Quartz Surface Products from India and Turkey

Investigation Nos. 701-TA-624-625 and 731-TA-1450-1451 (Preliminary)

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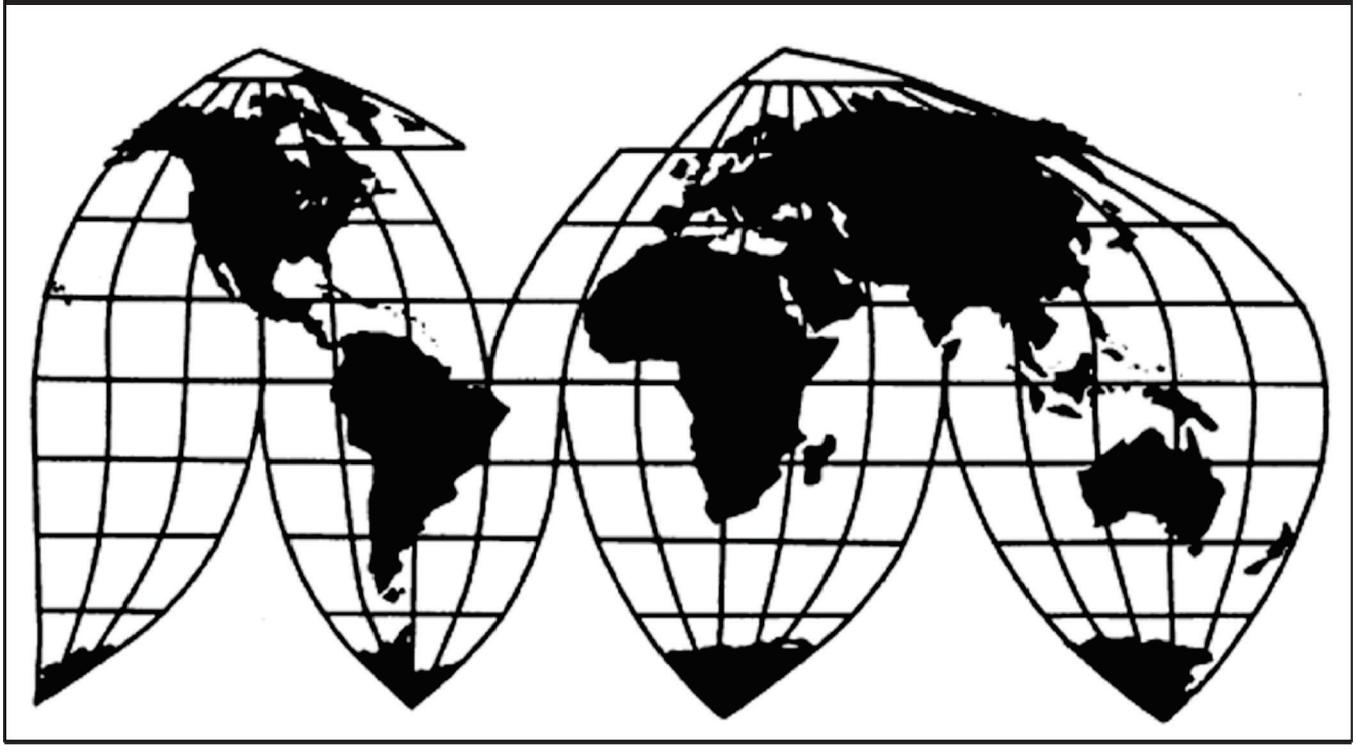

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Note.—Information that would reveal confidential operations of individual concerns may not be published. Such information is identified (including by brackets or by parallel lines) in confidential reports and is deleted and replaced with asterisks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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-624-625 and 731-TA-1450-1451 (Preliminary)

Quartz Surface Products from India and Turkey

DETERMINATIONS

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission ("Commission") determines, pursuant to the Tariff Act of 1930 ("the Act"), that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports of quartz surface products from India and Turkey, provided for in subheading 6810.99.00 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value ("LTFV") and to be subsidized by the governments of India and Turkey.[2]

COMMENCEMENT OF FINAL PHASE INVESTIGATIONS

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

BACKGROUND

On May 8, 2019, Cambria Company LLC, Eden Prairie, Minnesota filed petitions with the Commission and Commerce, alleging that an industry in the United States is materially injured or threatened with material injury by reason of subsidized imports of quartz surface products from India and Turkey and LTFV imports of quartz surface products from India and Turkey. Accordingly, effective May 8, 2019, the Commission, pursuant to sections 703(a) and 733(a) of the Act (19 U.S.C. 1671b(a) and 1673b(a)), instituted countervailing duty investigation Nos. 701-TA-624-625 and antidumping duty investigation Nos. 731-TA-1450-1451 (Preliminary).

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

[2] 84 FR 21361 (May 14, 2019).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of May 14, 2019 (84 FR 21361). The conference was held in Washington, DC, on May 29, 2019, and all persons who requested the opportunity were permitted to appear in person or by counsel.

Views of the Commission

Based on the record in the preliminary phase of these investigations, we find that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports of quartz surface products ("QSP") from India and Turkey that are allegedly sold in the United States at less than fair value and allegedly subsidized by the governments of India and Turkey.

I. The Legal Standard for Preliminary Determinations

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

II. Background

The petitions in these investigations were filed on May 8, 2019 by Cambria Company LLC ("Cambria" or "Petitioner"), a domestic producer of QSP. Representatives from Cambria appeared at the staff conference and submitted a postconference brief.

Five respondent groups appeared at the conference and submitted postconference briefs:

- MS International, Inc., Arizona Tile LLC, and Bedrosians Tile and Stone, (collectively, "MSI Respondents"), importers of subject merchandise from India and Turkey.
- Belenco Dis Ticaret A.S. and Cimstone AKG Yalitim ve Insaat Malz. San. Ve Tic. A.S. (collectively, "Belenco Respondents"), exporters/producers of subject merchandise from Turkey.

[1] 19 U.S.C. §§ 1671b(a), 1673b(a) (2000); *see also American Lamb Co. v. United States*, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); *Aristech Chem. Corp. v. United States, 2*0 CIT 353, 354-55 (1996). No party argues that the establishment of an industry in the United States is materially retarded by the allegedly unfairly traded imports.

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

- Global Stones Private Limited, Baba Super Minerals Private Limited, Pacific Quartz Surfaces LLP, Divyashakti Granites Limited, and the Federation of the Indian Quartz Industry (collectively, "GS Respondents"), exporters/producers of subject merchandise from India.
- Pokarna Engineered Stone Ltd. (an exporter/producer of subject merchandise in India) and Wilsonart Engineered Surfaces LLC (an importer of subject merchandise from India) (collectively "Pokama Respondents").
- Reliance Granite and Marble Corp., Absolute Stone, Universal Granite & Marble, Stone Warehouse of Tampa, Bedrock Quartz, Cosmos Granite & Marble, OHM International, Quartz Source LLC, and Stone Showcase, Inc. (collectively "Reliance Respondents"), importers of subject merchandise.

U.S. industry data are based on the questionnaire responses of six domestic producers, which account for the vast majority of production of QSP slabs that are not fabricated in 2018.[3] U.S. import data are based on official Commerce import statistics and from questionnaire responses from 71 U.S. importers, accounting for more than 110.0 percent of subject imports from India and more than *** percent of subject imports from Turkey under harmonized tariff schedule ("HTS") statistical reporting number 6810.99.0010 for the January 2016 to December 2018 period of investigation.[4] The Commission received responses to its questionnaires from 21 foreign producers/exporters and four resale exporters of subject merchandise from India and three foreign producers/exporters of subject merchandise from Turkey, accounting for *** of U.S. imports of subject merchandise from India and Turkey in 2018.[5]

These investigations overlapped with other investigations concerning the same product. Cambria filed petitions concerning imports of QSP from China in April 2018. While the Commission was in the final phase of those investigations, Cambria filed the petitions against imports of QSP from India and Turkey. The Commission reached an affirmative determination of material injury in the investigations concerning QSP from China on June 11, 2019, and voted in the preliminary phase of the present investigations on June 24, 2019. Given the similarities between the two sets of investigations and the overlapping investigation periods, the final staff report from the China investigations has been placed on the record in these investigations concerning India and Turkey, and we refer periodically to the Commission's analysis in the China investigations when it relates to issues raised in the current investigations.

III. Domestic Like Product

In determining whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of the

[3] Confidential Report, INV-RR-054 (June 17, 2019) ("CR") at I-5 & III-1. As discussed below, the Commission did not collect industry data for stand-alone fabricators.

[4] CR at I-5, PR at I-4.

[5] CR at VII-3 n.3 & VII-12, PR at VII-2 n.3 & VII-7-8.

subject merchandise, the Commission first defines the "domestic like product" and the "industry."[6] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Tariff Act"), defines the relevant domestic industry as the "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[7] In turn, the Tariff Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation."[8]

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[9] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[10] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[11] Although the Commission must accept Commerce's determination as to the scope of the imported merchandise that is subsidized and/or sold at less than fair value,[12] the Commission determines what domestic product is like the imported articles Commerce has identified.[13]

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[6] 19 U.S.C. § 1677(4)(A).

[7] 19 U.S.C. § 1677(4)(A).

[8] 19 U.S.C. § 1677(10).

[9] *See*, *e.g.*, *Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Department of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int'l Trade 1998); *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *Torrington Co. v. United States*, 747 F. Supp. 744, 749 n.3 (Ct. Int'l Trade 1990), *aff'd*, 938 F.2d 1278 (Fed. Cir. 1991) ("every like product determination 'must be made on the particular record at issue' and the 'unique facts of each case'"). The Commission generally considers a number of factors including the following: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes, and production employees; and, where appropriate, (6) price. *See Nippon*, 19 CIT at 455 n.4; *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

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

[11] *See*, *e.g.*, *Nippon*, 19 CIT at 455; *Torrington*, 747 F. Supp. at 748-49*; see also* S. Rep. No. 96-249 at 90-91 (Congress has indicated that the like product standard should not be interpreted in "such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not 'like' each other, nor should the definition of 'like product' be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.").

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

[13] *Hosiden Corp. v. Advanced Display Mfrs.,* 85 F.3d 1561, 1568 (Fed. Cir. 1996) (the Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); *Cleo*, 501 F.3d at 1298 n.1 ("Commerce's {scope} finding does not control the Commission's {like (Continued…)

A. Scope Definition

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

> Certain quartz surface products. Quartz surface products consist of slabs and other surfaces created from a mixture of materials that includes predominately silica (e.g., quartz, quartz powder, cristobalite, glass powder) as well as a resin binder (e.g., an unsaturated polyester). The incorporation of other materials, including, but not limited to, pigments, cement, or other additives does not remove the merchandise from the scope of the investigations. However, the scope of the investigations only includes products where the silica content is greater than any other single material, by actual weight. Quartz surface products are typically sold as rectangular slabs with a total surface area of approximately 45 to 60 square feet and a nominal thickness of one, two, or three centimeters. However, the scope of these investigations includes surface products of all other sizes, thicknesses, and shapes. In addition to slabs, the scope of these investigations includes, but is not limited to, other surfaces such as countertops, backsplashes, vanity tops, bar tops, work tops, tabletops, flooring, wall facing, shower surrounds, fire place surrounds, mantels, and tiles. Certain quartz surface products are covered by the investigations whether polished or unpolished, cut or uncut, fabricated or not fabricated, cured or uncured, edged or not edged, finished or unfinished, thermoformed or not thermoformed, packaged or unpackaged, and regardless of the type of surface finish. In addition, quartz surface products are covered by the investigations whether or not they are imported attached to, or in conjunction with, non-subject merchandise such as sinks, sink bowls, vanities, cabinets, and furniture. If quartz surface products are imported attached to, or in conjunction with, such non-subject merchandise, only the quartz surface product is covered by the scope.
>
> Subject merchandise includes material matching the above description that has been finished, packaged, or otherwise fabricated in a third country, including by cutting, polishing, curing, edging, thermoforming, attaching to, or packaging with another product, or any other finishing, packaging, or fabrication that would not otherwise remove the merchandise from the scope of the investigations if performed in the country of manufacture of the quartz surface products. The scope of the investigations does not cover quarried stone surface products, such as granite, marble, soapstone, or quartzite. Specifically excluded from the scope of the investigations are crushed glass surface products. Crushed glass surface

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(…Continued)
product} determination."); *Torrington*, 747 F. Supp. at 748-52 (affirming the Commission's determination defining six like products in investigations where Commerce found five classes or kinds).

products must meet each of the following criteria to qualify for this exclusion: (1) The crushed glass content is greater than any other single material, by actual weight; (2) there are pieces of crushed glass visible across the surface of the product; (3) at least some of the individual pieces of crushed glass that are visible across the surface are larger than 1 centimeter wide as measured at their widest cross-section (Glass Pieces); and (4) the distance between any single Glass Piece and the closest separate Glass Piece does not exceed three inches.

The products subject to the scope are currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under the following subheading: 6810.99.0010. Subject merchandise may also enter under subheadings 6810.11.0010, 6810.11.0070, 6810.19.1200, 6810.19.1400, 6810.19.5000, 6810.91.0000, 6810.99.0080, 6815.99.4070, 2506.10.0010, 2506.10.0050, 2506.20.0010, 2506.20.0080, and 7016.90.1050. The HTSUS subheadings set forth above are provided for convenience and U.S. Customs purposes only. The written description of the scope is dispositive.[14]

QSP are a compacted stone composite building material used for countertops or aesthetic accents in residential, commercial, and industrial properties.[15] They compete with quarried natural stone products, such as granite or marble.[16]

The scope of these investigations covers both raw-material unfabricated quartz slabs ("slabs") and finished fabricated products ("fabs").[17] The scope of these investigations is virtually identical to the revised scope language in the recent final phase investigations in *QSP from China*; therefore, certain crushed glass quartz surface products ("quartz glass") is included in the scope.[18]

B. Arguments of the Parties

Petitioner's Argument. Petitioner argues that the Commission should define a single domestic like product coextensive with the scope of these investigations.[19] Emphasizing that the Commission previously addressed this issue in the preliminary determinations in *QSP from*

[14] *Certain Quartz Surface Products From India and the Republic of Turkey: Initiation of Less-Than-Fair-Value Investigations*, 84 Fed. Reg. 25529, 25534 (June 3, 2019); *Certain Quartz Surface Products From India and the Republic of Turkey: Initiation of Countervailing Duty Investigations*, 84 Fed. Reg. 25524, 25528 (June 3, 2019).

[15] CR at I-13, PR at I-10-11.

[16] CR at I-13, PR at I-10-11.

[17] CR at I-13-14, PR at I-10-11.

[18] CR at I-8-9, PR at I-5-6. During the preliminary phase of *QSP from China*, the scope contained an exclusion for crushed glass quartz surface products ("quartz glass"). Subsequently, the exclusion was narrowed, resulting in the inclusion of certain quartz glass in the scope of the final Commerce determination in *QSP from China*.

[19] Petitioner's Postconference Br. at 5-11.

China, Petitioner contends that the Commission again should find that slabs and fabs are the same domestic like product.[20] Petitioner also maintains that the Commission should not define quartz glass within the scope to be a separate domestic like product.[21]

Respondents' Argument. Respondents agree with Petitioner that the Commission should define a single domestic like product coextensive with the scope for purposes of the preliminary phase of these investigations.[22]

C. Analysis

1. Fabricated QSP

In the preliminary phase of the determinations in *QSP from China*, the Commission examined whether fabs and slabs should be defined to be separate domestic like products under its semi-finished product test. It found that all slabs are dedicated to production of fabs. It noted that while the functions of the products differ, their essential physical characteristics remain the same, whether the QSP is fabricated or not. Consequently, notwithstanding separate markets for slab and fabs, the Commission found quartz slab and fabricated QSP to be a single domestic like product.[23]

In the final phase of the investigations in *QSP from China*, the Commission gathered additional information concerning slabs and fabs. The information gathered concerning the semi-finished product factors was largely unchanged from the preliminary phase with the exception of differences in value. Therefore, the Commission found a single domestic like product consisting of all QSP coextensive with Commerce's scope in the final determinations in *QSP from China*.[24]

In the current investigations, which involve the same product and scope as the final phase of the investigations in *QSP from China*, there is no new information in the record to warrant reaching a different definition and no party has argued to the contrary. Therefore, we define a single domestic like product consisting of quartz slab and fabricated QSP coextensive with the scope for purposes of the preliminary phase of these investigations.

2. Quartz Glass

In the preliminary phase of these investigations, the Commission collected information concerning the characteristics of quartz glass in questionnaires it issued to various U.S.

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[20] Petitioner's Postconference Br. at 6-7.

[21] Petitioner's Postconference Br. at 7-9.

[22] Conf. Tr. at 169-70 (Mendoza & Levinson); MSI Postconference Br. at 4; Reliance Postconference Br. at 8-9 & 30-31.

[23] USITC Pub 4794 at 10.

[24] *See Quartz Surface Products from China*, Inv. Nos. 701-TA-606 & 731-TA-1416 (Final), Confidential Views at 10-11.

producers and importers of QSP.[25] We have considered whether quartz glass within the scope should be defined as a separate domestic like product.

Physical Characteristics and Uses. Both in-scope quartz glass and all other QSP within the scope share the same basic chemical composition insofar as they are mainly comprised of silicon dioxide (SiO_2).[26] All QSP and quartz glass within the scope are compacted mineral composite materials consisting of three inputs: aggregates (*i.e.*, quartz and silica minerals), binding agents (polymer resin or cement), and additives (other stones, large glass particles, or metal flecks).[27] Quartz glass within the scope typically uses a higher content of large glass particles for additives than all other QSP within the scope.[28] In-scope quartz glass typically uses cement while all other QSP within the scope generally use polymer resin for binding agents, although there is also information in the record indicating that both products use the same binding agents.[29] Quartz glass within the scope and all other QSP within the scope share similar physical properties including improved aesthetic appeal, durability, stain and scratch resistance, and heat tolerance, although quartz glass is more susceptible to breakage and staining than all other in-scope QSP.[30] In-scope quartz glass and all other QSP within the scope are used for countertop surfaces in kitchens, bathrooms, and commercial applications.[31]

In terms of physical characteristics and uses, all five responding U.S. producers reported that domestically produced quartz glass within the scope was fully comparable with all other domestically produced QSP within the scope.[32] Ten out of 35 importers reported that they were fully or mostly comparable, 14 of 35 importers reported that they were somewhat comparable, and 11 of 35 importers reported that they were never comparable.[33]

Manufacturing Facilities, Production Processes, and Employees. Only one responding domestic producer – Estone USA Corporation ("Estone") – reported that it produces a quartz glass product that falls within the scope.[34] According to Estone, it produces both in-scope

[25] *See* CR/PR at Appendix E-1, E-2, and E-3. Accordingly, the pertinent information in the record pertaining to quartz glass derives largely from questionnaire responses, conference testimony, and postconference briefs.

[26] CR at I-15, PR at I-11; Estone U.S. Producer Questionnaire at V-1(a).

[27] CR at I-15, PR at I-11; Staff Telephone Notes re: Oscar Flores, Vice-President of Estone USA Corp. (EDIS Doc. No. 678681) (June 14, 2019).

[28] CR at I-15, PR at I-11; Staff Telephone Notes re: Oscar Flores, Vice-President of Estone USA Corp. (EDIS Doc. No. 678681) (June 14, 2019).

[29] CR at I-15, PR at I-11; Staff Telephone Notes re: Oscar Flores, Vice-President of Estone USA Corp. (EDIS Doc. No. 678681) (June 14, 2019).

[30] CR at I-14-15, PR at I-11.

[31] CR at I-15, PR at I-11; CR/PR at II-1.

[32] CR/PR at Table Appendix E-3.

[33] CR/PR at Table Appendix E-3.

[34] Estone U.S. Producer Questionnaire at II-8; Staff Telephone Notes re: Oscar Flores, Vice-President of Estone USA Corp. (EDIS Doc. No. 678681) (June 14, 2019).

quartz glass and all other QSP within the scope at the same facility, using the same production processes and production lines and equipment, and using the same employees.[35]

With respect to manufacturing facilities, production processes, and employees, all five responding U.S. producers reported that domestically produced quartz glass within the scope was fully comparable with all other domestically produced QSP within the scope.[36] Ten out of 26 importers reported that these products were fully or mostly comparable, 11 of 26 importers reported that they were sometimes comparable, and five of 26 importers reported that they were never comparable.[37]

Channels of Distribution. Petitioner asserts that in-scope quartz glass and all other QSP within the scope are sold in the same channels of distribution.[38] According to Estone, all quartz glass and QSP within the scope are sold to the same channels of distribution, including big box retailers and general contractors.[39] For channels of distribution, all five responding U.S. producers reported that domestically produced quartz glass within the scope was fully comparable with all other domestically produced QSP within the scope.[40] Twenty-two of 32 responding importers reported that these products were fully or mostly comparable, 7 of 32 importers reported that they were sometimes comparable, and three of 32 importers reported that they were never comparable.[41]

Interchangeability. Petitioner maintains that in-scope quartz glass is interchangeable with all other QSP within the scope.[42] In terms of interchangeability, four out of five responding U.S. producers (including Estone) reported that domestically produced quartz glass within the scope was fully comparable with all other domestically produced QSP within the scope.[43] Thirteen of 35 responding importers reported that these products were fully or mostly comparable, 14 of 35 importers reported that they were sometimes comparable, and eight of 35 importers reported that they were never comparable.[44]

Producer and Customer Perceptions. Petitioner asserts that in-scope quartz glass is not perceived to be a distinct product by market participants.[45] In terms of producer and customer perceptions, four out of five responding U.S. producers (including Estone) reported that domestically produced quartz glass within the scope was fully comparable with all other domestically produced QSP within the scope.[46] Eight of 32 responding importers reported that

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[35] Staff Telephone Notes re: Oscar Flores, Vice-President of Estone USA Corp. (EDIS Doc. No. 678681) (June 14, 2019).

[36] CR/PR at Table Appendix E-3.

[37] CR/PR at Table Appendix E-3.

[38] Petitioner's Postconference Br. at 8.

[39] Staff Telephone Notes re: Oscar Flores, Vice-President of Estone USA Corp. (EDIS Doc. No. 678681) (June 14, 2019); Estone U.S. Producer Questionnaire at V-1(d) & IV-22.

[40] CR/PR at Table Appendix E-3.

[41] CR/PR at Table Appendix E-3.

[42] Petitioner's Postconference Br. at 8.

[43] CR/PR at Table Appendix E-3.

[44] CR/PR at Table Appendix E-3.

[45] Petitioner's Postconference Br. at 8.

[46] CR/PR at Table Appendix E-3.

these products were fully or mostly comparable, 17 of 32 importers reported that they were sometimes comparable, and seven of 32 importers reported that they were never comparable.[47]

Price. There is no specific price data for in-scope quartz glass in the record. According to Estone, in-scope quartz glass and all other QSP within the scope are generally similarly priced, although quartz glass may sometimes be higher priced.[48] In terms of price, three of five responding U.S. producers reported that domestically produced quartz glass within the scope was fully comparable with all other domestically produced QSP within the scope, one producer reported that these products were mostly comparable, and another producer reported that they were sometimes comparable.[49] Nine of 32 responding importers reported that these products were fully or mostly comparable, 16 of 32 importers reported that they were sometimes comparable, and 7 of 32 importers reported that they were never comparable.[50]

Conclusion. In light of the above, and the lack of any contrary argument, we define a single domestic like product consisting of all QSP, coextensive with the scope, for purposes of these preliminary determinations. Respondents accept Petitioner's proposed definition of a single domestic like product that is coextensive with the scope for purposes of the preliminary phase of these investigations. Moreover, the information in the current record indicates that there appears to be at least some degree of overlap for most of the domestic like product factors between in-scope quartz glass and all other QSP within the scope. We intend to reexamine this issue further in any final phase of these investigations, including by seeking to collect information from additional U.S. producers of quartz glass.[51]

IV. Domestic Industry and Related Parties

The domestic industry is defined as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[52] In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

These investigations raise two sets of domestic industry issues. The first concerns whether fabrication constitutes domestic production of QSP. The second concerns whether

[47] CR/PR at Table Appendix E-3.

[48] Staff Telephone Notes re: Oscar Flores, Vice-President of Estone USA Corp. (EDIS Doc. No. 678681) (June 14, 2019).

[49] CR/PR at Table Appendix E-3.

[50] CR/PR at Table Appendix E-3.

[51] If parties intend to pursue any domestic like product arguments in any final phase of these investigations, they should provide in their comments on the Commission's draft questionnaires a particularized discussion of the proposed products and appropriate data collection. *See* 19 C.F.R. § 207.63(b).

[52] 19 U.S.C. § 1677(4)(A).

appropriate circumstances exist to exclude any domestic producers from the domestic industry pursuant to the related parties provision.

A. Sufficient Production-Related Activities

In deciding whether a firm qualifies as a domestic producer of the domestic like product, the Commission generally analyzes the overall nature of a firm's U.S. production-related activities, although production-related activity at minimum levels could be insufficient to constitute domestic production.[53]

Petitioner argues that stand-alone fabricators that do not engage in quartz slab production do not engage in sufficient production-related activities to qualify as domestic producers.[54] Respondents argue that fabricators engage in sufficient production-related activities to qualify as domestic producers.[55]

In the final phase of the investigations of *QSP from China*, based on a more complete record including information from fabricators that was unavailable in the current preliminary investigations,[56] the Commission found that stand-alone fabricators engaged in sufficient production-related activities to qualify as domestic producers.[57] In finding that fabricators were engaged in domestic production, the Commission found that the capital investment by reporting fabricators, while less than slab producers, was substantial; fabricators employed a significant number of personnel in their U.S. operations; the value added to the finished product by fabrication, whether or not including SG&A expenses, was substantial; fabricators obtained the majority of their raw materials (quartz slabs) from domestic sources; and fabrication required at least moderate technical expertise, including specialized knowledge and

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[53] The Commission generally considers six factors: (1) source and extent of the firm's capital investment; (2) technical expertise involved in U.S. production activities; (3) value added to the product in the United States; (4) employment levels; (5) quantity and type of parts sourced in the United States; and (6) any other costs and activities in the United States directly leading to production of the like product. No single factor is determinative and the Commission may consider any other factors it deems relevant in light of the specific facts of any investigation. *Crystalline Silica Photovoltaic Cells and Modules from China*, Inv. Nos. 701-TA-481 and 731-TA-1190 (Final), USITC Pub. 4360 at 12-13 (Nov. 2012).

[54] Petitioner's Postconference Br. at 11-13 & Responses to Staff Questions at 4-15.

[55] MSI Postconference Br. at 4-9; Pokarna Postconference Br. at 22-24; Reliance Postconference Br. at 8-11.

[56] In the preliminary phase of these investigations, the Commission did not collect questionnaire data from stand-alone fabricators, in line with the approach in the preliminary investigations in *QSP from China*. Therefore, the record in the current investigations regarding the operations of quartz slab fabricators is largely based on and includes information contained in the final Commission Report in the recent final phase investigations in *QSP from China*, in which the Commission collected industry data and other information from stand-alone fabricators (albeit for a slightly different period of investigation, 2015-2017 and interim data for January 2018-September 2018, whereas the period of investigation here is 2016-2018), in addition to conference testimony and postconference briefs.

[57] *See Quartz Surface Products from China*, Inv. Nos. 701-TA-606 & 731-TA-1416 (Final), Confidential Views at 13-17.

training.[58] Similarly, based on this evidence, we here conclude again that fabricators are engaged in sufficient production-related operations to be included in the domestic industry definition for purposes of the preliminary phase of these investigations.[59]

B. Related Parties

We must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to Section 771(4)(B) of the Tariff Act. This provision allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.[60] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.[61]

We first analyze which domestic producers are subject to potential exclusion from the domestic industry pursuant to the related parties provision. Domestic producers *** and *** directly imported QSP from India and/or Turkey during the period of investigation.[62] Consequently, both *** and *** are related parties.

We next examine whether appropriate circumstances exist to exclude either of the related parties from the domestic industry.

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[58] *See id*.

