET film from Brazil.⁵ In February 2015,

¹ The four domestic producers were DuPont Teijin Films (“DTF”); Mitsubishi Polyester Film of America (“Mitsubishi”); SKC America, Inc. (“SKC”); and Toray Plastics (America), Inc (“Toray”).

² *Polyethylene Terephthalate Film, Sheet, and Strip from Brazil, China, Thailand, and the United Arab Emirates*, Inv. Nos. 731-TA-1131-1134 (Final), USITC Pub. 4040 (Oct. 2008) at 1 (“*Original Determinations*”).

³ *Polyethylene Terephthalate Film, Sheet, and Strip from Brazil, the People’s Republic of China and the United Arab Emirates: Antidumping Duty Orders and Amended Final Determination of Sales at Less than Fair Value for the United Arab Emirates*, 73 Fed. Reg. 66595 (Nov. 10, 2008).

⁴ *Polyethylene Terephthalate Film, Sheet, and Strip from Brazil, China, and the United Arab Emirates; Institution of Five-Year Reviews*, 78 Fed. Reg. 60311 (Oct. 1, 2013).

⁵ *Polyethylene Terephthalate Film, Sheet, and Strip from Brazil, China, Thailand, and the United Arab Emirates*, Inv. Nos. 731-TA-1131-1132 and 1134 (Review), USITC Pub. 4512 (Jan. 2015) (“*First Review Determinations*”).

Commerce issued continuations of the antidumping duty orders on imports of PET film from China and the UAE and revoked the antidumping duty order on imports of PET film from Brazil.⁶

Current Reviews. The Commission instituted these five-year reviews on January 2, 2020.⁷ The Commission received a joint response to its notice of institution, filed on behalf of DTF, Mitsubishi, SKC, and Toray, domestic producers of PET film (collectively, “Domestic Producers”), and a response to the notice of institution from Terphane LLC (“Terphane”), a domestic producer of PET film (collectively, “domestic interested parties”). The Commission found each domestic interested party’s response to be individually adequate and found that the domestic interested party group response was adequate because the five responding producers collectively accounted for a substantial share of domestic production.⁸

DTF also provided information concerning its subject imports from China in its response to the notice of institution. The Commission determined that, while this response was individually adequate, this importer accounted for only a small share of subject imports from China, and, therefore, the respondent interested party group response with respect to the antidumping duty order on PET film from China was inadequate. The Commission did not receive a response to the notice of institution from any respondent party with respect to the order on PET film from the UAE, and accordingly determined that the respondent interested party group response with respect to the review of that order was inadequate. Finding that no other circumstances warranted conducting full reviews, the Commission determined to conduct expedited reviews of the antidumping duty orders on PET film from China and the UAE.⁹ The domestic interested parties subsequently filed comments regarding the determinations the Commission should reach pursuant to Commission rule 207.62(d).¹⁰

In these reviews, U.S. industry data are based on information the Domestic Producers and Terphane submitted in their responses to the notice of institution. The five responding U.S. producers estimated that they accounted for approximately half (*i.e.*, 51.1 percent) of domestic

⁶ *Polyethylene Terephthalate Film, Sheet, and Strip From Brazil, the People's Republic of China, and the United Arab Emirates: Continuation and Revocation of Antidumping Duty Orders*, 80 Fed. Reg. 6689 (Feb. 6, 2015). The revocation of the antidumping duty order on PET film from Brazil was effective November 10, 2013. *Id.*

⁷ *Polyethylene Terephthalate Film, Sheet, and Strip from China and the United Arab Emirates; Institution of Five-Year Reviews*, 85 Fed. Reg. 114 (Jan. 2, 2020).

⁸ Explanation of Commission Determination on Adequacy, EDIS Doc. 707495 (Apr. 10, 2020).

⁹ Explanation of Commission Determination on Adequacy, EDIS Doc. 707495 (Apr. 10, 2020).

¹⁰ Domestic Producers’ Comments, EDIS Docs. 715654 (Jul. 27, 2020) and 715780 (Jul. 28, 2020) (“Domestic Producers’ Comments”); Terphane’s Comments, EDIS Docs. 715631 and 715635 (both filed on Jul. 27, 2020) (“Terphane’s Comments”).

production of PET film in 2019.¹¹ U.S. import data and related information are based on Commerce’s official import statistics.¹² Foreign industry data and related information are based on information the domestic interested parties submitted, data from the prior proceedings, and publicly available information.¹³

II. Domestic Like Product and Industry

A. Domestic Like Product

In making its determinations under section 751(c) of the Tariff Act, the Commission defines the “domestic like product” and the “industry.”¹⁴ The Tariff Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle.”¹⁵ The Commission’s practice in five-year reviews is to examine the domestic like product definition from the original investigations and consider whether the record indicates any reason to revisit the prior findings.¹⁶

Commerce has defined the scope of the antidumping duty orders in these five-year reviews as follows:

The products covered by these orders are all gauges of raw, pretreated, or primed PET film, whether extruded or co-extruded. Excluded are metallized films and other finished films that have had at least one of their surfaces modified by the application of a performance-enhancing resinous or inorganic layer more than 0.00001 inches thick. Also excluded is roller transport cleaning film which has at least one of its surfaces modified by application of 0.5 micrometers of SBR latex. Tracing and drafting film is also excluded. Imports of PET film are classifiable in the Harmonized Tariff Schedule of the United States (HTSUS) under item number 3920.62.00.90. Although the HTSUS

¹¹ Confidential Report (“CR”) and Public Report (“PR”) at Table I-1.

¹² CR/PR at Table I-5. Staff estimates that DTF’s imports accounted for only *** percent of subject imports from China in 2019. CR/PR at Table I-1 note.

¹³ See generally CR/PR at I-22-30.

¹⁴ 19 U.S.C. § 1677(4)(A).

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

¹⁶ See, e.g., *Internal Combustion Industrial Forklift Trucks from Japan*, Inv. No. 731-TA-377 (Second Review), USITC Pub. 3831 at 8-9 (Dec. 2005); *Crawfish Tail Meat from China*, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 at 4 (Jul. 2003); *Steel Concrete Reinforcing Bar from Turkey*, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 at 4 (Feb. 2003).

subheadings are provided for convenience and customs purposes, the written description of the scope of these orders is dispositive.¹⁷

PET film is a high-performance, clear, flexible, and transparent or translucent material that is produced from PET polymer, a linear, thermoplastic polyester resin. It is generally more expensive than other plastic films and is typically used only when its unique properties are required. Special properties imparted to PET film during the manufacturing process are integral to its preferred use in a myriad of downstream commodity and specialty applications encompassing food and other packaging, industrial, electrical, imaging and magnetics sectors.¹⁸

In the original investigations and first reviews, the Commission defined a single domestic like product coextensive with the scope.¹⁹ The domestic interested parties agree with the Commission's definition of the domestic like product from the prior proceedings.²⁰ In these reviews, the record contains no information suggesting that the characteristics and uses of domestically produced PET film have changed materially since the prior proceedings.²¹ Accordingly, we define a single domestic like product that is coextensive with the scope.

B. Domestic Industry

Section 771(4)(A) of the Tariff Act defines the relevant industry as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."²² 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-

¹⁷ *Polyethylene Terephthalate Film, Sheet, and Strip From the People's Republic of China and the United Arab Emirates: Final Results of the Expedited Second Sunset Reviews of the Antidumping Duty Orders*, 85 Fed. Reg. 26927 (May 6, 2020) and accompanying Issues and Decision Memorandum at 2-3. The scope has not changed since the first reviews. See *First Review Determinations*, USITC Pub. 4512 at 5.

¹⁸ CR/PR at I-8.

¹⁹ *Original Determinations*, USITC Pub. 4040 at 6. The like product definition was not contested in the original final phase investigation. *Id.* In the first reviews, there was no new information obtained that suggested any reason to revisit the domestic like product definition. *First Review Determinations*, USITC Pub. 4512 at 6.

²⁰ Domestic Producers' Comments at 5; Terphane's Response to the Notice of Institution ("Terphane's Response") at 6.

²¹ See generally CR/PR at I-8-12.

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

produced, captively consumed, or sold in the domestic merchant market. When making this determination, the Commission considers 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.²³ Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.²⁴

In the original investigations, the Commission found that appropriate circumstances existed to exclude one related party, Terphane, Inc., from the domestic industry but determined that appropriate circumstances did not exist to exclude three other related parties.²⁵ The Commission consequently found a single domestic industry consisting of all U.S. producers of PET film, except Terphane.²⁶

In the first reviews, the Commission found that appropriate circumstances did not exist to exclude any of the four related party producers from the domestic industry. Accordingly, it defined the domestic industry to include all domestic producers of the domestic like product.²⁷

²³ 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).

²⁴ 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.

²⁵ *Original Determinations*, USITC Pub. 4040 at 8-10. The Commission stated that Terphane, Inc. had imported a very large amount of subject merchandise from Brazil relative to its production and found that its interests were more closely aligned to those of an importer than a domestic producer. *Id.* at 9, IV-1 n.1.

²⁶ *Original Determinations*, USITC Pub. 4040 at 11.

²⁷ *First Review Determinations*, USITC Pub. 4512 at 7-10; Confidential First Review Determinations, EDIS Doc. 704051 at 10-16.

In the current reviews, Terphane agrees with the definition of the domestic industry in the prior proceedings, and no party has requested the Commission to define the domestic industry differently.²⁸

In the current reviews, DTF is a related party because it imported subject merchandise from China during the period of review.²⁹ We consequently analyze whether there are appropriate circumstances to exclude DTF pursuant to the related parties provision.

DTF imported *** pounds of subject merchandise from China in 2019. DTF's U.S. production was *** pounds in 2019, and the ratio of its imports of subject merchandise to its U.S. production was *** percent.³⁰ DTF supports continuation of the orders.³¹

Given the limited volume of subject merchandise that DTF imported in 2019 and the significantly larger volume that DTF produced in the United States, the record indicates that DTF's primary interest is in domestic production. Additionally, no party has advocated for its exclusion from the domestic industry. We therefore determine that appropriate circumstances do not exist to exclude DTF from the domestic industry.

Accordingly, we define the domestic industry to include all domestic producers of the domestic like product.

²⁸ Terphane's Response at 25.

²⁹ Domestic Producers' Revised Response to the Notice of Institution, EDIS Docs. 702783 (Feb. 18, 2020) and 702904 (Feb. 19, 2020) ("Domestic Producers' Revised Response") at 15.

Domestic interested parties identified three other producers as potential related parties. These are Flex Films (USA) Inc., Curwood (Bemis Co., Inc.), and Polyplex USA LLC. Domestic Producers' Response to the Notice of Institution, EDIS Docs. 700983 (Jan. 31, 2020) and 701133 (Feb. 3, 2020) ("Domestic Producers' Response") at 14-15. The information in the record does not indicate whether affiliates of any of these firms actually imported or exported subject merchandise during the period of review. Even assuming *arguendo* that these producers are related parties, the record does not contain any information concerning their operations. Hence, there is no basis to determine that appropriate circumstances exist to exclude them and there are no data in the record that could be excluded.

While Terphane asserted that Toray Plastics (America), Mitsubishi Polyester Film, and SKC Inc. are related to Chinese producers of subject merchandise, Domestic Producers clarified that neither these firms nor any of their foreign affiliates export or import subject merchandise from China or the UAE to the United States. Terphane's Response at 17; Domestic Producers' Revised Response at 15-16.

³⁰ CR/PR at I-16, Appendix B; Domestic Producers' Revised Response at 20-21.

³¹ Domestic Producers' Response at 21.

III. Cumulation

A. Legal Standard

With respect to five-year reviews, section 752(a) of the Tariff Act provides as follows:

the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports would be likely to compete with each other and with domestic like products in the United States market. The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.³²

Cumulation therefore is discretionary in five-year reviews, unlike original investigations, which are governed by section 771(7)(G)(i) of the Tariff Act.³³ The Commission may exercise its discretion to cumulate, however, only if the reviews are initiated on the same day, the Commission determines that the subject imports are likely to compete with each other and the domestic like product in the U.S. market, and imports from each such subject country are not likely to have no discernible adverse impact on the domestic industry in the event of revocation. Our focus in five-year reviews is not only on present conditions of competition, but also on likely conditions of competition in the reasonably foreseeable future.

B. Prior Proceedings

In the original investigations, the Commission cumulated subject imports from Brazil, China, Thailand, and the UAE for purposes of its analysis of present material injury.³⁴ In its analysis of threat of material injury, the Commission exercised its discretion to cumulate subject imports from Brazil, China, and the UAE, but declined to exercise its discretion to cumulate subject imports from Thailand with the other subject imports, in light of divergent

³² 19 U.S.C. § 1675a(a)(7).

³³ 19 U.S.C. § 1677(7)(G)(i); *see also, e.g., Nucor Corp. v. United States*, 601 F.3d 1291, 1293 (Fed. Cir. 2010) (Commission may reasonably consider likely differing conditions of competition in deciding whether to cumulate subject imports in five-year reviews); *Allegheny Ludlum Corp. v. United States*, 475 F. Supp. 2d 1370, 1378 (Ct. Int'l Trade 2006) (recognizing the wide latitude the Commission has in selecting the types of factors it considers relevant in deciding whether to exercise discretion to cumulate subject imports in five-year reviews); *Nucor Corp. v. United States*, 569 F. Supp. 2d 1328, 1337-38 (Ct. Int'l Trade 2008).

