

# **Certain Biaxial Integral Geogrids from China**

Presentation of Petitioner Tensar Corporation  
by Jeffrey Gerrish, Skadden, Arps, Slate, Meagher & Flom LLP

February 3, 2016

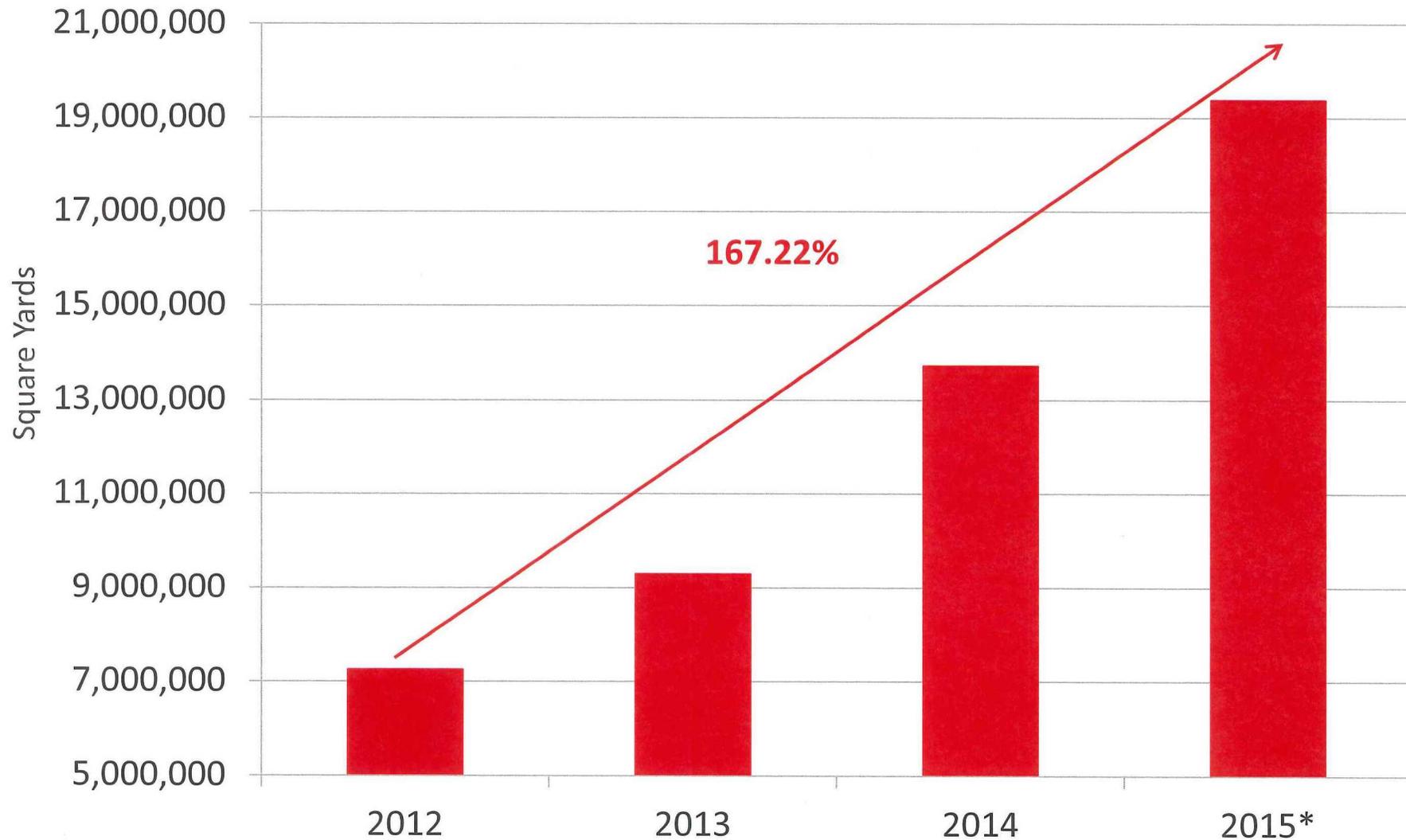
# Overview

- The record contains compelling evidence of present material injury and threat of material injury:
  - **Volume:** The volumes of subject imports *are significant and increasing*, both in absolute terms and as a percentage of the U.S. market
  - **Price:** Subject imports *continue to drive prices down*, suppressing and depressing the prices of the domestic industry
  - **Impact:** Subject imports' impact on the domestic industry has been devastating, as essentially *every injury factor shows a decline*
  - **Threat:** Subject producers have *the capacity and incentive to continue to increase their exports to the United States*, causing even more harm to the domestic industry

