UNITED STATES
INTERNATIONAL TRADE COMMISSION

In the Matter of:	**) Investigation Nos.:**
POLYTETRAFLUROETHYLENE (PTFE)	**) 701-TA-588 and**
RESIN FROM CHINA AND INDIA	**) 731-TA-1392-1393**
	) (Final)

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UNITED STATES OF AMERICA

BEFORE THE

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IN THE MATTER OF:	) Investigation Nos.:
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RESIN FROM CHINA AND INDIA	) 731-TA-1392-1393
	) (FINAL)

Main Hearing Room (Room 101)
U.S. International Trade
Commission
500 E Street, SW
Washington, DC
Thursday, May 17, 2018

The meeting commenced pursuant to notice at 9:30 a.m., before the Commissioners of the United States International Trade Commission, the Honorable David S. Johanson, Vice Chairman, presiding.

APPEARANCES:

On behalf of the International Trade Commission:

Commissioners:

Vice Chairman David S. Johanson (presiding)

Commissioner Irving A. Williamson

Commissioner Meredith M. Broadbent (via phone)

Staff:

William R. Bishop, Supervisory Hearings and Information Officer

Tyrell Burch, Program Support Specialist

Mary Messer, Investigator

Robert Casanova, Investigator

Samantha DeCarlo, International Trade Analyst

Jennifer Catalano, International Trade Analyst

Emily Burke, International Economist

David Boyland, Accountant/Auditor

Nataline Viray-Fung, Attorney/Advisor

Elizabeth Haines, Supervisory Investigator

APPEARANCES:

Opening Remarks:
Petitioners (James R. Cannon, Jr., Cassidy Levy Kent (USA) LLP)
Respondents (Max F. Schutzman, Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt LLP)

In Support of the Imposition of Antidumping and Countervailing Duty Orders:
Cassidy Levy Kent (USA) LLP
Washington, DC
on behalf
The Chemours Company FC LLC
Denise Dignam, North American Fluoropolymers Business Director, The Chemours Company FC LLC
Douglas Hayes, North American Sales and Development Manager, The Chemours Company FC LLC
Simone M. Genna, North American Regional Budwsiness Manager, Teflon PTFE & Melts, The Chemours Company FC LLC
Richard Hoeck, Technical Services Senior Consultant, The Chemours Company FC LLC
Erin Simek, North American Price Coordinator, The Chemours Company FC LLC

APPEARANCES (Continued):

Steven Ackley, Finance Manager, Fluoropolymers, The Chemours Company FC LLC

Deirdre Maloney, Senior International Trade Advisor, Cassidy Levy Kent (USA) LLP

James R. Cannon, Jr., and Mary Jane Alves - Of Counsel

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

Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt LLP
Washington, DC
on behalf of
PTFE Processors Alliance ("PPA")
Zhejiang Jusheng Flurochemical Co., Ltd.
Shandong Dongyue Polymer Material Co., Ltd.
Shanghai Huayi 3F New Materials Sales Co., Ltd.
Zhonghao Chenguang Research Institute of Chemical Industry Co., Ltd.
Jiangxi Lee & Man Chemical Ltd.
Jiangsu Meilan Chemical Co., Ltd.
China Chamber of Commerce of Metals, Minerals & Chemical Importers

Richard Baillie, President, Baillee Advance Materials

Michael Haley, Manager, Industrial Release Coatings, Whitford Worldwide

APPEARANCES (Continued):

Chris Lewis, President, Advance Flexible Composites

Sina Ebnesajjad, President, FluoroConsultants Group, LLC

James P. Dougan, Senior Vice President, Economic Consulting Services

Curtis Eward, Economist, Economic Consulting Services

Max F. Schutzman, Jordan C. Kahn, Dharmendra N. Choudhary and Eve Q. Wang - Of Counsel

Trade Pacific PLLC
Washington, DC
on behalf of
AGC Chemicals America, Inc ("AGCCA")

James Dougherty, Global Operations Manager, AGC Chemicals Americas, Inc.

Jonathan M. Freed - Of Counsel

Rebuttal/Closing Remarks:

Petitioners (James R. Cannon, Jr., Cassidy Levy Kent (USA) LLP)

Respondents (Max F. Schutzman, Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt LLP; and Jonathan M. Freed, Trade Pacific)

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P R O C E E D I N G S 9:40 a.m.

MR. BURCH: Will the room come to order?

VICE CHAIRMAN JOHANSON: Good morning. On behalf of the U.S. International Trade Commission I welcome you to this hearing in the final phase of Investigation No. 701-TA-588 and 701-TA-1392 to 1393 involving polytetrafluorethylene or PTFE resin from China and India.

The purpose of the Final Phase Investigations is to determine whether an industry in the United States is materially injured or threatened with material injury or the establishment of an industry in the United States is materially retarded by reason of imports of PTFE resin from China and India.

Schedule setting forth the presentation of this hearing, Notices of Investigation and Transcript Order Forms are available at the public distribution table. All prepared testimony should be given to the Secretary. Please do not place testimony directly on the Public Distribution table. All witnesses must be sworn in by the Secretary before presenting testimony.

I understand that the parties are aware of the time allocations. Any questions regarding time allocations should be directed to the Secretary. Speakers are reminded not to refer in their remarks or answers to questions to

business proprietary information. Please speak clearly into the microphones and state your name for the record and for the benefit of the court reporter.

If you will be submitting documents that contain information you wish classified as business confidential your request should comply with Commission Rule 201.6. Mr. Secretary, are there any preliminary matters?

MR. BURCH: Mr. Chairman, I would like to note that all witnesses on both Panels have been sworn in. There are no preliminary matters.

VICE CHAIRMAN JOHANSON: Very well. Let us begin with opening remarks.

MR. BURCH: Opening remarks on behalf of the Petitioners will be given by James R. Cannon of Cassidy, Levy, Kent. Mr. Cannon, you have 5 minutes.

STATEMENT OF JAMES R. CANNON JR.,

MR. CANNON: Good morning. PTFE. Also known as Teflon. Stories about an industry that's trying to survive. They tried one strategy, then another. The industry tried to maintain high prices in order to be profitable and was unable to do that so they cut prices so they could fill their capacity so they could spread their fixed cost and try to earn profits that way.

They were unable to do that because the imports put a ceiling on their price levels. The imports in this

case are causing material injury because they are suppressing Domestic prices to the point that they lose money. As a result they've also reduced their workforce, they've cut all non-essential costs. They've stopped spending on items that they need to spend, they've pushed it to the future because they are unable to earn sufficient profitability.

The strategy has failed, prices are depressed relative to the cost of production. In many cases you see from the record, prices are below cost. It's due to the pervasive, systematic underselling by imports. The record shows substantial amount, indeed a very substantial amount of underselling.

Now, we'll hear today about the like product. It's going to be argued by the Respondents that there are three like products. We believe there is one like product. It is the same chemical. It appears in different forms. The Commission has seen this in many other cases. There has been many chemical cases in which there is a granular product, a powdered product, prilled or flaked and also a solution. You've had one like product and that's what we have.

Nevertheless, even if you look at it as three like products the analysis is the same and the trends are the same. The trend in imports and the Domestic Industry

across all three products is the same. The difference really is how far the imports have penetrated the U.S. Market.

In the granular product there is greater penetration so greater effects. In the fine powder products there is less import penetration and so the degree of injury, the losses are not as great but you see the clear linkage across all three products.

Next, I want to address cumulation. Here today we only have the Chinese Respondents. The Indian Producers have not appeared and in fact the Chinese Respondents only represent about half the industry but they're arguing that you should not cumulate them because China makes sort of one species of product specialty; a high-grade and India makes another species -- commodity; the low grade.

We will testify that there are no distinctions between commodity and specialty. It's all one product. There are no grades in the market that are defined to be commodity or specialty. That is something that is defined by end users in terms of how they qualify the product.

So dumped and subsidized imports and PTFE from China and India now holds substantial share of the U.S. Market. They are the lowest-priced product across the market. They suppress U.S. Prices and put a ceiling on price levels. On this record there is ample evidence that

the Domestic Industry is materially injured by reason of imports. Thank you.

MR. BURCH: Thank you, Mr. Cannon. Opening remarks on behalf of the Respondents will be given by Max F.Schutzman of Grunfeld, Desiderio, Lebowitz, Silverman and Klestadt.

STATEMENT OF MAX. F. SCHUTZMAN

MR. SCHUTZMAN: Good morning. For the record I am Max Schutzman from the law firm of Grunfeld, Desiderio, here representing the PTFE Processors Alliance and Processors of PTFE and Chinese Producers of PTFE.

Most importantly, we urge you to determine that there is neither material injury nor the threat of material injury being suffered by the Domestic Industry by reason of Subject Imports. Because the data however forming the predicate for that conclusion are pretty much all confidential I will leave it to our prehearing and posthearing briefs to convince you of that, supplemented by the persuasive testimony of Respondents Economist, Mr. Dugan who you will hear from later today.

Instead, in this opening statement I ask you please to be mindful of certain other critical issues in this investigation that have been the subject of the prehearing briefs of the respective parties.

First, as mentioned by Mr. Cannon, the issue of

domestic like product. Petitioner has chosen to include three forms of PTFE within the scope of this investigation: granular, fine powder and dispersion and has taken the position they are, in the aggregate, one domestic like product.

In its preliminary determination the Commission agreed but on a very limited record and without the requisite data in the questionnaire responses to in effect come to any other reasonable conclusion. In this final investigation however the Commission Staff, to its credit solicited a wealth of information from questionnaire Respondents on this issue. Information that now establishes on a full and completely different record that these diverse forms of PTFE are indeed separate domestic like product and should be treated as such by the Commission in its final determination.

Secondly, we ask you to focus on the definition of the Domestic Industry. In its preliminary determination the Commission defined the domestic like product to be coextensive with the scope and in this respect it is significant that the scope includes PTFE whether filled or unfilled, whether or not modified and whether or not containing copolymer additives, pigments or other materials.

Again however, on a very limited record the Commission preliminarily concluded that the Domestic

Industry consisted of two US PTFE producers, Chemours and Dikon America. The Commission at that time did not include U.S. compounders and fillers in the definition of the Domestic Industry because the record was insufficient at the time for the Commission to do so.

Fortunately in this final investigation phase the Commission now has that information in the record since the staff included requests for such data in the U.S. Producers' questionnaires and received complete questionnaire responses from the eight U.S. compounders that make up this industry, some of whom are in this hearing room today and will testify.

That data establishes that these eight companies likewise produce scope product because they fill, they modify and they supplement PTFE with additives and other materials. Accordingly, they should be considered part of the Domestic Industry.

Next, we ask you to look carefully at the probability that imports from China and India not be cumulated. That position is based in substantial part upon confidential data, appearing in the staff report demonstrating that imports from China and India are simply not fungible, information that was not present on the record during the preliminary phase.

Finally, a word about the pricing comparisons

that appear in the Staff Report. The PTFE Processors Alliance and the Chinese Respondents suggested in questionnaire comments that the Commission Staff solicit prices for the five designated products; two granular, two fine powder and one dispersion but only for commodity product in order to achieve an apples to apples comparison.

The Commission staff agreed and the questionnaires that when out to questionnaire recipients included pricing data requests for the five products only in commodity form. Thereafter, revised questionnaires were issued in which the pricing data requests changed to eliminate the requirement that the quarterly prices only be for commodity product but for all product, commodity and specialty combined thus the apples to apples became apples to oranges.

Our understanding is that different specialty products, even by the same producer but clearly among different producers, should not be compared to one another because of the distinctions between them, as many are made to order for particular customers to their requirements and may contain fillers and additives and exhibit qualities and other requirements that differ from other specialty products.

As a consequence, Respondents believe that the pricing data collected in the questionnaire responses is

distorted and unusable for pricing comparisons between U.S. Product and Subject Imports. Our prehearing brief elaborates on this situation in much greater detail. Thank you for your attention.

MR. BURCH: Thank you, Mr. Shutzman. Will the first Panel in support of the Imposition of Antidumping and Countervailing Duty orders please come forward and be seated? Mr. Chairman, this Panel has sixty minutes for their direct testimony.

Mr. Cannon you may begin when you are ready.

MR. CANNON: Good morning again. We will just go directly into testimony and we will start with the statement of Richard Hoeck.

STATEMENT OF RICHARD HOECK

MR. HOECK: Good morning. My name is Richard Hoeck. I'm a Technical Service Senior Consultant at Chemours, a position I've held since 2005. Prior to that I worked for the Chemfab Corporation for 15 years. Chemfab was purchased by Samkobane in 2000. While there I used fluoropolymer dispersions to make tape, film and coated fabric and I'm very familiar with the production of PTFE, its chemical composition and the use of PTFE in downstream products.

The morning I will discuss the manufacturing process of PTFE and the various forms and grades of filled

and unfilled PTFE and the applications in which PTFE is used. First, a little historical perspective. It all started in 1938 when a chemist at Dupont Dr. Roy Plunkett found a cylinder of TFE gas where the pressure had dropped to 0 but there had been no loss or void in the cylinder.

When the cylinder was cut open he discovered PTFE. The PTFE that emerged from this cylinder had several key properties that we will discuss shortly. This combination of key properties was not available from other materials. Unlike other plastics, PTFE will now flow when it melts, it cannot pour into a mold or extrude like other plastics.

Over the next 80 years we dedicated people and resources to develop forms of PTFE that could be processed into usable forms by our customers. DuPont registered several patents for these products. It also worked closely with the purchasers to educate them about the unique properties of PTFE and exploit these properties for their own applications.

The first commercial sales of granular PTFE were for electrical insulation and for military and space uses. Commercial sales of PTFE accelerated in the 1950's and 1960's and the largest current applications for PTFE include electrical insulation, fluid handling, seals and gaskets infiltration. These applications take advantage of PTFE's 5

key properties. Although PTFE and the Chemours-registered brand Teflon may be well known for its use on coatings for fry pans this is a relatively small end use for the product.

Let's discuss briefly the production process. As you can see in slide 2, all PTFE begins with the mineral fluorspar or calcium fluoride which is combined with sulfuric acid to make hydrogen fluoride and reacted with chloroform to yield chlorodifluoromethane, known commonly as R22. Manufacturers process the R22 at high temperature and pressure to obtain the monomer tetrafluroethylene or TFE.

TFE is a colorless, unstable and flammable gas that's difficult to transport so manufacturers consume it on site or pipe it nearby. Manufacturers next polymerize TFE to produce TFE in granular, dispersion, or fine powder form. Granular polymers are the result of suspension polymerization which involves a vigorous agitation of the TFE produce a wet, raw polymer that resembles rice.

The producers dry and cut these particles to achieve the desired size for fine-cut product and may also agglomerate particles to produce free-flow products and the powder may also be heated to yield presintered PTFE. To produce dispersion and fine powders manufacturers use a reactor with mild agitation to avoid the coagulation of the PTFE and use a processing aid to keep the particles

separated and suspended insulation.

After polymerization they may add additional surfactants to form a stable, aqueous dispersion of approximately 60 percent PTFE in water, a solution similar in appearance and consistency to milk. Or they may agglomerate the suspended particles and then separate and dry them to yield a coagulated dispersion also known as fine powder.

Therefore, although granular PTFE is manufactured using a different polymerization process than dispersion and fine powder PTFE, all three forms are the PTFE polymer. They have the same chemical formula, they have a variety of overlapping chain links. At Chemours, our chemical process is identical through to the production of TFE and next regardless of form we polymerize.

We have a similar control lab that performs the analysis on granular, dispersion and fine powder PTFE. We use the same workforce to maintain all machinery and all forms of PTFE also typically share utilities and other support services. Granular, dispersion and fine powder PTFE are manufactured in a range of grades and specifications.

All three forms share the same chemical form, C2F4 polymerized and a single Chemical Abstracts Service Registry Number. By polymerizing the TFE we obtain extremely high molecular weight PTFE products that have

strong interatomic carbon fluorine bonds and this means that all forms share key properties. Chemical inertness -- they don't react to other chemicals or corrode. They have excellent heat resistance. They are good electrical insulators. They have low coefficient to friction and they function well over a wide variety of temperatures.

Again, these key properties unit PTFE products and are not available from any other materials. Granular, dispersion and fine powder PTFE are available in a continuum of particle sizes and densities as shown on slide 4. Regardless of form, they all share the same chemical formula and key characteristics.

As you see from this slide, even though manufacturers utilize a different polymerization process to produce them, fine powder and granular PTFE have the greatest overlap for particle size and bulk density.

All forms and grades of PTFE whether blended or unblended our intermediate products are used in a range of applications. As shown in slide 5, all three forms share common end uses for film, electrical installation, gaskets, linings and packing for chemical applications and wire coating, jacketing and tubing.

Purchasers select PTFE for its chemical resistance, excellent heat and chemical resistance, electrical installation, mechanical strength and toughness,

lubricity and functionality over a wide temperature range, often taking advantage of two or more of these properties. Although an individual manufacturer may not use granular, dispersion and fine powder PTFE in the identical end use product, all three forms are used in overlapping applications.

For example, to make films from granular PTFE, a manufacturer would compress the granular PTFE into a cylindrical mold, remove the compressed billet, heat it in an oven and cool it slowly under controlled conditions. Once cooled, it is placed on a lathe to "skive" or shave off the film. The thickness of this film can range anywhere from 1/1000th of an inch to 1/8 of an inch.

A manufacturer could also make a film by combining fine powder with a lubricant and extruding it through a film die to form a fibril network to produce a continuous PTFE sheet. This sheet would then be put through calendar rolls which flatten the material to the desired thickness, anywhere from 1000th to 1/100th of an inch.

This is how plumber's tape and also high-performance electrical insulation are made. This tape may be further processed to make a porous sheet that can be used in water-resistant garments and filtration. Or a manufacturer could make film from PTFE dispersion. The manufacturer would take a carrier which is made out of metal

or high-temperature polymer and dip the carrier into the dispersion to coat both sides, then they would dry, heat and sinter the PTFE.

They would repeat the dipping, drying, heating and sintering process multiple times to create a desired thickness. For example, a 2/1000th film might have as many as 8-12 layers. The film manufacturer could add different properties to the film while creating the various layers. At the end of the process, the film is removed from the carrier to produce the film. There are end users that purchase all three types of PTFE to make film because they are producing different types of film for various applications.

Another example of overlapping applications, manufacturers might utilize all three forms in pipe lining applications. A manufacturer might spray dispersion PTFE into the pipe, it might mold granular PTFE onto a mandrel, remove the mandrel and sinter the PTFE and then fit the liner into the pipe and alternatively a manufacturer that did not want to be limited by length of the mandrel for its pipe liners might blend the fine powder PTFE with a lubricant, use a paste extruder to form the liner, sinter the liner and then insert the liner into the pipe.

We sell all three forms of PTFE directly to end users as well as to distributers that supply the various end

use markets. We use the same sales personnel to sell all three forms. Our largest distributor, Fluorogistx purchases all forms of PTFE resin.

Finally, let's talk about price. From a big picture perspective, granular is lowest priced, then dispersion, then fine powder. But the pricing story is not that simple. The price of PTFE varies depending upon the grade and the application, thus all three forms of PTFE are sold in a range of overlapping prices.

For these reasons, the Commission treated all three forms of PTFE as single domestic like product in the preliminary determinations. We ask you to do the same in the final investigation. Before I finish I want to point out the table in front of you that contains a variety of samples. I brought along film, tubing, insulated wire made from the various forms of PTFE that I can show you at the end of our testimony.

MR. CANNON: Actually, I'll spend five minutes of my time so go ahead up there Rich, show some of them.

MR. HOECK: When we talk about different films, this particular film is made -- other than, I'm sorry.

Hey, there we go. So for films, I'll start with a -- this is film made from the fine powder that's paste extruded, and calendared. This is another film. This is made from the -- by the granular process where it's made

into a billet and skived or shaved.

And then here are in this book examples of several different kinds of film made from the cast film from dispersions. And again, they can all be used for a variety of different applications. And the first sample I showed you is fairly thin. Here's a sky film that's closer to probably 40 or 50 thousandths of an inch thick.

I'm sorry. The pasic strewded film can also be further processed to create a membrane used for filtration and in waterproof garments. For tubing and hose, this is a pipeliner tube made from the granular process. Here's a very thick tubing, thick wall tubing made with the pace extrusion process and a thinner tube used in the pace extrusion process.

And then here's a tube that's made using a dispersion coated fiberglass and a pace extruded film and a granular film in a multilayer construction.

The last example that I have is an example of wire insulation used in commercial and military aircraft currently flying today. The outer layer of this particular wire is wrapped with a tape made of PTFE. There are specifications in military and commercial aircraft that use either a fine powder, produced tape, or dispersion produced film that -- and a tape is basically a wide sheet cut into narrow strips.

That's -- those are the examples and we -- if you want to put your hands on them later, we can talk about that. Thank you.

MR. CANNON: Thank you. Next, we'll hear from Denise Dignam.

STATEMENT OF DENISE DIGNAM

MS. DIGNAM: Good morning, members of the Commission. I am Denise Dignam. I'm the business senior director for North American Fluoropolymers at the Chemours Company. I started my career in 1998 as a chemical engineer at Dupont and moved into marketing and business roles at Dupont for about 20 years.

When Chemours was spun off from Dupont in 2015, I took over a portion of the fluoropolymers at the business. At the beginning of 2016, I assumed management responsibility for the entire fluoropolymers business unit.

PTFE or Teflon is the original fluoropolymer. This business was built on the discovery of PTFE by Dr. Plunkett in 1938. At Chemours, we are very proud of this history and its legacy. We've built an iconic American business providing manufacturing jobs in the United States for over 70 years.

I -- as I explained last fall when I assumed responsibility for this business in 2016, PTFE fell into a internal category we call the "fix" category. Slide 9 and

the confidential version attached to my declaration is an internal chart used to describe the state of our Fluoroproducts business to our executive team. This analysis is completed by the corporate finance team and is reported monthly to the Fluoroproducts business president.

As you can see, PTFE is the only product in the Fluoroproducts business in the lower left quadrant of the chart. PTFE has been in this position since 2015. Other products that use TFE as an ingredient are in the upper right and lower right quadrants. For example, our melts business, which includes FEP and PFA is in the upper right quadrant. Our FChem business, which includes HFC blends was in the "fix" category in 2016. It's now in the lower right quadrant as a result of the anti-dumping duty case in 2016. By comparison, the PTFE business is the worst performing business in the portfolio.

Slide 10 shows the factors that Chemours considers to set these internal benchmarks. As shown, Chemours puts a business in the "fix" category when the gross margin is less than 10 percent and the revenue growth if flat or negative.

For businesses that fall in this category, selling, marketing, research expenses must be reduced and capital is invested only if the payback can be achieved in less than one year.

When I assume management of the fluoropolymers business in 2016, PTFE was a high priority. Our management team adopted a aggressive strategy to fix the PTFE business. Essentially, our strategy involved four areas of the business. One, increased TFE capacity utilization in order to reduce per unit fixed cost. Two, reduce our workforce. Three, reduce R&D spending and capital expenditures to the minimum essential level to continue operating the plant. And four, increase PTFE sales volume, focusing particularly on customers we had lost to import competition in the U.S. market.

A first step was to increase our capacity utilization. In 2014, the last year we earned gross profits above 10 percent of sales, our capacity utilization was over 90 percent. So our target was to increase sales in order to push our capacity utilization back over 90 percent.

In April 2015, we didn't have enough orders to fill our plant in West Virginia. We slowed the production process, and as a result, we were required to take idle mills' accounting adjustments. Although we cut prices in 2016 in order to increase our sales, we had to take item as adjustments again in November of 2016.

These accounting adjustments reflect the fact that we are absorbing current expenses of having idle capacity, which is not sustainable.

Slide 12 is a copy of a management report used on a monthly basis in 2016 to report on our progress to increase PTFE volume and therefore TFE utilization. This report shows various business segments within fluoropolymers. The status of each product line is identified as green, yellow, or red based on our current evaluation of each market.

For granular fine powders and dispersion, the status was red. As shown by the comments, the major issue in every case was price. In fact, PTFE is the only product line where prices are identified in the comments. Even the high prices shown, $3.25 a pound for granular, $5 per pound for fine powder, or $4.50 per pound for dispersions were below our costs of production. Even at these low prices, we identified our changes of obtaining additional business as low probability.

The reason for our inability to resurrect the PTFE business is that imports of PTFE from China and India prevent us from obtaining higher prices. PTFE prices from China and India consistently undercut our prices. No matter how much we lowered our prices, the prices offered from China and India were lower. As a result, our revenues were not sufficient to generate profits, even though we sacrifice to cut cost.

Slide 4 shows the trend in capacity utilization.

This chart shows the utilization rate for our PTFE operations and also our TFE operations. As you can see, because we had some success increasing sales in 2017, we were able to increase capacity utilization in 2017. As a result, our unit costs fell in 2017.

High capacity utilization is critically important to our results. By increase production of PTFE, we were able to increase our production of the monomer TFE. PTFE is the largest consumer of TFE. TFE accounts for a majority of the cost to manufacture PTFE.