[59] We note that, in the final investigations in *QSP from China*, we received a limited number of questionnaire responses from independent fabricators. We invite parties, in their comments on the draft questionnaires in any final phase of these investigations, to propose the types of data the Commission should collect with respect to independent fabricators and suggest approaches to obtain a better response rate from producers, particularly in light of the large number of firms that respondents assert engage in fabrication operations in the United States.

[60] *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).

[61] 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.

[62] CR/PR at Table III-10.

****.* ***** was the ***** of the six reporting domestic producers, accounting for ***** percent of domestic production of quartz slab in 2018.[63] It ***** the petition.[64] Its relevant imports of subject merchandise were ***** square feet in 2016, ***** square feet in 2017, and ***** square feet in 2018.[65] ***** reported importing to offer a full range of products in the U.S. market, as it manufactures high-end products in the U.S., but imports other products.[66] The ratio of its subject imports to production was ***** percent in 2016, ***** percent in 2017, and ***** percent in 2018.[67] Consequently, its primary interest appears to be in domestic production. Its operating income margin was ***** percent in 2016, ***** percent in 2017, and ***** percent in 2018, which ***** the industry average in each year of the period of investigation.[68] In view of the fact that ***** domestic production was ***** larger than its subject imports throughout the POI, we find that appropriate circumstances do not exist to exclude ***** from the domestic industry as a related party.

****.* ***** (which began domestic production in *****) was the ***** of the six reporting domestic producers, accounting for ***** percent of domestic production of quartz slab in 2018.[69] It ***** on the petition.[70] Its relevant imports of subject merchandise were ***** square feet in 2016, ***** square feet in 2017, and ***** square feet in 2018.[71] ***** reported importing because its U.S. production operations did not commence until *****, but projects domestic production of ***** square feet in 2019.[72] ***** has begun domestic production (and expects production in excess of its past imports of subject merchandise); in any event, there is no reported data to exclude for this particular firm. We therefore find that appropriate circumstances do not exist to exclude ***** from the domestic industry as a related party.

In light of the definition of the domestic like product and our finding on production-related activities, we define the domestic industry to include all U.S. producers of QSP corresponding with the scope of the investigations, including stand-alone fabricators.[73]

V. Negligible Imports

Pursuant to Section 771(24) of the Tariff Act, imports from a subject country of merchandise corresponding to a domestic like product that account for less than 3 percent of

[63] CR/PR at Table III-1.
[64] CR/PR at Table III-1.
[65] CR/PR at Table III-10.
[66] CR/PR at Table III-10.
[67] CR/PR at Table III-10.
[68] CR/PR at Table VI-3.
[69] CR/PR at III-1 n.1 & Table III-1.
[70] CR/PR at Table III-1.
[71] CR/PR at Table III-10.
[72] CR/PR at Tables III-6 & III-10.
[73] As discussed above, the record in these preliminary investigations does not include data for stand-alone fabricators; thus, our analysis will be based only on quantitative data from quartz slab producers for the domestic industry.

all such merchandise imported into the United States during the most recent 12 months for which data are available preceding the filing of the petition shall be deemed negligible.[74]

During May 2018 – April 2019, the 12-month period preceding the filing of the petitions, subject imports from India, as measured by questionnaire responses, accounted for *** percent of total U.S. imports of QSP by quantity, and subject imports from Turkey, as measured by questionnaire responses, accounted for *** percent of total U.S. imports of QSP by quantity.[75] As imports from each subject country are clearly above negligible levels, we find that subject imports from India and Turkey are not negligible.

VI. Cumulation for Threat

Because our determinations involve the issue of threat of material injury by reason of subject imports, we must consider whether to cumulate subject imports from India and Turkey for purposes of our threat analysis. In contrast to cumulation for material injury, cumulation for a threat analysis is discretionary. Under section 771(7)(H) of the Tariff Act, the Commission may "to the extent practicable" cumulatively assess the volume and price effects of subject imports from all countries as to which petitions were filed on the same day, if such imports compete with each other and with the domestic like product in the U.S. market and the statutory exceptions to cumulation do not apply.[76]

Petitioner argues that the Commission should cumulate subject imports from India with subject imports from Turkey for its analysis of threat of material injury for the same reasons as its arguments for cumulating them for present injury purposes.[77] Respondents did not address cumulation for threat.

In these investigations, the threshold criterion is satisfied because Petitioner filed the antidumping/countervailing duty petitions with respect to both subject countries on the same day, May 8, 2019.[78] None of the statutory cumulation exceptions applies.[79] Subject imports from India and Turkey are therefore eligible for cumulation. We consequently examine whether there is a reasonable overlap of competition between subject imports from each country, as well as between subject imports and the domestic like product. We then discuss whether it is appropriate to exercise our discretion to cumulate subject imports for purposes of our threat analysis.

[74] 19 U.S.C. §§ 1671b(a), 1673b(a), 1677(24)(A)(i), 1677(24)(B); *see also* 15 C.F.R. § 2013.1 (developing countries for purposes of 19 U.S.C. § 1677(36)).

[75] CR/PR at Table IV-4. During May 2018 – April 2019, as measured by official import statistics, subject imports from India accounted for 14.7 percent of total U.S. imports of QSP by quantity, and subject imports from Turkey accounted for 3.8 percent of total U.S. imports of QSP by quantity. *Id*.

[76] 19 U.S.C. § 1677(7)(H); s*ee also* 19 U.S.C. §§ 1677(7)(G)(ii).

[77] Petitioner's Postconference Br. at 41-42.

[78] CR/PR at I-1.

[79] *See* 19 U.S.C. §§ 1677(7)(G)(ii) and 1677(7)(H).

A. Reasonable Overlap of Competition

In assessing whether subject imports compete with each other and with the domestic like product, the Commission generally has considered four factors:

(1) the degree of fungibility between subject imports from different countries and between subject imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;

(2) the presence of sales or offers to sell in the same geographic markets of subject imports from different countries and the domestic like product;

(3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and

(4) whether the subject imports are simultaneously present in the market.[80]

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.[81] Only a "reasonable overlap" of competition is required.[82]

Fungibility. Almost all responding U.S. producers reported that product from all sources was always or frequently interchangeable.[83] Importers were more divided on this question, but half or more of responding importers for all comparisons among the domestic like product and subject imports also reported that product from all sources was always or frequently used interchangeably.[84] Most U.S. producers reported that non-price differences are only

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

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

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

[83] CR/PR at Table II-6.

[84] CR/PR at Table II-6. With respect to comparisons between the domestic like product and subject imports from India, *** of *** responding importers reported that subject imports from India were either always or frequently interchangeable, while *** of *** importers reported that they were sometimes or never interchangeable. *Id*. With respect to comparisons between the domestic like product and subject imports from Turkey, *** of *** responding importers reported that subject (Continued…)

sometimes or never significant in comparisons of the domestic like product and subject imports from both subject countries, as well as in comparisons of subject imports from India with subject imports from Turkey.[85] However, the responses of importers on this question were mixed. Most importers reported that non-price differences are always or frequently significant in comparisons of the domestic like product and subject imports from India.[86] In comparisons of the domestic like product and subject imports from Turkey and in comparisons between subject imports, most importers reported that non-price differences were sometimes or never significant.[87] Moreover, the record indicates substantial overlap in shipments of QSP between subject imports from India, subject imports from Turkey, and the domestic like product with respect to designs and thickness.[88] Thus, the record indicates that subject imports from India, subject imports from Turkey, and the domestic like product are generally fungible.

Channels of Distribution. During the POI, the domestic like product was sold predominantly to fabricators/retailers with appreciable quantities also sold to distributors and contractors/builders and very small quantities sold to end users.[89] Subject imports from India were sold predominantly to fabricators/retailers with appreciable quantities also sold to distributors, contractors/builders, and end users.[90] Subject imports from Turkey were sold predominantly to fabricators/retailers with appreciable quantities also sold to distributors and contractors/builders, and very small quantities sold to end users.[91]

Geographic Overlap. U.S. producers and importers of subject merchandise from India and Turkey reported selling QSP in all regions of the contiguous United States.[92]

Simultaneous Presence in Market. The domestic like product and subject imports from India and Turkey were present in the U.S. market in every month from January 2016 to December 2018.[93]

(…Continued)
imports from Turkey were either always or frequently interchangeable, while *** of *** importers reported that they were sometimes or never interchangeable. *Id*. For comparisons between subject imports from India and Turkey, *** of *** responding importers reported that product from both subject countries was always or frequently interchangeable, while *** of *** responding importers reported that product from both countries were sometimes or never interchangeable. *Id*.

[85] CR/PR at Table II-7.

[86] CR/PR at Table II-7.

[87] CR/PR at Table II-7.

[88] CR/PR at Tables IV-5 & IV-6.

[89] CR/PR at Table II-1. During the POI, *** of U.S. producers' U.S. commercial shipments were sold to fabricators/retailers, *** were sold to distributors, *** were sold to contractors/builders, and *** were sold to end users. *Id*.

[90] CR/PR at Table II-1. During the POI, *** of U.S. importers' U.S. commercial shipments of subject merchandise from India were sold to fabricators/retailers, *** were sold to distributors, *** were sold to contractors/builders, and *** were sold to end users. *Id*.

[91] CR/PR at Table II-1. During the POI, *** of U.S. importers' U.S. commercial shipments of subject merchandise from Turkey were sold to fabricators/retailers, *** were sold to distributors, *** were sold to contractors/builders, and *** were sold to end users. *Id*.

[92] CR/PR at Table IV-7.

[93] CR at IV-16, PR at IV-12; CR/PR at Table IV-8.

In sum, the record in the preliminary phase of these investigations indicates that subject imports from each subject country are fungible with the domestic like product and each other, that subject imports from each subject country and the domestic like product are sold in similar channels of distribution and in similar geographic markets, and that they have been simultaneously present in the U.S. market. In light of the foregoing, we find that there is a reasonable overlap of competition between the domestic like product and imports from each subject country and between imports from each subject country.

B. Other Cumulation for Threat Considerations

As discussed above, there is a reasonable overlap of competition between subject imports from India and Turkey and between imports from both subject countries and the domestic like product. There is no information on the record to suggest that the reasonable overlap of competition between and among subject imports and the domestic like product that now exists will not continue into the imminent future. The record does not indicate, nor have the parties argued, that there would likely be any significant difference in the conditions of competition between subject imports from India and Turkey for purposes of cumulation for threat. Moreover, the volume of subject imports from both subject countries showed an increase from 2016 to 2018 and imports from both subject countries were generally priced lower than the domestic like product.[94] Given these considerations, we find that it is appropriate to exercise our discretion to cumulate subject imports from India and Turkey for our analysis of whether there is a reasonable indication of a threat of material injury to the domestic industry.

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

A. Legal Standard

1. In General

In the preliminary phase of antidumping and countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.[95] In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.[96] The statute defines "material injury" as "harm which is not inconsequential,

[94] CR/PR at Tables IV-2 and V-10.

[95] 19 U.S.C. §§ 1671b(a), 1673b(a).

[96] 19 U.S.C. § 1677(7)(B). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each {such} factor ... and explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B).

immaterial, or unimportant."[97] In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[98] No single factor is dispositive, and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[99]

Although the statute requires the Commission to determine whether there is a reasonable indication that the domestic industry is "materially injured or threatened with material injury by reason of" unfairly traded imports,[100] it does not define the phrase "by reason of," indicating that this aspect of the injury analysis is left to the Commission's reasonable exercise of its discretion.[101] In identifying a causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price effects of the subject imports and any impact of those imports on the condition of the domestic industry. This evaluation under the "by reason of" standard must ensure that subject imports are more than a minimal or tangential cause of injury and that there is a sufficient causal, not merely a temporal, nexus between subject imports and material injury.[102]

In many investigations, there are other economic factors at work, some or all of which may also be having adverse effects on the domestic industry. Such economic factors might include nonsubject imports; changes in technology, demand, or consumer tastes; competition among domestic producers; or management decisions by domestic producers. The legislative history explains that the Commission must examine factors other than subject imports to ensure that it is not attributing injury from other factors to the subject imports, thereby inflating an otherwise tangential cause of injury into one that satisfies the statutory material injury threshold.[103] In performing its examination, however, the Commission need not isolate

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[97] 19 U.S.C. § 1677(7)(A).

[98] 19 U.S.C. § 1677(7)(C)(iii).

[99] 19 U.S.C. § 1677(7)(C)(iii).

[100] 19 U.S.C. §§ 1671b(a), 1673b(a).

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

[102] The Federal Circuit, in addressing the causation standard of the statute, observed that "{a}s long as its effects are not merely incidental, tangential, or trivial, the foreign product sold at less than fair value meets the causation requirement." *Nippon Steel Corp. v. USITC*, 345 F.3d 1379, 1384 (Fed. Cir. 2003). This was further ratified in *Mittal Steel Point Lisas Ltd. v. United States*, 542 F.3d 867, 873 (Fed. Cir. 2008), where the Federal Circuit, quoting *Gerald Metals, Inc. v. United States*, 132 F.3d 716, 722 (Fed. Cir. 1997), stated that "this court requires evidence in the record 'to show that the harm occurred "by reason of" the LTFV imports, not by reason of a minimal or tangential contribution to material harm caused by LTFV goods.'" *See also Nippon Steel Corp. v. United States*, 458 F.3d 1345, 1357 (Fed. Cir. 2006); *Taiwan Semiconductor Industry Ass'n v. USITC*, 266 F.3d 1339, 1345 (Fed. Cir. 2001).

[103] Uruguay Round Agreements Act Statement of Administrative Action (SAA), H.R. Rep. 103-316, vol. I at 851-52 (1994) ("{T}he Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports."); S. Rep. 96-249 at 75 (1979) (the (Continued…)

the injury caused by other factors from injury caused by unfairly traded imports.[104] Nor does the "by reason of" standard require that unfairly traded imports be the "principal" cause of injury or contemplate that injury from unfairly traded imports be weighed against other factors, such as nonsubject imports, which may be contributing to overall injury to an industry.[105] It is clear that the existence of injury caused by other factors does not compel a negative determination.[106]

Assessment of whether material injury to the domestic industry is "by reason of" subject imports "does not require the Commission to address the causation issue in any particular way" as long as "the injury to the domestic industry can reasonably be attributed to the subject imports."[107] The Commission ensures that it has "evidence in the record" to "show that the

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(…Continued)
Commission "will consider information which indicates that harm is caused by factors other than less-than-fair-value imports."); H.R. Rep. 96-317 at 47 (1979) ("in examining the overall injury being experienced by a domestic industry, the ITC will take into account evidence presented to it which demonstrates that the harm attributed by the petitioner to the subsidized or dumped imports is attributable to such other factors;" those factors include "the volume and prices of nonsubsidized imports or imports sold at fair value, contraction in demand or changes in patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry"); *accord Mittal Steel*, 542 F.3d at 877.

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

[105] S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

[106] *See Nippon Steel Corp*., 345 F.3d at 1381 ("an affirmative material-injury determination under the statute requires no more than a substantial-factor showing. That is, the 'dumping' need not be the sole or principal cause of injury.").

[107] *Mittal Steel*, 542 F.3d at 876, 878; *see also id.* at 873 ("While the Commission may not enter an affirmative determination unless it finds that a domestic industry is materially injured 'by reason of' subject imports, the Commission is not required to follow a single methodology for making that determination ... {and has} broad discretion with respect to its choice of methodology.") *citing United States Steel Group v. United States*, 96 F.3d 1352, 1362 (Fed. Cir. 1996) and S. Rep. 96-249 at 75. In its (Continued…)

harm occurred 'by reason of' the LTFV imports," and that it is "not attributing injury from other sources to the subject imports." [108] The Federal Circuit has examined and affirmed various Commission methodologies and has disavowed "rigid adherence to a specific formula."[109]

The question of whether the material injury threshold for subject imports is satisfied notwithstanding any injury from other factors is factual, subject to review under the substantial evidence standard.[110] Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.[111]

2. Threat of Material Injury Factors

Section 771(7)(F) of the Tariff Act directs the Commission to determine whether the U.S. industry is threatened with material injury by reason of the subject imports by analyzing whether "further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted."[112] The Commission may not make such a determination "on the basis of mere conjecture or supposition," and considers the threat factors "as a whole" in making its determination whether dumped or subsidized imports are imminent and whether material injury by reason of subject imports would occur unless an order is issued.[113] In making our determination, we consider all statutory threat factors that are relevant to these investigations.[114]

(…Continued)
decision in *Swiff-Train v. United States*, 793 F.3d 1355 (Fed. Cir. 2015), the Federal Circuit affirmed the Commission's causation analysis as comporting with the Court's guidance in *Mittal*.

[108] *Mittal Steel*, 542 F.3d at 873 (quoting from *Gerald Metals*, 132 F.3d at 722), 877-79. We note that one relevant "other factor" may involve the presence of significant volumes of price-competitive nonsubject imports in the U.S. market, particularly when a commodity product is at issue. In appropriate cases, the Commission collects information regarding nonsubject imports and producers in nonsubject countries in order to conduct its analysis.

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

[110] We provide in our discussion below a full analysis of other factors alleged to have caused any material injury experienced by the domestic industry.

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

[112] 19 U.S.C. § 1677(7)(F)(ii).

[113] 19 U.S.C. § 1677(7)(F)(ii).

[114] These factors are as follows:

(I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement) and whether imports of the subject merchandise are likely to increase,
(Continued…)

B. Conditions of Competition and the Business Cycle

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

1. Demand Conditions

Demand for QSP in slab form depends on the demand for fabs, which have a variety of end uses.[115] End uses include kitchen, bathroom, and commercial countertops, vanities, flooring, tiles, shower walls and pans, window sills, thresholds, basins, chairs, and cabinets.[116] Demand for fabs is driven by remodeling and construction activity.[117] Although most U.S. producers and importers reported that the market is not subject to business cycles, some producers and importers indicated that the market is subject to seasonal changes in demand, with demand tending to decrease during the winter.[118]

(…Continued)

(II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,

(III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,

(IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices and are likely to increase demand for further imports,

(V) inventories of the subject merchandise,

(VI) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products,

…

(VIII) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and

(IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).

19 U.S.C. § 1677(7)(F)(i). To organize our analysis, we discuss the applicable statutory threat factors using the same volume/price/impact framework that applies to our material injury analysis. Statutory threat factors (I), (II), (III), (V), and (VI) are discussed in the analysis of subject import volume. Statutory threat factor (IV) is discussed in the analysis of subject import price effects. Statutory factors (VIII) and (IX) are discussed in the analysis of impact. Statutory factor (VII) concerning agricultural products is inapplicable to these investigations.

[115] CR at II-10, PR at II-5.

[116] CR at II-10, PR at II-7.

[117] CR at II-12, PR at II-5.

[118] CR at II-12, PR at II-7.

There are multiple types of end users of fabs. They include builders and contractors for new construction and remodeling of homes and commercial properties, as well as homeowners for remodeling projects.[119]

The vast majority of market participants reported an increase in U.S. demand for QSP since January 1, 2016.[120] Demand, as measured by apparent U.S. consumption, increased throughout the POI. Apparent U.S. consumption, as measured by quantity, was *** square feet in 2016, *** square feet in 2017, and *** square feet in 2018, for an overall increase of *** percent from 2016 to 2018.[121]

2. Supply Conditions

The domestic industry's capacity was less than apparent U.S. consumption over the period of investigation, and the information in the record indicates that the gap between apparent U.S. consumption and the industry's capacity widened each year from 2016 to 2018.[122] The domestic industry's capacity increased by *** percent from 2016 to 2018 due to expansions by several producers, including ***.[123]

The domestic industry had two new entrants, albeit near or after the end of 2018. *** commenced QSP operations and began trial runs in ***.[124] ***.[125]

Domestic shipments were the second largest source of supply to the U.S. market over the period of investigation. Their share of the market declined from *** percent of apparent U.S. consumption in 2016 to *** percent in 2017 and *** percent in 2018.[126]

Cumulated subject imports were the smallest source of supply during the period of investigation. Their market share declined from *** percent in 2016 to *** percent in 2017, and increased to *** percent in 2018.[127]

Nonsubject imports were the largest source of supply during the period of investigation. Their market share increased from *** percent in 2016 to *** percent in 2017, and declined to *** percent in 2018.[128] Nonsubject imports include imports of QSP from China, which became subject to provisional antidumping and countervailing duties on May 16, 2018.[129] Other leading sources of nonsubject imports include Spain, Israel, and Italy.[130]

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[119] CR at II-3-4, PR at II-2. There was disagreement among the parties concerning how the different end users should be categorized. *Id.*

[120] CR/PR at Table II-4.

[121] CR/PR at Table IV-10, C-1.

[122] *Compare* CR/PR at Table III-5 *with* CR/PR at Table IV-10.

[123] CR/PR at Tables III-5, C-1.

[124] CR at III-9, PR at III-6.

[125] CR at III-9, PR at III-6.

[126] CR/PR at Table IV-10.

[127] CR/PR at Table IV-10.

[128] CR/PR at Table IV-10.

[129] *Certain Quartz Surface Products From the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*, 83 Fed. Reg. 22613, 22618 (May 16, 2018); *Certain Quartz Surface Products*

(Continued…)

3. Substitutability and Other Conditions

QSP are available in a wide variety of patterns and designs. Both the domestic product and cumulated subject imports are sold in a range of designs and styles including uniform designs (such as white), marble, and granite designs.[131] Almost all responding U.S. producers reported that product from all sources was always or frequently interchangeable.[132] Importers were more divided on this question, but half or more of importers for all comparisons among the domestic like product and subject imports from India and Turkey also reported that product from all sources was always or frequently used interchangeably.[133] Accordingly, based on the record in the preliminary phase of these investigations, we find that there is a moderate-to-high degree of substitutability between subject imports from India and Turkey and the domestic like product.[134]

Purchasers responding to lost sales and revenue allegations reported that a number of factors are important when they purchase QSP.[135] Purchasers cited price, as well as quality and color/design, as three of the most important factors they consider in their purchasing decisions.[136] We therefore find that price is an important factor in purchasing decisions for QSP.

All U.S. producers and almost all importers reported that sales of QSP were made on a spot basis.[137]

Ground quartz is the main raw material used to produce slabs.[138] Raw material costs, as a share of U.S. slab producers' total cost of goods sold ("COGS"), increased from *** percent in 2016 to *** percent in 2018.[139]

(…Continued)
From the People's Republic of China: Initiation of Countervailing Duty Investigation, 83 Fed. Reg. 22618, 22622 (May 16, 2018).

[130] CR at I-4, PR at I-3.

[131] *See* CR/PR at Table IV-5. While subject imports are more concentrated in uniform designs, there is substantial overlap in the different styles. *See Id.*

[132] CR/PR at Table II-6.

[133] CR/PR at Table II-6. With respect to comparisons between the domestic like product and subject imports from India, *** of *** responding importers reported that subject imports from India were either always or frequently interchangeable, while *** of *** importers reported that they were sometimes or never interchangeable. *Id*. With respect to comparisons between the domestic like product and subject imports from Turkey, *** of *** responding importers reported that subject imports from Turkey were either always or frequently interchangeable, while *** of *** importers reported that they were sometimes or never interchangeable. *Id*. For comparisons between subject imports from India and Turkey, *** of *** responding importers reported that product from both subject countries was always or frequently interchangeable, while *** of *** responding importers reported that product from both countries were sometimes or never interchangeable. *Id*.

[134] CR at II-15, PR at II-9.

[135] CR at II-16, PR at II-10; CR/PR at Table II-5.

[136] *See* CR/PR at Table II-5.

[137] CR/PR at Table V-2.

[138] CR/PR at V-1.

C. Likely Volume of Subject Imports

We find that the volume of cumulated subject imports increased substantially toward the end of the period of investigation and will likely continue to increase in the imminent future. There was a significant rate of increase in both the volume and market share of cumulated subject imports during the period of investigation. The volume of cumulated subject imports increased from 7.1 million square feet in 2017 to 14.8 million square feet in 2018.[140] Thus, the volume of cumulated subject imports more than doubled in the last year of the period of investigation, increasing by 106.9 percent from 2017 to 2018,[141] which was far greater than the *** percent rise in apparent U.S. consumption during the same time.[142]

The share of apparent U.S. consumption held by cumulated subject imports fluctuated during the period of investigation. As a share of apparent U.S. consumption, cumulated subject imports' market share declined from *** percent in 2016 to *** percent in 2017, but increased to *** percent in 2018.[143] This gain in market share from 2017 to 2018 occurred as the domestic industry lost market share.[144]

We find that the increases in cumulated subject import volume and market penetration observed during the period of investigation will likely continue in the imminent future. Available monthly import data indicate that cumulated subject imports were higher in each of the first four months of 2019 than in any prior month from 2016 to 2018, and increased each month of 2019.[145] Indeed, responding U.S. importers reported that they had already imported or arranged to import *** square feet of QSP from subject sources from January 2019 through December 2019, which is nearly *** the volume that entered in 2018.[146]

QSP production operations in the subject countries, when considered on a cumulated basis, are large and growing, showing a substantial ability to increase exports to the United States. Data reported in questionnaire responses by subject producers/exporters in both subject countries indicate that the combined capacity to produce QSP increased by *** percent from 2016 to 2018, from *** square feet in 2016 to *** square feet in 2017 and *** square feet in 2018, and that capacity is projected to increase further in the imminent future to *** square feet in 2019 and *** square feet in 2020.[147]

(…Continued)

[139] CR/PR at V-1.

[140] CR/PR at Table IV-2.

[141] CR/PR at Table C-1.

[142] CR/PR at Table C-1.

[143] CR/PR at Table IV-10.

[144] The domestic industry's market share declined from *** percent in 2016 to *** percent in 2017 and *** percent in 2018. CR/PR at Table C-1. Nonsubject imports' market share increased from *** percent in 2016 to *** percent in 2017 and then declined slightly to *** percent in 2018. CR/PR at Table C-1.

[145] CR/PR at Table IV-8.

[146] CR/PR at Revised Table VII-12 (INV-RR-057, June 21, 2019).

[147] CR/PR at Table VII-10.

The subject producers also reported substantial and increasing combined unused capacity. Their combined capacity utilization fell from *** percent in 2016 to *** percent in 2018.[148] The combined excess capacity for the industries in the subject countries amounted to *** square feet in 2018, up from *** square feet in 2016.[149] This figure is almost double the total cumulated subject imports in 2018 and equivalent to *** percent of apparent U.S. consumption in that same year.[150] Combined excess capacity is projected to remain at substantial levels in the imminent future, at *** square feet in 2019 and *** square feet in 2020.[151] This excess capacity will likely enable the subject producers to significantly increase shipments in the imminent future.

Subject producers in India and Turkey export significant and increasing amounts of QSP. Cumulated total export shipments reported by subject producers increased from *** square feet in 2016 to *** square feet in 2017 and *** square feet in 2018, and are projected to increase to *** square feet in 2019 and *** square feet in 2020.[152] Their share of exports to total shipments rose from *** percent in 2016 to *** percent in 2018, and is projected to be *** percent in 2019 and *** percent in 2020.[153] The share of their total shipments exported to the United States increased from *** percent in 2016 to *** percent in 2017 and *** percent in 2018, and is projected to be *** percent in 2019 and *** percent in 2020.[154] We find that the significant increases in exports overall and to the U.S. market specifically indicate that the volume of cumulated subject imports is likely to increase further in the imminent future.