**The Volume of Subject Imports Is  
Significant**

# Subject Import Volumes Are Large and Increasing

## Imports from China

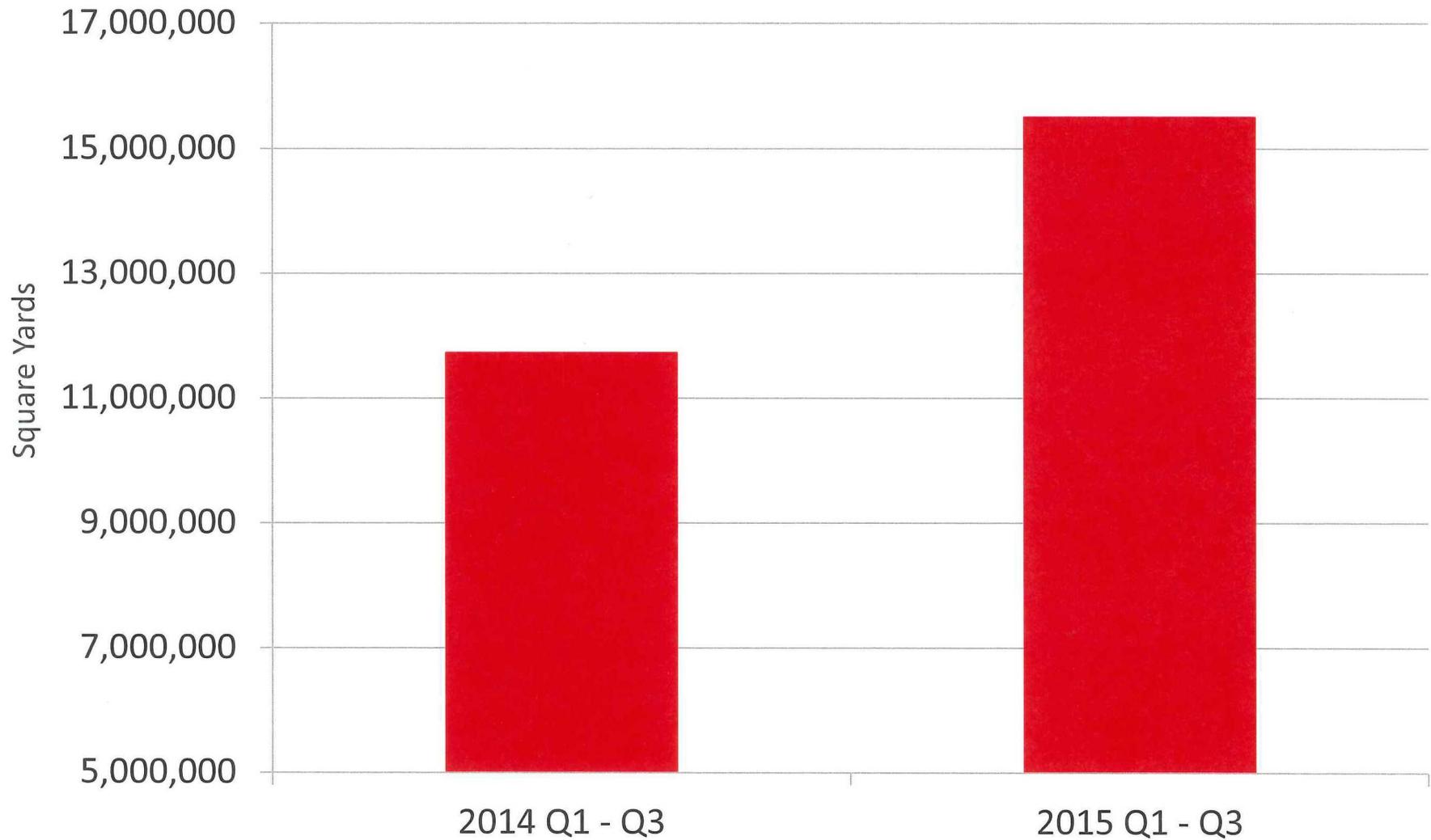


Source: Petition

\*Annualized data

# Imports from China Continued To Grow in the Interim Period

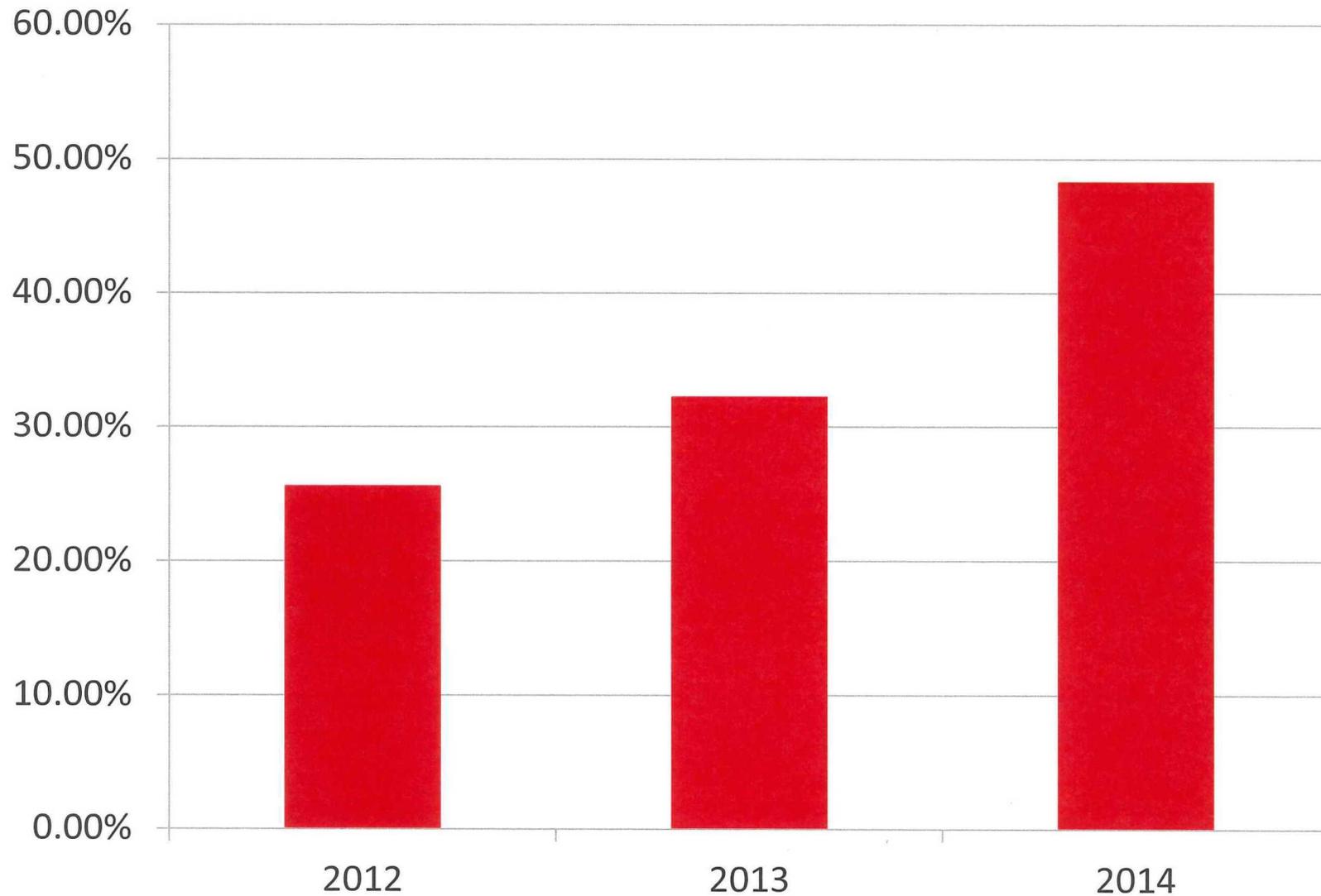
VOLUME



Source: Petition

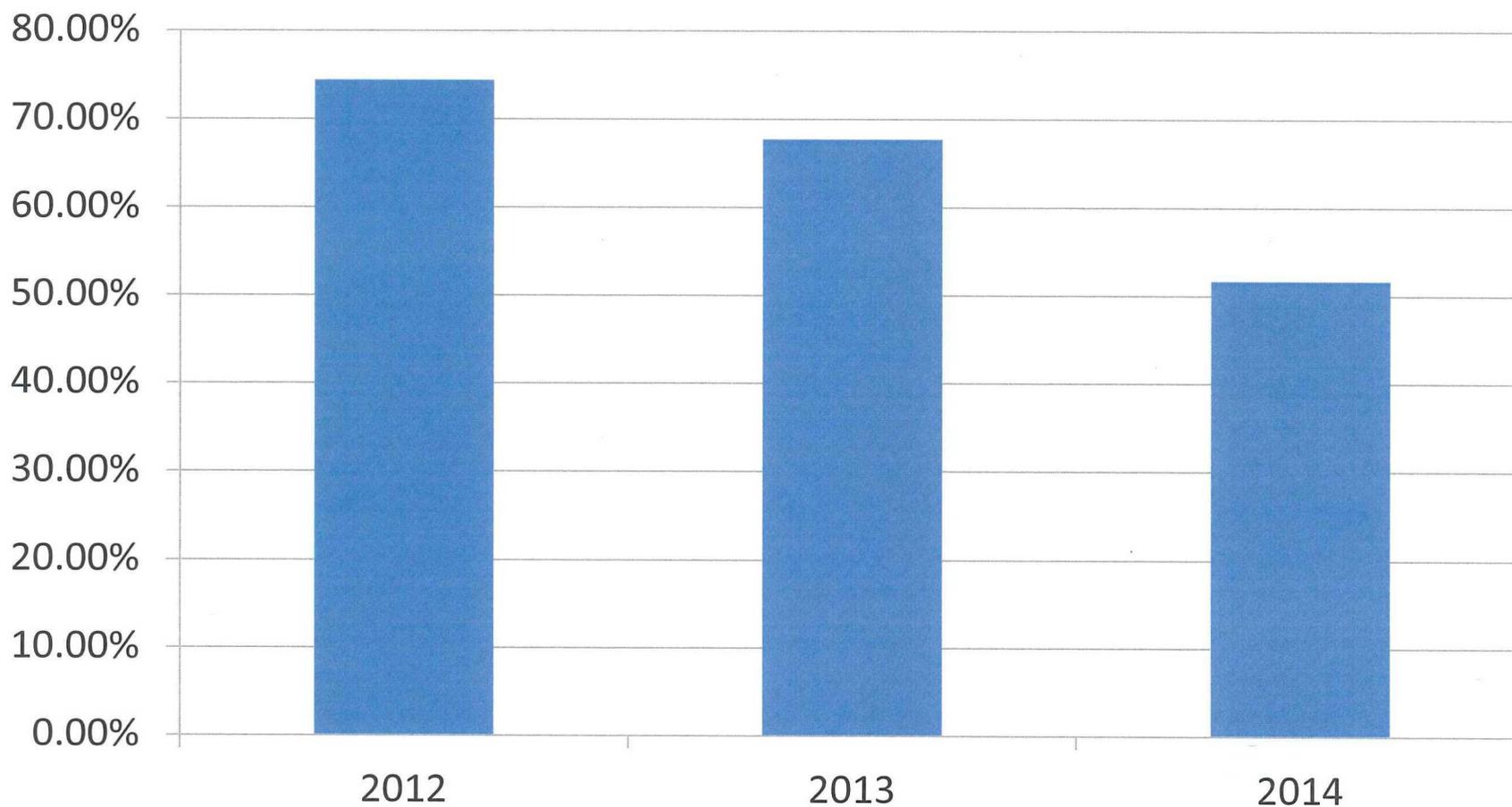
# Chinese Imports Nearly Doubled Their Market Share