In a very real sense, we are in the business of selling TFE gas in the form of a polymer. Slide 5 shows this decline in our workforce from 2015 through 2017. As you can see, our direct production workers fell 18 percent. Slide 5 does not include the production and related workers in our TFE plant at Washington Works or the workers producing HF and R-22, the upstream chemicals that are used to produce PTFE. These workers also depend on our ability to produce PTFE.

In the beginning of 2017, we saw we could not recover enough volume by trying to sell the customers we lost. Prices just continued to fall due to the dumped imports, so we decided to file an anti-dumping and countervailing duty case as the options for the West Virginia site were grim.

We have improved results in 2017, but the PTFE business is still in the "fix" category as reported as to the executive team last month. Even though we increased output and cut costs sharply in 2017, we were unable to earn a profit. Moving forward, we cannot cut significant additional costs. We cannot continue to defer capital expenditures and R & D costs to the future. These cuts are only a short-term approach to stop the bleeding. To fix the PTFE business and achieve sustainable profits, we must increase prices.

Although we did increase sales, we had to cut prices or increase our exports were at -- which were also at low prices. Cy Genna will address the market in greater detail, but from a high level view of the business, our revenues are not sufficient to cover our operating cost.

Only after we filed the anti-dumping and countervailing duty petition have prices increased. As shown by the confidential data found in Exhibit 8 to our brief, our average prices for PTFE in all forms, but PTFE granular in particular are higher in the first quarter of 2018 than in 2016 or 2017.

In addition, our total shipments have increased two quarters in a row. Over the past three years, imports from India and China have not only undercut our prices, but they have driven other producers out of the market. We

regularly review import statistics published by Datamine. These data show that PTFE produced by Dyneon in Germany and by Solvay in Italy have declined as the imports from China and India increased.

But at Chemours, we do not have an option. Our plants in West Virginia is located here to supply the U.S. market. Unlike Dyneon and Solvay, who don't have the -- we don't have the option to retreat to our home market. The United States is our home market. It would not be rational or even cost effective for us to produce PTFE in West Virginia in order to serve export markets.

Consequently, we have met the low market prices established by the Chinese and Indian imports, so that we could continue to operate.

This anti-dumping and countervailing duty case is possibly our final hope to fix the PTFE business. We try, but failed to operate the business by refusing to cut prices. This -- that strategy caused us to lose sales volume, suffer idle mills, and sacrifice efficient production.

We more recently tried to cut costs to a minimum, fill our capacity, increase sales, but that strategy ran head first into the imports from China and India. The low price levels established by these imports put a ceiling on our prices. Even though we took drastic

steps to cut costs, we cannot achieve a positive operating profit.

We filed this case because we invented PTFE and invested in the business for 80 years. We are proud of the manufacturing jobs that PTFE generates at La Porte, Texas, Louisville, Kentucky, and Washington, West Virginia. Unfairly traded imports from China and India depress prices and prevent us from operating as a sustainable business. We ask your help to pull the PTFE business out of the "fix" category and rescue our plants and workers. Thank you for your time and attention.

MR. CANNON: Thank you, Denise. Our next witness will be Doug Hayes.

STATEMENT OF DOUGLAS HAYES

MR. HAYES: Good morning. My name is Douglas Hayes, and until December 2017, I was the North American Sales and Development Manager for Chemours Fluor Polymers. Prior to 2015, I was the North American Business Manager responsible for all the sales and marketing activities within the region. I have worked at Chemours and previously DuPont since 1980, and I've been involved in the PTFE industry since 1990.

My testimony this morning will address briefly the conditions of competition in the U.S. market. First, all but one of our customers are end users that further

process PTFE into intermediate or finished products. Customers are typically sophisticated in processing and use of PTFE to make seals and gaskets, films and tapes, hose and tubing or other products.

Most of our largest customers buy more than one form of PTFE. Producers of tape and film made by PTFE in all three forms, granular, fine powder and dispersion. Other customers only buy granular PTFE for producing molded billets or filled PTFE. These customers have invested in equipment and know-how to apply compression molding techniques to PTFE. Still other customers only purchase PTFE in fine powder form.

These customers focus on end use application such as insulation for electrical wire or fluid handling hoses, where a paste extrusion process can be used to produce a film or tube. Our own customer in the U.S. that is not an end user is Fluorgistics. Fluorgistics is our exclusive distributor in North America. Whereas we at Chemours supply about 30 large end users of PTFE directly, Fluorgistics supplies PTFE in all forms to several hundred smaller volume customers.

Secondly, demand for PTFE is driven by downstream markets. The largest markets include automotive, aerospace, oil and gas and the chemical industry. Other markets include medical equipment and applications

associated with semiconductor manufacturing. PTFE is a mature product in generally mature markets.

An example of a common application for PTFE is plumber's tape. Demand for this product increases over time as installed plumbing systems increase. Long-term, however, demand for all forms of PTFE is growing at roughly GDP rates.

Third, resin quality is important to some customers, but in a majority of cases price is the most important issue. Production of PTFE is technically challenging. Demanding end users such as the automobile makers, Boeing and Airbus and manufacturers of medical devices will require both the manufacturer and the specific PTFE grade to be qualified.

This process may take up to several years, and manufacturers of PTFE resins may be required to requalify the resins for each different finished product part or application. On the other hand, for general industrial applications, for certain coatings and for simple product such as the castors that you put under furniture legs, qualification is not difficult.

Customers in these markets will accept Chemours products perhaps because they qualified a particular grade of our PTFE years ago. Once your overall ability to provide good quality is known, price becomes the

key issue driving sales. Many end users want the PTFE resin to be pure, of pristine cleanliness with no visual contamination. It is difficult to manufacture PTFE with no visible contamination.

However, if the end use is a simple castor that allows your furniture to slide across the floor, or if the customer is adding pigments or fillers to the PTFE, resin cleanliness is far less important. As a result, new entrants into PTFE resin manufacturing will tend to first penetrate customer accounts that are less demanding from a quality perspective.

Imports from China and India for example early on captured a large share of purchases by compounders, who add pigment and other types of fillers before processing the PTFE. Over time, these imports have become established, their quality is recognized and they expand their sales. In other cases, the prices offered by Indian and Chinese PTFE importers are so low that the customers will adjust their manufacturing process so that they can use these low-priced imports.

This means, for example, that they're willing to accept lower yields because the raw material is so much cheaper that even with lower yields the finished products cost less to produce. Customers may change processing conditions or even redesign their processing equipment to

accommodate these materials because they are so cheap.

To maintain our sales volume and fill our capacity, we have had to match the low prices set by imports from China and India. In general, we set prices with our large end user customers on an annual basis. Contract negotiations generally take place during the fourth quarter of each customer's fiscal year. Prices then would be effective at the beginning of the calendar year.

We negotiate prices and a forecast quantity or share of the account for the following year. But a key element of our contracts, the forecast volume, is generally not fixed. Our customers adjust their orders depending on their customers' demand, or if they can obtain lower prices from Chinese or Indian sources, they will simply reduce their demand to us.

At some accounts, customers will award us a percentage of their orders, giving the balance to other suppliers. In this situation, it becomes difficult or impossible for us to increase price when imports are offered so far below our prices. Still other customers reserve a part of their total requirement to be purchased on the spot market. This way, the customers have current information on spot market prices.

When it comes time to renegotiate contracts for the following year, these customers will invariably

quote spot market prices. We'll hear from customers that, for example, were seeing prices less than $3 a pound out there. We can get any amount of product we need. So based on what they're seeing in the market from the imports, they will tell us what our target price needs to be.

And finally the global market for PTFE is oversupplied. At one point in time, Chemours and DuPont had a very large share of the PTFE market. After all, we invented these products. Over time, as competition increased, you'd expect prices to moderate. That's normal business. But today, PTFE is the worse-performing product in our portfolio.

As Denise explained, our PTFE business is internally classified as a fixed business. Compared to other fluoropolymers, we cannot earn adequate profits on PTFE operations unless we win this case. In the case of our other products like lubricants and specialty coatings, we are able to raise prices, particularly when our costs increase. We go to our customers with requests to increase prices to cover our costs, and they generally will allow us to obtain incremental increases.

But in the case of PTFE, it's been a constant downward spiral. Excess global capacity, particularly from China and India, puts constant pressures on price levels in the U.S. market. There is so much overcapacity in China and

India, that there is simply not -- there is no supply and demand dynamic in the market anymore.

Everyone is just rushing to gain share and try to fill their plants. To fill their capacity, producers in China as well as GFO in India have been offering PTFE prices at very, very low levels. These producers are simply buying market share to fill their capacity.

The U.S. industry cannot survive this assault. As recently as 2007, there were three U.S. manufacturers of PTFE, Chemours, DuPont, Daikin and AGC. Today, only Chemours and Daikin manufacture PTFE in the United States. I understand that AGC will be appearing this afternoon in opposition to our petition.

AGC does buy PTFE from Chemours, but they are also a significant importer. Daikin still manufactures PTFE in the United States, but it is also now a major importer of PTFE from China. The Commerce Department just found that Daikin is importing PTFE from China ta a dumping margin of 85 percent. To date, Chemours has struggled to fill our capacity here in West Virginia. We believe that our quality and our technical service is unmatched.

However, we cannot compete with the low-priced imports from China and India that are dumped and subsidized. I ask that the Commission reach an affirmative determination so that we can compete with these imports on a level playing

field. Otherwise, like AGC and Daikin, our manufacturing operations and American jobs will inevitably move offshore. Thank you.

MR. CANNON: Thank you, Doug. Next we'll hear from Cy Genna.

STATEMENT OF SIMONE M. GENNA

MR. GENNA: Good morning. My name's Cy Genna. I'm the North American Regional BuCyness Manager for the Teflon PTFE and Melts products for the Chemours Company. I've held this poCytion Since 2008 and first with DuPont and now with Chemours. I have overall responCybility for product marketing of PTFE in the United States and Canada, which includes directing the sales force, setting prices for the products, and frequent interaction with our customers.

This morning I'll address our sales in the U.S. market and the impact of imports from China and India. Denise explained how our sales strategy evolved over the past several years. In 2015, we tried to increase our prices to better cover our costs. Not only were we unable to increase prices, but by the end of 2015 we had lost substantial sales. Our PTFE capacity utilization was over 90 percent in 2014, but fell to less than 70 percent in 2015 and 2016. In order to increase production and fill our capacity and spread our fixed costs, in 2016 we accepted price cuts at existing customer accounts, and also

approached our former customers, customers that we had lost to the Chinese and Indian imjports.

We aggresCyvely tried to get those accounts back. To implement our strategy, I authorized price cuts in 2016. In contract negotiations in 2017, I authorized additional price cuts. As a result, our average prices fell three years in a row, and by 2017 we finally saw our sales volume increase to some extent.

In our confidential hearing exhibits, we've provided a copy of our sales listing. This table, which is identified as Exhibit 1, was attached to our post-conference brief. The sales listing shows all of our PTFE sales by grade. Out of 36 different grades of PTFE including granular disperCyon and fine powder, our prices fell in 24 different grades.

For those products where our prices increased, our sales volumes fell. Our lowest priced grades of PTFE are highlighted. Both are granular PTFE. These products competed head to head with imports from China and India. At the prices in the exhibit, we could not earn an operating profit or a gross profit on these products. We've submitted sales reports, customer call reports, email correspondence and other evidence of the impact of imports on our price.

This information clearly shows that Chemours lost substantial sales volume and even lost some customer

accounts altogether as a result of the unfairly traded imports. Our list of lost sales is long, and we're also forced to reduce prices to keep buCyness at many accounts, other accounts.

My declaration attached to the petition included an email from GFL America announcing a new price for PTFE reCyn from India in mid-2016. As a result of this offer, we lost the entire account from the second half of 2016 until we filed the anti-dumping petition. My declaration also included excerpts from a call report in the fourth quarter of 2016 regarding two different end user accounts.

In both cases, GFL offered PTFE made in India at prices that we could not match. In one case we reduced our case by a dollar per pound, but still sales volume at the account. My declaration also included excerpts from email correspondence with our distributor regarding competition with Chinese imports.

The preCydent of our distributor reported, and I quote "We're reducing our 6CX forecast since we're not sure we'll get the buCyness in 2017." He went on to say that we are selling the slow-moving material this month at low price but I have my doubts about staying in the game there. If our distributor cannot stay in the game against the imports from China and India, Chemours cannot stay in

the game.

These reports show the kind of market that we were in. We were trying to increase sales in order to spread our costs and return at least to a breakeven operation, but we were struggling just to maintain price levels at existing accounts. Since the petition was filed, however, we have seen customers return and prices have increased.

More recently after the petition was filed, Daikin announced a 20 percent price increase across the board. We expect that prices will continue to increase with anti-dumping and countervailing duties in place. With an affirmative determination, we could continue to manufacture PTFE in Washington, West Virginia and fill our R-22 capacity in Kentucky and our HF capacity in Texas.

I ask you for your vote to asCyst us to move the PTFE buCyness out of the fixed category, and preserve a plant that has been operating for 70 years. Thank you.

MR. CANNON: Thank you, Cy. So I'd like to briefly go through the pink sheets. Can I ask how much time we have? 19? Thank you. So Cy referenced the first one, which is the list of prices, and then the second one after that, BPI Hearing Exhibit 2. This is all our prices by grade, and he said that we highlighted the two granular prices that were the lowest-priced product.

Unfortunately, the highlighted got washed out of the pink paper. But if you look at granular on the left-hand column and you count down one, two, three, four, five, Cyx products, the fifth and the Cyxth, those two grades of granular product are the two products that he's referring to, and they are at the lowest prices. Those prices, for the number five there, is below the cost of materials, not just below the cost to manufacture.

So next, I'd like to flip forward to pick up with page number seven, Exhibit No. 7. This shows you and gives you some concept of some of the struggle the staff had with the questionnaire responses. So the first page here is China, and what we see is at the very top of the page for granular, the U.S. official census data, and then under that the coverage that you got from the importer questionnaire.

And then below that we see the exporter questionnaires, and the responses to the exporter questionnaires by foreign producers. And then as you squirrel down you see coverage, percent of the U.S. official, and there you can see the percentage that imports accounted for out of the census data.

So the parties that are here and discusCyng these data, that's how much of the market they represent. The remainder, which is a Cygnificant portion of the Chinese imports, are Cymply not represented. They didn't submit

questionnaire responses, they haven't given us data.

Now we turn to fine powder and disperCyon. The fine powder data, there are no census data for fine powder. Fine powder and disperCyons are in a Cyngle HTS category. So the staff split fine powder and disperCyons uCyng the data that they had reasonably. I think it was a good approach.

But what you see there is the coverage here, comparing the staff's calculated official data, split, versus the importer questionnaires. Again, what you see is not only poor coverage but it's even worse than the coverage of the granular data.

Then the last box, fine powder plus disperCyon, this lets you compare with the official statistics, to show that poor coverage particularly of fine powder and disperCyon, which are in your data set, in my view seriously under-represented by importer questionnaire responses or reporting by the foreign producers.

Turning to the next page, page eight, we see the same thing for India. For India, who is not -- did not appear, GFL appeared at the preliminary determination. They fought at Commerce in terms of both the countervailing duty case and the dumping case. They are not here before the CommisCyon in the final phase.

Next, I would turn to what I guess should be

page nine. There's no page number at the bottom. It's titled "Market Share by Product Based on Quarterly Price Data." So we took the quarterly price data, which are the five pricing products, and we looked to see is there a market share shift. In other words, where you have the identical product and you have underselling by imports, did they gain volume? Was there a market share shift?

And so it's interesting. What you see at the top under granular, you see U.S. producer, USP. That's the volume. You see imports from China, imports from India, and imports from all other suppliers, the non-subject. Below that, you see the market share.

So on the pricing data, you do see a Cygnificant pronounced shift. The domestic producers lost share on the pricing products, where we know there was substantial underselling. You see the same thing in fine powder, and you see the same thing in disperCyons.

The next page shows a summary of some of the selected import data. So I said in the opening that the trends are the same, whether you look at the case as one like product or three like products. So what you see on Slide No. 10 are just some overall factors, and the ones I highlight are the trending consumption.

You can see the trending consumption at the top of page one, it's flat it's fair to say. You can see

the U.S. producers' share of that trend. You can see that Chemours did have success increaCyng its market share, but then you look at the share of the imports. The importers have also Cygnificantly increased and are a large presence in the market.

Below that, you can see the domestic producer of U.S. shipments, the industry net sales revenues and then, which is key here I think, the net income this industry is earning. So indeed Chemours fought back and improved itself somewhat. That number in 2017, that's not sustainable profitability. That's barely breakeven.

Now if you turn to the next page, you see it broken down by the three like products. So I want to say just at a high level, any time in any case if you break products apart into segments, some will do better and some will do worse. It's a fact. You could break it down to the skew line, individual parts and products in any of your cases, and there will be pockets that will do better and there will be others that do worse.

But the trends overall are the same. So look at Table 1A, which shows granular. Here you see the consumption quantity and indeed in this segment, actually there's some improvement in consumption. But nevertheless, imports are increaCyng, they're increaCyng substantially, and there's sort of key factor here. Look at the Cyze of

the U.S. producers' share relative to imports, right?

So the second line down, U.S. producers' share of granular. Look at how important these imports are relative to the U.S. industry in granular. This is why U.S. producers couldn't escape the pressure from imports. When imports that are in the market are that large, U.S. producers cannot reCyst the price of the imports.

So that's what you see. Look at the bottom line, domestic industry net income. Yeah, it improves. They're at the bottom of a swimming pool looking up and they swam up a little bit and the surface is still way high. Now going to disperCyons, as I said, any time you break products up, there's going to be differences between the product line.

So here what we see is look at consumption quantity. You can see the trend in consumption is flat, U.S. producers' share and import share. Again, imports increased. But in this case, the imports haven't penetrated the disperCyon market to the same extent. They've taken over the granular market. They are increaCyng in the disperCyon market.

But the domestic industry is still at a better poCytion. So look at the net income loss, percent of sales. There in disperCyons, the industry improved, and again it's minuscule improvement in 2017. But there is somewhat of a

-- well, another way to look at all this data is really where the imports are most concentrated, granular. You really see the linkage and the strongest effects.

As you move down the page where the import market share, they haven't achieved this large of a share, the effects are somewhat less. The industry's doing a little bit better, and what that tells you is that the imports are clearly having an impact. There is causation, and I would submit in the last column, disperCyons, you see the same trend.

Imports have increased over the period. There is a decline in domestic prices and, if you look at the profitability levels, they're still unsustainable. They are too low to reinvest in this industry or continue. We saw from the slides, from the X, the type of factors that internally management at Chemours is looking at.

What they're looking at in that lower left quadrant was that gross margin. What is that gross margin? Is it adequate to stay in this buCyness, to keep this buCyness profitable. That was the frustration that we heard testimony about from Ms. Dignam for essentially her entire time at the helm of this buCyness, and continuing now into the fourth year, okay.

The next slide. The next slide talks about this commodity specialty grade issue, which I think this

afternoon we'll hear about. So this erodes because in the draft questionnaire, in the comments on the draft questionnaire, the Chinese producers proposed to split the product and the pricing data in between commodity and specialty.

But there is no grade that's defined as commodity or specialty. There's no ASTM standard that says this is a commodity standard and this is a specialty standard. Indeed, the record shows no one in the industry even knew how to answer the question. Moreover, the Chinese producers proposed that the pricing data should only be collected for commodity sales and not specialty sales.

Why did they say that? Because they think all of their sales are specialty. Apparently what they wanted to do was submit no prices because they only sell specialty, and they only wanted the staff to ask for commodity prices. The staff smartly reCysted. They did not only ask for commodity prices; they asked for all prices.

Now if you look at the page, what you see laid out here are the number of purchasers that reported they need to qualify, that they are purchaCyng a commodity grade which needs to be qualified. So I should start at the top. The ITC defined commodity grade as PTFE not requiring qualification based on the Chinese request.

Next, importers of the Chinese PTFE reported

that this percent of their shipments was specialty. By their -- what they asked you to do, it would mean they wouldn't be reporting pricing data, and they aren't even all here. Importers of Indian PTFE reported that this percent of their shipments were commodity. So what they're trying to do is set this up in such a way that there won't be cumulation, because one of them makes one thing and one of them makes the other. It's nonsense.

So I'll leave it at that. I finished the pink sheets, and last thing I want to talk about is the slides, number 18. Number 18 shows the increase in imports, PTFE in all forms. We have a 32 percent increase. We have a surge in imports from both countries.

The next slide talks about the threat of injury. So as outlined in our brief, as shown in the record, there is global excess capacity. China, in this industry like many others, has enough capacity essentially to supply the world. The U.S. market is still the largest market for Teflon, and the Indian producer is both subsidized and has a substantial plant with unused capacity.

So because they are driven to fill their capacity, just like Chemours. We heard the testimony from Ms. Dignam. Chemours is driven to fill its capacity so that it can run at the lowest cost possible. The same economics apply to Chinese producers and the Indian producers. They

have therefore, to fill their capacity, use low prices to penetrate U.S. customer accounts. The capacity in China is shown on page 20. It's still increasing, and the ratio of Chinese capacity to the U.S. market is shown on Slide 21, and I will stop there and we welcome your questions. Thank you.

(Pause.)

VICE CHAIRMAN JOHANSON: We will now begin with Commissioner questions, starting with Commissioner Williamson.

COMMISSIONER WILLIAMSON: Thank you Mr. Vice Chairman. I want to express my appreciation to all the witnesses for coming today and presenting their testimony. I also especially want to say thank you for all of you having written statements. It's been very helpful in following your testimony when you have those, and the graphics were also very useful too. So I want to thank everybody for that preparation for the testimony.

One thing we haven't heard much about is this -- the relationship between the producers and the fillers and processors, and that was a question they came up with in the prelim. So I was wondering if someone could explain the relationship between U.S. producers and the fillers and processors.

MR. CANNON: Thank you. I think I'll let my

colleague, my brand-new colleague hold forth on that topic.

COMMISSIONER WILLIAMSON: Okay. You made a face. Thank you, welcome.

MS. ALVES: Thank you. Mary Jane Alves from Cassidy Levy Kent. I'll first respond to your question from a legal perspective, and then I'd like to invite the rest of our members of the panel to respond from their industry perspective. As a legal matter, as we've argued in our prehearing brief, we do not believe that any of the blenders or compounders should be included in the domestic industry.

The Commission normally analyzes the issue of whether or not individual firms are engaging in sufficient production-related activities based on a six factor test. The facts that the record contains regarding each of those factors are confidential. So I can't discuss them. They're found in Table 3-4 of the report.

But on balance, we believe that they indicate that the blenders and compounders are not engaging in sufficient production-related activities to be considered producers. In particular, I would like to call your attention to what we believe is an inadvertent error in Table 3-4. It appears as though the capital expenditures that are reflected in that table are inconsistent with the capital expenditures that are reflected in Table 6-8 of the report.

It looks as though the capital expenditures for the Daikin and Chemours are added with the compounders there, and they're reflected ion Table 3-4 and not in Table 6-8. I can't say a whole lot more without going into the confidential information there. As far as how the industry perceives what the role is of the compounders and the blenders, I'd like to invite some of our witnesses to comment from their perspective.

COMMISSIONER WILLIAMSON: Okay. Can I just interrupt you? In responding, you can also address the question define a filler, define a blender, compounder and processor, and do they produce different types of products? So in talking about the relationship, if you can answer those questions too that would be helpful.

MR. HAYES: So this is Douglas Hayes. I'll take a shot at that question. We consider the compounders customers of ours, you know. We make PTFE fine powder, dispersion, granular. The compounders will purchase one or more of those types of PTFE, and add things to them such as pigments to change the color, fillers such as bronze or fiberglass to make the materials tougher, more abrasion-resistant.

And so then they will take those compounded materials and sell them to an end user, who will then make a tube or sheet or gasket, and that's -- so we consider them

very much of a customer, and we sell our PTFE resins to the compounders, who then change them by adding other materials to them and sell them to the end user processors.

COMMISSIONER WILLIAMSON: Now is there a separate category of fillers, blenders and processors? Could a compounder be doing all of those functions?

MR. HAYES: Rich, maybe you could answer that better than I can. I would say they're the same thing. Someone who is taking a virgin PTFE and adding it, we would either call that filling it or compounding it. Processing it, you know, you can sell virgin PTFE to a customer who processes it. The act of compounding or filling it is in itself a process, I guess you could call it that, but compounding and filling would be the same thing.

COMMISSIONER WILLIAMSON: Okay.

MR. HAYES: Does that answer your question sir?

COMMISSIONER WILLIAMSON: We're getting there. Let's keep going.

MR. CANNON: If I can put a little footnote on that, I think this is right Doug, and correct me if I'm wrong. But unlike other cases, compounders or blenders/fillers you might call them, don't exist sort of as a separate industry. Actually many of the end users who make the finished product, they compound themselves.

In other words, it's part of the customer's processing. They buy the granular or what have you and fill it or compound it, as opposed to being sort of a stand-alone industry or part of the manufacturing industry.