Inventories of the subject merchandise both in the United States and in the subject countries increased, particularly at the end of the period of investigation. U.S. importers' combined inventories of subject imports were *** square feet in 2016, *** square feet in 2017, and *** square feet in 2018, representing an overall increase of *** percent.[155] The ratio of U.S. importers' combined inventories of subject merchandise to U.S. shipments rose from *** percent in 2016 to *** percent in 2018.[156] The responding foreign producers in both subject countries reported that their combined end-of-period inventories of QSP increased from *** square feet in 2016 to *** square feet in 2017 and *** square feet in 2018, representing an overall increase of *** percent.[157] Their end-of-period inventories are projected to increase further in 2019 and 2020.[158]

In light of the increases in cumulated subject import volume and market penetration, particularly at the end of the period of investigation, U.S. importers' arranged imports for 2019, the substantial and increasing cumulated capacity and excess capacity of the subject industries,

[148] CR/PR at Table III-5.
[149] CR/PR at Table VII-10.
[150] *Derived from* CR/PR at Tables IV-9, IV-10, and VII-10.
[151] CR/PR at Table VII-10.
[152] CR/PR at Table VII-10.
[153] CR/PR at Table VII-10.
[154] CR/PR at Table VII-10.
[155] CR/PR at Table VII-11.
[156] CR/PR at Table VII-11.
[157] CR/PR at Table VII-10.
[158] CR/PR at Table VII-10.

the subject industries' demonstrated ability to increasingly supply export markets generally and the United States in particular, and the growing inventories of the subject merchandise both in the United States and in the subject countries, we conclude that there is a likelihood of substantially increased subject imports in the imminent future.[159]

D. Likely Price Effects of the Subject Imports

As explained above in Section VII.B.3, the record indicates that there is a moderate-to-high degree of substitutability between domestically produced QSP and QSP imported from India and Turkey, and that price is an important factor in purchasing decisions.

The Commission collected quarterly pricing data on six pricing products.[160] Three U.S. producers and 19 importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[161] Price data reported by these firms accounted for approximately *** percent of U.S. producers' U.S. commercial shipments of QSP, *** percent of U.S. commercial shipments of subject merchandise from India in 2018, and *** percent of U.S. commercial shipments of subject merchandise from Turkey in 2018.[162]

The record showed pervasive underselling by the cumulated subject imports. Specifically, cumulated subject imports undersold the domestic like product in 128 of 133

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[159] We have also considered other factors in our analysis of likely volume. Commerce has initiated countervailing duty investigations on 34 alleged subsidy programs in India and 17 alleged subsidy programs in Turkey. The alleged subsidy programs from India and Turkey include export credit programs. CR at I-9-11, PR at I-6-8; *Certain Quartz Surface Products From India and the Republic of Turkey: Initiation of Countervailing Duty Investigations*, 84 Fed. Reg. 25524, 25528 (June 3, 2019). With respect to the potential for product shifting, foreign producers from both subject countries unanimously reported that *** and that QSP within the scope accounted for *** from 2016 to 2018. CR at VII-10 & VII-16, PR at VII-6 & VII-10. There are no known trade remedy actions on QSP from India or Turkey in third-country markets. CR at VII-22, PR at VII-12-13.

[160] The pricing products are: Product 1— Plain white quartz surface products, with a nominal thickness of 2 cm, no veining or movement, and with minimal to no visible particulates, specks, chips, or crystals that are sold to firms other than distributors; Product 2— Plain white quartz surface products, with a nominal thickness of 3 cm, no veining or movement, and with minimal to no visible particulates, specks, chips, or crystals that are sold to firms other than distributors; Product 3— White quartz surface products with a "marble look", a nominal thickness of 2 cm, with veining or movement, and with minimal to no visible particulates, specks, chips, or crystals that are sold to firms other than distributors; Product 4— White quartz surface products with a "marble look", a nominal thickness of 3 cm, with veining or movement, and with minimal to no visible particulates, specks, chips, or crystals that are sold to firms other than distributors; Product 5— Neutral colored quartz surface products with a "natural stone look", a nominal thickness of 2 cm, with movement and visible particulates, specks, chips, or crystals that are sold to firms other than distributors; and Product 6— Neutral colored quartz surface products with a "natural stone look", a nominal thickness of 3 cm, with movement and visible particulates, specks, chips, or crystals that are sold to firms other than distributors. CR at V-4, PR at V-3.

[161] CR/PR at V-4.

[162] CR at V-4-5, PR at V-4.

quarterly price comparisons (involving *** million square feet of cumulated subject imports) at underselling margins that ranged from 0.7 percent to 51.7 percent and averaged 24.6 percent.[163] The underselling margins generally remained high or increased in the last several quarters of the period of investigation for almost all price comparisons between domestically-produced QSP and imports of QSP from India and Turkey.[164]

Thus, there was pervasive underselling of the domestic like product by cumulated subject imports at high and often increasing margins, especially during the latter portions of the period of investigation. In light of the degree of substitutability of the domestic like product and subject imports from India and Turkey and the importance of price in purchasing decisions, this underselling enabled the cumulated subject imports to increase their share of the U.S. market during the period of investigation from 2017 to 2018, as discussed above.[165]

Based on the current record, we find that the significant and increasing volumes of cumulated subject imports that will likely enter the U.S. market in the imminent future will likely continue to undersell the domestic like product pervasively as they did during the period of investigation. The likely low prices of the cumulated subject imports, in turn, are likely to increase demand for the cumulated subject imports, displace sales of the domestic like product, and reduce the domestic industry's market share in the imminent future. Accordingly, we find that cumulated subject imports are likely in the imminent future to enter the U.S. market at prices that are likely to increase demand for further imports of QSP from India and Turkey.[166]

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[163] CR/PR at Table V-10. Cumulated subject imports oversold the domestic like product in only 5 of 133 quarterly price comparisons (involving *** square feet of cumulated subject imports). *Id*.

[164] *See* CR/PR at Tables V-3-8.

[165] We have also considered price trends for the domestic like product and cumulated subject imports. During the period of investigation, domestic prices generally increased for five of six pricing products. CR/PR at Tables V-3-8. Domestic prices increased for all pricing products except for Product 1. *Id*. Prices for subject imports from India declined for all pricing products. Prices of subject imports from Turkey generally increased for four pricing products (Products 3-6) and were flat for Product 1; there were no subject imports from Turkey for Product 2. *Id*.

Additionally, the domestic industry's COGS to net sales ratio increased from *** percent in 2016 to *** percent in 2018. CR/PR at Table VI-1. The record indicates, however, that the increase in this ratio was affected by ***, which is discussed in the impact section below. We intend to explore further the factors affecting the industry's price movements, costs, and profitability in any final phase of these investigations.

[166] Respondents contend that the market is subject to attenuated competition and that underselling in segments primarily supplied by subject imports do not affect prices in segments primarily supplied by domestic producers. *See, e.g.*, MSI Postconference Br. at 15-18, 23-24, 43-47; Global Stone Postconference Br. at 9-12; Pokarna Postconference Br. at 11-16. Cambria asserts it competes for sales in all market segments. *See, e.g.*, Petitioner's Postconference Br. at 18-21. The Commission also recently found that the domestic industry competes against imports from China in all market segments. *See Quartz Surface Products from China*, Inv. Nos. 701-TA-606 & 731-TA-1416 (Final), Confidential Views at 51-52. We intend to further explore the issue of whether there are segments in which the domestic industry does not compete with imports from India and Turkey in any final phase of these investigations.

E. Likely Impact of the Subject Imports[167]

The domestic industry's performance indicators were generally mixed during the POI despite a large increase in apparent U.S. consumption. Measures of the domestic industry's output generally increased, but such increases were relatively modest compared to the growth in apparent U.S. consumption. Increases in the domestic industry's production (*** percent) and U.S. shipments (*** percent) were far lower than the *** percent increase in apparent U.S. consumption from 2016 to 2018.[168] As demand increased, the domestic industry added to its capacity during the POI.[169] The industry's capacity utilization rate, however, declined irregularly from 2016 to 2018 despite growing demand.[170] End-of-period inventories increased from 2016 to 2018.[171]

Virtually all of the domestic industry's employment indicators increased overall from 2016 to 2018, including production-related workers ("PRWs"), total hours worked, hours worked per PRW, wages paid, hourly wages, and productivity.[172]

The domestic industry's financial performance was mixed. While the domestic industry reported increasing net sales,[173] gross profits,[174] and operating income,[175] its gains were

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[167] Commerce initiated investigations based on estimated antidumping duty margins of 323.12 percent for imports from QSP from India and 85.71 percent for imports of QSP from Turkey. CR at I-11, PR at I-9. *Certain Quartz Surface Products from India and the Republic of Turkey: Initiation of Less-Than-Fair-Value Investigations*, 84 Fed. Reg. 25529, 25533 (June 3, 2019).

[168] The domestic industry's production was *** square feet in 2016, *** square feet in 2017, and *** square feet in 2018. CR/PR at Tables III-5, C-1. By quantity, the domestic industry's U.S. shipments were *** square feet in 2016, *** square feet in 2017, and *** square feet in 2018. CR/PR at Tables III-7, C-1. By value, the domestic industry's U.S. shipments were $*** in 2016, $*** in 2017, and $*** in 2018, for an overall increase of *** percent from 2016 to 2018. *Id*.

[169] The domestic industry's capacity was *** square feet in 2016, *** square feet in 2017, and *** square feet in 2018, for an overall increase of *** percent from 2016 to 2018. CR/PR at Tables III-5, C-1.

[170] The domestic industry capacity utilization was *** percent in 2016, *** percent in 2017, and *** percent in 2018, for an overall decline of *** percentage points from 2016 to 2018. CR/PR at Tables III-5, C-1.

[171] *See* CR/PR at Table III-9. The domestic industry's end-of-period inventories were *** square feet in 2015, *** square feet in 2017, and *** square feet in 2018, for an overall increase of *** percent from 2016 to 2018. *Id*. The ratio of the domestic industry's end-of-period inventories to total shipments was *** percent in 2016, *** percent in 2017, and *** percent in 2018. *Id*.

[172] The industry's number of production-related workers ("PRWs") was *** PRWs in 2016, *** PRWs in 2017, and *** PRWs in 2018. CR/PR at Table III-11. Total hours worked were *** hours in 2016, and *** hours in 2017 and 2018. *Id*. Hours worked per PRW were *** hours in 2016, *** hours in 2017, and *** hours in 2018. *Id*. The wages the industry paid to its workers were $*** in 2016, $*** in 2017, and $*** in 2018. *Id*. Hourly wages were $*** per hour in 2016, $*** per hour in 2017, and $*** per hour in 2018. *Id*. Worker productivity was *** square feet per hour in 2016, *** square feet per hour in 2017, and *** square feet per hour in 2018. *Id*. Unit labor costs were $*** per square foot in 2016, $*** per square foot in 2017, and $*** per square foot in 2018. *Id*.

modest in light of the large increase in apparent U.S. consumption. The domestic industry's net income and operating and net income ratios each declined irregularly from 2016 to 2018.[176] [177] The domestic industry reported increasing capital expenditures and research and development expenses from 2016 to 2018.[178] [179]

We found above that cumulated subject imports are likely to continue both to enter the U.S. market in substantially increasing volumes and to undersell the domestic like product in

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(…Continued)

[173] By value, the domestic industry's net sales were $*** in 2016, $*** in 2017, and $*** in 2018, for an overall increase of *** percent from 2016 to 2018. CR/PR at Tables VI-3, C-1.

[174] The domestic industry's gross profits were $*** in 2016, $*** in 2017, and $*** in 2018, for an overall increase of *** percent from 2016 to 2018. CR/PR at Table VI-3, C-1.

[175] The domestic industry's operating income was $*** in 2016, $*** in 2017, and $*** in 2018, for an overall increase of *** percent from 2016 to 2018. CR/PR at Tables VI-3, C-1.

[176] The domestic industry's net income was $*** in 2016, $*** in 2017, and $*** in 2018, for an overall decline of *** percent from 2016 to 2018. CR/PR at Tables VI-3, C-1. As a ratio to net sales, the domestic industry's net income was *** percent in 2016, *** percent in 2017, and *** percent in 2018, for an overall decline of *** percentage points from 2016 to 2018. *Id*. As a ratio to net sales, the domestic industry's operating income was *** percent in 2016, *** percent in 2017, and *** percent in 2018, for an overall decline of *** percentage points from 2016 to 2018. *Id*.

[177] Significantly, in the preliminary phase of these investigations, and unlike in the recent final phase investigations in *QSP from China*, ***. CR at VI-10-11 n.8, PR at VI-2 n.8. We note, however, that ***, and the revaluing of that inventory at the beginning of 2018, predate the substantial increase in cumulated subject imports from 2017 to 2018, cover periods outside the period of investigation, and cover periods during the POI when nonsubject imports (including nonsubject imports from China) were the largest supplier to the U.S. market. These claimed losses therefore do not appear to be attributable to cumulated subject imports, an issue we will explore further in any final phase of these investigations. Moreover, without these claimed losses by ***, the domestic industry's profitability and margins would have improved from 2016 to 2018.

Respondents contend that *** over the POI accounts for its ***. *See, e.g.*, MSI Postconference Br. at 2 & Responses to Staff Questions at 4-7. *** maintains that its *** is explained by its opening of various distribution centers during the POI in order to compete more effectively at the retail level with subject imports from India and Turkey. *See, e.g.*, Petitioner's Postconference Br. at 34-35. However, ***, which predates the substantial increase in cumulated subject imports in 2018. *See, e.g.*, MSI Postconference Br., Responses to Staff Questions at 3. In any final phase of these investigations, we intend to further examine the extent to which *** from opening distribution centers is due to competition with subject imports of QSP from India and Turkey.

[178] The domestic industry's capital expenditures were $*** in 2016, $*** in 2017, and $*** in 2018. CR/PR at Table VI-4. Research and development expenses were $*** in 2016 and 2017 and $*** in 2018. *Id*.

Four of the six domestic producers reported negative effects from the cumulated subject imports that impacted their ability to invest in expansion projects, reduced their capital investments, or led to the denial or rejection of investment proposals. CR/PR at Tables VI-6 & VI-7.

[179] We also note that total net assets were $*** in 2016, $*** in 2017, and $*** in 2018. CR/PR at Table VI-5. The industry's return on assets was *** percent in 2016, *** percent in 2017, and *** percent in 2018. *Id*.

the imminent future. For purposes of the preliminary phase of these investigations, we conclude that the likely substantially increasing volumes of low-priced cumulated subject imports will likely displace sales of the domestic like product and cause the domestic industry to lose market share, which will likely lead to adverse effects on the domestic industry's revenues and financial performance in the imminent future.

We have also considered factors other than cumulated subject imports to ensure that we are not attributing any threat of material injury from other such factors to the cumulated subject imports. MSI Respondents and Pokarna Respondents each argue that the competition between subject imports and the domestic like product is attenuated.[180] As we noted above, however, QSP from the domestic industry and from both subject sources include products in a variety of colors and patterns[181] as well as thicknesses,[182] and are sold in the same channels of distribution, primarily to fabricators/retailers.[183] As discussed above, we intend to further explore the issue of market segmentation and attenuated competition in any final phase of these investigations.

We recognize that nonsubject imports were the largest source of supply throughout the period of investigation. However, nonsubject imports' market share declined from 2017 to 2018 while cumulated subject imports' market share increased and the domestic industry lost market share; in addition, cumulated subject imports continued to increase in 2019.[184] Moreover, nonsubject imports from China will soon be under the discipline of orders following our affirmative final determinations in the recent investigations concerning *QSP from China*. Given these considerations, we find the likely imminent adverse effects of cumulated subject imports to be distinct from any effects attributable to nonsubject imports. In any final phase investigations, we will further examine the effect of nonsubject imports, including those from countries other than China, to assure that we are not misattributing material injury or threat thereof to cumulated subject imports.

VIII. Conclusion

For the reasons stated above, we determine that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of cumulated subject imports of QSP from India and Turkey that are allegedly sold in the United States at less than fair value and allegedly subsidized by the governments of India and Turkey.

[180] MSI Postconference Br. at 43-47; Pokarna Postconference Br. at 11-16.
[181] CR/PR at Table IV-4.
[182] CR/PR at Table IV-5.
[183] CR/PR at Table II-1.
[184] CR/PR at Tables IV-& IV-10.

PART I: INTRODUCTION

BACKGROUND

These investigations result from petitions filed with the U.S. Department of Commerce ("Commerce") and the U.S. International Trade Commission ("USITC" or "Commission") by Cambria Company LLC ("Cambria" or "Petitioner"), Le Sueur, Minnesota, on May 8, 2019, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized and less-than-fair-value ("LTFV") imports of certain quartz surface products ("quartz surface products")[1] from India and Turkey. The following tabulation provides information relating to the background of these investigations.[2] [3]

Effective date	Action
May 8, 2019	Petition filed with Commerce and the Commission; institution of Commission investigations (84 FR 21361, May 14, 2019)
May 28, 2019	Commerce's notice of initiation of LTFV investigations (84 FR 25529, June 3, 2019) and Commerce's notice of initiation of countervailing duty investigations (84 FR 25524 June 3, 2019)
May 29, 2019	Commission's conference
June 24, 2019	Commission's vote
June 24, 2019	Commission's determinations
July 1, 2019	Commission's views

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

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

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

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory criteria

Section 771(7)(B) of the Tariff Act of 1930 (the "Act") (19 U.S.C. § 1677(7)(B)) provides that in making its determinations of injury to an industry in the United States, the Commission--

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

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

> *In evaluating the volume of imports of merchandise, the Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States is significant.. . .In evaluating the effect of imports of such merchandise on prices, the Commission shall consider whether. . .(I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.. . . In examining the impact required to be considered under subparagraph (B)(i)(III), the Commission shall evaluate (within the context of the business cycle and conditions of competition that are distinctive to the affected industry) all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to. . . (I) actual and potential decline in output, sales, market share, gross profits, operating profits, net profits, ability to service debt, productivity, return on investments, return on assets, and utilization of capacity, (II) factors affecting domestic prices, (III) actual and potential*

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

negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, (IV) actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and (V) in {an antidumping investigation}, the magnitude of the margin of dumping.

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

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

Organization of report

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

MARKET SUMMARY

Quartz surface products are a compacted stone composite building material used for countertop surfaces (and various applications) as an alternative to queried stone surfaces. Quartz surface products are used in a variety of applications such as counters, tiles, walls, floors, shower and tub surrounds, fireplace surrounds, and bathroom vanities. The leading U.S. producer of quartz surface products is Cambria, while leading producers of quartz surface products outside the United States include *** of India and *** of Turkey. The leading U.S. importers of quartz surface products from India are ***, while the leading importer of quartz surface products from Turkey is ***. Leading importers of quartz surface products from nonsubject countries (China, Israel, Italy, and Spain) include ***. U.S purchasers of quartz surface products are primarily composed of distributors, fabricators, and/or installers and

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

typically vary in size from small retail installers to large commercial development contractors and regional distributors. Leading U.S. purchasers include ***.

Apparent U.S. consumption of quartz surface products totaled approximately *** square feet ($***) in 2018. Currently, six firms are known to produce quartz surface products (slabs) in the United States.[6] U.S. producers' U.S. shipments of quartz surface products totaled *** square feet ($***) in 2018, and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from subject sources totaled *** square feet ($***) in 2018 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from nonsubject sources totaled *** square feet ($***) in 2018 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in these investigations is presented in appendix C, table C-1. Except as noted, U.S. industry data are based on questionnaire responses of four firms[7] that accounted for the vast majority of U.S. production of quartz surface products during 2018. Usable responses to the Commission's U.S. importer questionnaire were received from 71 companies representing over 110.0 percent of U.S. imports from India and over *** percent of U.S. imports from Turkey under statistical reporting number 6810.99.0010.[8] U.S. import data are based on official import statistics (statistical reporting number 6810.99.0010) for quartz surface products, and adjusted to include questionnaire responses from seven importers who exclusively reported in-scope quartz surface products imported under other statistical reporting numbers. Usable responses to the Commission's foreign producer questionnaire were received from 24 producers and exporters of quartz surface products in India and three producers and exporters of quartz surface products in Turkey.

PREVIOUS AND RELATED INVESTIGATIONS

Quartz slabs and portions thereof have been the subject of two Section 337 investigations. On April 14, 2016, Cambria filed a Section 337 complaint alleging patent infringement (U.S. Patent Nos. D737, 058; D712, 670; D713, 154; D737, 576; D737, 577; and D738, 630) against two respondent parties: Wilsonart' and Dorado Soapstone LLC (''Dorado'').[9]

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[6] ***.

[7] ***.

[8] The Commission also received U.S. importer questionnaires from four firms that were excluded from the dataset due to data reconciliation and consistency issues: ***. The Commission received "NO" responses to the U.S. importer questionnaire from an additional 26 firms. *** submitted a completed U.S. importers questionnaire response during the Commission's investigations concerning Quartz Surface Products from China however in this current proceeding *** submitted a "no" response and did not respond to staff inquires. ***, email messages to USITC staff, May 14 and May 30.

[9] *Certain Quartz Slabs and Portions Thereof Institution of Investigation*, 81 FR 30342, May 16, 2016.

On September 14, 2016, the presiding administrative law judge (''ALJ'') issued an initial determination terminating the investigation as to U.S. Patent No. D737, 058. On October 13, 2016, the Commission determined not to review that initial determination. On September 28, 2016, Cambria and Wilsonart jointly moved to terminate the investigation as to Wilsonart based on a settlement agreement. On October 12, 2016, the ALJ issued Order 20, an initial determination granting the motion. On October 6, 2016, Cambria moved to terminate the investigation as to Dorado based on Cambria's withdrawal of certain allegations in the complaint. On October 13, 2016, the ALJ issued Order 21, an initial determination granting the motion. On November 3, 2016, the Commission determined not to review Orders 20 or 21 and the investigation was terminated.[10]

On July 11, 2016, Cambria filed a Section 337 complaint alleging patent infringement (U.S. Patent Nos. D712, 666, D712, 670, D751, 298, D712, 161, and D737, 058) against eight respondent parties.[11] On August 23, 2016, Cambria moved to terminate the investigation in its entirety based upon withdrawal of the complaint. On August 25, 2016, the ALJ granted the motion as the subject ID. On September 7, 2016, the Commission determined not to review the ID and the investigation was terminated.[12]

Quartz surface products from China are currently under antidumping and countervailing duty investigations in the United States. These investigations resulted from petitions filed with Commerce and the Commission by Cambria on April 17, 2018 alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized and LTFV imports of quartz surface products from China. On June 1, 2018 the Commission issued its preliminary determinations that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of quartz surface products from China that are alleged to be sold in the United States at LTFV and to be subsidized by the government of China.[13] On September 21, 2018, Commerce issued its affirmative preliminary determination that countervailable subsides are being provided to producers and exporters of quartz surface products from China.[14] On November 20, 2018, Commerce issued its affirmative preliminary determination that quartz surface products from China are being or are likely to be,

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[10] *Certain Quartz Slabs and Portions Thereof; Commission Determination Not To Review Initial Determinations Terminating the Investigation as to All Respondents; Termination of the Investigation*, 81 FR 78634, November 8, 2016.

[11] *Certain Quartz Slabs and Portions Thereof (II); Institution of Investigation*, 81 FR 54600, August 16, 2016.

[12] *Certain Quartz Slabs and Portions Thereof (II); Commission Decision Not To Review an Initial Determination Terminating the Investigation Based Upon Withdrawal of the Complaint; Termination of Investigation*, 81 FR 62919, September 13, 2016.

[13] *Quartz Surface Products from China*, 83 FR 26307, June 6, 2018.

[14] *Certain Quartz Surface Products from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination, and Alignment of Final Determination with Final Antidumping Duty Determination*, 83 FR 47881, September 21, 2018.

sold in the United States at LTFV.[15] On June 11, 2019 the Commission determined that the U.S. industry is materially injured by reason of imports of quartz surface products from China that Commerce, on May 23, 2019, determined are subsidized by the government of China and sold in the United States at LTFV.[16] The Commission is set to issue its views on or before July 8, 2019.

On February 14, 2019, the Petitioner filed a request for scope clarification with Commerce. In its request, the Petitioner requested Commerce clarify the scope to include "quartz glass"[17] products.[18] On February 26, 2019 Commerce accepted the petitioner's request for new factual information. Further, Commerce accepted comments from interested parties on March 6, 2019. After reviewing rebuttal briefs received from interested parties, on May 15, 2019, Commerce issued its recommendation to modify the scope to include quartz glass products with the addition of HTS subheading 7016.90.10.[19]

NATURE AND EXTENT OF ALLEGED SUBSIDIES AND SALES AT LTFV

Alleged subsidies

On June 3, 2019, Commerce published a notice in the *Federal Register* of the initiation of its countervailing duty investigations on quartz surface products from India and Turkey.[20] Commerce identified the following government programs in India:

- Duty Exemption/Remission Schemes
    - Advance Authorization Scheme ("AAS")

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[15] *Certain Quartz Surface Products from the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination,* 83 FR 58540, November 20, 2018.

[16] *Certain Quartz Surface Products from the People's Republic of China: Final Affirmative Countervailing Duty Determination, and Final Affirmative Determination of Critical circumstances*, 84 FR 23760, May 23, 2019; and *Certain Quartz Surface Products from the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value, and Final Affirmative Determination of Critical Circumstances*, 84 FR 23767, May 23, 2019.

[17] The scope of these current investigations on quartz surface products from India and Turkey, includes ''quartz glass", HTS subheading 7016.90.10.

[18] *Certain Quartz Surface Products from the People's Republic of China: Request for Scope Clarification, Enforcement and Compliance, Office of AD/CVD Operations*, February 14, 2019.

[19] *Certain Quartz Surface Products from the People's Republic of China: Final Scope Comments Decision Memorandum,* Melissa G. Skinner Director, Office II Antidumping and Countervailing Duty Operations, May 10, 2019.

[20] *Certain Quartz Surface Products from India and the Republic of Turkey: Initiation of Countervailing Duty Investigations*, 84 FR 25524, June 3, 2019.

    - Duty Free Import Authorization Scheme ("DFIA Scheme")
    - Duty Drawback Scheme ("DDB")
- Subsidies for Export Oriented Units ("EOUs")
    - Duty-Free Import of Goods, Including Capital Goods and Raw Materials
    - Reimbursements of Central Sales Tax ("CST") Paid on Goods Manufactured in India
    - Duty Drawback on Fuel Procured from Domestic Oil Companies
    - Exemption from Payment of Central Excise Duty on Goods Manufactured in India and Procured from a DTA
- Export Promotion of Capital Goods Scheme ("EPCGS")
- Pre-Shipment and Post-Shipment Export Financing
- Market Development Assistance ("MDA") Scheme
- Market Access Initiative ("MAI")
- Focus Product Scheme ("FPS")
- Status Certificate Program ("SCP")
- Special Economic Zones ("SEZs")
    - Duty-Free Importation of Capital Goods and Raw Materials, Components, Consumables, Intermediates, Spare Parts, and Packing Material
    - Exemption from Payment of CST on Purchases of Capital Goods and Raw Materials, Components, Consumables, Intermediates, Spare Parts, and Packing Material
    - Exemption from Electricity Duty and Cess on Electricity Supplied to a SEZ Unit
    - SEZ Income Tax Exemption
    - Service Tax Exemption
    - Exemption from Payment of Local Government Taxes and Duties, such as Sales Tax and Stamp Duties
- Incremental Exports Incentivisation Scheme
- Subsidies Under the Industrial Investment Promotion Policy ("IIPP")
    - Grant under the IIPP: 25 Percent Reimbursement of the Cost of Land in Industrial Estates and Development Areas
    - Grant under the IIPP: Reimbursement of Power at the Rate of Rs. 0.75 per Unit
    - Grant under the IIPP: 50 Percent Subsidy for Expenses Incurred for Quality Certification
    - Grant under the IIPP: 50 Percent Subsidy on Expenses Incurred in Patent Registration
    - Grant under the IIPP: 25 Percent Subsidy on Cleaner Production Measures
    - Tax Incentives under the IIPP: 100 Percent Reimbursement of Stamp Duty and Transfer Duty Paid for the Purchase of Land and Buildings and the Obtaining of Financial Deeds and Mortgages
    - Tax Incentives under the IIPP: 25 Percent Reimbursement on Value Added Tax ("VAT"), CST, and State Goods and Services Tax

    - Tax Incentives under the IIPP: Exemption from the SGAP Nonagricultural Land Assessment
    - Provision of Goods and Services for Less than Adequate Remuneration ("LTAR") under the IIPP: Provision of Infrastructure for Industries Located More than 10 Kilometers from Existing Industrial Estates or Development Areas
    - Provision of Goods and Services for LTAR under the IIPP: Guaranteed Stable Prices and Reservation of Municipal Water
- Subsidies provided by the Andhra Pradesh Industrial Investment Corporation ("APIIC")
    - APIIC's Allotment of Land for LTAR
    - APIIC's Provision of Infrastructure
- Provision of Quartz for LTAR
- Sales Tax Incentives

Commerce identified the following government programs in Turkey:

- Deductions from Taxable Income for Export Revenue
- Tax Incentives for Research and Development Activities
- Rediscount Credit Program
- Pre-Export Credit Program
- Post Shipment Rediscount Credit Program
- Foreign Trade Companies Short-Term Export Credits Program
- Specific Export Credit Program
- Investment Credit for Export
- Export-Oriented Business Investment Loan
- Credit Program for Participating to Overseas Trade Fairs
- Export Buyer's Credits
- Investment Incentives Program
    - General Investment Incentive Scheme
    - Regional Investment Incentive Scheme
- Regional Development Subsidies
    - Provision of Land for Less-than-Adequate Remuneration ("LTAR")
    - Exemption of Income Tax on Wages and Salaries
    - Exemption from Property Tax
- Research and Development Grants

Alleged sales at LTFV

On June 3, 2019, Commerce published a notice in the *Federal Register* of the initiation of its antidumping duty investigations on quartz surface products from India and Turkey.[21] Commerce has initiated antidumping duty investigations based on estimated dumping margins of 323.12 percent for quartz surface products from India and 85.71 percent for quartz surface products from Turkey.