³⁴ *Original Determinations*, USITC Pub. 4040 at 14.

trends in subject import and export volumes and differing trends in capacity in the subject countries.³⁵

In the first reviews, the Commission cumulated subject imports from China and the UAE and considered them separately from subject imports from Brazil.³⁶ The Commission found that revocation of the orders on imports from Brazil, China, and the UAE would not likely have no discernible adverse impact on the domestic industry and there was a likely reasonable overlap of competition among subject imports from Brazil, China, and the UAE and between subject imports from each source and the domestic like product upon revocation.³⁷ The Commission found that subject imports from Brazil, however, would likely compete under different conditions of competition than subject imports from China or the UAE. A primary distinction was that domestic producer Terphane had the power effectively to veto imports from its affiliate Terphane Ltda., the only Brazilian producer of subject merchandise, which the Commission found would operate to restrict imports from Brazil of low-priced commodity films. Additionally, the lower export orientation of the Brazilian industry and its lower export capability in light of its smaller capacity and smaller excess capacity indicated that subject imports from Brazil were likely to compete under different conditions of competition upon revocation than subject imports from China or the UAE. By contrast, the Commission found that the greater and increasing export orientation, greater production capacity, and greater amount of excess capacity of both the Chinese and UAE industries indicated that subject imports from China and the UAE were likely to compete under similar conditions of competition upon revocation.³⁸

C. Analysis

In these reviews, the statutory threshold for cumulation is satisfied because all reviews were initiated on the same day, January 2, 2020.³⁹ In addition, we consider the following issues in deciding whether to exercise our discretion to cumulate the subject imports: (1) whether imports from any of the subject countries are precluded from cumulation because they are likely to have no discernible adverse impact on the domestic industry; (2) whether there is a likelihood of a reasonable overlap of competition among subject imports from the subject

³⁵ *Original Determinations*, USITC Pub. 4040 at 31-33.

³⁶ *First Review Determinations*, USITC Pub. 4512 at 12.

³⁷ *First Review Determinations*, USITC Pub. 4512 at 13-18.

³⁸ *First Review Determinations*, USITC Pub. 4512 at 19-21.

³⁹ CR/PR at I-1 n.2.

countries and the domestic like product; and (3) whether subject imports are likely to compete in the U.S. market under different conditions of competition.

1. Likelihood of No Discernible Adverse Impact

The statute precludes cumulation if the Commission finds that subject imports from a country are likely to have no discernible adverse impact on the domestic industry.⁴⁰ Neither the statute nor the Uruguay Round Agreements Act (“URAA”) Statement of Administrative Action (“SAA”) provides specific guidance on what factors the Commission is to consider in determining that imports “are likely to have no discernible adverse impact” on the domestic industry.⁴¹ With respect to this provision, the Commission generally considers the likely volume of subject imports and the likely impact of those imports on the domestic industry within a reasonably foreseeable time if the orders are revoked. Our analysis for each of the subject countries takes into account, among other things, the nature of the product and the behavior of subject imports in the original investigations.

Based on the record in these reviews, we do not find that imports from either of the subject countries are likely to have no discernible adverse impact on the domestic industry in the event of revocation of the pertinent order.

China. In the original investigations, the quantity of subject imports from China increased from *** pounds in 2005 to *** pounds in 2006, and then declined to *** pounds in 2007; their market penetration ranged from a low of *** percent of apparent U.S. consumption in 2005 to a high of *** percent in 2007.⁴² In the first reviews, the quantity of U.S. shipments of subject imports from China ranged between a low of *** pounds in 2012 and a high of *** pounds in 2011; their market penetration ranged from a low of *** percent of apparent U.S. consumption in 2012 to a high of *** percent in 2011.⁴³ In these reviews, subject imports from China ranged from 7.2 million pounds in 2015 to 12.5 million pounds in 2018; in 2019, there were 10.0 million pounds of subject imports from China, accounting for 1.0 percent of apparent U.S. consumption.⁴⁴

In the current reviews, limited data are available concerning the industry in China because no subject Chinese producer responded to the Commission’s notice of institution. Domestic interested parties identified 61 producers that they believe currently produce subject

⁴⁰ 19 U.S.C. § 1675a(a)(7).

⁴¹ SAA, H.R. Rep. No. 103-316, vol. I at 887 (1994).

⁴² CR/PR at Appendix C.

⁴³ CR/PR at Appendix C.

⁴⁴ CR/PR at Tables I-5-6.

merchandise in China.⁴⁵ Domestic Producers assert that many subject producers in China have invested in new PET film production, that there has been a consequent capacity increase of at least *** percent since the first reviews, and that production capacity is expected to increase an additional *** percent over the next five years.⁴⁶ According to the IHS Chemical Handbook, in 2018 nameplate PET film capacity in China was *** pounds and production was *** pounds. China had greater capacity and production than any other country or region surveyed, and its capacity was projected to increase from 2018 to 2023.⁴⁷ Global Trade Atlas (“GTA”) data indicate that China was the world’s largest exporter of PET film in each year of the review period and its exports increased throughout the period.⁴⁸ China’s largest export markets for PET film in 2018 were Indonesia, Vietnam, Malaysia, and Japan.⁴⁹ PET film from China is subject to antidumping duties in Brazil and Korea.⁵⁰

Based on the foregoing, including China’s large and growing production capacity, its increasing volume of global exports, and its continued exports to the U.S. market during the period of review, we find that revocation of the antidumping duty order on subject imports from China is not likely to have no discernible adverse impact on the domestic industry.

UAE. In the original investigations, the quantity of subject imports from the UAE ranged from *** pounds in 2005 to *** pounds in 2007; their market penetration ranged from a low of *** percent of apparent U.S. consumption in 2005 to a high of *** percent in 2007.⁵¹ In the first reviews, the quantity of U.S. shipments of subject imports from the UAE ranged from a low of *** pounds in 2009 to a high of *** pounds in 2012; their market penetration ranged from a low of *** percent of apparent U.S. consumption in 2009 to a high of *** percent in 2012.⁵² In the current reviews, the quantity of subject imports from the UAE ranged from 736,000 pounds

⁴⁵ CR/PR at I-22.

⁴⁶ Domestic Producers’ Comments at 8-9.

⁴⁷ CR/PR at Table I-9. The IHS Chemical Handbook data concern only PET film products, and consequently may cover a narrower product range than the scope. *Id.*

⁴⁸ CR/PR at Table I-12. These data concern HTS subheading 3920.62, which includes both in-scope and out-of-scope merchandise. *Id.*

⁴⁹ CR/PR at Table I-7. These data concern HTS subheading 3920.62, which includes both in-scope and out-of-scope merchandise. *Id.*

⁵⁰ CR/PR at I-26.

⁵¹ CR/PR at Appendix C.

⁵² CR/PR at Appendix C.

in 2018 to 6.3 million pounds in 2014; in 2019, there were 1.3 million pounds of subject imports from the UAE, accounting for 0.1 percent of apparent U.S. consumption.⁵³

In the current reviews, limited data are available concerning the industry in the UAE because no subject producer from that country responded to the Commission's notice of institution. Domestic interested parties identified two possible producers of PET film in the UAE.⁵⁴ Domestic Producers contend that although one of these producers suspended operations in 2017, it intends to resume production and maintains significant capacity. Further, Domestic Producers claim that producers in the UAE have approximately four times more capacity than the home market can absorb.⁵⁵ According to GTA data, the UAE's largest export markets for PET film in 2018 were Russia, Ukraine, and Nigeria.⁵⁶ PET film from the UAE is subject to antidumping duties in Brazil and Korea.⁵⁷

Based on the foregoing, including the UAE industry's apparent export orientation in light of its large capacity compared to home market consumption and its continued exports to the U.S. market during the period of review, we find that revocation of the antidumping duty order on subject imports from the UAE is not likely to have no discernible adverse impact on the domestic industry.

2. Likelihood of a Reasonable Overlap of Competition

The Commission generally has considered four factors intended to provide a framework for determining whether subject imports compete with each other and with the domestic like

⁵³ CR/PR at Tables I-5-6.

⁵⁴ CR/PR at I-24.

⁵⁵ Domestic Producers' Response at 9. The IHS Chemical Handbook does not provide UAE-specific data; instead, the UAE is grouped in a Middle Eastern region with facilities in Bahrain and Turkey. CR/PR at Table I-9. During each year examined during the first reviews, producers in the UAE exported between *** percent of their shipments. First Reviews Confidential Report INV-MM-125, EDIS Doc. 704047 at Table IV-13.

⁵⁶ CR/PR at Table I-8. These data concern HTS subheading 3920.62, which includes both in-scope and out-of-scope merchandise. *Id.*

⁵⁷ CR/PR at I-26.

product.⁵⁸ Only a “reasonable overlap” of competition is required.⁵⁹ In five-year reviews, the relevant inquiry is whether there likely would be competition even if none currently exists because the subject imports are absent from the U.S. market.⁶⁰

Fungibility. In the original investigations, the Commission found that there was at least a moderate level of fungibility between the domestic like product and the subject imports, as well as among the various subject imports. Most U.S. producers, importers, and purchasers reported that PET film from each of the subject countries and the United States could “always” or “frequently” be used interchangeably.⁶¹ In the first reviews, the Commission found that imports from each subject country were sufficiently fungible with the domestic like product and with each other. A majority of market participants found the domestic like product and subject imports from each subject country were always or frequently interchangeable.⁶² There is no new information on the record of these reviews to indicate that the fungibility of subject imports and the domestic like product has changed.⁶³

Channels of Distribution. In the original investigations, the Commission found that there was reasonable overlap in channels of distribution between the subject imports and the domestic like product. The domestic producers sold through all three channels (processors,

⁵⁸ The four factors generally considered by the Commission in assessing whether imports compete with each other and with the domestic like product are as follows: (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 geographical markets of 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 subject imports are simultaneously present in the market with one another and the domestic like product. See, e.g., *Wieland Werke, AG v. United States*, 718 F. Supp. 50 (Ct. Int’l Trade 1989).

⁵⁹ See *Mukand Ltd. v. United States*, 937 F. Supp. 910, 916 (Ct. Int’l Trade 1996); *Wieland Werke*, 718 F. Supp. at 52 (“Completely overlapping markets are not required.”); *United States Steel Group v. United States*, 873 F. Supp. 673, 685 (Ct. Int’l Trade 1994), *aff’d*, 96 F.3d 1352 (Fed. Cir. 1996). We note, however, that there have been investigations where the Commission has found an insufficient overlap in competition and has declined to cumulate subject imports. See, e.g., *Live Cattle from Canada and Mexico*, Inv. Nos. 701-TA-386 and 731-TA-812-13 (Preliminary), USITC Pub. 3155 at 15 (Feb. 1999), *aff’d sub nom.*, *Ranchers-Cattlemen Action Legal Foundation v. United States*, 74 F. Supp. 2d 1353 (Ct. Int’l Trade 1999); *Static Random Access Memory Semiconductors from the Republic of Korea and Taiwan*, Inv. Nos. 731-TA-761-62 (Final), USITC Pub. 3098 at 13-15 (Apr. 1998).

⁶⁰ See generally, *Cheflene Corp. v. United States*, 219 F. Supp. 2d 1313, 1314 (Ct. Int’l Trade 2002).

⁶¹ *Original Determinations*, USITC Pub. 4040 at 14.

⁶² *First Review Determinations*, USITC Pub. 4512 at 16-17.

⁶³ Domestic Producers indicate that the fungibility of the domestic like product and imports from each subject country has not changed since the first reviews. Domestic Producers’ Response at 6-7.

distributors, and end users) during the period of investigation. There were shipments from all subject countries to end users and processors.⁶⁴ In the first reviews, the Commission found there was overlap in channels of distribution among subject imports from all three countries and U.S. shipments of the domestic like product to end users.⁶⁵ There is no new information on the record of these reviews to indicate that the channels of distribution have changed or are likely to do so upon revocation of the orders.

Geographic Overlap. In the original investigations, the Commission found that PET film produced in the United States was shipped nationwide, and found that subject imports were generally sold in multiple regions or nationwide.⁶⁶ In the first reviews, the Commission found a geographic overlap among subject imports and the domestic like product, in that domestic like product was shipped nationwide and subject imports from each country were shipped to most regions of the United States.⁶⁷ In the current reviews, imports from China entered through the northern, southern, eastern, and western borders of entry in all years from 2014 through 2019. Imports from the UAE entered through the northern, southern, eastern, and western borders of entry during 2014-16, the northern, eastern, and western borders during 2017-18, and the northern and eastern borders during 2019.⁶⁸

Simultaneous Presence in Market. In the original investigations, the Commission determined that imports from the subject countries were present in the U.S. market throughout the period of investigation.⁶⁹ In the first reviews, the domestic like product and subject imports from China and the UAE were present in the U.S. market through the period of review.⁷⁰ In these reviews, imports from China were present in all 72 months between 2014 and 2019, and imports from the UAE were reported in 66 of the 72 months.⁷¹

Conclusion. The record of these expedited reviews contains limited information concerning subject imports in the U.S. market during the period of review. The record contains no information suggesting a change in the considerations that led the Commission in the prior proceedings to conclude that there was a reasonable or likely reasonable overlap of competition between subject imports from China and the UAE and between imports from each

⁶⁴ *Original Determinations*, USITC Pub. 4040 at 14-15.

⁶⁵ *First Review Determinations*, USITC Pub. 4512 at 17.

⁶⁶ *Original Determinations*, USITC Pub. 4040 at 14.

⁶⁷ *First Review Determinations*, USITC Pub. 4512 at 17.

⁶⁸ CR/PR at I-22.

⁶⁹ *Original Determinations*, USITC Pub. 4040 at 15.

⁷⁰ *First Review Determinations*, USITC Pub. 4512 at 17.

⁷¹ CR/PR at I-22.

subject source and the domestic like product upon revocation. In light of this and the absence of any contrary argument, we find a likely reasonable overlap of competition between subject imports from China and the UAE and between the domestic like product and subject imports from each source.

3. Likely Conditions of Competition

In determining whether to exercise our discretion to cumulate the subject imports, we assess whether subject imports from the subject countries would compete under similar or different conditions in the U.S. market if the orders under review were revoked. As previously discussed, in the first reviews, the Commission exercised its discretion to cumulate the subject imports from both subject countries.⁷²

The record in these reviews does not indicate that there would likely be any significant difference in the conditions of competition between subject imports from each subject country if the orders were revoked. As discussed in section IV.B.3 below, PET film from domestic and subject sources is highly substitutable and competition is largely price-based.⁷³ In light of this and the fact that the industry in both subject countries supplied the U.S. market with PET film in the prior proceedings and current reviews,⁷⁴ we find that PET film from both subject countries would likely compete directly with one another and the domestic like product in the event of revocation.

