Poylethylene Terephthalate Film, Sheet, and Strip from India and Taiwan

Investigation Nos. 701-TA-415 and 731-TA-933 and 934 (Second Review)

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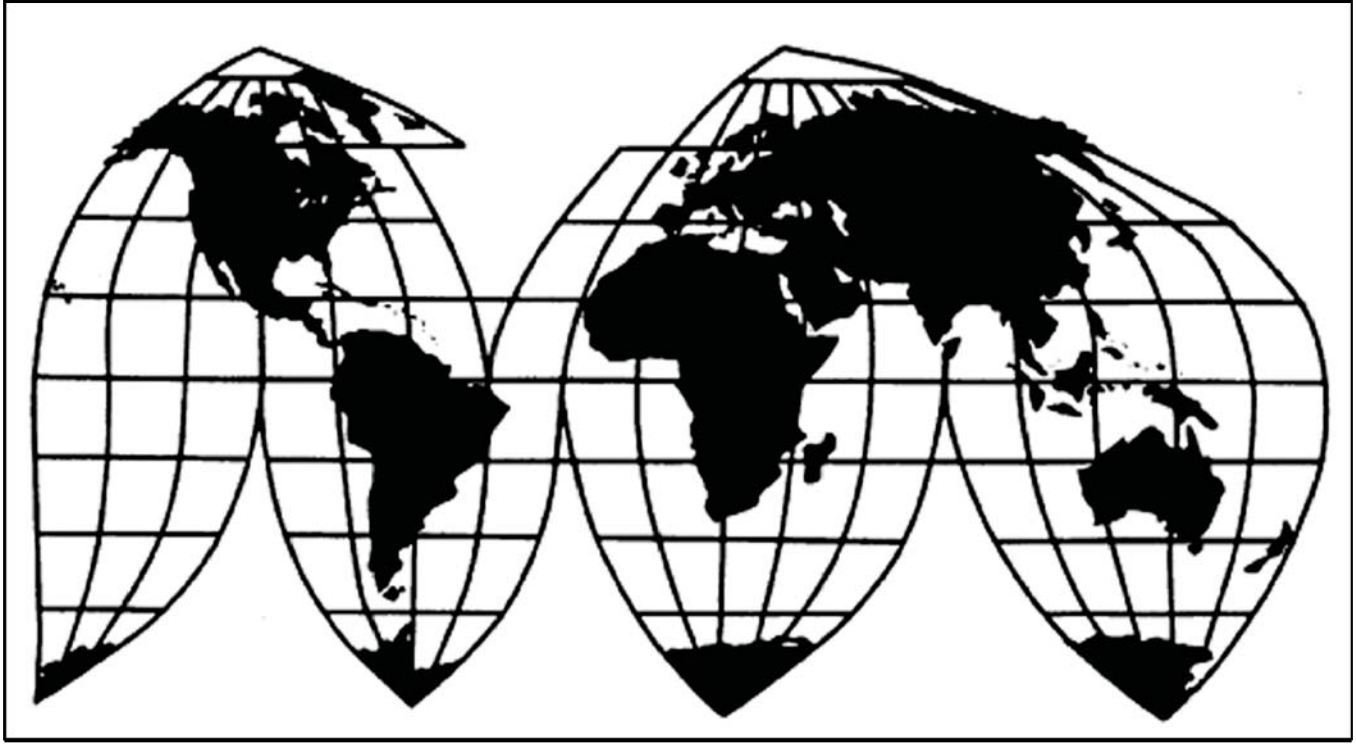

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-415 and 731-TA-933 and 934 (Second Review)

POLYETHYLENE TEREPHTHALATE FILM, SHEET, AND STRIP FROM INDIA AND TAIWAN

DETERMINATIONS

On the basis of the record[1] developed in the subject five-year review, the United States International Trade Commission (Commission) determines, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)), that revocation of the countervailing duty order on polyethylene terephthalate film, sheet, and strip ("PET film") from India and the antidumping duty orders on PET film from India and Taiwan would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

BACKGROUND

The Commission instituted these reviews on April 1, 2013 (78 F.R. 19524) and determined on July 5, 2013 that it would conduct full reviews (78 F.R.42105, July 15, 2013). Notice of the scheduling of the Commission's reviews and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on January 16, 2014 (79 F.R. 2883). The hearing was cancelled on May 14, 2014 (79 F.R. 28949, May 20, 2014).

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

Views of the Commission

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

I. Background

Original Investigations: In June 2002, the Commission unanimously determined that an industry in the United States was materially injured by reason of subsidized imports of PET film from India and less-than-fair-value ("LTFV") imports of PET film from India and Taiwan. The Department of Commerce ("Commerce") issued the countervailing duty order on PET film from India on July 1, 2002 and the antidumping duty order on PET film from India on May 16, 2002. It issued the antidumping duty order on PET film from Taiwan on May 20, 2002.[1]

***First Reviews*:** On June 1, 2007, the Commission instituted the first five-year reviews concerning PET film from India and Taiwan and conducted full reviews.[2] In April 2008, the Commission made affirmative determinations with respect to imports from both subject countries.[3] Commerce subsequently issued notices continuing the countervailing duty order on subject imports from India and the antidumping duty orders on subject imports from India and Taiwan.[4]

***Current Reviews*:** The Commission instituted the instant reviews on April 1, 2013.[5] The Commission received a joint response to its notice of institution from domestic producers DuPont Teijin Films ("DTF"), Mitsubishi Polyester Film, Inc. ("Mitsubishi"), and SKC, Inc. ("SKC"), as well as a response from foreign producer Nan Ya Plastics Corporation, Ltd. ("Nan Ya") concerning the antidumping duty order on subject imports from Taiwan. On July 5, 2013, the Commission determined that the domestic industry interested party group response was adequate for all reviews and the respondent interested party group response was adequate with respect to the review of the antidumping duty order on PET film from Taiwan. Accordingly, the Commission determined to conduct a full review for that order. The Commission did not receive a substantive response from any respondent interested party in the

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[1] Confidential Report ("CR") at I-2 - I-3, Public Report ("PR") at I-2; *see Polyethylene Terephthalate Film, Sheet and Strip from India and Taiwan*, Inv. Nos. 701-TA-415 and 731-TA-933-934 (Final), USITC Pub. 3518 (June 2002) ("*Original Determinations*"); *Polyethylene Terephthalate Film, Sheet and Strip from India and Taiwan*, Inv. Nos. 701-TA-415 and 731-TA-933-934 (Review), USITC Pub. 3994 (April 2008) ("*First Review Determinations*").

[2] 72 Fed. Reg. 30627 (June 1, 2007).

[3] *First Review Determinations,* USITC Pub. 3994 at 3.

[4] 73 Fed. Reg. 26079, 26080 (May 8, 2008).

[5] 78 Fed. Reg. 19524 (April 1, 2013).

reviews concerning subject merchandise from India, and thus determined that the respondent interested party group response for those reviews was inadequate. However, the Commission determined to conduct full reviews with respect to all of the orders in these subject reviews in order to promote administrative efficiency in light of its decision to conduct full reviews with respect to the order on PET film from Taiwan.[6]

Parties to the Proceedings: The Commission received prehearing and posthearing briefs from domestic producers DTF, Mitsubishi, and SKC. Although the Commission received a response to its notice of institution from one foreign producer, Nan Ya of Taiwan, counsel for Nan Ya withdrew subsequent to the Commission's decision to conduct full reviews.[7] [8]

Data Coverage: U.S. industry data for these reviews are based on the responses of 11 U.S. producers of PET film that are believed to have accounted for 100 percent of U.S. production in 2013.[9] U.S. import data and related information are based on official import statistics and the questionnaire responses of 21 U.S. importers that accounted for 83.3 percent of total U.S. imports during 2008-13 and 67.8 percent of total subject imports during that period.[10] Foreign industry data and related information are based on market research and the questionnaire responses of three producers and exporters of subject merchandise: one producer/exporter in India, accounting for *** percent of total production of PET film in India and an estimated *** percent of total exports to the United States of PET film from India in 2013,[11] and two producer/exporters in Taiwan, accounting for *** percent of PET film capacity in Taiwan in 2012.[12]

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[6] CR/PR at I-1 n.4.

[7] No briefs supporting revocation of the orders regarding India and Taiwan were filed. After the hearing date Nan Ya filed comments *pro se*, although most of the comments pertained to matters not contained in the record that we disregarded pursuant to 19 U.S.C. § 1677m(g) and 19 C.F.R. § 207.30. We also disregarded the domestic industry's arguments regarding these comments in its final comments for the same reason.

[8] In light of the absence of any respondent interested party to file a notice to participate in the hearing, *see* 19 C.F.R. § 201.13(c)(2), the domestic producers requested that the Commission cancel the hearing in these proceedings. The Commission therefore exercised its discretion to not conduct a hearing in these reviews. 79 Fed. Reg. 28949 (May 20, 2014).

[9] CR at I-28, PR at I-21.

[10] CR/PR at IV-1. These data are believed to have accounted for 93.8 percent of the value of total subject imports from India and 61.4 percent of the value of total subject imports from Taiwan in this period. CR at I-12, PR at I-10.

[11] CR at IV-11, PR at IV-7 – IV-8. According to *** percent of PET film capacity in India in 2012. CR/PR at Table IV-6.

[12] CR/PR at Table IV-6. In view of these data, cited in the ***, we believe Nan Ya's claim in its foreign producer questionnaire response that it accounted for *** percent of that country's total PET film production and *** percent of total PET film exports to the United States in 2013, CR at IV-16 – IV-17, PR at IV-9 – IV-10, to be in error.

II. Domestic Like Product and Industry

A. Domestic Like Product

In making its determination under section 751(c) of the Tariff Act, the Commission defines the "domestic like product" and the "industry."[13] The Tariff Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle."[14] The Commission's practice in five-year reviews is to examine the domestic like product definition from the original investigation and consider whether the record indicates any reason to revisit the prior findings.[15]

Commerce has defined the scope of the countervailing duty order in the five-year review of PET film from India as follows:

> all gauges of raw, pretreated, or primed PET film, whether extruded or coextruded. Excluded are metalized films and other finished films that have had at least one of their surfaces modified by the application of a performance-enhancing resinous or inorganic layer of more than 0.00001 inches thick. Imports of PET film are classifiable in the Harmonized Tariff Schedule of the United States (''HTSUS'') under item number 3920.62.00.90. Effective July 1, 2003, the HTSUS subheading 3920.62.00.00 was divided into 3920.62.00.10 (metallized PET film) and 3920.62.00.90 (nonmetallized PET film). Although the HTSUS numbers are provided for convenience and customs purposes, the written product description remains dispositive.[16]

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[13] 19 U.S.C. § 1677(4)(A).

[14] 19 U.S.C. § 1677(10); *see*, *e.g., Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Department of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int'l Trade 1998); *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996); *Torrington Co. v. United States*, 747 F. Supp. 744, 748-49 (Ct. Int'l Trade 1990), *aff'd*, 938 F.2d 1278 (Fed. Cir. 1991); *see also* S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

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

[16] 78 Fed. Reg. 47276, 47277 (Aug. 5, 2013). The scope of the countervailing duty order on PET film from India differs slightly from the scope of the antidumping duty orders on PET film from India and Taiwan. Specifically, the former cites the item number as the 10-digit statistical reporting number and provides an explanation of changes made to the Harmonized Tariff Schedule effective July 1, 2003. In addition, the countervailing duty order scope does not mention the scope determination cited in the antidumping duty order, in which Commerce determined that tracing and drafting film is outside the scope of the order on PET film from India. *See* 79 Fed. Reg. 12153, 12154 (Mar. 4, 2014).

The Original Determinations and First Five-Year Reviews

In the original determinations, the Commission defined a single domestic like product consisting of all PET film, not including equivalent PET film,[17] corresponding to Commerce's scope.[18] In the first reviews, all parties indicated that they agreed with the Commission's definition of the domestic like product in the original determinations. The Commission again defined a single domestic like product consisting of all products corresponding to Commerce's scope.[19]

The Current Reviews

In five-year reviews, when no party has argued for a different domestic like product definition and the record does not suggest that any change is appropriate, the Commission generally adopts without further analysis the domestic like product definition from the original investigations for the same reasons previously articulated. Neither the domestic producers nor the sole responding respondent interested party objected to the definition of the domestic like product in their responses to the notice of institution or briefs in these reviews.[20] Moreover, the record of these reviews contains no information that would suggest a reconsideration of the domestic like product definition.[21] Therefore, we again define the domestic like product as consisting of all PET film, not including equivalent PET film, corresponding to the scope of the orders, for the same reasons articulated in the original investigations and first reviews.

B. Domestic Industry

Section 771(4)(A) of the Tariff Act defines the relevant industry as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[22] In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

We must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to section 771(4)(B) of the Tariff Act. This provision allows the Commission, if appropriate circumstances exist, to exclude from the

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[17] "Equivalent" PET film is PET film with a coating more than 0.00001 inch thick. *Original Determinations*, USITC Pub. 3518 at 4.

[18] *Original Determinations*, USITC Pub. 3518 at 6.

[19] *First Review Determinations*, USITC Pub. 3994 at 6.

[20] Nan Ya's Response to Notice of Institution at 15; Domestic Industry's Prehearing Brief at 10.

[21] *See* CR at I-19 – I-27, PR at I-16 – I-21.

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

domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.[23] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.[24]

In the original investigations, no domestic producer was a related party. Accordingly, in view of its definition of the domestic like product, the Commission defined a single domestic industry consisting of all domestic producers of PET film.[25] In the first reviews, there were two domestic producers that could be considered related parties by virtue of their imports or purchases of subject merchandise during the period of review. The Commission found that appropriate circumstances did not exist to exclude either producer from the domestic industry and defined the domestic industry as all U.S. producers of PET film.[26]

In these reviews, no party has argued that any U.S. producer should be excluded from the domestic industry as a related party. However, *** is related to a subject producer and is arguably a related party. Two U.S. producers, *** and are thus related parties.[27] As explained below, we find that circumstances are not appropriate to exclude any of these producers from the domestic industry.

***. *** was the *** largest domestic producer in 2013,[28] ***.[29] *** does not itself import or purchase subject merchandise, but is affiliated with several foreign producers of PET film and is ***.[30] ***.[31] *** supports continuation of the orders.[32] It does not appear to be

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

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

(1) the percentage of domestic production attributable to the importing producer;

(2) the reason the U.S. producer has decided to import the product subject to investigation, *i.e*., whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market; and

(3) the position of the related producer vis-a-vis the rest of the industry, *i.e*., whether inclusion or exclusion of the related party will skew the data for the rest of the industry. *See*, *e.g., Torrington Co. v. United States*, 790 F. Supp. at 1168.

[25] *Original Determinations*, USITC Pub. 3518 at 6.

[26] *First Review Determinations*, USITC Pub. 3994 at 6-8.

[27] Although *** purchased subject merchandise during the period, we do not consider it to be a related party. Its purchases were modest and insufficient to indicate that 3M controls an individual importer of subject merchandise. CR/PR at Tables III-8 & IV-1, CR at IV-2, PR at IV-1.

[28] CR/PR at Table III-4.

[29] CR/PR at Table III-2.

[30] CR at III-3, PR at III-2. *** did not complete a foreign producers' questionnaire response, CR at IV-11, PR at IV-7, so the record does not indicate whether it exported subject merchandise during the period of review. The record also does not indicate the nature of the relationships among ***.

[31] CR at III-30, PR at III-23.

[32] CR/PR at Table I-5.

benefitting from its relationship with a subject producer, as its operating income to net sales ratio was *** in 2013, and it experienced an *** of $*** in 2013.[33] [34] We conclude that circumstances are not appropriate to exclude *** from the domestic industry.

. *** is ***.[35] It was the *** largest domestic producer in 2013[36] and ***.[37] *** on the continuation of the orders.[38] *** imported subject merchandise from *** in 2013, ***, and the ratio of these imports to its U.S. production was *** percent.[39] It does not appear to be benefitting from its subject imports that year, as its operating income to net sales ratio was *** percent in 2013.[40] It also experienced an *** of $ in 2013.[41] We find that circumstances are not appropriate to exclude *** from the domestic industry.

***. ***, which *** PET film production in mid-2011,[42] imported subject merchandise from *** in three years during the period of review and purchased subject imports from both *** throughout the period. Its share of domestic 2008-13 PET film production was *** percent, which renders it the *** domestic producer during the period of review.[43] It imported *** pounds of subject merchandise from *** in 2010, *** pounds in 2011 and *** pounds in 2013. Its ratio of subject imports to its U.S. production was *** percent in 2010 and *** percent in 2011.[44]

*** does not appear to benefit from its imports and purchases of subject merchandise, as its operating income to net sales ratio was *** in every year of the period of review for which it reported data (*** percent in 2008, *** percent in 2009, *** percent in 2010, *** percent in 2011, and *** percent in 2012).[45] It also experienced *** throughout the period ($*** in 2008, $*** in 2009, $*** in 2010, $*** in 2011, and $*** in 2012) and had ***

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[33] CR/PR at Table III-11.

[34] Commissioner Pinkert does not rely upon financial performance to determine whether there are appropriate circumstances to exclude *** from the domestic industry. In his view, the present record is not sufficient to link the companies' financial performance with respect to U.S. operations to any benefit they derive as related parties.

[35] CR at III-3 – III-4, PR at III-3.

[36] CR/PR at Table III-4.

[37] CR/PR at Tables III-2, III-13.

[38] CR/PR at Table I-5.

[39] CR/PR at Table III-7.

[40] CR/PR at Table III-11.

[41] CR/PR at Table III-11.

[42] CR/PR at Table III-2.

[43] CR/PR at Table I-5.

[44] CR/PR at Table III-7. *** also purchased *** pounds of subject imports from *** in 2010, *** pounds in 2011, *** pounds in 2012, and *** pounds in 2013. It purchased *** pounds of subject imports from *** in 2008, *** pounds in 2009, *** pounds in 2010, *** pounds in 2011, and *** pounds in 2012. CR/PR at Table III-8.

[45] CR/PR at Table III-11.

operating income in 2013.[46] Accordingly, *** that *** *** the continuation of the orders,[47] we determine that circumstances are not appropriate to exclude *** from the domestic industry.

In view of the foregoing, we define the domestic industry, as the Commission did in the original investigations and first five-year reviews, to include all domestic producers of PET film.

III. Cumulation

A. Legal Standard

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

> the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports would be likely to compete with each other and with domestic like products in the United States market. The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.[48]

Cumulation therefore is discretionary in five-year reviews, unlike original investigations, which are governed by section 771(7)(G)(i) of the Tariff Act.[49] The Commission may exercise its discretion to cumulate, however, only if the reviews are initiated on the same day, the Commission determines that the subject imports are likely to compete with each other and the domestic like product in the U.S. market, and imports from each such subject country are not likely to have no discernible adverse impact on the domestic industry in the event of revocation. Our focus in five-year reviews is not only on present conditions of competition, but also on likely conditions of competition in the reasonably foreseeable future.

In the original investigations, the Commission found that there was a reasonable overlap of competition between the subject imports from India and Taiwan and between subject imports and the domestic like product and consequently cumulated subject imports

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[46] CR/PR at Table III-11.

[47] CR/PR at Table I-5.

[48] 19 U.S.C. § 1675a(a)(7).

[49] 19 U.S.C. § 1677(7)(G)(i); *see also*, *e.g.*, *Nucor Corp. v. United States*, 601 F.3d 1291, 1293 (Fed. Cir. 2010) (Commission may reasonably consider likely differing conditions of competition in deciding whether to cumulate subject imports in five-year reviews); *Allegheny Ludlum Corp. v. United States*, 475 F. Supp. 2d 1370, 1378 (Ct. Int'l Trade 2006) (recognizing the wide latitude the Commission has in selecting the types of factors it considers relevant in deciding whether to exercise discretion to cumulate subject imports in five-year reviews); *Nucor Corp. v. United States*, 569 F. Supp. 2d 1328, 1337-38 (Ct. Int'l Trade 2008).

from India and Taiwan.[50] In the first five-year reviews, the Commission did not find that subject imports from India or Taiwan were likely to have no discernible adverse impact on the domestic industry in the event of revocation of the orders.[51] In the first reviews the Commission also found that there would likely be a reasonable overlap in competition between subject imports from each country and the domestic like product, as well as between subject imports, should the orders be revoked.[52] Consequently, the Commission determined to exercise its discretion to cumulate subject imports from India and Taiwan.[53]

B. Likelihood of No Discernible Adverse Impact

The statute precludes cumulation if the Commission finds that subject imports from a country are likely to have no discernible adverse impact on the domestic industry.[54] Neither the statute nor the Uruguay Round Agreements Act ("URAA") Statement of Administrative Action ("SAA") provides specific guidance on what factors the Commission is to consider in determining that imports "are likely to have no discernible adverse impact" on the domestic industry.[55] With respect to this provision, the Commission generally considers the likely volume of subject imports and the likely impact of those imports on the domestic industry within a reasonably foreseeable time if the orders are revoked. Our analysis for each of the subject countries takes into account, among other things, the nature of the product and the behavior of subject imports in the original investigations.