MS. DIGNAM: This is Denise Dignam. I would just like add in Doug Hayes' testimony he mentioned that there are customers that would come and mention prices. I mean the compounder's very much in the category of the customers that would come and quote Chinese and Indian import prices that set the ceiling in the market.

MS. ALVES: Commissioner Williamson, if I may also add, as Ms. Dignam has pointed out, one of the additional concerns that we identified in our brief is that even if you were disagree and to conclude that the compounders, blenders, fillers engage in sufficient production-related activities, we believe there's as basis to exclude them from the domestic industry as related parties.

Many of the blenders are in fact importing entirely the resin that they are using, or they're importing a large majority of the resin that they're using to make these compounds, and therefore they're really much more interested in acting as importers rather than domestic producers.

So we wouldn't want to skew the results of the

domestic industry by including these firms.

COMMISSIONER WILLIAMSON: Okay. You've gotten to the bottom line. Let's go back, and are -- do we -- I mean because this product is used in so many different applications. If you take say one major application, are you going to see maybe one pattern; if you're going to take another application you're going to see another pattern or relationship between the compounders, blenders and all and the basic producers? I'm trying to get a handle on this.

MR. HAYES: There are certain -- this is Doug Hayes. There are certain applications that virgin PTFE doesn't function as well in the final part as a compound would.

COMMISSIONER WILLIAMSON: Without getting into details, they're a generic area that that --

MR. HAYES: Go ahead.

COMMISSIONER WILLIAMSON: Where is that most often likely to happen?

MR. HAYES: In areas that have a lot of -- you know, for example the coatings that are made with PTFE for fry pans.

COMMISSIONER WILLIAMSON: Okay, something we're all familiar.

MR. HAYES: That we're familiar with.

COMMISSIONER WILLIAMSON: Yeah.

MR. HAYES: Those have lots of different fillers into it because you want it to resist the metal scraping of the utensils. You know, that's an example where virgin PTFE just wouldn't be suitable. But the combination of PTFE and the right fillers make it deal for that application.

COMMISSIONER WILLIAMSON: Now would the pan maker or Revlon or whoever's making pans nowadays, would they take the virgin PTFE and do those things to it to make it applicable, or are they going to use some intermediary?

MR. HAYES: For the most part, they would have someone else do that. Someone would provide them the filled coating to apply to the metal for the fry pan.

COMMISSIONER WILLIAMSON: Okay. Another significant area, is there a different pattern?

MR. GENNA: Commissioner I would -- this is Cy Genna. I just was going to add, in terms of thinking that as a supply chain where the virgin PTFE gets filled, there may be times when a company feels they need to control over that compounding or that gives them a particular advantage, and they'll choose to do it themselves, and other times where they look at that as something they can buy and they go to the compounder who specializes in producing the filled material.

So it's not necessarily -- it's really a

choice made by the molder or extruder at the end of that chain, to decide how they want to get that filling done, and it could be an economic choice, it could be a quality-driven choice. But it's generally not -- I don't think particularly germane to one application area versus another.

MR. HAYES: I have another example that I think might be something that's easy to understand. We, our customers will buy fine powder to extrude tubes. Those tubes could be used for fluid transport of many different types of fluids. One of the largest applications is fuel lines in automobiles.

Almost all of those tubes use fine powder that has been compounded with carbon black, because carbon black is a static dissipater and as the fuel goes through the plastic, it doesn't allow static to build up and so it's a safer product that will prevent the fuel from exploding basically.

Whereas if you were using an exact tube without the carbon black to move a fluid that has no safety issues, you would just use virgin PTFE. You wouldn't add the carbon black to it. I don't know if that helps, but that's another --

COMMISSIONER WILLIAMSON: It does help.

MR. HAYES: That's another significant example of why that one really has to have the filling in it, and a

similar product wouldn't need to have it.

COMMISSIONER WILLIAMSON: Okay.

MS. DIGNAM: This is Denise Dignam. I just want to add on to some of the comments that Cy Genna gave. As an example, we have a customer who within the last couple of years has decided to instead of we were selling to a compounder. They decided, this other customer has decided to do it themselves. So they've installed the compounding production, whatever is needed for that, and now they're doing it themselves.

COMMISSIONER WILLIAMSON: Okay. Thank you for all those answers. This is one of those -- we can do -- I don't remember us doing a plant tour of this product, but I guess this is one where we really need to do both the basic product and then go see how it's used. But thank you for those answers.

VICE CHAIRMAN JOHANSON: Commissioner Broadbent.

COMMISSIONER BROADBENT: Okay. I thank all the witnesses for coming today. It's ver helpful to have you here. Ms. Dignam, what do you mean when you say that imports set the ceiling for U.S. prices in the market? Are they higher-priced, and how do we square this with the evidence that we have, the Chemours and Dyaka are the price leaders in this market?

MS. DIGNAM: Denise Dignam. When I said that they set the ceiling, what I meant is they set the lowest price that we had to react to. I'm not sure of the data that would say that we're the price leaders and certainly the trajectory has been that we've been losing significant volume due to the price, low price levels that have been set by the import products from China and India.

COMMISSIONER BROADBENT: Okay, yeah. I'm looking on page 5-5, where purchasers reported a number of price leaders, Daikin and Chemours. Okay.

MR. HAYES: Madam Broadbent, could I add to that please?

COMMISSIONER BROADBENT: Yep.

MR. HAYES: Doug Hayes. I think in the past, when there was a real supply and demand dynamic, you know, the industry would get tight, the industry would loosen up. I think you could argue and we would say very proudly at DuPont Chemours we felt we were the price leaders, that as things were tightened, as demand was up and supply got tight, that we were the first to try to get prices to go up in the marketplace and in the past people would follow us.

And conversely as things would loosen up, we were probably the most resistant to lower as well. So from that perspective, I think the past we were the price leader. But frankly there's so much capacity right now in the world

from the imports coming in, that there really is no supply and demand dynamic anymore. Frankly what we're able to charge is frankly not much more than what the imports set the ceiling as what they charge. Thank you.

COMMISSIONER BROADBENT: Okay. Mr. Hoeck, you provided a number of physical examples produced from specific processes made from the three forms of PTFE, and I understand that your point that there are similar end use products made from three different forms. I'm just guessing that customers would see significant differences in these products, and most of the end users consider the different forms of PTFE to be not all comparable across most of the factors that we consider when trying to differentiate products.

Are these end users distinguishing between these forms because they have specific equipment that can only work with one grade or so of PTFE?

MR. HOECK: This is Rich Hoeck. Commissioner Broadbent, yes. That's my understanding of their answers. Having come from a processor myself, I spent like my -- my bio is I spent 15 years with Chemfab and Chemours, and sorry, Sancobain. At the site that I worked at, we were a dispersion processor. We produced film from dispersion.

We competed against people who made granular and fine powder films and tapes, and because that was our

installed technology, our installed capacity. So from an individual producer that's developed their business model around a particular kind or a particular form of PTFE, yes I would assume that's why that's the basis for their answer.

COMMISSIONER BROADBENT: Okay. So but when looking at these products, is it really a division here on the end product that you're making and the input that you're putting into it? I mean it seems that some of these end products would have specific inputs that they would need in terms of the different forms of PTFE.

MR. HOECK: In answer to your question, yes there are -- there would be specific applications that you would choose to use the easiest and best technology, to use a particular. However, the end game is that I'm using any of the three forms to produce a product that gives me the properties that allow it to function, either electrical, chemical resistant, slip, all those kind of things.

And as I pointed out, the -- a wire manufacturer can go at that a number of different ways, and in some cases will be equivalent in the marketplace.

COMMISSIONER BROADBENT: Wait. What's equivalent?

MR. HOECK: In the marketplace where if I'm making a cable that I need to have a certain functionality, I can get there by directly extruding from a paste extrusion

process. I can get there by taking a tape and wrapping around it. I can get there by coating with a dispersion a number of times, and it's dependent upon my installed capacity and also then getting that particular process into a specification and approved down line. But the ability to use products across the board is such that in many cases there's overlap. Not all.

COMMISSIONER BROADBENT: But from the purchasers' standpoint, they only have one type of equipment and they need a particular characteristic of this particular variety of this PTFE product?

MR. HOECK: That would be true, correct.

COMMISSIONER BROADBENT: Okay. But you're saying that everything that comes out on the end is all similar too? It's just the equipment that's different?

MR. HOECK: Yes.

MR. HAYES: So this is Doug Hayes. Let me take a shot at this, because I think there's been a lot of wrestling with this notion of one product. People use PTFE to get two or more of these properties that we've talked about of the five, and there's -- which grade or which form you choose often depends on the geometry that you're trying to impart those properties to.

So for example if you wanted a spherical object that had the properties of fluoropolymers on the

outside, that it could spin in some kind of mould or something, there's multiple ways of getting at that. One of the ways used to be you would mould granular into a block, and then machine it into a ball, right? Over time, people have found well you might be able to take a metal ball and dip it in liquid PTFE to get the properties of the PTFE on the surface and it functions exactly the same. But it might be more cost effective to do it that way or whatever.

But it really is the notion of depending on what the shape of the product is that you want a result in, the cost associated with building that product, you want to get two or more of those five properties of PTFE on there, and there's any number of ways to do it, fine powder, dispersion or granular.

COMMISSIONER BROADBENT: But on the spectrum, my sense is on the product there are a lot of products that can only take one kind of input of PTFE, or you wouldn't get that characteristic that that one product needed.

MR. HAYES: Could you -- could you --

COMMISSIONER BROADBENT: Well, I mean you're saying you can -- you can put in any of these three types of PTFE and you come out with characteristics two of five properties or something. But it would seem to me that the type of end product you are shooting for, whatever properties' on that end product, it would be a real

difference on what kind of input you use to get there.

MR. HAYES: It certainly is a difference in the type of equipment that you would use to process the material to get to that, right? And I would say that in -- for example, we just talked about automotive fuel hoses. The fine powder process to achieve that end use is the standard of the industry. Could you get there another way? Sure, you could get there other ways, but that has, over time, shown itself to be the most productive, cost-effective, efficient way of doing it and so almost everyone now who makes automotive fuel hoses uses the fine powder process; but that doesn't mean they couldn't do it the other way. I don't know if that helps.

COMMISSIONER BROADBENT: But it just seems to me that the manufacturers should be able to decide what kind of input they use to get to the final product that they're getting to.

MR. HAYES: Absolutely. When customers come to us, they will say I need a resin that operates that I can process in this piece of equipment at this kind of temperature and we will work with them to give them what is best for their processing needs. It'll be either a fine powder or a dispersion or granular, but another customer could come up and say I need something that the end product is going to be the same thing, but my process to get there

is a compression molding process. So we will say, okay, well the best resin for you to use there is a granular resin.

COMMISSIONER BROADBENT: Okay.

MR. HAYES: So it is absolutely processor technology specific. But as processors evolve their own decision on how they want to make their products, they have a choice.

COMMISSIONER BROADBENT: Okay, thank you very much.

VICE CHAIRMAN JOHANSON: First of all, I would like to thank all of you for appearing here today.

Respondents point to information in Chemours' website that separately describes the unique and distinguishing attributes of the three PTFE forms as well as several grades within each form, and this is at page 13 of the Chinese Respondents' brief. They argue that this suggests recognition of separate domestic-like products. Could you all please respond?

MR. HAYES: Well, I guess I would just sort of amplify what I was saying that the forms are different significantly in terms of the equipment that is necessary to process them. So if someone has a past extrusion process that they're looking for a resin to run through that process, they're only going to be interested in fine powder

resins. And you know the bulk density of them are different. The size of the particle is different and website explains all these things. Okay, so from that perspective, again, as someone goes onto the website and is looking for what is the right product for them, personally, to buy to meet their needs we try to articulate what that is and you cannot process granular resins in a paste extrusion process that's designed to use fine powder and so we separate those things.

And within each one of the forms -- granular, fine powder, and dispersion, there are various grades that might have different particle size, that might have extrusion pressures, and we articulate that in a lot of detail to try to help our customers make the best decision of what will work in their processing equipment.

MS. ALVES: If I could point you to Slide 16, although Respondents have attempted to make it look at though this is the first case where the Commission has wrestled with this sort of a problem, it's really not uncommon for the Commission to face a situation where the imported products correspond to a number of different products that are produced in a variety of grades and forms.

Here are just some of the cases where you've faced similar issues and where you have found one like

product, notwithstanding the fact that there were multiple forms. For example, in pure magnesium you included pure and alloy magnesium primary and secondary magnesium were casted in granular forms. Likewise, in sodium nitrate, you included granular flake and liquid solution with or without anti-kicking agents.

If I could then point your attention to Slide 17, a lot of the focus in Respondents' brief has been on differences in the production process and they've also focused a lot on Table 1-4, where staff has simply counted up the number of responses by questionnaire in terms of you know whether or not the products were comparable or not at all comparable. And what this doesn't take into consideration is a lot of the questionnaire responses that you'll see in Appendix D, notwithstanding the fact that a lot of the questionnaire respondents have checked the box indicating that various forms are simply not interchangeable, if you look at the narrative responses they, in fact, acknowledge that more than one form can be used in certain applications, such a film, such as tubing.

And so, notwithstanding the fact that they may be checking the box saying they would never use another form, their narrative responses actually confirm the exact opposite. So we wanted to point this out to you. In fact, for granular and fine powder for a lot of the questionnaire

responses, notwithstanding the fact that they use a different dispersion process, they have a lot of the same physical characteristics. And in fact, there's the greatest overlap in terms of some the applications that those two products are using, according to the questionnaire responses.

VICE CHAIRMAN JOHANSON: Thank you, Ms. Alves. And Ms. Alves, would you mind pointing out in the post-hearing brief the differences between the narrative and what is actually I guess checked in the box -- however you would call that?

MS. ALVES: Yes, absolutely.

VICE CHAIRMAN JOHANSON: Okay, I look forward to seeing that. Thank you.

In a previous investigation initiated by Chemours predecessor in interest, DuPont, the Petitioners exclusively focus on granular PTFE. Does this suggest a distinction or a clear dividing line recognized by the domestic industry or Petitioners regarding different types of PTFE?

MS. ALVES: No, Mr. Vice Chairman. At the time, the imports that the domestic industry was trying to respond to were primarily in granular form. As our testimony indicated this morning, it's not unusual for manufacturers to begin with the manufacturing of granular form and so that

was where the relief was requested was on what was being imported and where the competition was.

Since that time, imports have expanded and certainly the record indicates that imports from China and from India are arriving in all forms.

VICE CHAIRMAN JOHANSON: Were there significant imports of non-granular PTFE during the time of the previous investigation?

MS. ALVES: Not to my knowledge.

VICE CHAIRMAN JOHANSON: Okay, so it was really just at that time a granular market. Okay.

MS. ALVES: That's my understanding. Yes.

VICE CHAIRMAN JOHANSON: Alright, thank you. I appreciate it.

While all PTFE begins with TFE, the flow chart in Exhibit 1 of your brief appears to show three distinct processes that lead to different forms of PTFE, and this is Exhibit 1 of your brief. How does this support your contention that there's one domestic-like product?

MR. HOCCK: At the polymer level in both dispersion polymerization and suspension polymerization the polymer is a polymer of TFE, where I've taken a single molecule and put a bunch of them together. Both processes create a polymer of similar and overlapping molecular weights and of similar characteristics when I actually

analyze what the polymer. So from that respect, both processes produce a polymer at the polymer level that is equivalent.

MR. CANNON: So I have to try a somewhat less technical explain.

VICE CHAIRMAN JOHANSON: Okay, I appreciate it, Mr. Cannon.

MR. CANNON: I think what we wanted to illustrate by this production process chart is that there is common manufacturing processes going all the way back to fluorspar sulfuric acid has to main to HF, has to be main to R22, then you get TFE and all forms share all of that. And that's in Texas for us and Kentucky and also in West Virginia and it represents a lot of capital investment.

And so our manufacturing process isn't we just go out and buy some TFE and then polymerize. It is that we do substantial manufacturing operations to get to TFE. As Ms. Dignam testified, in some sense they are selling TFE in different forms because TFE is a gas that is noxious, toxic and you use it right there on site. And everyone else does this too, so GFL and Dycan and the Chinese producers, everyone makes TFE and it makes all three forms of PTFE. It isn't like people just make granular or just dispersion or just make fine powder. And so we wanted to convey, visually, the substantial manufacturing that goes on to get

to TFE.

VICE CHAIRMAN JOHANSON: Okay, thank you Mr. Hocck and Mr. Cannon.

Does the difference in production equipment that you use granular, fine powder, or dispersion PTFE, as mentioned on page 15 of your brief, support an argument that the three forms are not interchangeable?

MS. ALVES: It's our belief that Respondents are focused too heavily on what an individual, very specific producer of a very narrow product is looking at this as, which is not how the Commission has historically looked at domestic-like product questions. The way the Commission is looking at domestic-like product questions, if I could flip to -- I believe it's Slide 15. Yes, Slide 15. The Commission looks at the level of substitutability or interchangeable or fungibility of various products in different ways, depending on the context.

With respect to domestic-like product, the Commission is looking, primarily, to try and define the domestic industry and so it's looking at, well, what are the production resources. What is being used to produce this product domestically? What the Commission is looking for in terms of overlap is a lot broader than what it's looking at in a different context, such as cumulation or causation, which is logical.

So there are cases where the Commission might find a single domestic-like product, but it might find that imports are concentrated in one aspect of the like product and elsewhere and therefore not cumulate those imports. Or in the context of causation, the Commission might find a single domestic-like product it might cumulate, but it might find that the imports are concentrated in one area of the market, whereas, the domestic industry is in another.

So what Respondents are trying to do is to import a much tougher standard when you're defining domestic-like product than the Commission has historically done. So we've cited in our brief the Bic case and also the Arm Industries cases. We'll provide more details of that in our post-hearing brief, but what they're really trying to do is really turn the domestic-like product inquiry on its head, which is inconsistent with what the Commission has done in previous case.

VICE CHAIRMAN JOHANSON: Thank you, Ms. Alves. I appreciate your response. My time has expired. Commissioner Williamson.

COMMISSIONER WILLIAMSON: Thank you. I was wondering what do you mean by grades in talking about this product. Are you talking about different grads for different products or is it really more of, say, something like the purity of any particular product.

MR. HAYES: So within each form -- and we'll say that the forms are granular, fine powder, dispersion. Let's use granular as an example. There are multiple grades of granular which would be what we would call SKUs almost, right? Our aspiration for their quality is the same. We want it to be clean, no contamination, dry, white, so we don't say, well, this grade is -- it can be dirty and this grade must be super clean.

The difference in grades is the size of the particle is different, for example. That means something significant to the process with these resins. So as Mr. Hocck described in his testimony, granular PTFE comes out of the reactor looking like rice. For the most part, a process is not going to take that product and be able to do anything with it, so we have to take it through a number of steps in our manufacturing process to dry and to cut it from that size of a particle of rice to something that is much more powdery, right?

But we have any number of cutting processes that will be able to cut it into different sized particles and that, again, means something, depending upon the geometry of the mold you're trying to pour this resin into, et cetera. Each one of those particle sizes would constitute a grade within the form of granular. Does that make sense?

COMMISSIONER WILLIAMSON: Yeah. And there might

be a different price because of what it takes to get that particular particle size? Is that --

MR. HAYES: Not in general. I mean the price is generally determined by what the application is. So, for example, we have people who are making parts for the semi-conductor industry who pay a significantly higher price than someone who might be using the exact same grade of resin to make something that would be used as a caster to go underneath your furniture to push it on the carpet.

The grades could be absolutely identical, no difference at all, but the value of the resin in those different applications is significant, and we price is appropriately.

COMMISSIONER WILLIAMSON: Okay. It looks like --

MR. GENNA: Mr. Commissioner.

COMMISSIONER WILLIAMSON: -- you would package it differently, but go -- I'm sorry, go ahead.

MR. GENNA: Yeah, maybe I could give you -- this is Sy Genna. I wanna maybe illustrate these--within a forum--why you would need a different grade. In a molding process, the apparent density, the amount of fluffiness, let's call it, would make a difference in how it fills a mold.

So for some customers whose molds require a

certain density, that's a reason you'd have different grades. In fine-powder processes, if you're trying to make a tube that's quite large in diameter versus one that's very small, you need a different resin that can process that difference in what we call the reduction ratio, but how much you're going from the original size of the form to the end form -- so in other words, from some size of slug of material down to a tube of varying sizes, that will require you to design your polymer a little differently in order to get the right amount of pressure that it takes to push that tube through the die.

So those are the subtle kinds of differences that bring about the need for different grades. And as Mr. Hayes said, that's not generally a driver of the price. It's more the value of the product that can be made at the end that drives that pricing.

COMMISSIONER WILLIAMSON: Okay.

MS. DIGNAM: This is Denise Dignam. Just simply the way I look at it is that a grade is based on specifications that are needed for a given application.

COMMISSIONER WILLIAMSON: Okay. And there's no connotation of better quality? It's just --

MS. DIGNAM: Right. As --

COMMISSIONER WILLIAMSON: The grade relates to the use?

MS. DIGNAM: Exactly.

COMMISSIONER WILLIAMSON: Okay.

MS. DIGNAM: As Doug said, we have the same quality standards for all of our products.

COMMISSIONER WILLIAMSON: Okay, good. Thank you. That's helpful.

MR. CANNON: So in our pink sheets, Exhibit 2, we have a list of the all the grades, and so, for example, this is a public one, right? Grade 7A. What's 7A used for?

COMMISSIONER WILLIAMSON: Okay.

MR. HOECK: This is Rich Hoeck, Commissioner Williamson. 7A can be used to be molded into the large billet that can be then scythed into film. 7A can be molded into the same type of billet, and I cut the end off and make, essentially, donuts that are thin enough that I can use as a gasket.

7A can be compression-molded into a form that then I can machine it into a part that's used as a bearing or something like that. But I wouldn't use 7A if I'm making a large pipe liner and I'm trying to fill a mold that's twenty-two feet long and two and a half inches wide, because 7A is very fluffy. And rather than pouring down into the mold, it would hang up halfway down. It would never get that whole mold filled. It's just a different --

COMMISSIONER WILLIAMSON: I think I got it now.

MR. CANNON: I really wanted you to address the commodity specialty issue. Is 7A used only in specialty grades? Only in commodity grades? Both grades? I think that's what the Commissioner was asking about.

MR. HAYES: Yeah. We don't have any connotation at all in our minds of specialty versus commodity. No one calls me as a sales person and says, "I need a commodity grade." They call us and they say, "We need to fill a twenty-two foot mold --

COMMISSIONER WILLIAMSON: Okay.

MR. HAYES: -- with PTFE and we say, well, the best one for you is this.

COMMISSIONER WILLIAMSON: Okay.

MR. HAYES: And it's like the difference between pouring flour into something or sugar, you know, in terms of particle.

COMMISSIONER WILLIAMSON: Understand.

MR. HAYES: That would be a different grade. It feels different.

COMMISSIONER WILLIAMSON: Okay, thank you. Let's go to another question. You indicate there are problems with the Commission data recording import volume by form, Pages 31 and 32 of your brief, what information should the Commission use?

MR. CANNON: I think what approach that the

staff report took was kind of the best possible approach. We don't have separate data from any official source for dispersions and fine powder. We can't separate them. And so that creates a difficulty. Moreover, we don't have complete responses, particularly from the Chinese, so I think it's--and particularly one of those two products--the trend is even very different from the other. So it's very difficult to use an estimation and assume that, well, the upward trend in both is one-tenth of a degree higher or lower than another.

So I simply ask the Commission when it looks at the overall significance of imports, with regard to those two in particular, if you were gonna do separate like products, then I think you should be aware that your data here are--at the least--less precise than the census data. Just in a matter of talking about HTS statistics are broken out.

So I don't have a better approach, but I want the Commission to understand the limitations. And this is one of the -- it is a serious limitation in the sense that we didn't get importer questionnaire responses, so we have to work with what we have.

COMMISSIONER WILLIAMSON: Okay. In other words, use with caution?

MR. CANNON: Use with caution.

COMMISSIONER WILLIAMSON: Okay. PPA says there's growing concern about PTFE availability. This is at Page 38 of their brief. Would you agree? And why or why not do you agree? And if so, when was this availability problem apparent?

MR. GENNA: I'm sorry, Commissioner, what were you citing of that?

COMMISSIONER WILLIAMSON: The respondents are saying that there's growing concern about the availability of PTFE.

MR. GENNA: Based on the relatively low utilization of our plant, we don't have any concerns in the immediate term for supply of PTFE.

COMMISSIONER WILLIAMSON: Okay. Was there any time during the period?

MR. GENNA: Any times that there've been in the period would be short-lived, very temporary situations that we resolved by either managing the demand and catching up later, but they were only short-term disruptions; nothing of any more significance. Or planned for outages.

MS. DIGNAM: This is Denise Dignam. During the period, there was only one period where we had an unplanned outage for one of the forms, and that was for a two-week period. And, you know, as Sy pointed out, you know, we have in our supply planning, the ability to build inventory, to

have inventory, to plan for these types of outages. So we did not short them -- our contract customers -- We filled all of the demand. It may have been a day or so delay, but you know, that was the only time during the period.

COMMISSIONER WILLIAMSON: Okay, thank you for those answers.