D. Conclusion

Based on the record, we find that subject imports from China and the UAE would not be likely to have no discernible adverse impact on the domestic industry if the pertinent orders under review were revoked. We also find a likely reasonable overlap of competition between subject imports from different sources and between the subject imports from each country and the domestic like product, and find that imports from each subject country are likely to compete in the U.S. market under similar conditions of competition should the orders be

⁷² *First Review Determinations*, USITC Pub. 4512 at 19-21.

⁷³ Moreover, as we discuss in section IV.C.2. below, the record does not contain evidence to indicate that the imposition of tariffs on subject imports from China under section 301 of the Trade Act of 1974, 19 U.S.C. § 2411 (“section 301 tariffs”) has affected the conditions of competition in the U.S. market, nor is it expected to affect the conditions of competition in the future.

⁷⁴ *Original Determinations*, USITC Pub. 4040 at 15; *First Review Determinations*, USITC Pub. 4512 at 17; CR/PR at I-22.

revoked. We therefore exercise our discretion to cumulate subject imports from China and the UAE.

IV. Revocation of the Antidumping Duty Orders Would Likely Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time

A. Legal Standards

In a five-year review conducted under section 751(c) of the Tariff Act, Commerce will revoke an antidumping or countervailing duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur and (2) the Commission makes a determination that revocation of the antidumping or countervailing duty order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”⁷⁵ The SAA states that “under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”⁷⁶ Thus, the likelihood standard is prospective in nature.⁷⁷ The U.S. Court of International Trade has found that “likely,” as used in the five-year review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.⁷⁸

⁷⁵ 19 U.S.C. § 1675a(a).

⁷⁶ SAA at 883-84. The SAA states that “[t]he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed.” *Id.* at 883.

⁷⁷ While the SAA states that “a separate determination regarding current material injury is not necessary,” it indicates that “the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued {sic} prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked.” SAA at 884.

⁷⁸ See *NMB Singapore Ltd. v. United States*, 288 F. Supp. 2d 1306, 1352 (Ct. Int’l Trade 2003) (“‘likely’ means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)”), *aff’d mem.*, 40 Fed. Appx. 268 (Fed. Cir. 2005); *Nippon Steel Corp. v. United States*, 26 CIT 1416, 1419 (2002) (same); *Usinor Industeel, S.A. v. United States*, 26 CIT 1402, 1404 nn.3, 6 (2002) (“more likely than not” standard is “consistent with the court’s opinion;” “the court has not interpreted ‘likely’ to imply any particular degree of ‘certainty’”); *Indorama Chemicals (Thailand) Ltd. v. United States*, 26 CIT 1059, 1070 (2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); *Usinor v. United States*, 26 CIT 767, 794 (2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

The statute states that “the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time.”⁷⁹ According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but normally will exceed the ‘imminent’ timeframe applicable in a threat of injury analysis in original investigations.”⁸⁰

Although the standard in a five-year review is not the same as the standard applied in an original investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated.”⁸¹ It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if an order is revoked or a suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).⁸² The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission’s determination.⁸³

In evaluating the likely volume of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.⁸⁴ In doing so, the Commission must consider “all relevant economic factors,” including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country;

⁷⁹ 19 U.S.C. § 1675a(a)(5).

⁸⁰ SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” *Id.*

⁸¹ 19 U.S.C. § 1675a(a)(1).

⁸² 19 U.S.C. § 1675a(a)(1). Commerce has not made any duty absorption findings with respect to the orders under review. *Polyethylene Terephthalate Film, Sheet, and Strip From the People’s Republic of China and the United Arab Emirates: Final Results of the Expedited Second Sunset Reviews of the Antidumping Duty Orders*, 85 Fed. Reg. 26927 (May 6, 2020) and accompanying Issues and Decision Memorandum at 4-5.

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

⁸⁴ 19 U.S.C. § 1675a(a)(2).

(2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.⁸⁵

In evaluating the likely price effects of subject imports if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.⁸⁶

In evaluating the likely impact of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.⁸⁷ All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the orders under review and whether the industry is vulnerable to material injury upon revocation.⁸⁸

⁸⁵ 19 U.S.C. § 1675a(a)(2)(A-D).

⁸⁶ See 19 U.S.C. § 1675a(a)(3). The SAA states that “{c}onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices.” SAA at 886.

⁸⁷ 19 U.S.C. § 1675a(a)(4).

⁸⁸ The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission “considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.” SAA at 885.

No respondent interested party participated in these expedited reviews. The record, therefore, contains limited new information with respect to the PET film industries in China and the UAE. There also is limited information on the PET film market in the United States during the period of review. Accordingly, for our determinations, we rely as appropriate on the facts available from the original investigations and first reviews, and the limited new information on the record in these reviews.

B. Conditions of Competition and the Business Cycle

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, the statute directs the Commission to consider all relevant economic factors “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”⁸⁹ The following conditions of competition inform our determinations.

1. Demand Conditions

In the prior proceedings, the Commission found that demand for PET film was driven by demand for downstream products in the five main end-use market segments: industrial, packaging, magnetic media, electrical, and imaging.⁹⁰ In the original investigations, while industry participants gave mixed responses as to whether demand for PET film in the U.S. market had changed during the period of investigation, apparent U.S. consumption in both the total market and the merchant market declined. It was reported that global demand had increased. Demand was reported to be seasonal and cyclical.⁹¹

In the first reviews, most market participants reported that U.S. demand increased over the review period, and the majority of importers, purchasers, and foreign producers anticipated an increase in U.S. demand in the future. Only half of U.S. producers expected demand to increase, and most responding purchasers did not expect an increase in U.S. demand for their final products in the future.⁹² During the first period of review, apparent U.S. consumption fluctuated but declined overall in the total market, and fluctuated but increased overall in the merchant market.⁹³

⁸⁹ 19 U.S.C. § 1675a(a)(4).

⁹⁰ *Original Determinations*, USITC Pub. 4040 at 18; *First Review Determinations*, USITC Pub. 4512 at 29.

⁹¹ *Original Determinations*, USITC Pub. 4040 at 18.

⁹² *First Review Determinations*, USITC Pub. 4512 at 29-30.

⁹³ *First Review Determinations*, USITC Pub. 4512 at 29-30.

The data collected in the current reviews indicate that apparent U.S. consumption is higher than during the first five-year reviews and was 1.1 billion pounds in 2019.⁹⁴ Domestic interested parties project that demand growth will likely slow.⁹⁵

2. Supply Conditions

In the original investigations, the Commission stated that there were eight domestic producers, the majority of which had foreign affiliations and/or foreign production facilities. The Commission noted that the domestic industry was unable to supply total domestic demand, with total apparent U.S. consumption *** than U.S. producers' average capacity in each year between 2005 and 2007.⁹⁶ Domestic producers' production decreased during the period, and their total U.S. shipments fell, while their merchant market shipments rose. The Commission stated that the domestic producers' market share was substantially higher than the shares of subject or nonsubject imports, both in the total market and merchant market. Domestic producers' market share remained static in the total market during the period of investigation, but increased slightly in the merchant market. The market share of cumulated subject imports rose between 2005 and 2007 in both the total market and the merchant market. The market share of nonsubject imports was substantially larger than that of subject imports, but declined in both the total market and merchant market between 2005 and 2007. Most nonsubject imports were from Indonesia, Japan, Korea, the Netherlands, Mexico, Taiwan, and Turkey.⁹⁷

In the first reviews, the Commission found that the domestic industry held the largest share of apparent U.S. consumption, but its share declined irregularly over the period. Cumulated subject imports from China and the UAE remained in the U.S. market, and their market share increased irregularly over the period of review. Nonsubject imports' market

⁹⁴ Apparent U.S. consumption was 671.8 million pounds in 2013 and 1.1 billion pounds in 2019. We have corrected an error for the summation of apparent U.S. consumption for 2019 reported in Table I-6; the correct volume of apparent U.S. consumption for 2019 is 1.1 billion pounds. See CR/PR at Table I-6. We observe that there are a number of factors affecting the accuracy of the reported apparent U.S. consumption data for 2019. First, shipments by domestic producers are likely understated because the responding producers estimated that they accounted for about half (*i.e.*, 51.1 percent) of domestic production in 2019. CR/PR at I-13. Additionally, imports are likely overstated because they are based on official import data from an HTS category including out-of-scope merchandise. CR/PR at Table I-5 note.

⁹⁵ Domestic Producers' Response at 21; Terphane's Response at 25.

⁹⁶ *Original Determinations*, USITC Pub. 4040 at 18-19; Confidential Original Determinations, EDIS Doc. 704044 at 30.

⁹⁷ *Original Determinations*, USITC Pub. 4040 at 18-19.

share was higher than that of cumulated subject imports and increased over the period of review, although it declined between 2012 and 2013. The largest sources of nonsubject imports were Korea, Mexico, and Taiwan. Imports of PET film from India were subject to antidumping and countervailing duty orders, and imports from Taiwan were subject to an antidumping duty order.⁹⁸

In these reviews, one domestic producer reported *** expanding operations: Mitsubishi ***, made an investment to increase capacity in 2015, ***, and completed its capacity expansion in October 2018.⁹⁹ The responding domestic producers supplied 30.9 percent of apparent U.S. consumption in 2019.¹⁰⁰ Cumulated subject imports were the smallest source of supply to the U.S. market during the period of review. Their share of apparent U.S. consumption (by quantity) was 1.0 percent in 2019.¹⁰¹ Nonsubject imports were the largest source of supply of PET film to the U.S. market during the period of review. They accounted for 68.1 percent of apparent U.S. consumption (by quantity) in 2019.¹⁰² Oman was the leading supplier of nonsubject imports in 2019.¹⁰³ Imports of PET film from India and Taiwan are currently subject to antidumping duty orders.¹⁰⁴

3. Substitutability and Other Conditions

In the original investigations, the Commission found that there was at least a moderate degree of substitutability between imported and domestic PET film. Most U.S. producers, importers, and purchasers reported that PET film from each of the country pairs could “always”

⁹⁸ *First Review Determinations*, USITC Pub. 4512 at 30-31.

⁹⁹ CR/PR at Table I-3.

¹⁰⁰ We have corrected an error for the summation of apparent U.S. consumption for 2019 and recalculated the shares of consumption based on quantity reported in Table I-6; the correct market share of responding domestic producers is 30.9 percent. See Table I-6.

¹⁰¹ We have corrected an error for the summation of apparent U.S. consumption for 2019 and recalculated the shares of consumption based on quantity reported in Table I-6; the correct market share of cumulated subject imports is 1.0 percent. See CR/PR at Table I-6.

¹⁰² We have corrected an error for the summation of apparent U.S. consumption for 2019 and recalculated the shares of consumption based on quantity reported in Table I-6; the correct market share of nonsubject imports is 68.1 percent. See CR/PR Table I-6.

¹⁰³ CR/PR at Table I-5.

¹⁰⁴ The Commission is currently conducting separate five-year reviews of the orders on PET film from India and Taiwan. See *generally Polyethylene Terephthalate Film, Sheet, and Strip From India and Taiwan, Institution of Five-Year Reviews*, 84 Fed. Reg. 31343 (Jul. 1, 2019); *Polyethylene Terephthalate (PET) Film From India and Taiwan; Scheduling of Full Five-Year Reviews*, 85 Fed. Reg. 16957 (Mar. 25, 2020).

or “frequently” be used interchangeably. The Commission stated that all responding purchasers indicated that they required their sources to be prequalified for all of their purchasers, a process that could require weeks or months, and a number of purchasers reported that at least one supplier had failed to qualify or be certified during the period of investigation. The Commission stated that price was reported as the most important factor in making purchasing decisions by the largest number of purchasers (and the second most important factor by a large number), while some purchasers reported the availability of pre-arranged contracts as the most important factor, and quality and product availability were also listed by purchasers as among the most important factors for their purchasing decisions.¹⁰⁵

In the original investigations, the Commission also stated that the main raw materials used in producing PET film were petroleum-based chemicals, which were subject to global oil price fluctuations, with prices for these chemicals rising when world oil and natural gas prices rise. The Commission stated that the PET film industry was capital intensive, giving producers a strong incentive to operate 24 hours a day with downtime only for repair and maintenance. The Commission found that competition between domestic production and subject imports was concentrated in commodity-grade films for use in packaging and industrial applications. The popular 48-gauge corona-treated film, a commodity-grade film, was used as the baseline for pricing, as pricing in the commodity grade affected pricing in the specialty grades. PET film was sold on both a spot basis and a contract basis, with long-term contracts in effect for up to three years, and short-term contracts lasting from three months up to one year.¹⁰⁶

In the first reviews, the record indicated a high degree of substitutability between domestically produced PET film and the subject imports. The majority of market participants reported the domestic like product and subject imports were always or frequently interchangeable. A large majority of responding purchasers found that price was a very important factor in purchasing decisions.¹⁰⁷

In the first reviews, the Commission continued to find that PET film was produced and sold in two major categories: general purpose commodity-grade films and non-commodity films. Domestic producers and Terphane agreed that the pricing of commodity films affected the pricing of non-commodity films. A decline in the “base price” for commodity grades could lead to declines in prices for non-commodity specialty grades through a “domino effect.” Additionally, production of PET film continued to be capital-intensive, and plants needed to run

¹⁰⁵ *Original Determinations*, USITC Pub. 4040 at 20.

¹⁰⁶ *Original Determinations*, USITC Pub. 4040 at 20-21.

¹⁰⁷ *First Review Determinations*, USITC Pub. 4512 at 31.

at relatively high capacity utilization rates in order to remain profitable. Further, the Commission stated that raw material costs were an important consideration in the price of PET film, accounting for between 48.3 percent and 60.1 percent of U.S. producers' cost of goods sold ("COGS") during the period of review. The Commission stated that the basic raw materials for producing PET film were: (1) dimethyl terephthalate ("DMT") or purified terephthalic acid ("PTA"), derived from xylene, and (2) monoethylene glycol ("MEG"), derived from ethylene. Ethylene was usually manufactured from natural gas, while xylene was a byproduct from oil refineries. Thus, raw material costs were greatly affected by crude oil and natural gas prices.¹⁰⁸

The limited record in these reviews contains nothing to indicate that the substitutability between U.S.-produced PET film and imported PET film regardless of source or the importance of price has changed since the prior proceedings.¹⁰⁹ We thus find that the domestic like product and subject imports are highly substitutable and that price is an important factor in purchasing decisions.