India. In the original investigations, U.S. shipments of subject imports from India increased from *** pounds in 1999 to *** pounds in 2001. During the first five-year reviews, subject import shipments decreased from *** pounds in 2002 to *** pounds in 2006. Subject imports from India were present each year during the current period of review; U.S. shipments of such imports totaled *** pounds in 2008 and fluctuated from a low of *** pounds in 2010 to a high of *** pounds in 2011, decreasing to *** pounds in 2013.[56]

In these reviews, the Commission received information on the PET film industry in India from one producer, Polyplex. Polyplex's capacity in India *** during the period of review, from *** pounds in 2008 to *** pounds in 2013.[57] Its capacity utilization ***.[58] Market research data show that there were *** producers of PET film in India in 2012, with total capacity of *** pounds.[59]

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[50] *Original Determinations*, USITC Pub. 3518 at 8.
[51] *First Review Determinations*, USITC Pub. 3994 at 9.
[52] *First Review Determinations*, USITC Pub. 3994 at 12.
[53] *First Review Determinations*, USITC pub. 3994 at 13.
[54] 19 U.S.C. § 1675a(a)(7).
[55] SAA, H.R. Rep. No. 103-316, vol. I at 887 (1994).
[56] CR/PR at Table I-1.
[57] CR/PR at Table IV-8.
[58] CR/PR at Table IV-8.
[59] CR at IV-10 - IV-11, PR at IV-7. ***. CR at II-8 & n.10, PR at II-8 & n.10.
(Continued…)

India was the sixth largest PET film exporter worldwide in 2013. Its exports increased from 92.4 million pounds in 2008 to 206.8 million pounds in 2013.[60] Polyplex India's total exports increased from *** million pounds in 2008 to *** pounds in 2013. During this period, its export shipments to the United States as a share of total shipments fluctuated between *** percent and *** percent,[61] but the United States was India's third largest export market for PET film in 2013.[62] Its home market shipments as a share of total shipments decreased from *** percent in 2008 to *** percent in 2013.[63]

Based on the foregoing, we do not find that subject imports from India would likely have no discernible adverse impact on the domestic industry if the orders were revoked.

Taiwan. In the original investigations, U.S. shipments of subject imports from Taiwan increased from *** pounds in 1999 to *** pounds in 2000, then decreased to *** pounds in 2001. During the first five-year reviews, subject import shipments declined from *** pounds in 2002 to *** pounds in 2005, before rising to *** pounds in 2006. Subject imports from Taiwan were present in each year of the current period of review, and their U.S. shipments increased from *** pounds in 2008 to *** pounds in 2009, falling to *** pounds in 2013.[64]

The Commission received information on the PET film industry in Taiwan from two of the three subject producers that comprised the industry during the period of these reviews, Nan Ya and Vast Plastic Corp. Reported capacity from these two producers increased from *** pounds in 2008 to *** pounds in 2013, and Nan Ya reported that ***.[65] Reported capacity utilization was full or near full throughout the period, fluctuating between *** percent and *** percent.[66] Although total exports from Taiwan fell over the period, they remained high. The total export shipments of PET film producers in Taiwan fell from *** pounds in 2008 to *** pounds in 2013. Export shipments to the United States as a share of total shipments declined from *** percent in 2008 to *** percent in 2013, but exports to the United States continued during the entire period of review. In contrast, home market shipments by producers in Taiwan as a share of their total shipments rose from *** percent in 2008 to *** percent in 2013.[67]

Based on the foregoing, we do not find that subject imports from Taiwan would likely have no discernible adverse impact on the domestic industry if the order were revoked.

(…Continued)

We note that the domestic producers argue that the best available information on the record with regard to the PET film industries in India and Taiwan consists of information and data provided by ***. Domestic Industry's Prehearing Brief at 5-6. However, we do not find these data to be more reliable than the questionnaire and CEH Marketing Research Report data upon which we have relied.

[60] CR/PR at Table IV-14.

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

[62] CR/PR at Table IV-9.

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

[64] CR/PR at Table I-1.

[65] CR/PR at Table IV-11, CR at IV-17, PR at IV-10.

[66] CR/PR at Table IV-11.

[67] CR/PR at Table IV-11.

C. Likelihood of a Reasonable Overlap of Competition

The Commission generally has considered four factors intended to provide a framework for determining whether subject imports compete with each other and with the domestic like product.[68] Only a "reasonable overlap" of competition is required.[69] In five-year reviews, the relevant inquiry is whether there likely would be competition even if none currently exists because the subject imports are absent from the U.S. market.[70]

Fungibility. In the original investigations, the Commission found that there was at least a moderate level of fungibility between domestic PET film and the subject imports and between imports from India and Taiwan.[71] In the first five-year reviews, most purchasers, importers and U.S. producers reported that domestic and imported products were always or frequently interchangeable. The majority of U.S. producers and importers reported that differences other than price were either never or only sometimes significant.[72]

The record in these reviews indicates a high degree of substitutability between domestically produced PET film and PET film imported from subject sources.[73] The majority of U.S. producers, importers and purchasers reported that U.S.-produced PET film and imported PET film from India, Taiwan and other countries can "always" or "frequently" be used interchangeably.[74] Most producers and importers reported that differences other than price were either "sometimes" or "never" significant, while most purchasers reported that such

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[68] The four factors generally considered by the Commission in assessing whether imports compete with each other and with the domestic like product are as follows: (1) the degree of fungibility between subject imports from different countries and between subject imports and the domestic like product, including consideration of specific customer requirements and other quality-related questions; (2) the presence of sales or offers to sell in the same geographical markets of imports from different countries and the domestic like product; (3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and (4) whether subject imports are simultaneously present in the market with one another and the domestic like product. *See, e.g., Wieland Werke, AG v. United States*, 718 F. Supp. 50 (Ct. Int'l Trade 1989).

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

[70] *See generally*, *Chefline Corp. v. United States*, 219 F. Supp. 2d 1313, 1314 (Ct. Int'l Trade 2002).

[71] *Original Determinations*, USITC Pub. 3518 at 7-8.

[72] *First Review Determinations*, USITC Pub. 3994 at 11.

[73] CR at II-18, PR at II-10.

[74] CR/PR at Table II-10.

differences between domestic product and that from India and Taiwan were "always" or "frequently" significant.[75]

Channels of Distribution. In the original investigations, the Commission found that most sales of domestically produced PET film and of the subject imports from Taiwan are made to processors who specialize in coating PET film for a particular end use. Some sales were also made through distributors, and some sales were made directly to end users. Subject imports from India were sold to end users to a greater extent than subject imports from Taiwan or the domestic product.[76] In the first five-year reviews, the Commission found the majority of U.S. producers' domestic shipments were to end users and processors, although some shipments were also made to distributors. The majority of shipments of subject imports from India were to end users, with the remainder going to processors or distributors. The majority of shipments of subject imports from Taiwan were to processors, with the remainder going to end users or distributors.[77]

In these reviews, the majority of U.S. producers' shipments were to end users, as were the majority of U.S. shipments of imports from India and Taiwan.[78] Approximately one-third of U.S. production and some imports from Taiwan went to converters, while no imports from India went to converters.[79] Some domestically produced PET film, as well as subject imports from India and Taiwan, went to distributors.[80]

Simultaneous Presence and Geographic Overlap. In the original investigations, the record showed that there were significant imports of the subject merchandise from both India and Taiwan throughout the period of investigation.[81] In the first reviews, the Commission found that imports from each of the subject countries had been present in the U.S. market during the period of review.[82] The record in the original investigations and the first reviews showed that the domestic product and subject imports were sold throughout the U.S. market.[83]

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[75] CR/PR at Table II-12.

[76] *Original Determinations*, USITC Pub. 3518 at 8.

[77] *First Review Determinations*, USITC Pub. 3994 at 11-12.

[78] In 2013, *** percent of U.S. producers' U.S. shipments went to end users. The comparable figure for U.S. shipments from India that year was *** percent; for U.S. shipments from Taiwan that year, it was *** percent. CR/PR at Table II-1.

[79] In 2013, *** percent of U.S. producers' U.S. shipments went to converters. The comparable figure for U.S. shipments of imports from India that year was *** percent; for U.S. shipments from Taiwan, it was *** percent. CR/PR at Table II-1.

[80] In 2013, *** percent of U.S. producers' U.S. shipments went to distributors. The comparable figure for U.S. shipments of imports from India that year was *** percent; for U.S. shipments from Taiwan, it was *** percent. CR/PR at Table II-1.

[81] *Original Determinations*, USITC Pub. 3518 at 8.

[82] *First Review Determinations*, USITC Pub. 3994 at 12.

[83] *Original Determinations*, USITC Pub. 3518 at 8; *First Review Determinations*, USITC Pub. 3994 at 12.

In the current reviews, subject imports from both India and Taiwan were present in all 72 months of the period of review.[84] U.S. imports of PET film from both India and Taiwan entered the country in all customs districts, competing for users without regard to geographical location, and were sold nationwide.[85] U.S.-produced PET film was also sold nationwide throughout the period of review.[86]

Conclusion. The record indicates that U.S.-produced PET film and subject imports from both countries generally are fungible, are primarily shipped through the same channels of distribution, and were simultaneously present in overlapping geographic markets in the United States during the period of review. No party argues that a reasonable overlap of competition is not likely. We consequently find that there likely would be a reasonable overlap in competition between subject imports from each country and the domestic like product as well as between subject imports from each country should the orders be revoked.

D. Likely Conditions of Competition

In determining whether to exercise our discretion to cumulate the subject imports, we assess whether subject imports from India and Taiwan would compete under similar or different conditions in the U.S. market if the orders were revoked.

The record in these reviews does not indicate that there would likely be any significant difference in the conditions of competition between subject imports from India and Taiwan if the orders were revoked. Accordingly, we exercise our discretion to cumulate subject imports from India and Taiwan.

IV. Legal Standards

In a five-year review conducted under section 751(c) of the Tariff Act, Commerce will revoke an antidumping or countervailing duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur and (2) the Commission makes a determination that revocation of the antidumping or countervailing duty order "would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time."[87] The SAA states that "under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports."[88] Thus, the likelihood

[84] CR/PR at Table I-1, CR at IV-8, PR at IV-5.

[85] CR at IV-8 – IV-9, PR at IV-5 – IV-6, CR/PR at Tables II-2 & IV-5.

[86] CR/PR at Table II-2.

[87] 19 U.S.C. § 1675a(a).

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

standard is prospective in nature.[89] The CIT has found that "likely," as used in the five-year review provisions of the Act, means "probable," and the Commission applies that standard in five-year reviews.[90]

The statute states that "the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time."[91] According to the SAA, a "'reasonably foreseeable time' will vary from case-to-case, but normally will exceed the 'imminent' timeframe applicable in a threat of injury analysis in original investigations."[92]

Although the standard in a five-year review is not the same as the standard applied in an original investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to "consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated."[93] It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if the orders are revoked or a suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).[94] The statute further

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

[90] *See NMB Singapore Ltd. v. United States*, 288 F. Supp. 2d 1306, 1352 (Ct. Int'l Trade 2003) ("'likely' means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)"), *aff'd mem.*, 140 Fed. Appx. 268 (Fed. Cir. 2005); *Nippon Steel Corp. v. United States*, 26 CIT 1416, 1419 (2002) (same); *Usinor Industeel, S.A. v. United States*, 26 CIT 1402, 1404 nn.3, 6 (2002) ("more likely than not" standard is "consistent with the court's opinion;" "the court has not interpreted 'likely' to imply any particular degree of 'certainty'"); *Indorama Chemicals (Thailand) Ltd. v. United States*, 26 CIT 1059, 1070 (2002) ("standard is based on a likelihood of continuation or recurrence of injury, not a certainty"); *Usinor v. United States*, 26 CIT 767, 794 (2002) ("'likely' is tantamount to 'probable,' not merely 'possible'").

[91] 19 U.S.C. § 1675a(a)(5).

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

[93] 19 U.S.C. § 1675a(a)(1).

[94] 19 U.S.C. § 1675a(a)(1). No duty absorption findings have been made for any of the subject countries. CR at I-13 n.24, PR at I-11 n.24.

provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission's determination.[95]

In evaluating the likely volume of imports of subject merchandise if the orders under review are revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.[96] In doing so, the Commission must consider "all relevant economic factors," including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.[97]

In evaluating the likely price effects of subject imports if the orders under review are revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.[98]

In evaluating the likely impact of imports of subject merchandise if the orders under review are revoked and/or a suspended investigation is terminated, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.[99] All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to

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[95] 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

[96] 19 U.S.C. § 1675a(a)(2).

[97] 19 U.S.C. § 1675a(a)(2)(A-D).

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

[99] 19 U.S.C. § 1675a(a)(4).

which any improvement in the state of the domestic industry is related to the orders under review and whether the industry is vulnerable to material injury upon revocation.[100]

V. Findings from the Original Investigations and Prior Reviews

A. Conditions of Competition

Original Investigations: In the original investigations, the Commission found that the demand for PET film could be divided into five broad market segments (packaging, industrial, magnetics, electrical, and imaging) and that the domestic product had a substantial presence in all segments. Overall demand for PET film was growing until 2000 or 2001, when it experienced a slowdown.[101]

There was one significant new entrant into the U.S. market during the original period of investigation: SKCA, owned by Korean producer SKC.[102] Nonsubject imports were a substantial source of supply to the U.S. market throughout the period of investigation, albeit at declining levels, and U.S. producers imported the majority of nonsubject imports during the period.[103]

The Commission also found that there was at least a moderate degree of substitutability among domestically produced PET film and the subject imports. The subject imports competed primarily in the industrial and packaging segments of the market, which together accounted for over 60 percent of 2001 consumption. However, subject imports were present in the electrical and imaging segments as well.[104]

The Commission also found that PET film production is capital intensive and that in order to recover the high fixed costs involved, producers must achieve and sustain high rates of capacity utilization. The domestic industry underwent restructuring during the period of investigation, and many of the firms in the domestic industry changed ownership or entered into joint ventures with other (often foreign) producers.[105]

Although the Commission found that the domestic industry captively consumed part of its production of the domestic like product in the manufacture of downstream articles, it did not find that it was required to focus its injury analysis primarily on the merchant market. Instead, it considered captive consumption to be an important condition of competition.[106]

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

[101] *Original Determinations*, USITC Pub. 3518 at 11-12.

[102] *Original Determinations*, USITC Pub. 3518 at 11-12.

[103] *Original Determinations*, USITC Pub. 3518 at 12.

[104] *Original Determinations*, USITC Pub. 3518 at 12.

[105] *Original Determinations*, USIC Pub. 3518 at 12.

[106] *Original Determinations*, USITC Pub. 3518 at 9-11.

Lastly, the Commission found that the domestic industry had obtained relief from unfairly traded imports in the past. Antidumping duty orders had been imposed on imports from Japan and Korea in 1991. The order on PET film from Japan was revoked in 1995, and the order on PET film from Korea remained in effect.[107]

First Reviews: In the first reviews, the Commission found that overall demand for PET film is derived from demand for its primary end use applications, which include the five market segments discussed in the original investigations. During the period of review, the magnetic media and imaging market segments declined as digital media increasingly replaced the older technologies encompassed by those two market segments. In contrast, demand in the packaging and industrial market segments increased, as did demand in the electrical market segment.[108]

The Commission found that apparent U.S. consumption increased irregularly over the period. Reasons cited included growth in the U.S. economy and increased demand for transfer thermal ribbons, packaging, and hot stamped foil. Market participants' predictions regarding future demand were mixed.[109]

As another condition of competition, the Commission observed that commodity grade film represented approximately 65 percent of the U.S. market and specialty grade film represented approximately 35 percent of the market, with the latter commanding a price premium relative to the former. The pricing of the commodity grades was reportedly the benchmark for the pricing of all PET film. Producers in both subject countries sold both commodity and specialized PET film in the U.S. market.[110]

The Commission also found that, as was true during the original investigations, most U.S. production capacity was devoted to the merchant market, although a significant percentage was captively consumed. PET film produced for captive consumption primarily was converted to photographic films or magnetic media.[111]

During the first period of review, the U.S. market was supplied by the domestic industry, subject imports and nonsubject imports. Subject imports maintained only a small presence in the U.S. market after imposition of the orders. The U.S. market share held by nonsubject imports fluctuated, but increased overall over the period. The volume of nonsubject imports during the period of review may have been affected by existing antidumping duty orders or ongoing investigations, *i.e.* the antidumping duty order on imports of PET film from Korea and the affirmative preliminary determinations in November 2007 regarding imports of PET film from Brazil, China, Thailand, and the United Arab Emirates.[112]

The Commission found that the domestic like product and the subject imports were highly interchangeable. It also found that price was an important factor in purchasing

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[107] *Original Determinations*, USITC Pub. 3518 at 12-13.
[108] *First Review Determinations*, USITC Pub. 3994 at 16.
[109] *First Review Determinations*, USITC Pub. 3994 at 17.
[110] *First Review Determinations*, USITC Pub. 3994 at 17.
[111] *First Review Determinations*, USITC Pub. 3994 at 18.
[112] *First Review Determinations*, USITC Pub. 3994 at 18-19.

decisions, as it was in the original investigations. The domestic like product and the subject imports were sold on both a contract basis and a spot sales basis.[113]

As in the original investigations, the Commission found the manufacture of PET film to be capital intensive. Thus, to remain profitable, plants must run at a relatively high capacity utilization rate for sustained periods.[114]

The Commission found that the demand for and supply of PET film outside the United States increased during the first review period, with growth in capacity outpacing growth in demand. Global consumption was projected to increase in the near future.[115]

B. Likely Volume of Subject Imports

Original Investigations: The Commission found in the original investigations that the volume of subject imports increased by 14.1 percent during the period. Subject import volume declined in the second half of 2001, after the filing of the petitions and consistent with a decline in demand. The Commission found the volume and increase in volume of cumulated subject imports, both in absolute terms and relative to apparent consumption, to be significant.[116]

First Reviews: In the first five-year reviews, the Commission found that the volume and market share of cumulated subject imports had generally declined, although there was an increase late in the period. Subject producers had both the incentive and the capability to significantly increase shipments of the subject product to the United States within a reasonably foreseeable time if the orders were revoked. Production capacity in India and Taiwan had increased substantially over the period. Additionally, subject producers in both countries had *** unused capacity that could be used to increase sales to the U.S. market if the orders were revoked. Given the high fixed costs associated with PET film production, the Commission found that there was an incentive for subject producers to maximize the use of available capacity. Thus, subject producers had a significant incentive to increase exports to the relatively large U.S. market if the orders were revoked.[117]

The Commission found that, in addition to the U.S. market, subject producers in both countries exported substantial volumes to other countries. Subject producers exported substantial and increasing volumes of their PET film production during the first period of review despite purportedly higher prices for PET film in their home markets and increasing demand in the Indian home market.[118] If the orders were revoked, the attractiveness of the relatively open U.S. market and its generally higher prices would serve as incentives for producers in the subject countries to direct exports to the U.S. market that were then being shipped to other markets. The record indicated that prices for PET film in the United States tended to be appreciably higher than those in most other markets. Moreover, the European Union ("EU")

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[113] *First Review Determinations*, USITC Pub. 3994 at 19.
[114] *First Review Determinations*, USITC Pub. 3994 at 19.
[115] *First Review Determinations*, USITC Pub. 3994 at 20.
[116] *Original Determinations*, USITC Pub. 3518 at 13.
[117] *First Review Determinations*, USITC Pub. 3994 at 20-21.
[118] *First Review Determinations*, USITC Pub. 3994 at 21-22.

had imposed antidumping duties on subject imports from India and Taiwan, reducing to some extent the price advantages of the EU market and providing subject producers an incentive to direct export shipments to the U.S. market if the orders were lifted.[119] The Commission concluded that the likely cumulated volume of the subject merchandise, both in absolute terms and relative to consumption and production in the United States, would be significant absent the restraining effect of the orders.[120]