VOLUME

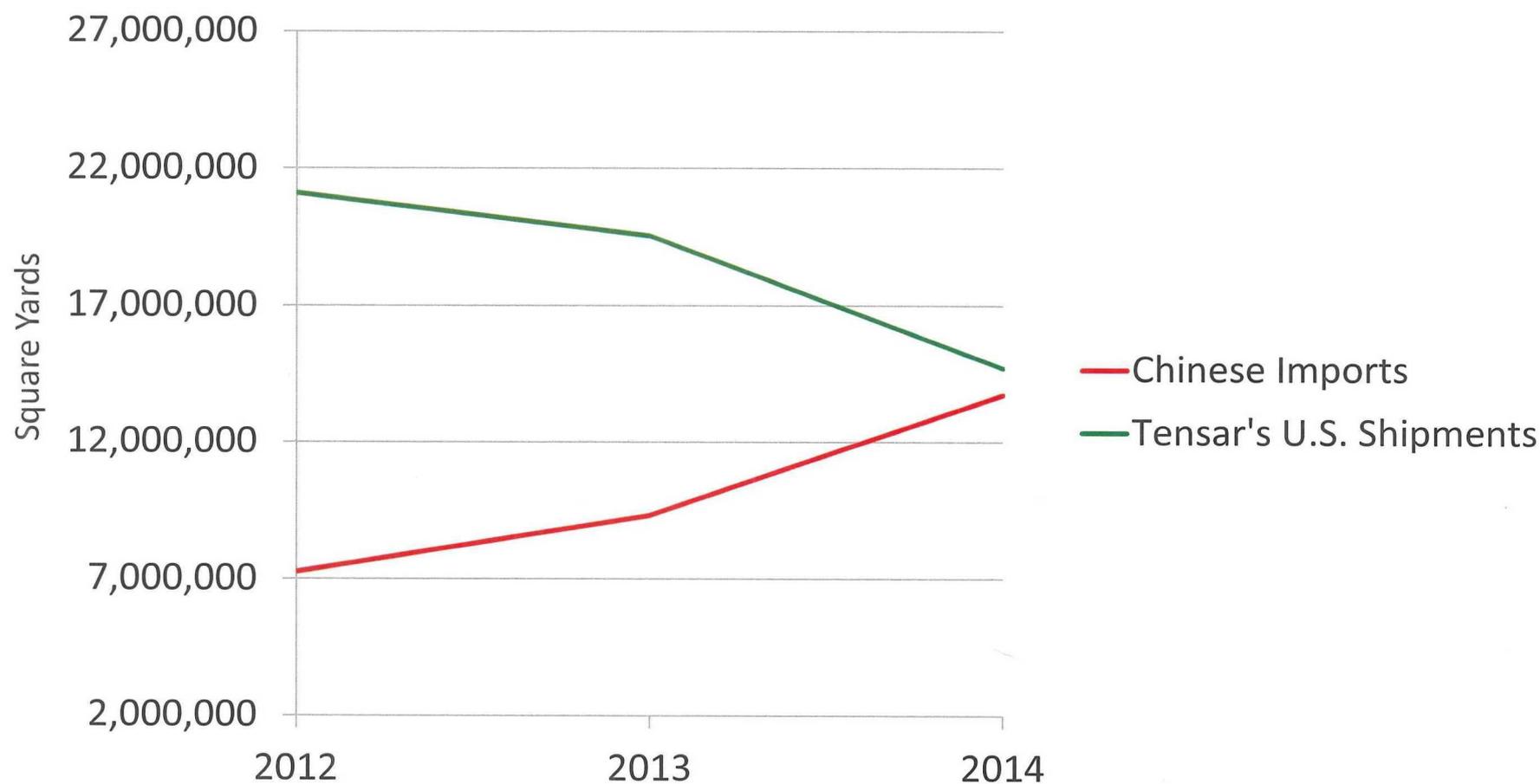


Source: Petition

# Tensor's Market Share Fell Dramatically As Chinese Imports Increased

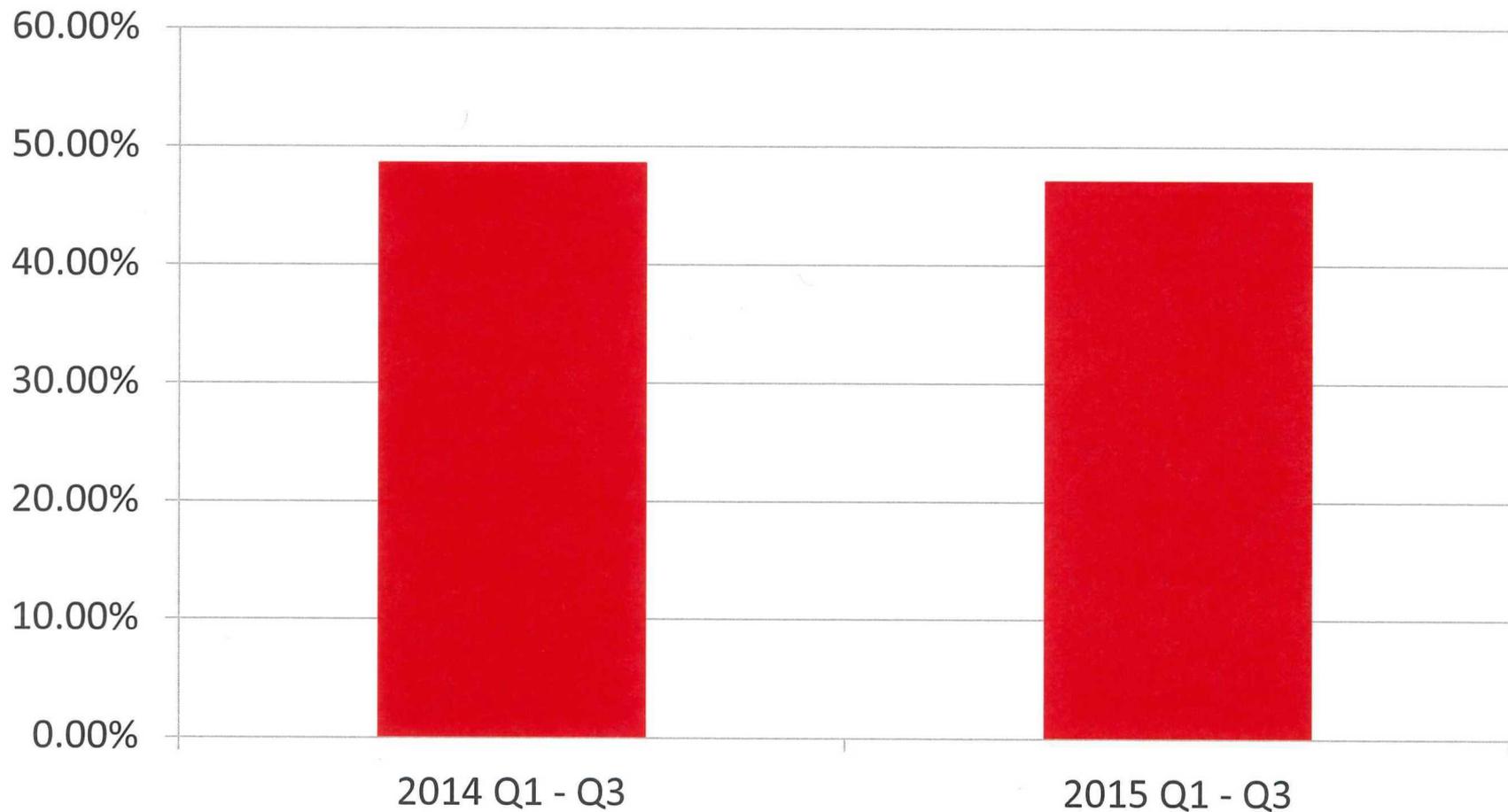


## All of the Growth in Chinese Imports from 2012 - 2014 Came at the Expense Of Tensor's