Imports of PET film from China have been subject to a 25 percent *ad valorem* section 301 tariff since August 23, 2018.¹¹⁰

C. Likely Volume of Subject Imports

1. The Prior Proceedings

In its analysis of present material injury in the original investigations, the Commission found that the volume of cumulated subject imports and the increase in that volume were significant in absolute terms, particularly in light of declining apparent U.S. consumption. However, the Commission also found that the effects of the volume of subject imports on prices and the impact of the imports on the domestic industry were diminished because the subject imports gained market share largely from the nonsubject imports and not from the domestic industry, and the adverse effects experienced by the domestic industry were less pronounced in sales to the merchant market than in sales to the total market.¹¹¹

In its analysis of threat of material injury, the Commission found that a significant increase in the volume of cumulated subject imports was likely in the imminent future. The Commission stated that cumulated subject import volume and market share from Brazil, China, and the UAE increased between 2005 and 2007, the industries in the subject countries were

¹⁰⁸ *First Review Determinations*, USITC Pub. 4512 at 31-32.

¹⁰⁹ CR/PR at I-8-13.

¹¹⁰ CR/PR at I-8 & n.21.

¹¹¹ *Original Determinations*, USITC Pub. 4040 at 24-25.

export oriented, and their export orientation increased over the period, indicating that they all viewed the United States as an attractive market. The Commission found that home market shipments as a percentage of all shipments declined for all subject industries.¹¹²

In the first reviews, the Commission found that the volume and market share of cumulated subject imports from China and the UAE were higher in 2013 than in 2008, the year the orders were imposed. The record indicated that the cumulated subject industries had substantial capacity, had added capacity since the orders were imposed, and had substantial excess capacity. Moreover, the Commission found the subject industries in both countries were export oriented and PET film exports from both subject countries increased overall during the review period. China was the largest exporter of PET film in the world, and the UAE was the world's eighth largest exporter in 2013. Additionally, the Commission found that the United States remained an attractive export market as it was the second largest importing market for PET film in the world in 2013. In light of these considerations, the Commission found that the likely volume of subject imports, both in absolute terms and relative to consumption in the United States, would be significant if the orders were revoked.¹¹³

2. The Current Reviews

In these reviews, the record indicates that the orders have had a disciplining effect on the volume of cumulated subject imports, whose volume and market share were appreciably below the levels they reached prior to imposition of the orders. Cumulated subject imports ranged from a period high of 16.2 million pounds in 2014 to a period low of 9.8 million pounds in 2015, and were 11.3 million pounds in 2019; their market penetration was 1.0 percent of apparent U.S. consumption in 2019.¹¹⁴

As previously stated, no importer, producer, or exporter of subject merchandise participated in these expedited reviews. Nonetheless, available record data indicate that the industries in China and the UAE continue to produce and export substantial volumes of subject merchandise, and have considerable unused capacity. Domestic Producers assert that many subject producers in China have invested in new PET film production, that there has been a consequent capacity increase of at least *** percent since the first reviews, and that capacity is expected to increase an additional *** percent over the next five years.¹¹⁵ According to the IHS

¹¹² *Original Determinations*, USITC Pub. 4040 at 33-34.

¹¹³ *First Review Determinations*, USITC Pub. 4512 at 32-34.

¹¹⁴ CR/PR at Tables I-5-6.

¹¹⁵ Domestic Producers' Comments at 8-9.

Chemical Handbook, 2018 nameplate PET film capacity in China was *** pounds and production was *** pounds. China had greater capacity and production than any other country or region surveyed, and its capacity was projected to increase from 2018 to 2023.¹¹⁶ Domestic Producers contend that although one of the two UAE producers suspended operations in 2017, it intends to resume production, and the industry consisting of both producers in the UAE maintains significant capacity.¹¹⁷

Further, the record indicates that the subject industries in China and the UAE are export oriented. Available data on exports of PET film indicate that China was the world's largest exporter of PET film in each year of the review period and its exports increased throughout the period.¹¹⁸ Domestic Producers contend that the PET film industry in the UAE has approximately four times more capacity than its home market can absorb.¹¹⁹

The record further indicates that the United States remains an attractive export market for subject producers. Cumulated subject imports maintained a consistent presence in the U.S. market throughout the period of review notwithstanding the discipline of the orders, indicating importers of subject merchandise maintain distribution channels in the United States.¹²⁰ Moreover, available data concerning exports of PET film from China and the UAE indicate that subject producers exported these products to numerous countries throughout the world during the period of review at fluctuating annual quantities, indicating that subject producers have the ability to redirect exports to the U.S. market upon revocation.¹²¹

The record also indicates that antidumping duty orders are in effect in Korea and Brazil for imports of PET film from China and the UAE.¹²² These barriers to entry would create additional incentives for subject producers to direct exports to the U.S. market if the orders under review were revoked.

¹¹⁶ CR/PR at Table I-9. The IHS Chemical Handbook data concern only PET film products, and consequently may cover a narrower product range than the scope. *Id.*

¹¹⁷ Domestic Producers' Response at 9 and Attachment 1.

¹¹⁸ CR/PR at Table I-12. These data concern HTS subheading 3920.62, which includes both in-scope and out-of-scope merchandise. *Id.*

¹¹⁹ Domestic Producers' Response at 9. This assertion is supported by data available from the first reviews. During each year examined during the first reviews, producers in the UAE exported between *** percent of their shipments. First Reviews Confidential Report INV-MM-125, EDIS Doc. 704047 at Table IV-13.

¹²⁰ CR/PR at Table I-5.

¹²¹ CR/PR at Tables I-7-8. These data concern HTS subheading 3920.62, which includes both in-scope and out-of-scope merchandise. *Id.*

¹²² CR/PR at I-26.

Consequently, the record indicates that upon revocation, subject producers of PET film are likely to direct significant volumes of subject imports to the United States in light of their high production capacity, export orientation, and evidence that the U.S. market remains attractive to these producers¹²³ Accordingly, we find that the likely volume of cumulated subject imports, both in absolute terms and relative to consumption in the United States, would likely be significant if the orders were revoked.¹²⁴

D. Likely Price Effects

1. The Prior Proceedings

In its present material injury analysis in the original investigations, the Commission concluded that the price effects of cumulated subject imports were not significant during the period of investigation. It found that the domestic and imported products, as well as the nonsubject imports, were substantially interchangeable, and that price was an important factor in purchasing decisions. The Commission stated that underselling by subject imports was prevalent during the period examined, and it found the level of underselling to be significant. However, it found that nonsubject imports undersold both the domestic like product and subject imports. The Commission stated that there was evidence that the domestic industry had experienced falling prices and a growing cost/price squeeze during the period of investigation, but found that the record did not establish that the subject imports had caused significant price-depressing or price-suppressing effects. The Commission observed that the price declines experienced by the domestic industry were not of a very large magnitude. As to price suppression, the Commission found that the domestic industry had experienced a smaller deterioration in its COGS to net sales ratio in its sales to the merchant market, in which it competed head-to-head with subject (and nonsubject) imports, than in its overall sales, indicating that causes other than subject imports explained much of the cost/price squeeze.¹²⁵

¹²³ Although subject imports from China are now subject to section 301 tariffs, they continue to be imported despite the additional duties, and there is no evidence on the record indicating that the imposition of these tariffs has affected the U.S. PET film market. CR/PR at Table I-5. None of the purchasers responding to the Commission's questionnaires reported that section 301 tariffs imposed on subject imports from China have impacted the conditions of competition for PET film, nor that they anticipate such impact in the future. CR/PR at Appendix D.

¹²⁴ Due to the expedited nature of these reviews, the record does not contain current information about inventories of the subject merchandise or subject producers' ability to shift production between products.

¹²⁵ *Original Determinations*, USITC Pub. 4040 at 25-26.

In its analysis of threat of material injury, the Commission found that the price effects of cumulated subject imports from Brazil, China, and the UAE would rise to a significant level in the immediate future. The Commission found that underselling by subject imports would likely increase as importers used lower prices to gain market share from the domestic industry, while in competition with even lower priced nonsubject imports. It stated that subject imports would have increasing depressing and/or suppressing effects on domestic prices as the volume of unfairly priced subject imports increased significantly, given that no substantial increase in demand was projected, and that competition for sales would largely be price-based.¹²⁶

In the first reviews, the Commission found that domestically produced PET film and subject imports from China and the UAE were highly substitutable, and that price continued to be an important factor in purchasing decisions. It found that cumulated subject imports undersold the domestic like product in 185 out of 275 quarterly comparisons over the period of review, by an average margin of 21.5 percent. The Commission concluded that, if the orders were revoked, subject imports from China and the UAE likely would undersell the domestic like product to a significant degree, likely causing the domestic industry to either reduce its prices or forego increases to maintain market share, and consequently would likely have price depressing or suppressing effects.¹²⁷

2. The Current Reviews

The record indicates that subject imports and the domestic like product are highly substitutable and price continues to be an important factor in purchasing decisions. The record does not contain new pricing data due to the expedited nature of these reviews. Given our finding above that there will likely be a significant volume of cumulated subject imports upon revocation, we further find that these imports would likely increase their sales in the U.S. market by underselling the domestic like product as they did in the original investigations. Thus, if the antidumping duty orders were revoked, there would likely be significant price underselling by imports of the subject merchandise as compared to the domestic like product. This in turn would likely cause the domestic producers to lose market share or to cut prices or restrain price increases to avoid losing sales.

¹²⁶ *Original Determinations*, USITC Pub. 4040 at 34.

¹²⁷ *First Review Determinations*, USITC Pub. 4512 at 35.

Accordingly, given the likely significant volume of subject imports and their likely significant underselling, we conclude that subject imports would likely have significant price effects if the antidumping duty orders were revoked.

E. Likely Impact

1. The Prior Proceedings

In the original investigations, the Commission determined that the domestic industry was not materially injured by reason of cumulated subject imports from Brazil, China, Thailand, and the UAE. The Commission found that the domestic industry's capacity, capacity utilization, and production all declined during the period of investigation. The industry's employment indicators declined during the period. The industry's financial indicators generally declined, with operating income falling in both the general market and the merchant market. Nevertheless, despite these negative trends, the Commission found that subject imports did not have a significant impact on the condition of the domestic industry.¹²⁸ The Commission found that the cumulated subject imports (which increased in market share over the period) largely replaced nonsubject imports in the market, not the domestic like product. In addition, while subject imports undersold the domestic like product, they replaced nonsubject imports that were generally priced even lower. The Commission observed that adverse effects of subject imports would normally be most visible in the domestic industry's operations supplying the merchant market, where head-to-head competition occurs, but found instead that the industry's performance was better in the merchant market than in the total market.¹²⁹

The Commission also identified several other developments adversely affecting the domestic industry: a steady decline in U.S. consumption during the period; the age and inefficiency of production lines of a domestic producer; importations by DTF, and shortages of PET film in the U.S. market due to the lack of domestic capacity, resulting in customers being refused product. The Commission stated that the record did not demonstrate the requisite causal nexus between the subject imports and the condition of the domestic industry.¹³⁰

In its analysis of threat of material injury, the Commission found that the domestic industry was vulnerable to material injury. It reasoned that significant likely increased cumulated subject import volumes would likely erode the market share not only of nonsubject imports, but of the domestic industry as well. The Commission found that the likely significant

¹²⁸ *Original Determinations*, USITC Pub. 4040 at 27-28.

¹²⁹ *Original Determinations*, USITC Pub. 4040 at 28-29.

¹³⁰ *Original Determinations*, USITC Pub. 4040 at 29-30.

price depressing and suppressing effects of cumulated subject imports would likely lead to further deterioration in the domestic industry's already weakened condition. It found that the volume of nonsubject imports was likely to remain steady or decline, given that imports from five nonsubject countries were subject to antidumping and countervailing duty orders, and that imports from other nonsubject sources, such as Japan, tended to be higher priced films. The Commission consequently concluded that the domestic industry was threatened with material injury by reason of cumulated subject imports from Brazil, China, and the UAE.¹³¹

In the first reviews, the Commission found that most indicators of the domestic industry's condition declined. It consequently concluded that the domestic industry was in a vulnerable condition.¹³² It further found that the likely significant volume of low-priced cumulated subject imports would cause the domestic industry either to cut prices or forego sales and cede market share. Either circumstance would cause a likely decline in revenues and financial performance, as well as production, shipments, market share, and employment.¹³³

In its non-attribution analysis, the Commission found that although the market share of nonsubject imports increased irregularly during the period of review, their average unit values ("AUVs") were consistently higher than cumulated subject imports from China and the UAE. Additionally, imports from India were subject to antidumping and countervailing duty orders, imports from Taiwan were subject to an antidumping duty order, and several sources of nonsubject imports experienced declines in volume between 2012 and 2013.¹³⁴ In light of these circumstances, the Commission found that the domestic industry would more likely lose market share to the significant volume of low-priced cumulated subject imports than to nonsubject imports. Thus, the Commission concluded that subject imports from China and the UAE would be likely to have a significant impact on the domestic industry.¹³⁵

2. The Current Reviews

In these reviews, the information available concerning the domestic industry's condition is based on data provided in the domestic producers' responses to the notice of institution. In 2019, the responding domestic producers' capacity was 419.2 million pounds, production was 372.6 million pounds, and capacity utilization was 88.9 percent. Their U.S. shipments were 339.1 million pounds. The responding domestic producers reported an operating income of

¹³¹ *Original Determinations*, USITC Pub. 4040 at 34-35.

¹³² *First Review Determinations*, USITC Pub. 4512 at 36-37.

¹³³ *First Review Determinations*, USITC Pub. 4512 at 36-37.

¹³⁴ *First Review Determinations*, USITC Pub. 4512 at 38.

¹³⁵ *First Review Determinations*, USITC Pub. 4512 at 38.

\$6.1 million from net sales of \$602.8 million, resulting in an operating income margin of 1.0 percent in 2019.¹³⁶ Given the limited data in these expedited reviews, we find the evidence is insufficient for us to make a finding as to whether the domestic industry is vulnerable to the likely continuation or recurrence of material injury should the orders be revoked.