MR. CANNON: I think we can comment further in our post-hearing brief. You can see from the record, other than Chemours, there would be reasons to say that market might be tight. For example, there's been increased inspections in China, which may have slowed down their shipments.

So in part, the trend in 2017, particularly in terms of the import penetration, might be due to that, and was fortuitous for the U.S. industry. But there's no indication any of that's gonna continue. It's all reported in the press that the Chinese are continuing to add capacity, even while they're inspecting plants and looking for environmental violation. And we'll add that in our brief, too.

COMMISSIONER WILLIAMSON: Okay, thank you.

VICE CHAIRMAN JOHANSON: Commissioner Broadbent.

COMMISSIONER BROADBENT: Okay. Can someone explain in greater detail the process of filling or compounding PTFE? What does this entail? And why does it

require substantial technical expertise and capital expenditure?

MR. HOECK: Commissioner Broadbent, this is Rich Hoeck. The process for filling -- I'll speak to granular -- is going to use equipment to mix and blend and to do that sounds simple, but simple is not necessarily easy. So the particular equipment that our customers to use to fill PTFE with fillers like carbon black or magnesium sulfide or glass is technology that's resident within our customers.

And it's a powder blending and they may use other techniques--that they may be willing to discuss when they're here--to take these compounds and put them together and create a product that adds value to the downstream user who wants to create a part out of a filled PTFE.

COMMISSIONER BROADBENT: Okay. What did you say about granular in that answer?

MR. HOECK: The granular is the largest product that is filled, although all products -- both dispersion form and fine-power form can be filled, but the largest market that I'm aware of is for granular to be filled and then subsequently sold.

MR. GENNA: Commissioner? Sy Genna. Maybe more, again, less technical, in terms of what compounding looks like is more the mechanical mixing, as opposed to a chemical reaction. So if you think about the creation of

the PTFE in the first place was a chemical reaction, and all the things that go along with that. This is much more of a mechanical mixing, perhaps heating and mixing operation.

COMMISSIONER BROADBENT: Okay. So that would be compounding?

MR. GENNA: Yes.

COMMISSIONER BROADBENT: Okay. And then filling is --

MR. HAYES: Same thing.

MR. GENNA: We're using those terms a little bit interchangeably here, I think is --

COMMISSIONER BROADBENT: Okay, all right. That was I was --

MR. GENNA: filling and compounding as the same.

COMMISSIONER BROADBENT: Okay. But you're saying that compounding and filling happens a lot more often with the granule product versus the dispersion of the fine powder?

MR. GENNA: We think it's probably broader in the world of granule.

COMMISSIONER BROADBENT: Right.

MR. HAYES: And, ma'am, I'd also add that the capital costs associated with a compounding operation is a small fraction of what's involved in the investment in a promazation facility.

COMMISSIONER BROADBENT: Say that again?

MR. HAYES: You had mentioned the high capital associated with compounding. Compounding, the capital associated with building a compounding facility is a tiny fraction of what the investment would be to actually make the PTFE, small fraction.

COMMISSIONER BROADBENT: Okay.

MR. CANNON: I would just add, Commissioner Broadbent. We pointed out in our brief there was an error in Table 3-4, we think. And we think that the capital costs shown there for compounding was just a typo. And so we addressed that in our brief. So we think perhaps your question's coming from that basis.

COMMISSIONER BROADBENT: Okay.

MR. CANNON: And also because I can't resist adding more words -- there's compounders and there's fillers. But I think they also -- Rich will love to tell me this. They also make fill dispersions, only they use a different vocabulary for that. So what's the word for that?

MR. HOECK: Yeah, the notion of adding other materials to a dispersion is what we would call formulating the dispersion.

COMMISSIONER BROADBENT: Okay, wait. We got a lotta terms here. I mean you got filler, blender, compounder, processor, associated in -- you know, modified,

molding, powder dispersion -- I mean I think we need to see what's going where. What import is going to what process?

MR. CANNON: I'm sure we could do a diagram in the post-hearing brief and show which one of those --

COMMISSIONER BROADBENT: Okay.

MR. CANNON: -- and which direction.

COMMISSIONER BROADBENT: All right. Is there a typical qualification process for a purchaser end-user looking for a new potential supplier of PTFE resin?

MR. HAYES: The simple answer to that is no. It really totally depends on the market and the ultimate destination of the product. So for example, an aerospace application would require significant more qualification and testing over a long period of time, than if you were--again, I keep using this example of a floor caster underneath, you know, pushing a table over a piece of carpet--that wouldn't require nearly the type of qualifications you can imagine of a part that's going into an aircraft turbine, for example.

COMMISSIONER BROADBENT: Okay. Let's see. Is there any chemically, physically or mechanically that differentiates the Teflon brand product from non-Teflon PTFE brands?

MR. HOECK: Commissioner Broadbent, the term Teflon is the branding that we use at Chemours to designate our products as made by us.

COMMISSIONER BROADBENT: Right.

MR. HOECK: Other suppliers have other brands, but it's describing the same molecule.

COMMISSIONER BROADBENT: Okay -- but it's the same chemical company?

MR. HOECK: Yes.

COMMISSIONER BROADBENT: Okay. For Chemours, without getting into any BPI information, respondents brought up this environmental liability issue, and suggested that they may largely explain Chemours' reported financial performance during the period?

MS. DIGNAM: This is Denise Dignam. The environmental liabilities are captured at different level in the corporation. They do not flow into the business and that's been verified by Mr. Boyland, the ITC accountant in our audit.

COMMISSIONER BROADBENT: Okay. Demand is measured by apparent U.S. consumption was pretty flat over the period of investigation. But most market participants indicated that demand had increased. GDP also grew over the period. Why do you think that we didn't see a larger increase in apparent U.S. consumption?

MS. DIGNAM: This is Denise Dignam. Our view of the market, and I think it was in Doug Hayes' testimony, is it's a GDP-type growth. So I mean it's a modest growth.

It's not -- while there may've been upticks in certain industries, like, around gas with the price of oil increasing -- it really is a modest growth profile.

COMMISSIONER BROADBENT: Okay. How does demand during the POI compare to levels of demand over the last ten years?

MS. DIGNAM: I wasn't here for that long, but my belief is it's been a GDP-type business, but I'll let my colleagues respond.

MR. GENNA: Yeah, I think our belief is that the market hasn't been significantly different. The major change being the imported PTFE from China and India over the last ten years, not that the growth in the market has been anomalous in the period of interest.

COMMISSIONER BROADBENT: What are you expecting for demand in the future? Is there any kind of consumption that would drive a change in demand that's --

MR. GENNA: Yeah, these -- because of, again, the diversity of uses and industrial uses primarily --

COMMISSIONER BROADBENT: Right.

MR. GENNA: -- it's driven by the industrial economy. So we would tend to look at GDP estimations as a good indication of growth.

COMMISSIONER BROADBENT: Okay. But there's not any kind of new uses out there that might be driving an

increase in --

MR. GENNA: No, and one of the unfortunate consequences, of course, of this pressure on prices that we haven't been able to apply the same level of R&D and development resources to PTFE to get those kinds of things to happen, but we certainly don't see anything that's on the near horizon that would be a big break-through.

COMMISSIONER BROADBENT: Okay.

MS. DIGNAM: This is Denise Dignam. Just wanted to add. I mean the properties of PTFE are unique. And it's a special molecule. We believe that the trends in the market and the consumers in the U.S. market really would see opportunities for this, but it's gonna rely on producers like Chemours who have the technical capability to invest in R&D, as Sy mentioned and that's something we'd love to do.

If you look at the trends in the market around automotive in light-weighting in electric vehicles, in aerospace or in communications, there are applications out there that really could benefit from PTFE, so we, you know, we're hopeful that if we are getting a winning ruling here, that we will get to the level of profitability that we can invest.

As a matter of fact, in our portfolio, we've added resources as we've spun and become the Chemours company. Because we are a chemical company and that's what

we wanna do. We have not been able to because of the category that we're in in the company. So I do believe there's opportunity to help the U.S. market in deploying these new technologies if we can get to the point that we can invest in R&D.

COMMISSIONER BROADBENT: Okay. Got it. Thank you very much.

VICE CHAIRMAN JOHANSON: Respondents have alleged that any market share gained by subject imports came at the expense of non-subject imports and not the domestic industry and they note this at Page 42 of the joint respondents' brief. Could you all please respond?

MS. DIGNAM: This is Denise Dignam. I think that the Indian and Chinese imports have taken share from the domestic producers, as well as the other importing parties. If you look at the data, you know, Dynion and Sulvay imports from Italy or in German have significantly declined as well. They were driven out of the U.S. market because of the low prices and the ceiling of pricing that the Indian and Chinese imports have put in this market. So yeah, they've been affected as well as we have.

MR. CANNON: So without taking too long, because I think we can address this in our brief, it's typical for the Commission to see cases in which there's a market share shift. In other cases, you talk about price effects. The

law talks about these concepts in the disjunctive.

You don't have to have a market share shift in every case in order to have in jury. When the imports are that, for example, market share that they show now, when they are that large a portion of the market, and increasing, it isn't required for injury to show that the domestic industry has to back out of the market, shrink.

What Denise just testified to is the fact that non-subject left the market shows you the effect of those low prices. They drove out the other imports. But because Chemours can't leave the U.S. market. They built their factory here to supply the U.S. They have nowhere else to go. They have to meet those prices.

And so you can have material injury based entirely on price effects. We don't think it's entirely price effects here, but certainly in the law, there is contemplated that material injury can be shown by showing price effects alone.

VICE CHAIRMAN JOHANSON: Thank you, Ms. Dignam and Mr. Cannon. Mr. Hayes states at Page 32, Note 93 of your brief that "Even when our stuff offers superior performance, the prices offered by the Chinese and Indians are so low that customers will choose to try to find a way to make them work." This statement seems to indicate limited interchangeability between domestic product and

subject imports. Could you please respond?

MR. HAYES: I think the point I was trying to make there is that even -- you know, we have very high quality of our products. Our products are very consistent and from lot to lot, you know, uniform. And our Chinese and our Indian competitors, we don't feel, are as consistent and as high-quality as ours.

But even with more variability from lot to lot, if the price is so much lower, you can afford to take some yield losses in your manufacturing process and still result in enough finished product that the end-use cost of the product, even though you're using more pounds of resin, is attractive. And we're seeing that more and more.

VICE CHAIRMAN JOHANSON: Thank you, Mr. Hayes. According to the data collected in this investigation, apparent U.S. consumption declined from 2015 to 2016, but increased in 2017. And this can be seen in Table C-1 of the staff report.

What are the reasons that explain the movement in the trends in U.S. consumption and what are the drivers of demand for PTFE in the U.S. market? And are there particular end uses for market segments that are driving the demand?

MR. GENNA: Mr. Commissioner, it's Cy Genna speaking. Yeah, as I said earlier, the industrial economy

and things like oil and gas exploration and refining and chemical plant operations are the kinds of drivers. Automobiles and airplane building is also -- are important. Heavy equipment.

So again, a diverse range of, you know, largely industrial uses. We do see conditions improve as certain markets like oil and gas recovered back to normal or previous levels. Automotive industry had been progressing very well, had a lot of growth in a couple of those years. So some of those -- those are the types of trends and drivers that we see that influence the growth rates in PTFE.

VICE CHAIRMAN JOHANSON: Thanks, Mr. Genna. Record evidence indicates that 25 purchasers out of 27 reported delivery time as very important as a purchasing factor versus only 16 who reported price as very important. And this is in table 27 of the staff report. Do these responses reflect typical market behavior?

MR. GENNA: This is Cy Genna. I think it's safe to say that our customers want on time delivery and they want lower prices. I don't think there's really a lot of, you know, exclusivity in that, where they would, you know, it's certainly part of the demands that our customers have for us is not only do we deliver product, you know, of quality, but on time. So I don't necessarily see that as an indication that, you know, that there really -- one is

prevailing over the other. I think they are both very important.

MS. DIGNAM: This is Denise Dignam. I kind of view it as table stakes. Everyone, you have to deliver the product on time. I mean, I've never had a customer say I'll pay you more money if you can deliver it sooner.

VICE CHAIRMAN JOHANSON: Thanks But you all have a leg up over the imports in that you produce in West Virginia.

MR. HAYES: I think delivery is often a result of inventory as opposed to where the product is located to be honest.

VICE CHAIRMAN JOHANSON: Okay, thank you all for your responses. Respondents allege that a majority of U.S. importers and purchasers confirmed that U.S. -- that Chinese PTFE resins are not interchangeable with products from India or U.S. producers. And this is seen at page 33 of the joint respondent's brief. Could you all please respond to this characterization of the record?

MS. DIGNAM: I mean, I -- we just -- we don't believe that. You know, I would say one of my first visits to a customer I walked into a cold storage room and I saw a Chinese Indian product sitting right alongside being used for the same exact purpose.

MR. GENNA: Commissioner, it maybe goes more to

what Mr. Hayes said about consistency, but again, the usefulness of those materials against ours. And many applications we don't consider that -- that they're not able to be applied.

MR. CANNON: Jim Cannon. Commissioner, I think in the confidential record, we will show that looking at the questionnaire responses, there's a lot of overlap. We showed in our pre-hearing brief that if you look at the top 10 customers that are identified where we have the data, there's overlap between the Indians and the Chinese.

And if you look at the purchasers and where they're buying, there is also overlap between the two that the same customers are buying from both China and India. And therefore, the argument that they're not interchangeable, I think, doesn't ring true with what the data show you.

Oh, and I would also point out as I started at the beginning, there's a very substantial portion of importers and foreign producers who did not participate. So we don't have questionnaire responses particularly from the importers from China.

VICE CHAIRMAN JOHANSON: Thanks, Mr. Cannon. My time is expired. Commissioner Williamson?

COMMISSIONER WILLIAMSON: Thank you. Two questions. You say that the domestic industry was not able

to raise prices. And I was wondering, does table 8 of your pre-hearing brief at page 39 support this allegation looking particular about what's happening to the 17.

MR. CANNON: So it's -- obviously it's confidential.

COMMISSIONER WILLIAMSON: Yeah.

MR. CANNON: When the industry testifies about that, they're talking about the prices on their specific products. So if you were to look, for example, at page -- hearing Exhibit 2, you see the downward trend in all their prices. 24 of the 30 grades prices went down.

However, the page before that shows the volume. In a lot of cases, the volume went down also and often for the low price product. So sometimes, when you're at -- when you're selling a product at below the cost of materials, you don't want to sell very much of it. So they basically stopped selling those products, because they're losing so much money.

So you do see some product mix, meaning, the average price, which the AUVs do go up a little bit from 16 to 17. And I think that's what you see in the table where we're using AUVs and we're talking about 15 versus 17. Yeah, in '16, prices were even lower in the AUV and came up a little bit. But on a product by product basis, prices consistently went down.

COMMISSIONER WILLIAMSON: Okay. Post-hearing, could you just take a look at the trend in 2017 and see what's happening in particularly relationship to when the petition was filed and all that? So what was -- in other words, look at what was happening in 2017 --

MR. CANNON: Understood.

COMMISSIONER WILLIAMSON: -- from the time he questioned it.

MR. CANNON: Understood.

COMMISSIONER WILLIAMSON: And that's what I'm getting at.

Then lastly, oops, I just lost it. Respondents at pages 85 to 90 of their pre-hearing brief discuss some differences in the domestic industry's performance. Of course, the Commission looks at the domestic industry as a whole, but post-hearing, could you maybe explain these differences? So take a look at what they're saying in those pages and then?

MR. CANNON: Jim Cannon, thank you.

COMMISSIONER WILLIAMSON: Okay, good. And with that, I have no further questions. I want to thank everybody for their testimony.

VICE CHAIRMAN JOHANSON: Commissioner Broadbent?

COMMISSIONER BROADBENT: Okay. In your -- this is for Chemours, in your impact analysis, you used 2014 as a

baseline for purposes of analyzing output and financial trends. Why should the Commission consider 2014 to be the baseline for the industry's impact indicators given that this was prior to the period of investigation?

MR. CANNON: Actually, we offered that because that was included in the preliminary phase and we thought you had made a preliminary decision that was affirmative. You're looking at now the final phase, and so it was relevant to look at 2014 in our brief. We are not arguing that you should look at a different period of investigation than you normally would. So we're -- we don't -- we simply point to that to highlight and also because it's the basis of the turnaround strategy by Chemours that started from 2014. It relates to the position of the industry before the spinoff of Chemours and Dupont. It also shows you the most recent year in which the industry was not in the fix category that they're not in.

So for those reasons, we think it's relevant to consider. We were not in a fix category in 2014. We were operating at 90 percent capacity. And so, it's part of the narrative to understand their story, what they trying to get back to. That's why they tried.

But for technically, just for looking at the data, that's not necessary to your analysis. The period of investigation starting in 2015, it certainly shows injury on

that basis.

COMMISSIONER BROADBENT: Okay, thank you very much. That was -- that concludes my questions.

VICE CHAIRMAN JOHANSON: I'll go now, ask a question involving fillers. Can you please describe the level of expertise required in a typical task performed by a production worker in a PTFE manufacturing plant versus that in a -- of a worker in a filling blending work processing plant?

MR. GENNA: This is Cy Genna. I think the simple -- the first thing that jumps out for me is the level of hazards, working at a PTFE production facility is a much higher hazard, requires a higher level of skill in terms of operating safety and operating discipline than it would be in a typical compounding operation as I would see it.

So again, you're not running a chemical reaction. There's certainly safety factors that need to be addressed, but nothing, you know, on a very different level than you would at a manufacturing facility for PTFE. Any other?

VICE CHAIRMAN JOHANSON: How about the level of education required by or training by a person in a filling plant?

MR. GENNA: I would -- the chemical operator at one of our plants would have a much higher level of training

necessary to be able to do that job.

VICE CHAIRMAN JOHANSON: Okay, thanks for your response, Mr. Jenna.

Does fill PTFE command substantially different prices depending upon the additive?

MR. GENNA: This is Cy Genna. I'm not an expert in the prices of compounds, I'll say that first, but it certainly indicates to me that different values of the fillers themselves, as well as, again, as we see the application area where that compound will be used will drive the price of that compound. So I would think that the filler costs would play into that.

VICE CHAIRMAN JOHANSON: Thank you for your response, Mr. Genna. Is there a typical qualification process for a purchaser or end user looking at potential new suppliers of PTFE resin?

MR. HAYES: This is Doug Hayes. Again, I think the answer to that in a simple sense is, no, there's not a typical qualification. Again, it really depends on what the ultimate end use for that part is. And again, I'll go back to the example of if someone is going to be making a part to be used in an airplane turbine in an airplane engine, they're going to run a lot more tests on that than they are if they're making a disk to put under a piece of furniture, to move it across the carpet.

And there's everything in between. So there's nothing that we would call typical.

VICE CHAIRMAN JOHANSON: Okay, thanks, Mr. Hayes.

Respondents have argued that Chemours' financial experience is largely attributable to contingent litigation inherited from Dupont and due to environmental liabilities and remediation commitments. And they argue this in their brief at Sections 3 and 4. How do you all respond to this allegation? Ms. Digman?

MS. DIGMAN: Yes. Denise Dignam. That is not accurate at all. As stated previously, any of our environmental liabilities are dealt with separately. And those expenses do not flow into the PTFE business. And that has been verified through the audit that was conducted.

VICE CHAIRMAN JOHANSON: Thanks for your response. So that concludes my questions. Commissioner Williamson or Broadbent, do you have any more questions?

COMMISSIONER BROADBENT: No, thank you.

VICE CHAIRMAN JOHANSON: All right, that concludes questions from commissioners. Do staff have any questions? Thank you. Do respondents have any questions?

UNIDENTIFIED SPEAKER: No questions.

VICE CHAIRMAN JOHANSON: All right, thank you. Then we will now break for lunch. We will recess for lunch.

Let's come back here at 1:15. And I'd like to remind you all that the room is not secure, so please be sure to take any confidential information with you. And we'll see you back here at 1:15. Thank you.

(Whereupon, a luncheon recess was had to reconvene at 1:15 p.m.)

AFTERNOON SESSION

MR. BURCH: Will the room please come to order.

VICE CHAIRMAN JOHANSON: Thank you. Now we'll begin with Respondent's presentation.

MR. SCHUTZMAN: Good afternoon, Max Schutzman, Grunfeld Desidero, again, for Chinese Respondents and the TFE Processing Alliance.

We have assembled what we think is a very comprehensive panel for this investigation, a diverse group of people. We have a distributor of PTFE. We have two compounder processors of PTFE -- two compounder fillers, sorry, and one processor and we have an expert witness as well, a chemical engineer, who is a prolific author on the subject PTFE and retired actually from DuPont. So I will turn the microphone over to Mr. Richard Baillie, who will deliver his testimony.

STATEMENT OF RICHARD BAILLIE

MR. BAILLIE: Good afternoon. My name is Richard Baillie and I'm the president of Baillie Advanced Materials, a U.S. distributor of floor polymer products based in Newark, Delaware. Several of the product families which we distributed are PTFE granular molding powders used in the production of many downstream items, such as gaskets, pipe components, bushings, electronic parts, and lab equipment.

And PTFE fine powder, which unlike PTFE granular, is pasted extruded into products, such as wire and cable insulation, tubing or tape. We do not generally distribute PTFE dispersions, but this product, unlike either granular PTFE or fine powder, is a milky white liquid obtained by dispersion polymerization of TFE. It is generally used to cast films, make glass fabric laminates, and in coatings for food applications because of their superior nonstick properties.

I've been in the floor polymer business for all of my adult life and I am a chemical engineer. I worked for DuPont for 16 years in various capacities, among which were managing DuPont's PTFE plant in Washington, West Virginia and leading DuPont's global PTFE industrial finishes business. In addition, I worked for W.L. Gore, the makers of Gortex, which is a very large processor of PTFE fine powder, where I lead global procurements efforts for floor polymers and I was on the board of directors for a joint venture where we manufactured PTFE in China.

I've also worked for Shamrock, which is the largest PTFE micro powder processor where I was the Vice President for Marketing and I was one of three founders of what is now called Fluorogistics, which is the exclusive fluoropolymer distributor for comers in the U.S.

I testified before the Commission staff

conference during the preliminary investigation. At that time, I advised the Commission that granular, fine powder, and dispersion were separate families of PTFE. They have different physical characteristics, are produced on different machinery with different employees, in most cases in different plants, and are processed differently. They are used for different purposes, sold in different markets, and are not considered by those who produce them, those who sell them, and those who use them as the same article of commerce, even though they are all made from TFE. I testified to that then and my testimony before you today is no different.

My importer questionnaire response filed with the Commission amplifies these points in the discussion on pages 80 through 87. And my experience as the leader of DuPont's TFE and PFTE plant in Washington, West Virginia was thoroughly consistent with the facts to which I have testified.

In addition, that the production of the different families of PTFE all begin with TFE should not be relevant to the issue of whether these families are separate like products, as there are many instances in our lives where a multitude of products share a common raw material, but would never be considered comparable according to the Commission's criteria for determining separate like

products.

One example is cheese, yogurt, butter, buttermilk, and sour cream that all comes from cow's milk. They are all considered dairy products, but as with PTFE, their physical characteristics and uses, manufacturing methods, customer and producer perceptions, and prices differ considerably from one another. If an anti-dumping and/or countervailing duty petition were filed on dairy products, I believe you would determine that cheese, yogurt, butter, buttermilk, and sour cream were separate like products. You should do so here as well.

The granular products which are produced in the United States are used for premium applications which may require a high level of purity or have been specified for decades or rely on the Teflon brand. These products are sold at premium prices for those reasons. The granular products produced in Germany are also sold at premium prices and frequently are used for semiconductor or pharmaceutical applications requiring an absence of contamination.

The granular PTFE produced in China is not produced in highly controlled facilities, such as are used in Germany and the U.S. The vast majority of the Chinese granular PTFE is actually used to produce PTFE micro powder or fill products in the U.S. Very little of the U.S. or Germany product would be used to produce such fill products.

In fact, 3M produces substantial quantities of filled granular in the U.S. and they have made arrangements with Chinese producers to supply granular PTFE to them.

In my view, neither Chemours nor Daikin, would utilize their TFE to produce PTFE products that are used for non-premium applications. For decades, they have chosen not to make major investments in TFE capacity in the U.S. or Germany, but instead, rely on Chinese producers to satisfy these markets.

Relative to dispersion, very little dispersion from Chinese producers is sold in the U.S. because of customer concerns over cross contamination of PFOA, which has been used as a process aid for the production of dispersion PTFE. The dispersion from Chinese manufacturers simply does not compete with those products which are produced by Chemours or Daikin. Chinese fine powder product sales in the U.S. are also small because the Chinese only make the most basic product which is used in only the most basic applications, such as thread sealant tape.

Because the Chinese products are so lacking in sophistication and have the potential for contamination, they are even shipped unrefrigerated, which the U.S. producers would never do because it would degrade the quality of their product to the point where it could only be used for the most basic applications, such as producing

thread sealant tape or as a raw material feedstock for PTFE micro powder.