Commerce's scope

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

> The merchandise covered by the investigations is certain quartz surface products. Quartz surface products consist of slabs and other surfaces created from a mixture of materials that includes predominately silica (e.g., quartz, quartz powder, cristobalite, glass powder) as well as a resin binder (e.g., an unsaturated polyester). The incorporation of other materials, including, but not limited to, pigments, cement, or other additives does not remove the merchandise from the scope of the investigations. However, the scope of the investigations only includes products where the silica content is greater than any other single material, by actual weight. Quartz surface products are typically sold as rectangular slabs with a total surface area of approximately 45 to 60 square feet and a nominal thickness of one, two, or three centimeters. However, the scope of these investigations includes surface products of all other sizes, thicknesses, and shapes. In addition to slabs, the scope of these investigations includes, but is not limited to, other surfaces such as countertops, backsplashes, vanity tops, bar tops, work tops, tabletops, flooring, wall facing, shower surrounds, fire place surrounds, mantels, and tiles. Certain quartz surface products are covered by the investigations whether polished or unpolished, cut or uncut, fabricated or not fabricated, cured or uncured, edged or not edged, finished or unfinished, thermoformed or not thermoformed, packaged or unpackaged, and regardless of the type of surface finish. In addition, quartz surface products are covered by the investigations whether or not they are imported attached to, or in conjunction with, non-subject merchandise such as sinks, sink bowls, vanities, cabinets, and furniture. If quartz surface products are imported attached to, or in conjunction with, such non-subject merchandise, only the quartz surface product is covered by the scope.

[21] *Certain Quartz Surface Products from India and the Republic of Turkey: Initiation of Less-Than-Fair-Value Investigations*, 84 FR 25529, June 3, 2019.

> Subject merchandise includes material matching the above description that has been finished, packaged, or otherwise fabricated in a third country, including by cutting, polishing, curing, edging, thermoforming, attaching to, or packaging with another product, or any other finishing, packaging, or fabrication that would not otherwise remove the merchandise from the scope of the investigations if performed in the country of manufacture of the quartz surface products. The scope of the investigations does not cover quarried stone surface products, such as granite, marble, soapstone, or quartzite. Specifically excluded from the scope of the investigations are crushed glass surface products. Crushed glass surface products must meet each of the following criteria to qualify for this exclusion: (1) The crushed glass content is greater than any other single material, by actual weight; (2) there are pieces of crushed glass visible across the surface of the product; (3) at least some of the individual pieces of crushed glass that are visible across the surface are larger than 1 centimeter wide as measured at their widest cross-section (Glass Pieces); and (4) the distance between any single Glass Piece and the closest separate Glass Piece does not exceed three inches.
>
> The products subject to the scope are currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under the following subheading: 6810.99.0010. Subject merchandise may also enter under subheadings 6810.11.0010, 6810.11.0070, 6810.19.1200, 6810.19.1400, 6810.19.5000, 6810.91.0000, 6810.99.0080, 6815.99.4070, 2506.10.0010, 2506.10.0050, 2506.20.0010, 2506.20.0080, and 7016.90.1050. The HTSUS subheadings set forth above are provided for convenience and U.S. Customs purposes only. The written description of the scope is dispositive.[22]

Tariff treatment

Based upon the scope set forth by the Department of Commerce, information available to the Commission indicates that the merchandise subject to these investigations is imported under the following provisions of the Harmonized Tariff Schedule of the United States ("HTS"): 2506.10.00, 2506.20.00, 6810.11.00, 6810.19.12, 6810.19.14, 6810.19.50, 6810.91.00, 6810.99.00, 6815.99.40, and 7016.90.10. The first two subheadings cover quartz that is in the form of a basic material; the provisions in chapter 68 cover building and flooring materials and other made-up articles in which quartz predominates by weight; and the provision in chapter 70 covers glass block products. The 2019 general rate of duty is free for HTS subheadings 2506.10.00, 2506.20.00, 6810.91.00, 6810.99.00, and 6815.99.40; 3.2 percent ad valorem for HTS subheading 6810.11.00; 3.9 percent for HTS subheading 6810.19.50; 4.9 percent for HTS

[22] *Certain Quartz Surface Products from India and the Republic of Turkey: Initiation of Less-Than-Fair-Value Investigations*, 84 FR 25529, June 3, 2019.

subheading 6810.19.12; 8 percent for HTS subheading 7016.90.10; and 9 percent for HTS subheading 6810.19.14. Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection. The designations of Turkey and India as beneficiary countries under the GSP were recently terminated, ending any eligibility for duty-free treatment.[23] [24]

THE PRODUCT

Description and applications[25]

Quartz surface products are a compacted stone composite building material used for countertop surfaces or aesthetic accents in residential, commercial, and industrial properties. Quartz surface products compete with quarried natural stone products, such as granite or marble. Demand for quartz surface products has grown due to its improved aesthetic appeal, durability, stain and scratch resistance, heat tolerance, and anti-microbial properties compared to granite and marble surface products. The visual appearance of quartz surface products has improved from a monochromatic surface to a surface that imitates natural stone patterns. The scope of these investigations covers both raw-material slabs and finished products.

Finished products include fabricated countertop surfaces, cut-to-size slabs used in the hospitality industry, and various other decorative products. Quartz surface products are utilized in commercial, residential, or industrial properties as countertops, tiles, bar surfaces, shower and tub surrounds, fireplace surrounds, walls, floors, bathroom vanities, and furniture surfaces. Quartz surface products may be further worked to meet customer specifications.

Unadulterated quartz surface products are white with fine particulates. Manufacturing advances improved the appearance of quartz surface products and enabled producers to make quartz surface products that mimic natural stone or have unique patterns.

Producers of quartz surface products invest in the development of new collections and designs to attract customers. These patterns require specialized machinery and design by teams of engineers whose end products are copyrighted as intellectual property. Figure I-1 shows several designed aesthetic and color options available to consumers of quartz surface products. Certain design patterns can be created by hand.

The scope of the petition includes surfaces products made from recycled glass, which are referred to as glass slabs. Glass slabs are comprised of 75 percent recycled glass and the remainder is some mixture of Portland cement and non-toxic pigment.[26] Glass and quartz are

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[23] Presidential Proclamation 9887 of May 20, 2019: To Modify The List of Beneficiary Developing Countries Under The Trade Act Of 1974 (84 Fed. Reg. 23425), effective May 17, 2019.

[24] Presidential Proclamation 9902 of May 31, 2019: To Modify the List of Beneficiary Developing Countries Under the Trade Act of 1974 (84 Fed. Reg. 26323), effective June 5, 2019.

[25] Unless otherwise noted, information in this section is based on *Investigation Nos. 701-TA-606 and 731-TA-1416 (Final): Quartz Surface Products from China—Staff Report*, INV-RR-048, May 31, 2019, pp. I-14-16.

[26] IceStone USA, "IceStone," https://icestoneusa.com/products/icestone/ (accessed June 5, 2019).

both comprised of silicon oxide. Glass slabs share similar physical characteristics and properties as quartz slabs, but glass slabs are more susceptible to breakage and staining.[27]

Figure I-1
Quartz surface products: Samples of quartz surface products surface patterns

Source: *Investigation Nos. 701-TA-606 and 731-TA-1416 (Final): Quartz Surface Products from China—Staff Report,* INV-RR-048, May 31, 2019, p. I-16.

[27] Countertop Guides, "Pros and Cons of Glass Countertops," https://countertopguides.com/guides/pros-and-cons-of-crushed-glass-countertops.html (accessed June 7, 2019).

Manufacturing processes[28]

Most domestically produced quartz surface products are made by using a patented production process and machinery developed by Breton S.p.A. of Italy ("Breton").[29] There is mixed usage of Breton and Chinese quartz slab production technology in Turkey and India.[30] Chinese manufacturing processes use a combination machinery and manual labor to produce quartz slabs with "marble-like" appearances.[31]

Quartz surface products are composed of three input ingredients: aggregates, binding agents, and additives. Aggregates account for 93 percent of the mass in a quartz surface.[32] The aggregate materials are quartz and silica minerals. The quartz and silica come from siliceous natural stone materials or man-made materials, such as glass or ceramic materials.[33] The binding agent used in quartz surface products is a polymer resin. Additives make surfaces more aesthetically appealing by allowing quartz surface products to exhibit various colors or patterns. Additives are other stone materials for pigmentation or larger particles of glass or metal flecks for visual effect.

As shown in figure I-2, non-fabricated slabs of quartz surface products are manufactured in a nine-step process. Slabs are then transformed into fabricated quartz surface products through the fabrication process.

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[28] Unless otherwise noted, information in this section is based on *Investigation Nos. 701-TA-606 and 731-TA-1416 (Final): Quartz Surface Products from China—Staff Report,* INV-RR-048, May 31, 2019, pp. I-16-21.

[29] Several smaller U.S. quartz slab producers do not use Breton technology. Conference Transcript p. 192 (Thesing).

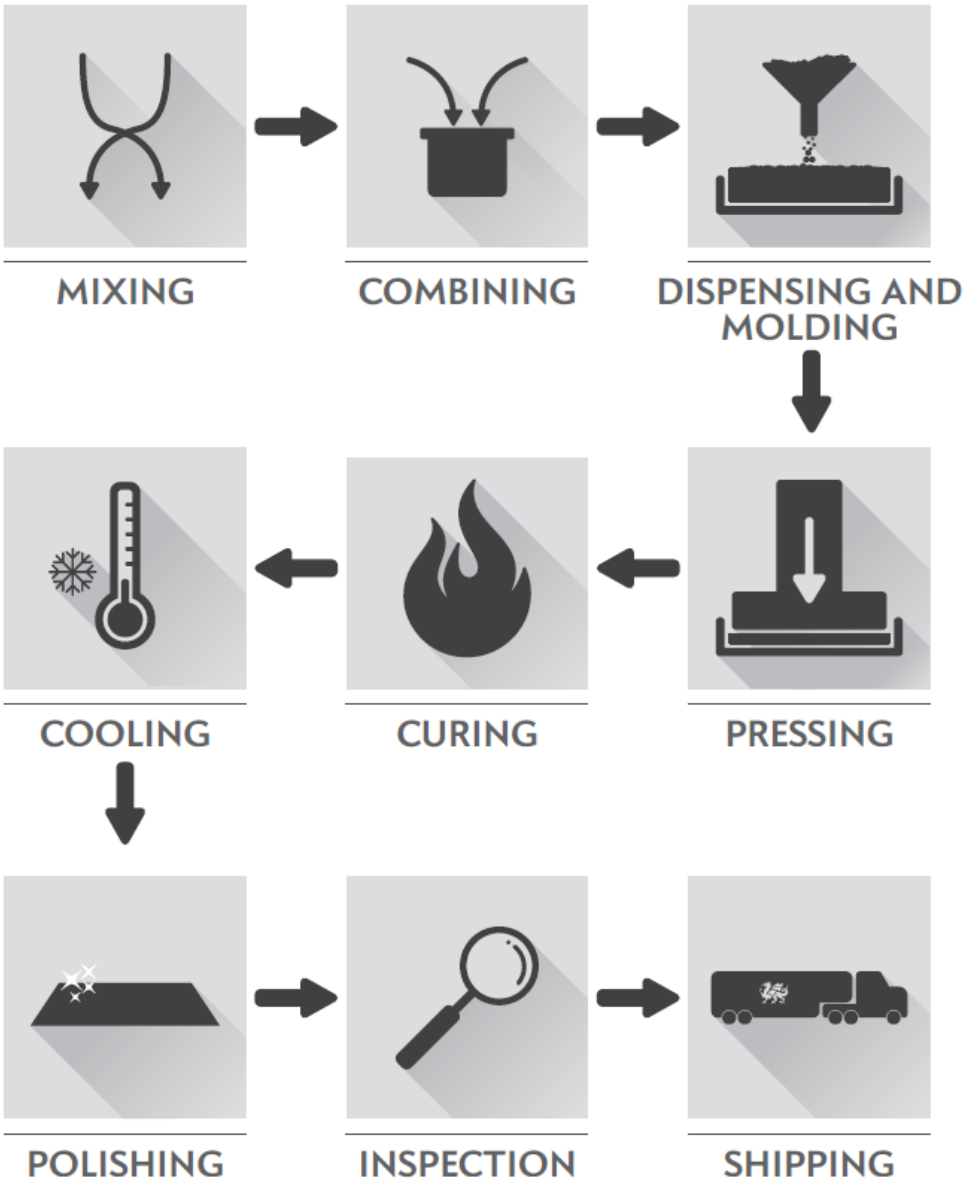
[30] Conference transcript, p. 133 (Shah).

[31] Conference transcript, p. 161 (Shah).

[32] CaesarStone, "CaesarStone Quartz Surfaces: Fastest Growing Choice For Stylish, Durable, Kitchen & Bathroom Countertops," Newsroom, March 27, 2006, http://www.caesarstoneus.com/newsroom/press-releases/caesarstone-quartz-surfaces-fastest-growing-choice-for-stylish-durable-kitchen-bathroom-countertops/ (accessed June 3, 2019).

[33] Quartz and silica materials are plentiful, constituting 12 percent of the Earth's crust. Mottana, Annibale, Rodolfo Crespi, and Giuseppe Liborio, *Simon & Schuster's Guide to Rocks and Minerals*, edited by Martin Prinz, George Harlow, and Joseph Peters. New York, NY: Simon and Schuster, 1978, pp. 244-246.

Figure I-2
Quartz surface products: Not fabricated slab manufacturing process schematic



Source: *Investigation Nos. 701-TA-606 and 731-TA-1416 (Final): Quartz Surface Products from China—Staff Report,* INV-RR-048, May 31, 2019, p. I-18.

Mixing and combining

Before use, the aggregate materials are crushed down to various particle sizes. Particle size impacts the aesthetic texture of the end product. Fine particles create a smooth quartz surface; whereas, large particles create a surface with visible crystal structures.

Each end product has a unique formula that is pre-programmed into the production line. The automated system then extracts the raw materials from storage and transports them to the mixing system. The mixing system blends all of the ingredients into a consistent mixture, resembling damp sand.[34]

Dispensing, molding, and pressing

Next, the blended mixture is dispensed into a rubber mold. The rubber mold is passed through a distributing mechanism that shapes and forms the mixture into the desired dimensions. The distributing mechanism utilizes continuous weight control to ensure an even distribution.

The shaped mixture is then transported to the pressing operations. The material is placed into a vacuum-sealed chamber with a vibration system. Shaking the mixture removes gases from the slab that would otherwise weaken the structural integrity of the finished slab. The material is simultaneously compacted and shaken to the desired density to form a slab.

Curing and cooling

After compression, the slab is then baked at 90 degrees Celsius for 45 minutes.[35] The baking process hardens the slab to form the solid quartz surface. Next, the slab is air cooled in a storage area for 24 hours.

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[34] Granite Countertops Seattle, "Manufacturing Process of Quartz," July 5, 2015, https://www.granitemarblewa.com/the-manufacturing-process-of-quartz/ (accessed June 3, 2019).

[35] Aggranite Quartz Countertops, "About," https://www.aggranitequartz.com/about (accessed June 3, 2019).

Polishing and inspection

After cooling, the slabs are measured, calibrated, and further worked to ensure they meet the desired dimensions. Disk and milling drills sand-off excess material. The company's logo and other identifying information are then stamped onto the bottom of the slab. After the slab is machine polished, the final product is examined for quality-control purposes. The final inspection checks for condition, shine, tone, color, aspect, and size. After final inspection, the finished slabs are sent either to a warehouse for storage or to a workshop to be cut to customer specifications.

Fabrication process

The fabrication process transforms slabs of quartz surface products into products ready for installation. According to respondents, there are at least 10,000 fabricators operating in the United States. Independent fabricators contend that, taken together, the independent fabrication industry has substantial equipment, labor, and expertise.

The following information details the transformation process from slab into fabricated products:

A field technician gathers the dimensional measurements to create the design. Design technicians adjust the design to meet customer specifications regarding features like the type of edge, desired configuration, various cutouts and openings, and the backsplash of the surface. The file is then sent to the production facility. The design is imposed onto a quartz slab to fabricate pieces that match the desired end products.

Next, machines are programmed so that the tools are assigned paths for diamond-edged saw and water jet cutting. Computer networked control ("CNC") routers are programmed to cut edges and cutouts for sinks and faucets.

Quartz slabs are pulled from inventory and moved to the cutting operation. The diamond blade saw cuts straight lines and waterjets cut arcs and circles into the slab. Cut parts are removed. After the saw and waterjet cutting, the CNC router machining begins by utilizing a crane, lasers, and vacuum cups to position the section for grinding and finishing operations on the edges and cutouts. The finished product is polished and detailed to ensure readiness for installation. The fabricated product is then ready for transportation.

DOMESTIC LIKE PRODUCT ISSUES

The Petitioner argued that the Commission should define a single domestic like product, co-extensive with the scope of these investigations, including quartz surface products in the upstream slab form as well as quartz surface products in the fabricated downstream form.[36] [37]

For the purpose of a preliminary determination, the joint respondents agreed with the single domestic like product.[38] Joint respondents contend that there is a single domestic industry comprised of slab producers and fabricators.[39]

Appendix E presents a summary of U.S. producers' and importers' responses to the comparability of in-scope crushed glass quartz surface products versus all other in-scope quartz surface products.

[36] Petitioner's postconference brief, p. 5.

[37] The Petitioner notes that in-scope glass products are part of the single domestic like product which only began to be produced in significant volumes following the Commission's and Commerce's investigations on Quartz Surface Products from China. Petitioner's postconference brief, pp. 7-8.

[38] Conference transcript, p. 170 (Mendoza and Levinson); and Joint Respondents (Hogan Lovells) postconference brief, p. 4.

[39] Conference transcript, pp. 171-172 (Mendoza and Stoel); Joint Respondents (Hogan Lovells) postconference brief, pp. 3-6; and Joint Respondents (Harris Bricken) postconference brief, p. 10.

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

U.S. MARKET CHARACTERISTICS

Quartz surface products are used in various interior hard surface applications including countertops, vanities, flooring, tiles, and other applications.[1] Quartz surface products are a high performing, durable, and low maintenance interior surface product.[2]

Overall, apparent U.S. consumption in 2018 was *** percent higher than in 2016. U.S. demand for quartz surface products has increased as producers of quartz surface products continue to produce products with more diverse colors and aesthetic designs, which allow for unique appearances or realistic natural appearances that closely resemble, and better compete with, natural granite or natural marble. The majority of responding firms (all six U.S. producers and 50 of 63 importers) indicated that there have been significant changes in the product range, product mix, or marketing of quartz surface products since January 1, 2016. Firms reported an increase in the variety of colors and designs, an increase in the number of available brands, increased preference for quartz surface products, and larger slab sizes. Several firms stated that consumer demand has shifted away from granite-looking colors and designs to quartz surface products that mimic marble.[3] Firms also reported a consumer shift away from traditional darker or exotic granite colors to softer whites, greys, and creams.[4]

CHANNELS OF DISTRIBUTION

Quartz surface products are sold to distributors, fabricators and retailers, contractors and builders, and to end users. The vast majority of U.S. producers' and importers' U.S. commercial shipments were sold to fabricators and retailers, as shown in table II-1. In 2018, over three-fourths of U.S. producers' commercial shipments were to fabricators and retailers, while *** percent were to distributors. U.S. producers shipped *** of their U.S. commercial shipments to contractors and builders, and shipments to end users represented *** percent of shipments in the same time period. Subject U.S. importers shipped *** percent of subject quartz surface products to fabricators and retailers and *** percent to distributors in 2018. Contractors and builders were *** percent of subject U.S. commercial shipments, and *** percent of subject imports were shipped to end users in 2018.

[1] Petition, vol. 1, p. 7.
[2] Petition, vol. 1, pp. 6-7.
[3] U.S. producer *** noted that quartz is replacing natural stone.
[4] Importer *** noted that more simple white and gray offerings are available to meet builder needs.

Table II-1
Quartz surface products: U.S. producers' and importers' U.S. commercial shipments, by sources and channels of distribution, 2016-18

* * * * * * *

Parties discussed market segmentation for quartz surface products, however, parties did not uniformly define these segments. While parties and some importer firm responses indicated that there is a builder grade and a high-end grade, Joint Respondents contend that the U.S. quartz market is segmented with minimal overlap between the high-end and the mass market, and that Cambia has chosen to exclusively serve the high-end market.[5] The mass market includes neutral colors that are marketed to higher volume, institutional customers, while the high-end segment focuses on specialty colors and designs.[6] Cambria argues that it has a significant presence in the commercial market.[7]

GEOGRAPHIC DISTRIBUTION

U.S. producers and importers reported selling quartz surface products to all specified U.S. regions (table II-2). All U.S. producers reported shipping to the Northeast, Southeast, and Central Southwest. Almost all U.S importers reported shipping to the Southeast, and over half reported serving the Central Southwest. For U.S. producers, *** percent of sales were within 100 miles of their production facility, *** percent were between 101 and 1,000 miles, and *** percent were over 1,000 miles. Importers sold *** percent within 100 miles of their U.S. point of shipment, *** percent between 101 and 1,000 miles, and *** percent over 1,000 miles.

Table II-2
Quartz surface products: Geographic market areas in the United States served by U.S. producers and importers

Region	U.S. producers	India	Turkey	Subject U.S. importers
Northeast	5	11	4	15
Midwest	4	12	4	16
Southeast	6	20	5	25
Central Southwest	5	13	5	18
Mountains	4	13	5	18
Pacific Coast	4	12	6	18
Other[1]	3	6	3	9
All regions (except Other)	4	8	4	12
Reporting firms	6	27	7	34

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

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

[5] Joint Respondents' postconference brief, pp. 15-18.
[6] Joint Respondents' postconference brief, p. 15.
[7] Petitioner's postconference brief, p. 18.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. supply

Table II-3 provides a summary of the supply factors regarding quartz surface products from U.S. producers and from subject countries. Both U.S. and foreign producers increased capacity in response to growing demand for quartz surface products. Capacity grew rapidly in subject countries, with subject capacity increasing by *** percent from 2016 to 2018. In the same time frame, U.S. capacity increased by *** percent.

Table II-3
Quartz surface products: U.S. and foreign industry factors that that affect the ability to increase shipments to the U.S. market

	Capacity (1,000 square feet))		Capacity utilization (percent)		Ratio of inventories to total shipments (percent)		Shipments by market, 2018 (percent)		Able to shift to alternate products
Country	2016	2018	2016	2018	2016	2018	Home market shipments	Exports to non-U.S. markets	No. of firms reporting "yes"
United States	***	***	***	***	***	***	***	***	1 of 6
India	***	***	***	***	***	***	***	***	1 of 22
Turkey	***	***	***	***	***	***	***	***	0 of 3

Note.--Responding U.S. producers accounted for virtually all of U.S. production of quartz surface products in 2018. Responding foreign producer/exporter firms accounted for virtually all of U.S. imports of quartz surface products from India and Turkey during 2018. For additional data on the number of responding firms and their share of U.S. production and of U.S. imports from each subject country, please refer to Part I, "Summary Data and Data Sources."

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

Domestic production

Based on available information, U.S. producers of quartz surface products have the ability to respond to changes in demand with large changes in the quantity of shipments of U.S.-produced quartz surface products to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the increased availability of unused capacity and growing inventories, as well as some ability to shift shipments from alternate markets. A factor mitigating responsiveness of supply is limited ability to shift production to or from alternate products.

U.S. producers' capacity and production of quartz surface products increased from 2016 to 2018,[8] while capacity utilization decreased as the domestic industry's capacity additions outpaced production.[9] The moderate level of capacity utilization suggests that domestic

[8] U.S. producer ***.

[9] Petitioner notes that capacity for ***. Petitioner's postconference brief, p. 15. Joint Respondents argue that *** low capacity utilization is an anomaly in the market, and that U.S. producers LG and

producers may have the ability to increase production of quartz surface products in response to an increase in prices. U.S. producers' inventory levels also increased over the period. Virtually all U.S. producers' commercial shipments came from inventory, with only *** percent of sales produced to order. Domestic producers' exports as a percentage of total shipments also increased. Three U.S. producers indicated *** as a major export market, and other major export markets included ***. *** of the six domestic producers reported they were not able to switch production from quartz surface products to other products.[10]

Subject imports from India

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

From 2016 to 2018, Indian capacity of quartz surface products increased by *** percent, while production grew by *** percent. Thus, capacity utilization fell from *** percent to *** percent. Indian producers also have the ability to shift shipments from other markets to the U.S. market, as Indian producers shipped *** square feet of quartz surface products to other markets in 2018. Other major export markets included Europe, Canada, and the Middle East. Indian producers reported no trade actions against Indian quartz surface products in other countries. Almost all responding foreign producers reported that they cannot produce other products on the same equipment as quartz surface products.[11]

Subject imports from Turkey

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

Turkish producers' quartz surface product capacity increased substantially from 2016 to 2018, from *** million square feet to *** million square feet, an increase of *** percent. Capacity utilization declined over the period as production levels did not increase at the same rate as capacity. Turkish producers' inventories also increased over the period by *** percent. Turkish producers have the ability to shift shipments from other markets to the United States,

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Caesarstone have not been able to supply *** quartz during the period of investigation. Joint Respondents' postconference brief, p. 14.

[10] *** stated that it could switch production ***.

[11] All Indian producers except for *** reported that they could not switch production. *** noted that it was able to use ***.

as Turkish producers shipped *** square feet of quartz surface products to other markets in 2018. Turkish producers listed Canada, Europe, and the Middle East as other major export markets. Turkish producers reported no other trade actions against Turkish imports of quartz surface products. All of the responding Turkish producers reported that they were unable to switch production to other products. ***.

Imports from nonsubject sources

Nonsubject imports accounted for 90.0 percent of total U.S. imports in 2018. The largest sources of nonsubject imports during 2016 to 2018 were China (53 percent of total imports), Spain (15 percent), Israel (8 percent), Canada (5 percent), Vietnam (4 percent), and Italy (2 percent). Combined, these countries accounted for 94.5 percent of nonsubject imports in 2018.

Supply constraints

Two of six responding U.S. producers indicated that they had supply constraints over the period of investigation. U.S. producer and importer *** stated that before its ***, and U.S. producer and importer *** reported ***. U.S. importers also noted supply constraints, with 34 of 63 importers responding that there had been supply constraints since 2016. Of these 34 responses, 19 importers cited the Chinese antidumping and countervailing duty investigations on quartz surface products as the cause of the supply constraints.[12] Other firms mentioned that demand was outpacing supply. Three importers cited issues with U.S. producers as the main supply constraints.[13]

U.S. demand

Based on available information, the overall demand for quartz surface products is likely to experience moderate changes in response to changes in price. The main contributing factors are the availability of substitute products and the large cost share of quartz surface products in most of its end-use products.