However, based on the information available in these reviews, we find that revocation of the orders would likely lead to a significant volume of low-priced subject imports. Subject imports would also likely undersell the domestic like product, and would cause significant price depressing or suppressing effects or would take market share from the domestic industry. Cumulated subject imports would consequently likely have a significant impact on the domestic industry's production, capacity utilization, employment, shipments, revenues, profitability, and return on investments.

We have also considered the role of factors other than subject imports, including the presence of nonsubject imports, so as not to attribute likely injury from other factors to the subject imports. The data available indicate that nonsubject imports currently have a substantial presence in the U.S. market.¹³⁷ Notwithstanding this, given the substitutability of imported and domestically produced PET film and the importance of price in purchasing decisions, an increased volume of low-priced subject imports will likely take some sales and market share from the domestic industry. Consequently, the subject imports would likely have adverse effects distinct from any that may be caused by nonsubject imports.

Accordingly, we conclude that revocation of the antidumping duty orders on PET film from China and the UAE would likely have a significant impact on the domestic industry within a reasonably foreseeable time.

V. Conclusion

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

¹³⁶ CR/PR at Table I-4.

¹³⁷ We have corrected an error for the summation of apparent U.S. consumption for 2019 and recalculated the shares of consumption based on quantity); the correct value of nonsubject imports as a share of the U.S. market (by quantity) is 68.1 percent in 2019. See CR/PR at I-6.

Information obtained in these reviews

Background

On January 2, 2020, the U.S. International Trade Commission (“Commission”) gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”),¹ that it had instituted reviews to determine whether revocation of antidumping duty orders on polyethylene terephthalate film, sheet, and strip (“PET film”) from China and the United Arab Emirates (“UAE”) would likely lead to the continuation or recurrence of material injury to a domestic industry.² All interested parties were requested to respond to this notice by submitting certain information requested by the Commission.^{3 4} The following tabulation presents information relating to the background and schedule of this proceeding:

Effective date	Action
January 2, 2020	Notice of institution by Commission (85 FR 114, January 2, 2020)
January 2, 2020	Notice of initiation by Commerce (85 FR 67, January 2, 2020)
April 6, 2020	Commission’s vote on adequacy
May 6, 2020	Commerce’s results of its expedited reviews
August 26, 2020	Commission’s determinations and views

¹ 19 U.S.C. 1675(c).

² 85 FR 114, January 2, 2020. In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of five-year reviews of the subject antidumping duty orders. 85 FR 67, January 2, 2020. Pertinent Federal Register notices are referenced in app. A, and may be found at the Commission’s website (www.usitc.gov).

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

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

Responses to the Commission’s notice of institution

Individual responses

The Commission received two submissions in response to its notice of institution in the subject reviews. They were filed on behalf of the following entities:

1. Terphane LLC (“Terphane”), a domestic producer of PET film (referred to herein as “domestic interested party” or “Terphane”).

2. DuPont Teijin Films (“DuPont”), Mitsubishi Polyester Film, Inc. (“Mitsubishi”), SKC, Inc. (“SKC”), and Toray Plastics (America), Inc. (“Toray”), domestic producers of PET film (collectively referred to herein as “domestic interested parties” or “DuPont et al”).⁵

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

⁵ DuPont, in addition to being a domestic producer, is a U.S. importer of PET film from China. DuPont supports the continuation of the order covering imports of PET film from China and the UAE.

Table I-1

PET film: Summary of responses to the Commission’s notice of institution

Type of interested party	Completed responses	
	Number of firms	Coverage
Domestic:		
U.S. producer	5	51.1%
Respondent:		
U.S. importer (domestic producer DuPont)	1	***

Note: The U.S. producer coverage figure is the estimated share of total U.S. production of PET film in 2019 accounted for by responding firms. The estimated share was calculated as the quantity of reported production (372.6 million pounds) divided by total U.S. production derived from the domestic interested parties’ estimates (728.6 million pounds). Terphane’s response to the notice of institution, February 3, 2020, exh. 4; DuPont et al response to the notice of institution, January 31, 2020, p. 19.

Note: The U.S. importer coverage figure is the estimated share of the quantity of total U.S. imports of PET film from China in 2019 accounted for by DuPont. The estimate was calculated as the quantity of reported imports (***) pounds) divided by the quantity of total U.S. imports from China reported for 2019 in Commerce’s official import statistics (10.0 million pounds). DuPont et al response to the notice of institution, January 31, 2020, p. 20.

Party comments on adequacy

The Commission received party comments on the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews from DuPont et al. DuPont et al request that the Commission conduct expedited reviews of the antidumping duty orders on PET film.⁶

The Commission received party comments on the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews from Terphane. Terphane requests that the Commission conduct expedited reviews of the antidumping duty orders on PET film.⁷

⁶ DuPont et al comments on adequacy, Monday, March 16, p. 3.

⁷ Terphane’s comments on adequacy, Monday, March 16, pp. 4-5.

The original investigations and subsequent reviews

The original investigations

The original investigations resulted from petitions filed on September 28, 2007 with Commerce and the Commission by DuPont Teijin Films, Hopewell, Virginia; Mitsubishi Polyester Film of America, Greer, South Carolina; SKC America, Inc., Covington, Georgia; and Toray Plastics (America), Inc., North Kingston, Rhode Island, concerning imports from Brazil, China, Thailand, and the UAE that were alleged to be sold in the United States at less than fair value (“LTFV”).⁸ On September 24, 2008, Commerce determined that imports of PET film from Brazil, China, Thailand, and the UAE were being sold at LTFV.⁹ The Commission determined on October 31, 2008 that the domestic industry was threatened with material injury by reason of LTFV imports of PET film from Brazil, China, and the UAE.¹⁰ The Commission further determined that an industry in the United States was not materially injured or threatened with material injury, and the establishment of an industry in the United States was not materially retarded, by reason of LTFV imports from Thailand of PET film.¹¹ On November 10, 2008, Commerce issued its antidumping duty orders on subject imports of PET film from Brazil, China, and the UAE with final weighted-average dumping margins ranging from 28.72 to 44.36 percent for imports from Brazil, 3.49 to 76.72 percent for imports from China, and 4.05 percent for imports from the UAE.¹²

⁸ Polyethylene Terephthalate Film, Sheet, and Strip from Brazil, China, Thailand, and the United Arab Emirates, Inv. Nos. 731-TA-1131-1134 (Final), USITC Publication 4040, October 2008 (“Original publication”), p. I-1.

⁹ 73 FR 55035, 55036, 55039, and 55043, September 24, 2008.

¹⁰ 73 FR 66056, November 6, 2008.

¹¹ *Ibid.*

¹² 73 FR 66595, November 10, 2008.

The first five-year reviews

On January 23, 2014, the Commission determined that it would conduct full reviews of the antidumping duty orders on PET film from Brazil, China, and the UAE.¹³ On February 24, 2014, Commerce determined that revocation of the antidumping duty orders on PET film from Brazil, China, and UAE would be likely to lead to continuation or recurrence of dumping.¹⁴ On January 16, 2015, the Commission determined that revocation of the antidumping duty orders on PET film from China and UAE would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.¹⁵ The Commission further determined that revocation of the antidumping duty order on PET film from Brazil would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.¹⁶ Following affirmative determinations in the five-year reviews by Commerce and the Commission, effective February 6, 2015, Commerce issued a continuation of the antidumping duty orders on imports of PET film from China and the UAE.¹⁷ Commerce revoked the antidumping duty order on imports of PET film from Brazil effective November 10, 2013.¹⁸

Previous and related investigations

The Commission has conducted a number of previous and related import relief investigations on PET film or related items. Table I-2 presents data on previous and related title VII investigations.

¹³ 79 FR 9276, February 18, 2014.

¹⁴ 79 FR 10096, February 24, 2014.

¹⁵ 80 FR 3623, January 23, 2015.

¹⁶ *Ibid.*

¹⁷ 80 FR 6689, February 6, 2015.

¹⁸ *Ibid.*

Table I-2
PET film: Previous and related title VII investigations

Original investigation					Five-year reviews		Current status
Date	Number	Subject product	Country	Outcome	Date	Outcome	
1990	731-TA-458	PET film, sheet, and strip	Korea	Affirmative	1999	Affirmative	Order revoked 10/20/2010
					2005	Affirmative	
					2010	Negative	
1990	731-TA-459	PET film, sheet, and strip	Japan	Affirmative	--	--	Order revoked 10/6/1995
1990	731-TA-460	PET film, sheet, and strip	Taiwan	ITC preliminary negative	--	--	--
2001	731-TA-933	PET film, sheet, and strip	India	Affirmative	2008	Affirmative	Ongoing full review
					2014	Affirmative	
					2019	--	
2001	701-TA-415	PET film, sheet, and strip	India	Affirmative	2008	Affirmative	Ongoing full review
					2014	Affirmative	
					2019	--	
2001	731-TA-934	PET film, sheet, and strip	Taiwan	Affirmative	2008	Affirmative	Ongoing full review
					2014	Affirmative	
					2019	--	
2019	731-TA-1455	PET sheet	Korea	ITC preliminary affirmative	--	--	Ongoing final
2019	731-TA-1456	PET sheet	Mexico	Terminated (negligible)	--	--	--
2019	731-TA-1457	PET sheet	Oman	ITC preliminary affirmative	--	--	Ongoing final

Note: "Date" refers to the year in which the investigation or review was instituted by the Commission.

Note: The scope for the related PET film, sheet, and strip proceedings presented in this table cover essentially the same items as the scope of these current five-year reviews (i.e., all gauges or thicknesses), although the scope of these current reviews includes additional specifically excluded items (e.g., tracing and drafting film). The scope for the PET sheet proceedings, however, cover a subset of the items based on thickness (i.e., PET sheet consists of thicknesses of equal to or greater than 7 mil (0.007 inches or 177.8 µm) and not exceeding 45 mil (0.045 inches or 1143 µm)).

Note: Additional related proceedings concerning PET resin from Brazil, Canada, China, India, Indonesia, Korea, Oman, Pakistan, and Taiwan concern an upstream product of PET film, sheet, and strip and are not presented in this table.

Source: U.S. International Trade Commission publications and Federal Register notices.

Commerce's five-year reviews

Commerce is conducting expedited reviews with respect to the orders on imports of PET film from China and the UAE and intends to issue the final results of these reviews based on the facts available not later than May 1, 2020.¹⁹ Commerce's Issues and Decision Memoranda, published concurrently with Commerce's final results, contain complete and up-to-date information regarding the background and history of the orders, including scope rulings, duty absorption, changed circumstances reviews, and anti-circumvention. A complete version of the Issues and Decision Memoranda can be accessed at <http://enforcement.trade.gov/frn/>. The Memoranda will also include any decisions that may have been pending at the issuance of this report. Any foreign producers/exporters that are not currently subject to the antidumping duty orders on imports of PET film from China and the UAE are noted in the sections titled "The original investigations" and "U.S. imports," if applicable.

The product

Commerce's scope

Commerce has defined the scope as follows:

The products covered by this order are all gauges of raw, pre-treated, or primed PET film, whether extruded or co-extruded. Excluded are metallized films and other finished films that have had at least one of their surfaces modified by the application of a performance-enhancing resinous or inorganic layer more than 0.00001 inches thick. Also excluded is roller transport cleaning film which has at least one of its surfaces modified by application of 0.5 micrometers of SBR latex. Tracing and drafting film is also excluded. PET film is classifiable under subheading 3920.62.0090 of the Harmonized Tariff Schedule of the United States (HTSUS). While HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of the order is dispositive.²⁰

¹⁹ Letter from Steven Presing, Acting Director, AD/CVD Operations, Enforcement and Compliance, U.S. Department of Commerce to Nannette Christ, Director of Investigations, February 25, 2020.

²⁰ 80 FR 6689, February 6, 2015.

U.S. tariff treatment

PET film is currently imported under HTS statistical reporting number 3920.62.0090. PET film produced in China and the UAE enters the U.S. market at a column 1-general duty rate of 4.2 percent ad valorem. PET film produced in China is subject to an additional 25 percent ad valorem duty under Section 301 of the Trade Act of 1974.²¹ Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection.

Description and uses²²

PET film is a high-performance, clear, flexible, and transparent or translucent material that is produced from PET polymer, a linear, thermoplastic polyester resin. It is generally more expensive than other plastic films and is used typically only when its unique properties are required. Special properties imparted to PET film during the manufacturing process are integral to its preferred use in a myriad of downstream commodity and specialty applications encompassing food and other packaging, industrial, electrical, imaging, and magnetics sectors. Domestic producers ship the majority of subject PET film by truck directly to converters who apply thicker out-of-scope coatings and printing to produce salable merchandise. PET film is also sold through distributors. In the last reviews, the Commission noted a high degree of substitutability between domestically produced PET film and PET film imported from China and the UAE.

PET film has certain inherent desirable qualities such as brilliant optical clarity, high tensile strength, good flexibility, retention of physical properties over a wide temperature

²¹ The Section 301 duties became effective on August 23, 2018; 83 FR 40823, pp. 40823-40838. The U.S. Trade Representative has granted exclusion from Section 301 duties under 9903.88.02 for HTS subheading 3920.62 for two products: 1) films coated on one or both sides with polyvinylidene chloride (PVdC) or polyvinyl alcohol (PVOH), whether or not having a primer layer between the base and coating; any of the foregoing having a total thickness greater than 0.01 mm but not greater than 0.03 mm (described in statistical reporting number 3920.62.0090); and 2) thermoformable PET sheets, with a thickness of 0.35 mm or more but not exceeding 1.7 mm, to which PET glitter flakes are permanently fastened, in rolls not less than 250 mm in width and not more than 1,092 mm in length (described in statistical reporting number 3920.62.0090). Harmonized Tariff Schedule of the United States, 2020 Revision 5.