So Chemours' strategy has been to sell into premium markets where it command top dollar for its branded and unbranded PTFE and not compete with PTFE used for lesser value applications. When I was the Vice President of Sales for Chemours' exclusive distributor, Fluorogistics, then it was called Delaware Marketing Services, by the way. We were instructed to ignore the Chinese producers because Chemours did not compete with them.

The Chinese producers made PTFE for lesser value products and Chemours targeted high value products where they command premium prices. They were very adamant about this point. This is why Chemours has not invested in increasing its TFE capacity in the U.S. because they chose not to compete for business on applications traditionally serviced by PTFE from China and Russia.

Over the past couple of decades, Chemours has withdrawn from these markets completely to avoid investing in TFE capacity. The only major investment they have made in TFE capacity, to my knowledge, was in China. Also Daikin's only recent investment in TFE capacity was in China as well.

Since we are investing so much time discussing PTFE fine powder, PTFE dispersion, and PTFE granular are

different products, I thought it would be helpful to show you these products and describe how I see them through my eyes.

First, dispersion, as you can see it is a white liquid which looks like milk. If I added salt to it and shook it for a while, it would first turn into what we refer to as gel, which looks analogous to making whip cream from whole milk. After we have the gel stage, which looks like whip cream, if we continue to shake it the solid will eventually separate from the liquid. This is how we would make PTFE fine powder from dispersion. And this is how you would make butter and buttermilk from whole milk.

For PTFE fine powder, once the solids are separate from the liquid and washed, then the PTFE is dried, cooled, and packaged as fine powder. If it is to be sold as PTFE dispersion, then we wouldn't vigorously agitate it. We would add stabilizing non ionize surfactant, heat it and wait for hours or even a day and it would concentrate to 60 percent solid. From this point, it would be cooled, packaged, and sold. As a liquid, it would typically used to produce a coating which would be dip or spray coated.

Now let's get back to sample of fine powder and add a little canola oil to it. I'm doing this to simulate how a customer processes it. As you can see, I can now work it into a ball -- I've already done that -- which looks just

like dough or as we say in the business fiber lading it. This is how we generate strength and eventually create a film like this, thread sealant tape. As you can see, it's soft and pliable so it can fit around the threads on a pipe. It is also porous, as is this glide comfort plus dental floss. It's also made from fine powder and it's soft and it's porous. It's low density.

Now if we produce a film from granular, it isn't porous, as you can see from this film, skyive granular. It's stiff. It's not porous. So I think it's pretty clear that these products aren't at all comparable. And there is no possible way you can make thread sealant tape or dental floss from granular. You can only make it from fine powder. Thank you for your attention.

STATEMENT OF CHRIS LEWIS

MR. LEWIS: Good afternoon Commissioners. My name is Chris Lewis and I am the President of Advanced Flexible Composites, also known as AFC. AFC is a family-owned, U.S.-based specialty composites manufacturer that uses raw PTFE dispersion in our coating processes.

For background, I am a graduate of Miami University in Ohio, where I graduated Cum Laude with Honors in Finance and Information Systems. I earned my MBA from Babson College, where I graduated Summa Cum Laude with focuses on corporate finance, entrepreneurial and strategy.

Today AFC is almost a 30 million in consolidated revenues and has 140 employees in the U.S.

I assumed the role of president in 2014 and in the third generation from my family in this industry. AFC is headquartered in Lincoln Hills, Illinois and this is the location of our PTFE coating operation. AFC also has a facility in Bennington, Vermont and our products are used in many industries, including aerospace defense, packaging, and food processing. For reference, if you eat a toasted sub at Subway, you're eating out of one my toasting basket.

Today I want to discuss three topics and the impact this petition will have on AFC, our 140 employees, and our over 2,000 customers we service in the United States. However, before getting into my points, I want to provide some background. AFC is a dispersion coater or processor. We dip fiberglass, kevlar and other woven materials through a coating pan containing PTFE water-based dispersion. We purchase our PTFE from domestic and foreign sources, included subject merchandise. In fact, the Chinese dispersion we purchase is very specialized and AFC has yet to find a comparable product anywhere else in the world.

The Indian purchases are to supplement AFC's purchases of photopolymer and bimodal PTFE in which AFC has yet to find a qualified secondary source in the U.S.

AFC's first topic has to do with Chemours and its distributor, Fluorogistics. Today, Chemours only allows very large volume customers to purchase directly, including AFC's two largest U.S. competitors and several of its international competitors. Outside of formulated dispersions, AFC purchases all of its dispersions directly from the manufacturers, such as Daikin, Solva AGC, 3M.

By mandating that AFC purchases through Fluorogistics, Chemours is adding a pricing and communication layer that does not exist anywhere else in our industry. In February 24, 2014 email, Fluorogistics, which at the time was DMS, states that they need a minimum of 10 percent margin to make money. In 2014, Fluorogistics was 10 percent higher than the market price, which was being set by Solva from Italy and Daikin from the U.S.

The insertion of the distribution layer into a market typically served directly only results in Chemours having to lower its price to Fluorogistics so Fluorogistics can sell at the market price. If the mark up is greater than 10 percent by Fluorogistics, this problem only compounds itself. If Chemours does not choose to lower its price to Fluorogistics, then Chemours ends up being 10 percent or higher than the market.

AFC believes the distribution model is a large contributor to the alleged adverse volume effects mentioned

in Chemours' petition. I believe saw Chemours requires a 10 percent gross margin minimum. If I add Fluorogistics' 10 percent minimum margin to Chemours' minimum margin, they're almost at a 20 percent gross margin.

AFC's second topic is to state that not all PTFE is the same. It is proposed by Chemours that all PTFE is interchangeable. AFC is water-based PTFE dispersion corridor. To work in our process, the PTFE particles must be small enough to disperse in water and stay in suspension during our coating process. If particles are too big, they fall out of suspension, accumulate in the bottom of the coating pan. In addition, if particles are too large, they create a rough surface when smooth surfaces are required. This particle size limitation prevents the use of most granular and PTFE powders. Because of our process limitations over 95 percent of AFC's PTFE purchases in consumption are in the form of a dispersion.

AFC's third topic is to state that in the world of PTFE dispersions, not all PTFE dispersions are equal. In fact, AFC has to qualify every dispersion before it can be used in our process. Although the base polymers may be similar, the chemistry for wetting and stabilizing these polymers varies greatly by vendor. With many surfactants and chemicals being patented or treated as trade secrets and proprietary.

Additionally, each of surfactants react differently with the chemistry of the fiberglass and our substrates we use in our process with some dispersion resulting in poor adhesion and others creating foam defects in the surface of our coating.

AFC's process involves multiple coating and centering passes through our towers. In each of these passes, the water-based dispersion must wet out the service of the prior coated fabric and form a continuous film. Not all dispersions will perform here. In fact, many will result in fish eyes or other defects in our coating process.

Additionally, the current PTFE dispersion also vary greatly in their ability to remain stable through our coating process. With some dispersions, the sheer force that's created by our coating process creates PTFE agglomerates that become coating defects. In other dispersions, the process will destabilize the dispersion and PTFE will fall out of the dispersion and settle in the bottom of our coating pans.

As a PTFE dip-coating operation, AFC has a limited number of dispersions that have been qualified to work in our process. This qualification is not by vendor, but in fact, by SKU as some vendors SKUs will perform while others do not. We are considered the prima donnas of PTFE coatings and as such only have a limited number of

dispersions that work in our process.

AFC's concern is that applying tariffs to several of AFC's current vendors limits significantly AFC's choices for PTFE supply. Outside of the two U.S. suppliers, to our knowledge, AFC only has three European suppliers and two Japanese suppliers capable of making dispersions that could qualify to work in our process. One of these suppliers, Solva, has had production issues and is currently unable to provide supply. Further highlighting our issue is the fact that AFC does not currently have any Chemours' PTFE dispersions that have been qualified for our process.

In closing, I want to discuss impact of this petition on AFC and its 140 employees. The Chermous' petition focuses only on raw materials and does not cover finished goods or sub-assemblies manufactured from Chinese or Indian PTFE producers. As with most industries, AFC competes in a global marketplace with competitors in Turkey, China, Mexico, Europe, and Canada. They're currently supplying sub-assemblies and finished goods to the U.S. market. In fact, the Turkish, Canadian, and Mexican companies have distribution facilities in the U.S. but their coating facilities are in their respective countries.

If the petition is successful, the Mexican, Chinese, Turkish, and Canadian companies will be purchasing PTFE supply unavailable to AFC and this will create an

unlevel playing field. Currently, AFC is facing supply shortage of qualified vendors. And in fact, U.S. suppliers are considering capping our prior supply quantities. AFC is concerned about having adequate supply to meet its growth and the cost of having to qualify new vendors in dispersions. The qualification process can take months. It is a distraction and can involve substantial cost for each dispersion qualified.

AFC believes that this is an unfair competitive environment and will kill its business. This will mean that AFC will not be able to transition to its fourth generation, our 140 employees will be out of well-paying jobs, and our 2,000 customers will only be able to purchase PTFE-coated fabrics that have been coated outside of the United States. Thank you for your time and consideration.

STATEMENT OF MICHAEL HALEY

MR. HALEY: Good afternoon, Commissioners. My name is Mike Haley. I'm Global Business Manager for Industrial Non-Stick Coatings at Whitford Corporation. We're headquarters in Elverson, Pennsylvania. As a competitor of Chemours, Whitford is a U.S.-owned compounder/formulator of non-stick coatings.

We manufacture PTFE coatings in seven countries. We've been in business for nearly 50 years, and we likely make the largest and most complete line of PTFE

coatings in the world. We sell to U.S. companies that apply our coatings to metal substrates, for example the frying pan that I'm holding up right now.

We produce coating materials for non-stick and lubricity applications, principally for food contact, housewares and the cookware industry using PTFE dispersions we buy from various sources. More than 100 of our employees are dedicated to fluoropolymer coatings in the United States, and we employ more than 700 people worldwide.

Prior to joining Whitford, I spent 13 years with 3M Company St. Paul, Minnesota, a U.S.-owned importer of PTFE in a variety of management roles in 3M's Fluoropolymers Division, including product, market and technical management, as well as business development and strategic management.

Prior to joining 3M, I spent eight years as senior consultant for business development strategies in high performance polymers at SRI International in Menlo Park, California, formerly known as Stanford Research Institute and currently part of IHS Consulting. At that time, I authored several marketing research publications on the subject of fluoropolymers in SRI's well-known chemical economics handbook.

Since then I have written articles on fluoropolymer pricing trends for Plastics News Magazine and

other trade publications, and been a featured speaker at numerous industry trade conferences, including each of the last six years in China, where I've spoken on the topic of worldwide regulatory trends.

I recently stepped down after 12 years of service on the board of directors of the U.S. Plastic Industry Association, where I also served as chairman of the Material Suppliers Council from 2006 to 2009. In January of this year, I was elected current chairman of the Fluoropolymers Division of the Plastics Industry Association.

Received a B.S. in Chemistry with High Honors from the University of Notre Dame. My graduate degree is in Business and Organic Chemistry are from Oregon State University and Stanford University. Anti-dumping and countervailing duty orders placed on PTFE dispersion from China and India would severely restrict the purchasing options available to us in the U.S. today.

This is because very few fluoropolymer producers manufacture PTFE dispersions that meet our performance requirements. This would also affect our ability to maintain dual sourcing for the purposes of safety and security of supply, and limit Whitford's ability to maintain adequate sources of supply of qualified product.

Morever, we're very concerned about the health

and competitiveness of our U.S. customers, many of which are capable of moving their manufacturing operations offshore. This has been the trend over the past two or three decades. Regarding the question of interchangeability of the three forms of PTFE, granular PTFE for example is not used in coatings because the large particles are not dispersable.

Fine powder PTFE is also generally not used in coatings, although it can be in certain classes of coatings such as coatings applied to coiled metal for bakeware. But these are not the same classes of coatings that are made from dispersion PTFE for non-stick cookware like I'm holding in my hand right now.

Granular, fine powder and dispersion PTFE are not interchangeable in virtually any coating application. Although the three forms of PTFE are made from TFE monomer, the production of each differs. For example, granular is polymerized in a suspension reactor. Fine powder and dispersion are polymerized in a dispersion reactor, which is a significantly more complicated process. Post-reactor finishing steps for all three forms are also very different.

The price point of each of these three forms is also quite different. Granular commodity grade PTFE typically has the lowest price, whereas specialty grades of granular PTFE are priced considerably higher. Fine powder PTFE is usually the most expensive of the three forms even

commodity grades, which specialty grades are usually the most expensive of all.

We believe there are about 2,000 processor companies in the United States. In our opinion, anti-dumping and countervailing duty orders placed on PTFE dispersion from China and India will damage seriously and perhaps irreparably the large and diverse U.S. PTFE processing industry.

By all accounts, Chemours and Daikin are simply unable to satisfy demand for the various forms of demand for the various forms of PTFE in the U.S. market. For example, certain grades are unavailable from the two U.S. producers. Moreover, in the case of Whitford our purchase volume is currently capped on our current supply from at least one U.S. producer.

Should anti-dumping and countervailing duty orders be placed on this merchandise from China and India, most U.S. purchasers will have to fill that void from PTFE sourced from other countries, not from the U.S. Some of the dispersions we buy and use are simply not available to us from Chemours or Daikin's U.S. production. Thank you for the opportunity to present this testimony.

STATEMENT OF JAMES DOUGHERTY

MR. DOUGHERTY: Good afternoon. My name is James Dougherty. I'm the Global Operations Manager at AGC

Chemicals Americas. AGC Chemicals Americas is a subsidiary of the century-old Zahi Glass Company headquartered in Japan. For today's purposes, I'll refer to AGC Chemicals Americas as AGC.

I've been the global operations manager at AGC for seven years. I'm responsible for managing AGC's supply chain and distribution of materials for the U.S. company. Prior to joining AGC, I owned and operated Chemco International for 20 years. Chemco was a distributor of chemical and specialty coatings for the electronics industry.

I have over 30 years' experience in the international chemical business. I appreciate the opportunity to speak before this Commission, and welcome any questions that you or your staff may have.

I would first like to tell you a little bit about AGC. AGC manufactures, markets and sells a broad range of high performance fluoro products, including fluoropolymer compounds. Our PTFE compounds generally serve segments of the market that demand high performance including parts for automotive, aerospace, heavy equipment and the oil and gas extraction industry. Headquartered in Exton, Pennsylvania, we have a full laboratory and product development services group.

AGC maintains operations, manufacturing

operations in Thorndale, Pennsylvania and warehouses throughout North America. Currently our company employs 120 people, of which 50 to 60 are production employees directly involved in our compounding facility. The plant includes machinery and equipment for milling, densifying, extruding, and blending PTFE resins and specialty fillers.

Our capital investments are in the hundreds of thousands of dollars annually, and we spend roughly a million dollars per year for our research and development and technical support group, to both manage quality at our plant and to collaborate with customers for new product solutions and process improvement.

I have to say that with all AGC has invested, the expertise and value we bring to the market and the significant workforce we employ, it is surprising to hear Chemours say that AGC should not be considered a part of the U.S. industry. I do not really see how it helps them to exclude us.

In our view, to the extent that the market was down from 2014 to '16, we all experienced the same thing together, and it had nothing to do with import competition. In order to understand this point, I need to explain several aspects of our business. First, I'd like to describe how we source PTFE resin. Diversity of supply is a fundamental principle of our sourcing plan. The earthquake and tsunami

that hit Japan in 2011 taught AGC that we could not rely on a limited number of suppliers, and that it was imperative that we maintain multiple suppliers.

So since that time, AGC generally has kept about six suppliers of granular PTFE with each carrying a stable share of PTFE granular purchases including Chemours. This strategy ensures that if some event significantly disrupts supply, we have relationships and access to additional PTFE capacity.

Another factor the Commission should understand is that it's very difficult to switch resin suppliers, and in our experience the granular that we buy from Chemours does not really compete with the granular we purchase from China. Each of those suppliers provide resins for particular product lines, and we cannot switch easily between suppliers.

Many of the end uses of PTFE compounds require specified resins from specified producers or qualified resins that meet producers' requirements. For example, all of our PTFE compounds that go into automotive and aerospace end uses have extensive approval processes whereby the supplier of the PTFE resin must be qualified by our customer in order to supply the base resin for that end use, and some of the products have long-standing specifications where the product is Teflon-branded as part of the specification.

For example, we have numerous products where we purchase 7A or 7C resin from Chemours. The material is Teflon-branded because Teflon is included in the specification. In those cases, imports cannot be a source of competition because Chemours is the only option. Knowing this, our purchase of Teflon-branded granular resin is priced roughly at double the level of unbranded granular resin that we purchase from Chemours.

The unbranded resin that we purchase from Chemours, which we sometimes refer as discretionary granular, is also used in product lines which -- for which we do not switch between PTFE resin suppliers. For example, the unbranded PTFE resin that we purchased from Chemours went into compounds that we produce for products in the oil and gas extraction industry.

So when the price of oil and gas and the number of active wells decreased in the 2015 and '16 time period, we purchased less of the Chemours L-29 unbranded product. But we did not substitute Chinese or Indian resins. The reduced volume or price on the unbranded granular was simply a result of significantly declining oil prices and the resulting drop in demand for oil extraction, which is a significant sector in the PTFE compound business.

But now, we do not purchase any unbranded granular from Chemours because they abruptly stopped

offering it to us in March of 2017. It is unclear to us why they stopped selling unbranded resin to us or what their intention is with respect to granular production in the United States. If they're getting out of the granular business, it must be because they're making more and better returns on other TFE derivatives.

It seems to us that it is entirely inappropriate and an abuse of the system to give Chemours even more market-disrupting protection when it faces no competition on branded 7A and 7C granular products, and refuses to sell unbranded product. Further, the general downturn in the economy and specifically the drop in oil extraction decreased demand generally, which we all experienced. This partially explains the decrease in 2015 and 2016.

Where Chemours is unique is in the debt and environmental costs that it inherited in its separation from DuPont. With $4.1 billion of inherited debt, 212 Superfund sites and millions of dollars in environmental liabilities, it's hard for us to believe that import competition is the real cause of their problem.

We hope that the Commission will continue to consider how the environmental litigation and remediation costs impact Chemours' performance and financial health. Those factors had nothing to do with import competition.

AGC does not believe that unfair competition resulting from imported PTFE granular resin. If anything, the unfairness might lie in the absence of competition for domestically produced granular resin and their refusal to sell now and going forward.

AGC's business would be unfairly altered and restricted if duties are placed on PTFE resins. Again, I appreciate the opportunity to be here and thank you, and look forward to your questions.

STATEMENT OF SINA EBNESAJJAD

MR. EBNESAJJAD: Good afternoon Commissioners of the U.S. International Trade Commission. My name is Sina Ebnesajjad. I'm a Ph.D. chemical engineer from the University of Michigan. I'm currently president of the Fluoro Consultants Group that provides for polymer consulting services globally.

I worked for DuPont for 23 years until 2006, namely on PTFE in the Fluoropolymers Division. I have authored six books about fluoropolymers in the last 20 years, including two volume industry handbook about PTFE that you can see I'm holding up, and the second volume about other fluoropolymers.

I'm going to highlight and clarify some certain distinguishing characteristics of the three forms of PTFE, namely granular, fine powder and dispersion. The

paramount question before this Commission is whether all three forms of PTFE are equivalent in terms of physical characteristics and end uses, and whether they are interchangeable.

The short answer is no. Indeed, I'm astonished at the suggestion of equivalency of the three forms of PTFE, because they are anything but equivalent. If the three product lines were indeed equivalent, the industry would have almost exclusively produced only the cheapest of them, that is the granular form, but we don't. That is not the case.

The fact is granular PTFE was invested first, but due to its limitations the industry later developed dispersion and fine powder PTFE forms based on an entirely different technology. Granular PTFE is produced in a vertical reactor using suspension polymerization that you can see in Figure 1 in page two.

On the other hand, dispersion and fine powder form are produced in horizontal reactor based on dispersion polymerization. Figure 2 shows the horizontal reactor, and you can see that the designs are vastly different from one another. As such, granular PTFE is an entirely separate family of PTFE and dispersion and fine powder.

Finally, dispersion form distinguishes itself from fine powder since it is in a liquid state, similar to

paint, while fine powder is solid. Despite the obvious stark differences among the three forms, Petitioners attempt to erase the clear dividing lines among them by underscoring an incidental overlap in particle sizes of granular and fine powder forms, disregarding the myriad of fundamental differences between the two forms.

Given that granular and fine powder forms are entirely different than PTFE forms produced by totally different technologies, then overlapping particle sizes is irrelevant.

Next, Petitioners allege an overlap in their uses. This is simply not true. In general granular form as polymerized is stringy in appearance, must be caught into small particles before it is fabricated into parts using compression molding techniques. We can see the as polymerized granular PTFE in Figure 4.

Fine powder, page five, is produced by coagulation of dispersion, resulting in a powdery substance. The analogy is individual grapes on grape bunches. In Figure 6, you see primary particles of dispersion in fine powder forms which are in submicron sizes. Agglomerates of these submicron size particles called primary particles result in a powdery form that you can see in Figure 7.

So going from Figure 6 to Figure 7 is as if you're talking about individual grapes in a grape bunch.

Fine powder is extruded by paste extrusion to form tubes, aerospace hose liners, electric insulation and porous membranes. Fine powder is the only form that can be used in applications, but a porous membrane is required. Fine powder is again the only PTFE form fabrication of liners for aerospace fuel hoses.

In Figure 9 you can see -- in Figure 8 you see the plumber's tape. In Figure 9, I'd like to emphasize you're looking at the electron microscope photograph of the structure of a porous film of fine powder, sometimes called gortex. Petitioners left out the fact that fine powders as film can only be produced in a porous state. That means they have holes in them.

Figure 9 can be used in producing breathable, non-wetting clothing. Also it is used, this porous film is used in producing vascular and endovascular graphs that are used in medicine to save lives. Dispersion form is in liquid state and primarily used to produce coatings on metals or fabrics as you can see in pots and pans in Figure 10.

When Petitioners speak about the overlapping uses of three PTFE forms, they're referring to their uses in a general application such as in producing films. However, Film A, Film B and Film C are fundamentally different from one another. Fine powder is used to produce porous films

for waterproof fabrics or sealing tape for rich, granular form cannot be used.

If granular form is used for film, it is a completely different type of film that is not, that is not I emphasize porous. It's almost a sheet that must be produced by skiving methods using a molded granular cylinder as in peeling an apple that you can see the granular skive film in Figure 11 and photograph of film being skived which is a knife used to peel off as we would peel an apple, as you can see in Figure 13.

Cast film is made from dispersion form of PTFE and can be as few as five microns or less. It has the same mechanical properties in the length and width directions. If you can think of a piece of paper in its length and width, it has exactly the same properties, mechanical properties, unlike film made from granular form of PTFE.

However, cast film has poor economics, because it is manufactured by coating a carrier belt made from steel or polyimide. An application of cast film is in fabrication of non-porous food belting. In terms of thickness, there's a bright line distinction among the three type of PTFE. Dispersion films are not porous and can be as thin as five microns, while fine powdered film thickness ranges from five to 200 microns and it is porous. Granular films are generally much thicker and their thickness can even exceed

three millimeters.

In conclusion, I have described the reasons for uniqueness and distinction of PTFE types or forms from different perspectives. It should be eminently clear that three PTFE product lines have different physical characteristics, manufacturing equipment, unique applications and little interchangeability.

Further, those who buy these PTFE products must employ different equipment, facilities and handling methods for processing each product line. There are indeed clear dividing lines among the three PTFE product lines that have kept them completely apart some seven decades, seven decades into the commercial production and consumption of these resin. Thank you very much for your attention.

STATEMENT OF JAMES P. DOUGAN

MR. DOUGAN: Commissioners and staff, good afternoon, I'm Jim Dougan from ECS appearing on behalf of respondents. I'll first address the volume effects. As shown at slide 1, virtually all of the domestic industry's volume indicators improved over the POI for each of the PTFE forms individually, as well as for the single-like product.

Almost universally, production, capacity utilization, U.S. shipments, export shipments, and U.S. market share were higher in 2017 than in 2015 and sometimes substantially so.

The sole exceptions are production and capacity utilization for dispersion PTFE, but the explanation for these changes are provided at pages 47 to 50 of Chinese respondent's pre-hearing brief. Suffice it to say, subject imports had nothing to do with it.

Petitioner's volume effects analysis focuses on table 4 of their pre-hearing brief, which shows volume and changes in PTFE volume from various sources over the POI, as well as market share in each year, but it omits changes in market share over the period. And this is because there are claims that the domestic industry only "maintained its market share" or even as they claim on page 37, lost market share, are rebutted by the plain facts that they present in their own table.

The domestic industry gained market share over the POI. Any increases in subject import market share came at the expense of non-subject imports, not as the title the section 4A of the petitioner's brief claims at the expense of the domestic industry. The Commission should not be fooled.

The reasons behind the absence of any adverse volume effects are apparent from some key conditions of competition. For one, there is a structural deficit in the U.S. PTFE market. That is, the domestic industry does not have even the theoretical capacity to serve the entire U.S.

market and therefore, some degree of import supply is required.