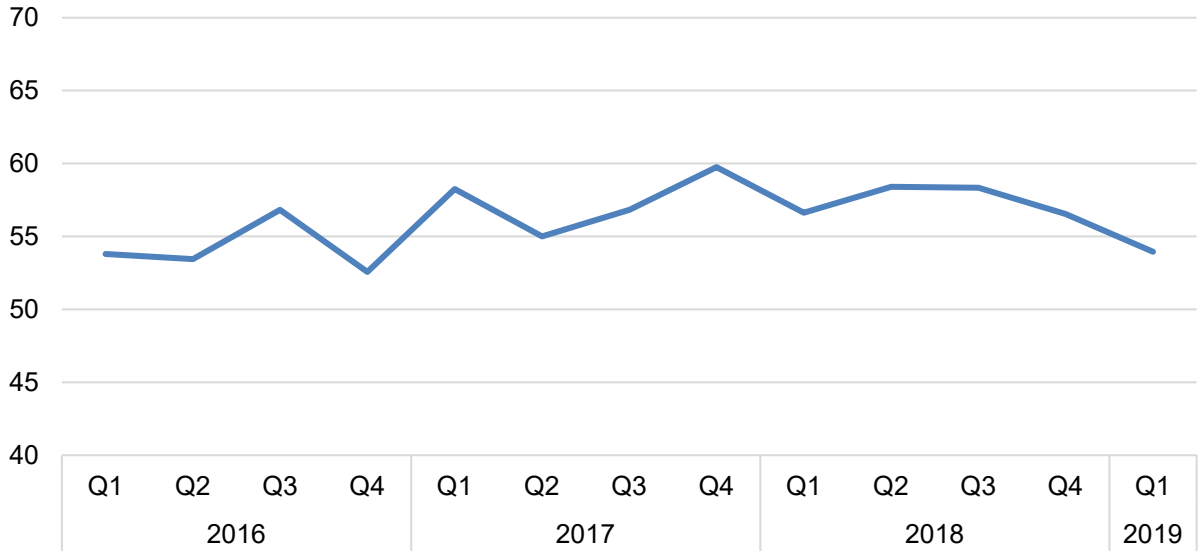
U.S. demand for quartz surface products is driven by remodeling and construction. From 2016 to 2018, remodeling activity fluctuated while construction activity increased. As shown in figure II-1, the remodeling market index ("RMI") fluctuated during 2016-2018, increasing overall by 5.1 percent from Q1 2016 to Q4 2018. The RMI was generally stable in 2016, beginning at 54 in the first quarter and declining slightly to 53 in the fourth quarter. During 2017, the RMI was higher in each subsequent quarter, and it reached the period high peak of 60 in the fourth quarter. In 2018, the RMI fluctuated, beginning and ending at 57. The RMI declined to 54 in the first quarter of 2019, the last period in which data are available.

[12] A total of 53 importers reported importing Chinese quartz surface products from 2016 to 2018, including these 19 importers.

[13] Importers *** and *** both stated that *** was unable to supply them at certain times over the period of investigation. Importer *** listed *** as having limited supply since 2016.

Figure II-2 shows monthly new housing starts which increased by 2.5 percent overall from 1.11 million in January 2016 to 1.14 million in December 2018. New housing starts fluctuated slightly over this period, peaking in January 2018 with 1.3 million new housing units. Over 2019, new housing starts have declined by 4.3 percent from 1.3 million in January 2019 to 1.2 million in April 2019, the last period in which data are available.

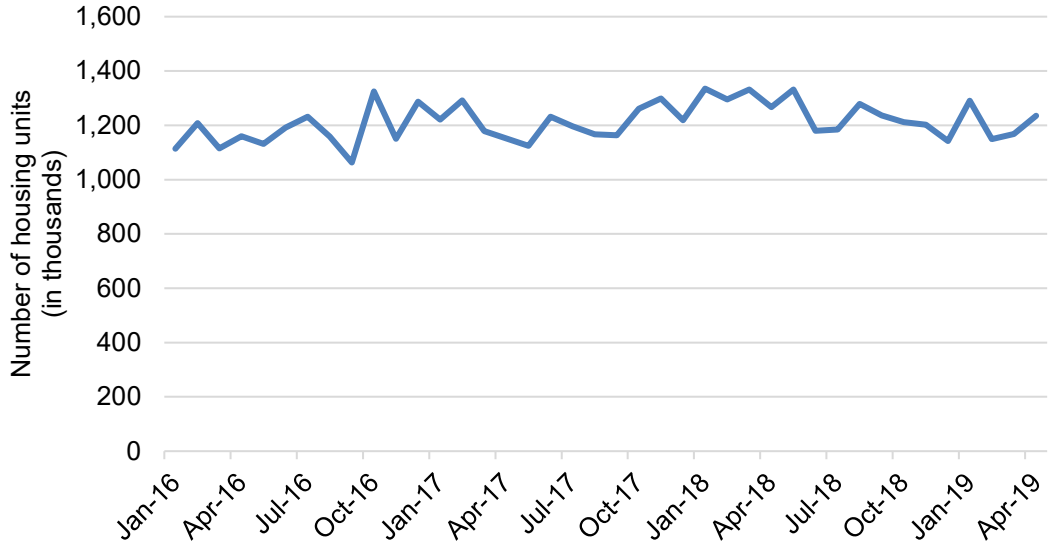
Figure II-1
Homeowner improvements: Remodeling market index, seasonally adjusted, January 2016-January 2019



Note.--An index of greater than 50 indicates an increase in remodeling activity. The largest numbers indicate the greatest rate of increase.

Source: National Association of Home Builders, Remodeling Market Index, Table 1, http://www.nahb.org/en/research/housing-economics/housing-indexes/remodeling-market-index.aspx, retrieved June 4, 2019.

Figure II-2
Housing: Seasonally adjusted new housing starts, monthly, January 2016-April 2019



Source: U.S. Census Bureau. https://www.census.gov/construction/nrc/historical_data/index.html, retrieved June 4, 2019.

End uses and cost share

The vast majority of quartz surface products are used for countertops in kitchens, bathrooms, and commercial applications. Other reported end uses include vanities, flooring, tiles, shower walls and pans, window sills, fireplaces, and wall cladding.

Quartz surface products frequently account for a large share of the cost of the end-use products in which it is used. Estimated cost shares for quartz surface products in countertops averaged *** percent, with estimates ranging from *** percent to *** percent.

Business cycles

The majority of U.S. producers and importers stated that the quartz surface products market was not subject to business cycles. Two of six U.S. producers and 18 of 61 importers indicated that the market was subject to business cycles. The firms that reported that quartz surface products were subject to a business cycle cited the construction and remodeling cycle that typically slows down in winter months.[14]

The majority of U.S. producers and importers also reported that the quartz surface products market was not subject to distinct conditions of competition. Two of six U.S. producers and 13 of 61 importers indicated that the market was subject to distinct conditions of competition. Firms cited the market's reaction to the China antidumping and countervailing duty investigations and the increase in demand due to hotels and multi-family developments.

[14] There was some disagreement amongst firms as to the peak construction months. *** stated February to October as peak months while *** stated that February to June are slower months due to vacations.

Demand trends

Almost all firms reported an increase in U.S. demand for quartz surface products since January 1, 2016 (table II-4). Firms noted that more colors and designs were now available, and that quartz surface products were displacing natural stone types. Firms also reported that consumer awareness of quartz surface products and market acceptance have accelerated demand for the product, and that consumers are perceiving quartz surface products as a better product than other solid surfaces. Quartz is reported as the top countertop option in the mass market, overtaking granite.[15] Importer *** noted that lower end quartz products have been a "boon" to quartz surface products and described quartz surface products as a "high growth category." Importer *** also stated that increased availability of colors and designs has increased demand.

Table II-4
Quartz surface products: Firms' responses regarding U.S. demand and demand outside the United States

Item	Increase	No change	Decrease	Fluctuate
Demand in the United States				
U.S. producers	6	---	---	---
Importers	55	2	4	1
Demand outside the United States				
U.S. producers	3	---	---	2
Importers	25	4	---	4

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

Substitute products

Substitutes for quartz surface products include natural stones like marble, granite, and quartzite. Most U.S. producers (5 of 6 responding) and importers (47 of 61 responding) reported that there were substitutes for quartz surface products. Almost all U.S. producers stated that quartzite was a substitute for quartz surface products, while four U.S. producers also indicated marble and granite as substitutes. Of the 47 importers (out of 61 importers) that reported affirmatively, all 47 importers stated that granite was a substitute, 41 indicated marble, and 40 reported quartzite as substitutable for quartz surface products. Importer *** stated that granite prices have dropped, and that quartz products with similar looks to granite are competitively priced to compete with granite. The majority of responding firms indicated that changes in the prices of marble, granite, and quartzite do not affect the price for quartz surface products.

Joint Respondents argue that the shift from granite to quartz in the mass market accounts for the overall growth in the quartz surface products market. According to Joint Respondents, prior to 2014, low-priced granite dominated the mass market for surfaces, and during the period of investigation there was a shift to quartz surface products. However, Joint

[15] Conference transcript, p. 18 (Traxler).

Respondents state that the mass market has begun to shift back to granite since the preliminary duties on quartz surface products on China were put in place.[16]

Four of five U.S. producers and 25 of 56 importers reported that there were substitutes for quartz surface products other than marble, granite, and quartzite. Other reported substitutes include cement, concrete, porcelain, crushed glass, limestone, laminate, stainless steel, and wood. Importer *** noted that porcelain is a relatively new product in the market place, and that crushed glass countertops are increasing in the market and competing with quartz countertops. Importer *** stated that other substitutes are not "trendy" and do not affect the price of quartz surface products. However, importer *** reported that other substitutes act as a price cap for quartz surface products.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported quartz surface products depends upon such factors as relative prices, quality (e.g., grade standards, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, reliability of supply, product services, etc.). Based on available data, staff believes that there is a moderate-to-high degree of substitutability between domestically produced quartz surface products and quartz surface products imported from subject sources.[17]

Lead times

The overwhelming majority of quartz surface products are sold from inventory. U.S. producers reported that *** percent of their commercial shipments were from inventories, with lead times ranging from *** to *** days. The remaining *** percent of U.S. producers' commercial shipments were produced-to-order, with lead times of *** days.[18] Importers also reported selling from inventories, with *** percent of commercial shipments coming from inventories, and lead times ranging from *** to *** days. The remaining commercial shipments were produced-to-order and lead times for these sales ranged from *** to *** days.

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[16] Joint Respondents' postconference brief, p. 16.

[17] Many importers reported that domestic and subject quartz surface products were not interchangeable due to differences in color offerings, quality, and market segment which each source targeted. According to importers' responses regarding interchangeability and factors other than price, domestic quartz surface products are considered luxury or high-end, while subject quartz surface products are more commonly used in mass market applications. Importers reported that domestic producers offered different color varieties. However, U.S. producers and importers reported that the type of sale, end uses, and lead times between domestic and subject quartz surface products were similar and purchasers reported that price was the second most important factor in their purchasing decisions.

[18] U.S. producer *** reported that *** percent of its commercial shipments were made to order; it was the sole producer that reported its commercial shipments were produced-to-order.

Factors affecting purchasing decisions

Purchasers responding to lost sales lost revenue allegations[19] were asked to identify the main purchasing factors their firm considered in their purchasing decisions for quartz surface products. The most often cited top three factors firms consider in their purchasing decisions were quality (15 firms), price (11 firms), and color/design (5 firms), as shown in table II-5. Quality was the most frequently cited first-most important factor (cited by 10 firms), followed by price (2 firms).

Table II-5
Quartz surface products: Ranking of factors used in purchasing decisions as reported by U.S. purchasers, by factor

Item	1st	2nd	3rd	Total
	Number of firms (number)			
Price / Cost	3	5	4	12
Quality	10	4	1	15
Availability / Supply	---	1	2	3
Color / Design	1	2	2	5
All other factors	3	4	7	NA

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

Comparison of U.S.-produced and imported quartz surface products

In order to determine whether U.S.-produced quartz surface products can generally be used in the same applications as imports from India and Turkey, U.S. producers and importers were asked whether the products can always, frequently, sometimes, or never be used interchangeably. As shown in table II-6, the results were varied. U.S. producers generally reported that domestic and subject quartz surface products are always interchangeable while importers reported varying responses regarding interchangeability between domestically produced and subject quartz surface products. U.S. producer *** noted that quality standards and price differences can limit interchangeability.

The majority of importers (21 of 48 firms) reported that quartz surface products from the United States and India were sometimes interchangeable, while 13 firms reported that they were always interchangeable, 11 firms reported they were frequently interchangeable, and 3 firms reported they were never interchangeable. When assessing the interchangeability between the United States and Turkey, 11 importers reported they were always interchangeable, 10 reported they were sometimes interchangeable, and 6 reported they were frequently interchangeable. Importer *** stated that subject countries produce colors not available domestically, and *** echoed this claim reporting that color offerings between countries were different. Importer *** reported that low-end products are more

[19] This information is compiled from responses by purchasers identified by staff. Petitioner was unable to identify specific purchasers to which it alleged lost sales and lost revenues by reason of subject imports. See Part V for additional information.

interchangeable than high-end or premium products as high-end products require a different production process and equipment to achieve higher quality. Importers *** and *** noted that Cambria is often perceived and marketed as a luxury product, and *** went on to say that subject quartz surface products are intended for interior countertops while Cambria markets its quartz for wall, floor, and countertop applications.[20]

Table II-6
Quartz surface products: Interchangeability between quartz surface products produced in the United States and in other countries, by country pair

Country pair	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
United States vs. India	4	1	1	---	13	11	21	3
United States vs. Turkey	4	1	1	---	11	6	10	---
India vs. Turkey	3	---	1	---	11	4	10	1
United States vs. Other	4	1	1	---	13	7	26	1
India vs. Other	3	---	1	---	12	6	16	1
Turkey vs. Other	3	---	1	---	10	6	11	---

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

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

In addition, U.S. producers and importers were asked to assess how often differences other than price were significant in sales of quartz surface products from the United States, subject, or nonsubject countries. As seen in table II-7, the results differ between U.S. producers and importers. Most U.S. producers reported that factors other than price were never important when considering either domestically produced or subject quartz surface products. U.S. Producer *** reported that it differentiates itself from other market participants based on design offerings but that these designs are often copied and customers choose products based on price. U.S. producer *** also commented that customers prioritize design along with quality and warranties.

Importers reported that factors other than price were always (17 of 45 firms) or sometimes (17 firms) important when considering U.S. and Indian quartz surface products. Nine importers also reported that factors other than price were sometimes important when comparing U.S. and Turkish quartz surface products, while five importers reported that these factors were frequently important, and four importers reported they were always important. Importers' responses indicated that color and design were important factors other than price.[21] Other responses included availability of product as an important factor, with importer *** noting that U.S. capacity is limited, and importer *** stated that its main issues is availability. Some importers also stated that they could not access domestic quartz surface products as U.S. producers will not sell to them; importers *** stated that U.S. producers do not allow them to

[20] In its response to factors other than price, importer *** touched upon the limited interchangeability between domestic and subject quartz surface products. *** stated that Cambria uses wholly owned and independent distributors that are trained to sell Cambria as a luxury good, whereas foreign produced quartz surface products are targeted at the mid-to-lower end segments.

[21] Importers *** cited color and aesthetics as important factors other than price.

market U.S. produced quartz surface products and instead U.S. producers work with specific distributors for each market or they market themselves. Importer *** also said Cambria refused to sell to them and that Cambria did not have the same offerings as other firms.

Table II-7
Quartz surface products: Significance of differences other than price between quartz surface products produced in the United States and in other countries, by country pair

Country pair	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
United States vs. India	1	---	2	3	17	7	17	4
United States vs. Turkey	1	---	2	3	4	5	9	3
India vs. Turkey	---	---	2	2	4	4	10	3
United States vs. Other	1	---	2	3	16	7	15	7
India vs. Other	---	---	2	2	9	4	15	5
Turkey vs. Other	---	---	2	2	5	4	11	4

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

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

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

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the subsidies and dumping margins were presented in *Part I* of this report and information on the volume and pricing of imports of the subject merchandise is presented in *Part IV* and *Part V*. Information on the other factors specified is presented in this section and/or *Part VI* and (except as noted) is based on the questionnaire responses of four firms that accounted for the vast majority of U.S. engineered quartz slab production during 2018. Two additional firms, ***, also submitted U.S. producer questionnaires.[1]

U.S. PRODUCERS

The Commission issued a U.S. producer questionnaire to six firms based on information contained in the petition, Caesarstone USA, Inc. ("Caesaerstone"), Cambria, Dal-Tile, Estone USA Corporation ("Estone"), LG Hausys America, Inc. ("LG"), and USA Quartz provided usable data on their productive operations. Staff believes that these responses represent the vast majority of U.S. production of quartz surface products.

Table III-1 lists U.S. producers of quartz surface products, their production locations, positions on the petition, and shares of total reported production in 2018.

Table III-1
Quartz surface products: U.S. producers of quartz surface products, their positions on the petition, production locations, and shares of reported production, 2018

Firm	Position on petition	Production location(s)	Share of production (percent)
Caesarstone	***	Richmond Hill, Georgia	***
Cambria	Petitioner	Le Sueur, MN Belle Plaine, MN Greenfield, IN Thousand Palms, CA Kent, OH	***
Dal-Tile	***	Dickson, TN	***
Estone	***	Sebring, FL.	***
LG	***	Adairsville, GA Adairsville, GA	***
USA Quartz	***	Jacksonville, FL	***
Total			100.0

Note.—***.

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

[1] *** U.S. producer questionnaire responses, section II-2a.

Table III-2 presents information on U.S. producers' ownership, related and/or affiliated firms of quartz surface products.

Table III-2
Quartz surface products: U.S. producers' ownership, related and/or affiliated firms

* * * * * * *

As indicated in table III-2, *** is related to an *** producer of the quartz surface products and *** is related to a U.S. importer of quartz surface products. In addition, as discussed in greater detail below, *** directly import the quartz surface products and *** also purchases quartz surface products from U.S. importers.[2]

Table III-3 presents important industry events for quartz surface products since January 1, 2016.

[2] ***. *** U.S. producer questionnaire response, section II-12.

Table III-3
Quartz surface products: important industry events, since January 1, 2016

Date		Company / Item	Action
Year	Month		
2017	May	Cambria	Reduced the amount production days from seven to five. Cambria lay off 200 production employees.[1]
2017	June	Dal-Tile	Announced plans to open a second factory in Dickson, Tennessee.[2]
2018	January	USA Quartz	USA Quartz LLC purchased land in Jacksonville, Florida to produce commercial and residential quartz slabs.[3]
2018	September	Dal-Tile	Dal-Tile announced it was hiring to fill 100 new jobs to at the Dickson, Tennessee Dal-Tile facility.[4]
2018	September	LG	Announced plans to install a third production line. This third line will be operational in December 2019. It will increase capacity from 700,000 to 1,050,000 square meters.[5]
2019	January	USA Quartz	USA Quartz began production operations at its new slab facility in Jacksonville, Florida.[6]
2019	January	American Quartz Worker Coalition	The American Quartz Worker Coalition organized and launched in opposition to Cambria and the imposition of trade restrictions on imported quartz.[7]
2019	February	Dal-Tile	Dal-Tile began production operations at its new slab facility in Dickson, TN. Production is expected to reach peak volume by 2020.[8]
2019	May	Cambria	Cambria filed separate petitions for quartz surface products from India and Turkey.[9]
2019	May	Spectrum Quartz	Spectrum Quartz (part of the Hirsch Glass Corporation) plans to open a new production facility in Latta, South Carolina in late 2019.[10]

Notes continued on next page.

Table III-3—Continued
Quartz surface products: Important industry events, since January 1, 2016

[1] Conference Transcript, p. 34 (Shinderlar).

[2] Gadd, Chriss. "Dal-Tile Doubles down on Dickson: Product Revealed for Second Plant." Tennessean. October 24, 2017. Accessed May 15, 2018. https://www.tennessean.com/story/news/local/dickson/2017/10/24/dal-tile-doubles-down-dickson-product-revealed-second-plant/791137001/.

[3] Mathis, Karen Brune. "USA Quartz buys Imeson warehouse; Burlock and Barrel building out in Brooklyn." Jacksonville Daily Record. January 11, 2018. Accessed April 8, 2019. https://www.jaxdailyrecord.com/article/usa-quartz-buys-imeson-warehouse-burlock-and-barrel-building-out-in-brooklyn.

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[5] Song-hoon, Lee. "LG Hausys to Expand Engineered Stone Production Line in the U.S." Business Korea. September 11, 2018. http://www.businesskorea.co.kr/news/articleView.html?idxno=24969.

[6] Email from USA Quartz LLC, April 8, 2019.

[7] Nathanson, Paul. "U.S. Quartz Countertop Fabricators Launch Coalition to Fight Trade Case." Associated Press. January 23, 2019. Accessed April 8, 2019. https://www.apnews.com/8587934c23ec4b109aeb209b00156a8b.

[8] "Mohawk Industries Reports Q4 Results." Mohawk Industries. February 7, 2019. http://ir.mohawkind.com/index.php/news-releases/news-release-details/mohawk-industries-reports-q4-results-0

[9] *Quartz Surface Products From India and Turkey; Institution of Anti-Dumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations;* 84 FR 21361, May 8, 2019.

[10] Area Development News Desk. "Spectrum Quartz Plans Production Complex in Latta, South Carolina." Area Development. May 25, 2019. Accessed May 31, 2019. https://www.areadevelopment.com/newsItems/5-25-2019/spectrum-quartz-latta-south-carolina.shtml

Table III-4
Quartz surface products: U.S. producers' reported changes in operations, since January 1, 2016

* * * * * * *

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-5 and figure III-1 present U.S. producers' production, capacity, and capacity utilization during 2016-18. Overall, U.S. producers capacity and production increased by *** percent and *** percent respectively during 2016-18. *** capacity remained the same during 2016-18 while *** capacity increased. During 2016-18 ***.

Overall, capacity utilization had decreased by *** percentage points during 2016-18, driven by capacity utilization decreases by *** producers during 2016-18 and *** reported over production in 2016. During 2016-18, *** capacity utilization decreased by *** percent points and *** percentage points, respectively. *** capacity utilization rate decreased *** percentage points during 2016-17 then increased *** percentage points during 2017-18 ending *** percentage points lower in 2018 than in 2016. In 2018, *** had capacity utilization rates over *** percent whereas *** capacity utilization rate was *** percent and *** was *** percent. The Indian Respondents note that ***.[3] [4]

Table III-5
Quartz surface products: U.S. producers' production, capacity, and capacity utilization, 2016-18

* * * * * * *

Figure III-1
Quartz surface products: U.S. producers' production, capacity, and capacity utilization, 2016-18

* * * * * * *

[3] Indian Respondents postconference brief, p. 6.

[4] Publically available information provided by the Indian Respondents indicates that Caesarstone lists 50 quartz patterns, LG 56 quartz patterns, and Cambria 165 sample patterns on their perspective websites. Indian Respondents postconference brief, p. 7.

Table III-6 presents data on U.S. producers' projections for recent and future new commercial operations. *** commenced operations and began trial-runs in ***.[5] ***.[6] ***.[7]

Table III-6
Quartz surface products: U.S. producers' projected capacity, production, and capacity utilization, recent and future operations, 2019 though 2021

* * * * * * *

Alternative products

Of the responding U.S. producers, only *** indicated the ability to shift production of quartz surface products to other surface products. *** reported the ability to shift production from a quartz base surface product to a granite or recycled glass base surface product. ***.[8] The remaining U.S. producers are unable to produce products other than quartz surface products on their production lines (the Breton machinery) used for quartz surface products.[9]

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

Table III-7 presents U.S. producers' U.S. shipments, export shipments, and total shipments for 2016-18. During 2016-18, U.S. producers' U.S. shipments in terms of quantity and valued increased by *** percent and *** percent, respectively. During 2016-18, *** U.S. shipments increased by *** percent and *** percent, respectively.[10] During 2016-18, *** U.S. shipments decreased by *** percent and *** percent, respectively. Overall, the average unit value of U.S. shipments increased by *** percent during 2016-18.

Table III-7
Quartz surface products: U.S. producers' U.S. shipments, export shipments, and total shipments, 2016-18

* * * * * * *

[5] *** U.S. producer questionnaire response, section II-2a.

[6] *** U.S. producer questionnaire response, section II-2a; and ***, email message to USITC staff, June 5, 2019.

[7] *** U.S. producer questionnaire response, section II-2a.

[8] *** U.S. Producer questionnaire response, section II-3.

[9] *Investigation Nos. 701-TA-606 and 731-TA-1416 (Final): Quartz Surface Products from China—Staff Report*, INV-RR-048, May 31, 2019, p. III-19.

[10] U.S. producer questionnaire response, section II-6.

Table III-8 and figure III-2 presents data on U.S. producers' U.S. shipments by level of fabrication. Of the responding U.S. producers *** reported shipments both in slab form and fabricated form.[11] During 2016-18, in terms of quantity, approximately *** percent of U.S. producers' U.S. shipments were in slab form and approximately *** percent were in fabricated form. During 2016-18, in terms of value, U.S. producer's U.S. shipments in slab increased by *** percentage points.

Table III-8
Quartz surface products: U.S. producers' U.S. shipments by level of fabrication, 2016-18

* * * * * * *

Figure III-2
Quartz surface products: U.S. producers' U.S. shipments by level of fabrication, 2018

* * * * * * *

U.S. PRODUCERS' INVENTORIES

Table III-9 presents U.S. producers' end-of-period inventories and the ratio of these inventories to U.S. producers' production, U.S. shipments, and total shipments. During 2016-18, U.S. producers' end-of-period inventories increased by *** percent. U.S. producer's end-of-period inventories as a ratio to U.S. production, U.S. shipments, and total shipments all increased during the period by *** percentage points, *** percentage points, and *** percentage points, respectively.

Table III-9
Quartz surface products: U.S. producers' inventories, 2016-18

* * * * * * *

[11] *** U.S. producer questionnaire response, section II-9.

U.S. PRODUCERS' IMPORTS AND PURCHASES

U.S. producers' imports and purchases of quartz surface products are presented in table III-10. Three of the six U.S. producers of quartz surface products (Caesarstone, Dal-Tile, and LG) reported importing quartz surface products from *** during 2016-18. In 2016-17, *** imports of quartz surface products exceed its production (by a ratio of *** in 2017). During 2016-18, *** ratio of U.S. production to imports decreased by *** percentage points to *** percent in 2018. *** reported imports in during 2016-18 while ***. Overall, during 2016-18, *** ratio of U.S. production to imports increased by *** percentage points to *** percent in 2018.

Table III-10
Quartz surface products: U.S. producers' U.S. production, imports, and purchases, 2016-18

* * * * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-11 shows U.S. producers' employment-related data. U.S. producers' employment measured by production and related workers ("PRWs") increased by *** PRWs from 2016 to 2017 then decreased by *** PRWs from 2017 to 2018 with an overall increase by *** percent (*** PRWs). U.S. producers total hours worked increased by *** percent during 2016-18. U.S. producers' hourly wages increased by *** percent during 2016-18. Overall, unit labor costs decreased by *** percent during 2016-2018. In contrast, overall productivity increased by *** percent.

Table III-11
Quartz surface products: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2016-18

* * * * * * *

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

U.S. IMPORTERS

The Commission issued importer questionnaires to 611 firms believed to be importers of subject quartz surface products, as well as to all U.S. producers of quartz surface products.[1] Usable questionnaire responses were received from 71 companies, representing over 110.0[2] percent and over *** percent of U.S. imports from India[3] and Turkey, respectively in 2018 under HTS subheading 6810.99.0010. Table IV-1 lists all responding U.S. importers of quartz surface products from India and Turkey and other sources, their locations, and their shares of U.S. imports, in 2018.

[1] The Commission issued questionnaires to those firms identified in the petition, along with firms that, based on a review of data provided by U.S. Customs and Border Protection ("Customs"), may have accounted for more than one percent of total imports under HTS subheading 6810.99.0010 in 2018.