²² Unless otherwise noted, this information is based on Polyethylene Terephthalate Film, Sheet, and Strip from Brazil, China, and the United Arab Emirates, Investigation Nos. 731-TA-1131-1132, and 1134 (Review), USITC publication 4512, January 2015 (“First review publication”), pp. I-19 through I-24, II-1, II-7, and II-10.

range, excellent electrical insulation properties, durability, heat resistance, good gas-barrier properties, excellent dimensional stability, chemical inertness, and relatively low moisture absorption. It is available commercially in a range of widths, thicknesses, and properties, depending upon the needs of end users, and is generally more expensive than other plastic films owing to its diverse and superior properties. PET film can be made as a single layer or can be coextruded with other polyester polymers, blended with pigments, and coated in-line with applied polymer and other agents into a multilayer film encompassing the desired characteristics. Producers variably sell to downstream customers on long-term, short-term, and spot bases.

There are five subject PET film end-use categories generally recognized by the industry: packaging, industrial and specialties, electrical, imaging, and magnetics. However, traditional magnetic end use applications have mostly disappeared, and the imaging end use segment is declining.²³ PET film is produced and sold for a myriad of end uses in two major categories—general purpose commodity-grade films and specialty-grade films.²⁴ Depending on the producer and end-use application, PET films are characterized as thin films or thick films, with thin films generally but not exclusively ranging from the 48 gauge commodity packaging markets up to 200 gauge for other thin film commodity and specialty markets, and thicker films ranging above 200 gauge to around 1,400 gauge for the more value added industrial and specialty, and electrical markets.

Packaging film end-use examples include general purpose food packaging, film for flexible and stand-up pouches, packaging for pet food, peel-able seals, lids, packaging for snacks, barrier films, can laminations, vacuum insulation panels, and medical packaging. Industrial and specialty film applications include hot stamping foil, release films, photo resist films, metallic yarns, adhesive tapes, plastic cards (including smart cards), labels, lamination films, brightness enhancement films (computer screens), solar/safety window films, medical test strips, and other miscellaneous uses. Electrical and optical applications include display films for tablets and phones, photovoltaic cells, motor wire and cable, transformer insulation films, capacitors, thermal printing tapes, membrane touch switches (computer and calculator keyboards), and flexible printed circuit films. Imaging applications include microfilm, printing and pre-press films, color proofing, printing plates, drawing office drafting film, overhead

²³ IHS, Chemical Economics Handbook, Polyester Film, November 2018, p. 7.

²⁴ The industry currently sells thin and thick films, Jindal Poly Films, “PET Films,” <https://www.jindalpoly.com/products/pet-films>, retrieved March 6, 2020; Polyplex, “BOPET Films,” <https://www.polyplex.com/products-application/sarafil/bopet>, retrieved March 6, 2020.

transparencies, X-ray films, instant photos, business graphics, and wide format displays. Magnetics end uses include videotape, audio cassette tape, floppy disks, and advanced high-density computer storage media. Selected PET film product types manufactured by domestic producers include flexible packaging, window film and solar window film, silicon release and other liners, industrial carrier web, pressure sensitive label stock, printing plate and motors applications, optical films and optical display films (flat panel TV), LCD, renewable energy films, photovoltaic cell, touch screen applications, imaging and medical X-rays.²⁵

Manufacturing process²⁶

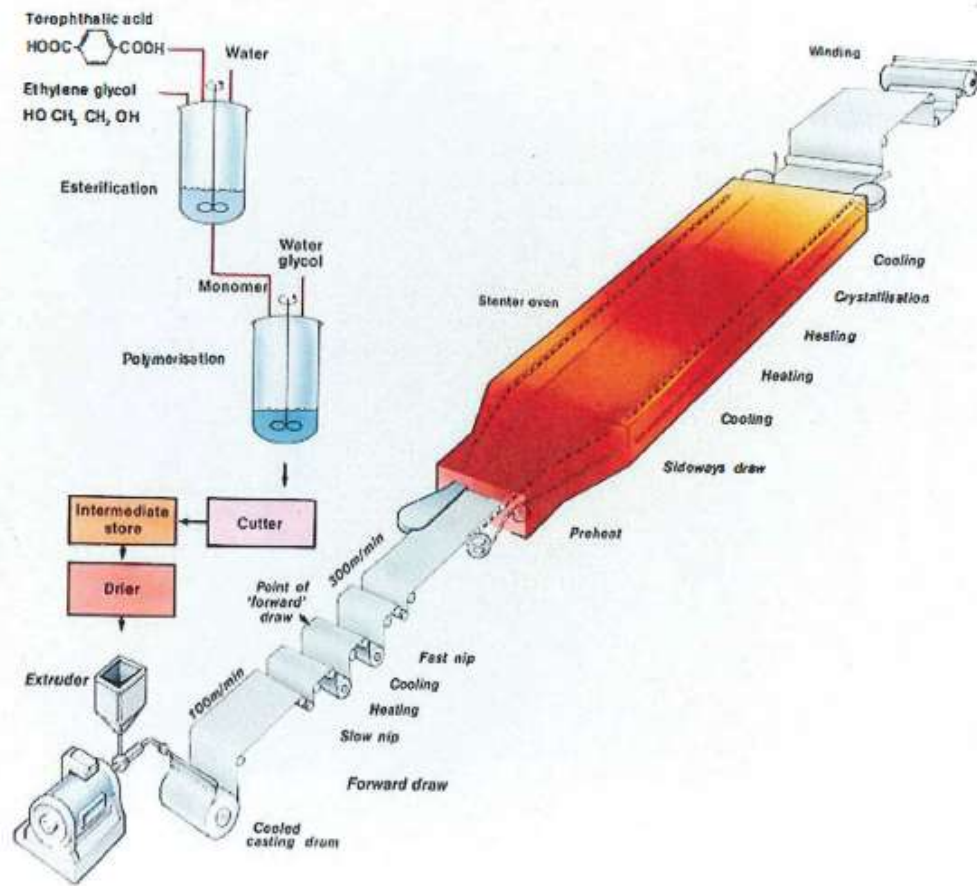
PET film is produced by the “sequential draw” biaxial orientation (“BOPET”) process, a technology fundamentally standard across the industry as shown in the process flow diagram of figure I-1. The basic process steps are polymerization, extrusion and film casting, drawing and biaxial orientation, crystallization (heat setting), cooling, winding, and finishing. Sophisticated scanners and control systems maintain optimal process conditions. Many value added in-line film treatments may also be applied to modify the film during routine processing, including antistatic agents applied by running the film over microporous liquid coating drums, other chemical treatments, co-extrusion of other polyester substrates onto one or both sides of the film via melt phase lamination processes to promote adhesion, introduction of fillers and pigments into the PET polymer melt via masterbatch systems, and corona treatment for downstream converter requirements.²⁷

²⁵ IHS, Chemical Economics Handbook, Polyester Film, November 2018, p. 5.

²⁶ Unless otherwise noted, this information is based on the first review publication, pp. I-19 through I-22, and V-1.

²⁷ Corona treatment is the act of exposing the surface of a material to a highly active electric field to modify its surface energy.

Figure I-1: Process flow diagram for PET film production



Source: First review publication, Figure I-1.

In the sequential draw process, molten PET polymer is extruded under pressure through a narrow slotted die which may vary from 18 inches to 6 feet or more in length. The molten material exits the die directly onto an ultra smooth casting drum which cools the melt and forms an amorphous polymeric film. From there, the film is stretched (drawn) in a longitudinal direction over a series of precision motorized rollers. The stretched film next enters a long heated chamber called a stenter (or tenter) oven, where it is subjected to a transverse stretch (sideways draw) to complete biaxial orientation. Biaxial orientation aligns the polymeric chains into a uniform structure which imparts strength, toughness, clarity, and all the other value-added properties characteristic of PET film. The finished film of the desired width and gauge (nominally 1 micron (4 gauge) to 350 microns (1,400 gauge)) is wound into rolls for shipment to the customer. PET film is typically slit into rolls ranging from 2 inches to 11 feet wide and 500 to 200,000 feet in length, and sold to downstream converters who apply various thicker substrates to the film for ultimate nonsubject end-use requirements. Certain U.S. primary PET film producers may also convert base film into nonsubject “equivalent PET film” on the same equipment by applying coatings exceeding 0.254 microns (0.00001 inch; ca. 1 gauge) and sell the value added film to downstream end users.²⁸

PET film manufacturers may produce their own PET polymer using the batch polymerization or continuous polymerization process, or a combination thereof, or source polymer feedstock from related firms or on the open market. The batch process allows the film producer to custom tailor PET polymer for specific end-use applications. Raw material costs are an important consideration in the price of PET film, accounting for between 48.3 percent and 60.1 percent of U.S. producers’ cost of goods sold. The basic raw materials for producing PET film are: (1) dimethyl terephthalate (“DMT”) or purified terephthalic acid (“PTA”), derived from xylene; and (2) monoethylene glycol (“MEG”), derived from ethylene. Ethylene usually is manufactured from natural gas, while xylene is a byproduct from oil refineries. Thus, raw material costs are greatly affected by crude oil and natural gas prices.

PET film operations are capital-intensive, dictating that plants be run at relatively high capacity utilization rates for sustainable periods to remain profitable. Most plants operate on a 24 hour-per-day, 7 day-per-week basis, with some allotted downtime for maintenance and repairs. The PET film production process is conducted in a “clean room” environment to protect the finished film from microscopic airborne contamination. Sturdy equipment and vibratory control are essential to the production of PET films of uniform thickness and surface features.

²⁸ 1 micron = 3.937 gauge (0.00004 inch); 100 gauge = 1 mil (0.001 inches).

The major producers of PET film do not normally run other types of film on their PET film production lines unless necessary owing to the intricacies of the process, and, therefore, do not normally employ production workers for other purposes. Also, most PET film production lines are geared to the production of products within specified gauge ranges (thin, intermediate, or thick) across end-use groups because of the exacting requirements of the process and variability in PET polymer processing characteristics. Therefore, the larger producers with more lines and sophisticated surface modification and other technologies, together with the capability to generally produce multiple polymer grades, tend to have the capability to provide a wider range of products to each end-use sector.

The industry in the United States

U.S. producers

During the final phase of the original investigations, the Commission received U.S. producer questionnaires from eight firms, which accounted for virtually all U.S. production of PET film in 2007.²⁹ During the first five-year reviews, the Commission received U.S. producer questionnaires from 11 firms, which were believed to account for all U.S. production of PET film in 2013.³⁰ In response to the Commission's notice of institution in these current reviews, the domestic interested parties provided a list of 11 known and currently operating U.S. producers of PET film.³¹ Five firms providing U.S. industry data in response to the Commission's notice of institution accounted for approximately 51.1 percent of production of PET film in the United States during 2019.

²⁹ Original publication, p. III-1.

³⁰ First review publication, p. III-1.

³¹ DuPont et al response to the notice of institution, January 31, 2020, p. 14; Terphane's response to the notice of institution, February 3, 2020, pp. 16-17.

Recent developments

The primary substantial change in the domestic industry since the first reviews is the expansion of Mitsubishi's production capacity. Domestic interested party Terphane also indicates that there has been an overall softening of demand for PET film in the U.S. market, which makes competition for sales more challenging for domestic producers.³² Table I-3 presents events in the U.S. industry since the last five-year reviews.

Table I-3
PET film: Recent developments in the U.S. industry

Item	Firm	Event
Consolidation of operations	***	***
Expansion	Mitsubishi	September 2015: \$100 Million investment to increase its capacity for biaxially oriented polyester (BOPET) film at its plant in Greer, SC. October 2018: Completion of expansion included the installation of world's largest polyester film line.

Source: DuPont et al revised response to the notice of institution, February 18, 2020, p. 22; Mitsubishi Polyester Film, "Mitsubishi Polyester Film, Inc. to Expand PET Film Capacity," Press Release, September 2015. <https://www.m-petfilm.com/mitsubishi-polyester-film-inc-to-expand-pet-film-capacity/>; Mitsubishi Polyester Film, "Mitsubishi Polyester Film, Inc, celebrates the expansion of its Greer, SC facility with a ribbon cutting ceremony," Press release, October 1, 2018. <https://www.m-petfilm.com/mitsubishi-polyester-film-inc-celebrates-the-expansion-of-its-greer-sc-facility-with-a-ribbon-cutting-ceremony/>.

³² Terphane's response to the notice of institution, February 3, 2020, p. 25.

U.S. producers' trade and financial data

The Commission asked domestic interested parties to provide trade and financial data in their response to the notice of institution in the current five-year reviews.³³ Table I-4 presents a compilation of the data submitted from all responding U.S. producers as well as trade and financial data submitted by U.S. producers in the original investigations and prior five-year reviews.

Table I-4
PET film: Trade and financial data submitted by U.S. producers, 2007, 2013, and 2019

Item	2007	2013	2019
Capacity (1,000 pounds)	***	710,024	419,193
Production (1,000 pounds)	***	540,727	372,629
Capacity utilization (percent)	***	76.2	88.9
U.S. shipments:			
Quantity (1,000 pounds)	***	503,364	339,086
Value (\$1,000)	***	978,904	557,794
Unit value (dollars per pound)	***	1.94	1.64
Net sales (\$1,000)	***	1,048,857	602,785
COGS (\$1,000)	***	940,628	540,132
COGS/net sales (percent)	***	89.7	89.6
Gross profit (loss) (\$1,000)	***	108,229	62,653
SG&A expenses (\$1,000)	***	97,551	56,590
Operating income (loss) (\$1,000)	***	10,678	6,063
Operating income (loss)/net sales (percent)	***	1.0	1.0

Note: For a discussion of data coverage, please see "U.S. producers" section.

Source: For the years 2007 and 2013, data are compiled using data submitted in the Commission's original investigations and first five-year reviews. See *app. C*. For the year 2019, data are compiled using data submitted by domestic interested parties. The data presented for 2007 do not include U.S. producer Terphane because the Commission excluded this U.S. producer from the domestic industry as a related party in its original determinations. Because the Commission did not exclude Terphane from the domestic industry in the first five-year reviews and because Terphane has not been identified as a related party in these current five-year reviews, that firm's data are included in the data presented for years 2013 and 2019. DuPont et al response to the notice of institution, January 31, 2020, p. 19; Terphane's response to the notice of institution, February 3, 2020, exh. 4.

³³ Individual company trade and financial data are presented in *app. B*.