C. Likely Price Effects of Subject Imports

Original Investigations: In the original investigations, the Commission found that the domestically produced PET film and the subject imports were at least moderately substitutable and that price was a significant factor in purchasing decisions. Subject imports undersold domestically produced PET film in 76.6 percent of the quarterly sales comparisons. The margins of underselling were in many cases substantial and remained substantial throughout the period of investigation. The Commission found the underselling to be significant.[121]

The Commission also found that the domestic industry experienced a substantial cost-price squeeze, particularly towards the end of the period. In particular, the industry's ratio of cost of goods sold ("COGS") to net sales increased steadily throughout the period. Its costs were driven up over the period by increases in energy and raw material prices and by the fact that fixed costs were being spread over a shrinking level of domestic sales. The Commission concluded that, in light of the significant volume of subject imports, the substitutability of subject imports and the domestic product, the significant underselling by subject imports, and the inability of domestic producers to raise prices in the face of significant increased costs, subject imports had a significant price suppressing effect.[122]

First Reviews: In the first five-year reviews, the Commission found that domestically produced and imported PET film were highly substitutable. The general importance of price in purchasing decisions had not changed since the time of the original investigations. Quality and price were reported by the greatest number of purchasers as being the most important factors in purchasing decisions. The Commission also found that sustained underselling by even a relatively moderate volume of subject imports would be likely to have significant price-suppressing or price-depressing effects.[123]

Even with the orders in place, subject imports from both countries undersold the domestic like product in 89 out of 113 quarterly comparisons, frequently by substantial margins. The Commission found that there was an incentive for producers to ship to the U.S. market because subject producers likely would be able to receive a higher price in the U.S. market relative to many third-country markets, while still underselling the domestic producers

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[119] *First Review Determinations*, USITC Pub. 3994 at 22-23.
[120] *First Review Determinations*, USITC Pub. 3994 at 23.
[121] *Original Determinations*, USITC Pub. 3518 at 14.
[122] *Original Determinations*, USITC Pub. 3518 at 15.
[123] *First Review Determinations*, USITC Pub. 3994 at 23-24.

sufficiently to gain market share. In light of the underselling in the first reviews and the underselling information from the original investigations, the Commission concluded that there would likely continue to be significant price underselling if the orders were revoked.[124]

The Commission also found that downward price movements for domestic PET film beginning in the second half of 2005 and continuing throughout the first review period, along with significant underselling by the subject imports, supported a finding that price depression existed and would likely continue if the orders were revoked. The downward price trends, accompanied by the significant underselling and the inability of the industry in the latter part of the first review period to cover the increase in overall cost of goods sold and particularly raw material costs, indicated that prices for domestic PET film had been depressed and would likely continue to be depressed if the orders were revoked.[125]

Given the finding of a likely significant volume of subject imports from India and Taiwan in the event of revocation of the orders, the importance of price in the market, the substitutability of the domestic and subject products, the significant underselling by subject imports during both the original investigations and the first reviews, and the declining price trends for the domestic like product, the Commission found that if the orders were revoked, subject imports would be likely to undersell the domestic like product significantly and would likely have significant depressing or suppressing effects on the prices of the domestic like product within a reasonably foreseeable time.[126]

D. Likely Impact of Subject Imports

Original Investigations: In the original investigations, the Commission found that the domestic industry's capacity increased between 1999 and 2000, mainly due to SKC's entry into the market, and then declined in 2001. However, the domestic industry's production declined in each year of the period of investigation, and capacity utilization declined throughout. The industry's U.S. shipments and sales increased between 1999 and 2000, then declined in 2001 to levels below those of 1999. Although the domestic industry gained market share over the period of investigation, this increase largely reflected that SKC's U.S. production replaced imports from its owner in Korea. Inventories as a ratio to U.S. shipments declined from 1999 to 2000, before increasing in 2001. Most employment-related indicators declined over the period of investigation.[127]

The Commission also found that the financial position of the industry deteriorated throughout the period. The number of domestic producers reporting operating losses rose. The decline in the domestic industry's financial position was due to a cost-price squeeze, as the

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[124] *First Review Determinations*, USITC Pub. 3994 at 24.
[125] *First Review Determinations*, USITC Pub. 3994 at 24-25.
[126] *First Review Determinations*, USITC Pub. 3994 at 25.
[127] *Original Determinations*, USITC Pub. 3518 at 16-17.

unit cost of goods increased and net sales value fell.[128] The Commission concluded that subject imports were having a significant adverse impact on the domestic industry.[129]

First Reviews: In the first five-year reviews, the Commission found that the domestic industry had benefitted from the orders, as there was a marked improvement in its condition as subject imports decreased. However, after the first three years of strong performance, many of the domestic industry's performance and financial factors declined as shipments decreased, raw material and energy costs rose, and sales values flattened or declined from 2005 through 2007. Cumulated subject imports maintained only a small presence in the U.S. market after the imposition of the orders, while nonsubject sources increased their presence during the period of review.[130]

The Commission found that the domestic industry's capacity increased from 2003 to 2005, but then declined. Production rose steadily from 2002 to 2004, then declined as well. Capacity utilization, particularly critical to this capital-intensive industry, fluctuated, increasing from 2002 to 2004, then declining, reaching a period low in interim 2007. The domestic industry's U.S. shipments showed patterns similar to those for production. While the domestic industry continued to account for a substantial share of apparent U.S. consumption, its share fluctuated, declining from 2002 to 2006, but increasing thereafter. While the number of production and related workers declined steadily from 2002 to 2006, productivity steadily increased, although it was lower in interim 2007 than in interim 2006. Wages paid steadily declined as hourly wages fluctuated, but decreased overall.[131]

Although the domestic industry's net sales by quantity decreased from 2002 to 2006, total net sales by value increased between 2002 and 2006 due to increases in the average unit value of sales. At the same time, the domestic industry's operating income increased, despite the increase in the total value of COGS. The domestic industry's operating income margin increased from 2002 to 2004 before declining in 2006. Capital expenditures decreased irregularly from 2002 to 2006, but were higher in interim 2007 than in interim 2006. Research and development expenses declined throughout the first period of review. Given the industry's performance since 2004, the Commission found it to be in a vulnerable or weakened state.[132]

The Commission also found that if the orders were revoked, subject imports might displace some nonsubject imports, but the domestic industry would likely lose market share to the likely high volume of aggressively priced subject imports. At the same time, the domestic industry's profitability would likely decline as it would be forced to lower domestic prices to compete with subject imports.[133]

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[128] *Original Determinations*, USITC Pub. 3518 at 17.
[129] *Original Determinations*, USITC Pub. 3518 at 18.
[130] *First Review Determinations*, USITC Pub. 3994 at 26.
[131] *First Review Determinations*, USITC Pub. 3994 at 27-28.
[132] *First Review Determinations*, USITC Pub. 3994 at 28.
[133] *First Review Determinations*, USITC Pub. 3994 at 28.

In light of its volume and price findings, along with its findings on the condition of the domestic industry, the Commission concluded that revocation of the orders would likely have a significant adverse impact on the domestic industry.[134]

VI. Conditions of Competition and the Business Cycle

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, the statute directs the Commission to consider all relevant economic factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[135] The following conditions of competition inform our determinations in these second reviews.

A. Demand Conditions

As in the original investigations and prior reviews, the overall demand for PET film is derived from the demand for the downstream products.[136] There are five main end use segments (packaging, industrial, electrical, imaging, and magnetics), although the magnetic end use segment has virtually disappeared since the time of the first reviews and the imaging end use segment is reportedly also in decline.[137] Within the larger segments, there are numerous sub-segments, with each consisting of a particular type of PET film (defined by gauge, coatings and other specifications) that is often produced for that particular sub-segment and sold to purchasers who participate primarily in that sub-segment.[138]

Apparent U.S. consumption declined during the current period of review and was at its lowest level since the original period of investigation. Apparent U.S. consumption fell from 749.2 million pounds in 2008 to 649.4 million pounds in 2009. After the recession, it increased to 726.4 million pounds in 2010 before declining to 665.5 million pounds in 2011. It fell further to 650.0 million pounds in 2012, then rose to 662.1 million pounds in 2013 – still lower than pre-recession levels.[139]

Most market participants reported an increase in U.S. demand since 2008. The majority of U.S. producers, importers, purchasers, and foreign producers reported demand had increased,[140] although the reporting was more mixed regarding future demand.[141] Most U.S. producers, importers and purchasers expect that U.S. demand will increase in the future, but no foreign producers reported this expectation.[142]

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[134] *First Review Determinations*, USITC Pub. 3994 at 29.

[135] 19 U.S.C. § 1675a(a)(4).

[136] CR at II-14, PR at II-7.

[137] CR at I-25 – I-26, II-1, II-14, PR at I-19 – I-20, II-1, II-7.

[138] CR/PR at II-1.

[139] CR/PR at Table I-8. In 2001, during the original investigations, apparent U.S. consumption totaled *** pounds; during the first reviews, it was at its lowest in 2003, when it totaled *** pounds. CR/PR at Table I-1.

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

As during the original investigations and the first reviews, most U.S. production capacity is devoted to the merchant market. Captive consumption remains substantial, although it decreased over the current period of review.[143]

B. Supply Conditions

There is no indication in the record that PET film is sold differently than it was in the original investigations and first reviews in terms of the widths, thicknesses and other properties governing its sale. PET film types can be classified as commodity film, semi-specialty film and specialty film.[144] According to the domestic producers, the majority of PET film sold in the U.S. market is commodity film.[145]

There were nine domestic producers during the original investigations,[146] eight during the first reviews[147] and 11 during these current reviews.[148] *** of the 11 domestic producers reported that they had experienced changes in the character of their operations or organization since 2008. These included ***; the addition of capacity in ***; shutdowns in *** and in 2010 ***; shutdowns and plant closings ***; the retirement of two assets by ***; and the halting of production in ***. SKC ***.[149] Both PET film capacity[150] and production[151] decreased over the current period of review.

During the period, the U.S. market was supplied by the domestic industry, subject imports and nonsubject imports. Of the three sources, the domestic industry held the largest share of apparent U.S. consumption, as measured by quantity, but that share decreased irregularly over the period.[152] Subject import market share, which was quite small throughout

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(…Continued)

[141] ***. Domestic Industry's Prehearing Brief at 32-33.

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

[143] As a share of the quantity of U.S. shipments, commercial U.S. shipments increased from *** percent in 2008 to *** percent in 2013. Internal consumption decreased from *** percent in 2008 to *** percent in 2013. CR/PR at Table III-5.

[144] CR/PR at II-1.

[145] According to ***. Domestic Industry's Prehearing Brief at 21.

[146] *Original Determinations*, USITC Pub. 3518 at III-1.

[147] *First Review Determinations*, USITC Pub. 3994 at III-1.

[148] CR/PR at III-1.

[149] CR/PR at Table III-2.

[150] Capacity was 720.1 million pounds in 2008, 702.7 million pounds in 2009, 701.0 million pounds in 2010, 624.6 million pounds in 2011, 620.2 million pounds in 2012, and 710.0 million pounds in 2013. CR/PR at Table III-4.

[151] Production was 620.2 million pounds in 2008, 550.7 million pounds in 2009, 602.7 million pounds in 2010, 510.8 million pounds in 2011, 495.4 million pounds in 2012, and 543.0 million pounds in 2013. CR/PR at Table III-4.

[152] The domestic industry's market share was 77.7 percent in 2008, 79.6 percent in 2009, 75.3 percent in 2010, 71.8 percent in 2011, 69.9 percent in 2012, and 76.0 percent in 2013. CR/PR at Table I-9.

the period, also decreased irregularly.[153] Nonsubject import market share fluctuated during the current period of review, but rose slightly overall.[154] The largest sources of nonsubject imports during 2008-13 were Mexico, Korea, and the UAE.[155]

Most producers, but a smaller percentage of importers and purchasers, reported that the market is subject to business cycles, with periods of high demand and tight supply followed by capacity expansions and periods of oversupply.[156] Seasonality varies between end use markets, with some markets experiencing higher demand at the same time demand is lowest in other markets.[157] As noted above, demand peaked in 2010, which led to a shortage of PET film.[158] In response to the supply shortage, producers added capacity, which consequently led to a situation of oversupply.[159]

C. Substitutability

The majority of producers, importers and purchasers reported that U.S.-produced PET film and subject imports were "always" or "frequently" interchangeable.[160] Price remains an important factor in purchasing decisions as well, as it is one of the top three factors that firms consider in making these decisions.[161]

D. Other Conditions

As in the original investigations and first reviews, supplier certification is mandated. All 10 responding purchasers require certification of all of the product they purchase.[162] Also, as in the original investigations and the first reviews, the manufacture of PET film is capital intensive. Plants must run at relatively high capacity utilization for sustained periods in order to remain profitable.[163]

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[153] Subject import market share was *** percent in 2008, *** percent in 2009, *** percent in 2010, *** percent in 2011, *** percent in 2012, and *** percent in 2013. CR/PR at Table I-9.

We note that India is subject to antidumping duties on PET film in ***. CR at IV-11, PR at IV-7.

[154] Nonsubject import market share was *** percent in 2008, *** percent in 2009, *** percent in 2010, *** percent in 2011, *** percent in 2012, and *** percent in 2013. CR/PR at Table I-9. The United States imposed antidumping duty orders on imports of PET film from Brazil, China, Thailand, and the UAE in November 2008. CR at I-5, PR at I-4.

[155] CR at II-13, PR at II-6. In 2013, Mexico accounted for 26.4 percent of nonsubject imports, Korea accounted for 16.1 percent and the UAE accounted for 12.5 percent. *Id*.

[156] CR at II-15 – II-16, PR at II-8; *see* CR at IV-25 – IV-26, PR at IV-11 – IV-12.

[157] CR at II-15, PR at II-8.

[158] *See* CR at II-16, PR at II-8.

[159] CR at IV-25, PR at IV-12.

[160] CR at II-28, PR at II-15, CR/PR at Table II-10.

[161] CR at II-20, PR at II-11, CR/PR at Table II-6.

[162] CR at II-23, PR at II-12.

[163] CR at I-20, PR at I-16.

Raw materials are an important consideration in the price of PET film, accounting for between 48.3 and 60.1 percent of U.S. producers' cost of goods sold during 2008-13. The basic raw materials for producing PET film are (1) dimethyl terephthalate or purified terephthalic acid and (2) monoethylene glycol, which come from xylene and ethylene, respectively.[164] Domestic producers reported that raw material costs are rising.[165] Ethylene is usually manufactured from natural gas, while xylene is a byproduct of oil refineries. Thus, raw material costs are greatly affected by crude oil and natural gas prices. After peaking in 2008, natural gas and crude oil prices declined greatly in 2009. Natural gas prices have remained lower, with some fluctuations, and were 32 percent lower in January 2014 than in January 2008. Crude oil prices trended upwards, increasing above their January 2008 levels by 2011, and have since fluctuated within a narrow range. ***, monoethylene glycol prices ***.[166]

VII. Revocation of the Antidumping and Countervailing Duty Orders on Subject Imports from India and Taiwan Is Likely to Lead to the Continuation or Recurrence of Material Injury to the Domestic Industry within a Reasonably Foreseeable Time

A. Likely Volume of Subject Imports

As discussed above, under the discipline of the orders, there were relatively limited volumes of U.S. shipments of subject imports during the current period of review, and they declined over the period.[167] Cumulated subject import market share, which was already low, declined by *** over the course of the period to *** than what it was at the end of the first reviews.[168]

The record indicates that subject producers have both the incentive and capability to significantly increase shipments of subject merchandise to the U.S. market within a reasonably foreseeable time if the orders are revoked. Subject producers have increased capacity[169] and production[170] over the period of these reviews, while capacity utilization[171] has decreased

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[164] CR/PR at V-1.

[165] Domestic Industry's Prehearing Brief at 25.

[166] CR/PR at V-1.

[167] Cumulated U.S. shipments of subject imports totaled *** pounds in 2008, *** pounds in 2009, *** pounds in 2010, *** pounds in 2011, *** pounds in 2012, and *** pounds in 2013. CR/PR at Table I-8.

[168] Cumulated subject import market share was *** percent in 2008, *** percent in 2009, *** percent in 2010, *** percent in 2011, *** percent in 2012, and *** percent in 2013. CR/PR at Table I-9. Subject import market share was *** percent in 2006, the last year of the first review period. CR/PR at Table I-1.

[169] Cumulated subject import capacity totaled *** pounds in 2008, *** pounds in 2009, *** pounds in 2010, *** pounds in 2011, and *** pounds in 2012 and 2013. CR/PR at Table IV-13.

[170] Cumulated subject import production totaled *** pounds in 2008, *** pounds in 2009, *** pounds in 2010, *** pounds in 2011, *** pounds in 2012 and *** pounds in 2013. CR/PR at Table IV-13.

overall. The PET film industries in both India and Taiwan are export oriented,[172] and exports from these countries have increased overall during the period.[173] Attractive prices in the U.S. market present an incentive to ship subject product to the United States, as firms generally reported that PET film prices in the U.S. market were higher or the same as prices in other markets.[174] The antidumping and countervailing duty orders imposed by the EU on PET film from India, discussed above, provide the same incentive. The United States also maintains antidumping duty orders on imports of PET film from multiple other countries, including China, which limits competition in the U.S. market and further increases its attractiveness compared to other markets.

We find that producers in the subject countries would likely direct significant quantities of PET film to the U.S. market should the pertinent orders be revoked. The United States was the second largest world importer (after China) of PET film during the current review period, accounting for 22 percent of global imports in 2013.[175] The cumulated subject countries exported substantial quantities of PET film during the period of review[176] and, notwithstanding the continuation of the orders pursuant to the first five-year reviews, subject imports were present in the U.S. market throughout the period, demonstrating continued interest in the U.S. market. This participation in the U.S. market also indicates that the subject producers have ready access to U.S. distribution networks.

Given the cumulated subject producers' capacity and production increases, decreased capacity utilization and overall export orientation, the size and relative attractiveness of the U.S. market and the continued presence of the subject imports in the U.S. market, as well as the orders in effect in third countries on imports of PET film from India, we conclude that cumulated subject import volumes will likely be significant, both in absolute terms and relative to U.S. consumption, upon revocation of the orders.[177]

(…Continued)

[171] Cumulated subject import capacity utilization was *** percent in 2008, *** percent in 2009, *** percent in 2010, *** percent in 2011, *** percent in 2012, and *** percent in 2013. CR/PR at Table IV-13.

[172] Cumulated subject exports as a share of total shipments was *** percent in 2008, *** percent in 2009, *** percent in 2010, *** percent in 2011, *** percent in 2012, and *** percent in 2013. CR/PR at Table IV-13.

[173] Cumulated subject exports totaled *** pounds in 2008, *** pounds in 2009, *** pounds in 2010, *** pounds in 2011, *** pounds in 2012, and *** pounds in 2013. CR/PR at Table IV-13.

[174] CR at IV-37, PR at IV-20; *see* Domestic Industry's Prehearing Brief, Exh. 2.

[175] CR/PR at II-1, Table IV-15.

[176] Nan Ya reported that it has ***. CR at IV-18, PR at IV-10. However, Nan Ya's capacity *** over the period of review. CR/PR at Table IV-11. Moreover, given the large extent of the global oversupply, the claimed ability of the Asian market to absorb Nan Ya's likely increasing exports is not realistic. Global growth in capacity is expected to ***. CR at IV-27, PR at IV-13.

[177] We have also examined inventories in our analysis of the likely volume of subject imports. Reported end-of-period inventories of subject merchandise in India and Taiwan increased irregularly over the period of review. They totaled *** pounds in 2008, *** pounds in 2009, *** pounds in 2010, *** pounds in 2011, *** pounds in 2012, and *** pounds in 2013. CR/PR at Table IV-13. U.S. importers' (Continued…)

B. Likely Price Effects

As discussed above, domestically produced and imported PET film are highly substitutable. As in the first reviews, the majority of U.S. producers, importers and purchasers reported that the domestic and imported products are always or frequently interchangeable.[178]

The general importance of price has not changed since the original investigations. Price remains one of the most important factors in purchasing decisions.[179] As in the first reviews, because of the high degree of interchangeability, price would likely be the principal factor influencing purchasing decisions absent the orders, especially in the commodity portion of the U.S. market, which is the largest.[180]

The Commission requested pricing data for eight PET film products. However, price comparisons in the current reviews are of limited probative value because of the low volume of subject imports. Nonetheless, the record indicates that underselling occurred in 57 of 136 quarterly comparisons despite the orders, with margins of underselling ranging from 0.1 to 69.6 percent.[181]

Given the underselling in these current reviews as well as the extensive underselling during the first reviews and the original investigations, as well as our findings that the subject imports would likely increase upon revocation, we find that significant underselling would likely recur if the antidumping and countervailing duty orders were revoked. Because of the importance of price in purchasing decisions, this underselling would likely cause the domestic industry to either reduce its prices or forgo price increases to maintain market share, especially as commodity PET film comprises the majority of the U.S. market.[182]

(…Continued)
end-of-period inventories from the subject countries decreased irregularly over the period. They totaled *** pounds in 2008, *** pounds in 2009, *** pounds in 2010, *** pounds in 2011, *** pounds in 2012, and *** pounds in 2013. CR/PR at Table IV-4.