Moreover, over the POI, U.S. producers approached the limit of their capacity, meaning that they could not have supplied substantial additional volume to the market regardless of any impact of subject imports.

This is especially true considering that not all PTFE is a fungible interchangeable product and therefore, the mere presence of theoretically idle capacity does not mean that that capacity was relevant to or capable of satisfying the available market needs of the time.

The domestic industry supply limitations are evident from two facts. One, that they themselves imported significant quantities of PTFE. The -- we didn't hear about that this morning. The amounts and reasons behind these imports are confidential, but provided at pre-hearing report table 3-13.

The second is that these supply limitations have caused purchasers to turn to alternate sources of supply. 14 purchasers reported changes in the availability of U.S.-produced PTFE resin and the lack of availability was particularly acute for certain forms and grades.

Purchasers who shifted purchasing patterns listed reasons such as additional sourcing for reliability of supply. And that purchases of imported PTFE increased to

ease supply chain disruptions.

Finally, the majority of the increase in purchaser's reported purchases and imports of subject merchandise was concentrated among just a few purchasers, each of whom reported experiencing supply constraints with domestic producers during the POI. See pages 56 to 59 of Chinese respondent's pre-hearing brief.

It is worth noting that these constraints were experienced in a market where demand, as measured by apparent consumption, was essentially flat over the POI. Thus, given the increases in domestic producers' volume indicia and the indications from the data and the overall record that they could not practically have increased by significantly more if at all, the record supports a negative determination with regard to adverse volume effects by reason of subject imports.

Moving on to price effects. It is important to first establish that in the U.S. PTFE market, purchasers are not driven by price. Price is the third most important factor firms consider in their purchasing decisions after quality and availability of supply.

There are eight factors that more purchasers consider to be very important than price. And 20 purchasers provided reasons that they purchased PTFE from one source, although a comparable product was available at a lower

price.

Petitioners have attempted to diminish the significance of this evidence by arguing at pages 23 to 24 of their pre-hearing brief that domestic and subject import PTFE are comparable with regard to quality and therefore price drives purchasing decisions, but they also seem to have forgotten about the next most important purchasing factor, which is supply/availability.

As shown at slide 5, 26 purchasers said that availability was very important and 25 said that reliability of supply was very important, compared to just 16 for price. Given the supply constraints I discussed previously, it is no wonder that at least some purchasers have turned to subject import supply for reasons other than price.

As to the record evidence regarding price effects in general, the pricing product data are fatally flawed with regard to making price comparisons for underselling and must be either corrected or disregarded. This morning, petitioner's counsel grossly misrepresented the facts regarding this issue.

The Commission's original draft questionnaires asked for shipment data broken down between the commodity versus specialty grade, but provided no definitions. The definition request came in the Commission's determination from the preliminary phase at page 23, where it says that

some price differences may be related -- respondents contend that some price differences may be related to differences in quality between grades of products, specifically between commodity and specialty grades.

We invite parties in their comments on the draft questionnaires to suggest pricing product definitions that would promote comparability of domestic product and subject merchandise.

Chemours had the opportunity to comment on the draft questionnaires to offer alternative definitions or to argue that this distinction was irrelevant and that the question should be deleted. They did neither. We checked EDIS again this afternoon and it doesn't appear that we could find that they even submitted comments on the draft questionnaires. They had an opportunity to discuss this in more detail and to help shape the Commission's questionnaires and they failed to do so.

However, respondents offered definitions to assist the Commission in gathering accurate data, not just for the shipments data, but for the pricing data. We offered the definitions of commodity and specialty grade.

And in doing so, came to the conclusion that prices of specialty grade products could not be meaningfully compared to one another or to commodity grade products. Therefore, to ensure apples to apples pricing comparisons,

and to follow the Commission's instructions from the preliminary determination, we said that the Commission should define each of the pricing products as being commodity created.

The Commission agreed and first issued the questionnaires using this descriptor. Thereafter, however, without notifying respondents, the Commission issued revised questionnaires removing the commodity-grade descriptor, indicating that parties should indicate in the notes what percentages of commodity versus specialty grade were included for each product over the POI. This caused confusion with different companies responding to different versions of the questionnaires.

And perhaps more importantly, by effectively weight average and commodity and specialty grade products with no means of distinguishing between them in the data, the data prevent accurate pricing comparisons.

This is obvious from the table at page 65 of respondent's pre-hearing brief, which shows that the AUV of PTFE products from a single source in a single year can vary by as much as 50 percent between specialty and commodity grades.

Petitioners argue that PTFE isn't sold in commodity and specialty grades and they seem to be arguing, although not explicitly, that this isn't a meaningful

distinction for the Commission's analysis.

In response, I refer to the data in that table on page 65 and submit that those are indeed meaningful distinctions for the Commission's analysis. This issue isn't discussed in the pre-hearing report, but respondents submit that the data as reported are unusable and unreliable for conducting and underselling analysis and may only be used with caution and on a limited basis to analyze other price effects.

In an email to the staff in April, Chinese respondents requested that this issue be remedied by collecting pricing data for commodity and specialty grades separately. In the interest of a clear and complete record, we repeat that request here.

But generally speaking, the data that we do have do not support a finding of price depression as trends in the pricing products were mixed as you'll see in a moment with several increasing over the POI and several decreasing over the POI. Demand was flat and unit raw material costs declined over the POI, so one would not expect to see increasing prices.

Moreover, the industry's cost to sales ratio improved for the single-like product and either remained steady or improved for the individual physical forms.

Given flat demand and declining costs mentioned

previously, this means that the subject imports were not preventing price increases that otherwise would have occurred to a significant degree.

Lost sales and lost revenue allegations likewise don't support an affirmative finding. These data are largely confidential and discussed at pages 67 to 77 of respondent's pre-hearing brief, but in summary, the total volume of reported lost sales is not material in the context of the market and lost revenues are not material either. The allegations of one purchaser are frankly absurd on their face and the remaining purchasers are either very minor players in the market or have exhibited purchasing behavior that shows any alleged price reduction caused no adverse price effects to domestic producers.

Petitioners argue that adverse price effects of subject imports during the POI are evident because they have been able to increase prices after the petition was filed. This morning, petitioners said that prices consistently went down over the POI until the filing of the petition.

At Exhibit 8 to their pre-hearing brief, they provide data that they claim shows that that U.S. PTFE prices have increased since the petition was filed at the end of September 2017. Yet the data presented in this exhibit have a number of issues. First, they seem to represent average unit values, which could be influenced by

changes in product mix, unlike the pricing products, which are specific products, albeit of different grades as discussed earlier.

More problematic is that the detailed data begin with third quarter of 2017, which makes it impossible to determine whether these alleged price increases actually began before the petition was filed.

Slide 9 provides the indexed pricing product data to show trends over the POI. Products 1 and Product 3 increased beginning in 2016 and continued on an upward trend through the end of the POI.

Product 2 and 5 began increasing in 2016 and then actually declined after the filing of the petition. And Product 4 didn't seem to show any change in trend, resulting from the filing of the petition.

Therefore, there's no real evidence on the record that the filing of the petition allowed domestic producers to get price increases that they were unable to get beforehand. In fact, Section 6 of AGC's brief presents specific example of a domestic producer getting significant price increases beginning as early as the second quarter of 2017, a full six months before the petition was filed. Petitioner's argument with regard to price effects does not withstand close scrutiny.

Turning now to impact. The domestic industry's

financial performance improved significantly over the POI for the single-like product dispersion and especially fine powder. For granular PTFE, there is no causal relationship between the volume and market share of subject imports and the industry's performance. Therefore, any injury it may have experienced cannot be attributed to subject imports.

In addition, the industry's employment and investment indicators were either steady or improving over the POI for each of the like products, as well as the single-like product.

We think, excuse me, petitioners appear to recognize the difficulty in squaring their arguments about causation with the significant improvements in the industry's condition over the POI. They therefore attempt to bolster their injury argument by making reference to 2014, which was part of the POI in the preliminary, but not final phase.

They don't argue that the POI should be extended back, but rather, that the industry's profitability hasn't returned to 2014 levels and it hasn't been able to earn an adequate profit.

I'll turn to the question of adequate profitability shortly, but first, let me address causation as best I can. On confidential slide 11, it shows data from table C-1 of the prelim staff report and the pre-hearing

report in the final. Petitioners claim that the impact of subject imports prevented the industry from returning to profitability levels of 2014. I invite the Commission to look at the import market share over this period compared to the industry's profitability.

What you can see on this slide is that the trends in subject import market share are not causally linked to trends in domestic industry profitability. Petitioner's argument, again, does not hold up to close scrutiny.

And with respect to what and what does not constitute adequate profitability and whether any failure to achieve it can be attributed to the effect of subject imports, it's important to recognize what is really driving the domestic industry's overall level of profitability.

As shown at confidential slide 12, there was a significant difference in the financial performance of the two domestic producers over the POI. This slide also shows that the difference in performance between producers is driven by differences in cost structure.

The producers' questionnaires do not explain the underlying reasons for these differences, but respondent's pre-hearing brief raises some possible explanations and we contend that the Commission must gain further information on these points to ensure a complete record.

If you make adjustments to put the industry on a comparable basis as described in detail in our pre-hearing brief, and as shown at confidential slide 13, you get a much different picture of the industry's profitability.

Now we understand that the Commission takes the industry as it finds it and will not officially make any adjustment to the data. However, it's very clear that this drastic difference in profitability has nothing whatsoever to do with any effect of subject imports.

Therefore, the Commission must not attribute the observed difference, which accounts for much if not all of what could be characterized as injury or inadequate profitability to subject imports. Consequently, the evidence warrants a negative determination in this case. Thank you.

MR. SCHUTZMAN: That concludes respondent's presentation.

VICE CHAIRMAN JOHANSON: Thank you for your presentation this afternoon. We will now begin Commissioner questions with Commissioner Broadbent.

COMMISSIONER BROADBENT: Thank you very much for your testimony. Mr. Schutzman, petitioners referred to sodium nitrate, a case which the Commission found a single domestic-like product that was produced in granular flake and liquid solution forms, but which had the same chemical

make-up. Can you provide an example of another case in which the Commission has split a chemical product into different domestic-like products based on differences in physical forms, rather than differences in chemical composition?

MR. SCHUTZMAN: Commissioner Broadbent, that will take a little research and I think we can address that in the post-hearing submission.

COMMISSIONER BROADBENT: Okay. Mr. Baillie, how do you respond to petitioner's argument that despite most end users indicating that different forms of PTFE resin are not interchangeable, PTFE resin is used to produce similar end use products and is therefore interchangeable regardless of form?

MR. BAILLIE: Yeah. So for example, they talk about film, okay? Film is not an application. Film is a form as tubing is a form and wire and cable is a form, okay?

If we look at applications, like the dental flosses as I described, that's a pretty specific application. It's impossible to make this with granular. And it's impossible to make this with dispersion, okay?

So I think what they're doing is purposefully not talking about things like let's use another example, tubing used for aerospace, okay, for hydraulic hose. That is only made from fine powder. Nobody makes tubing for

aerospace hydraulic hoses out of granular and you couldn't. It wouldn't be safe, okay. And you couldn't make tubing out of dispersion either for hydraulic hoses, okay.

So if we -- and I'll use another example. A form of tubing for vascular grafts for -- you know, is used for adults, babies, you know, all kinds of people to keep them alive. That's only made from fine powder. You cannot do that from granular. You cannot do that from dispersion.

So if you look at something like, you know, making a pipeliner, yes, you can make the -- you can line the inside of a pipe with granular and that's what you would use for that, okay. What was said this morning is, well, you could, you know, spray dispersion down the length of the pipe and coat the inside of the pipe with dispersion. Well, okay, there's all kinds of things that theoretically might be possible, but no one ever does it and there's very good reasons why you wouldn't do it down the length of a pipe, because you wouldn't be able to inspect it and know that you had a continuous coating that wouldn't be breached by the chemical you were trying to contain. Does -- okay.

COMMISSIONER BROADBENT: Mr. Schutzman, does the Commission have the data necessary to perform a material injury and threat of material injury analysis and all three forms of the PTFE resin separately?

MR. SCHUTZMAN: To the extent that the

Commission decides that they separate-like products, yes, you would do everything separately. So yes, you have to perform that analysis.

COMMISSIONER BROADBENT: Do we have the data there, though?

MR. SCHUTZMAN: Yes, you have the data.

COMMISSIONER BROADBENT: Okay.

MR. DOUGAN: Commissioner, with the exception of pricing data that would allow for a complete underselling analysis, we argue that the data that are on the record right now are not usable for that purpose, but otherwise, with respect to volume and impact, I believe that's the case.

COMMISSIONER BROADBENT: Okay, I appreciate that. Mr. Schutzman, please respond to domestic producers' argument on page 19 to 23 of their pre-hearing brief that blenders should not be considered part of the domestic industry?

MR. SCHUTZMAN: The petitioner, Commissioner Broadbent, defined the scope. The scope is defined as PTFE resin filled or unfilled, modified or unmodified, with fillers, pigments, and other materials. That's what these people do.

The petitioner defined the scope. Had it been simply PTFE resin period, yeah, I agree, there'd be an

argument. But having defined it the way they did, these compounders do precisely that. And that's why or at least one of the reasons why the compounders are part of the domestic industry.

COMMISSIONER BROADBENT: Okay. Thank you. Hang on just a second. I think this could be for anyone. How do you respond to Chemour's argument that the increase of subject imports in 2017, which came at the expense of non-subject imports, was not benign because these imports were at a far lower price?

MR. DOUGAN: Commissioner Broadbent, Jim Dougan. You know, it's without getting into proprietary data, I'm trying to dance around this a little bit, but you know, it's interesting that that increase in subject imports is coincident with a significant improvement in the condition of the industry between those two years as well. So you know, I'm not sure that that lines up the way that they'd want it to.

COMMISSIONER BROADBENT: Okay. Mr. Dougan, table 5-14 of the staff report on page 5-31 shows that there is a net increase in subject import share of purchaser's acquisitions over the period and that decreased for the domestic-like product share. Purchasers also confirmed multiple lost sales allegations. Does this indicate that purchasers shifted supply to subject imports over the period

of investigation or that subject imports actually gained market share at the expense of the domestic industry?

MR. DOUGAN: Could you repeat the page references, please?

COMMISSIONER BROADBENT: Yeah.

MR. DOUGAN: I want to make sure I --

COMMISSIONER BROADBENT: Table 5-14 on page 5-31.

MR. DOUGAN: Okay.

COMMISSIONER BROADBENT: So it shows that there is a net increase in subject import shares of purchaser's acquisitions over the period, a net decrease for the domestic-like product share.

MR. DOUGAN: Sure. Well, I mean, for one, this is an incomplete view of the industry. And the overall apparent consumption data show that the industry -- the domestic industry, gained share across the board. So I don't think that that, you know, that this is useful to some degree, but also anecdotal. And the data that the Commission uses to assess volume effects is generally the apparent consumption data. And that shows an increase in the domestic industry market share. So that's my first response to that.

And the -- with regard to, you know, the tables that follow, we address that in our pre-hearing brief. It's

a little tougher to address it in a public forum, but you know, some of these data are inaccurate. And some of them are -- but in general, we would view them as small enough to not reach the level of materiality, especially in viewed of the context of the market and the apparent consumption data.

COMMISSIONER BROADBENT: Okay, you provide data on page 65 of your pre-hearing brief demonstrating that unit values for commodity and specialty grade products are substantially different. However, these differences change drastically from year to year. What accounts for the significant changes for the premiums for specialty grade products as you have presented them?

MR. DOUGAN: Commissioner, Jim Dougan. I wish we knew the answer to that. I honestly, I'm not sure. Some of it may have to do with the composition of people responding or the companies responding to each of the, you know, there may be some who answer for certain years and not for others that may contribute to that.

COMMISSIONER BROADBENT: Uh-huh.

MR. DOUGAN: It may have to do with the composition of customers being served. As we mentioned, you know, specialty is often not even comparable with other specialty, because it's made to the specific characteristics of a customer. So, you know, a pound of specialty sold to one customer might be, you know, $6 a pound and a specialty

sold to another customer might be, you know, might be $8 a pound or $4 a pound. It really -- it might depend.

And that's -- and these data are all blended together. It's specialty versus commodity, so there's not separate distinctions between fine powder and granular and dispersion. It's just between the specialty and commodity. So there may be changes in those product mixes over time as well. So those may explain some of year to year variations.

But overall, the differences between them to use suggest that, you know, there are real differences in the market for the prices that are charged for commodity products that everyone agrees that they know what they are and don't require further qualification on the part of the customer and specialty grade that are for one reason or another require that kind of qualification. And so therefore, pricing comparisons between the two are not valid.

COMMISSIONER BROADBENT: Okay, thank you. My time's elapsed.

VICE CHAIRMAN JOHANSON: I'd like to thank all of you again for being here today. Mr. Dougan, you're just using the words commodity and specialty. And I'm going to speak a bit further on that and this question can be answered by any of you, not just Mr. Dougan.

Petitioners contend that respondent's purported

definition of commodity and specialty did not actually define grade of PTFE, but merely distinguished customers and downstream end use applications. Could you all please respond to this contention?

MR. DOUGAN: Yeah, I'll start with that. This is Jim Dougan. The -- our attempt to provide definitions for commodity and specialty grade, as I mentioned in my testimony, was in response to the Commission's draft questionnaires, which had requested trade data, basically U.S. shipments data between commodity and specialty grade, but didn't provide definitions.

And so, you know, we consulted with the industry folks and with counsel and tried to come up with definitions that would fit those categories and sort of did the best we could in a way that we felt that the industry participants would understand in responding to the questionnaires.

Petitioners have taken issue with this, but they didn't provide their own definitions, nor did they comment on the draft questionnaires to suggest that such definitions were irrelevant and should be excluded from the questionnaires.

So you know, I think we did our best to put this in a way that was, you know, based on just the -- what might be an artificial sort of bipolar distinction between just two things, when there's, you know, many more variations

among products in the market place.

But you know, commodity is, you know, commodity is understood to be well -- everyone is supposed to understand what that means in the sense that it doesn't require further qualification and it's something that everyone would consider to be the same product, whereas specialty, the definition of what that is could vary from customer to customer.

MR. BAILLIE: I'll take a shot at that, too. Yeah, thanks. Richard Baillie. The thought process was really that the commodity or specialty can really only be defined by the customer, okay, because the customer knows whether other products are interchangeable or not and the whole idea with commodity is it's easily interchangeable with other products, like you know, nuts and bolts or I don't know, some potato chips or something like that.

But the -- if it requires qualification by that customer before it can be used, or if the customer's customer says no, you can't switch the products, you must qualify them, then to me by definition, it's specialty, it's not commodity, it's not interchangeable.

And so, that was really the attempt there was to get at what is easily interchangeable. Because for some customers, some products, they are easily interchangeable. They can buy a, you know, a container load or a truckload of

product from any number suppliers and they don't have to look at it in advance. They know it's fine and it'll work.

And I think the example that Mr. Hayes keeps using of the carpet, you know, the slide thing on the carpet, you know, that's a commodity -- that's easily recognizable as a commodity application.

MR. SCHUTZMAN: Commissioner Johanson, we picked up on the lead of the Commission staff and the Commission in attempting to assist with the definition of commodity versus specialty because there was testimony during the preliminary about commodity and specialty differences and we saw the differences when we looked at the data of our clients.

And so the definition that was adopted by the Commission staff was in our view appropriate. If the merchandise is qualified, it's a specialty product. And if it's not, it isn't.

And if it's qualified, it's got to differ from vendor to -- from vendee to vendee to vendee. And that's why they're asking for qualification.

VICE CHAIRMAN JOHANSON: All right, thank you for your responses. I'm going to dig into this a bit more. I know we've already spoken a lot about it. Are there systems or definitions of classification for identifying grades such as specialty and commodity, as well as other specifications of PTFE resin? And are these -- if there are

such classifications, are they consistent across the industry for all producers?

MR. BAILLIE: So there are systems that get at the different grades of resin. There are not systems which get at different -- whether they're commodity or specialty, okay?

So for example, the grades -- what was discussed a lot this morning was a lot of discussion about particle size, okay, but you know, particle size is sort of well down on the list of what a customer might really believe is important from grade to grade. Its molecular composition, molecular weight, modifiers. We've had discussions on modified or unmodified.

So if we come back, for example, to the example I used earlier of aerospace tubing, only specific grades would work for that. And it has to do with what would be like flex life, okay? So you've got a pulsing fluid going through a piece of tubing. And over time, if you use the wrong grade of product, it would become leaky and it would leak out. You can't have that in an airplane. You can't have that in an automobile under hood with, you know, gasoline leaking out under hood. With time, you know, when you get say 100,000 miles or whatever on an automobile.

So then to get to avoid that, you go to specific grades. And so there are in ASTM and some other

classifications, it starts getting at tests, which you would do, which start getting at that. I don't want to get too technical unless you'd want me to, but you know, things like how crystalline it is or isn't after it's been processed, things like that have to do with whether it gets, you know, leaky with time in that example of aerospace tubing.

Does that make sense what I said?

VICE CHAIRMAN JOHANSON: I think it does. If --

MR. BAILLIE: Okay.

VICE CHAIRMAN JOHANSON: -- it's -- if it's easier for you, maybe comment a bit more in the post-hearing brief.

MR. BAILLIE: Okay.

MR. EBNESAJJAD: Commissioner Johanson?

VICE CHAIRMAN JOHANSON: Yeah.

MR. EBNESAJJAD: This is Sina Ebnesajjad. If I may comment further. ASTMD as in David 4894 method has made an attempt in classifying the various granular PTFE resins. If you look at type 1 in this ASTM method, it refers to general purpose molding and gram extrusion resin. That would be basically the commodity. And then it goes on to type 2, type 3, 4, 5, etcetera, where it defines specialty since you were looking for an industry accepted method. Those ASTM methods, by the way, exist separately for all three forms of PTFE. Thank you.

VICE CHAIRMAN JOHANSON: Okay, thank you. I appreciate your comments. And the yellow light is going to come on like right now. So I'm going to go ahead and turn to Commissioner Williamson. Thank you for your responses.

COMMISSIONER WILLIAMSON: Okay, thank you, Mr. Vice Chairman. I too want to thank the witnesses for coming today and presenting your testimony.

I want to come back to the specialty later, but let me start with a different question. If price is not an important factor, I was -- why are subject imports seemingly replacing non-subject imports?

MR. DOUGAN: Commissioner, we -- Chris and I were actually talking about this at the break. Chris, do you want to respond?

MR. LEWIS: Go ahead, and then I'll fill in.

MR. DOUGAN: Okay. Well, actually, what he was explaining to me, which I thought was a useful, that there were basically supply issues in certain non-subject suppliers that they were unable to provide more of the market.

But anyway, Chris, why don't you go ahead and --

MR. LEWIS: Okay, so the European suppliers, AGC previously, ICI, Dyneon, and Solvay were the suppliers, non-subject suppliers. Italy is Solvay. Dyneon is Germany. And I forget where AGC produces --

UNIDENTIFIED SPEAKER: U.K.

MR. LEWIS: U.K. Dyneon and AGC both told us during this period as we did try to supplement supply from European supply, that they were sold out and did not have supply. Contrary to what you've heard earlier, that was the reason told to us by the suppliers themselves.

Solvay did supply us, but right now, can't supply us, because they're having production issues. And Solvay through the years in 2011 had a supply issue that lasted almost two years.

And so, it took them a while to get back into the marketplace. And then, they're back out of the market place now, which then creates an issue with confidence of that supplier going forward being able to supply.

Where else do I go? I have two suppliers that tell me they're sold out. I have one supplier in the U.S. that I can't fully qualify doing due to dispersion issues in our process. I have one telling me that I'm almost tapped out on my ability to utilize their product in the U.S. So I'm left with Japan or the subject areas. I use a lot of PTFE dispersion.

COMMISSIONER WILLIAMSON: Are you saying the domestic companies can't make the version that you want or they can't make it at the price that you want?

MR. LEWIS: We've been told that they can't

supply the quantities on an ongoing basis. And I believe that was told to multiple people on this panel.

COMMISSIONER WILLIAMSON: Okay, well, I invite them post-hearing to address that point. Anything you all wanted to add post-hearing to document that.

MR. DOUGHERTY: Commissioner, Jim Dougherty from LGC.

COMMISSIONER WILLIAMSON: Yeah.

MR. DOUGHERTY: I'd like to just follow up on his remarks. We remain capacity constrained in factories in the U.K. and in Japan. And everything we can provide to this market, we are currently providing to in dispersion form.

COMMISSIONER WILLIAMSON: Okay. But is the U.S. -- are the U.S. producers' capacity constrained?

MR. DOUGHERTY: I can't answer that because I --

COMMISSIONER WILLIAMSON: I mean, they said they weren't this morning.

MR. BAILLIE: I'm hearing from numerous sources that they are and that they're controlling shipments. And I can -- some of those sources have to remain confidential --

COMMISSIONER WILLIAMSON: Uh-huh.