Market Share

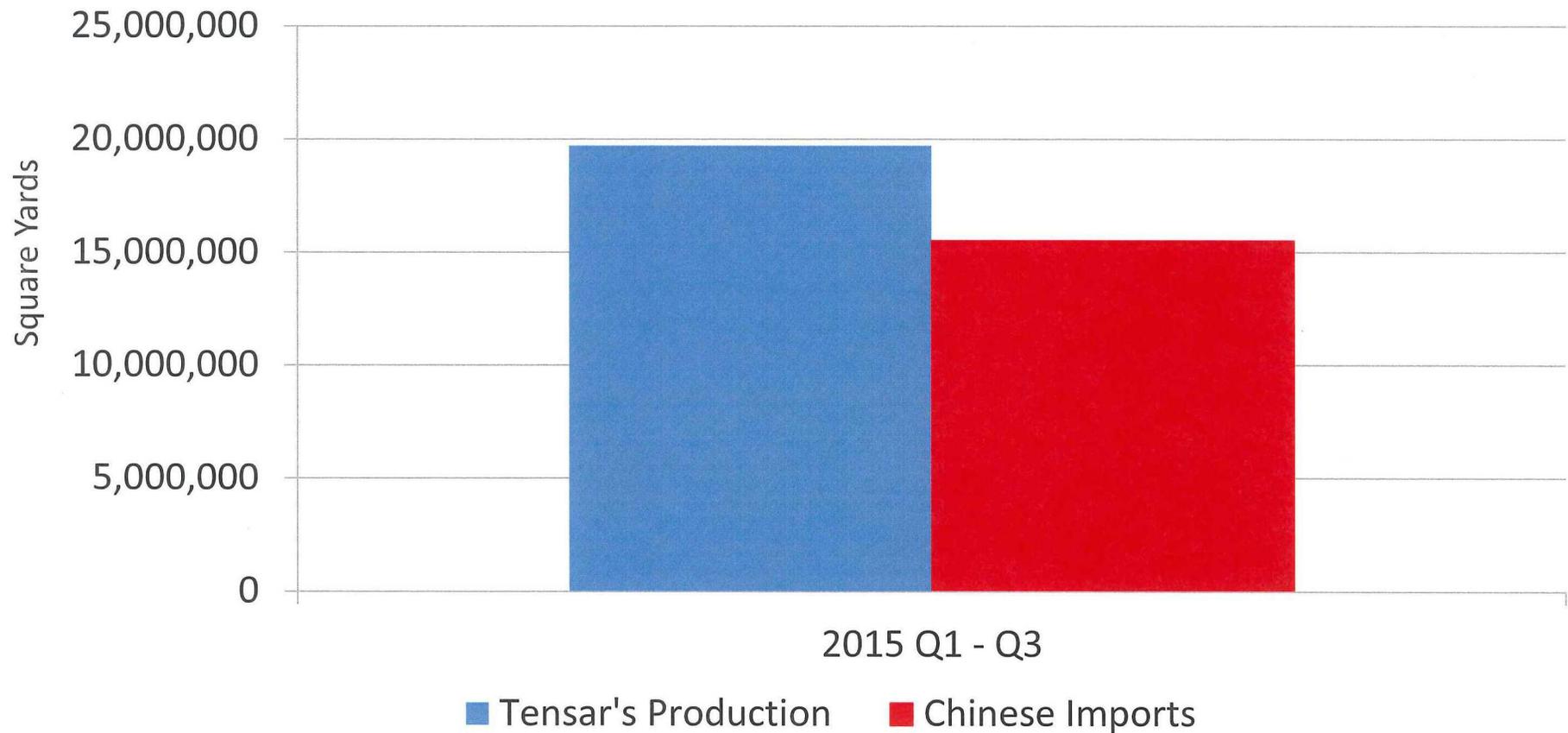


Source: Petition

# Chinese Imports Continued To Hold About Half This Market Over the Interim Period



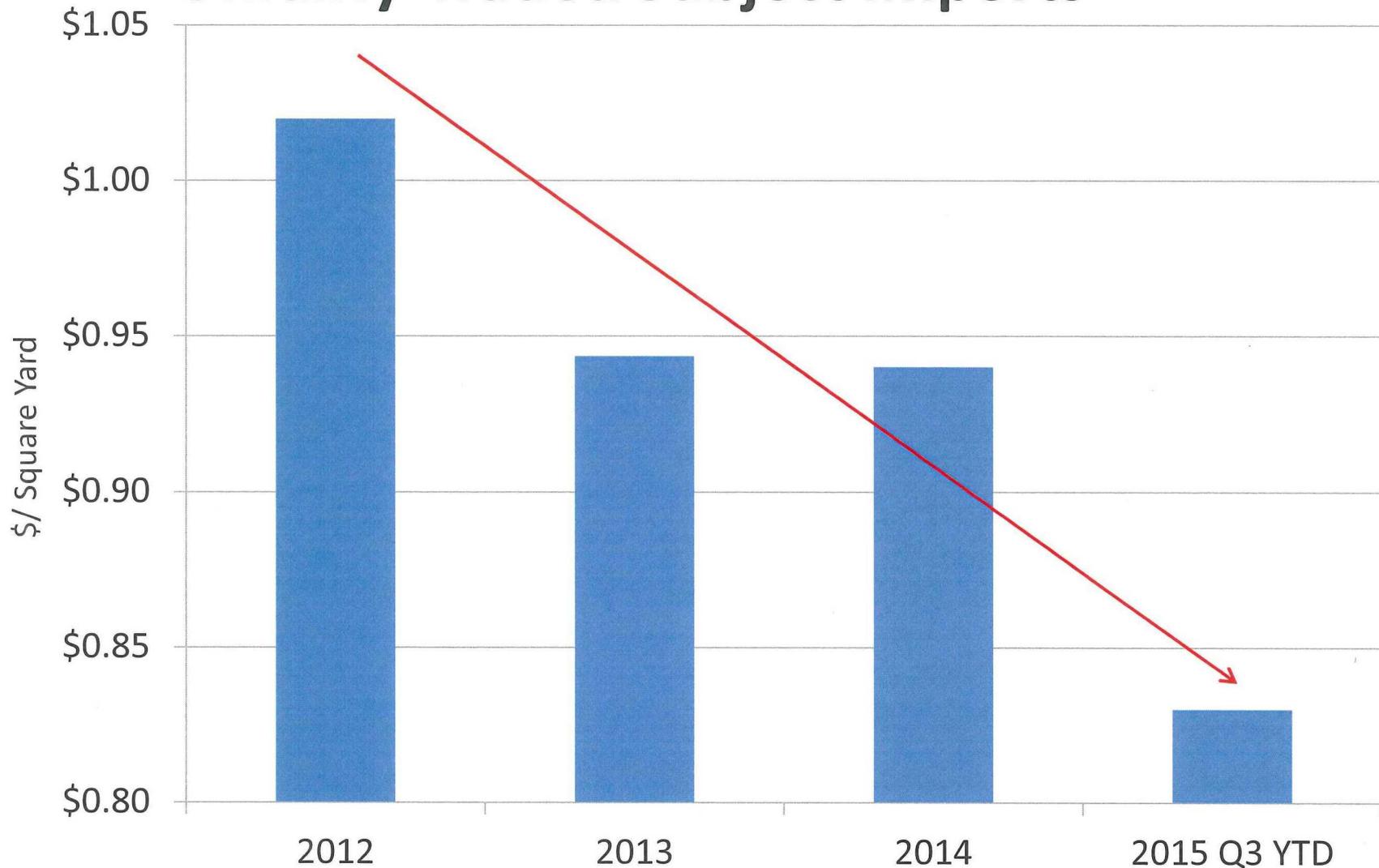
# Chinese Imports Have Grown to Nearly Equal Tensor's Total Production