Definitions of the domestic like product and domestic industry

The domestic like product is defined as the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the subject merchandise. The domestic industry is defined as the U.S. producers as a whole of the domestic like product, or those producers whose collective output of the domestic like product constitutes a major proportion of the total domestic production of the product. Under the related parties provision, the Commission may exclude a related party for purposes of its injury determination if “appropriate circumstances” exist.³⁴

In its original determinations, and its full first five-year review determinations, the Commission defined a single domestic like product coextensive with Commerce’s scope. In its original determinations, the Commission defined a single domestic industry consisting of all U.S. producers of the domestic like product except Terphane, for which the Commission determined in the original investigations that appropriate circumstances existed to exclude it from the domestic industry as a related party.³⁵ In its full first five-year reviews, the Commission defined the domestic industry as all domestic producers of the domestic like product.³⁶

In 2019, U.S. producer DuPont accounted for *** percent of total subject imports from China and its subject imports were equivalent to *** percent of the quantity of its U.S. production of PET film. One of 11 known domestic producers of PET film, DuPont accounted for *** percent of U.S. production in 2019.³⁷

³⁴ Section 771(4)(B) of the Tariff Act of 1930, 19 U.S.C. § 1677(4)(B).

³⁵ 85 FR 67, January 2, 2020; Original publication, p. 11.

³⁶ 85 FR 67, January 2, 2020.

³⁷ DuPont et al revised response to the notice of institution, February 18, 2020, pp. 14 and 20-21.

U.S. imports and apparent U.S. consumption

U.S. importers

During the final phase of the original investigations, the Commission received U.S. importer questionnaires from 28 firms, which accounted for *** percent of U.S. imports from Brazil, *** percent of U.S. imports from China, *** percent of U.S. imports from Thailand, *** percent of U.S. imports from the UAE, and *** percent of U.S. imports from nonsubject sources in 2007.³⁸ Import data presented in the original investigations are based on questionnaire responses for Brazil and adjusted official Commerce statistics for all remaining sources, excluding Canada and Oman. During the first five-year reviews, the Commission received U.S. importer questionnaires from 19 firms, representing *** percent of U.S. imports from Brazil during 2008-13, *** percent of U.S. imports from China during 2008-13, and *** percent of U.S. imports from the UAE during 2008-13.³⁹ Import data presented in the first review are based on questionnaire responses.

In its response to the notice of institution for these current reviews, one importer of the subject merchandise from China provided data regarding its U.S. imports and U.S. shipments (See appendix B). In addition, the domestic interested parties provided a list of 35 firms that may currently import subject merchandise.⁴⁰

U.S. imports

Table I-5 presents the quantity, value, and unit value of U.S. imports from China and the UAE as well as the other top sources of U.S. imports (shown in descending order of 2019 imports by quantity).

³⁸ Investigation Nos. 731-TA-1131-1134 (Final): Polyethylene Terephthalate Film, Sheet, and Strip from Brazil, China, Thailand, and the United Arab Emirates, Confidential Report, INV-FF-125, October 6, 2008, as revised in INV-FF-129, October 17, 2008, and INV-FF-131, October 20, 2008 (“Original confidential report”), p. IV-1.

³⁹ Investigation Nos. 731-TA-1131-1132 and 1134 (Review): Polyethylene Terephthalate Film, Sheet, and Strip from Brazil, China, and the United Arab Emirates, Confidential Report, INV-MM-125, December 8, 2014 (“First review confidential report”), p. I-32.

⁴⁰ Terphane’s response to the notice of institution, February 3, 2020, pp. 22-23; DuPont et al revised response to the notice of institution, February 18, 2020, pp. 16-17.

Table I-5
PET film: U.S. imports, 2014-19

Item	2014	2015	2016	2017	2018	2019
	Quantity (1,000 pounds)					
China	9,972	7,230	9,649	11,320	12,542	9,967
UAE	6,264	2,574	3,746	3,896	736	1,294
Subtotal, subject	16,236	9,805	13,395	15,216	13,279	11,261
Oman	242,462	298,241	271,302	296,804	259,695	363,453
Mexico	56,152	53,692	49,402	37,525	86,581	69,522
South Korea	31,212	43,163	43,460	55,551	68,323	63,228
Canada	44,025	41,062	32,675	31,958	43,101	55,920
Bahrain	28,168	36,370	48,254	36,548	17,658	29,550
Taiwan	15,207	18,523	19,764	25,845	21,781	18,214
Germany	6,682	9,236	5,135	5,085	11,182	11,360
Japan	5,742	8,569	5,037	2,865	3,426	3,741
All other sources	53,606	70,285	78,693	88,352	111,490	133,955
Subtotal, nonsubject	483,257	579,141	553,722	580,533	623,237	748,943
Total imports	499,493	588,945	567,117	595,748	636,516	760,204
	Landed, duty-paid value (\$1,000)					
China	14,621	13,843	14,633	18,196	21,311	23,148
UAE	7,530	3,258	4,445	3,989	642	1,144
Subtotal, subject	22,151	17,101	19,078	22,185	21,953	24,292
Oman	206,261	238,451	200,595	229,046	228,308	294,259
Mexico	66,801	60,459	50,080	37,399	89,117	83,791
South Korea	58,374	76,845	70,217	93,336	98,383	95,341
Canada	46,954	41,058	31,737	31,336	45,151	54,159
Bahrain	30,520	37,154	42,449	32,450	17,453	31,241
Taiwan	20,474	22,658	20,113	26,222	26,688	22,885
Germany	20,619	36,929	36,045	37,270	41,101	46,043
Japan	37,807	39,092	37,112	26,471	28,041	24,105
All other sources	98,523	117,724	117,977	128,335	150,022	180,143
Subtotal, nonsubject	586,334	670,370	606,325	641,864	724,265	831,967
Total imports	608,485	687,471	625,402	664,050	746,217	856,259

Table continued on next page.

Table I-5--Continued
PET film: U.S. imports, 2014-19

	2014	2015	2016	2017	2018	2019
	Unit value (dollars per pound)					
China	1.47	1.91	1.52	1.61	1.70	2.32
UAE	1.20	1.27	1.19	1.02	0.87	0.88
Subtotal, subject	1.36	1.74	1.42	1.46	1.65	2.16
Oman	0.85	0.80	0.74	0.77	0.88	0.81
Mexico	1.19	1.13	1.01	1.00	1.03	1.21
South Korea	1.87	1.78	1.62	1.68	1.44	1.51
Canada	1.07	1.00	0.97	0.98	1.05	0.97
Bahrain	1.08	1.02	0.88	0.89	0.99	1.06
Taiwan	1.35	1.22	1.02	1.01	1.23	1.26
Germany	3.09	4.00	7.02	7.33	3.68	4.05
Japan	6.58	4.56	7.37	9.24	8.18	6.44
All other sources	1.84	1.67	1.50	1.45	1.35	1.34
Subtotal, nonsubject	1.21	1.16	1.09	1.11	1.16	1.11
Total imports	1.22	1.17	1.10	1.11	1.17	1.13

Note: Because of rounding, figure may not add to total shown.

Source: Compiled from official Commerce statistics for HTS statistical reporting number 3920.62.0090. These data may be overstated, as HTS statistical reporting number 3920.62.0090 may contain products outside the scope of these reviews, such as “equivalent PET film,” and possibly amorphous (“APET”) and crystalline (“CPET”) PET film, as well as tracing and drafting film and other specifically excluded items from the scope.

Apparent U.S. consumption and market shares

Table I-6 presents data on U.S. producers' U.S. shipments, U.S. imports, apparent U.S. consumption, and market shares.

Table I-6
PET film: U.S. producers' U.S. shipments, U.S. imports, apparent U.S. consumption, and market shares 2007, 2013, and 2019

Item	2007	2013	2019
	Quantity (1,000 pounds)		
U.S. producers' U.S. shipments	***	503,364	339,086
U.S. imports from—			
Brazil	***	***	NA
China	***	***	9,967
Thailand	***	NA	NA
UAE	***	***	1,294
Subtotal, subject sources	***	***	11,261
All other sources	***	***	748,943
Total imports	***	168,400	760,204
Apparent U.S. consumption	***	671,764	1,099,290
	Value (1,000 dollars)		
U.S. producers' U.S. shipments	***	978,904	557,794
U.S. imports from—			
Brazil	***	***	NA
China	***	***	23,148
Thailand	***	NA	NA
UAE	***	***	1,144
Subtotal, subject sources	***	***	24,292
All other sources	***	***	831,967
Total imports	***	239,072	856,259
Apparent U.S. consumption	***	1,217,976	1,414,053

Table continued on next page.

Table I-6--Continued

PET film: U.S. producers' U.S. shipments, U.S. imports, apparent U.S. consumption, and market shares 2007, 2013, and 2019

Item	2007	2013	2019
Share of consumption based on quantity (percent)			
U.S. producer's share	***	74.9	30.9
U.S. imports from.--			
Brazil	***	***	NA
China	***	***	0.9
Thailand	***	NA	NA
UAE	***	***	0.1
Subtotal, subject sources	***	***	1.0
All other sources	***	***	68.1
Total imports	***	25.1	69.1
Share of consumption based on value (percent)			
U.S. producer's share	***	80.4	39.4
U.S. imports from.--			
Brazil	***	***	NA
China	***	***	1.6
Thailand	***	NA	NA
UAE	***	***	0.1
Subtotal, subject sources	***	***	1.7
All other sources	***	***	58.8
Total imports	***	19.6	60.6

Note: For a discussion of data coverage, please see the "U.S. producers" and "U.S. importers" sections.

Note: "NA" = not applicable. Imports from Thailand were not subject merchandise in 2013 and 2019 and imports from Brazil were not subject merchandise in 2019. Therefore, for purposes of the apparent U.S. consumption presentation during 2013 and 2019, these nonsubject imports are included in the "all other sources" aggregate data shown.

Source: For the years 2007 and 2013, data are compiled using data submitted in the Commission's original investigations and first five-year reviews. See app. C. For the year 2019, U.S. producers' U.S. shipments are compiled from the domestic interested parties' response to the Commission's notice of institution and U.S. imports are compiled using official Commerce statistics under HTS statistical reporting number 3920.62.0090. The U.S. producers' data presented for 2007 do not include U.S. producer Terphane because the Commission excluded this U.S. producer from the domestic industry as a related party in its original determinations. Because the Commission did not exclude Terphane from the domestic industry in the first five-year reviews and because Terphane has not been identified as a related party in these current five-year reviews, that firm's data are included in the U.S. producers' data presented for years 2013 and 2019.

Cumulation considerations⁴¹

In assessing whether imports should be cumulated in five-year reviews, the Commission considers, among other things, whether there is a likelihood of a reasonable overlap of competition among subject imports and the domestic like product. Additional information concerning geographical markets and simultaneous presence in the market is presented below.⁴²

Imports from China were reported in all 72 months between 2014 and 2019 and imports from the UAE were reported in 66 of the 72 months between 2014 and 2019. There were no imports of PET film from the UAE during one month in 2017 and five months in 2018. Imports from China entered through the northern, southern, eastern, and western borders of entry in all years from 2014 through 2019. Imports from the UAE entered through the northern, southern, eastern, and western borders of entry during 2014-16, the northern, eastern, and western borders during 2017-18, and the northern and eastern borders during 2019.

The industry in China

During the final phase of the original investigations, the Commission received foreign producer/exporter questionnaires from eight firms, which accounted for approximately 75.5 percent of PET film exports from China to the United States during 2007.⁴³ During the first five-year reviews, the Commission received a foreign producer/exporter questionnaire from one firm, ***, which reported ***.⁴⁴ Although the Commission did not receive responses from any respondent interested parties in these five-year reviews, domestic interested party Terphane provided a list of 60 possible producers of PET film in China and domestic interested parties DuPont et al provided a list of 61 possible producers of PET film in China.⁴⁵

⁴¹ Unless otherwise noted, this information is based on official U.S. import statistics for HTS statistical reporting number 3920.62.0090.

⁴² In addition, available information concerning subject country producers and the global market is presented in the next section of this report.

⁴³ Original publication, p. VII-1.

⁴⁴ First review confidential report, p. IV-18.

⁴⁵ Terphane's response to the notice of institution, February 3, 2020, pp. 18-20; DuPont et al revised response to the notice of institution, February 18, 2020, pp. 17-18.

The domestic interested parties participating in these reviews indicated in their response that there are as many as 61 established PET film producers in China, many of which have invested in PET film production lines since the original investigations and the first reviews. In fact, they report that Chinese producers’ substantial investments in production lines have resulted in a *** percent increase in production capacity since the last reviews and Chinese production capacity is expected to increase by an additional *** percent over the next 5 years. They note further that the Chinese PET film industry is now more than seven times larger than the U.S. industry.⁴⁶

Table I-7 presents Chinese export data for GTA HTS 3920.62, a category that includes PET film and out-of-scope products such as metallized PET film, “equivalent PET film,” and possibly amorphous (“APET”) and crystalline (“CPET”) film (by export destination in descending order of quantity for 2018).

Table I-7
PET film: Exports from China, by destination, 2014-18

Export destinations	Calendar year				
	2014	2015	2016	2017	2018
	Quantity (1,000 pounds)				
Indonesia	45,422	60,960	90,552	101,654	117,737
Vietnam	28,046	41,952	59,575	77,851	86,770
Malaysia	34,253	51,113	65,893	80,259	84,323
Japan	33,702	36,337	42,730	60,953	81,793
Korea	15,472	23,230	28,439	59,975	72,908
Taiwan	68,522	72,882	71,802	74,438	68,961
Thailand	16,103	23,087	33,764	35,157	41,482
Philippines	22,730	28,168	37,162	37,948	39,760
India	12,121	44,489	20,919	23,716	26,536
United States	20,189	16,391	19,132	23,691	24,540
All other	163,036	205,856	210,533	252,451	259,662
Total	459,597	604,464	680,500	828,094	904,472

Note: Because of rounding, figures may not add to totals shown. Data are not available for calendar year 2019.

Source: Global Trade Information Services, Inc., Global Trade Atlas, HTS subheading 3920.62. Accessed on March 18, 2020. These data may be overstated, as HTS subheading 3920.62 includes products outside the scope of these reviews, e.g. metallized PET film, “equivalent PET film,” and possibly amorphous (“APET”) and crystalline (“CPET”) film.