MR. BAILLIE: -- but I could file something confidentially in the post-hearing brief, but the --

COMMISSIONER WILLIAMSON: That would be helpful.

MR. BAILLIE: -- I think it's fair to say that the market place right now is -- I've been in this industry since 1980. Okay, this is my life's work.

COMMISSIONER WILLIAMSON: Okay.

MR. BAILLIE: Okay? As I said before, I was chairman of the industry trade association for a while. This is deeply, deeply important to me. And the very tight supply, the lack of supply putting people on, you know, what would normally in the past words like allocation were used, but they won't use that word anymore because of legal consequences of using that word and won't put anything in writing.

But there's a lot of panic in the market place right now. It's a lot of agitation.

COMMISSIONER WILLIAMSON: Okay, anything you put on the record to document that post-hearing would be helpful.

MR. BAILLIE: I will.

COMMISSIONER WILLIAMSON: Good.

MR. HALEY: We've mentioned -- this is Mike Haley. We've mentioned this issue in some of the things we've submitted already and we'd be happy to reiterate it afterwards as well as we've seen similar things as they told us.

MR. DOUGAN: Commissioner, this is Jim Dougan.

COMMISSIONER WILLIAMSON: Yeah.

MR. DOUGAN: The purchaser responses that are on the record and summarized in the staff report talk about this, too. There's the majority of purchasers who respond that they've had difficulty in getting supply from U.S. producers at certain points over the POI.

So I mean, this is -- I think that it should be supplemented with the feedback from the industry folks here, but there's already information on the record to suggest this.

And if you look at the utilization figures of the U.S. producers, you can see a significant tightening and supply over the POI.

COMMISSIONER WILLIAMSON: Okay.

MR. LEWIS: This is Chris Lewis again.

COMMISSIONER WILLIAMSON: Uh-huh.

MR. LEWIS: In -- our domestic supplier in fact in a meeting just recently told us due to what U.S. consumers perceived as a shortage of supply going forward, they're putting six months of orders in as we speak or more, trying to protect their supply going forward for fear of supply.

COMMISSIONER WILLIAMSON: You say who was doing this, the?

MR. LEWIS: The consumers, the coaters --

COMMISSIONER WILLIAMSON: Okay.

MR. LEWIS: -- compounders, et cetera. We were told by our sales person, our current U.S. supplier, that this is going on in the market place. So it also creates a compounding effect.

COMMISSIONER WILLIAMSON: Okay, if anything is that you can put on the record to document that --

MR. FREED: Commissioner Williamson?

COMMISSIONER WILLIAMSON: -- and explain why this is happening.

MR. FREED: Jon Freed of Trade Pacific on behalf of AGC.

COMMISSIONER WILLIAMSON: Yeah.

MR. FREED: We also addressed this issue in pages 11 and 12 of our brief and I think this morning, there was testimony that they're not capacity constrained, but that's inconsistent with in March 2017, they just stopped offering a line of granular resin to AGC and it's still unavailable.

So if they're saying that there was unused capacity and they have to turn to lower export markets, lower priced export markets, that doesn't reconcile with their behavior when there was a market available to them in the U.S. and they just decided to stop serving it.

COMMISSIONER WILLIAMSON: Okay, thank you. Well

--

MR. FREED: Yeah.

COMMISSIONER WILLIAMSON: -- what you can do to put on the record, because we've -- we always get this.

MR. BAILLIE: Okay, and I would like to --

COMMISSIONER WILLIAMSON: There's not supply domestics. Yes, we raise the supply and my question is at what price, so

MR. BAILLIE: I would like to also point out --

COMMISSIONER WILLIAMSON: Yeah.

MR. BAILLIE: -- that during the preliminary hearing, we had two parties testify that supply was terminated to them and it was not a matter of price. Price was no discussion at all. Chemours just refused to continue supplying them.

COMMISSIONER WILLIAMSON: Yeah.

MR. BAILLIE: And that's on the record.

COMMISSIONER WILLIAMSON: Okay. Thank you. Okay, there's -- you have a pro forma for domestic industry performance assuming that domestic industry performance was more similar in some ways. I'm talking about your slide 13 and I guess your -- the table we have at page 90 of your brief.

But doesn't even that table suggest that some injury by reason of subject imports is possible? You may

have to address this post-hearing but --

MR. DOUGAN: I'll have to address that post-hearing, because I want to be careful about slipping into anything that's proprietary. But I take issue with the by reason of subject imports parts of that. That's about all I want to say. I mean, if you've got producers who are competing in the same market, same geographic market that don't have to my understanding dramatically different business models or product lines, and they have dramatically different results, they're both competing in the same market place against the same other suppliers. So how are their results so dramatically different and how is that attributable to the effect of subject imports? That logic doesn't hold to me.

COMMISSIONER WILLIAMSON: But I guess -- yeah. Okay, we'll look at it and there's maybe magnitudes, but our -- but it's the result still.

MR. DOUGAN: Okay, I'll look at it more with proprietary information, sure.

COMMISSIONER WILLIAMSON: Good, okay, thank you. Let's see. For AGC, you argue that fillers purchases -- a filler's purchase, the fillers purchase many of the products besides PTFE resins. Many of these are locally sourced. So I was wondering what share of your non-PTFE resin material purchases are of domestic material and if you want to do it

at post-hearing, you can. It may be easier.

MR. DOUGHERTY: I can address it in a general nature in this forum, and more specifically in the post-hearing. But we use fiberglass, metals, moly, bronze, graphites that are sourced domestically.

COMMISSIONER WILLIAMSON: Okay, thank you. You argue that there isn't fungibility between the domestic like product -- I'll tell you what. Let's move -- my time has expired already, so before I get into it I'll raise it next time. Thank you.

VICE CHAIRMAN JOHANSON: Commissioner Broadbent.

COMMISSIONER BROADBENT: Okay. Mr. Dougan, you assert that Chinese product is primarily specialty grade product. Why then would subject imports from China generally undersell the domestic like product, despite U.S. product being comprised of both specialty and commodity grade products?

MR. DOUGAN: So are you referring to something in the brief presumably, because I don't think I said that in my testimony. So --

COMMISSIONER BROADBENT: Okay. This is the PPA respondents I guess said that.

MR. DOUGAN: Yeah. First of all, the pricing data, we have issues with the composition of the pricing

data, and I take your question. Even on the data that are there, there's definitely more of a mixed picture than you would expect. Again, this is difficult to address in public, but you know, to the degree that there are -- you know what? I really want to be careful about this. Let me address this in post-hearing. I'll be able to address it with the post-hearing, I'm sorry, with the proprietary information.

COMMISSIONER BROADBENT: Okay, that's fine.

MR. FREED: And Commissioner Broadbent, this is Jon Freed, Trade Pacific. I think part of the challenge gets back to this, whether it's specialty or commodity. From AGC's perspective, it's all specialized because it all has a particular end use for which it has been qualified, and they can't switch the product. Everything that they import they consider specialized.

But that said, there are -- if you look at even in the confidential slide that Chemours presented this morning, where they go kind of product line by product line within granular dispersion, you'll see even within one group there is a wide range of volume and price.

So if all those things are grouped together, then what are you really, you know, how are you comparing trade when those things don't really compete together, because when we testified this morning, what we were trying

to convey is that if AGC is using a -- they have a branded end use, then they have to use the branded Teflon resin for that application.

But they buy the, basically the same thing physically and it's half the price. So it's -- those things should be taken into account, and right now it's really -- it's not. So even though the imported product is specialty, what you're comparing to maybe is also a combination of specialty and commodity.

COMMISSIONER BROADBENT: Okay. U.S. prices for several of the pricing products fell over the Period of Investigation. Can you explain why this does not provide evidence of significant price depression?

MR. DOUGAN: Jim Dougan from ECS. Prices for some products fell; prices for other products increased. I think if you're looking for evidence of price depression by reason of subject imports, you would expected, and I'll have to look and without -- I can discuss this more in post-hearing. I'll look. But I think that the subject imports were present in each of the pricing products, I think.

Again, I want to be careful about what I say, but if you see upward trends and downward trends and both products face at least, you know, arguably face competition with imports, then it's difficult to conclude that the price

declines are attributable to the competition from imports, when the price increases in other products that are competing with subject imports.

COMMISSIONER BROADBENT: Okay.

MR. SCHUTZMAN: Commissioner Broadbent, part of the problem with the pricing is the mix. You don't know what the mix is. You just get an average. If you had straight commodity pricing through five products through umpty-ump quarters, then you would be able to draw conclusions, distinctions. You might see trends, you would see trends.

But where you haven't combined between specialty and commodity, much depends upon what was reported in that particular quarter by the recipients of the questionnaire. So you can't draw a conclusion from it in our view, because the data's flawed. If you had strict commodity pricing, then you could.

I'm not even sure, I don't think you could if you had straight specialty pricing, because the specialty pricing is different from customer to customer. So the only pure way to look at the pricing in our view was look at them at the commodity level. That makes sense and the Commission staff thought it did make sense.

COMMISSIONER BROADBENT: Okay. I'm looking at Petitioner's Exhibit 10 of their prehearing brief. Even if

the domestic industry experiences improvements across several of its trends over the Period of Investigation, can the Commission find that this industry was effectively always injured in light of the significant volume of subject imports and the low profits of the domestic industry?

MR. DOUGAN: This is Jim Dougan again. You know, I'm going to take that in two parts. One, I think we've already shown and the record definitely supports the absence of volume effect by reason of the imports. You know, in that Slide 1 or whatever, most of the arrows are green, meaning production, capacity utilization, shipments, market share were up for the individual physical forms as well as for the single like product, and there was an improvement in profitability over the POI.

So that would seem to me to break the causal link between the condition of the industry and subject imports. If Petitioners' argument is that they were always injured, that's also hard to square with a causal link to subject imports because, you know, the Commission's job is to assess how the volume and increase in volume of imports has a causal effect on the industry.

If the industry -- if the argument is always injured but somehow got better when imports increased, that seems to run the opposite way. The other part of that is in our impact analysis, we attempt to show that, you know, that

there is other reasons for what might be deemed inadequate profitability on the part of the industry. But even that inadequate profitability improved.

So I'm not sure that that fact pattern squares with the finding, an affirmative finding with respect to current material injury.

COMMISSIONER BROADBENT: Okay. For most forms of PTFE as well as for the domestic industry as a whole, the industry's financial health significantly deteriorated in 2016 before improving to period highs in 2017. Why did these declines occur in 2016? Can the Commission find material injury based on what occurred in 2016, even if the industry was able to improve in 2017?

MR. DOUGAN: I think the declines in -- I'll leave it to the industry folks to explain what may have happened in 2016. I know that there was a situation with at least one U.S. producer who had some production difficulties. I don't want to get into that more but we discuss it in our brief, and if you look at the trend in subject import market share, looking at Table C-1 and this is confidential, so I want to be careful about this.

But if you look at subject import -- let's look at the single like product, this is Table C-1, and you look at subject import market share between 2015 and 2016 went down. Between '16 and '17 it went up, and that's true

of absolute volumes as well, because consumption was kind of flat.

So if the industry's condition significantly deteriorates when subject import volume and market share are declining between '15 and '16, and then it improved significantly between '16 and '17 when subject import, volume and market share are increasing, again that doesn't seem to warrant a finding of material injury by reason of, because the causation is going the wrong way.

COMMISSIONER BROADBENT: Okay.

MR. SCHUTZMAN: Commissioner Broadbent, and of course you heard this morning in the testimony that as the downstream industries go, so does this particular industry. So if the oil and gas industry was down in 2016, that of course would affect business, aerospace, automobiles, mining, etcetera. I think it's a complex analysis, and you need to look at things like that as well for why business would be down or up.

MR. HALEY: This is Mike Haley. I would echo that comment. This industry's fairly dependent on oil and gas, and that was a down year and we all suffered from that particular market heading south.

COMMISSIONER BROADBENT: Okay, thank you. My time's elapsed.

VICE CHAIRMAN JOHANSON: What is your position

regarding Petitioners' contention that the particularities of PTFE as a chemical not end product may have led end users to understate the comparability of PTFE products in their questionnaires? This is discussed in page six of the Petitioners' brief.

MR. LEWIS: As I stated in my testimony, just because the polymer might be similar in dispersions, they're not like products. We can get Chemours, a Daikin or Salve product to work in our application, but we struggle with other vendors. Even with GFL's product line in dispersions, we can get one or two to work in our process but we can't get others to work in our process.

It's far more than just the polymer. It's the surfactant system, the way they stabilize it. That goes into it, how it's transported to the U.S. In the case of Dyneyon, 3M or Salve, we'd had toads of Salve just completely settled out. They all are different. All their chemicals that they use are proprietary or trade secret. So they're not like products, because they perform completely different.

VICE CHAIRMAN JOHANSON: Mr. Haley.

MR. HALEY: Yeah, Mike Haley. I would echo Chris' comments. We as a dispersion formulator have a very limited selection of options that we can rely on for end use performance and for performance in our processes, and all

these products are certainly not all the same. There are some of them that we've tried that certainly don't work, and we've outlined some of that in our submission.

VICE CHAIRMAN JOHANSON: Could this have conceivably led to parties understating the comparability of PTFE products in the questionnaires?

MR. BAILLIE: This is Richard Baillie.

VICE CHAIRMAN JOHANSON: But we keep going back to questionnaires, so I'm trying to figure some of that out.

MR. BAILLIE: Yeah, I don't think so. I think what came from the questionnaires was accurate. Customers were saying, processors were saying that, you know, quality is very important. Timely delivery is very important. Security of supply is very, very important. That's consistent with my experience, having been sales leader for Fluorogistics and it's consistent with my experience, having been the manufacturing leader at Washington Works as well. So I just don't see it that way, as was stated this morning.

MR. SCHUTZMAN: Commissioner Johanson, we'll do our best to address that question in the post-hearing brief.

VICE CHAIRMAN JOHANSON: All right. I appreciate it, Mr. Schutzman and Mr. Baillie and others.

What accounts for trends showing a decline in subject imports during 2015 to 2016, and then a rebound in 2017?

MR. SCHUTZMAN: Commissioner Johanson, I have to answer it the same way I answered the previous question for Commissioner Broadbent. I mean I think it has to do with downstream industries and the general condition of the economy and the industries where this business is strongest. I think certainly in oil and gas, we know that it was depressed in 2016.

VICE CHAIRMAN JOHANSON: Mr. Lewis.

MR. LEWIS: We also so a decrease in the aerospace defense side for us. Boeing was in a product transition cycle. A lot of product resupply goes into those types of applications. We had down, decreases in volumes to those types of customers.

VICE CHAIRMAN JOHANSON: All right. Thanks for your responses. Could you all please describe the level of expertise required in the typical tasks performed by a production worker in your plants, and compare it with the task performed by a production worker in a PTFE manufacturing plant, and I'm sorry, this is for ATCE, I'm sorry, for AGC as a filler.

MR. DOUGHERTY: Yes, the operations are different. But I think the level of education and skills is similar. In our international factories where we are

processing TFE into PTFE, you typically do have people that are high school to one or two years of additional training. We have very similar people in a compounding plant.

The tasks are somewhat different in that in a compounding plant, you have much more blending, cutting, mixing equipment, where in a PTFE virgin resin factory, you tend to have more people that are familiar with plumbing and electrical works in a -- in a manufacturing or refining type operation. So they are a little bit different, but the level of training is quite similar.

MR. HALEY: This is Mike Haley. We're also in this category of formulator/compounder, and we would agree with those comments. I would add that our quality assurance people are trained in a similar way to I think what I knew in my days at 3M, and in addition, some of our formulas are much more complex certainly than the actual TFE Polymerizer Group. We in some of our formulations have up to a dozen different ingredients that we're using in a single formulation. We have to get that all right. That all has to be done with a very great deal of care.

And so it does take a fair amount of training to do that and do it consistently and do it well.

MR. EBNESJJAD: Commissioner Johanson, this is Sina Ebnesjjad. If I may quickly comment, in a PTFE factory where you have polymerizing, because of the danger of

explosion of TFE, there is very strong and stringent safety protocol. That is the major difference between compounding and polymerization.

Otherwise, I don't think it comes down to the education of the people. It's similar, but that danger of explosion sometimes is portrayed as requiring people with green eyeshades to work there. That is not the case. It's the safety protocol that sets the two facilities apart. Obviously, the danger of explosion doesn't exist in a compounding facility.

VICE CHAIRMAN JOHANSON: Would not the danger of explosion provide the need for greater training?

MR. EBNESJJAD: Yes, it requires greater training, but you were referring to the education that is required. All that training is part of the protocol of safety, to remain safe while TFE is polymerized.

MR. DOUGHERTY: Commissioner, if I could add to my original answer. If we're talking about the folks on the production floor, I think my original comments were accurate. But supervision and technical support, in a compound operation we have degreed engineers in the factory running the day to day process, and in the backroom doing product development and QC type work. We have the same Ph.Ds and advanced level of research and development that any chemical company would have.

MR. BAILLIE: If I could add in a little bit as well. In explosion a TFE, PTFE plant is totally unacceptable and everything possible has to be done to avoid that. There's also toxic chemicals which, if released, could kill many people, okay. That has to be avoided period.

People are human beings. They make mistakes. You have to have safety systems in place that go well beyond people and have layer after layer after layer of protection from a single individual making a mistake so that a serious accident never happens.

VICE CHAIRMAN JOHANSON: Alright, thank you for your responses. My time is about to expire. Commissioner Williamson.

COMMISSIONER WILLIAMSON: Thank you. Looking at the Table at page 28 of your brief dealing with specialty versus commodity grade, and I know you're arguing that things aren't fungible. But I was wondering, if you look at those Tables, isn't there a sufficient overlap to show sufficient fungibility, given the Commission's usual practice? I mean we have lots of -- like pipe cases where we have 2 to 4-inch, 4 to 6, and we all consider them a like product, even though you don't use a 4-inch pipe when you need a 2-inch one. So sort of looking at this Table, wouldn't that suggest that there is enough overlap to say

that the products are more fungible than you're saying? And if you want to do it post-hearing, you can since there's some question about what I'm talking about.

MR. SCHUTZMAN: Commissioner Williamson, I think we'll do that.

COMMISSIONER WILLIAMSON: While you're doing that, you can also look at the Table on page 31 of your brief, which deals with the different types of forms of the product -- you know granular, fine powder, dispersion.

MR. SCHUTZMAN: Yes.

COMMISSIONER WILLIAMSON: And I have a really similar question there. Isn't there sufficient overlap to say that -- and given the Commission's usual practice, to say these products are fungible?

MR. SCHUTZMAN: We would say the answer to that is no.

COMMISSIONER WILLIAMSON: No? Okay, but look at those numbers. And if you want to do it post-hearing, it's fine because I realize it's late.

MR. SHUTZMAN: We'll certainly address it in the post-hearing brief.

COMMISSIONER WILLIAMSON: Good. Okay, thank you. The other question I had was the Petitioners made the argument that you know they had to really lower price to try, for instance, stay in the market and stay competitive.

And they also talked about the fact that their exports went up and were significant and these were at lower price. And so, I was wondering since people talk about not being able to get what they needed if the domestics are finding themselves having to export in a market that's lower -- just generally lower prices than the U.S. why wouldn't they prefer to sell to you folks here in the U.S. where the prices are higher?

MR. FREED: Commissioner Williamson, we have a specific example. So in the first quarter of -- well, first, EGC had history of purchases with Chemours on three granular products and two of those are branded and they still continue to do business on those, but on the unbranded products Chemours said it's no longer available. So I don't know. We'll have to ask. If there was an export opportunity that was a replacement for that, it was at a higher return than the granular that they could've sold to EGC.

COMMISSIONER WILLIAMSON: Okay, we'll ask them to address that post-hearing since you're supposed to be giving us more on this question.

MR. FREED: Yes. And we will address it with the exchange between the two companies in our post-hearing.

COMMISSIONER WILLIAMSON: Okay.

MR. SCHUTZMAN: Commissioner Williamson, we've

heard testimony from this panel that Chemours could not provide in certain cases what they needed. The material just wasn't working.

COMMISSIONER WILLIAMSON: Wasn't working.

MR. SCHUTZMAN: Yes.

COMMISSIONER WILLIAMSON: You mean they weren't meeting the quality standards.

MR. SCHUTZMAN: Did not meet their specifications. Yes. I think Mr. Lewis testified to that. They just couldn't qualify the Chemours product.

COMMISSIONER WILLIAMSON: Okay. I guess the question is how significant are these incidents in the big pictures you know we deal with a lot of different uses of this product.

MR. LEWIS: In the dispersion world, it has to do with the quality of finished goods. So if I have a dispersion that sheers in the process and creates a gel in my coating pan and then creates a defeat on my coating surface, it's significant. Price doesn't come into play there because scrap rates are 10, 20 percent, maybe higher. So when I qualify a product, I'm looking at the stability in our coating operation. Does it sheer? Does it wet out completely? Does it form?

They're not the same between each vendor and they're not the same between each SKU. Like I testified

earlier, GFL's product we have one that works great. One we can't get to process. They say it's the same, but it doesn't work the same, so we can't qualify several of their products because that.

COMMISSIONER WILLIAMSON: GFL?

MR. LEWIS: GFL, which is one of the Indian processors, yes.

COMMISSIONER WILLIAMSON: Okay, yes.

MR. EBNESAJJED: Mr. Williamson, if I may comment. I have been a student of PTFE for decades and I keep track of the products that are on the market because of the business of my company and I can report that compared to mid-2000 that I was employed by DuPont there has been a significant curtailment of the number of grades and products that DuPont offers.

For example, there are two grades of fine cut granular and two grades that are free-flow pelatars There were many, many of those in those days. And indeed, DuPont supplied a number of different grades at its three different locations in Japan, in Holland, in the U.S.A. and some of those products were actually shipped in between the geographical regions and because of the large number of the products and grades that the company offered they were able to capture more of these end uses.

I'm trying to respond to your question and

you're surprised that this can happen. For example, there is Type 8 that is used in isostatic molding. They have Type 8A and 8 B that had very subtle differences, but now that has been reduced. They have another greater free flow, 850, 860, et cetera, 806, and that was made in Holland, that was made in Japan. These all have been reduced, basically, to two grades of 8 and 806. And according to the website that I looked at a couple of days ago, so it shouldn't be a surprise that even though Chemours, DuPont you know invention all of that it came from there, but if you reduce the number of products that you offer in every form, you then lose the ability to qualify to all these diverse applications that have dependent on the subtlety among products in one form. I hope that helps.

COMMISSIONER WILLIAMSON: What do you think the explanation for that? Is it the fact that companies are trying to either maximum profits or not produce things that are not in high demand?

MR. EBNESAJJAD: I hope you will allow me to comment, even though I am a technical person, but as I've said, I've been a student of this field. And you know hen you once write books, you're condemned to keeping it up over the ensuing years.

COMMISSIONER WILLIAMSON: Understood.

MR. EBNESAJJAD: And you know PTFE let's back

and look when it -- in 1938 Roy Plunkett by accident, as the story was told and has been told, found this. It was going anywhere. All of a sudden the Manhattan Project came about and the leader of the product said, look, you know even if it's a hundred dollars a pound -- just imagine in 1940 -- it's worth it. They pulled that in and DuPont supplied that from a facility in New Jersey and these developments you know happened over let's say 1940s.

In 1946, there was a big burst of patents because of the Manhattan Project. There had been a K-14 confidentiality over there on the product and if you look at 1940 -- let's say take 1946 when DuPont announced that they were commercializing. 1950 the Washington, West Virginia plant came online. It has been a long time. It has been a long time. And much as you, I love my industry and this is why I'm here because I have given my life to this industry and I'd like to see the domestic industry prosper, but this is a very mature industry. You know curtailment of the number of products is sign of a mature industry, an industry that barely grows at the GDP.

You know all of these ups and downs and finer points that you've talked about, as I've looked at the history, have happened. This happens. Goes up/down with the important applications.

COMMISSIONER WILLIAMSON: Are you saying that no

company in the industry can afford to provide the variety that the market demands because there's not a sufficient volume, too much pressure?

MR. EBNESAJJAD: Not at all. I was just trying to provide a context of one of the reasons why there would be curtailment. You know you try to reduce the number of SKUs. That improves your economics of your process.

COMMISSIONER WILLIAMSON: We can't go into the department store and get same services our parents did nowadays too. You could say that.

MR. EBNESAJJAD: I hope you remember that this is a very mature business and indeed what is happening is an indication of a mature business. And if you look at it, out of that maturity lots of suppliers have left United States and they have gone to new markets and yet, we have 2,000 strong you know local processing industry, variety, who are consumers of PTFE and they have to be supplied. In other words, while giving a positive answer to the Petitioner may help one giant company, but it's going to really damage the industry. That is domestic has developed around mom & pop, as you've heard about it, and I hope you don't mind this from an old man.

COMMISSIONER WILLIAMSON: I've been around a while too. Thank you for that response.

MR. DOUGHERTY: We've heard a lot talk today

about floor casters and following Sina's comment, we don't have people coming to our door looking for material floor casters in the United States any more. People are looking for engineered, high tech products. Everyone in the fluoropolymer business is developing more and more technical materials. Everyone, as you heard this morning, tries to maximize their TFE utilization and they try to do it with the highest quality and the highest profit product they can. So some of it is in PTFE, but PTFE -- especially granular, is at the low end of that spectrum.