Source: Petition

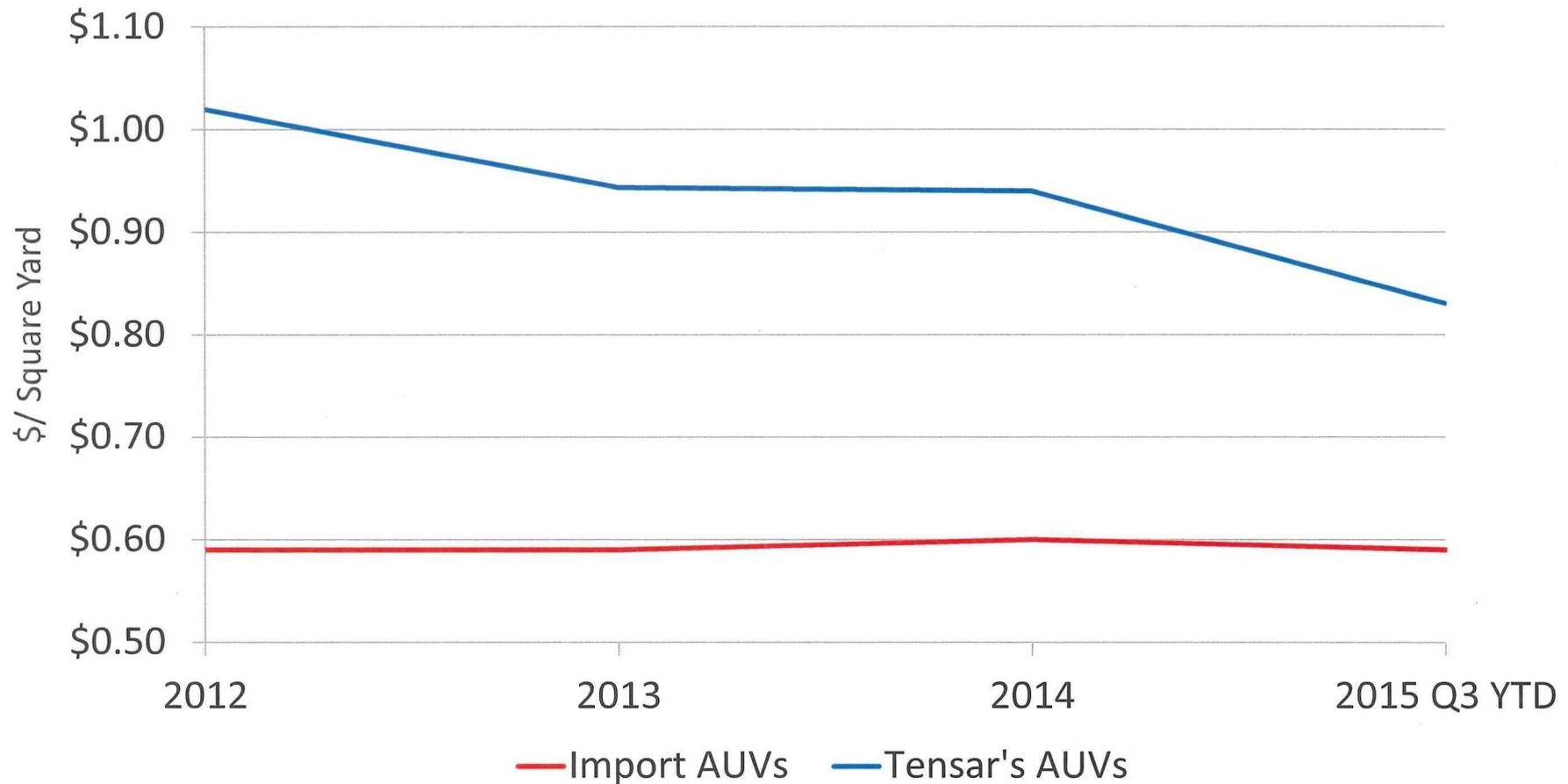
**The Price Effects of Subject Imports Are  
Significant**

# Tensor Has Been Forced to Reduce Prices Throughout The POI Due To Pressure from Unfairly-Traded Subject Imports



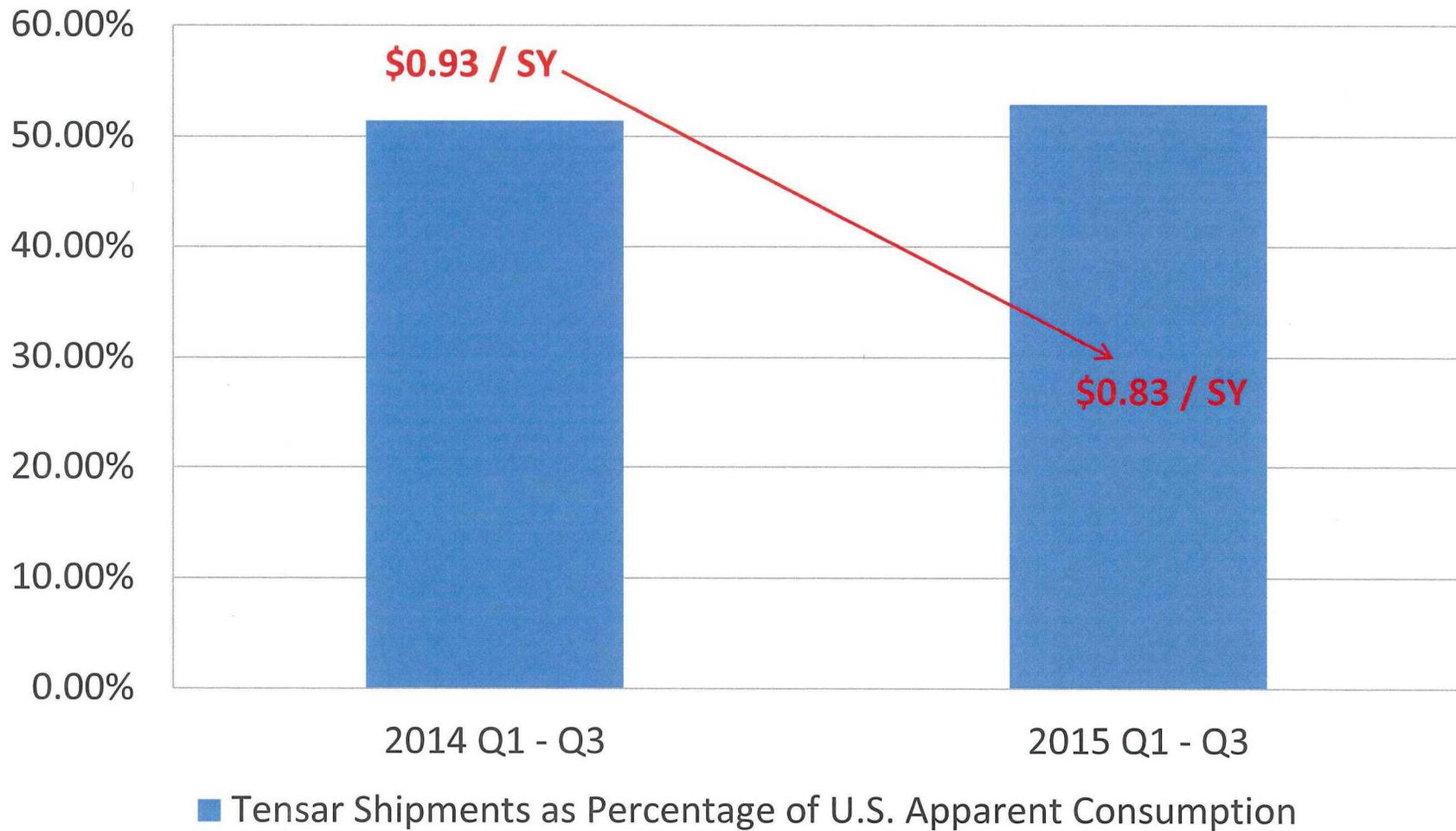
Source: Tensor's Questionnaire Response Data