[178] CR at II-28, PR at II-15, CR/PR at Table II-10.

[179] CR at II-22, PR at II-12; CR/PR at Table II-7.

[180] ***. CR/PR at II-1.

[181] CR at V-27, PR at V-8; CR/PR at Table V-12.

[182] The pricing data show that domestic prices have been declining since 2011. *See* CR/PR at Tables V-3 – V-8. The likely increased subject imports would likely exacerbate these unfavorable trends, as well as the increasingly unfavorable ratio of COGS to net sales evident in the latter part of the current period of review. This ratio was 90.1 percent in 2008, 88.5 percent in 2009, 82.2 percent in 2010, 84.0 percent in 2011, 89.3 percent in 2012, and 91.2 percent in 2013. CR/PR at Table III-10.

C. Likely Impact[183] [184]

Over the current period of review, most indicators of the domestic industry's condition declined, even after the recession ended in 2009. Capacity decreased steadily.[185] While production fluctuated, it decreased overall.[186] Capacity utilization also fluctuated, but decreased by approximately 10 percentage points over the period of review.[187] Shipments

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[183] Under the statute, "the Commission may consider the magnitude of the margin of dumping" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the "magnitude of the margin of dumping" to be used by the Commission in a five-year review as "the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv); *see also* SAA at 887. Commerce expedited its determinations in its reviews and made affirmative determinations. With regard to the antidumping duty review on subject imports from India, Commerce found likely dumping margins of 24.10 percent for Ester Industries, Ltd.; 3.02 percent for Polyplex Corporation Ltd.; and 13.17 percent for all others. With regard to the antidumping duty review on subject imports from Taiwan, Commerce found likely dumping margins of 8.99 percent for Nan Ya Plastics Corporation, Ltd.; 0.75 percent for Shinkong Synthetic Fibers Corporation; and 4.37 percent for all others. 79 Fed. Reg. 12153, 12154 (Mar. 4, 2014).

With regard to the countervailing duty review on subject imports from India, Commerce found likely subsidy rates of 27.37 percent for Ester Industries, Ltd.; 33.42 percent for Garware Polyester Ltd,; 22.69 percent for Polyplex Corporation Ltd.; and 29.34 percent for all others. 78 Fed. Reg. 47276, 47277 (Aug. 5, 2013).

[184] In addition, the statute provides that "if a countervailable subsidy is involved, the Commission shall consider information regarding the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement." 19 U.S.C. § 1675a(6). In its unpublished Issues and Decision Memorandum issued in the review of the countervailing duty order with respect to India, Commerce found that six programs fall within the definition of an export subsidy under Article 3.1 of the WTO Subsidies Agreement: (1) Pre-Shipment and Post-Shipment Export Financing; (2) Duty Entitlement Passbook Scheme; (3) Duty Free Replenishment Scheme; (4) Export Promotion of Capital Goods Scheme; (5) Advance License Program; and (6) Export Oriented Units. Commerce also found that it had insufficient information to determine whether the following four programs fell within the meaning of Article 6.1 of the WTO Subsidies Agreement: (1) State Sales Tax Incentive Programs; (2) SOM Capital Incentive Scheme; (3) Waiving of Interest on Loan by SICOM Limited; and (4) SOM Electricity Duty Exemption Scheme. *Issues and Decision Memorandum for the Final Results of the Expedited Second Sunset Review of the Countervailing Duty Order on Polyethylene Terephthalate (PET) Film, Sheet, and Strip from India* (July 30, 2013).

[185] Capacity totaled 720.1 million pounds in 2008, 702.7 million pounds in 2009, 701.0 million pounds in 2010, 624.6 million pounds in 2011, 620.2 million pounds in 2012, and 710.0 million pounds in 2013. CR/PR at Table III-4.

[186] Production totaled 620.2 million pounds in 2008, 550.7 million pounds in 2009, 602.7 million pounds in 2010, 510.8 million pounds in 2011, 495.4 million pounds in 2012, and 543.0 million pounds in 2013. CR/PR at Table III-4.

[187] Average capacity utilization was 86.1 percent in 2008, 78.4 percent in 2009, 86.0 percent in 2010, 81.8 percent in 2011, 79.9 percent in 2012, and 76.5 percent in 2013. CR/PR at Table III-4.

decreased over the period.[188] Inventories relative to total shipments fluctuated somewhat, but remained fairly steady over the period.[189] The domestic industry's market share fluctuated over the period, but was approximately the same in 2013 as it was in 2008.[190]

Employment indicators declined overall during the period of review. The number of production and related workers decreased,[191] as did the hours they worked[192] and the wages they were paid.[193] Their productivity also declined.[194]

The domestic industry's net sales, as measured by quantity, fluctuated, although they decreased overall.[195] Operating losses were sustained in 2008 and 2009, as well as in 2013.[196] The operating income margin followed the same trend.[197] COGS fluctuated, but decreased overall.[198] Capital expenditures increased substantially,[199] as two plants began operations in

[188] Total U.S. shipments were 582.0 million pounds in 2008, 516.7 million pounds in 2009, 547.1 million pounds in 2010, 478.0 million pounds in 2011, 454.6 million pounds in 2012, and 503.4 million pounds in 2013. CR/PR at Table III-5.

[189] Inventories relative to total shipments were 9.8 percent in 2008, 10.4 percent in 2009, 10.3 percent in 2010, 9.7 percent in 2011, 10.7 percent in 2012, and 9.3 percent in 2013. CR/PR at Table III-6.

[190] U.S. producers' share of the quantity of apparent U.S. consumption was 77.7 percent in 2008, 79.6 percent in 2009, 75.3 percent in 2010, 71.8 percent in 2011, 69.9 percent in 2012, and 76.0 percent in 2013. CR/PR at Table I-9.

[191] The number of production and related workers totaled 2,196 in 2008, 2,020 in 2009, 2,017 in 2010, 1,857 in 2011, 1,837 in 2012, and 1,935 in 2013. CR/PR at Table III-9.

[192] Total hours worked totaled 4.4 million in 2008, 4.0 million in 2009, 4.0 million in 2010, 3.7 million in 2011, 3.8 million in 2012, and 3.9 million in 2013. CR/PR at Table III-9.

[193] Wages paid totaled $149.4 million in 2008, $138.3 million in 2009, $134.1 million in 2010, $133.9 million in 2011, $136.4 million in 2012, and $141.6 million in 2013. CR/PR at Table III-9.

[194] Productivity, as measured by pounds per hour, totaled 142.1 in 2008, 138.5 in 2009, 151.3 in 2010, 136.7 in 2011, 131.9 in 2012, and 138.1 in 2013. CR/PR at Table III-9.

[195] Total net sales were 614.7 million pounds in 2008, 545.2 million pounds in 2009, 592.1 million pounds in 2010, 517.4 million pounds in 2011, 489.5 million pounds in 2012, and 508.8 million pounds in 2013. CR/PR at Table III-10.

[196] Operating losses totaled $11.2 million in 2008, $1.3 million in 2009, and $6.7 million in 2013, and operating income totaled $95.6 million in 2010, $90.8 million in 2011, and $19.8 million in 2012. CR/PR at Table III-10.

[197] The operating income margin was negative 1.0 percent in 2008, negative 0.1 percent in 2009, 8.3 percent in 2010, 7.6 percent in 2011, 1.9 percent in 2012, and negative 0.6 percent in 2013. CR/PR at Table III-10.

[198] Total COGS was $1.1 billion in 2008, $878.5 million in 2009, $951.4 million in 2010, $1.0 billion in 2011, $945.2 million in 2012, and $942.2 million in 2013. CR/PR at Table III-10.

[199] Capital expenditures totaled $123.4 million in 2008, $40.3 million in 2009, $35.9 million in 2010, $59.0 million in 2011, $134.1 million in 2012, and $212.9 million in 2013. CR/PR at Table III-13.

2013. Average research and development expenses also increased over the period.[200] In view of the foregoing, we find that the domestic industry is in a vulnerable condition.

We have found above that the likely additional volumes of subject imports would likely be priced in a manner that would undersell the domestic like product. Consequently, the domestic industry would need to respond either by forgoing sales and ceding market share or by lowering or restraining its prices. Under either circumstance, the domestic industry's revenues and financial performance would likely decline, resulting from declines in the domestic industry's production, shipments, market share, and employment or from lower revenues.

We have also considered the role of nonsubject imports in the U.S. market. The volume of nonsubject imports fluctuated throughout the current period of review, but was not much higher in 2013 than in 2008.[201] Although nonsubject market share increased by approximately *** percentage points between 2010 and 2012, the domestic industry recovered that increase in 2013.[202] We have found above that the volume of subject imports would likely be significant upon revocation of the orders and that the subject producers are export oriented. Under these circumstances, we find that the domestic industry would more likely lose market share to the likely high volume of aggressively priced subject imports than to nonsubject imports. Further, the domestic industry's profitability would likely decline as it is forced to lower its prices to compete with the increased volumes of lower-priced subject imports.

Accordingly, in light of the likely significant volumes and likely adverse price effects, we find that revocation of the antidumping and countervailing duty orders under review would likely have a significant adverse impact on the domestic industry.

VIII. Conclusion

For the foregoing reasons, we determine that revocation of the countervailing duty order on PET film from India and the antidumping duty orders on PET film from India and Taiwan would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

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[200] Average research and development expenses totaled $13.6 million in 2008, $12.6 million in 2009, $13.3 million in 2010, $15.1 million in 2011, $15.7 million in 2012, and $15.0 million in 2013. CR/PR at Table III-13.

[201] Shipments of nonsubject imports totaled *** million pounds in 2008, *** pounds in 2009, *** pounds in 2010, *** pounds in 2011, *** pounds in 2012, and *** pounds in 2013. CR/PR at Table I-8.

[202] *See* CR/PR at Table I-9.

PART I: INTRODUCTION

BACKGROUND

On April 1, 2013, the U.S. International Trade Commission ("Commission" or "USITC") gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"),[1] that it had instituted reviews to determine whether revocation of the countervailing duty order on polyethylene terephthalate film, sheet, and strip ("PET film") from India and the antidumping duty orders on PET film from India and Taiwan would likely lead to the continuation or recurrence of material injury to a domestic industry.[2] [3] On July 5, 2013, the Commission determined that it would conduct full reviews pursuant to section 751(c)(5) of the Act.[4] The following tabulation presents information relating to the background and schedule of this proceeding:[5]

[1] 19 U.S.C. 1675(c).

[2] *Polyethylene Terephthalate Film, Sheet, and Strip From India and Taiwan: Institution of Five-Year Reviews,* 78 FR 19524, April 1, 2013. All interested parties were requested to respond to this notice by submitting the information requested by the Commission.

[3] In accordance with section 751(c) of the Act, the U.S. Department of Commerce ("Commerce") published a notice of initiation of five-year reviews of the subject antidumping and countervailing duty orders concurrently with the Commission's notice of institution. *Initiation of Five-Year ("Sunset") Review,* 78 FR 19647, April 2, 2013.

[4] *Polyethylene Terephthalate Film, Sheet, and Strip From India and Taiwan: Notice of Commission Determinations To Conduct Full Five-Year Reviews,* 78 FR 42105, July 15, 2013. The Commission found the domestic interested party group response to its notice of institution to be adequate and that the respondent interested party group response with respect to Taiwan was adequate and decided to conduct a full review with respect to the antidumping duty order concerning PET film from Taiwan. The Commission found that the respondent interested party group response with respect to the reviews on the orders on PET film from India was inadequate. However, the Commission determined to conduct full reviews concerning the antidumping and countervailing duty orders on PET film from India to promote administrative efficiency in light of its decision to conduct a full review with respect to the order on PET film from Taiwan.

[5] The Commission's notice of institution, notice to conduct full reviews, scheduling notice, and statement on adequacy are referenced in appendix A and may also be found at the Commission's web site (internet address *www.usitc.gov*). Commissioners' votes on whether to conduct expedited or full reviews may also be found at the web site.

Effective date	Action
May 8, 2008	Commerce's countervailing/antidumping duty orders on PET Film from India and Taiwan (73 FR 26079 and 26080, May 8, 2008
April 1, 2013	Commission's institution of five-year reviews (78 FR 19524, April 1, 2013)
April 1, 2013	Commerce's initiation of five-year reviews (78 FR 19647, April 2, 2013)
July 5, 2013	Commission's determinations to conduct full five-year reviews (78 FR 42105, July 15, 2013)
March 4, 2014	Commerce's final results of full five-year reviews of the antidumping duty orders (79 FR 12153, March 4, 2013)
January 6, 2014	Commission's scheduling of the reviews (79 FR 2883, January 16, 2014)
May 14, 2014	Commission's hearing cancelled by request of Domestic Interested Parties (79 FR 28949, May 20, 2014)
June 27, 2014	Commission's vote
July 16, 2014	Commission's determination(s) and views

The original investigations

The original investigations resulted from petitions filed by DuPont Teijin Films ("DuPont Teijin"), Wilmington, DE; Mitsubishi Polyester Film of America, ("Mitsubishi"), Greer, SC; and Toray Plastics (America), Inc. ("Toray"), North Kensington, RI, on May 17, 2001, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized imports of PET film from India and less-than-fair-value ("LTFV") imports of PET film from India and Taiwan. Following notification of a final determination by Commerce that imports of PET film from India were being subsidized and that imports of PET film from India and Taiwan were being sold at LTFV, the Commission determined in June 2002 that a domestic industry was materially injured by reason of subsidized imports of PET film from India and LTFV imports of PET film from India and Taiwan.[6] Commerce published the countervailing duty order on subject imports of PET film from India on July 1, 2002.[7] Commerce published the antidumping duty orders on PET film from India on May 16, 2002 and on Taiwan on May 20, 2002.[8]

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[6] *Polyethylene Terephthalate Film, Sheet, and Strip from India and Taiwan, Inv. Nos. 701-TA-415 and 731-TA-933 and 934 (Final)*, USITC Publication 3518 (June 2002). USITC Determination, 67 FR 43340, June 27, 2002.

[7] *Notice of Countervailing Duty Order: Polyethylene Terephthalate Film, Sheet, and Strip (PET Film) from* India, *67 FR 44179, July 1, 2002.*

[8] *Notice of Final Determination of Sales at Less Than Fair Value: Polyethylene Terephthalate Film, Sheet, and Strip (PET Film) from* India, 67 FR 34899, May 16, 2002, as amended by 67 FR 44175, July 1, 2002. *Notice of Final Determination of Sales at Less Than Fair Value: Polyethylene Terephthalate Film, Sheet, and Strip (PET Film) from Taiwan*, 67 FR 35474, May 20, 2002, as amended by 67 FR 44174, July 1, 2002.

Subsequent five-year reviews

In April 2008, the Commission completed full five-year reviews of the subject orders and determined that revocation of the countervailing duty order on PET film from India and the antidumping duty orders on PET film from India and Taiwan would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[9] Following affirmative determinations in the first five-year reviews by Commerce and the Commission,[10] Commerce issued a continuation of the countervailing duty order on imports of PET film from India, effective May 8, 2008, and antidumping duty orders on PET film from India and Taiwan, effective May 8, 2008.[11]

RELATED INVESTIGATIONS

In 1990, the U.S. PET film industry filed for relief from alleged LTFV imports of PET film from Korea, Japan, and Taiwan.[12] The Commission made a negative determination with respect to Taiwan in the preliminary investigations.[13] The Commission published its affirmative final determinations on imports of PET film from Japan and Korea in May 1991.[14] Antidumping duty orders covering imports of PET film from Japan and Korea[15] were issued in 1991. Commerce revoked the order on PET film form Japan in 1995, after concluding that requirements for revocation based on changed circumstances (i.e., the order no longer was of interest to interested parties) were met.[16]

On July 1, 1999, Commerce initiated a five-year "sunset" review of the antidumping duty order on PET film from Korea. Commerce subsequently determined that dumping would likely

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[9] *Polyethylene Terephthalate Film, Sheet, and Strip from India and Taiwan, Inv. Nos. 701-TA-415 and 731-TA-933 and 934 (Review)*, USITC Publication 3994 (April 2008).

[10] *Polyethylene Terephthalate Film, Sheet, and Strip From India and Taiwan: Determinations*, 73 FR 25030, May 6, 2008; *Polyethylene Terephthalate Film, Sheet, and Strip From India and Taiwan: Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders*, 72 FR 57297; and *Final Results of Expedited Five-Year (Sunset) Review of the Countervailing Duty* Order, 72 FR 57300, October 9, 2007.

[11] *Continuation of Countervailing Duty Orders on Polyethylene Terephthalate Film, Sheet, and Strip from India*, 73 FR 26080, May 8, 2008; *Continuation of Antidumping Duty Orders on Polyethylene Terephthalate Film, Sheet, and Strip from India and* Taiwan, 73 FR 26079, May 8, 2008.

[12] DuPont, Hoechst, and ICI were the petitioners.

[13] *Polyethylene Terephthalate Film, Sheet, and Strip from Japan, the Republic of Korea, and Taiwan,* Invs. Nos. 731-TA-458 through 460 (Preliminary), USITC Publication 2292, June 1990.

[14] *Polyethylene Terephthalate Film, Sheet, and Strip from Japan and the Republic of Korea*, Invs. Nos. 731-TA-458 and 459 (Final), USITC Publication 2383, May 1991.

[15] After conducting administrative reviews, Commerce revoked the antidumping duty order with respect to product produced/exported by Korean firms Saehan (formerly Cheil Synthetics, Inc.), Kolon Industries, and H.S. Industries (61 FR 35177, July 5, 1996, 61 FR 58374, November 14, 1996, and 66 FR 5717, November 15, 2001, respectively).

[16] 60 FR 52366, October 6, 1995.

continue or recur if the order were revoked and the Commission determined that revocation of the order would be likely to lead to continuation or recurrence of material injury to an industry in the United states within a reasonably foreseeable time.[17] As a result, Commerce continued the order on PET film from Korea effective March 7, 2000.[18] In 2005, pursuant to expedited second reviews conducted by Commerce and the Commission, the order on PET film from Korea was again continued, effective October 20, 2005.[19] In 2011, pursuant to full third reviews conducted by Commerce and the Commission, the order on PET film from Korea was revoked, effective October 20, 2010.[20]

On September 28, 2007, the U.S. PET film industry filed for relief from alleged LTFV imports of PET film from Brazil, China, Thailand, and the United Arab Emirates ("UAE").[21] The Commission published its affirmative determinations of injury by reason of imports of PET film from Brazil, China, Thailand, and the UAE and Commerce published its antidumping duty orders in November 2008.[22]

SUMMARY DATA

Table I-1 presents a summary of data from the original investigations and the current full five-year reviews.

[17] See *Polyethylene Terephthalate Film from Korea*, Inv. No. 31-TA-459 (Review), USITC Publication 3278, February 2000.

[18] 65 FR 11984.

[19] See *Polyethylene Terephthalate Film from Korea*, Inv. No. 31-TA-459 (Second Review), USITC Publication 3800, September 2005, and 70 FR 61118, October 20, 2005.

[20] See *Polyethylene Terephthalate Film from Korea*, Inv. No. 31-TA-459 (Third Review), USITC Publication 4254, August 2011, and 76 FR 54791, September 2, 2011. *Polyethylene Terephthalate Film, Sheet, and Strip from the Republic of Korea: Revocation of Antidumping Duty Order*, 76 FR September 16, 2011.

[21] DuPont Teijin, Mitsubishi, and Toray were the petitioners.

[22] See *Polyethylene Terephthalate Film, Sheet, and Strip from Brazil, China, Thailand, and the United Arab Emirates*, USITC Publication 4040, October 2008, and 73 FR 66056, November 6, 2008. *Polyethylene Terephthalate Film, Sheet, and Strip from Brazil, China, Thailand, and the United Arab Emirates: Antidumping Duty Orders and Amended Final Determination of Sales at Less Than Fair Value for the United Arab Emirates*, 73 FR 66595, November 10, 2008.