⁴⁶ DuPont et al revised response to the notice of institution, February 18, 2020, p. 8.

The industry in the UAE

During the final phase of the original investigations, the Commission received a foreign producer/exporter questionnaire from the only producer in the UAE, Flex Middle East (“FME”), which reported exports to the United States equivalent to 102.7 percent of U.S. imports of PET film from the UAE in 2007.⁴⁷ During the first five-year reviews, the Commission received foreign producer/exporter questionnaires from two firms, FME and JBF RAK, that were believed to account for all known production of PET film in the UAE from 2008 to 2013.⁴⁸ Although the Commission did not receive responses from any respondent interested parties in these five-year reviews, the domestic interested parties provided a list of two possible producers of PET film in the UAE in their responses to the notice of institution.⁴⁹

PET film producers in the UAE have increased their production capacity since the original investigations. During the original investigations, the UAE only had one producer, Flex Middle East.⁵⁰ In 2008, a joint venture between JBF Industries Ltd., India, and Ras Al Khaimah Investment Authority (RAKIA) established a second producer, JBF RAK. After having ramped up production between 2008 and 2012, JBF RAK suspended its operation in June 2017 due to debt restructuring but has stated its intention to resume production in the UAE.⁵¹ Subsequent to the suspension of its operations in June 2017, JBF RAK requested fresh working capital to help it restart PET resin production.⁵²

Table I-8 presents export data from the UAE for GTA HTS 3920.62, a category that includes PET film and out-of-scope products such as metallized PET film, “equivalent PET film,” and possibly amorphous (“APET”) and crystalline (“CPET”) film (by export destination in descending order of quantity for 2018).

⁴⁷ Original publication, p. VII-2.

⁴⁸ First review confidential report, p. IV-21.

⁴⁹ Terphane’s response to the notice of institution, February 3, 2020, p. 21; DuPont et al revised response to the notice of institution, February 18, 2020, p. 18.

⁵⁰ First review publication, p. IV-2.

⁵¹ DuPont et al revised response to the notice of institution, February 18, 2020, p. 9.

⁵² Reuters, “UPDATE 1-UAE’s JBF RAK PET output stalls amid debt restructuring – COO,” August 10, 2017. <https://www.reuters.com/article/jbf-industries-debt-idUSL4N1KW4E8>.

Table I-8**PET film: Exports from the UAE, by destination, 2014-18**

Export destination	Calendar year				
	2014	2015	2016	2017	2018
	Quantity (1,000 pounds)				
Russia	4,545	3,892	5,805	20,183	26,406
Ukraine	177	60	181	4,426	10,267
Nigeria	1,469	1,203	97	2,188	9,960
Poland	1,947	1,032	1,538	17,200	4,995
Oman	2,998	2,788	3,279	2,015	3,951
Lebanon	85	173	91	2,541	2,712
Jordan	20	--	5	1,995	2,653
Korea	5,652	5,489	5,984	6,943	2,612
Iran	102	892	960	3,873	2,515
Saudi Arabia	78	27	114	1,828	2,335
All other	129,739	82,449	81,066	NA	30,044
Total	146,811	98,007	99,121	NA	98,450

Note: Because of rounding, figures may not add to totals shown. Data are not available for calendar year 2019.

Note: The total for 2017 is not summed, as multiple “all other” country quantities were not reported.

Source: Global Trade Information Services, Inc., Global Trade Atlas, HTS subheading 3920.62. Accessed March 18, 2020. These data may be overstated, as HTS subheading 3920.62 includes products outside the scope of these reviews, e.g. metallized PET film, “equivalent PET film,” and possibly amorphous (“APET”) and crystalline (“CPET”) film.

Antidumping or countervailing duty orders in third-country markets

PET film from China and the UAE are also subject to antidumping or countervailing duties in countries other than the United States. Korea and Brazil apply antidumping duties to imports of PET film from both China and the UAE.^{53 54}

The global market

The PET film industry is global in nature with operations in many countries. In 2017, *** percent of the global PET solid-state resin demand was related to PET film and sheet applications.⁵⁵ One published source forecasts the global biaxially oriented PET film market will grow almost 6 percent annually by 2023.⁵⁶ Another source forecasts the average annual consumption growth rate for biaxially oriented PET film for 2018-23 is *** percent, while in the United States, it is forecasted at *** percent.⁵⁷ The countries with the largest annual capacities of biaxially oriented PET film are China (***), India (***), and Korea (***).⁵⁸ Global capacity and production are shown in table I-9 and global consumption is shown in table I-10.

The domestic interested parties indicated in their responses that foreign producers in China and the UAE have continued to increase production capacity since the last sunset review.^{59 60} They argue that this has resulted in global supply growing much more quickly than global demand for PET film. They also note that global demand for PET film has been affected by increased public consciousness of the environmental impact of plastic packaging and initiatives to push for recycling or even the elimination of single-use applications. Domestic interested parties expect this has reduced, and will continue to reduce, global growth in demand for PET film.⁶¹

⁵³ Terphane's response to the notice of institution, February 3, 2020, p. 13.

⁵⁴ *Committee on Anti-Dumping Practices-Semi-Annual Report under Article 16.4 of the Agreement – Republic of Korea, G/ADP/N/328/KOR (October 19, 2019) Committee on Anti-Dumping Practices-Semi-Annual Report under Article 16.4 of the Agreement – Brazil, G/ADP/N/328 (October 29, 2019).*

⁵⁵ IHS, *Chemical Economics Handbook, Polyethylene Terephthalate (PET) Solid-State Resins*, March 2018, p. 36.

⁵⁶ Wood Mackenzie, "Global BOPET film market to grow almost 6% p.a. by 2023," May 15, 2019. <https://www.woodmac.com/press-releases/global-bopet-film-market-to-grow-almost-6-p.a.-by-2023>.

⁵⁷ IHS, *Chemical Economics Handbook, Polyester Film*, November 2018, p. 6.

⁵⁸ *Ibid.*

⁵⁹ DuPont et al revised response to the notice of institution, February 18, 2020, p. 21.

⁶⁰ Terphane's response to the notice of institution, February 3, 2020, p. 25.

⁶¹ DuPont et al revised response to the notice of institution, February 18, 2020, p. 22.

Table I-9
PET film: Global capacity and production, 2017-23

Country/region	Annual nameplate capacity			Production
	2017	2018p	2023p	2018
	Quantity (1,000 pounds)			
North America: United States	***	***	***	***
Canada	***	***	***	***
Mexico	***	***	***	***
Total North America	***	***	***	***
South America	***	***	***	***
EMEA: Western Europe	***	***	***	***
Central Eastern Europe	***	***	***	***
CIS countries	***	***	***	***
Africa	***	***	***	***
Middle East	***	***	***	***
Total EMEA	***	***	***	***
Asia and Oceania: Australia	***	***	***	***
China	***	***	***	***
Indian subcontinent	***	***	***	***
Indonesia	***	***	***	***
Japan	***	***	***	***
Malaysia	***	***	***	***
Philippines	***	***	***	***
Singapore	***	***	***	***
Korea	***	***	***	***
Taiwan	***	***	***	***
Thailand	***	***	***	***
Total Asia and Oceania	***	***	***	***
Total global	***	***	***	***

Note: EMEA is Europe, the Middle East, and Africa.

Note: The Middle East comprises producing plants in Bahrain, Turkey, and the UAE.

Source: IHS, Chemical Economics Handbook, Polyester Film, November 2018.

Table I-10
PET film: Consumption of global supply, 2017-23

Country/region	Consumption			Average annual consumption growth rate 2018-23
	2017	2018p	2023p	
	Quantity (1,000 pounds)			Rate (percent)
North America:				
United States	***	***	***	***
Canada	***	***	***	***
Mexico	***	***	***	***
Total North America	***	***	***	***
South America	***	***	***	***
EMEA:				
Western Europe	***	***	***	***
Central Eastern Europe	***	***	***	***
CIS countries	***	***	***	***
Africa	***	***	***	***
Middle East	***	***	***	***
Total EMEA	***	***	***	***
Asia and Oceania:				
Australia	***	***	***	***
China	***	***	***	***
Indian subcontinent	***	***	***	***
Indonesia	***	***	***	***
Japan	***	***	***	***
Malaysia	***	***	***	***
Philippines	***	***	***	***
Singapore	***	***	***	***
Korea	***	***	***	***
Taiwan	***	***	***	***
Thailand	***	***	***	***
Total Asia and Oceania	***	***	***	***
Total global	***	***	***	***

Note: EMEA is Europe, the Middle East, and Africa.

Note: The Middle East comprises producing plants in Bahrain, Turkey, and the UAE.

Source: IHS, Chemical Economics Handbook, Polyester Film, November 2018.

In 2018, the largest end-use segment was packaging (***) percent), and it has a forecasted average annual growth rate from 2018 to 2023 of *** percent, as shown in table I-11.

Asia dominates the global export market of PET film, as shown in table I-12. In 2018, China was the largest global exporter (904 million pounds), followed by Korea (489 million pounds), and India (400 million pounds). China has increased its exports from 460 million pounds in 2014 to 970 million pounds in 2019. The UAE exports have decreased since 2014; however, the country remains a global exporter. Table I-12 presents global export data for HTS 3920.62, a category that includes PET film and out-of-scope products.

Table I-11
PET film: Global consumption by region and major end use, 2018

Item	Packaging	Flat Panel Displays	Electrical/electronic	Photo-graphic films/imaging/X-ray	Industrial uses and other	Magnetic media	Total
Quantity (1,000 pounds)							
North America	***	***	***	***	***	***	***
EMEA	***	***	***	***	***	***	***
Japan	***	***	***	***	***	***	***
China	***	***	***	***	***	***	***
Other Asia	***	***	***	***	***	***	***
Rest of the world	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***
Percent of total	***	***	***	***	***	***	***
Average annual growth rate 2018-23 (percent)	***	***	***	***	***	***	***

Note: The “rest of the world” includes mainly Oceania.

Note: “Electrical/electronic” includes solar cells as well as flexible panel displays for the United States and EMEA.

Note: “Industrial uses and other” includes reprographics, labels and decals, and release films for the United States and EMEA. Also includes solar cells for China (about 220,462,000 pounds) and Japan.

Source: IHS, Chemical Economics Handbook, Polyester Film, November 2018.

Table I-12
PET film: Global exports by major sources, 2014-19

Exporter	Calendar year					
	2014	2015	2016	2017	2018	2019
	Quantity (1,000 pounds)					
United States	181,464	183,268	181,329	204,433	198,194	188,401
China	459,555	604,115	678,793	827,936	904,472	970,375
UAE	146,811	98,007	99,121	--	98,450	--
All other major reporting exporters:						
Korea	367,507	380,221	396,015	441,058	489,116	488,100
India	225,958	251,061	263,309	345,030	400,172	384,631
Germany	254,918	275,245	282,163	306,742	324,693	326,223
Japan	297,548	260,185	256,610	277,217	308,839	292,546
Taiwan	242,730	234,051	249,159	266,194	291,528	275,654
Thailand	184,913	199,179	215,530	230,738	261,134	266,734
Turkey	50,736	74,356	90,271	112,187	165,631	271,737
Italy	102,079	124,999	132,869	150,757	150,762	172,100
Portugal	98,693	108,409	115,902	130,880	146,269	211,508
All other exporters	1,395,346	1,402,240	1,213,441	1,248,050	1,340,550	--
Total global exports	4,008,257	4,195,337	4,174,511	4,541,221	5,079,810	--

Note: Because of rounding, figures may not add to totals shown. For quantities denoted "--", Global Trade Atlas values are not reported. The total for 2019 is not summed, as multiple country values were not reported. Export figures for HTS subheading 3920.62 include nonsubject products, e.g. metallized PET film, "equivalent PET film," and possibly amorphous ("APET") and crystalline ("CPET") film.

Source: Global Trade Information Services, Inc., Global Trade Atlas, HTS subheading 3920.62, accessed March 24, 2020.

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
85 FR 114, January 2, 2020	<i>Polyethylene Terephthalate Film, Sheet, and Strip From China and the United Arab Emirates: Institution of Five Year Reviews</i>	https://www.govinfo.gov/content/pkg/FR-2020-01-02/pdf/2019-28082.pdf
85 FR 67, January 2, 2020	<i>Initiation of Five-Year ("Sunset") Reviews</i>	https://www.govinfo.gov/content/pkg/FR-2020-01-02/pdf/2019-28344.pdf

APPENDIX B
COMPANY-SPECIFIC DATA

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APPENDIX C

SUMMARY DATA COMPILED IN PRIOR PROCEEDINGS

Table C-1

PET film: Summary data concerning the U.S.-market, 2005-07, January-June 2007, and January-June 2008

* * * * *

Table C-2

PET film: Summary data concerning the U.S. merchant market, 2005-07, January-June 2007, and January-June 2008

* * * * *

Table C-3

PET film: Summary data concerning the U.S.-market (excluding U.S. producer Terphane), 2005-07, January-June 2007, and January-June 2008

* * * * *

Table C-4

PET film: Summary data concerning the U.S. merchant market (excluding U.S. producer Terphane), 2005-07, January-June 2007, and January-June 2008

* * * * *

APPENDIX D

PURCHASER QUESTIONNAIRE RESPONSES

As part of their response to the notice of institution, interested parties were asked to provide a list of three to five leading purchasers in the U.S. market for the domestic like product. A response was received from domestic interested parties and it named the following ten firms as the top purchasers of polyethylene terephthalate film, sheet, and strip: ***. Purchaser questionnaires were sent to these ten firms and one firm (***) provided a response which is presented below.

1. Have there been any significant changes in the supply and demand conditions for polyethylene terephthalate film, sheet, and strip that have occurred in the United States or in the market for polyethylene terephthalate film, sheet, and strip in China and/or the United since January 1, 2014?

Purchaser	Changes that have occurred
***	***

2. Do you anticipate any significant changes in the supply and demand conditions for polyethylene terephthalate film, sheet, and strip in the United States or in the market for polyethylene terephthalate film, sheet, and strip in China and/or the United Arab Emirates within a reasonably foreseeable time?

Purchaser	Anticipated changes
***	***