# Subject Import AUVs Have Undercut Tensor's AUVs Throughout the POI



Source: Aggregated Questionnaire Response Data

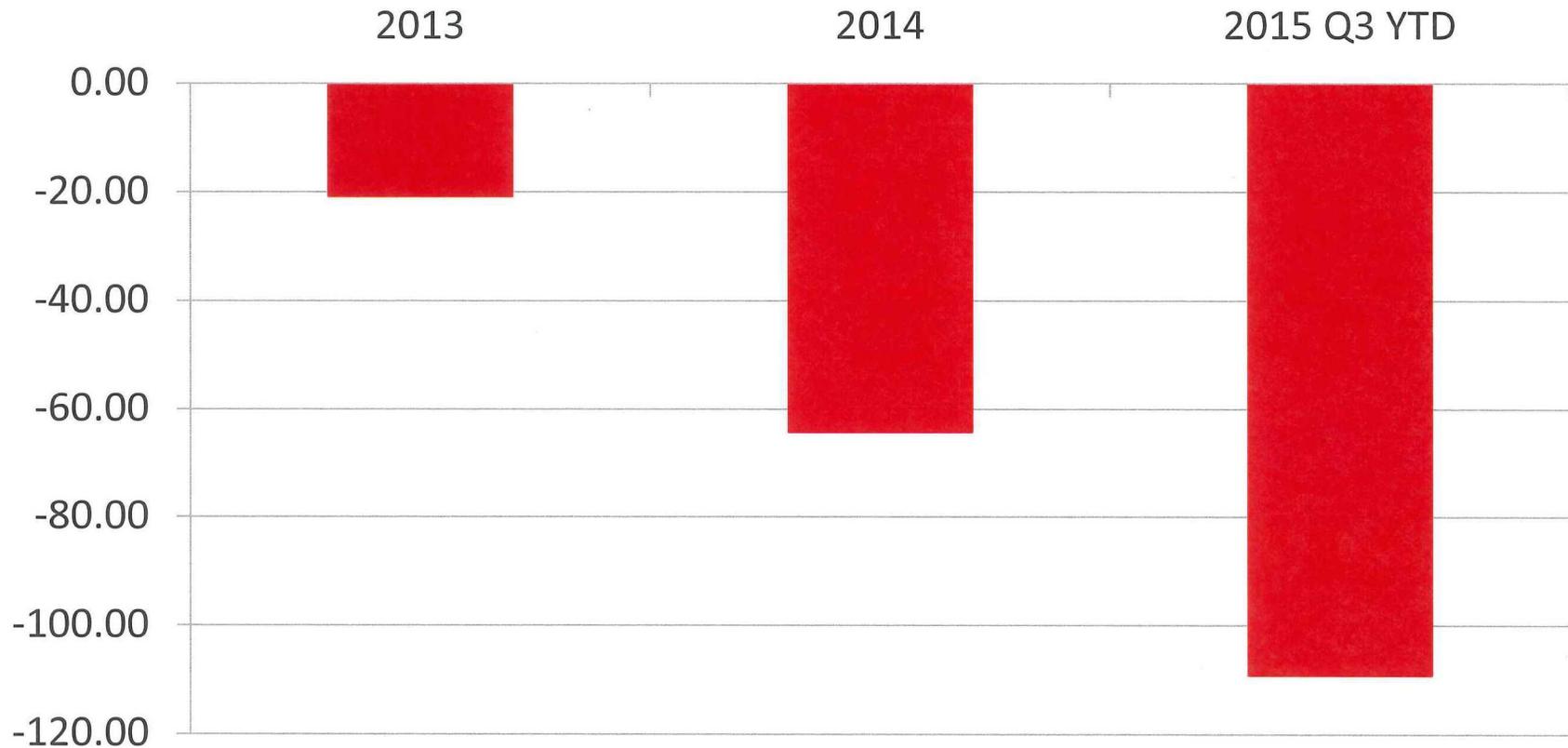
# Tensor Was Only Able To Regain Market Share In The Interim Period Because of Additional Significant Price Reductions



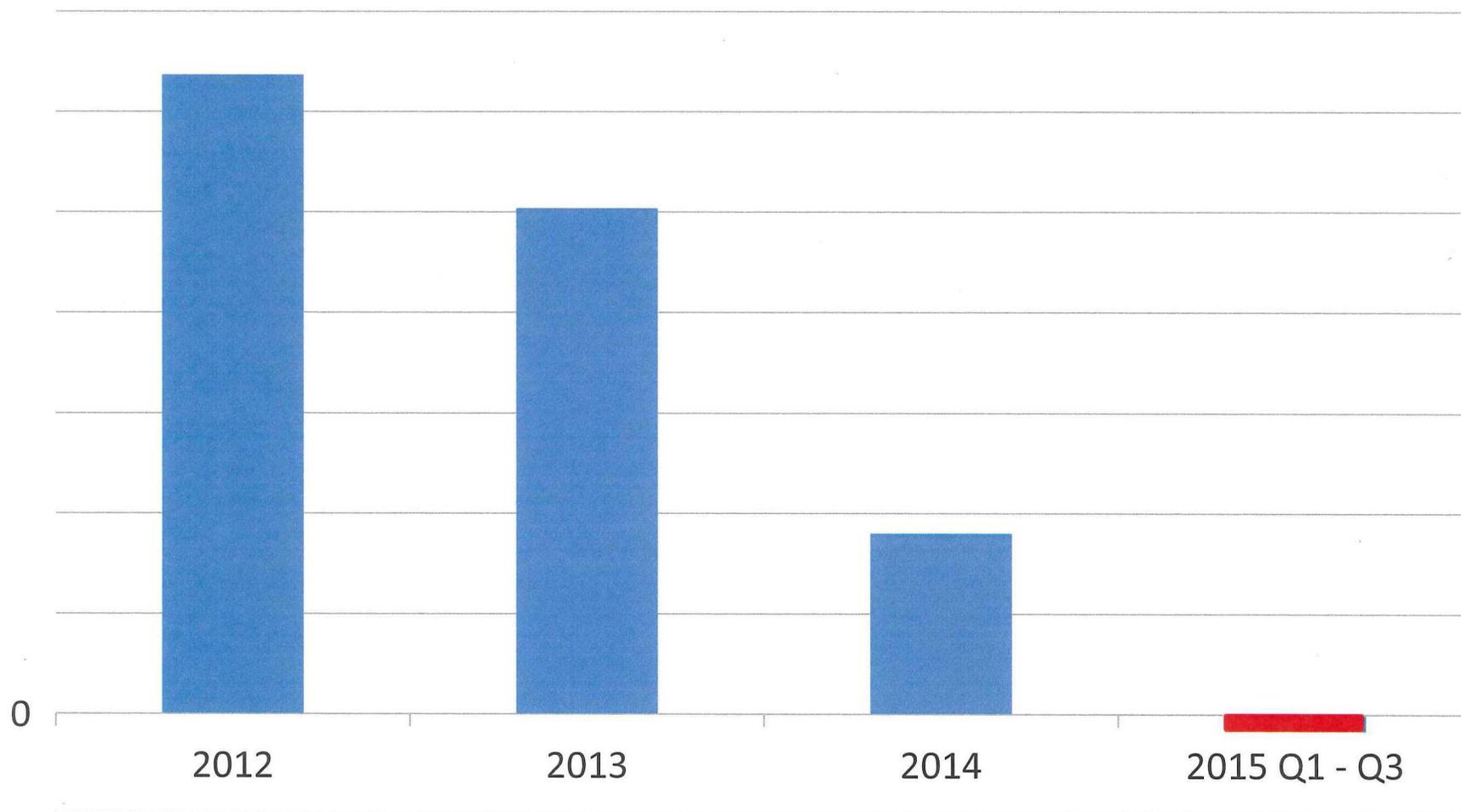
**The Impact of Subject Imports Is  
Significant**

# The Growth in Unfairly-Traded Chinese Imports Caused Tensor's Operating Income To Decline Dramatically

Year-on-Year Decline (%)