Table I-1
PET film: Comparative data from the original investigations, first reviews, and current reviews, 1999-2001, 2002-06, and 2008-13

Item	Original investigations			First review				
	1999	2000	2001	2002	2003	2004	2005	2006
Quantity (1,000 pounds)								
U.S. consumption quantity	***	***	***	***	***	***	***	***
Share of quantity (percent)								
Share of U.S. consumption: U.S. producers' share	***	***	***	***	***	***	***	***
U.S. importers' share: India	***	***	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***	***	***
Subtotal, subject sources	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***
Value (1,000 dollars)								
U.S. consumption	***	***	***	***	***	***	***	***
Share of value (percent)								
Share of U.S. consumption: U.S. producers' share	***	***	***	***	***	***	***	***
U.S. importers' share: India	***	***	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***	***	***
Subtotal, subject sources	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***
	Quantity (1,000 pounds); Value (1,000 dollars); and Unit Value (dollars per pound)							
Shipments of U.S. imports from India								
Quantity	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***
Taiwan								
Quantity	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***
Subject sources:								
Quantity	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***
Nonsubject sources:								
Quantity	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***
All countries:								
Quantity	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***

Table continued on next page.

Table I-1--*Continued*
PET film: Comparative data from the original investigations, first reviews, and current reviews, 1999-2001, 2002-06, and 2008-13

Item	Second Reviews					
	2008	2009	2010	2011	2012	2013
	Quantity (1,000 pounds)					
U.S. consumption quantity	749,184	649,422	726,370	665,488	649,954	662,050
	Share of quantity (percent)					
Share of U.S. consumption:						
U.S. producers' share	77.7	79.6	75.3	71.8	69.9	76.0
U.S. importers' share:						
India	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***
Subtotal, subject sources	***	***	***	***	***	***
All other sources	***	***	***	***	***	***
Total imports	22.3	20.4	24.7	28.2	30.1	24.0
	Value (1,000 dollars)					
U.S. consumption	1,386,701	1,124,771	1,348,009	1,437,022	1,243,991	1,207,212
	Share of quantity (percent)					
Share of U.S. consumption:						
U.S. producers' share	79.6	83.1	77.6	73.2	75.8	79.8
U.S. importers' share:						
India	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***
Subtotal, subject sources	***	***	***	***	***	***
All other sources	***	***	***	***	***	***
Total imports	20.4	16.9	22.4	26.8	24.2	20.2
	Quantity (1,000 pounds); Value (1,000 dollars); and Unit Value (dollars per pound)					
Shipments of U.S. imports from India						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Taiwan						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Subject sources:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Nonsubject sources:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
All countries:						
Quantity	167,216	132,744	179,241	187,480	195,397	158,687
Value	282,423	190,378	302,553	384,737	301,599	243,696
Unit value	$1.69	$1.43	$1.69	$2.05	$1.54	$1.54

Table continued on next page.

Table I-1--*Continued*
PET film: Comparative data from the original investigations, first reviews, and current reviews, 1999-2001, 2002-06, and 2008-13

Item	Original investigations			First review				
	1999	2000	2001	2002	2003	2004	2005	2006
	Quantity (1,000 pounds); Value (1,000 dollars); and Unit Value (dollars per pound)							
U.S. industry:								
Capacity (quantity)	***	***	***	***	***	***	***	***
Production (quantity)	***	***	***	***	***	***	***	***
Capacity utilization (percent)	***	***	***	***	***	***	***	***
U.S. shipments:								
Quantity	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***
Ending inventory	***	***	***	***	***	***	***	***
Inventories/total shipments	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***
Hours worked (1,000)	***	***	***	***	***	***	***	***
Wages paid (1,000 dollars)	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***
Productivity (pounds per hour)	***	***	***	***	***	***	***	***
Financial data:								
Net sales:								
Quantity	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***
SG&A expense	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***
Unit operating income	***	***	***	***	***	***	***	***
COGS/ Sales (percent)	***	***	***	***	***	***	***	***
Operating income or (loss)/ sales (percent)	***	***	***	***	***	***	***	***

Table continued on next page.

Table I-1--*Continued*
PET film: Comparative data from the original investigations, first reviews, and current reviews, 1999-2001, 2002-06, and 2008-13

Item	Second Reviews					
	2008	2009	2010	2011	2012	2013
	Quantity (1,000 pounds); Value (1,000 dollars); and Unit Value (dollars per pound)					
U.S. industry:						
Capacity (quantity)	720,103	702,692	700,955	624,565	620,209	710,024
Production (quantity)	620,246	550,720	602,656	510,811	495,378	543,023
Capacity utilization (percent)	86.1	78.4	86.0	81.8	79.9	76.5
U.S. shipments:						
Quantity	581,968	516,678	547,129	478,008	454,557	503,363
Value	1,104,278	934,393	1,045,456	1,052,285	942,392	963,516
Unit value	1.90	1.81	1.91	2.20	2.07	1.91
Ending inventory	60,547	56,657	61,019	50,201	52,158	49,840
Inventories/total shipments	9.8	10.4	10.3	9.7	10.7	9.3
Production workers	2,196	2,020	2,017	1,857	1,837	1,935
Hours worked (1,000)	4,366	3,977	3,982	3,736	3,756	3,933
Wages paid (1,000 dollars)	149,435	138,342	134,079	133,884	136,416	141,613
Hourly wages	34.23	34.79	33.67	35.84	36.32	36.01
Productivity (pounds per hour)	142.1	138.5	151.3	136.7	131.9	138.1
Financial data:						
Net sales:						
Quantity	614,691	545,179	592,062	517,366	489,458	508,794
Value	1,168,465	992,837	1,156,872	1,191,841	1,058,192	1,033,019
Unit value	$1.90	$1.82	$1.95	$2.30	$2.16	$2.03
Cost of goods sold (COGS)	1,052,922	878,505	951,407	1,000,633	945,200	942,182
Gross profit or (loss)	115,543	114,332	205,465	191,208	112,992	90,837
SG&A expense	126,771	115,666	109,823	100,454	93,183	97,543
Operating income or (loss)	(11,228)	(1,334)	95,642	90,754	19,809	(6,706)
Unit COGS	$1.71	$1.61	$1.61	$1.93	$1.93	$1.85
Unit operating income	$(0.02)	$(0.00)	$0.16	$0.18	$0.04	$(0.01)
COGS/ Sales (percent)	90.1	88.5	82.2	84.0	89.3	91.2
Operating income or (loss)/sales (percent)	(1.0)	(0.1)	8.3	7.6	1.9	(0.6)

Note:--Data for India and from all other countries in the original investigations (1999-01), and from all other countries with the exception of Brazil in the first five-year reviews (2002-06), are adjusted official import statistics rather than questionnaire shipments of imports data. All data for these current second five-year reviews were compiled from data submitted in response to Commission questionnaires and are shipments of imports data.

Source: Compiled primarily from data submitted in response to Commission questionnaires in the original investigations and in the first five-year reviews and from adjusted official Commerce statistics (Canada, Mexico, and Oman excluded); Compiled from data submitted in response to Commission questionnaires for these current five-year reviews.

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory criteria

Section 751(c) of the Act requires Commerce and the Commission to conduct a review no later than five years after the issuance of an antidumping or countervailing duty order or the suspension of an investigation to determine whether revocation of the order or termination of the suspended investigation "would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy (as the case may be) and of material injury."

Section 752(a) of the Act provides that in making its determination of likelihood of continuation or recurrence of material injury--

> *(1) IN GENERAL.-- . . . the Commission shall determine whether revocation of an order, or termination of a suspended investigation, would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission shall consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated. The Commission shall take into account--*
>
> *(A) its prior injury determinations, including the volume, price effect, and impact of imports of the subject merchandise on the industry before the order was issued or the suspension agreement was accepted,*
>
> *(B) whether any improvement in the state of the industry is related to the order or the suspension agreement,*
>
> *(C) whether the industry is vulnerable to material injury if the order is revoked or the suspension agreement is terminated, and*
>
> *(D) in an antidumping proceeding . . ., (Commerce's findings) regarding duty absorption . . ..*
>
> *(2) VOLUME.--In evaluating the likely volume of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether the likely volume of imports of the subject merchandise would be significant if the order is revoked or the suspended investigation is terminated, either in absolute terms or relative to production or consumption in the United States. In so doing, the Commission shall consider all relevant economic factors, including--*
>
> *(A) any likely increase in production capacity or existing unused production capacity in the exporting country,*
>
> *(B) existing inventories of the subject merchandise, or likely increases in inventories,*
>
> *(C) the existence of barriers to the importation of such merchandise into countries other than the United States, and*
>
> *(D) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.*

(3) PRICE.--In evaluating the likely price effects of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether--

(A) there is likely to be significant price underselling by imports of the subject merchandise as compared to domestic like products, and
(B) imports of the subject merchandise are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.

(4) IMPACT ON THE INDUSTRY.--In evaluating the likely impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated, the Commission shall consider all relevant economic factors which are likely to have a bearing on the state of the industry in the United States, including, but not limited to–

(A) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity,
(B) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, and
(C) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.

The Commission shall evaluate all such relevant economic factors . . . within the context of the business cycle and the conditions of competition that are distinctive to the affected industry.

Section 752(a)(6) of the Act states further that in making its determination, "the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy. If a countervailable subsidy is involved, the Commission shall consider information regarding the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement."

Organization of report

Information obtained during the course of the reviews that relates to the statutory criteria is presented throughout this report. A summary of trade and financial data for PET film as collected in the reviews is presented in appendix C. U.S. industry data are based on the questionnaire responses of 11 U.S. producers of PET film that are believed to have accounted for 100 percent of domestic production of PET film in 2013. U.S. import data and related information are based on the questionnaire responses of 21 U.S. importers of PET film that are believed to have accounted for 93.8 percent of the value of total subject U.S. imports from India and 61.4 percent of the value of total subject imports from Taiwan as reported in official import statistics of the Department of Commerce during 2008-13. Foreign industry data and related information are based on the questionnaire responses of three producers of PET film.

One producer in India that accounted for an estimated *** percent of total capacity in India and two producers in Taiwan that accounted for an estimated *** percent of total capacity in Taiwan submitted questionnaire responses.[23] Responses by U.S. producers, importers, purchasers, and foreign producers of PET film to a series of questions concerning the significance of the existing antidumping and countervailing duty orders and the likely effects of revocation of such orders are presented in appendix D.

COMMERCE'S REVIEWS

Administrative reviews[24]

Commerce has completed five administrative reviews of the outstanding countervailing duty orders on PET film from India. Commerce has completed four administrative reviews of the outstanding antidumping duty order on PET film from India and four administrative reviews of the outstanding antidumping duty order on PET film from Taiwan.[25] The results of the administrative reviews are shown in tables I-2a; I-2b; and I-2c.

Table I-2a
PET film: Administrative reviews of the countervailing duty order for India

Date results published	Period of review	Producer or exporter	Margin (percent)
73 FR 15135, March 21, 2008	January 1, 2005-December 31, 2005	MTZ Polyfilms Ltd.	31.25
73 FR 75672, December 12, 2008	January 1, 2006-December 31, 2006	MTZ Polyfilms Ltd.	65.59
75 FR 6634, February 10, 2010	January 1, 2007-December 31, 2007	Jindal Poly Films Limited of India	7.17
76 FR 76948, December 9, 2011	January 1, 2009-December 31, 2009	Ester Industries Ltd.	11.81
79 FR 11412, February 28, 2014	January 1, 2011-December 31, 2011	SRF	2.64

Source: Cited Federal Register notices.

[23] Reported foreign producer 2013 production quantities as a percentage of 2012 Indian PET film capacity (no production data for India for 2012) and 2012 Taiwan PET film production as reported in ***.

[24] Commerce has issued no duty absorption findings with respect to product from the subject countries.

[25] For previously reviewed or investigated companies not included in an administrative review, the cash deposit rate continues to be the company-specific rate published for the most recent period.

Table I-2b
PET film: Administrative reviews of the antidumping duty order for India

Date results published	Period of review	Producer or exporter	Margin (percent)
73 FR 7252, February 7, 2008	July 1, 2005-June 30, 2006	MTZ Polyfilms Ltd.	0.00
76 FR 76943, December 9, 2011	July 1, 2009-June 30, 2010	Ester Industries Ltd.	6.81
78 FR 9670, February 11, 2013	July 1, 2010-June 30, 2011	SRF Limited Polyplex Jindal	0.00 0.00 0.00
79 FR 11406, February 28, 2014	July 1, 2011-June 30, 2012	SRF Polyplex Jindal	0.78 0.78 0.00

Source: Cited Federal Register notices.

Table I-2c
PET film: Administrative reviews of the antidumping duty order for Taiwan

Date results published	Period of review	Producer or exporter	Margin (percent)
76 FR 9745, February 22 2011; 76 FR 18519, April 4, 2011[1]	July 1, 2008-June 30, 2009	Nan Ya Shinkong	18.30 6.38
76 FR 76941, December 9, 2011	July 1, 2009-June 30, 2010	Nan Ya Shinkong	74.34 6.98
78 FR 9668, February 11, 2013	July 1, 2010-June 30, 2011	Nan Ya Shinkong	8.99 0.75
79 FR 11408, February 28, 2014	July 1, 2011-June 30, 2012	Shinkong	4.48

[1] 76 FR 9745, Februrary 22, 2011 established rates of 20.76 for Nan Ya and 6.38 for Shinkong. 76 FR 18519, April 4, 2011, amended the rate for Nan Ya to 18.30 percent.

Source: Cited Federal Register notices.

New shipper reviews

Commerce has conducted one new shipper review with respect to PET film from India. On December 24, 2009, Commerce received timely requests for AD and CVD new shipper reviews from SRF Limited ("SRF"), a producer and exporter in India of all the PET film it exported to the United States. On May 27, 2011, Commerce published its final results of the countervailing duty new shipper review, a calculated individual *ad valorem* subsidy rate for SRF, for the January 1, 2009, through December 31, 2009 of 3.04 percent ad valorem.[26]

[26] *Polyethylene Terephthalate Film, Sheet, and Strip From India: Initiation of Antidumping Duty and Countervailing Duty New Shipper Reviews*, 75 FR 10758, March 9, 2010; *Polyethylene Terephthalate Film, Sheet, and Strip From India: Final Results of Countervailing Duty New Shipper Review*, 76 FR 30910, May 27, 2011.

Scope reviews

Commerce has conducted one scope review with respect to PET film from Taiwan. On May 31, 2011, Commerce published its final results of the scope review requested by Nan Ya Plastics Corp. Ltd. and Hop Industries Corp.: amorphous PET film that is not biaxially-oriented is not within the scope of the antidumping duty order.[27]

Five-year reviews

Commerce has issued the final results of its expedited countervailing duty order review with respect to India and full antidumping duty order reviews with respect to India and Taiwan.[28] Table I-3 presents the countervailing duty margins for India calculated by Commerce in its original investigation, first review, and current review. Table I-4 presents the antidumping duty margins for India and Taiwan calculated by Commerce in its original investigations, first reviews, and current reviews.

Table I-3
Product: Commerce's original, first five-year review, and current five-year review countervailing duty margins for producers/exporters in India

Producer/exporter	Original margin (*percent ad valorem*)	First five-year review margin (*percent ad valorem*)	Second five-year review margin (*percent ad valorem*)
	India		
Ester Industries, Ltd.	18.43	27.39	27.37
Garware Polyester Ltd.	24.48	33.44	33.42
Polyplex Corp. Ltd.	18.66	22.71	22.69
All others	20.40	29.36	29.34

Source: Countervailing duty orders, 67 FR 44179, July 1, 2002; 73 FR 26080, May 8, 2008; *Polyethylene Terephthalate (PET) Film, Sheet, and Strip from India: Final Results of the Expedited Second Sunset Review of the Countervailing Duty Order*, 78 FR 47276, August 5, 2013.

[27] *Notice of Scope Rulings*, 76 FR 31301, May 31, 2011.

[28] *Polyethylene Terephthalate Film, Sheet, and Strip From India and Taiwan: Final Results of the Second Sunset Review of the Antidumping Duty Orders and Correction to the Preliminary Results*, 79 FR 12153, March 4, 2014.

Table I-4
Product: Commerce's original, first five-year review, and current five-year review dumping margins for producers/exporters in India and Taiwan

Producer/exporter	Original margin (*percent ad valorem*)	First five-year review margin (*percent ad valorem*)	Second five-year review margin (*percent ad valorem*)
	India[1]		
Ester Industries, Ltd.	24.14	5.71[2]	24.10
Polyplex Corp. Ltd.[3]	10.34	0.001[4]	3.02
All others	24.14	5.71[5]	13.17
	Taiwan[6]		
Nan Ya Plastics Corp., Ltd.	2.49	2.49	8.99
Shinkong Synthetic Fibers Corp.	2.05	2.05	0.75
All others	2.40	2.40	4.37

[1] Antidumping duty order, 67, FR 34899, May 16, 2002, as amended by 67 FR 44175, July 2, 2002; Continuation order, 73, FR 26079, May 8, 2008; Final results of current full five-year review, 79 FR 12153, March 4, 2014.
[2] Ester's rate was found to be 24.24 percent, which was adjusted to 5.71 percent to take into account the export subsidy rate found in the companion countervailing duty investigation.
[3] Commerce initially excluded Polyplex from the antidumping duty order because the rate for Polyplex was zero after adjusting the dumping margin for the export subsidies in the companion countervailing duty investigation. However, as directed by the Court of International trade, Commerce redetermined to subject Polyplex to the antidumping duty order at the rate initially published in the order. Notice of Decision of the Court of International Trade, 69 FR 40352, July 2, 2004.
[4] Polyplex' rate was found to be 10.34 percent, which was adjusted to 0.01 percent to take into account the export subsidy rate found in the companion countervailing duty investigation, and Polyplex was excluded from the antidumping duty order. Polyplex' exclusion was subsequently reversed by a decision of the Court of International Trade. *See* Notice of Decision of the Court of International Trade: *Polyethylene Terephthalate Film, Sheet, and Strip from India*, 69 FR 40352, July 2, 2004.
[5] The "all others" rate established in the investigation was based on Ester's rate.
[6] Antidumping duty order, as amended, 67 FR 44174, July 1, 2002; Continuation order, May 8, 2008; Final results of full review, 79 FR 12153, March 4, 2014.

Source: Cited *Federal Register* Notices.

THE SUBJECT MERCHANDISE

Commerce's scope

Commerce has defined the scope of this investigation as follows:

> *All gauges of raw, pretreated, or primed PET film, whether extruded or coextruded. Excluded are metallized films and other finished films that have had at least one of their surfaces modified by the application of a performance-enhancing resinous or inorganic layer of more than 0.00001 inches thick. Imports of PET film are classifiable in the Harmonized Tariff Schedule of the United States (HTSUS) under item number 3920.62.00. HTSUS subheadings are provided for convenience and customs purposes. The written description of the scope of these orders is dispositive. Since these orders were published, there was one scope determination for PET film from India, dated August 25, 2003. In this determination, requested by International Packaging Films Inc., the Department*

determined that tracing and drafting film is outside of the scope of the order on PET film from India.[29]

Tariff treatment

PET film is classifiable in the Harmonized Tariff Schedule of the United States ("HTS") under subheading 3920.62.00 and reported for statistical purposes under statistical reporting number 3920.62.0090. Current tariff rates for PET film are presented in the following tabulation:

HTS provision	Article description	General[1]	Special[2]	Column 2[3]
		Rates (*ad valorem*)		
3920	Other plates, sheets, film, foil and strip, of plastics, noncellular and not reinforced, laminated, supported or similarly combined with other materials:			
3920.62.00	Of poly(ethylene terephthalate)	4.2[4]	Free (A*, AU, BH, CA, CL, CO, E, IL, JO, MA, MX, OM, P, PA, PE, SG)	25
3920.62.0090	Other			

[1] Normal trade relations, formerly known as the most-favored-nation duty rate, applicable to India and Taiwan.
[2] Special rates apply to imports of PET film from certain trading partners of the United States as follows: A (GSP); AU (United States-Australia Free Trade Agreement); BH (United States Bahrain Free Trade Agreement Implementation Act); CA and MX (North American Free Trade Agreement); CL (United States-Chile Free Trade Agreement); CO (United States-Colombia Trade Promotion Agreement Implementation Act); E (Caribbean Basin Economic Recovery Act); IL (United States-Israel Free Trade Area); JO (United States-Jordan Free Trade Area Implementation Act); MA (United States-Morroco Free Trade Agreement Implementation Act); (P (Dominican Republic-Central America-United States Free Trade Agreement Implementation Act); PA (United States-Panama Trade Promotion Agreement Implementation Act); PE (United States-Peru Trade Promotion Agreement Implementation Act); SG (United States-Singapore Free Trade Agreement). GSP authority expired July 31, 2013.
[3] Applies to imports from a small number of countries that do not enjoy normal trade relations duty status.