[2] In 2018, *** reported *** square feet of imports of quartz surface products from India under HTS subheading 6810.99.0010. Proprietary *** data indicates that *** imported *** square feet of quartz surface products from India. In 2018, *** reported *** square feet of imports of quartz surface products from India under HTS subheading 6810.99.0010. Proprietary *** data indicates that *** imported *** square feet of quartz surface products from India. In 2018, *** reported *** square feet of imports of quartz surface products from India 6810.99.0010. Proprietary *** data indicates that *** imported *** square feet of quartz surface products from India. *** confirmed their reported imports. ***.

[3] Reported U.S. imports from India could include U.S. imports from China which were captured as imports from India when firms shifted their import source from China to India and updated their computer systems. ***.

Table IV-1
Quartz surface products: U.S. importers, their headquarters, and share of total imports by source, 2018

Firm	Headquarters	Share of imports by source (percent)				
		India	Turkey	Subject sources	Nonsubject sources	All import sources
Absolute	Cary, NC	***	***	***	***	***
AKG Trading	Anaheim, CA	***	***	***	***	***
American Marble	Vista, CA	***	***	***	***	***
Aracruz	Phoenix, AZ	***	***	***	***	***
Architectural Surfaces	Spicewood, TX	***	***	***	***	***
Arizona	Tempe, AZ	***	***	***	***	***
Atlanta Kitchen	Decatur, GA	***	***	***	***	***
Atlas	Carrollton, TX	***	***	***	***	***
Avani	Memphis, TN	***	***	***	***	***
Bedrock	West Jordan, UT	***	***	***	***	***
Bedrosians	Fresno, CA	***	***	***	***	***
Beginyan's	North Hollywood, CA	***	***	***	***	***
Best Kitchen	Tukwila, WA	***	***	***	***	***
BMC	Houston, TX	***	***	***	***	***
BSH Home	Irvine, CA	***	***	***	***	***
C&C	Coral Gables, FL	***	***	***	***	***
Caesarstone	Charlotte, NC	***	***	***	***	***
Century Marble and Granite	Addison, IL	***	***	***	***	***
Cosmos Charlotte	Charlotte, NC	***	***	***	***	***
Cosmos East	Raleigh, NC	***	***	***	***	***
Cosmos Washington	Kent, WA	***	***	***	***	***
Crate and Barrel	Northbrook, IL	***	***	***	***	***
Crystal	Azusa, CA	***	***	***	***	***
Cumar	Everett, MA	***	***	***	***	***
Dal-Tile	Dallas, TX	***	***	***	***	***
Dell Corning	Spartanburg, SC	***	***	***	***	***
DuPont	Wilmington, DE	***	***	***	***	***
World Rocks	Orange, CA	***	***	***	***	***
Edgebanding	San Dimas, CA	***	***	***	***	***
EGM II	Jamesburg, NJ	***	***	***	***	***
Einstein	Houston, TX	***	***	***	***	***
Francini	Sun Valley, CA	***	***	***	***	***
Georgian Stone	Norcross, GA	***	***	***	***	***
Global	Solon, OH	***	***	***	***	***
Global Marble & Granite	Addison, IL	***	***	***	***	***
Gran Trade	Carlstadt, NJ	***	***	***	***	***
Granite and Marble	Houston, TX	***	***	***	***	***
Granite Central	Chester, PA	***	***	***	***	***

Table continued on next page.

Table IV-1—Continued
Quartz surface products: U.S. importers, their headquarters, and share of total imports by source, 2018

Firm	Headquarters	Share of imports by source (percent)				
		India	Turkey	Subject sources	Nonsubject sources	All import sources
Granite Outlet	Sacramento, CA	***	***	***	***	***
Hotel Vanities	Mooresville, IN	***	***	***	***	***
IceStone	Brooklyn, NY	***	***	***	***	***
Impulse	Deerfield Beach, FL	***	***	***	***	***
J.G. Edelen	Baltimore, MD	***	***	***	***	***
JAZ	High Point, NC	***	***	***	***	***
Jessie-Kan	Marietta, GA	***	***	***	***	***
LG Hausys	Atlanta, GA	***	***	***	***	***
Lotte	La Palma, CA	***	***	***	***	***
M S International	Orange, CA	***	***	***	***	***
Marble Palace	Stockton, CA	***	***	***	***	***
MultiSurface	Carrollton, TX	***	***	***	***	***
OHM	Monroe Twp, NJ	***	***	***	***	***
Pacific	Chicago, IL	***	***	***	***	***
Pantai	Doral, FL	***	***	***	***	***
Piedrafina	Riverside, CA	***	***	***	***	***
Quartz Master	Bayonne, NJ	***	***	***	***	***
Quartz Source	Easton, MD	***	***	***	***	***
Select Source	Asheboro, NC	***	***	***	***	***
Saina	Alpharetta, GA	***	***	***	***	***
Stone Gallery	Tampa, FL	***	***	***	***	***
Stone Showcase	Buford, GA	***	***	***	***	***
Elite Multifamily	Addison, TX	***	***	***	***	***
Terrazzo	Wheeling, IL	***	***	***	***	***
Tile Traditions	Centerville, UT	***	***	***	***	***
TQS	Orlando, FL	***	***	***	***	***
Universal Stone	Boulder, CO	***	***	***	***	***
VC Diamond	Naperville, IL	***	***	***	***	***
Veneziano	Houston, TX	***	***	***	***	***
Venture	Union, NJ	***	***	***	***	***
Wilsonart	Austin, TX	***	***	***	***	***
Wisenbaker	Houston, TX	***	***	***	***	***
World Stone	Phoenix, AZ	***	***	***	***	***
Total		100.0	100.0	100.0	100.0	100.0

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

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

U.S. IMPORTS

Table IV-2 and figure IV-1 present data for U.S. imports of quartz surface products from India, Turkey, and all other sources. During 2016-18, U.S. imports of quartz surface products from India increased, in terms of quantity, by 173.0 percent (109.6 percent by value) and U.S. imports of quartz surface products from Turkey increased, in terms of quantity, by 78.4 percent (59.9 percent by value). U.S. imports of quartz surface products from nonsubject sources increased, in terms of quantity, by 67.5 percent (50.6 percent by value). In 2018, imports from India and Turkey accounted for 7.7 percent and 2.4 percent of total imports, respectively. In 2018, the largest sources for U.S. imports of quartz surface products were China followed by Spain, India, Israel, Canada, Vietnam, and Turkey.

The average unit value of U.S. imports of quartz surface products from India fell by $2.08 a square foot over the period to $6.87 a square foot in 2018. While the average unit value of U.S. imports of quartz surface products from Turkey increased by $0.70 a square foot from 2016 to 2017 then fell by $1.68 a square foot from 2017 to 2018 ending at $8.45 a square foot in 2018. The average unit value of U.S. imports of quartz surface products from nonsubject sources fell by $0.98 a square foot over the period to $8.68 a square foot in 2018. During 2016-18, as a ratio to U.S. production, imports from India and Turkey increased by *** percentage points and *** percentage points, respectively, while imports from nonsubject imports increased by *** percentage points.

Table IV-2
Quartz surface products: U.S. imports by source, 2016-18

Item	Calendar year		
	2016	2017	2018
	Quantity (1,000 square feet)		
U.S. imports from.--			
India	4,136	5,182	11,291
Turkey	1,962	1,968	3,503
Subejct sources	6,098	7,149	14,794
Nonsubject sources	79,103	105,693	132,491
All import sources	85,201	112,842	147,284
	Value (1,000 dollars)		
U.S. imports from.--			
India	37,014	42,236	77,592
Turkey	18,511	19,923	29,603
Subejct sources	55,525	62,159	107,195
Nonsubject sources	764,028	987,998	1,150,343
All import sources	819,553	1,050,158	1,257,538
	Unit value (dollars per square foot)		
U.S. imports from.--			
India	8.95	8.15	6.87
Turkey	9.43	10.13	8.45
Subejct sources	9.11	8.69	7.25
Nonsubject sources	9.66	9.35	8.68
All import sources	9.62	9.31	8.54
	Share of quantity (percent)		
U.S. imports from.--			
India	4.9	4.6	7.7
Turkey	2.3	1.7	2.4
Subejct sources	7.2	6.3	10.0
Nonsubject sources	92.8	93.7	90.0
All import sources	100.0	100.0	100.0

Table continued on next page.

Table IV-2—Continued
Quartz surface products: U.S. imports by source, 2016-18

Item	Calendar year		
	2016	2017	2018
	Share of value (percent)		
U.S. imports from.--			
India	4.5	4.0	6.2
Turkey	2.3	1.9	2.4
Subejct sources	6.8	5.9	8.5
Nonsubject sources	93.2	94.1	91.5
All import sources	100.0	100.0	100.0
	Ratio to U.S. production		
U.S. imports from.--			
India	***	***	***
Turkey	***	***	***
Subejct sources	***	***	***
Nonsubject sources	***	***	***
All import sources	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires and official U.S. import statistics using HTS reporting number 6810.99.0010, accessed May 28, 2019.

Figure IV-1
Quartz surface products: U.S. imports volumes and prices, 2016-18

* * * * * * *

Table IV-3 presents data on U.S. imports of quartz surface products (shown in descending order, by quantity, for 2018) from nonsubject sources including China, Spain, and Israel. During 2016-18, China was the largest source of U.S. imports from nonsubject sources accounting for 57.0 percent of total U.S. imports of quartz surface products in 2018.

Table IV-3
Quartz surface products: U.S. imports by notable source, 2016-18

Item	Calendar year		
	2016	2017	2018
	Quantity (1,000 square feet)		
Nonsubject U.S. imports from.--			
China	37,706	60,444	83,900
Spain	14,814	18,345	20,100
Israel	9,187	9,702	8,596
Canada	6,012	6,163	6,521
Vietnam	5,537	4,701	3,990
Italy	1,928	1,871	2,039
Other nonsubject sources	3,918	4,468	7,344
Nonsubject sources	79,103	105,693	132,491
	Value (1,000 dollars)		
Nonsubject U.S. imports from.--			
China	321,769	497,984	638,696
Spain	144,037	191,065	210,558
Israel	100,547	110,300	92,770
Canada	67,319	61,218	70,440
Vietnam	61,342	57,210	48,920
Italy	21,102	21,012	23,266
Other nonsubject sources	47,912	49,210	65,693
Nonsubject sources	764,028	987,998	1,150,343
	Unit value (dollars per square foot)		
Nonsubject U.S. imports from.--			
China	8.53	8.24	7.61
Spain	9.72	10.42	10.48
Israel	10.94	11.37	10.79
Canada	11.20	9.93	10.80
Vietnam	11.08	12.17	12.26
Italy	10.94	11.23	11.41
Other nonsubject sources	12.23	11.01	8.94
Nonsubject sources	9.66	9.35	8.68

Table continued on next page.

Table IV-3—Continued
Quartz surface products: Nonsubject U.S. imports by source, 2016-18

Item	Calendar year		
	2016	2017	2018
	Share of total import quantity (percent)		
Nonsubject U.S. imports from.--			
China	44.3	53.6	57.0
Spain	17.4	16.3	13.6
Israel	10.8	8.6	5.8
Canada	7.1	5.5	4.4
Vietnam	6.5	4.2	2.7
Italy	2.3	1.7	1.4
Other nonsubject sources	4.6	4.0	5.0
Nonsubject sources	92.8	93.7	90.0
	Share of total import value (percent)		
Nonsubject U.S. imports from.--			
China	39.3	47.4	50.8
Spain	17.6	18.2	16.7
Israel	12.3	10.5	7.4
Canada	8.2	5.8	5.6
Vietnam	7.5	5.4	3.9
Italy	2.6	2.0	1.9
Other nonsubject sources	5.8	4.7	5.2
Nonsubject sources	93.2	94.1	91.5

Source: Compiled from data official U.S. import statistics using HTS reporting number 6810.99.0010, accessed May 28, 2019.

NEGLIGIBILITY

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.[4] Negligible imports are generally defined in the Act, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation. However, if there are imports of such merchandise from a number of countries subject to investigations initiated on the same day that individually account for less than 3 percent of the total volume of the subject merchandise, and if the imports from those countries collectively account for more than 7 percent of the volume of all such merchandise imported into the United States during the applicable 12-month period, then imports from such countries are deemed not to be negligible.[5] Imports from India accounted for 14.7 percent of total imports of quartz surface products by quantity and Imports from

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

[5] Section 771 (24) of the Act (19 U.S.C § 1677(24)).

Turkey accounted for 3.8 percent of total imports of quartz surface products by quantity during May 2018 through April 2019.

Table IV-4
Quartz surface products: U.S. imports in the twelve month period proceeding the filing of the petition, Questionnaire data: May 2018 through April 2019

Item	Questionnaire data: May 2018 through April 2019		Official import statistics: May 2018 through April 2019	
	Quantity (1,000 square feet)	Share quantity (percent)	Quantity (1,000 square feet)	Share quantity (percent)
U.S. imports from.--				
India	***	***	20,462	14.7
Turkey	***	***	5,340	3.8
Subject sources	***	***	25,802	18.6
Nonsubject sources	***	***	113,096	81.4
All import sources	***	***	138,898	100.0

Source: Compiled from data submitted in response to Commission questionnaires and official U.S. import statistics using HTS reporting number 6810.99.0010, accessed June 10, 2019.

CUMULATION CONSIDERATIONS

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

Fungibility

Table IV-5 and figure IV-2 present data for U.S. producers' and U.S. importers' U.S. shipments by design for 2018. U.S. shipments, by design range, are categorized by colors: granite design, marble design, uniform white design, uniform neutral design, uniform dark design, crushed glass design[6], and other designs. For U.S. shipments of domestically produced quartz surface products, the marble design accounted for the largest share of shipments by type (*** percent) followed by granite design, (*** percent) and then combined uniform designs (*** percent).

[6] Crushed glass design does not include crushed glass surface products expressly excluded from the scope of these investigations.

For U.S. imports from India, the combined uniform designs were the largest share of U.S. shipments by design (*** percent), followed by marble design (*** percent) and then other designs[7] (*** percent). In contrast, for U.S. imports from Turkey, the marble design was the largest share of their U.S. shipments by design (*** percent), followed by granite design (*** percent) and then combined uniform designs (*** percent). For U.S. imports from nonsubject sources, the combined uniform designs were the largest share of their U.S. shipments by design (*** percent), followed by marble design (*** percent) and then granite design (*** percent). In 2018, U.S. produced quartz surface products and quartz surface products imported from India were available in all design categories. Quartz surface products imported from Turkey were available in all design categories expect ***.

Table IV-5
Quartz surface products: U.S. producers' and U.S. importers' U.S. shipments by design, 2018

* * * * * * *

Figure IV-2
Quartz surface products: U.S. producers' and U.S. importers' U.S. shipments by Item, 2018

* * * * * * *

Table IV-6 and figure IV-3 present data for U.S. producers' and U.S. importers' U.S. shipments by thickness for 2018. U.S. shipments by size range are categorized based on three standard thickness by centimeters: 1 CM, 2 CM, and 3 CM.[8] For U.S. producers' U.S. shipments and importers' U.S. shipments (both subject and nonsubject), the 3 CM quartz surface products category was the largest share of shipments by thickness followed by the 2 CM category. For U.S. producers' U.S. shipments, the 3 CM category accounted for (*** percent) followed by the 2 CM category (*** percent) and the 1 CM category (*** percent). For U.S. importers' U.S. shipments from India and Turkey, the 3 CM category accounted *** percent and *** percent, respectively. U.S. importers *** subject U.S. shipments of quartz surface products in the 1 CM category. For U.S. importers' U.S. shipments from nonsubject countries the 1 CM category represented (*** percent) of shipments by thickness.

Table IV-6
Quartz surface products: U.S. producers' and U.S. importers' U.S. shipments by thickness, 2018

* * * * * * *

[7] Other products were reported as: ***. U.S. importers' questionnaire responses, section II-5c.

[8] The most common thickness sold in the United States in the 3 CM thickness. The majority of the costs are associated with the process to manufacture quartz surface products, not the thickness of the product. Conference transcript, p. 41, (Shult).

Figure IV-3
Quartz surface products: U.S. producers' and U.S. importers' U.S. shipments share by thickness, 2018

* * * * * * *

Geographical markets

Table IV-7 presents data on U.S. imports of quartz surface products by border of entry in 2018. In 2018, U.S. imports from both subject and nonsubject countries entered the United States at all U.S Custom districts. U.S. Customs districts located in the East[9] accounted for (by quantity) the largest share of imports of quartz surface products from India and Turkey (44.6 and 68.6 percent, respectively). U.S. Customs districts located in the West[10] accounted for (by quantity) the largest share of U.S. imports of quartz surface products from nonsubject countries (38.1 percent).

[9] The "East" includes the following Customs entry districts: Baltimore, Maryland; Boston, Massachusetts; Buffalo, New York; Charleston, South Carolina; Charlotte, North Carolina; New York, New York; Norfolk, Virginia; Ogdensburg, New York; Philadelphia, Pennsylvania; Portland, Maine; San Juan, Puerto Rico; Savannah, Georgia; St. Albans, Vermont; and Washington, District of Columbia.

[10] The "West" includes the following Customs entry districts: Columbia-Snake, Oregon; Honolulu, Hawaii; Los Angeles, California; Nogales, Arizona; San Diego, California; San Francisco, California; and Seattle, Washington.

Table IV-7
Quartz surface products: U.S. imports by border of entry, 2018

Item	Border of entry				
	East	North	South	West	All borders
	Quantity (square feet)				
U.S. imports from.--					
India	4,979	418	3,545	2,231	11,173
Turkey	2,403	9	456	635	3,503
Subject sources	7,381	427	4,001	2,866	14,675
Nonsubject sources	39,171	13,516	29,021	50,257	131,964
All import sources	46,553	13,943	33,022	53,123	146,640
	Share across (percent)				
U.S. imports from.--					
India	44.6	3.7	31.7	20.0	100.0
Turkey	68.6	0.3	13.0	18.1	100.0
Subject sources	50.3	2.9	27.3	19.5	100.0
Nonsubject sources	29.7	10.2	22.0	38.1	100.0
All import sources	31.7	9.5	22.5	36.2	100.0
	Share down (percent)				
U.S. imports from.--					
India	10.7	3.0	10.7	4.2	7.6
Turkey	5.2	0.1	1.4	1.2	2.4
Subject sources	15.9	3.1	12.1	5.4	10.0
Nonsubject sources	84.1	96.9	87.9	94.6	90.0
All import sources	100.0	100.0	100.0	100.0	100.0

Source: Official U.S. import statistics using HTS reporting number 6810.99.0010, accessed May 28, 2019.

Presence in the market

Table IV-8 and figures IV-4 and IV-5 present monthly import statistics for quartz surface products from January 2016 through April 2019. Imports of quartz surface products from India and Turkey entered the United States in every month over the period.

Table IV-8
Quartz surface products: U.S. imports by month, January 2016 through April 2019

Item	U.S. imports				
	India	Turkey	Subject sources	Nonsubject sources	All import sources
	Quantity (1,000 square feet)				
2016.--					
January	483	126	609	5,659	6,268
February	283	161	444	5,515	5,959
March	391	214	605	5,170	5,775
April	437	124	561	5,475	6,036
May	475	187	662	6,366	7,028
June	452	143	596	7,283	7,878
July	354	92	446	6,717	7,163
August	243	189	432	7,046	7,478
September	332	207	539	7,408	7,947
October	245	153	398	6,602	7,000
November	289	139	428	7,289	7,716
December	151	228	378	8,017	8,395
2017.--					
January	227	112	340	7,934	8,274
February	317	135	452	6,701	7,153
March	407	153	560	6,822	7,382
April	377	171	548	7,329	7,877
May	400	176	576	8,840	9,416
June	399	274	673	9,240	9,912
July	323	133	456	8,849	9,305
August	546	213	759	10,130	10,889
September	551	120	671	10,401	11,073
October	650	176	826	9,799	10,625
November	592	168	759	9,578	10,338
December	393	136	528	9,702	10,230

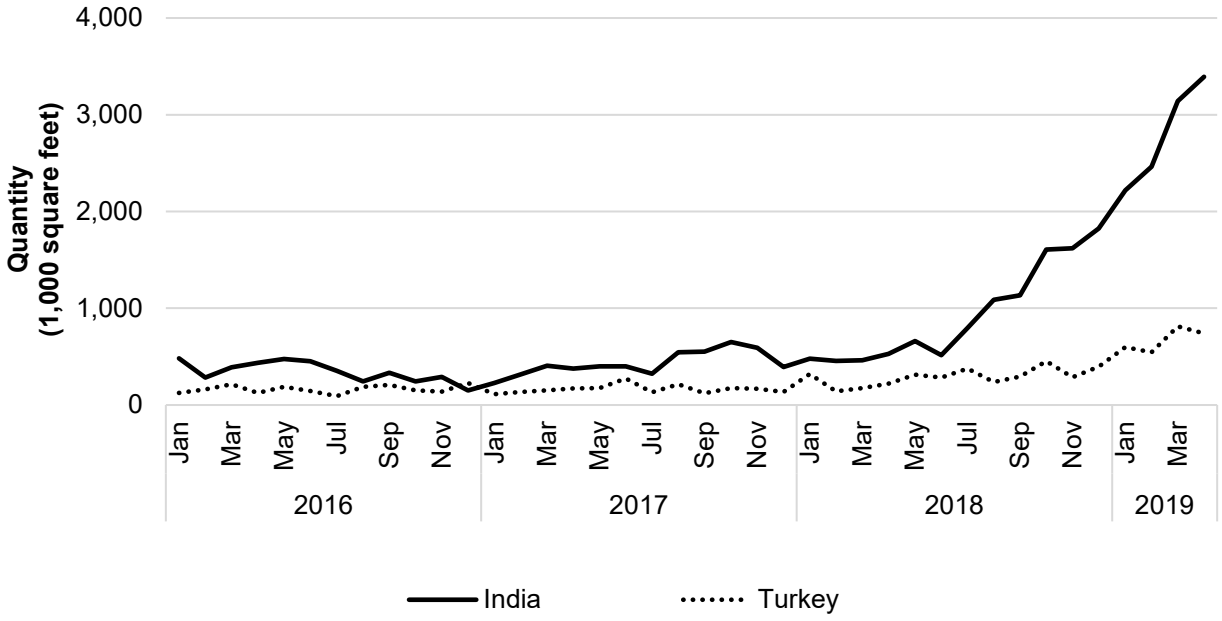
Table continued on next page.

Table IV-8—Continued
Quartz surface products: U.S. imports by month, January 2016 through April 2019

Item	U.S. imports				
	India	Turkey	Subject sources	Nonsubject sources	All import sources
	Quantity (1,000 square feet)				
2018.--					
January	479	321	800	10,616	11,416
February	455	142	597	9,253	9,850
March	462	176	638	9,354	9,992
April	530	220	750	8,986	9,736
May	662	314	976	12,204	13,180
June	515	284	799	14,177	14,976
July	798	377	1,175	16,020	17,195
August	1,086	239	1,326	16,992	18,318
September	1,135	292	1,427	13,178	14,606
October	1,607	452	2,059	9,635	11,694
November	1,619	289	1,908	7,066	8,974
December	1,825	396	2,221	4,483	6,704
2019.--					
January	2,219	598	2,818	4,828	7,646
February	2,463	545	3,008	3,655	6,663
March	3,141	813	3,953	5,845	9,798
April	3,392	740	4,132	5,014	9,146

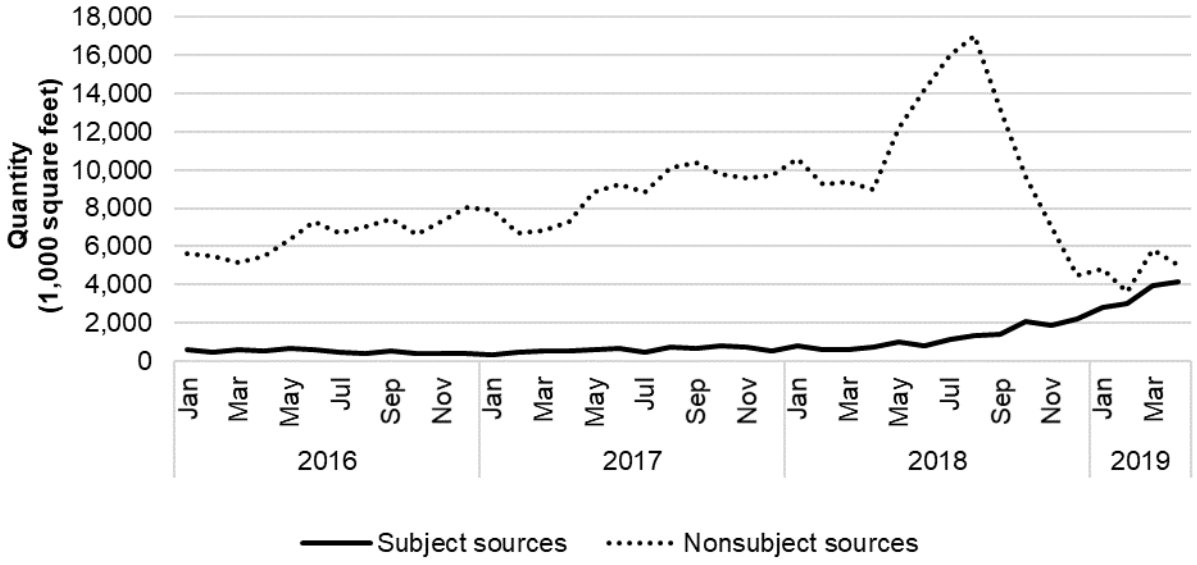
Source: Official U.S. import statistics using HTS reporting number 6810.99.0010, accessed June 10, 2019.

Figure IV-4
Quartz surface products: subject U.S. imports by source by month, January 2016 through April 2019



Source: Compiled from official U.S. import statistics using HTS reporting number 6810.99.0010, accessed June 10, 2019.

Figure IV-5
Quartz surface products: U.S. imports by source by month, January 2016 through April 2019



Source: Compiled from official U.S. import statistics using HTS reporting number 6810.99.0010, accessed June 10, 2019.

APPARENT U.S. CONSUMPTION

Table IV-9 presents data on apparent U.S. consumption and U.S. market shares for quartz surface products. During 2016-18, apparent U.S. consumption increased, in terms of quantity, by *** percent (*** percent by value). At the staff conference the Joint Respondents testified to recent shortages in the U.S. quartz surface products market following an exit from China in early 2019 due to Commerce's and the Commission's investigations of Quartz Surface Products from China.[11] The Petitioner argues that there was only a temporary shortage for "low-priced unfairly traded imports" as evidence by falling average unit values of subject imports and increasing volumes.[12]

Table IV-9
Quartz surface products: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 2016-18

* * * * * * *

U.S. MARKET SHARES

U.S. market share data are presented in table IV-10 and figure IV-6. U.S. producers and U.S. importers' U.S. shipments separated by slab form and fabrication form are presented in tables IV-11 and IV-12, respectively. During 2016-18, U.S. producers' share of apparent U.S. consumption has decreased both by quantity and value *** percentage points and *** percentage points, respectively. U.S. imports from India market share, based on quantity, increased by *** percentage points from 2016 to 2018 and U.S. imports from Turkey market share, based on quantity, increased by *** percentage points from 2016 to 2018. Combined, U.S. imports of quartz surface products from subject countries, based on quantity, accounted for *** percent of apparent U.S. consumption in 2018. The Indian Respondents note, following China's exit from the market in 2019, the U.S. import supply of quartz surface products has fallen by half and India and Turkey have not fully compensated for the volume lost.[13]

Table IV-10
Quartz surface products: U.S. consumption and market shares, 2016-18

* * * * * * *

Figure IV-6
Quartz surface products: Apparent U.S. consumption, 2016-18

* * * * * * *

[11] Conference transcript, pp. 124 and 166-167 (Shah and Bedrosians-Kosters).
[12] Petitioner's postconference brief, pp. 15-16.
[13] Indian Respondents postconference brief, p. 17 and exhibit 4.

Table IV-11
Slab-form quartz surface products: U.S. producers' and U.S. importers' U.S. shipments, 2016-18

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Table IV-12
Fabricated quartz surface products: U.S. producers' and U.S. importers' U.S. shipments, 2016-18

* * * * * * *

PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

Quartz surface products usually consist of 93 to 94 percent ground quartz. Quartz is one of the most common minerals in the earth's crust, and it is also one of the hardest naturally occurring minerals.[1] The remaining components of quartz slabs are a combination of resins, polymers, particulates, and pigments. Raw material costs, as a share of U.S. producers' total cost of goods sold (COGS), increased from *** percent in 2016 to *** percent in 2018.