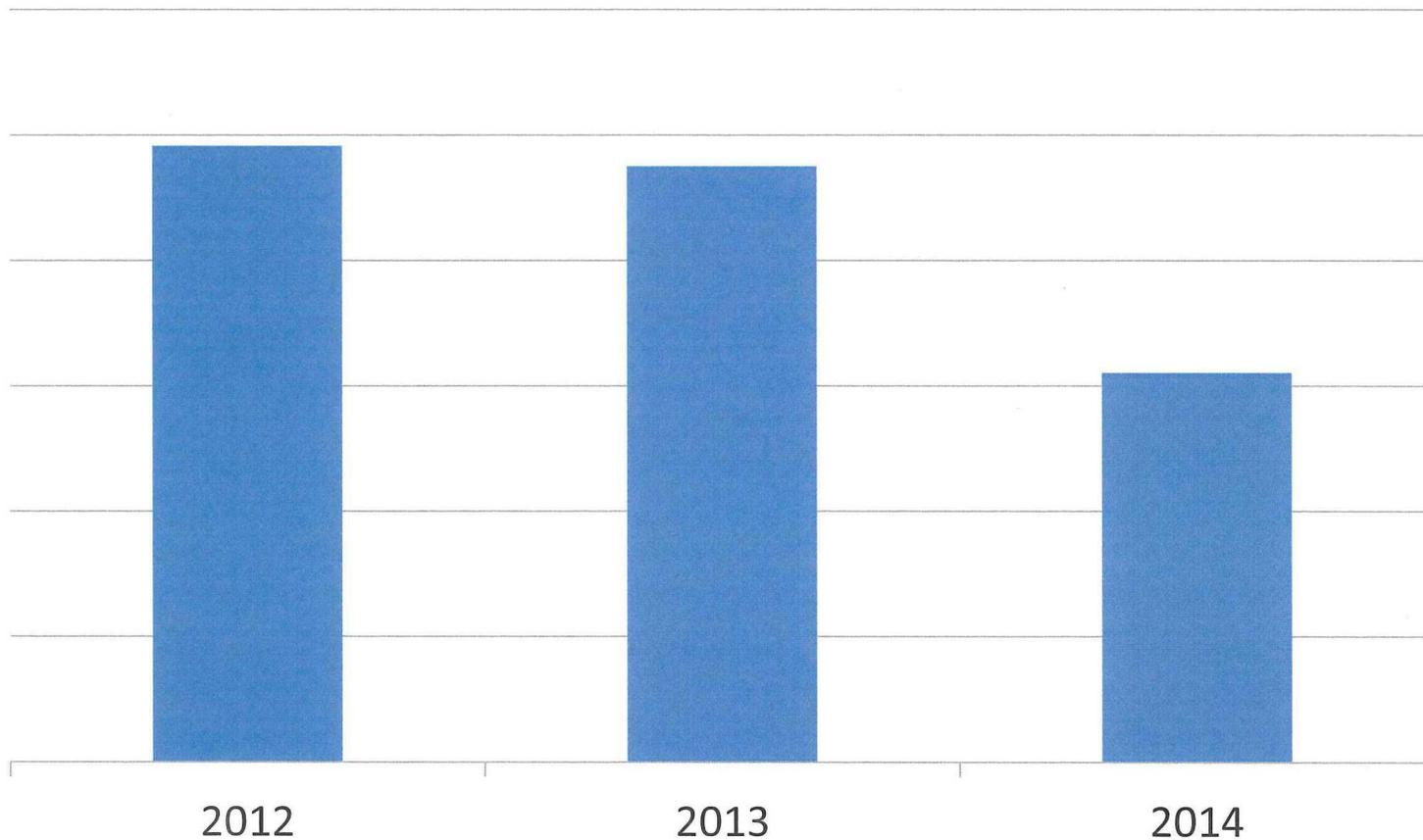
# Tensor Suffered an Operating Loss in the Interim Period



Source: Tensor's Questionnaire Response Data

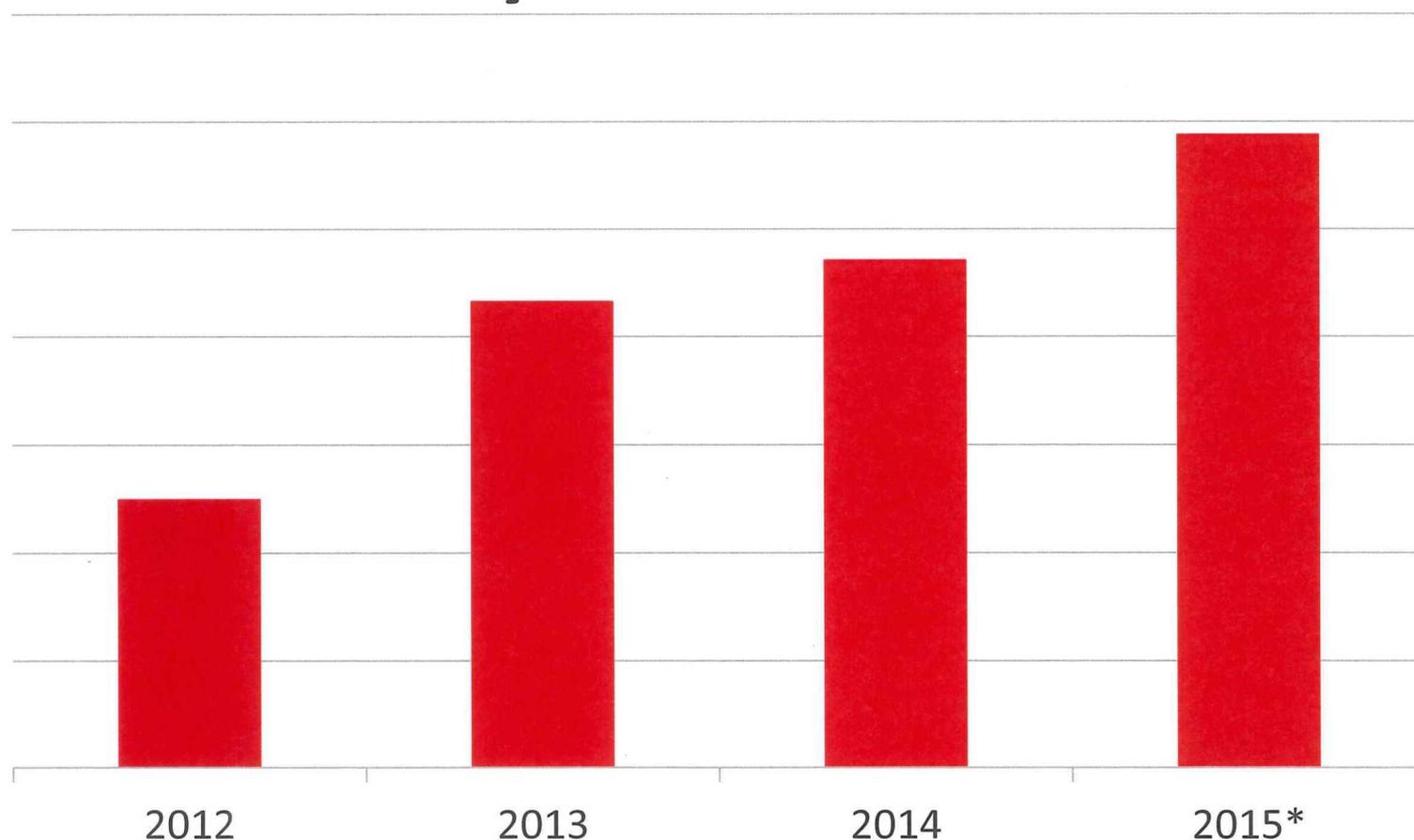
# Tensor's Capacity Utilization Rate Declined Significantly from 2012 - 2014

Tensor's Capacity Utilization Rate (%)



Source: Tensor's Questionnaire Response Data

# The Influx of Dumped and Subsidized Imports Caused Tensor's Inventories to Increase Every Year of the POI



\*Annualized data

Source: Tensor's Questionnaire Response Data (End-of-Period Inventory Quantity in Square Yards)

## The Flood of Subject Imports Forced Tensor to Reduce Its Workforce and Hours Worked

- Because of unfairly-traded subject imports, *Tensor has been forced to lay off workers each year of the POI*
- Even with these layoffs, *average hours worked per worker have declined* as production and capacity utilization have dropped