[29] *Polyethylene Terephthalate Film, Sheet, and Strip From India and Taiwan: Final Results of the Second Sunset Review of the Antidumping Duty Orders and Correction to the Preliminary Results*, 79 FR 12153, March 4, 2014. The scope published in the final results of the second sunset review of the countervailing duty ("CVD") order on India differs slightly from the final results of the second review of the antidumping ("AD") duty orders. Specifically, the CVD final results cite the item number as the ten digit statistical reporting number, 3920.62.00.90 and provide an explanation of changes made to the HTS: "Effective July 1, 2003, the HTSUS subheading 3920.62.00.00 was divided into 3920.62.0010 (metallized PET film) and 3920.62.00.90 (non-metallized PET film)." In addition, the CVD final results made no mention of the scope determination cited in the AD scope. *Polyethylene Terephthalate Film, Sheet, and Strip From India: Final Results of the Expedited Second Sunset Review of the Countervailing Duty Order*, 78 FR 47276, August 5, 2013.

[4] HTS heading 9902.25.76 reduces the duty on biaxially oriented polyethylene terephthalate film certified by the importer as intended for use in capacitors and as produced from solvent-washed low ash content (≤300 ppm) polymer resin (CAS No. 25038-59-9) (provided for in subheading 3920.62.00) to 3.4 percent for goods entered on or before December 31, 2009.

THE PRODUCT[30]

Description and applications

PET film is a high-performance, clear, flexible, and transparent or translucent material that is produced from PET polymer, a linear, thermoplastic polyester resin. It is generally more expensive than other plastic films and is used typically only when its unique properties are required. Special properties imparted to PET film during the manufacturing process are integral to its preferred use in a myriad of downstream commodity and specialty applications encompassing the food packaging, industrial, electrical, imaging, and magnetics sectors. Domestic producers ship the majority of subject PET film by truck directly to converters who apply thicker out-of-scope coatings and printing to produce salable merchandise. PET film is also sold through distributors. According to U.S. producers ***, subject PET film from both domestic and foreign sources is basically interchangeable, generally of the same quality and types across the board, although the relative product type distribution usually varies among producers.[31]

Manufacturing processes

The basic PET film "sequential draw" production process is fundamentally standard across the industry. PET film operations are capital-intensive, dictating that plants be run at relatively high capacity utilization rates for sustainable periods to remain profitable. Most plants operate on a 24 hour-per-day, 7 day-per-week basis, with some allotted downtime for maintenance and repairs.[32] Each production line could cost anywhere between $50 million and $100 million to produce 10,000 to 20,000 tons per year.[33] [34] The PET film production process is conducted in a "clean room" environment to protect the finished film from microscopic airborne contamination. Sturdy equipment and vibratory control are essential to the

[30] Unless otherwise noted, basic information is derived from the most recently concluded PET film investigation, *Polyethylene Terephthalate (PET) Film from Korea, Inv. No. 731-TA-459 (Third Review),* USITC Publication 4254, August 2011, pp. I-14-21. Subject matter from producers' questionnaire responses and other industry information has been updated to reflect currently available information.

[31] E-mail correspondence from ***, April 16, 2014.

[32] Producers' questionnaire responses, section II-6.

[33] Hearing transcript, p. 23 (Byerson).

[34] Flex Films started up a new grassroots state-of-the-art flexible packaging PET film plant at Elizabethtown, KY, in January 2013. The 8.7 meter wide film line is reported to be larger than any other line operating in the United States and has an annual production capability of 36,000 metric tons per year; a second 8.7 meter line is planned, http://www.flexfilm.com, retrieved April 14, 2014.

production of PET films of uniform thickness and surface features. The major producers of PET film do not normally run other types of film on their PET film production lines unless necessary owing to the intricacies of the process, and, therefore, do not normally employ production workers for other purposes.[35] Also, most PET film production lines are geared to the production of products within specified gauge ranges (thin, intermediate, or thick) across end-use groups because of the exacting requirements of the process and variability in PET polymer processing characteristics. Therefore, the larger producers with more lines and sophisticated surface modification and other technologies, together with the capability to generally produce multiple polymer grades, tend to have the capability to provide a wider range of products to each end-use sector.[36]

Most PET film manufacturers produce the majority of their own PET polymer using the batch polymerization or continuous polymerization process, or a combination thereof. The batch process allows the film producer to custom tailor PET polymer for specific end-use applications. PET film grade polymer can be manufactured from either purified terephthalic acid ("PTA") or dimethyl terephthalate ("DMT") in combination with ethylene glycol ("MEG"), feedstock products derived principally from petroleum.[37] Producers tend to produce PET film grade polymer from either PTA or DMT dependent upon process design and end product property/quality perceptions. PTA reportedly has economic advantages compared to DMT.[38] [39] DMT, however, currently accounts for the *** feedstock used in the production of PET film.[40]

A typical PET film production scheme is shown in the process flow diagram of figure I-1. The basic process steps are polymerization, extrusion and film casting, drawing and biaxial orientation, crystallization, cooling, winding, and finishing. Sophisticated scanners and control systems maintain optimal process conditions. Many value added in-line film treatments may also be applied to modify the film during routine processing, including antistatic agents applied by running the film over microporous liquid coating drums, other chemical treatments, co-extrusion of other polyester substrates onto one or both sides of the film via melt phase lamination processes to promote adhesion, introduction of fillers and pigments into the PET polymer melt via masterbatch systems, and corona treatment for downstream converter requirements.[41] [42]

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[35] Producers' questionnaire responses, section II-5.

[36] Staff plant visit, DuPont Teijin, Hopewell, VA, August 26, 2008.

[37] Producers' questionnaire responses, section IV-14.

[38] *** producers' questionnaire response, section III-13.

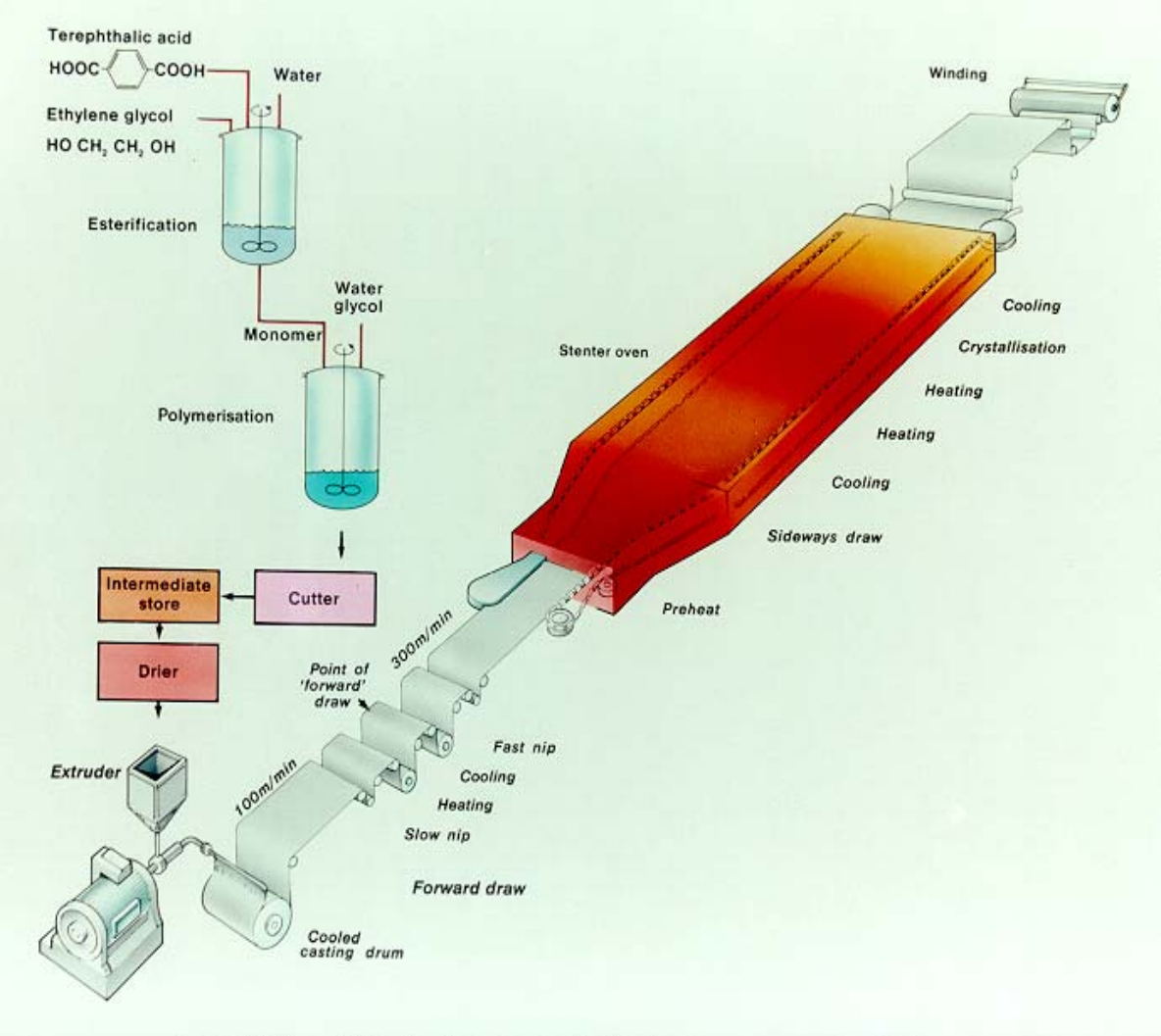
[39] Staff plant visit, DuPont Teijin, Hopewell, VA, August 26, 2008.

[40] *** supplement response to producers' questionnaire, section I-8.

[41] Staff plant visit, DuPont Teijin, Hopewell, VA, August 26, 2008.

[42] Corona treatment is the act of exposing the surface of a material to a highly active electric field to modify its surface energy. The Global Association of Manufacturers of Polyester Film (AMPEF), http://www.ampef.com/, retrieved April 14, 2014.

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



Source: Obtained online at http://www.ampef.com/technology2.html

In the sequential draw process, molten PET polymer is extruded under pressure through a narrow slotted die which may vary from 18 inches to 6 feet in length. The molten material exits the die directly onto an ultra smooth casting drum which cools the melt and forms an amorphous polymeric film. From there, the film is stretched (drawn) in a longitudinal direction over a series of precision motorized rollers. The stretched film next enters a long heated chamber called a stenter (or tenter) oven, where it is subjected to a transverse stretch (sideways draw) to complete biaxial orientation. Biaxial orientation aligns the polymeric chains into a uniform structure which imparts strength, toughness, clarity, and all the other value-

added properties characteristic of PET film. The finished film of the desired width and gauge (nominally 1 micron (4 gauge) to 350 microns (1,400 gauge)) is wound into rolls for shipment to the customer.[43] [44] PET film is typically slit into rolls ranging from 2 inches to 11 feet wide and 500 to 200,000 feet in length, and sold to downstream converters who apply various thicker substrates to the film for ultimate nonsubject end-use requirements. Certain U.S. primary PET film producers may also convert base film into nonsubject "equivalent PET film" on the same equipment by applying coatings exceeding 0.254 microns (0.00001 inch; ca. 1 gauge) and sell the value added film to downstream end users.[45] [46]

Physical Characteristics and Uses

PET film has certain inherent desirable qualities such as brilliant optical clarity, high tensile strength, good flexibility, and retention of physical properties over a wide temperature range, excellent electrical insulation properties, durability, heat resistance, good gas-barrier properties, excellent dimensional stability, chemical inertness, and relatively low moisture absorption.[47] It is available commercially in a range of widths, thicknesses, and properties depending upon the need of end users, and is generally more expensive than other plastic films owing to its diverse and superior properties. PET film can be made as a single layer or can be coextruded with other polyester polymers, blended with pigments, and coated inline with applied polymer and other agents into a multilayer film encompassing the desired characteristics.

There are five subject PET film end-use categories generally recognized by the industry: Packaging, Industrial and Specialties, Electrical, Imaging, and Magnetics.[48] PET film is produced and sold for a myriad of end-uses in two major categories: general purpose commodity-grade films, and specialty-grade films which generally command a price premium relative to the commodity grades. Depending on the producer and end use application, PET films are characterized as thin films or thick films, with thin films generally but not exclusively ranging from the 48 gauge commodity packaging markets up to 200 gauge for other thin film commodity and specialty markets, and thicker films ranging above 200 gauge to around 1,400

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[43] Staff plant visit, DuPont Teijin, Hopewell, VA, August 26, 2008.

[44] The Global Association of PET Film Manufacturers (AMPEF), http://www.ampef.com/, retrieved April 14, 2014.

[45] *** produces nonsubject equivalent PET film interchangeably with subject PET film on the same equipment; *** can make out-of-scope PET film on certain lines, but only changes if ***. Producers' questionnaire responses, sections II-5-7.

[46] 1 micron = 3.937 gauge (0.00004 inch); 100 gauge = 1 mil (0.001 inches).

[47] Ibid., PET film has the widest service temperature range of any competing material (-70°C to 150°C); the highest tensile and tear strength, and electrical insulation breakdown properties; together with superior dimensional stability, oxygen barrier properties, and dielectric constant (electrical resistivity).

[48] The Global Association of Manufacturers of Polyester Film (AMPEF), http://www.ampef.com/, retrieved April 15, 2014.

gauge towards the more value added industrial and specialty, and electrical markets.[49] Packaging and industrial and specialty applications are major volume and growth markets, while imaging is reportedly declining and traditional magnetics applications have mostly disappeared.[50] [51]

Packaging film end use examples include general purpose food packaging, film for flexible pouches, peel-able seals, lids, snacks, barrier films, can laminations, and vacuum insulation panels. Industrial and specialties film applications include hot stamping foil, release films, photo resist films, metallic yarns, adhesive tapes, plastic cards (including smart cards), labels, lamination films, brightness enhancement films (computer screens), solar/safety window films, medical test strips, and other miscellaneous uses. Electrical applications include motor wire and cable, transformer insulation films, capacitors, thermal printing tapes, membrane touch switches (computer and calculator keyboards), and flexible printed circuit films. Imaging applications include microfilm, printing and pre-press films, color proofing, printing plates, drawing office drafting film, overhead transparencies, X-ray films, instant photos, business graphics, and wide format displays. Magnetics end uses include videotape, audio cassette tape, floppy disks, and advanced high-density computer storage media. Selected PET film product types cited as manufactured by domestic producers include flexible packaging, window film and solar window film, silicon release and other liners, industrial carrier web, pressure sensitive label stock, printing plate and motors applications, optical films and optical display films (flat panel TV), LCD, renewable energy films, photovoltaic cell, touch screen applications, imaging and medical X-ray, ***.[52]

DOMESTIC LIKE PRODUCT ISSUES

In its original determinations, the Commission defined a single like product coextensive with the scope as defined by Commerce.[53] In its notice of institution in these current five-year reviews, the Commission solicited comments from interested parties regarding the appropriate domestic like product and domestic industry.[54] No party requested that the Commission collect data concerning other possible domestic like products in their comments on the Commission's draft questionnaires. In these reviews, no party disagrees with the Commission's definition of the domestic like product as set forth in the original investigations.[55]

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[49] Pricing products definitions reflect *** for packaging/industrial markets; *** for industrial/electrical markets. Producers' questionnaire, section IV-1.

[50] Producers' questionnaire responses, section IV-11.

[51] Demand for *** continues to decline. *** producer questionnaire response, section II-3.

[52] Producers' questionnaire responses, sections II-3; II-15; IV-10; and IV-11.

[53] *Polyethylene Terephthalate Film, Sheet, and Strip from India and Taiwan, Inv. Nos. 701-TA-415 and 731-TA-933 and 934 (Final)*, USITC Publication 3518 (June 2002).

[54] *Polyethylene Terephthalate Film, Sheet, and Strip From India and Taiwan: Institution of Five-Year Reviews*, 78 FR 19524, April 1, 2013.

[55] Domestic producers' *Response to Notice of Institution*, p. 3-4. Nan Ya's *Response to Notice of Institution*, p. 15.

In their aggregate (DuPont Teijin, Mitsubishi, and SKC) prehearing brief, domestic interested parties agreed with the Commission's definition of the domestic like product as set forth in the original investigation and the first review, where the Commission defined the domestic like product as being coextensive with the scope of the order as defined by the Department of Commerce.[56]

U.S. MARKET PARTICIPANTS

U.S. producers

During the original investigations, nine firms supplied the Commission with information on their U.S. operations with respect to PET film. These firms accounted for 100 percent of U.S. production of PET film in 2001.[57] During the first five-year reviews, eight firms supplied the Commission with information on their U.S. operations with respect to PET film.[58] These firms accounted for 100 percent of U.S. production of PET film in 2006. In these current proceedings, the Commission issued U.S. producers' questionnaires to 11 firms, all of which provided the Commission with information on their PET film operations. These firms are believed to account for 100 percent of U.S. production of PET film in 2013. Presented in table I-5 is a list of current domestic producers of PET film and each company's position on continuation of the orders, production locations(s), and share of reported production of PET film for 2008-2013.

[56] Domestic Interested Parties Prehearing Brief, p. 10.

[57] The nine U.S. producers that supplied the Commission with usable questionnaire information during the original investigations were: 3M; Agfa; Curwood; DuPont Teijin; Kodak; Mitsubishi; SKC; Terphane; and Toray. ***.

[58] The eight U.S. producers that supplied the Commission with usable questionnaire information during the first five-year reviews were: 3M; Curwood; DuPont Teijin; Kodak; Mitsubishi; SKC; Terphane; and Toray.

Table I-5
PET film: U.S. producers, positions on orders, U.S. production locations, related and/or affiliated firms, and shares of 2008-2013 reported U.S. production

Firm	Position on orders	Production locations	Share of production (percent)
3M Company	***	St. Paul, MN	***
Carestream	***	Carestream, CO	***
Curwood	***	Oshkosh, WI	***
DuPont Teijin	Support	Hopewell, VA	***
Kodak	***	Rochester, NY	***
Flex USA	Support	Elizabethtown, KY	***
Mitsubishi	Support	Greer, SC	***
Polyplex USA	***	Decatur, AL	***
SKC	Support	Covington, GA	***
Terphane	Support	Bloomfield, NY	***
Toray	Support	North Kingstown, RI	***
Total			***

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

*** are related to foreign producers of the subject merchandise and are also related to U.S. importers of the subject merchandise. Additionally, as discussed in greater detail in Part III, *** U.S. producers directly import the subject merchandise and *** purchase the subject merchandise from U.S. importers.

U.S. importers

In the original investigations, 22 U.S. importing firms supplied the Commission with usable information on their operations involving the importation of PET film, accounting for *** percent of U.S. imports of PET film from India and approximated official statistics from Taiwan during 2001. Of the responding U.S. importers, six were domestic producers: ***. These imports were exclusively from the U.S. producers' related firms.[59]

During the first five-year reviews, 32 U.S. importing firms supplied the Commission with usable information on their operations involving the importation of PET film. All eight domestic producers were among the responding U.S. importers.

In the current proceedings, the Commission issued U.S. importers' questionnaires to 32 firms believed to be importers of PET film, as well as to all U.S. producers of PET film. Usable questionnaire responses were received from 21 firms, representing *** percent of Commerce official import statistics from India for the period examined and *** percent of Commerce official import statistics from Taiwan for the period examined. Table I-6 lists all responding U.S.

[59] *Polyethylene Terephthalate Film, Sheet, and Strip from India and Taiwan Investigation Nos. 701-TA-415 and 731-TA-933 and 934 (Final),* USITC Publication 3518, June 2002, pp. IV-1-IV-2.

importers of PET film from India, Taiwan, and other sources, their locations, and their shares of U.S. imports for 2008-13.