Three U.S. producers (***) indicated that prices for raw materials increased since January 1, 2016; two (***) reported that prices for raw materials fluctuated; and one (***) indicated that prices for raw materials had not changed.

Transportation costs to the U.S. market

Transportation costs for quartz surface products shipped from India and Turkey to the United States averaged 9.9 and 5.8 percent, respectively, during 2018. These estimates were derived from official import data and represent the transportation and other charges on imports.[2]

U.S. inland transportation costs

Half of U.S. producers (3 of 6) and most responding importers (26 of 31) reported that they typically arrange transportation to their customers. U.S. producers reported that their U.S. inland transportation costs ranged from 5 to 12 percent while most importers reported costs of 3 to 10 percent.

PRICING PRACTICES

Pricing methods

U.S. producers and importers reported using transaction-by-transaction negotiations, contracts, and set price lists to determine the prices they charge for sales of quartz surface products. As presented in table V-1, U.S. producers and importers sell primarily through set price lists and on transaction-by-transaction negotiations.

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[1] *Quartz Surface Products from China, Investigation, Nos. 701-TA-606 and 731-TA-1416 (Final)* Staff Report, INV-RR-048, May 31, 2019, p. V-1.

[2] The estimated transportation costs were obtained by subtracting the customs value from the c.i.f. value of the imports for 2018 and then dividing by the customs value based on the HTS subheading 6810.99.0010.

Table V-1
Quartz surface products: U.S. producers' and importers' reported price setting methods, by number of responding firms[1]

Method	U.S. producers	Importers
Transaction-by-transaction	4	18
Contract	2	4
Set price list	5	18
Other	---	4
Responding firms	6	33

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

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

U.S. producers and importers reported selling the vast majority of their quartz surface products in the spot market, as shown in table V-2.

Table V-2
Quartz surface products: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2018

Type of sale	U.S. producers	Importers
Long-term contracts	---	0.5
Annual contracts	---	3.5
Short-term contracts	---	2.6
Spot sales	100.0	93.3

Note.--Because of rounding, figures may not add to 100.0 percent.

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

Sales terms and discounts

Most U.S. producers typically quote prices on an f.o.b. basis, although *** quote prices on a delivered basis. Most importers (20 of 32) typically quote prices on a delivered basis. Five of six U.S. producers offer quantity discounts and total volume discounts. In addition, *** stated that it offers a discount for "second choice slabs." *** indicated that it does not have a discount policy. Approximately half of responding importers (16 of 34) indicated that they do not have a discount policy. Sixteen importers offer quantity discounts, 7 offer total volume discounts, and 6 offer other types of discounts including project-based pricing, discounts for discontinued quartz colors, and large distributor discounts.

PRICE DATA

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and f.o.b. value of the following quartz surface products shipped to unrelated U.S. customers during January 2016-December 2018.[3]

Product 1.-- Plain white quartz surface products in slab form, with a nominal thickness of 2 cm, no veining or movement, and with minimal to no visible particulates, specks, chips, or crystals that are sold to firms other than distributors.

Product 2.--Plain white quartz surface products in slab form, with a nominal thickness of 3 cm, no veining or movement, and with minimal to no visible particulates, specks, chips, or crystals that are sold to firms other than distributors.

Product 3.-- White quartz surface products in with a "marble look" in slab form, a nominal thickness of 2 cm, with veining or movement, and with minimal to no visible particulates, specks, chips, or crystals that are sold to firms other than distributors.

Product 4.-- White quartz surface products with a "marble look" in slab form, a nominal thickness of 3 cm, with veining or movement, and with minimal to no visible particulates, specks, chips, or crystals that are sold to firms other than distributors.

Product 5.--Neutral colored quartz surface products with a "natural stone look" in slab form, a nominal thickness of 2 cm, with movement and visible particulates, specks, chips, or crystals that are sold to firms other than distributors.

Product 6.--Neutral colored quartz surface products with a "natural stone look" in slab form, a nominal thickness of 3 cm, with movement and visible particulates, specks, chips, or crystals that are sold to firms other than distributors.

[3] Firms were requested to not include data for quartz slabs that were further fabricated prior to sale or any sales that involved total turnkey installation services.

Three U.S. producers and 19 importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[4] [5] Pricing data reported by these firms accounted for approximately *** percent of U.S. producers' U.S. commercial shipments of quartz surface products, *** percent of U.S. commercial shipments of subject imports from India and *** percent of U.S. commercial shipments of subject imports from Turkey in 2018. Price data for products 1-6 are presented in tables V-3 to V-8 and figures V-1 to V-6.

Table V-3
Quartz surface products: Weighted-average f.o.b. prices and quantities of domestic and imported product 1[1] and margins of underselling/(overselling), by quarters, January 2016-December 2018

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Table V-4
Quartz surface products: Weighted-average f.o.b. prices and quantities of domestic and imported product 2[1] and margins of underselling/(overselling), by quarters, January 2016-December 2018

* * * * * * *

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

[5] Seventeen importers provided pricing data for their sales of products imported from India; however, the vast majority of these importers only provided pricing data for 2018. Four importers (***) accounted for the majority of pricing data from India and reported pricing data during 2016-18. Three importers (***) provided pricing data for their sales of imported products from Turkey.

Table V-5
Quartz surface products: Weighted-average f.o.b. prices and quantities of domestic and imported product 3[1] and margins of underselling/(overselling), by quarters, January 2016-December 2018

Period	United States		India			Turkey		
	Price (dollars per square foot)	Quantity (square feet)	Price (dollars per square foot)	Quantity (square feet)	Margin (percent)	Price (dollars per square foot)	Quantity (square feet)	Margin (percent)
2016:								
Jan.-Mar.	***	***	***	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***	***	***
2017:								
Jan.-Mar.	***	***	***	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***	***	***	***
Oct.-Dec.	20.94	286,487	***	***	***	***	***	***
2018:								
Jan.-Mar.	21.61	341,107	14.69	23,394	32.0	***	***	***
Apr.-Jun.	21.21	444,206	13.91	29,227	34.4	***	***	***
Jul.-Sep.	21.24	461,353	14.57	28,783	31.4	***	***	***
Oct.-Dec.	22.35	500,800	14.60	33,382	34.7	***	***	***

[1] Product 3: White quartz surface products in with a “marble look” in slab form, a nominal thickness of 2 cm, with veining or movement, and with minimal to no visible particulates, specks, chips, or crystals that are sold to firms other than distributors.

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

Table V-6
Quartz surface products: Weighted-average f.o.b. prices and quantities of domestic and imported product 4[1] and margins of underselling/(overselling), by quarters, January 2016-December 2018

* * * * * * *

Table V-7
Quartz surface products: Weighted-average f.o.b. prices and quantities of domestic and imported product 5[1] and margins of underselling/(overselling), by quarters, January 2016-December 2018

	United States		India			Turkey		
Period	Price (dollars per square foot)	Quantity (square feet)	Price (dollars per square foot)	Quantity (square feet)	Margin (percent)	Price (dollars per square foot)	Quantity (square feet)	Margin (percent)
2016:								
Jan.-Mar.	16.37	226,594	***	***	***	***	***	***
Apr.-Jun.	16.41	279,404	15.69	16,209	4.4	***	***	***
Jul.-Sep.	***	***	13.71	19,380	***	***	***	***
Oct.-Dec.	16.07	189,020	13.79	26,582	14.2	***	***	***
2017:								
Jan.-Mar.	16.40	217,385	13.09	29,779	20.1	***	***	***
Apr.-Jun.	***	***	12.66	40,752	***	***	***	***
Jul.-Sep.	***	***	13.02	45,872	***	***	***	***
Oct.-Dec.	***	***	12.36	42,613	***	***	***	***
2018:								
Jan.-Mar.	17.18	283,855	12.77	51,986	25.7	***	***	***
Apr.-Jun.	18.56	287,425	12.41	65,394	33.1	***	***	***
Jul.-Sep.	17.59	300,975	13.11	65,769	25.5	***	***	***
Oct.-Dec.	18.43	304,358	11.11	103,829	39.7	***	***	***

[1] Product 5: Neutral colored quartz surface products with a “natural stone look” in slab form, a nominal thickness of 2 cm, with movement and visible particulates, specks, chips, or crystals that are sold to firms other than distributors.

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

Table V-8
Quartz surface products: Weighted-average f.o.b. prices and quantities of domestic and imported product 6[1] and margins of underselling/(overselling), by quarters, January 2016-December 2018

Period	United States		India			Turkey		
	Price (dollars per square foot)	Quantity (square feet)	Price (dollars per square foot)	Quantity (square feet)	Margin (percent)	Price (dollars per square foot)	Quantity (square feet)	Margin (percent)
2016:								
Jan.-Mar.	19.72	586,974	***	***	***	***	***	***
Apr.-Jun.	19.44	700,955	***	***	***	***	***	***
Jul.-Sep.	19.41	678,266	***	***	***	***	***	***
Oct.-Dec.	19.67	632,974	***	***	***	***	***	***
2017:								
Jan.-Mar.	20.07	687,057	16.68	46,035	16.9	***	***	***
Apr.-Jun.	19.28	862,103	14.79	68,883	23.3	***	***	***
Jul.-Sep.	18.96	799,354	15.17	66,970	20.0	***	***	***
Oct.-Dec.	19.59	761,271	15.78	75,566	19.5	***	***	***
2018:								
Jan.-Mar.	20.16	798,949	15.80	118,803	21.6	***	***	***
Apr.-Jun.	21.56	871,874	14.96	188,722	30.6	***	***	***
Jul.-Sep.	21.16	832,726	14.91	230,954	29.5	***	***	***
Oct.-Dec.	20.98	827,025	15.04	275,369	28.3	***	***	***

[1] Product 6: Neutral colored quartz surface products with a “natural stone look” in slab form, a nominal thickness of 3 cm, with movement and visible particulates, specks, chips, or crystals that are sold to firms other than distributors.

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

Figure V-1
Quartz surface products: Weighted-average prices and quantities of domestic and imported product 1, by quarters, January 2016-December 2018

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Figure V-2
Quartz surface products: Weighted-average prices and quantities of domestic and imported product 2, by quarters, January 2016-December 2018

* * * * * * *

Figure V-3
Quartz surface products: Weighted-average prices and quantities of domestic and imported product 3, by quarters, January 2016-December 2018

* * * * * * *

Figure V-4
Quartz surface products: Weighted-average prices and quantities of domestic and imported product 4, by quarters, January 2016-December 2018

* * * * * * *

Figure V-5
Quartz surface products: Weighted-average prices and quantities of domestic and imported product 5, by quarters, January 2016-December 2018

* * * * * * *

Figure V-6
Quartz surface products: Weighted-average prices and quantities of domestic and imported product 6, by quarters, January 2016-December 2018

* * * * * * *

Price trends

In general, domestic prices increased for products 2-6 and decreased for product 1 during January 2016-December 2018. Prices for imports from Turkey increased for products 3-6 and remained unchanged for product 1. Prices for imports from India decreased for all products. Table V-9 summarizes the price trends, by country and by product. As shown in the table, domestic price increases ranged from *** to *** percent during January 2016-December 2018 while Turkish import price increases ranged from *** to *** percent and Indian import price decreases ranged from *** to *** percent.

Table V-9
Quartz surface products: Summary of weighted-average f.o.b. prices for products 1-6 from the United States, India and Turkey

Item	Number of quarters	Low price (dollars per square foot)	High price (dollars per square foot)	Change in price over period[1] (percent)
Product 1:				
United States	12	***	***	***
India	12	***	***	***
Turkey	12	***	***	***
Product 2:				
United States	12	***	***	***
India	12	***	***	***
Turkey	1	***	***	***
Product 3:				
United States	12	***	***	***
India	12	***	***	***
Turkey	12	***	***	***
Product 4:				
United States	12	***	***	***
India	12	***	***	***
Turkey	12	***	***	***
Product 5:				
United States	12	15.81	18.56	12.6
India	12	***	***	***
Turkey	12	***	***	***
Product 6:				
United States	12	18.96	21.56	6.4
India	12	***	***	***
Turkey	12	***	***	***

[1] Percentage change from the first quarter in which data were available to the last quarter in which price data were available.

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

As shown in figure V-7, domestic prices for products 3 and 4 (quartz slabs with a marble look) increased the most during January 2016-December 2018; domestic prices for products 2, 5, and 6 fell during 2017 and then increased through the fourth quarter of 2018.[6]

Figure V-7
Quartz surface products: Indexed U.S. producers' prices, January 2016-December 2018

* * * * * * *

[6] Product 4 accounted for the largest share of U.S. producers' pricing data followed by product 6.

***. ***. ***. ***. ***.

As shown in figure V-8, subject import prices decreased for all products but product 3 during January 2016-December 2018. Subject import prices for products 1 and 5 decreased the most;[7] subject import prices for products 4 and 6, accounting for the largest volume of subject pricing data, decreased by *** and *** percent, respectively.

Figure V-8
Quartz surface products: Indexed subject U.S. importers' prices, January 2016-December 2018

* * * * * * *

Price comparisons

As shown in table V-10, prices for quartz surface products imported from subject countries were below those for U.S.-produced quartz surface products in 128 of 133 instances (*** square feet); margins of underselling ranged from 0.7 to 51.7 percent. In the remaining 5 instances (*** square feet), prices for quartz surface products imported from subject countries were between 0.2 and 12.4 percent above prices for the domestic product.

Table V-10
Quartz surface products: Instances of underselling/overselling and the range and average of margins, by country, January 2016-December 2018

Source	Underselling				
	Number of quarters	Quantity (1,000 square feet)	Average margin (percent)	Margin Range (percent)	
				Min	Max
Product 1	***	***	***	***	***
Product 2	***	***	***	***	***
Product 3	***	***	***	***	***
Product 4	***	***	***	***	***
Product 5	***	***	***	***	***
Product 6	***	***	***	***	***
Total, underselling	128	***	24.6	0.7	51.7
India	***	***	***	***	***
Turkey	***	***	***	***	***
Total, underselling	128	***	24.6	0.7	51.7

Table continued on next page.

[7] Pricing data for products 1 and 5 accounted for a small share (3.8 and 11.9 percent, respectively) of total pricing data from subject countries, with India accounting for the majority of the volume.

Table V-10--*Continued*
Quartz surface products: Instances of underselling/overselling and the range and average of margins, by country, January 2016-December 2018

Source	(Overselling)				
	Number of quarters	Quantity (1,000 square feet)	Average margin (percent)	Margin Range (percent)	
				Min	Max
Product 1	***	***	***	***	***
Product 2	***	***	***	***	***
Product 3	***	***	***	***	***
Product 4	***	***	***	***	***
Product 5	***	***	***	***	***
Product 6	***	***	***	***	***
Total, overselling	5	***	(5.0)	(0.2)	(12.4)
India	***	***	***	***	***
Turkey	***	***	***	***	***
Total, overselling	5	***	(5.0)	(0.2)	(12.4)

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

LOST SALES AND LOST REVENUE

The Commission requested that U.S. producers of quartz surface products report purchasers where they experienced instances of lost sales or revenue due to competition from imports of quartz surface products from India and Turkey during January 2016-December 2018. Of the six responding U.S. producers, three (***) reported that they had to either reduce prices or roll back announced price increases, and four firms (***) reported that they had lost sales. *** U.S. producers submitted lost sales and lost revenue allegations. The petitioner stated that it sells to distributors and fabricators that compete with distributors and fabricators of Indian and Turkish quartz surface products; however, it was unable to identify specific purchasers to which it lost sales and lost revenues by reason of subject imports.[8]

Staff contacted 30 purchasers and received responses from 18 purchasers.[9] Responding purchasers reported purchasing 26.3 million square feet of quartz surface products during January 2016-December 2018 (table V-11).

[8] Petition, vol. 1, p. 15.

[9] Staff sent LS/LR surveys to the largest purchasers identified in investigations involving quartz surface products from China. *Quartz Surface Products from China, Investigation, Nos. 701-TA-606 and 731-TA-1416 (Final)* Staff Report, INV-RR-048, May 31, 2019.

Table V-11
Quartz surface products: Purchasers' responses to purchasing patterns

Purchaser	Purchases and imports in 2016-18 (1,000 square feet)				Change in domestic share[2] (pp, 2016-18)	Change in subject country share[2] (pp, 2016-18)
	Domestic	India	Turkey	All other[1]		
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
Total	2,367	222	809	22,921	(1.4)	2.1

[1] Includes all other sources and unknown sources. The majority of these purchases and imports (88 to 97 percent) are from nonsubject countries. ***.
[2] Percentage points (pp) change: Change in the share of the firm's total purchases of domestic and/or subject country imports between first and last years.

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

During 2018, responding purchasers purchased 10.0 percent from U.S. producers, 2.3 percent from India, 3.9 percent from Turkey, 76.8 percent from nonsubject countries, and 6.9 percent from "unknown source" countries. Of the responding purchasers, 2 reported decreasing purchases from domestic producers, 3 reported increasing purchases, and 11 did not purchase any domestic product (table V-12). Explanations for increasing purchases of domestic product included increased customer demand and increased demand from builders, remodelers, and big box retailers. *** reported that it decreased its domestic purchases because of U.S. producers' discontinued color offerings. *** reported that it stopped purchasing from Cambria in 2016; it stated that it fabricates quartz countertops for new construction projects and Cambria quartz slabs are not products specified by new home

builders because of their price structure, design, and inability to successfully service the Southern California area.

Table V-12
Quartz surface products: Changes in purchase patterns from U.S., subject, and nonsubject countries

Source of purchases	Did not purchase	Decreased	Increased	Constant	Fluctuated
United States	11	2	3	---	---
India	6	---	8	1	1
Turkey	14	---	1	---	---
All other sources	---	3	9	1	2
Sources unknown	9	---	3	---	---

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

Of the 17 responding purchasers, two reported that, since 2016, they had purchased imported quartz surface products from India instead of U.S.-produced quartz surface products.[10] Both of these purchasers reported that subject import prices were lower than U.S.-produced product, and both of these purchasers reported that price was a primary reason for the decision to purchase imported product rather than U.S.-produced product. *** estimated that it purchased *** square feet of quartz surface products from India instead of domestic product; and *** estimated that it purchased *** square feet of quartz surface products from India instead of domestic product. No purchasers reported purchasing imports of quartz surface products from Turkey instead of domestic product.

Of the 16 responding purchasers, eight reported that U.S. producers did not reduce prices in order to compete with lower-priced imports from subject countries and eight reported that they did not know.[11]

[10] One purchaser, *** did not respond to these questions.

[11] Two purchasers, *** did not respond to this question.

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

Six U.S. producers (Caesarstone, Cambria, Dal-Tile, Estone, LG, and USA Quartz) provided financial data on their operations on quartz surface products. *** did not report net sales.[1] *** accounted for the majority of total net sales quantity in 2018 (*** percent), followed by *** (*** percent), *** (*** percent), and *** (*** percent). Revenue primarily reflects commercial sales, but also includes transfers to related firms and internal consumption. ***.[2] On a quantity basis in 2018, internal consumption and transfers accounted for approximately *** percent of total sales. Internal consumption and transfers are included, but not shown separately in this section of the report. *** firms reported a fiscal year end of December 31 and their financial results on the basis of generally accepted accounting principles.

OPERATIONS ON QUARTZ SURFACE PRODUCTS

Table VI-1 presents aggregated data on U.S. producers' operations on quartz surface products. Table VI-2 shows the changes in average unit values of select financial indicators. Table VI-3 presents selected company-specific financial data.

Net sales

Based on table VI-1, the quantity and value of net sales increased from 2016 to 2018. As shown in table VI-3, ***.[3] ***.[4]

From 2016 to 2018, the average unit net sales value increased from $*** per square foot in 2016 to $*** per square foot in 2018. As shown in table VI-3, ***.[5] ***.[6]

Table VI-1
Quartz surface products: Results of operations of U.S. producers, 2016-18

* * * * * * *

[1] ***. Email from ***, May 29, 2019. ***. U.S. producer's questionnaire response of ***, question II-2a. ***.

[2] ***. Email from ***, June 4, 2019. ***. Email from ***, June 4, 2019. ***. U.S. producer's questionnaire response of ***, question III-18 and email from ***, June 7, 2019.

[3] Email from ***, June 5, 2019.

[4] Email from ***, June 4, 2019.

[5] Email from ***, June 4, 2019.

[6] Email from ***, June 10, 2019.

Table VI-2
Quartz surface products: Changes in AUVs, between fiscal years

* * * * * * *

Table VI-3
Quartz surface products: Select results of operations of U.S. producers, by company, 2016-18

* * * * * * *

Cost of goods sold and gross profit or (loss)

As shown in table VI-1, the average COGS to net sales ratio ranged from *** percent in 2016 to *** percent in 2018. On a company-specific basis, ***.

Raw material costs represented the largest component of COGS, accounting for between *** percent and *** percent of total COGS from 2016 to 2018. Raw materials consist of silica, resin binder, pigments, cements, other additives, and various other raw materials such as ***. As a share of total raw material costs, silica varied from *** percent to *** percent, resin binder varied from *** percent to *** percent, pigments, cements, or other additives varied from *** percent to *** percent, and other raw materials varied from *** percent to *** percent of the total raw material costs.[7] As shown in table VI-3, the average unit raw material cost increased from $*** in 2016 to $*** in 2018. ***.[8] ***.[9] ***.[10]

Other factory costs ("OFC") were the second largest component of COGS, accounting for between *** percent and *** percent of total COGS from 2016 to 2018, while direct labor accounted for between *** percent and *** percent of total COGS in the same period. As shown in table VI-3, the average unit OFC decreased from $*** in 2016 to $*** in 2018. On a company-specific basis, ***. The average unit direct labor costs decreased from $*** in 2016 to $*** in 2018. On a company-specific basis, ***.[11]

The industry's gross profit increased from $*** in 2016 to $*** in 2018. The increase in total net sales value was greater than the increase in COGS from 2016 to 2018. *** firms reported overall increases in gross profits from 2016 to 2018. The industry's gross profit margin (gross profit as a ratio to net sales) declined from *** percent in 2016 to *** percent in 2018. ***.

[7] U.S. producers' questionnaire responses, question III-9c.
[8] ***. Email from ***, June 4, 2019.
[9] Email from ***, June 10, 2019.
[10] ***. U.S. producers' questionnaire responses of ***, question III-7.
[11] Email from ***, June 10, 2019.

SG&A expenses and operating income or (loss)

As shown in table VI-1, the industry's SG&A expense ratio (i.e., total SG&A expenses divided by total net sales value) decreased from *** percent in 2016 to *** percent in 2018. As shown in table VI-3, ***.[12]

The industry's operating income decreased from $*** in 2016 to $*** in 2017 before increasing to $*** in 2018. The industry's operating income margin (operating income as a ratio to net sales) decreased from *** percent in 2016 to *** percent in 2017 before increasing to *** percent in 2018. On a company-specific basis, ***.

Other expenses and net income or (loss)

Classified below the operating income levels are interest expense, all other expense, and all other income, which are usually allocated to the product line from higher (non-manufacturing) levels in the corporation. Interest expenses increased from $*** in 2016 to $*** in 2018 and other expenses increased from $*** in 2016 to $*** in 2018. ***.

By definition, items classified at this level in the income statement only affect net income or (loss). On an overall basis and similar to the trend in operating income, net income declined from $*** in 2016 to $*** in 2017 before increasing to $*** in 2018. The industry's net income margin (net income as a ratio to net sales) decreased from *** percent in 2016 to *** percent in 2017 before increasing to *** percent in 2018. On a company-specific basis, ***.

Variance analysis

A variance analysis is most useful for products that do not have substantial changes in product mix over the reporting period and the methodology is most sensitive at the plant or firm level, rather than the aggregated industry level. Because of the wide variation in product mix and unit values between firms, a variance analysis is not presented.

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

Table VI-4 presents capital expenditures and research and development ("R&D") expenses by firm. Capital expenditures increased from 2016 to 2018. On a company-specific basis, ***.[13]

R&D expenses increased from 2016 to 2018. ***.[14]

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[12] ***. Emails from ***, June 4, 2019.

[13] U.S. producers' questionnaire responses of ***, question III-13.

[14] U.S. producers' questionnaire responses of ***, question III-13.

Table VI-4
Quartz surface products: Capital expenditures and R&D expenses for U.S. producers, by firm, 2016-18

* * * * * * *

ASSETS AND RETURN ON ASSETS

Table VI-5 presents data on the U.S. producers' total assets and their operating return on assets.[15] Total assets increased from 2016 to 2018. The return on assets decreased from 2016 to 2018.

Table VI-5
Quartz surface products: Value of assets used in production, warehousing, and sales, and return on assets for U.S. producers by firm, 2016-18

* * * * * * *

CAPITAL AND INVESTMENT

The Commission requested U.S. producers of quartz surface products to describe actual or potential negative effects of imports of quartz surface products from the subject country on their firms' growth, investment, ability to raise capital, development and production efforts, or on the scale of capital investments. Table VI-6 presents U.S. producers' responses in a tabulated format and table VI-7 provides the narrative responses.

Table VI-6
Quartz surface products: Actual and anticipated negative effects of imports on investment and growth and development

* * * * * * *

Table VI-7
Quartz surface products: Narratives relating to actual and anticipated negative effects of imports on investment and growth and development, since January 1, 2016

* * * * * * *

[15] With respect to a company's overall operations, staff notes that a total asset value (i.e., the bottom line number on the asset side of a company's balance sheet) reflects an aggregation of a number of assets which are generally not product specific. Accordingly, high-level allocation factors were required in order to report a total asset value for quartz surface products

PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

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

> *In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the subject merchandise, the Commission shall consider, among other relevant economic factors*[1]*--*
>
> *(I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement), and whether imports of the subject merchandise are likely to increase,*
>
> *(II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,*
>
> *(III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,*
>
> *(IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices, and are likely to increase demand for further imports,*
>
> *(V) inventories of the subject merchandise,*

---

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

(VI) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products,

(VII) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both),

(VIII) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and

(IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).[2]

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

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

THE INDUSTRY IN INDIA

The Commission issued a foreign producer/exporter questionnaires to 90 firms. Usable responses to the Commission's questionnaire were received from 24 firms.[3] These firms' exports[4] to the United States accounted for *** U.S. imports of QSP from India in 2018.[5] According to information requested of the responding Indian producers, the production of QSP in India reported *** percent of production of QSP in India in 2018.[6] According to its website, Pokarna Engineered Stone Limited ("Pokarna") is India's largest manufacturer and exporter of engineered stone surfaces.[7] ***. Table VII-1 presents summary information on the QSP operations of the responding producers in India, while table VII-2 presents summary information of the responding resellers in India.[8]

[3] Staff received usable foreign producer questionnaires from 21 firms in India that produce QSP, and received an additional four questionnaires from firms that resale as exports to the United States.

[4] Based on the 21 responding producers in India that answered the question regarding reported exports to the United States, these firms indicated that they accounted for a combined *** percent of all exports to the United States of U.S. imports of QSP from India in 2018. One firm *** (which produced approximately *** square feet of QSP and exported approximately *** square feet of QSP to the U.S. in 2018) reported that it had accounted for *** percent of exports from India to the United States in 2018 was not included in this estimate. Foreign producer questionnaire responses, section II-6.

[5] Based on official import statistics, 11.3 million square feet of imports of QSP arrived into the United States in 2018. Indian producers combined with resellers reported that they exported approximately *** square feet to the United States in 2018, which exports to the United States accounted for approximately *** percent of U.S. imports of QSP from India in 2018.

[6] ***.

[7] PESL is a wholly owned subsidiary of Pokarna Limited. PESL is constructing a new plant in India that is expected to be completed in 2020. PESL's plant, a Greenfield engineered stone facility will be similar to its existing unit, which will be set up using Breton stone technology. According to Pokarna, it is the only quartz producer in India that uses Breton technology. The plant will be located in Hyderabad, and it "will cater to international as well as domestic markets both of which are witnessing encouraging demand trends." Pokarna, Q3 CY 2019 results presentation. http://www.pokarna.com/investors/.