## Interim Period Trends Continue to Show The Negative Impact of Unfairly-Traded Imports

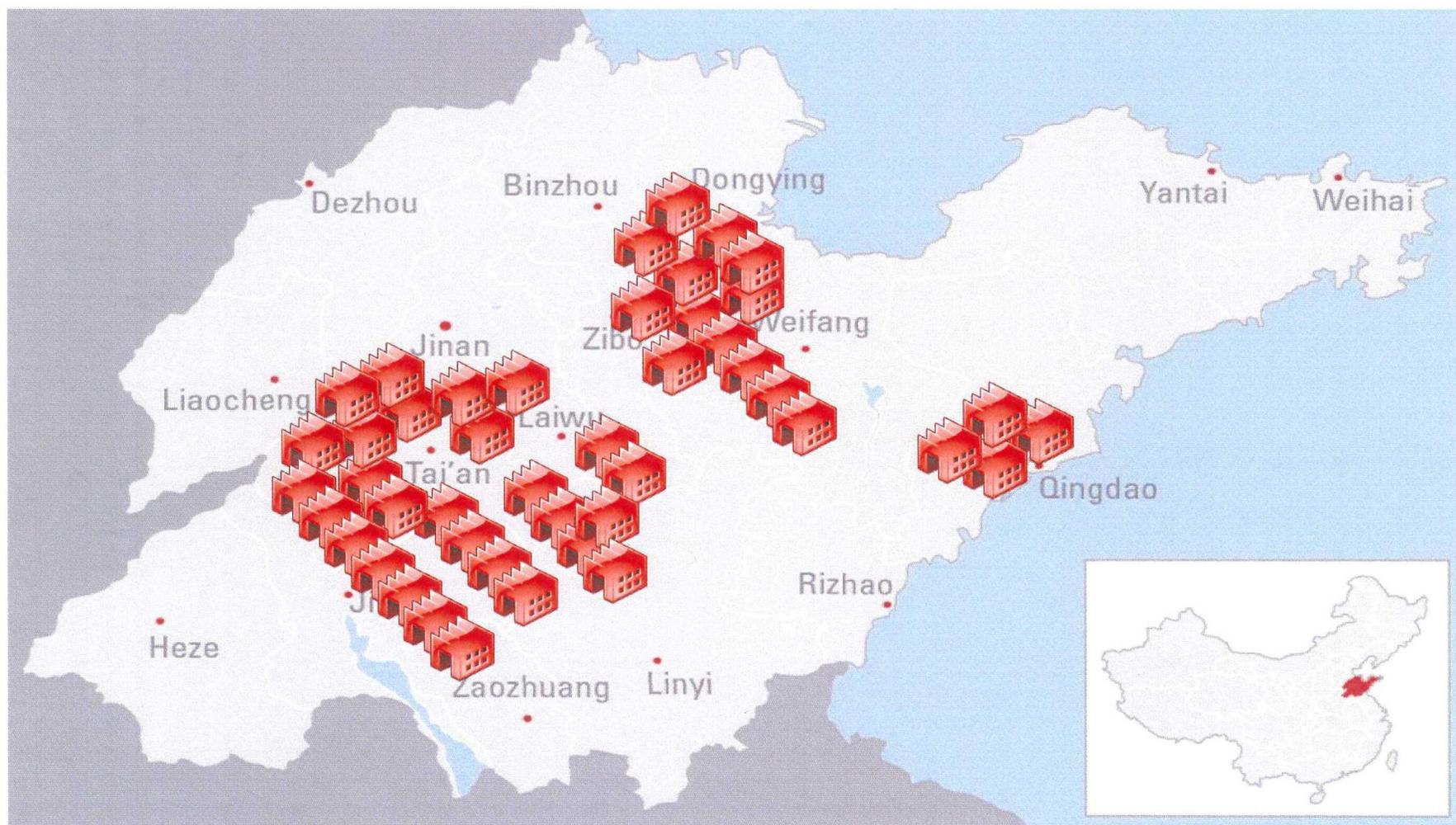
- Prices 
- Gross Profit 
- Operating Income 
- Operating Margin 
- Net Income 

**Subject Imports Threaten Additional  
Material Injury**

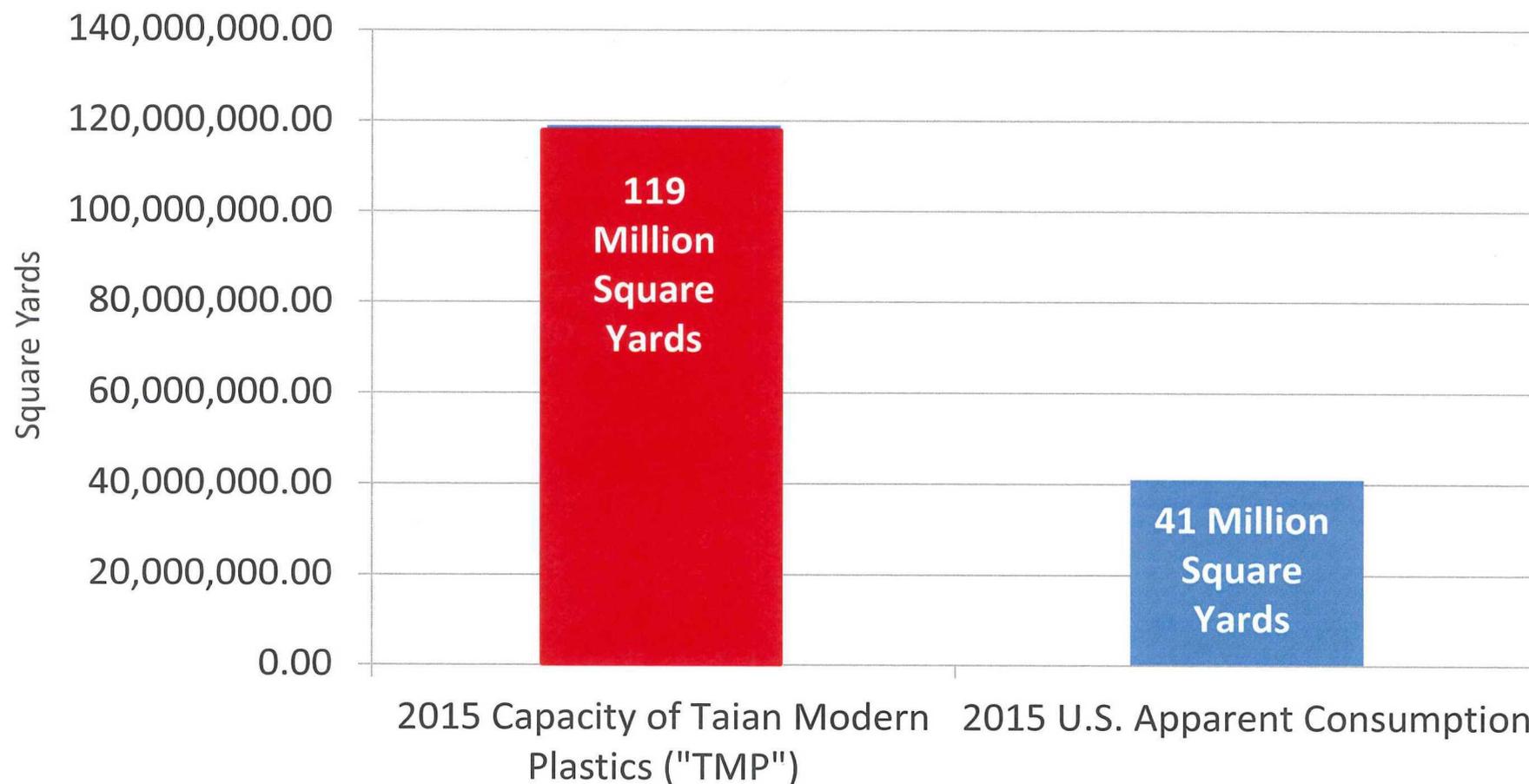
# The Chinese Industry is Very Large and Highly Export-Oriented

- Tensar has identified *more than 75 producers and exporters of biaxial integral geogrids in China*
- These companies *are highly export-oriented*
- *Many of these companies are located in economic development zones* established by the Chinese government to promote exports

## There Are At Least 46 BX Producers and Exporters Close To Major Ports in Shandong Province



# Chinese Producers Have Very Large Amounts of Unused Capacity



Source: Petition and TMP company website

# Chinese BX Producers Receive Huge Export Subsidies

- Chinese subsidy policies *specifically call for government support of BX producers and exporters*
- Some of these policies even *identify specific producers*, including producers such as TMP
- As a result, *Chinese BX producers receive a range of export subsidies that will further encourage their exports to the United States*

# The United States Will Continue To Be A Very Attractive Market for Chinese Producers

- U.S. demand for BX is expected to remain strong
- The new federal highway bill means that road construction and related activity across the country will likely increase
- At the same time, China's economy and economies in other countries are slowing
- These trends mean that the U.S. market will remain very attractive to Chinese exports

# Trade Relief Is Urgently Needed To Prevent Further Harm To The U.S. Industry



**BIAx Production Line**  
Finished Product in Yard.