Table I-6
PET film: U.S. importers, U.S. headquarters, sources and shares of imports, 2008-13

Firm	Headquarters	Share of imports by source (percent)		
		India	Taiwan	All other sources
Bemis Company, Inc.	Neenah, WI	***	***	***
Carestream Health, Inc.	Rochester, NY	***	***	***
DuPont Teijin Films	Hopewell, VA	***	***	***
Dynamic Polymers, LLC	Columbus, OH	***	***	***
Eastman Kodak Company	Rochester, NY	***	***	***
Flex America, Inc.	Elizabethtown, KY	***	***	***
Forplax Los Angeles, LLC	San Dimas, CA	***	***	***
Forplax, LLC	Itasca, IL	***	***	***
Granwell Products, Inc.	West Caldwell, NJ	***	***	***
International Packaging Films Inc.	Norwood, NJ	***	***	***
Kolon USA, Inc.	Ridgefield Park, NJ	***	***	***
Mitsubishi Polyester Film, Inc.	Greer, SC	***	***	***
NOW Plastics, Inc.	East Longmeadow, MA	***	***	***
Pilcher Hamilton	Willowbrook, IL	***	***	***
Polyplex USA LLC	Decatur, AL	***	***	***
Rocheux International, Inc.	Piscataway, NJ	***	***	***
Sanyo Corporation of America	New York, NY	***	***	***
SKC, Inc.	Covington, GA	***	***	***
Smyrna International, Inc.	Springfield, VA	***	***	***
Terphane, Inc.	Bloomfield, NY	***	***	***
Toray Plastics (America), Inc.	North Kingstown, RI	***	***	***
Total		***	***	***

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

U.S. purchasers

The Commission received 14 questionnaire responses from firms that bought PET film during 2008-13 (table I-7).[60] These firms purchased 177 million pounds of PET film in 2013 (26.7 percent of U.S. apparent consumption). Ten responding purchasers are processors, three are distributors, and three are end users. Responding U.S. purchasers are located mainly on the East Coast and in the Midwest. The largest responding purchasers of PET film are ***.

[60] Of the 14 responding purchasers, 14 purchased domestically produced PET film, 4 purchased imports from India, 2 purchased imports from Taiwan, and 11 purchased imports from other countries.

Table I-7
PET film: Purchaser names, location, purchaser type, applications, sources and purchases, 2013

* * * * * * *

APPARENT U.S. CONSUMPTION

Data concerning apparent U.S. consumption of PET film during the period for which data were collected in this proceeding are shown in table I-8.

Table I-8
PET film: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, 2008-13

Item	Calendar year					
	2008	2009	2010	2011	2012	2013
	Quantity (1,000 pounds)					
U.S. producers' U.S. shipments	581,968	516,678	547,129	478,008	454,557	503,363
U.S. importers' U.S. shipments of imports from.--						
India	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***
Subtotal, subject sources	***	***	***	***	***	***
All other sources	***	***	***	***	***	***
Total shipments of U.S. imports	167,216	132,744	179,241	187,480	195,397	158,687
Apparent U.S. consumption	749,184	649,422	726,370	665,488	649,954	662,050
	Value (1,000 dollars)					
U.S. producers' U.S. shipments	1,104,278	934,393	1,045,456	1,052,285	942,392	963,516
U.S. importers' U.S. shipments of imports from.--						
India	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***
Subtotal, subject sources	***	***	***	***	***	***
All other sources	***	***	***	***	***	***
Total shipments of U.S. imports	282,423	190,378	302,553	384,737	301,599	243,696
Apparent U.S. consumption	1,386,701	1,124,771	1,348,009	1,437,022	1,243,991	1,207,212

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

U.S. MARKET SHARES

U.S. market share data are presented in table I-9.

Table I-9
PET film: U.S. consumption and market shares, 2008-13

Item	Calendar year					
	2008	2009	2010	2011	2012	2013
	Quantity (1,000 pounds)					
Apparent U.S. consumption	749,184	649,422	726,370	665,488	649,954	662,050
	Share of quantity (percent)					
U.S. producers' U.S. shipments	77.7	79.6	75.3	71.8	69.9	76.0
U.S. importers' U.S. shipments of imports from.--						
India	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***
Subtotal, subject sources	***	***	***	***	***	***
All other sources	***	***	***	***	***	***
Total shipments of U.S. imports	22.3	20.4	24.7	28.2	30.1	24.0
	Value (1,000 dollars)					
Apparent U.S. consumption	1,386,701	1,124,771	1,348,009	1,437,022	1,243,991	1,207,212
	Share of value (percent)					
U.S. producers' U.S. shipments	79.6	83.1	77.6	73.2	75.8	79.8
U.S. importers' U.S. shipments of imports from.--						
India	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***
Subtotal, subject sources	***	***	***	***	***	***
All other sources	***	***	***	***	***	***
Total shipments of U.S. imports	20.4	16.9	22.4	26.8	24.2	20.2

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

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

U.S. MARKET CHARACTERISTICS

The United States was the second largest worldwide importer (after China) of PET film during the review period, accounting for 22 percent of global imports in 2013 (*see part IV*).[1] In the first reviews, the U.S. market was described as consisting of five main end-use segments: packaging, industrial, electrical, imaging, and magnetics. Since then, the magnetic end use has virtually disappeared. U.S. producer *** noted that PET film "has been reinventing itself for many decades and new end uses will be developed."

Within the larger segments, there are numerous sub-segments. Each sub-segment consists of a particular type of PET film (defined by gauge, coatings, and other specifications) that is often produced for that particular sub-segment and sold to purchasers who participate primarily in that sub-segment. Different producers also have different specialties and emphases across segments and sub-segments. PET film types can be classified as commodity films, semi-specialty films, and specialty films. According to domestic interested parties, the majority of PET film sold in the U.S. market is commodity films.[2]

U.S. PET film producers fall into two categories, firms that produce primarily or solely for the merchant market (DuPont Teijin, Flex USA, Mitsubishi, Polyplex USA, SKC, Terphane, and Toray) and those that produce primarily or solely for captive consumption (Carestream, Curwood, Kodak, and 3M).[3] The producers that captively consume the product tend to be concentrated in large end-use sub-segments, such as photography and X-rays, into which merchant-market producers rarely sell. Two new U.S. producers, Flex USA and Polyplex USA, have entered the market since the first review.

*** described the PET film business cycle as short peaks followed by long bottoms and stated that the peak years were 1995 and 2010. After a period of tight supply for PET film in U.S. and world markets in 2010, additional production capacity has come on line in the United States and in other countries.[4]

CHANNELS OF DISTRIBUTION

U.S. producers and importers sold mainly to end users (table II-1). About one-third of U.S. production, as well as some imports, went to converters. Conversion activities include coating, metallizing, and/or laminating PET film.[5]

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[1] Based on data from GTIS, which includes some out of scope products.

[2] ***. Domestic interested parties' prehearing brief, p. 21.

[3] The portion of U.S. production that was internally consumed fell from *** percent in 2008 to *** percent in 2013.

[4] ***.

[5] ***.

Table II-1
PET film: U.S. producers' and importers' share of reported U.S. shipments (percent), by sources and channels of distribution, 2008-13

* * * * * * *

Note: U.S. producers' sales to converters are from ***.

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

GEOGRAPHIC DISTRIBUTION

U.S. producers reported selling PET film to all regions in the contiguous United States (table II-2). Importers also reported selling to all regions with the exception of the central southwest for imports from Taiwan. For U.S. producers, the majority of sales were between 101 and 1,000 miles of their production facilities (table II-3). Most importers' sales were within 100 miles of their U.S. point of shipment.

Table II-2
PET film: Geographic market areas in the United States served by U.S. producers and importers, by number of responding firms

Region	U.S. producers	U.S. importers	
		India	Taiwan
Northeast	8	2	5
Midwest	9	3	6
Southeast	9	3	4
Central Southwest	8	1	0
Mountains	6	1	1
Pacific Coast	9	2	2
Other[1]	0	0	0
All regions in the continental United States	5	0	0

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

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

Table II-3
PET film: Distances shipped within the United States

Distance shipped within the United States	Share of commercial U.S. shipments (percent)		
	U.S. producers	U.S. importers	U.S. importers
		India	Taiwan
Zero to 100 miles	***	***	***
101 miles to 1,000 miles	***	***	***
Over 1,000 miles	***	***	***

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

SUPPLY AND DEMAND CONSIDERATIONS

U.S. supply

Firms reported increased supply in the U.S. market from U.S. producers and from imports during the review period, and that they expect supply to continue to increase as additional capacity comes on line worldwide. Four of 10 producers and 8 of 17 importers reported changes in factors related to U.S. supply. Firms cited new PET film capacity worldwide, including in the United States (Flex USA and Polyplex USA), and in Mexico (Flex). One producer reported a global glut of PET film in 2014 due to increased global capacity. U.S. producers also noted changes in energy costs during the review period, with one producer noting "wildly" fluctuating energy costs, particularly for natural gas. This producer also reported that increased logistics charges would balance out the advantages of lower energy costs.

Some firms reported PET film shortages in 2010, specifically for 36g and 48g PET film. One firm reported that by the third quarter of 2010 U.S. producers stopped making commodity type 36g and 48g *** in favor of producing higher margin products creating a shortage until Flex and Polyplex opened their U.S production facilities. ***reported that the supply of 48 gauge film decreased in 2009-10 as producers worldwide shifted their capacity to make PET film for the solar market, but that since then, new global capacity has come on line for 48 gauge film. *** reported a global shortage of PET film in 2010-11 due to the lack of added capacity plus the explosion of the LCD TV market.

U.S. producers (8 of 9) expect increased domestic supply from three new PET film lines installed in 2013-14 (by SKC, Polyflex USA, and Flex USA). In addition, ***.

Some importers (6 of 16) anticipate increases in the supply of subject imports. *** stated that producers in India and Taiwan are increasing capacity faster than demand in their home and regional markets. *** also reported new capacity in India.

Many firms (all 9 responding U.S. producers and 8 of 17 importers) also reported an increase in the availability of nonsubject imports. Firms cited continuing capacity expansions in 2012 and 2013, particularly in Asia, despite global oversupply. One firm noted that since 2008, there have been more than 20 new PET film lines installed worldwide. Firms cited an increase in U.S. imports from Bahrain, China, Dubai, Korea, Mexico, Thailand, Turkey, and UAE. Firms specifically noted increased supply to the U.S. market from the Flex plant in Mexico; from JBF plants in Bahrain and UAE (despite the antidumping order), and from new PET film lines in China (despite the antidumping order).

Two foreign producers reported no changes in factors affecting supply. However, ***. No foreign producer anticipated any changes in subject import supply.

Domestic production

Based on available information, U.S. producers of PET film have the ability to respond to changes in demand with moderate changes in the quantity of shipments of U.S.-produced PET film to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity and some inventories.

Industry capacity

Domestic capacity utilization decreased over the period of review from *** percent to *** percent, reflecting a slight decline in overall capacity and a larger decline in production. The level of capacity utilization in 2013 was the lowest during any year since prior to 1999 (the first year of the original investigation).[6] This level of capacity utilization suggests that U.S. producers may have some capacity to increase production of PET film in response to an increase in prices.

Alternative markets

U.S. producers' exports, as a percentage of total shipments, ranged from *** percent to *** percent during the review period. Most U.S. producers stated that it would be difficult to shift their shipments to other markets. Reasons cited include: high U.S. production costs (both materials and manufacturing costs); logistical issues (long qualification times, wait period for testing, high costs of entering new markets, and contract negotiations); and global oversupply of commodity grades. One firm stated it could sell specialty grades to Europe but not in the same volume as the U.S. market and another firm reported that it typically exports high-end specialty products. In addition, some firms reported that U.S. producers that produce for their own internal consumption or that have production facilities abroad are unlikely to increase exports of PET film. Only one U.S. producer reported barriers to trade in other markets: *** reported higher tariffs in Europe (6 percent) and Brazil (16 percent).

Inventory levels

U.S. producers' inventories were about *** percent of total shipments during the review period. These inventory levels suggest that U.S. producers may have some ability to respond to changes in demand with changes in the quantity shipped from inventories.

Production alternatives

None of the responding U.S. producers reported that they could switch production from PET film to other products in response to a price change.[7]

Subject imports from India

Indian producers likely have the capability to respond to changes in demand with large changes in the quantity shipped to the U.S. market. The main contributing factors to this degree of responsiveness of supply are unused capacity and the existence of alternate markets.

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[6] *** reported that PET film production is highly capital intensive and requires producers to operate at very high utilization rates. It stated that ***.

[7] ***.

Information in this section is primarily based on the questionnaire response of one foreign producer, Polyplex, that accounted for an estimated *** percent of total capacity in India.[8]

Industry capacity

Polyplex's capacity in India *** during the review period, with ***.[9] Capacity utilization ***. ***.[10] Polyplex reported that there ***.

Alternative markets

Internal consumption accounted for *** of Polyplex's shipments. Commercial shipments to the Indian home market declined from *** percent of total shipments in 2008 to *** percent in 2013. The ratio of exports to the ***, although exports to the ***. Polyplex reported that ***. Polyplex further reported that ***. It reported that it has ***.

In describing the Indian PET film market, Polyplex reported that ***. ***.

India was the sixth largest PET film exporter worldwide in 2013; its exports increased from 92.4 million pounds in 2008 to 206.8 million pounds in 2013 (see part IV of this report).[11] India's major export markets in 2013 were Italy (16 percent), Bangladesh (7 percent), the United States (6 percent), Germany (6 percent), and China (5 percent).

Inventory levels

The ratio of inventories to total shipments was less than *** percent during all but one year during the review period.

Production alternatives

***.

Subject imports from Taiwan

Information in this section is based primarily on the questionnaire responses of two foreign producers (Nan Ya and Vast) that are estimated to have accounted for *** percent of PET film capacity in Taiwan in 2012 and *** percent of production in Taiwan in 2011.[12] Based on available information, producers of PET film from Taiwan have the ability to respond to changes in demand with moderate changes in the quantity of shipments of PET film to the U.S. market, with some possible variation depending on whether market conditions would support

[8] Capacity based on 2012 data. ***.
[9] ***.
[10] ***.
[11] Global Trade Atlas data presented in part IV of this report; data include some nonsubject products.
[12] ***.

transferring sales from Asia to the United States. The main contributing factors to this degree of responsiveness of supply are the existence of alternate markets, but the lack of available capacity and inventories.

Industry capacity

Producers in Taiwan reported capacity utilization rates of ***during 2008-13. ***.[13] ***.

Alternative markets

Home market shipments and internal consumption accounted for about *** of shipments from Taiwan producers and exports to Asia accounted for ***. ***.[14]

***.[15] ***.

Nan Ya reported that it supplies about *** percent of consumption in the Taiwan home market, and that demand in its home market ***. Vast reported that ***.

***.[16]

Taiwan was the fifth largest exporter worldwide in 2013; its exports increased from 51.0 million pounds in 2008 to 214.5 million pounds in 2013 (see *part IV* of this report).[17] Taiwan's major export markets were China (half of exports in 2013), and Japan (25 percent). Other export markets include the United States, Malaysia, Canada, Germany, and Australia.

Inventory levels

Taiwan producers' ratio of inventories to total shipments ranged from *** percent during the period of review.

Production alternatives

***.

Nonsubject imports

The largest sources of nonsubject imports during 2008-13 were Mexico, Korea, and UAE. Mexico accounted for 26.4 percent of nonsubject imports during 2013, Korea accounted for 16.1 percent and UAE accounted for 12.5 percent.

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[13] ***.

[14] ***. Exchange rate data are presented in part V of this report.

[15] ***.

[16] Nan Ya reported that ***.

[17] Global Trade Atlas, data include some nonsubject products.

New suppliers

Seven of 10 purchasers indicated that new suppliers entered the U.S. market since 2008, and 5 purchasers expect additional entrants. Purchasers cited new U.S. production by Flex USA and Polyplex USA, and from new suppliers of product from India (Jindal, Garware, and Ester), China (WanHua and Green Packaging, Dong Fang), UAE (JBF) and Mexico (Flex). Expected new entrants include Middle Eastern and South American producers. One purchaser noted that the foreign producers are attracted to the large size of the U.S. market.

U.S. demand

Based on available information, the overall demand for PET film is likely to experience small to moderate changes in response to changes in price. The main contributing factors are the lack of substitute products tempered by PET film's highly variable cost shares of final products.

End uses

U.S. demand for PET film depends on the demand for U.S.-produced downstream products. As shown in the following tabulation, *** of U.S. producers' shipments went to industrial end uses, followed by packaging and then imaging. The vast majority of imports from India were used in *** and most imports from Taiwan were used in ***.[18]

End use segment	U.S. producers	India	Taiwan
	percent of shipments		
Electrical	***	***	***
Industrial	***	***	***
Imaging	***	***	***
Magnetics	***	***	***
Packaging	***	***	***
Total	100.0	100.0	100.0

Although most firms reported no changes in end uses, 6 of 9 responding U.S. producers, 4 of 17 importers, and 2 of 14 purchasers reported changes. Firms reported the following changes: a decrease in PET film for LCD screens and imaging; disappearance of the magnetics market; increase in touch screen applications; 10 percent annual growth globally in industrial and packaging; siliconized (in line chemically treated) taking market share from siliconized paper; and imaging and magnetic markets moving from analog to digital technology. Some

[18] Firms were asked to report based on their 2013 U.S. shipments; therefore this data does not include firms that did not produce or import PET film in 2013. In addition, not all firms answered the question; some noted that they did not know the end uses. For Taiwan, importers ***.

firms reported increased PET film use in photovoltaic applications while at least one firm reported that PET film use in this application had declined.

Only 3 of 9 U.S. producers and 3 of 16 importers, and no purchasers anticipated changes in end uses. Anticipated changes include PET film replacing other products such as oriented polypropylene, higher gauge PET film, and the growing use of PET film in flexible printed electronics.

Business cycles

Most producers, but a smaller percentage of importers and purchasers, indicated that the PET film market was subject to business cycles.[19] A minority of firms indicated that the PET film market was subject to other conditions of competition distinctive to PET film.[20] *** reported that the PET film business cycle is typically 7 to 10 years. One firm reported that seasonality varies between end use markets with higher demand in food packaging during the growing seasons and around holidays, while another firm reported that demand is lowest in the fourth quarter.

Most responding firms (7 of 8 U.S. producers, 6 of 9 importers, and 5 of 7 purchasers) reported changes since 2008 in business cycles or conditions of competition, often citing capacity changes and wider economic conditions. *** reported it expects a prolonged trough in the business cycle because of worldwide oversupply due to continuing capacity expansions, particularly in China and India.

*** reported a shortage of PET film in 2010 as Asian producers, responding to increased demand in Asia for optical film, reduced exports and supplied local markets. *** also reported a shortage in 2010, in which packaging film prices doubled as U.S. producers reduced production of these films and increased production of thicker industrial films (for consumer electronics, solar applications, and release films). It added that global and U.S. capacity additions in 2012 and 2013 lowered the prices and increased the availability of packaging films. *** reported that global capacity utilization has dropped from almost sold out in 2010 to less than 70 percent currently as new producers have entered the world market. *** reported that during the recession, customers reduced inventories and as the economy has recovered, customers have restocked but that pricing pressures have increased with continued imports and the installation of new U.S. PET film lines.

*** reported that flat panel displays have become a large new segment as magnetics have disappeared. ***reported more market volatility since the 2008 global financial crisis, and that the rate of new capacity has not been consistent, creating supply/demand fluctuations.

[19] Of the responding firms, 7 of 10 U.S. producers, 7 of 17 importers, and 5 of 14 purchasers reported that the market was subject to business cycles.

[20] Of the responding firms, 3 of 10 U.S. producers, 4 of 17 importers, and 3 of 14 purchasers reported that the PET film market was subject to other conditions of competition distinctive to PET film.

Apparent consumption

Apparent U.S. consumption of PET film declined during 2008-13; in 2013, it was 11.6 percent lower than in 2008. Apparent consumption fluctuated during the first four years of the review period, with a decline from 2008 to 2009, recovery in 2010, another decline in 2011, and then remained relatively stable in 2012 and 2013. In 2013, U.S. apparent consumption was lower than during any year in the original investigations (1999-2001) and first reviews (2002-06).

Demand trends

Most firms reported an increase in U.S. demand for PET film since 2008 (table II-4). Firms were more mixed on their responses regarding future demand, although a plurality of U.S. producers, importers, and purchasers expect demand to increase.

Table II-4
PET film: Firms' responses regarding U.S. demand, by number of responding firms

Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
Demand inside the United States since 2008:				
U.S. producers	6	1	2	2
Importers	10	3	1	2
Purchasers	6	1	2	2
Foreign producers	2	0	0	1
Anticipated demand inside the United States:				
U.S. producers	5	2	2	2
Importers	7	4	1	4
Purchasers	5	1	2	2
Foreign producers	0	1	1	1
Demand for purchasers' final products since 2008:				
Purchasers	3	2	1	1

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

Substitute products

Substitutes for PET film are somewhat limited, although some firms (5 of 8 producers, 4 of 15 importers, and 8 of 14 purchasers) reported some substitutes.[21] Substitutes listed by purchasers include BOPP (bi-axially oriented polypropylene film) and BOPA (bi-axially oriented polypropylene film) for food and other flexible packaging uses, certain laminating papers[22] for electrical insulation uses, and polycoated paper and polyolefin films for lamination and

[21] The remaining firms reported that there were no substitutes.
[22] The specific substitutes listed were 3M's Tufquin and Cequin.

conversion uses. Only one producer and one purchaser reported any changes or anticipated changes in substitutes.