[8] ***." *** foreign producer questionnaire, section I-2.

Table VII-1
Quartz surface products: Summary data for producers in India, 2018

Firm	Production (1,000 square feet)	Share of reported production (percent)	Exports to the United States (1,000 square feet)	Share of reported exports to the United States (percent)	Total shipments (1,000 square feet)	Share of firm's total shipments exported to the United States (percent)
Antique Marbonite	***	***	***	***	***	***
Argil Ceramics	***	***	***	***	***	***
Baba Super Minerals	***	***	***	***	***	***
Camrola	***	***	***	***	***	***
Classic Marble	***	***	***	***	***	***
Creative	***	***	***	***	***	***
Cuarzo	***	***	***	***	***	***
Divyashakti	***	***	***	***	***	***
Esprit Stones	***	***	***	***	***	***
Global	***	***	***	***	***	***
Keros	***	***	***	***	***	***
Mahi Granites	***	***	***	***	***	***
Pacific Quartz Surfaces	***	***	***	***	***	***
Paradigm	***	***	***	***	***	***
Pelican	***	***	***	***	***	***
Pokarna	***	***	***	***	***	***
Renshou	***	***	***	***	***	***
Rocks Forever	***	***	***	***	***	***
Satya Exports	***	***	***	***	***	***
Tabquartz	***	***	***	***	***	***
Virgin Enterprise	***	***	***	***	***	***
Total	25,706	100.0	15,804	100.0	23,477	67.3

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

Table VII-2
Quartz surface products: Summary data on resellers in India, 2018

Firm	Resellers exports to the U.S. (1,000 square feet)	Share of reported resellers exports to the U.S. (percent)
Alicante	***	***
Esprit Stones	***	***
Hilltop Stones	***	***
Jessie-Kan Granite	***	***
Total	***	***

Note.—***.

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

Changes in operations

As presented in table VII-3, the producers and exporters in India reported operational and organizational changes since January 1, 2016. At the Commission's hearing, the petitioners alleged that Indian and Turkish industries began ramping up the production capacity after they learned about the possibility of tariffs on Chinese product.[9] [10]

Table VII-3
Quartz surface products: Indian producers' reported changes in operations, since January 1, 2016

* * * * * * *

Operations on Quartz Surface Products

Table VII-4 presents information on the QSP operations of the responding producers and exporters in India for 2016-18, as well as projections for 2018-19.

Capacity in India increased by 189.4 from 2016 to 2018. The overall production increased by 160.3 percent from 2016 to 2018, but capacity utilization decreased by 6.2 percentage points from 2016 to 2018. In addition, end-of-period inventories increased by 133.1 percent during 2016-18, while home market shipments/internal consumption/transfers ***.[11]

Total shipments of the responding Indian producers increased by 146.6 percent from 2016 to 2018. Exports of QSP to the United States increased by 191.1 percent from 2016 to 2018. As a share of total shipments, exports to the United States increased by 10.3 percentage points from 2016 to 2018. Exports as a share of total shipments to all other markets decreased by 8.4 percentage points from 2016 to 2018. Other export markets identified by firms included ***.[12] Total exports to the United States (including resales exported to the United States) increased by *** percent from 2016 to 2018. Projections indicate that capacity, production, exports to the United States, and end-of-period inventories for Indian producers will increase in both 2019 and 2020.

[9] Hearing transcript, p. 32 (Meisner).

[10] Counsel for the Indian producers *** indicated that the firms they represented accounted for about ***. This can (possibly) be attributed to the overreporting of exports of QSP from India in 2018. Email message from *** June 13, 2019.

[11] Projections indicate that capacity is expected to increase by 295.1 percent from 2016 levels to 2020 levels, while production is expected to increase by 414.3 percent from 2016 levels to 2020 levels. Exports to the United States are expected to increase by 358.4 percent from 2016 levels to 2020 levels.

[12] Indian foreign producer questionnaire responses, section II-8.

Table VII-4
Quartz surface products: Data for producers in India, 2016-18, and projections for calendar years 2019 and 2020

Item	Actual experience			Projections	
	Calendar year			Calendar year	
	2016	2017	2018	2019	2020
	Quantity (1,000 square feet)				
Capacity	16,201	22,552	46,888	55,455	64,022
Production	9,877	14,614	25,706	44,261	50,796
End-of-period inventories	3,035	4,834	7,052	8,810	10,244
Shipments:					
Home market shipments:					
Internal consumption/ transfers	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***
Total home market shipments	2,155	2,790	4,888	9,295	11,561
Export shipments to:					
United States	5,430	7,399	15,804	23,735	24,893
All other markets	1,936	2,572	2,785	9,507	12,909
Total exports	7,366	9,971	18,589	33,242	37,802
Total shipments	9,521	12,760	23,477	42,537	49,362
	Ratios and shares (percent)				
Capacity utilization	61.0	64.8	54.8	79.8	79.3
Inventories/production	30.7	33.1	27.4	19.9	20.2
Inventories/total shipments	31.9	37.9	30.0	20.7	20.8
Share of shipments:					
Home market shipments:					
Internal consumption/ transfers	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***
Total home market shipments	22.6	21.9	20.8	21.9	23.4
Export shipments to:					
United States	57.0	58.0	67.3	55.8	50.4
All other markets	20.3	20.2	11.9	22.3	26.2
Total exports	77.4	78.1	79.2	78.1	76.6
Total shipments	100.0	100.0	100.0	100.0	100.0
	Quantity (1,000 square feet)				
Resales exported to the United States	***	***	***	***	***
Total exports to the United States	***	***	***	***	***
	Ratios and shares (percent)				
Share of total exports to the United States:					
Exported by producers	***	***	***	***	***
Exported by resellers	***	***	***	***	***
Adjusted share of total shipments to the United States	***	***	***	***	***

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

Alternative products

The responding Indian firms reported that, from 2016 to 2018, *** of the overall production capacity that was devoted to in-scope QSP production, which accounted for *** from 2016-18.

Exports

According to GTA, the leading export markets for articles of cement, concrete or artificial stone, whether or not reinforced from India are the United States, the United Kingdom, Nepal, and Israel (table VII-5). During 2018, the United States was the largest export market for these articles from India, based on value, accounting for 78.5 percent, and was followed by the United Kingdom, accounting for 8.6 percent.

Table VII-5
Articles of cement, concrete or artificial stone, whether or not reinforced: Exports from India by destination market, 2016-18

Destination market	Calendar year		
	2016	2017	2018
	Value (1,000 dollars)		
Exports to the United States	29,288	32,825	59,269
Exports to other major destination markets.-- United Kingdom	1,692	4,781	6,474
Nepal	55	54	1,825
Israel	1,185	1,215	1,483
Canada	1,502	1,724	1,372
Sri Lanka	714	1,262	1,344
United Arab Emirates	30	139	594
Brazil	---	0	385
Ireland	0	242	357
All other destination markets	3,774	1,371	2,410
Total exports	38,240	43,613	75,513
	Share of value (percent)		
Exports to the United States	76.6	75.3	78.5
Exports to other major destination markets.-- United Kingdom	4.4	11.0	8.6
Nepal	0.1	0.1	2.4
Israel	3.1	2.8	2.0
Canada	3.9	4.0	1.8
Sri Lanka	1.9	2.9	1.8
United Arab Emirates	0.1	0.3	0.8
Brazil	---	0.0	0.5
Ireland	0.0	0.6	0.5
All other destination markets	9.9	3.1	3.2
Total exports	100.0	100.0	100.0

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

Source: Official exports statistics under HS subheading 6810.99 as reported by Ministry of Commerce in the Global Trade Atlas database, accessed May 22, 2019.

THE INDUSTRY IN TURKEY

The Commission issued foreign producers' or exporters' questionnaires to 25 firms believed to produce and/or export QSP from Turkey.[13] Usable responses to the Commission's questionnaire were received from three firms: AKG Yalitim ve Insaat Malz. Sanayi ve Tic A.S. ("Yalitim"), Belenco Dis Ticaret A.S. ("Belenco"),[14] and Ermas Madencilik Turizm Sanayii ve

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

[14] ***. Foreign producer questionnaire responses, section II-8.

Ticaret A.S. ("Ermas").[15] These firms' exports to the United States accounted for approximately *** of U.S. imports of QSP from Turkey in 2018. According to estimates requested of the responding Turkish producers, the production of QSP in Turkey reported in responding producers' questionnaires accounted for approximately *** percent of overall production of QSP in Turkey in 2018.[16] Table VII-6 presents information on the QSP operations of the responding producers and exporters in Turkey.

Table VII-6
Quartz surface products: Summary data for producers in Turkey, 2018

Firm	Production (1,000 square feet)	Share of reported production (percent)	Exports to the United States (1,000 square feet)	Share of reported exports to the United States (percent)	Total shipments (1,000 square feet)	Share of firm's total shipments exported to the United States (percent)
Yalitim	***	***	***	***	***	***
Ermas Madencilik	***	***	***	***	***	***
Belenco	***	***	***	***	***	***
Total	***	***	***	***	***	***

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

Changes in operations

As presented in table VII-7 producers in Turkey reported several operational and organizational changes since January 1, 2016. *** started production operations in 2018, and it projects that it will become the largest producer in Turkey by 2020.[17]

[15] *** did not begin production until 2018, but ***. *** foreign producer questionnaire response, section II-8.

[16] Between the three responding Turkish QSP producers, ***. Foreign producer questionnaire responses, section II-5.

[17] *** foreign producer questionnaire response, section II-8.

Table VII-7
Quartz surface products: Turkish producers' reported changes in operations, since January 1, 2016

* * * * * * *

Operations on Quartz Surface Products

Table VII-8 presents information on the QSP operations for the responding producers in Turkey for 2016-18, as well as projections for 2019-20.

Overall capacity for the Turkish producers increased by *** percent from 2016 to 2018. The Turkish producers' combined production increased by *** percent from 2016 to 2018.[18] Capacity utilization decreased by *** percentage points from 2016 to 2018. In addition, end-of-period inventories increased by *** percent from 2016 than 2018.[19]

Total shipments of the Turkish producers increased by *** percent from 2016 to 2018, while home market shipments/internal consumption transfers increased by *** percent from 2016 to 2018. Exports of QSP to the United States increased by *** percent from 2016 to 2018.[20] As a share of total shipments, exports to the United States increased by *** percentage points from 2016 to 2018. Exports as a share of total shipments to all other markets decreased by *** percentage points from 2016 to 2018. Other export markets identified for these firms included ***.[21]

[18] ***. Foreign producer questionnaires, section II-8.

[19] Projections indicate that capacity, production, capacity utilization, end-of-period inventories, and exports to the United States are expected to increase in 2019 and also 2020. Projections indicate that capacity is expected to increase by *** percent from 2016 levels to 2020 levels, while production is expected to increase by *** percent from 2016 levels to 2020 levels. Exports to the United States are expected to increase by *** percent from 2016 levels to 2020 levels.

[20] *** indicated "***. *** foreign producer questionnaire response, section II-8.

[21] Foreign producer questionnaire responses, section II-8.

Table VII-8
Quartz surface products: Data for producers in Turkey, 2016-18, and projections for calendar years 2019 and 2020

* * * * * * *

Alternative products

The responding Turkish firms reported that, from 2016 to 2018, *** of the overall production capacity that was devoted to in-scope QSP production, which accounted for *** from 2016-18.[22]

Exports

According to GTA, the leading export markets for surface products from Turkey are the United States, Canada, and Israel (table VII-9). During 2018, the United States was the top export market for surface products from Turkey, accounting for 75.9 percent, based on value, followed by Canada and Israel, accounting for 3.3 percent and 2.5 percent, respectively.

[22] Foreign producer questionnaire responses, section II-3a.

Table VII-9
Articles of cement, concrete or artificial stone, whether or not reinforced: Exports from India by destination market, 2016-18

Destination market	Calendar year		
	2016	2017	2018
	Value (1,000 dollars)		
Exports to the United States	17,102	20,631	30,794
Exports to other major destination markets.-- United Kingdom	388	400	1,345
Canada	2,155	2,068	1,321
Israel	906	1,270	1,020
Cyprus	636	642	867
Jordan	151	119	418
Greece	167	237	381
Belarus	42	59	374
Bulgaria	97	103	349
All other destination markets	9,766	8,151	3,724
Total exports	31,410	33,678	40,595
	Share of value (percent)		
Exports to the United States	54.4	61.3	75.9
Exports to other major destination markets.-- United Kingdom	1.2	1.2	3.3
Canada	6.9	6.1	3.3
Israel	2.9	3.8	2.5
Cyprus	2.0	1.9	2.1
Jordan	0.5	0.4	1.0
Greece	0.5	0.7	0.9
Belarus	0.1	0.2	0.9
Bulgaria	0.3	0.3	0.9
All other destination markets	31.1	24.2	9.2
Total exports	100.0	100.0	100.0

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

Source: Official exports statistics under HS subheading 6810.99 as reported by State Institute of Statistics in the Global Trade Atlas database, accessed May 22, 2019.

SUBJECT COUNTRIES COMBINED

Table VII-10 presents summary data on QSP operations of the reporting subject producers in both subject countries during 2016-18, as well as projections for calendar years 2019 and 2020. The overall capacity for the combined subject countries increased by *** percent from 2016-18. The overall production increased by *** percent during 2016-18. The combined capacity utilization rate decreased by *** percentage points from 2016 to 2018.The combined exports to the United States increased by *** percent from 2016-2018. Combined projections indicate that capacity, production, capacity utilization, end-of-period inventories, and exports to the United States are expected to increase in 2019 and further into 2020.

Table VII-10
Quartz surface products: Data on the industry in subject countries, 2016-18, and projections for calendar years 2019 and 2020

* * * * * * *

U.S. INVENTORIES OF IMPORTED MERCHANDISE

Table VII-11 presents data on U.S. importers' reported inventories of QSP. U.S. importers' end-of-period inventories of imports from subject countries increased by *** percent from 2016 to 2018. *** percent of the total combined subject country inventories in 2018. The combined subject country imports accounted for approximately *** percent of end-of-period inventories from all sources in 2018.

Table VII-11
Quartz surface products: U.S. importers' inventories by source, 2016-18

* * * * * * *

U.S. IMPORTERS' OUTSTANDING ORDERS

The Commission requested importers to indicate whether they imported or arranged for the importation of QSP from India and Turkey after December 31, 2018 (table VII-12).

Table VII-12
Quartz surface products: Arranged imports, January 2019 through December 2019

* * * * * * *

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

There are no known trade remedy actions on quartz surface products from India and Turkey in third-country markets.[23]

INFORMATION ON NONSUBJECT COUNTRIES

Table VII-13 presents export data for the largest nonsubject country, China, of cement, concrete, or artificial stone articles, including quartz surface products. Exports of cement, concrete, or artificial stone articles, including quartz surface products to the United States accounted for 41.9 percent of its total exports in 2018 (based on value).

Table VII-14 presents global export data of cement, concrete, or artificial stone articles, including quartz surface products. The value of global exports of cement, concrete, and artificial stone articles increased by 47.2 percent from 2016-18. China was the largest global exporter of these products, based on value, and accounted for 46.3 percent of global exports in 2018. The largest global exporters based on value of cement, concrete or artificial stone articles were, in descending order of magnitude, China, Spain, Germany, Canada, and Poland.

[23] Based upon and importer questionnaire responses and publicly available information from the WTO's dispute web portal.

Table VII-13
Articles of cement, concrete or artificial stone, whether or not reinforced: China's exports by destination market, 2016-18

Destination market	Calendar year		
	2016	2017	2018
	Value (1,000 dollars)		
Exports to the United States	325,399	477,827	927,893
Exports to other major destination markets.--			
Canada	65,078	77,319	186,951
Netherlands	58,932	100,713	143,024
United Kingdom	51,961	67,388	122,299
Australia	40,744	43,008	94,745
Singapore	32,747	47,701	89,211
Germany	32,983	44,648	80,527
Malaysia	20,504	52,151	66,881
Korea	33,986	51,339	58,256
All other destination markets	290,311	441,727	447,007
Total exports	952,644	1,403,821	2,216,795
	Share of value (percent)		
Exports to the United States	34.2	34.0	41.9
Exports to other major destination markets.--			
Canada	6.8	5.5	8.4
Netherlands	6.2	7.2	6.5
United Kingdom	5.5	4.8	5.5
Australia	4.3	3.1	4.3
Singapore	3.4	3.4	4.0
Germany	3.5	3.2	3.6
Malaysia	2.2	3.7	3.0
Korea	3.6	3.7	2.6
All other destination markets	30.5	31.5	20.2
Total exports	100.0	100.0	100.0

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

Source: Official exports statistics under HS subheading 6810.99 as reported by China Customs in the Global Trade Atlas database, accessed June 3, 2019.

Table VII-14
Articles of cement, concrete or artificial stone, whether or not reinforced: Global exports by exporter, 2016-18

Exporter	Calendar year		
	2016	2017	2018
	Value (1,000 dollars)		
United States	115,695	126,728	129,667
India	38,240	43,613	75,513
Turkey	31,410	33,678	40,595
Subject sources	69,650	77,291	116,108
All other major reporting exporters.-- China	952,644	1,403,821	2,216,795
Spain	389,359	474,579	524,437
Germany	321,083	354,406	368,924
Canada	155,315	156,105	175,791
Poland	111,372	180,690	152,096
Malaysia	181,972	136,119	144,454
Mexico	78,358	105,483	133,315
Netherlands	103,877	112,828	112,225
Italy	97,730	93,051	97,643
Belgium	37,046	49,376	53,852
All other exporters	635,745	718,673	558,250
Total global exports	3,249,846	3,989,148	4,783,559
	Share of value (percent)		
United States	3.6	3.2	2.7
India	1.2	1.1	1.6
Turkey	1.0	0.8	0.8
Subject sources	2.1	1.9	2.4
All other major reporting exporters.-- China	29.3	35.2	46.3
Spain	12.0	11.9	11.0
Germany	9.9	8.9	7.7
Canada	4.8	3.9	3.7
Poland	3.4	4.5	3.2
Malaysia	5.6	3.4	3.0
Mexico	2.4	2.6	2.8
Netherlands	3.2	2.8	2.3
Italy	3.0	2.3	2.0
Belgium	1.1	1.2	1.1
All other exporters	19.6	18.0	11.7
Total global exports	100.0	100.0	100.0

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

Source: Official exports statistics under HS subheading 6810.99 reported by various national statistical authorities in the Global Trade Atlas database, accessed May 22, 2019.

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
84 FR 21361, May 14, 2019	*Quartz Surface Products From India and Turkey; Institution of Anti-Dumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations*	https://www.govinfo.gov/content/pkg/FR-2019-05-14/pdf/2019-09934.pdf
84 FR 25524, June 3, 2019	*Certain Quartz Surface Products From India and the Republic of Turkey: Initiation of Countervailing Duty Investigations*	https://www.govinfo.gov/content/pkg/FR-2019-06-03/pdf/2019-11487.pdf
84 FR 24529, June 3, 2019	*Certain Quartz Surface Products From India and the Republic of Turkey: Initiation of Less-Than-Fair-Value Investigations*	https://www.govinfo.gov/content/pkg/FR-2019-06-03/pdf/2019-11488.pdf

APPENDIX B

LIST OF STAFF CONFERENCE WITNESSES

CALENDAR OF PUBLIC PRELIMINARY CONFERENCE

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

Subject: Quartz Surface Products from India and Turkey

Inv. Nos.: 701-TA-624-625 and 731-TA-1450-1451 (Preliminary)

Date and Time: May 29, 2019 - 9:30 a.m.

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

OPENING REMARKS:

In Support of Imposition (**Luke Meisner**, Schagrin Associates)
In Opposition to Imposition (**Jonathan T. Stoel**, Hogan Lovells US LLP)

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

Schagrin Associates
Washington, DC
on behalf of

Cambria Company LLC

Rebecca Shult, Executive Vice President and General Counsel,
Cambria Company LLC

Shannon Shindelar, Vice President and Senior Controller,
Cambria Company LLC

Roger Schagrin)
Luke Meisner) – OF COUNSEL
Elizabeth Drake)

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

Hogan Lovells US LLP
Washington, DC
on behalf of

M S International, Inc. ("MSI")
Arizona Tile LLC ("Arizona Tile")
Bedrosians Tile & Stone
Cimstone-AKG Yalitim ve Insaat Malz. San. Ve Tic. A.S.

Rupesh Shah, President, MSI

Bob Traxler, President Emeritus-Senior Advisor,
Arizona Tile, LLC

Marisa Bedrosians Kosters, Owner and Legal Counsel,
Bedrosians Tile & Stone

Jonathan T. Stoel)
Jared R. Wessel) – OF COUNSEL
Nicholas W. Laneville)

Morris, Manning & Martin, LLP
Washington, DC
on behalf of

Tabquartz, a division of Tab India Granites Pvt. Ltd.
Global Stones Private Limited
Baba Super Minerals Pvt. Ltd.
Pacific Quartz Surfaces LLP
Divyashakti Granites Limited
Federation of the Indian Quartz Industry

Emma K. Peterson, Trade Analyst, Morris, Manning & Martin, LLP

Julie C. Mendoza) – OF COUNSEL

In Opposition to the Imposition of
Antidumping Duty and Countervailing Duty Orders (continued):

Harris Bricken McVay, LLP
Seattle, WA
on behalf of

Absolute Stone
Bedrock Quartz Surfaces, LLC
Stone Warehouse of Tampa
Universal Granite & Marble Inc.
Cosmos Marble and Granite
Reliance Granite and Marble, Corp.
OHM International,
QuartzSource, LLC
Stone Showcase Inc.

Alan Jorgensen, Chief Executive Officer,
Bedrock Quartz Surfaces, LLC

Evan Kruger, Managing Member, Quartz Source, LLC
and Solidtops, LLC

Vineet Malik, President, Stone Showcase Inc.

Ken Trinder, Chief Executive Officer, EOS Surfaces, LLC

William E. Perry) – OF COUNSEL

Fox Rothschild LLP
Washington, DC
on behalf of

Wilsonart Engineered Surfaces LLC
Pokarna Engineered Stone Limited

Joe Thesing, General Counsel, Wilsonart Engineered Surfaces LLC

Kelly Hobbs, Director of Product Management, Wilsonart
Engineered Surfaces LLC

Lizbeth R. Levinson)
) – OF COUNSEL
Ronald M. Wisla)

REBUTTAL/CLOSING REMARKS:

In Support of Imposition (**Elizabeth Drake**, Schagrin Associates)	10 minutes
In Opposition to Imposition (**Jonathan T. Stoel**, Hogan Lovells US LLP; and **Julie C. Mendoza**, Morris, Manning & Martin, LLP)	10 minutes

-END-

APPENDIX C

SUMMARY DATA

Table C-1
Quartz surface products: Summary data concerning the U.S. market, 2016-18
(Quantity=1,000 square feet; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per square foot; Period changes=percent--exceptions noted)

	Reported data			Period changes		
	Calendar year			Calendar year		
	2016	2017	2018	2016-18	2016-17	2017-18
U.S. consumption quantity:						
Amount	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***
Importers' share (fn1):						
India	***	***	***	***	***	***
Turkey	***	***	***	***	***	***
Subject sources	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***
All import sources	***	***	***	***	***	***
U.S. consumption value:						
Amount	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***
Importers' share (fn1):						
India	***	***	***	***	***	***
Turkey	***	***	***	***	***	***
Subject sources	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***
All import sources	***	***	***	***	***	***
U.S. imports from:						
India:						
Quantity	4,136	5,182	11,291	173.0	25.3	117.9
Value	37,014	42,236	77,592	109.6	14.1	83.7
Unit value	$8.95	$8.15	$6.87	(23.2)	(8.9)	(15.7)
Ending inventory quantity	2,430	4,283	8,405	245.9	76.3	96.2
Turkey						
Quantity	1,962	1,968	3,503	78.5	0.3	78.0
Value	8,511	19,923	29,603	59.9	7.6	48.6
Unit value	$9.43	$10.13	$8.45	(10.4)	7.3	(16.5)
Ending inventory quantity	***	***	***	***	***	***
Subject sources:						
Quantity	6,098	7,149	14,794	142.6	17.2	106.9
Value	55,525	62,159	107,195	93.1	11.9	72.5
Unit value	$9.11	$8.69	$7.25	(20.4)	(4.5)	(16.7)
Ending inventory quantity	***	***	***	***	***	***
Nonsubject sources:						
Quantity	79,103	105,693	132,491	67.5	33.6	25.4
Value	764,028	987,998	1,150,343	50.6	29.3	16.4
Unit value	$9.66	$9.35	$8.68	(10.1)	(3.2)	(7.1)
Ending inventory quantity	24,445	33,584	37,177	52.1	37.4	10.7
All import sources:						
Quantity	85,201	112,842	147,284	72.9	32.4	30.5
Value	819,553	1,050,158	1,257,538	53.4	28.1	19.7
Unit value	$9.62	$9.31	$8.54	(11.2)	(3.3)	(8.3)
Ending inventory quantity	***	***	***	***	***	***

Table continued on next page.

Table C-1--Continued

Quartz surface products: Summary data concerning the U.S. market, 2016-18

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

	Reported data			Period changes		
	Calendar year			Calendar year		
	2016	2017	2018	2016-18	2016-17	2017-18
U.S. producers':						
Average capacity quantity	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***
Capacity utilization (fn1)	***	***	***	***	***	***
U.S. shipments:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Export shipments:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Inventories/total shipments (fn1)	***	***	***	***	***	***
Production workers	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***
Wages paid ($1,000)	***	***	***	***	***	***
Hourly wages (dollars per hour)	***	***	***	***	***	***
Productivity (square feet per hour)	***	***	***	***	***	***
Unit labor costs (dollars per square foot)	***	***	***	***	***	***
Net sales:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***
Net income or (loss)	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***
Unit net income or (loss)	***	***	***	***	***	***
COGS/sales (fn1)	***	***	***	***	***	***
Operating income or (loss)/sales (fn1)	***	***	***	***	***	***
Net income or (loss)/sales (fn1)	***	***	***	***	***	***

Notes:

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

Source: Compiled from data submitted in response to Commission questionnaires and official U.S. import statistics using HTS reporting number 6810.99.0010, accessed May 28, 2019.

APPENDIX D

MARKET BY CHANNEL

Tables D-1 through D-4 present data on markets by channel of distribution for U.S. producers and U.S. importers during 2016 through 2018.

Table D-1
Quartz surface products: U.S. producers' and U.S. importers' U.S. shipments to distributors, 2016-18

* * * * * * *

Table D-2
Quartz surface products: U.S. producers' and U.S. importers' U.S. shipments to fabricators and retailers, 2016-18

* * * * * * *

Table D-3
Quartz surface products: U.S. producers' and U.S. importers' U.S. shipments to contractors and builders, 2016-18

* * * * * * *

Table D-4
Quartz surface products: U.S. producers' and U.S. importers' U.S. shipments to other end users, 2016-18

* * * * * * *

APPENDIX E

DOMESTIC LIKE PRODUCT NARRATIVES

Tables E-1 and E-2 present domestic like product narratives for U.S. producers and U.S. importers. Table E-3 presents U.S. producers' and U.S. importers' comparisons on in-scope crushed glass surface products versus all other quartz surface products.

Table E-1
Quartz surface products: U.S. producers' comparisons of products by the like product factors

* * * * * * *

Table E-2
Quartz surface products: U.S. importers' comparisons of products by the like product factors

* * * * * * *

Table E-3
Quartz surface products: U.S. producers' and U.S. importers' comparisons of in-scope crushed glass surface products vs all other quartz surface products

Factor	U.S. producers				U.S. importers			
	Fully	Mostly	Somewhat	Never	Fully	Mostly	Somewhat	Never
	Count of firms							
Physical characteristics	5	---	---	---	4	6	14	11
Interchangeability	4	1	---	---	10	3	14	8
Manufacturing	5	---	---	---	5	5	11	5
Channels	5	---	---	---	16	6	7	3
Perceptions	4	---	1	---	4	4	17	7
Price	3	1	1	---	4	5	16	7

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