Most people want to make ETFE and FEP and PAF -- materials that have a much higher profit margin, so it makes some sense that the very bottom end of the market is falling off because the guy that used to make floor casters on the corner, he's not there any more.

COMMISSIONER WILLIAMSON: Okay, thank you for those answers.

MR. BAILLIE: Yes, I wanted to say something too. You know I started in the industry in R&D for DuPont in 1980 and we had many, many, many more products then than we do today and we had a willingness to make products specialized for specific customers and to do R&D and to develop a subtle difference product-to-product. You know as an example we set up our dispersion production so we could make many, many products very efficiently and we could

transition from one product to another very efficiently and everything was designed around that.

And then, at some point, someone came into the business that had a different idea on how to run the business and so they eliminated about 90, 95 percent of the SKUs and said, well, the customers can use just one product. And for many customers that's just -- you know the customers can adapt and figure how to use this one product we're now going to sell them where we used to sell them 10, 15 products and that's what happened, okay. And that change had nothing to do with importers telling them what to sell or not sell. That's just how they decided they wanted to compete. That was their business strategy. So you know a lot of the results have to do with decisions that are made by leaders of companies.

COMMISSIONER WILLIAMSON: Okay, thank you for those answers. I'm well over my time. This is my last question.

MR. LEWIS: I just want to say that you asked the question why people are not buying from Chemours. Correct? Why, if there's capacity. Selling is more than just about price. If I sold just on price, I might get a customer. I might an order. My customers stick with me because they see a mutual benefit from a relationship that we develop with mutual interests of making a product that

works for their application.

So to say it's not the field of dreams approach for sales. If they make a product, everybody will come. It may not work from me. And what I want from my vendors and what goes into my purchasing decision is if that vendor wants to sit down and help me solve my problems for my customers. It's not I have a product. You buy this. You make it work for your application. The vendors we work with today are those vendors that sit down and say, hey, what's your problems? How can I solve them and who do I solve them for your customers? I don't get that from Chemours.

COMMISSIONER WILLIAMSON: Okay.

MR. LEWIS: And it's not price for me. It's helping me solve my problems for the people I sell to. So the purchase decision goes far more than price.

COMMISSIONER WILLIAMSON: Understood. Thank you for all of those answers.

VICE CHAIRMAN JOHANSON: Commissioner Broadbent.

COMMISSIONER BROADBENT: Let's see, if the Respondents could please respond to domestic producers argument on page 7 of their pre-hearing brief that unused capacity abounds in the PTFE industries in China and India and that Chinese and India producers are export oriented and have well established channels of distribution to distribute subject PTFE in the U.S. market and have every incentive to

continue to increase exports to the United States, given the attractive price levels in the U.S. market versus third countries.

MR. SCHUTZMAN: Commissioner Broadbent, as far as China's concerned, I think the data that you've developed is pretty persuasive that the overwhelming majority of Chinese capacity is destined for the Chinese domestic market and almost all of the balance of that capacity is destined for other markets, not the U.S. market. The U.S. market is a minor market for China, at least. I think that's what your data shows from the foreign producer questionnaires.

COMMISSIONER BROADBENT: Right. But if the price is so much better in the U.S. market, why won't it continue to come more and more this direction.

MR. SCHUTZMAN: And the Chinese capacity utilization figures are also very high, so what's their -- why would you expect that to change? And I don't think you can prognosticate a change based upon the data that you have. I mean if you were looking at 60 percent capacity utilization or 50 percent capacity utilization, yeah, I agree. It'd be an issue. But it's really high, at least based on the data that you have and you had decent coverage from the foreign producers, so I don't think you can draw that conclusion on the existing data, at least insofar as China's concerned. I don't recall the Indian data.

COMMISSIONER BROADBENT: Well, I mean the domestic producers are saying that the Commission's foreign producer data collected in this investigation doesn't include multiple capacity expansions and new production in China.

MR. DOUGAN: Commissioner, if I can just add to this, I mean if the availability of this gargantuan capacity in China is somehow militates a flood of it coming here, then why did the volumes of imports from China decline over the POI. I mean it doesn't really hold up. I mean the idea that there's this mammoth capacity just waiting for any opportunity to come here is at odds with the data what actually happened.

COMMISSIONER BROADBENT: You're disagreeing that there's huge capacity in China?

MR. DOUGAN: There's a lot of capacity in China, but I'm saying the mere presence of it doesn't mean that it would be increase exports to the United States because it didn't happen and the capacity and available capacity -- sorry -- capacity and available capacity are supposed to -- projected to decline. So if anything, the pattern will continue in the same way that it has. At least with respect to China and in India we can talk about a little bit more. We're dealing with basically one company there, so I want to be careful about what we say in a public hearing, but the

China data are a little easier to talk about in broad strokes.

COMMISSIONER BROADBENT: Right. On China, please respond to the domestic producers argument on page 52 to 53 that the environmental restrictions in place in China are a temporary production constraint and that the long-term effect of these restrictions will actually lead to increased capacity in China going forward.

MR. BAILLIE: I'd like to comment a little bit, too. As I said, I have a fair number of years of experience. I was on the board of directors for a joint venture, helped build that joint venture with a producer in China and a major producer in the U.S. They have an economy that's growing a lot faster than ours. And their focus by far and away is on producing products for and selling to people that are, you know, in their economy and in their country. That's their focus. And it's just that simple. They do have a focus on improving environment.

Twenty years ago, I never saw my shadow ever when I was in China. There was no sun. There was no blue sky. Now, more often than not, I see my shadow, you know, if it's a sunny day. Or there are sunny days. And I see blue skies. So they like the idea of having blue skies and they like the idea of improving their environment and they're working on that, and I think that's very genuine.

And that has caused a decrease in their capacity and I don't see them going backwards. I don't see them wanting to get rid of blue skies.

COMMISSIONER BROADBENT: Okay.

MR. EBNESAJJAD: Commissioner Broadbent, if I may. I have consulted with just about every major Chinese flourapavar manufacturer and I can tell you that in the last several years, the tone completely changed. Before they asked us to help them with different processes, but they never gave us any emission parameters.

The last two companies I spoke with, they told us that our process, whatever it was, would have to have zero emissions. That was shocking. And I tried to argue, but it wasn't open to argument. And I think that definitely supports with other observation that have been made. Thank you.

COMMISSIONER BROADBENT: Okay. I think that concludes my questions. I wanna thank the panel very much.

VICE CHAIRMAN JOHANSON: Something caught my attention in the staff report. Table 7-4 of the staff report notes that China's PTFE resin exports were sold in the United States at an average price of $3.74 a pound versus $2.89 a pound in Italy and $3.18 a pound in Korea. Can you explain why China's exports exhibited such a wide range of prices for what could be considered a commodity

product? Are these different grades by chance?

MR. SCHUTZMAN: I don't think we can answer that at the moment, but what we can do, Commissioner Johanson, is attempt to get answers from the Chinese producers and find out what's behind that. And we will do that in the post-hearing brief.

VICE CHAIRMAN JOHANSON: All right, I appreciate it. It's just kind of, when you read all these documents, once in a while, something kind 'a jumps out at you as being anomalous. So I'd appreciate that. This is a question for AGC. AGC did not express an opinion in the pre-hearing brief on the domestic like product issues raised by the joint respondents. Do you all have an opinion on the merits of these issues?

MR. FREED: We have not taken any position on it, and but we think that the alliance has presented a case in either form. So whether you find separate like products or not, that imports are not the cause of injury, whether you consider them separately or as one domestic like product.

And, again, coming back to AGC's experience on granular, in their business, they have three granular products that they buy from Chemours and two are branded. Those cannot be -- the China imports cannot compete for those products because the Teflon brand is the only one that

can go to those end uses. And on the other, the third unbranded granular resin that they buy from Chemours, one over the period, that particular resin goes to oil and gas.

And post-hearing, we'll submit a little more support for the conclusion that the decline in price and volume on granular is tied to declines in active oil rigs. And no, I mean, it's a little more than you asked, but I guess, finally the last point is, how can we say they're injured on granular resin when they've decided, you know, to walk away from supplying it to AGC. So I think post-hearing, we will address it with respect to granular in case you do find separate like products.

VICE CHAIRMAN JOHANSON: Thank you for your answer, Mr. Freed. That concludes my questions. Any other commissioners have additional questions? Okay, it looks like none of us do. Do staff have any questions for this panel?

MS. HAINES: Yes.

MS. BURKE: Emily Burke. I am just trying to get a better idea -- I know we've talked about it a lot today about commodity versus specialty.

So my first question is the vast majority of purchasers stated that suppliers must be certified. So based on their answers, what type of end users or customers comprise the commodity market based on the definitions you

provided in your prior comments on our questionnaires?

MR. BAILLIE: Yeah, I understand the question. So, generally speaking, one area is feedstock from micro powders. That has very little in the way of requirements and they'll buy truckloads of whatever is available. So that would definitely be a commodity area.

Not AGC, but some of the products from some of the other field producers, they'll buy truckloads without looking at it. So, generally speaking, some of the field products, like, that would be carbon field and the like, they don't care if the product has contamination in it. Or if they're making micro powder out of it, they don't care if it has contamination. They're also using recycled product which, you know, turns out to be gray. So, their requirements are very low.

Another area would be things like thread sealant tape manufacturers. It's pretty easy to make thread sealant tape and, you know, it just gets wrapped around a pipe and tightened around threads, right? So it's not a very demanding application, but it's a pretty big volume. So that would be another area of customers that would be more commodity oriented, I would say. Not 100% of thread sealant tape, but probably 95%.

MR. EBNESAJJAD: Another area, if I may -- Sina Ebnesajjad -- is the area of what they call stock shapes.

And this is rods, this is sheets, this is films and they're usually, these shapes are machined or somehow converted into something else that doesn't have a lot of requirements. And they are sold typically by distributors of these stock shapes. The term in the industry is, as long as it's white and slippery, it's fine. And that refers to basically the commodity nature of it.

MS. BURKE: If you could provide in your post-hearing briefs some of the names of those companies, that would be really helpful. On Page 28 and 29 of the respondents prehearing brief, you state Chinese shipments were led by specialty grain based on questionnaire data. And I'd just like to go back and I apologize. I wasn't the economist on the prelim.

But Mr. Baillie, during the preliminary conference, you stated that specialty products are available from Chinese manufacturers, and that they only make the very bottom end, which is on Page 118. And also on Page 126, you said that there are no competing specialty grades from China, none to my knowledge. There are no modified grades. So can you please explain the difference between what happened from six months ago to now?

MR. BAILLIE: Yes, I can. I was pretty surprised by those results, and so, you know, it came down to how I was defining things clearly. So, if I come back to

some of my earlier testimony, a lot of the Chinese products are coming over to very large companies who used to make their own granular.

One of them may be in the U.S., who have very high level of quality systems in place. And so, they qualify everything. Their systems are set up to do that. So that means their customer base is gonna be pretty high-end, like, they're gonna have aerospace in their customer base. They're gonna have automotive in their customer base. That kind of customer.

There are other customers who, like Sina said, if it's white and it's slippery, and that's the customer that I would sell to in my business, is a distributor. The big companies that used to make it themselves, what they're buying in a sense isn't really so much in my mind an article of commerce.

They used to make it, they're going in, they're going into those people's factories, they're specifying exactly what they want. And they're specifying how they want it made. They have a level of sophistication that's much higher. And in my mind, I wasn't thinking about them. I was thinking about the customers who I would sell to. Does that make sense?

MS. BURKE: Yes. Thank you.

MS. HAINES: Okay. Staff has no further

questions.

VICE CHAIRMAN JOHANSON: Do petitioners have any questions for this panel?

MR. CANNON: Jim Cannon. No, Mr. Chairman.

VICE CHAIRMAN JOHANSON: All right, thank you. All right, we will now move to closing statements, but before we get -- this panel is dismissed.

Before we begin closing statements, let me state that the petitioners have five minutes of direct and five minutes of closing for a total of ten minutes. And respondents have one minute of direct and five minutes for closing for a total of six minutes.

MR. BURCH: Rebuttal and closing remarks on behalf of Petitioners will be given by James R. Cannon of Cassidy Levy Kent. Mr. Cannon, you have 10 minutes.

CLOSING REMARKS BY JAMES R. CANNON JR.,

MR. CANNON: I'm sorry I didn't realize you were waiting for me. I had to take like a restroom break. It wasn't that I had nothing to say, Heaven forbid. I have got a list of comments understandably from the clients so like product first.

So Mr. Baillie testified that film is a form not an application. You're talking about dental floss and Gor-tex ski wear. You know if you take that logic there are 10,000 like products, there's not 1 and there's not 3, and

that's never been the Commission's approach.

You look for commonality and overlap in general applications. Mr. ooh -- maybe I'll call him Genna, just be familiar even though I realize that's probably bad for him so I apologize. He conceded that there are overlapping uses in general applications but then he argued that the overlap is small and he said exact products were different but that's true in many cases before you.

You have one like product bearings, they're little tiny bearings, and great big bearings -- it's one like product. You have many steel cases with one like product as was pointed out -- one like product when it's pipe and tube.

You have one like product cold rolled sheet or coded sheet where there are extreme hair if you had some, thickness, pieces of steel and there are steel thick enough to coil into a pipe right -- it's still hot rolled coil.

Now here too it was pointed out -- well the film is different because the film using the fine powder is thicker than the film using the dispersion. This was their argument. Likewise steel -- the reason you find one like product is it's a continuum. It's a continuum across a range of product and there is overlap.

Again, you had some interesting commentary -- in fact it started really this morning with Commissioner

Broadbent's questions about the -- why did the buyers all answer there's no overlap? It's because they all use different equipment, so from their perspective there's no overlap because they can only use granular or they can only use dispersion.

So to them it's not interchangeable but interchangeability is not a standard and many times today we heard those -- it was kind of a slippery slope but we heard a lot of language about well the three forms aren't interchangeable -- no one debates that they're interchangeable.

In your precedent citric acid, whether it's liquid or solid, isn't interchangeable. What you instead look for is how much overlap is there and so here we have the same physical characteristics -- we have the same chemical formula -- they're all polymers with the same end use products -- film, tape, tubes.

We have shared production equipment through a process. We have an industry that makes all three forms in all the countries and we have an overlap in prices. So for those reasons there should be one like product.

Next there was a lot of discussion about these sort of abrupt refusals to sell. Mr. Dougherty claimed we abruptly refused to sell some unbranded product. Okay so in this pink sheet Exhibit 2 granular -- one, two, three, four,

five, six down -- the one highlight that I referred to. The one the highlight didn't show -- six down granular. That's the product. That's what we were selling to Mr. Dougherty.

Look at the price and by the way we sold it in every period across the board so we didn't stop selling the product to him. Now he also said two producers at the preliminary stage who are not here today testified we wouldn't sell to them either. The product right above that -- the fifth one down, that's the product we were selling to those two producers -- that grade.

And in fact while I was sitting here FonTech, who was a witness at the preliminary stage sent an email to Cy Genna and said can you sell me some more? He's been buying it since we filed the petition so they're not unwilling to sell or unwilling to sell at a price that's far below cost.

Next, we heard a lot about the commodity specialty distinction. Indeed this distinction was invented perhaps by Mr. Baillie who said -- he tried to explain over and over what he was trying to do with the definition. Fair? It was proposed at the preliminary, it was commented on by the Chinese who adopted it and wanted this split as the GFL who no longer is here.

True, we did not comment on it. We don't agree with it, it wasn't our proposal. We aren't adverse to it. We've done our best to respond. We understood that there's

confusion and we think of it in this way -- it's like you see in many cases. There are some customers who are less demanding, some who are very demanding with many products.

The less demanding customers tend to accept the new product -- the imports, the market entrants, the low-priced, low-quality product from China or India -- they are really adopters of that low-quality product and it moves up through the market and you see this in case after case.

The penetration starts at the low end of the market and moves up the chain, but there's not a break -- there's not a grade or a specification called commodity or specialty. Now, Mr. -- oh Genna, he said the ASCM defines commodity specialty and pointed to 4 ASTM grades. That would be a traditional Commission distinction.

You would ask us -- give us this grade or give us a different grade. That's not what we were asked here. Instead what we were asked is -- and I quote Mr. Baillie we were asked to answer a question in which, "The commodity can only be defined by the customer." And in fact that's a pretty true statement.

Only the customer knows if -- how demanding they are and whether it's a commodity or not and the implication of that is kind of interesting -- the same price sheet that I showed has on it grade 7A granular, fine-cut, a standard product that we sell. Some customers require us to qualify

this product every single time they use it -- every time, every new part, every time because they are a demanding customer.

But we don't get a different price, we get the same price and so what that means is the price data you collected -- they're fine. They are fine, they are adequate, they are perfectly useable.

Now there's another thing you can see from this Exhibit 2 and Exhibit 1. On Exhibit 1 you see the quantity of every grade we sold and then under that you can see that what we've done is we've listed them by quantity so in dispersion there's really only one grade that really matters -- dispersion 30.

Dispersion 32 -- okay that's significant, the rest of it doesn't matter. Granular 7A is the principle grade and then there are a few grades under that but 7A is half of the sales volume. So when you asked us to collect prices, what is 7A -- that's a fine cut granular. That's pricing product number one.

It doesn't really matter whether we included these other small items -- our prices are not that different. If we were to exclude what might be considered a higher different grade it wouldn't make any difference to the price data if we could even figure out "a commodity can only be defined by the customer," which is unclear.

And that's why your answers are so unclear and it's because what they're trying to get you to do is translate an issue that you often face right? That's an issue that imports enter at the low end of the market and move up. They're trying to get you to translate that into sort of a physical form that it's a different in the grade of the product for the pricing analysis and it's not.

So I go back to where I started -- the Chinese producers asked you to divide the products between commodity and specialty and only report the commodity products. Had they done that you'd have voids in the pricing data.

Now the pricing data are bad enough because you don't have enough importers in the database but you don't want voids.

Next, Mr. Dougan says, "Well the pricing data aren't meaningful." For all those reasons they are meaningful but he wants you to just throw out the pricing data -- well of course he does. Of course he wants you to throw out the pricing data. It destroys his case. The case -- this case is about low prices.

Next Mr. Dougan wants to argue about volume affects and he argues that the domestic industry has approached the limit of its capacity in 2017. Why did they approach the limit of their capacity in 2017 -- because they counter-attacked. They tried to take back share. You can't

make a negative decision in the face of an industry that tries to fight back.

You can't blame them for trying to fight back. They were unable to achieve it, but you can't go negative for trying.

VICE CHAIRMAN JOHANSON: Mr. Cannon you're time has expired.

MR. CANNON: Oh I didn't even see it. Well Your Honor, Mr. Vice Chairman thank you for those reasons and for the rest of the comments that I didn't get to which I'll put in the post-hearing brief. We ask you for an affirmative determination and thank you very much for your time.

VICE CHAIRMAN JOHANSON: Thank you.

MR. BURCH: Rebuttal and closing remarks on behalf of Respondents will be given by Max Schutzman of Grunfeld, Desiderio, Lebowitz, Silverman and Klestadt and Jonathan Freed of Trade Pacific. Mr. Schutzman and Mr. Freed, you have six minutes.

CLOSING REMARKS BY MAX F. SCHUTZMAN

MR. SCHUTZMAN: Thank you. On the issue of like product -- with the exception of channels of distribution the overwhelming majority of U.S. producers and purchasers and importers on all of the other five criteria reported in questionnaire responses at the three forms of PTFE are not at all comparable.

Only one U.S. producer out of eight responded that they were mostly comparable, none said fully comparable and a majority said not at all comparable. And Respondent's witnesses' testimony were consistent with this and confirm that granular fine powder and dispersion, PTFE are physically different -- remember fine powder is porous, have different uses, are not interchangeable, are manufactured differently using different equipment facilities and reduction employees and are sold at different prices. These are your criteria. They are different.

Commissioner Johanson asked about the previous granular cases versus Japan and Italy -- good question. Chemours responded that there were no imports of the other forms at that time. I don't think so. Staff can certainly check on that and I suggest that staff do so, but we'll address that in our post-hearing brief as well.

Chemours attempted to distinguish itself between itself from Daikin and GFL taking the position that Daikin and GFL import. Well, Chemours is a substantial importer from a variety of countries including China, no distinction there.

Supply constraints were reported by U.S. producers and 15 out of 27 purchasers reported supply constraints. Purchasers reported capacity disruptions and demand exceeding global supply as reasons for changing

availability of PTFE in the market.

You heard testimony today from Respondent's witnesses that Chemours and Daikin are unable to meet U.S. needs for PTFE. They have insufficient capacity, they do not produce certain products, Chemours will not sell directly to certain customers.

Overall demand for PTFE resin is likely to experience small changes in response to changes in price. Responding firms identified Chemours and Daikin's discontinued supply of commodity grades as leading to increased imports, global capacity limits as leading to price increases and tight supply for Daikin as changes in competition since 2015.

The U.S. industry is not injured. The data does not support an injury determination. U.S. producers and fillers reported increased sales in 2017, lower sales in 2016 was attributable to downstream product problems. U.S. capacity increased from 2015 to 17 and increased capacity utilization and U.S. production for the same period, same for fillers and for compounders.

Financial results were also very positive for 2017. Sales were up by quantity, by value. Gross profit was up, operating income was way up. Cash flow was up, net profit as well.

On threat as I said before in response to

Commissioner Broadbent's question the Chinese are operating at peak capacity and exports to the U.S. frankly were under 2% of total shipments. Each year the POI -- I don't think the data under those circumstances can support a threat determination, thank you.

CLOSING REMARKS BY JONATHAN F. FREED

MR. FREED: Since we are going to run out of time I'll be very brief. Just to respond to Mr. Cannon's comments about the -- that there wasn't a refusal to sell, it had something to do with the price and he pointed to the granular product that's sixth down on their list.

And we'll demonstrate in the post-hearing that there was a basically that there's -- we're not doing that product, it's gone and so maybe that reflects a decision that it's not so much competition -- they have a higher return on other use of their TFE so they can go to another -- another product but the evidence suggests that at that time they were at capacity because if they weren't at capacity they would be offering whatever product they could utilize their capacity.

So that makes -- it's hard for them to reconcile with their statements that they were underutilized capacity and that like shifting to exports was the result of low import competition from China or India.

We briefly hit again I think on the weather

compounders are a part of the U.S. industry. It's not so much a decision of who's bigger or it's not a relative comparison. I think that's useful to make those comparisons and actually lining them up together I think the compounder industry lines up right with the producers of the resin but in any event if the capital investment numbers change, there's no denying that the capital investment by the fillers and compounders is significant and our brief lays out the value addition and the labor -- there's no meaningful distinction on the labor production related workers.

And finally, we didn't address it in our panel and I know at this point and they addressed the where are the environmental litigation remediation and like superfund site maintenance costs captured and that it was stated by the morning panel that those are audited, confirmed. If those -- if that audit is relevant to our understanding of the financial position and operation of Chemours, we'd hope that those can be made available soon so we can understand where they're captured because both neither in their public financial details, you know, 330 million dollars of litigation expense of settles in 2017 and over 200 million dollars of contingent liability on remediation cost and it's unclear where those are captured.

So if it's relevant we just request that the

Commission make it available soon. That concludes our -- my closing remarks, thank you.

VICE CHAIRMAN JOHANSON: Thank you, I appreciate -- we appreciate you all appearing here today. It is now time for the closing statement. Post-hearing briefs, statements responsive to questions and requests of the Commission and corrections to the transcript must be filed by May 24th, 2018. Closing of the record and final release of data to parties -- that date is June 15th, 2018 and final comments are due on June 19th, 2018. This hearing is adjourned.

(Whereupon at 4:05 p.m., the hearing was adjouned)

CERTIFICATE OF REPORTER

TITLE: In The Matter Of: Polytetrafluoroethylene ("PTFE") Resin from China and India

INVESTIGATION NOS.: 701-TA-588 and 731-TA-1392-1393

HEARING DATE: 5-17-18

LOCATION: Washington, D.C.

NATURE OF HEARING: Final

I hereby certify that the foregoing/attached transcript is a true, correct and complete record of the above-referenced proceeding(s) of the U.S. International Trade Commission.

DATE: 5-17-18

SIGNED: Mark A. Jagan

Signature of the Contractor or the Authorized Contractor's Representative

I hereby certify that I am not the Court Reporter and that I have proofread the above-referenced transcript of the proceedings of the U.S. International Trade Commission, against the aforementioned Court Reporter's notes and recordings, for accuracy in transcription in the spelling, hyphenation, punctuation and speaker identification and did not make any changes of a substantive nature. The foregoing/attached transcript is a true, correct and complete transcription of the proceedings.

SIGNED: Duane Rice
Proofreader

I hereby certify that I reported the above-referenced proceedings of the U.S. International Trade Commission and caused to be prepared from my tapes and notes of the proceedings a true, correct and complete verbatim recording of the proceedings.

SIGNED: Larry Flowers
Court Reporter