Cost share

Because PET film is used in a wide variety of end-use products (which are themselves often used in other downstream products), the percent of the final cost that is accounted for by PET film varies widely across and within end uses. Reported cost shares for some end uses were as follows (in percent): packaging (15 to 70, average of about 30), medical (12); optical films (15 to 20); motors (3); release liners (40 to 70); labels (10 to 50); industrial (40 to 68); solar window films (15 to 50); metalized PET (75); packing tapes (50); laminated film (80); specialty films (16); balloons (80); and reflective sheeting (10).

SUBSTITUTABILITY ISSUES

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

Lead times

PET film is primarily produced-to-order. U.S. producers reported that 79 percent of their commercial shipments were produced-to-order with lead times of 2 to 6 weeks.[23] The remaining 21 percent of their commercial shipments came from inventories, with lead times of 1 to 7 days. Importers reported that most PET film from Taiwan was also produced-to-order, ***, while about *** of product from India was sold from inventories. Importers' reported lead times were 1 to 7 days from U.S inventories, one month from foreign inventories, and generally 4 to 10 weeks for produced-to-order product.

Knowledge of country sources

Twelve purchasers indicated they had marketing/pricing knowledge of domestic product, two of Indian product, one of Taiwan product, and six of nonsubject countries.

As shown in table II-5, a majority or plurality of purchasers and their customers sometimes make purchasing decisions based on the producer, but a majority or plurality reported that they never purchase based on the country of origin. Of the purchasers that

[23] *** reported that during a peak business cycle in 2010, some lead times exceeded 4 to 6 weeks. *** reported that competition in the U.S. market has reduced lead times from 30 days to 7 days.

reported that they always make decisions based on the manufacturer, ***. It also considers service, quality, long term commitment to the U.S. market, and the overall risk of doing business with a specific supplier. Other reasons cited for basing decision on producer including specification, quality, qualification, delivery, service, price, and food safety requirements. Reasons for always basing purchase on country of origin were service, customer turnaround times, and a preference for domestic product while keeping one offshore supplier.

Table II-5
PET film: Purchasing decisions based on producer and country of origin, by number of reporting firms

Decision	Always	Usually	Sometimes	Never
Purchaser makes decision based on producer	2	3	4	1
Purchaser's customers make decision based on producer	0	3	6	1
Purchaser makes decision based on country	3	1	1	5
Purchaser's customers make decision based on country	0	2	2	6

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

Factors affecting purchasing decisions

As shown in table II-6, the most often cited top three factors firms consider in their purchasing decisions for PET film were quality (9 firms), price (8 firms), availability and delivery/lead time (3 firms each). Quality was the most frequently cited first most important factor (cited by 5 firms), followed by price (3 firms); price was the most frequently reported second most important factor (3 firms); and quality, price, and delivery/lead time were the most frequently reported third most important factor (2 firms each). In addition firms listed minimum order quantities, product range/specifications, capacity, reliability, service, quality systems/history, and ease of supply chain as important considerations in their purchase decisions for PET film.

Table II-6
PET film: Ranking of factors used in purchasing decisions as reported by U.S. purchasers, by number of reporting firms

Factor	First	Second	Third	Total
Quality	5	2	2	9
Price	3	3	2	8
Availability	0	2	1	3
Delivery/lead time	0	1	2	3
Other[1]	2	2	2	6

[1] Other factors include specification and fit for use considerations as first factor; ease of supply chain and vendor strategic fit for second factor; reliability of supply and product range for third factor.

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

The majority of purchasers (9 of 14) reported that they only sometimes or never purchase the lowest-priced product. Five of 13 purchasers reported that certain types of product were only available from a single source.

When asked if they purchased PET film from one source although a comparable product was available at a lower price from another source, 12 purchasers reported doing so, citing reasons including lead times, delivery, supply reliability, ease of supply chain, and order size. One purchaser stated it buys from ***, and that substituting a raw material can be very time consuming and expensive. It stated that it may be willing to pay a higher price for U.S.-produced product due to shorter lead times and lower minimum order size.[24] It also considers the cost to qualify versus the expected benefits of changing sources (price, terms, leadtime, service, etc). One purchaser stated it buys from ***because of ***. ***purchases from more than one source, but among qualified producers, it purchases from the lowest price supplier with sufficient capacity that consistently meets specifications. One firm noted that Korea and Turkey require larger minimum order size and have a longer transit time.

Importance of specified purchase factors

Purchasers were asked to rate the importance of 15 factors in their purchasing decisions (table II-7). All 14 responding purchasers rated the following factors as "very important": availability, price, product consistency, quality meets industry standards and reliability of supply. Other factors rated as "very important" by more than half of responding purchasers were delivery terms and minimum quantity requirements (8 firms each).

Supplier certification

All 10 responding purchasers require that all of the product they purchase be certified. Purchasers reported that the time to qualify a new supplier ranged from 60 to 365 days.[25] Six of 10 purchasers reported that a foreign supplier had failed in its attempt to qualify product, or had lost its approved status since 2008. Two firms listed Jindal (India) because of "specification" and poor quality. One firm each listed Toyobo (China), SKC (Korea), Terphane (Brazil) for quality issues for a particular grade, Kolon (Korea) for delivery delays on some grades, and a Russian supplier for delivery problems and failed specifications.

[24] It reported that most offshore suppliers require a minimum order of a container (40,000 pounds).
[25] Three purchasers reported 365 days and seven reported 60 to 210 days.

Table II-7
PET film: Importance of purchase factors, as reported by U.S. purchasers, by number of responding firms

Factor	Number of firms reporting		
	Very	Somewhat	Not
Availability	14	0	0
Delivery terms	8	5	1
Delivery time	10	3	1
Discounts offered	2	8	4
Extension of credit	4	7	3
Minimum quantity requirements	8	5	1
Packaging	5	7	2
Price	14	0	0
Product consistency	14	0	0
Product range	6	5	3
Quality exceeds industry standards	4	6	4
Quality meets industry standards	14	0	0
Reliability of supply	14	0	0
Technical support/service	3	10	1
U.S. transportation costs	5	6	2

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

Changes in purchasing patterns

Purchasers were asked about changes in their purchases from different sources since 2008 (table II-8). There was not a clear pattern for domestic purchases and purchases of Indian product. Six purchasers reported increases in purchases of nonsubject imports and four reported decreases in purchases of product from Taiwan. Reasons reported for decreased purchases of domestic product included: tighter U.S. supply, reduced demand for end product, addition of new supplier, country of origin changed by current supplier, temporary decrease in 2009 when Dupont Teijin stopped making domestic product, and U.S. producers' unwillingness to make PET film. Reasons reported for increasing domestic purchases included: new U.S. capacity and suppliers, market growth, and the opening of Flex USA and Polyplex USA in 2013.

Table II-8
PET film: Changes in relative purchases from U.S., subject, and nonsubject countries

Source of purchases	Did not purchase	Decreased	Increased	Constant	Fluctuated
United States	0	4	4	4	2
India	7	3	3	1	0
Taiwan	8	4	2	1	0
All other sources	2	2	6	1	2

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

For India, reasons for decreased purchases included decreased demand for a specific PET film product, no need for imports since domestic product was available, and price; and reasons for increased purchases were availability and to supplement loss of domestic supply.

Among firms reporting decreased purchases from Taiwan, ***, one firm reported it is no longer purchasing from Nan Ya, and one firm reported it substituted an alternative qualified firm.

Reasons for increasing purchases from nonsubject countries were to supplement loss of domestic supply, capacity additions, added new supplier, source/price, and began purchasing from UAE and Mexico. Reasons for decreasing purchases from nonsubject countries were that the purchaser stopped buying from *** and that the purchaser substituted an alternative qualified firm.

Eight of 10 responding purchasers reported that they had changed suppliers since 2008. Specifically, firms reported dropping or reducing purchases from the following suppliers (and reasons, if stated): Jindal (quality), Polyplex (***), Shenda China (exited U.S. market in 2008 due to antidumping duties), Terphane Brazil (exited U.S. market in 2008 due to antidumping duties), Mitsubishi (unwillingness to supply in 2010), DuPont Teijin (unwillingness to supply in 2011), Nan Ya (no longer competitive), and Rocheux (cost increases from antidumping order and qualified a domestic supplier).

Firms reported adding or increasing purchases from the following suppliers (and reasons, if stated): Flex USA (new capacity, quality, price, source of supply); Flex Mexico; JBF; Polyplex USA; ***; SKC (added to our product portfolio); Smyrna International/Triton (unable to obtain packaging films from domestic suppliers); and Toray (quality, price, and source of supply). Firms also reported changes because of mill/vendor consolidation.

Only two purchasers reported reasons for purchasing from one country only. *** purchases from domestic suppliers because of quality and the cost of qualifying additional suppliers, and *** purchases domestic only because of strict quality requirements.

Importance of purchasing domestic product

Purchasers reported that 14 percent of their 2013 PET film purchases required domestic product. Specifically, for 8 percent of their purchases their customers required domestic product, and for the remaining 6 percent, purchases of domestic product were required for reasons other than their customers or laws/regulations. These other reasons cited for preferring domestic product included: no other current source for product, product attributes, timing/product design, and lean principles and better quality. Domestic product was not required for the remaining 86 percent of their purchases.

Comparisons of domestic products, subject imports, and nonsubject imports

Purchasers were asked to compare PET film produced in the United States, subject countries, and nonsubject countries on the same 15 factors (table II-9) for which they were asked to rate the importance.

A majority of purchasers reported that U.S. and all imported products were comparable on seven of the factors (discounts offered, extension of credit, packaging, price, quality exceeds industry standards, quality meets industry standards, and U.S. transportation costs). Most purchasers reported that PET film from India, Taiwan, and nonsubject countries were comparable on all factors.

Purchasers rated the U.S. product as superior to that from India, Taiwan, and nonsubject imports on availability, delivery terms, delivery time, and technical support/service. In addition, firms rated the domestic product as superior to imports from India and nonsubject imports on minimum quantity requirements, product range, and reliability of supply. On two of these factors, minimum quantity requirements and reliability of supply, equal numbers of firms rated the U.S. product as superior to that from Taiwan and comparable to that from Taiwan. For product consistency, an equal number of purchasers rated the U.S. product as superior to that from India and comparable to that from India.

Comparison of U.S.-produced and imported PET film

In order to determine whether U.S.-produced PET film can generally be used in the same applications as imports from India and Taiwan, U.S. producers, importers, and purchasers were asked whether the products can "always," "frequently," "sometimes," or "never" be used interchangeably. As shown in table II-10, the majority of responding firms reported that U.S.-produced PET film and imported PET film from India, Taiwan, and other countries "always" or "frequently" can be used interchangeably.

As can be seen from table II-11, 9 of 13 responding purchasers reported that domestically-produced product "always" met minimum quality specifications. 2 of 8 responding purchasers reported that PET film from India "always" met minimum quality specifications and 4 of 7 responding purchasers reported that PET film from Taiwan "always" met minimum quality specifications.

In addition, producers, importers, and purchasers were asked to assess how often differences other than price were significant in sales of PET film from the United States, subject, or nonsubject countries. As seen in table II-12, most producers and importers reported that such differences were "sometimes" or "never" significant. On the other hand, most purchasers reported that such differences between domestic product and that from India and Taiwan were "always" or "frequently" significant.

Table II-9
PET film: Purchasers' comparisons between U.S.-produced and imported product

Factor	Number of firms reporting								
	U.S. vs. India			U.S. vs. Taiwan			India vs. Taiwan		
	S	C	I	S	C	I	S	C	I
Availability	9	3	0	6	4	1	0	6	2
Delivery terms	7	5	0	6	4	1	0	7	1
Delivery time	10	2	0	7	3	1	0	7	1
Discounts offered	3	9	0	1	9	1	0	7	1
Extension of credit	4	8	0	2	8	1	0	7	1
Minimum quantity requirements	8	4	0	5	5	1	0	7	1
Packaging	4	8	0	2	8	1	0	6	2
Price[1]	1	10	1	2	8	1	0	8	0
Product consistency	6	6	0	3	7	1	0	6	2
Product range	7	5	0	4	5	2	0	6	2
Quality exceeds industry standards	5	7	0	3	7	1	0	7	1
Quality meets industry standards	4	8	0	3	7	1	0	7	1
Reliability of supply	7	5	0	5	5	0	0	6	1
Technical support/service	8	4	0	5	4	2	0	6	2
U.S. transportation costs [1]	5	7	0	4	6	1	0	7	1
Factor	**Number of firms reporting**								
	U.S. vs. Nonsubject			India vs. Nonsubject			Taiwan vs. Nonsubject		
	S	C	I	S	C	I	S	C	I
Availability	8	5	0	1	7	1	0	7	1
Delivery terms	7	6	0	0	8	1	0	7	1
Delivery time	9	4	0	1	6	2	0	7	1
Discounts offered	3	10	0	1	7	1	0	7	1
Extension of credit	5	8	0	0	8	1	0	7	1
Minimum quantity requirements	7	6	0	1	7	1	0	7	1
Packaging	3	10	0	0	7	2	0	7	1
Price[1]	1	11	1	0	9	0	0	7	1
Product consistency	4	9	0	0	8	1	0	7	1
Product range	7	6	0	0	7	2	0	7	1
Quality exceeds industry standards	5	7	1	0	8	1	0	7	1
Quality meets industry standards	4	9	0	0	7	2	0	7	1
Reliability of supply	7	5	1	0	7	2	0	7	1
Technical support/service	8	5	0	1	6	2	0	7	1
U.S. transportation costs [1]	4	9	0	0	8	1	0	7	1

[1] A rating of superior means that price/U.S. transportation costs is generally lower. For example, if a firm reported "U.S. superior," it meant that the U.S. product was generally priced lower than the imported product.

Note: S=first listed country's product is superior; C=both countries' products are comparable; I=first list country's product is inferior.

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

Table II-10
PET film: Interchangeability between PET film produced in the United States and in other countries, by country pairs

Country pair	U.S. producers				U.S. importers				U.S. purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N
United States vs. India	5	3	1	0	5	6	0	0	1	6	3	1
United States vs. Taiwan	5	3	0	0	7	4	1	1	1	5	1	2
India vs. Taiwan	4	2	1	0	4	4	0	1	1	5	1	1
United States vs. Other	5	3	1	0	5	6	1	0	1	6	2	0
India vs. Other	4	2	1	0	4	5	0	0	1	3	1	0
Taiwan vs. Other	4	3	0	0	3	4	0	0	1	4	0	0

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

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

Table II-11
PET film: Ability to meet minimum quality specifications, by source and number of reporting firms[1]

Source	Always	Usually	Sometimes	Rarely or never
United States	9	4	0	0
India	2	4	2	0
Taiwan	4	1	2	0

[1] Purchasers were asked how often domestically produced or imported PET film meets minimum quality specifications for their own or their customers' uses.

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

Table II-12
PET film: Significance of differences other than price between PET film produced in the United States and in other countries, by country pair

Country pair	U.S. producers				U.S. importers				U.S. purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N
United States vs. India	1	0	5	3	0	2	4	4	3	3	4	1
United States vs. Taiwan	1	1	4	3	0	1	7	4	3	3	2	1
India vs. Taiwan	0	0	5	2	0	1	4	3	1	2	3	2
United States vs. Other	1	1	5	3	0	2	6	4	2	2	4	1
India vs. Other	0	0	5	2	0	2	4	3	1	1	4	1
Taiwan vs. Other	0	1	4	2	0	1	4	3	1	1	3	1

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

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

ELASTICITY ESTIMATES

This section discusses elasticity estimates. Parties did not comment on the estimates.

U.S. supply elasticity

The domestic supply elasticity[26] for PET film measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of PET film. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced PET film. Analysis of these factors earlier indicates that the U.S. industry is likely to be able to moderately increase or decrease shipments to the U.S. market; an estimate in the range of 2 to 5 is suggested.

U.S. demand elasticity

The U.S. demand elasticity for PET film measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of PET film. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of PET film in the production of any downstream products. Based on the available information, the aggregate demand for PET film is likely to be moderately inelastic; a range of -0.5 to -1.0 is suggested.

Substitution elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.[27] Product differentiation, in turn, depends upon such factors as quality (*e.g.*, chemistry, appearance, etc.) and conditions of sale (*e.g.*, availability, sales terms/ discounts/ promotions, etc.). Based on available information, the elasticity of substitution between U.S.-produced PET film and imported PET film is likely to be in the range of 3 to 6.

[26] A supply function is not defined in the case of a non-competitive market.

[27] The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like products to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject products (or vice versa) when prices change.

PART III: CONDITION OF THE U.S. INDUSTRY

OVERVIEW

The information in this section of the report was compiled from the responses of eleven firms, which accounted for all of U.S. production of PET film during the period of these current five-year reviews, and supplied information on their operations in these reviews and other proceedings on PET film.[1] Important industry events that occurred during the period of these current five-year reviews are presented in table III-1.

Table III-1
PET film: Important industry events, 2008-13

Flex USA	***
Polyplex USA	***
Terphane	***

Source: ***.

Changes experienced by the industry

Domestic producers were asked to indicate whether their firm had experienced any plant openings, relocations, expansions, acquisitions, consolidations, closures, or prolonged shutdowns because of strikes or equipment failure; curtailment of production because of shortages of materials or other reasons, including revision of labor agreements; or any other change in the character of their operations or organization relating to the production of PET film since 2008. *** of the 11 domestic producers indicated that they had experienced such changes; their responses are presented in table III-2.

[1] The eleven responding U.S. producers are: 3M Co. ("3M"); Carestream ("Carestream"); Curwood, Inc. ("Curwood"); DuPont Teijin Films ("DuPont Teijin"); Eastman Kodak Co. ("Kodak"); Flex Films (USA) Inc. ("Flex USA"); Mitsubishi Polyester Film, Inc. ("Mitsubishi"); Polyplex USA LLC ("Polyplex USA"); SKC Inc. ("SKC"); Terphane Inc. ("Terphane"); and Toray Plastics (America), Inc. ("Toray").

Table III-2
PET film: Changes in the character of U.S. operations since January 1, 2008

Firm	Production facility location	Capacity (*1,000 pounds*)	Operational changes
3M	St. Paul MN Decatur, AL Greenville, SC	***	*** *** *** ***
Carestream	Rochester, NY	***	***
Curwood	Oshkosh, WI	***	***
DuPont Teijin	Hopewell, VA Circleville, OH Florence, SC Fayetteville, NC	***	*** *** *** *** ***
Flex USA	Elizabethtown, KY	***	***
Kodak	Rochester, NY	***	***
Mitsubishi	Greer, SC	***	*** *** ***
Polyplex USA	Decatur, AL	***	*** ***
SKC	Covington, GA	***	***
Terphane	Bloomfield, NY	***	***
Toray	North Kingstown, RI	***	***

Source: Compiled from data submitted in response to Commission questionnaires (U.S. producer questionnaire responses, section II-2).

Anticipated changes in operations

The Commission asked domestic producers to report anticipated changes in the character of their operations relating to the production of PET film. Their responses appear in table III-3.

Table III-3
PET film: Anticipated changes in the character of U.S. operations

* * * * * * *

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Several responding U.S. producers have foreign affiliations and/or production facilities. DuPont Teijin is *** owned by Teijin Holdings USA, Inc., New York, NY, and *** owned by E.I. DuPont de Nemours & Co., Wilmington, DE. DuPont also ***. Flex USA is ***. Mitsubishi is

***. Polyplex USA reported that it is ***. SKC reported that it is ***. Terphane reported that it ***. Toray reported that it is related to ***.[2]

The Commission asked U.S. producers whether the production equipment and the production and related workers ("PRWs") employed in the production of PET film were used to produce other products. ***. ***. ***.[3]

Table III-4 presents U.S. producers' production, capacity, and capacity utilization, by firm.

[2] U.S. producers' questionnaire responses (section I-4, section I-6, and section I-7).

[3] U.S. producer questionnaire responses (section II-5).

Table III-4
PET film: U.S. producers' production, capacity, and capacity utilization, by firm, 2008-13

Item	Calendar year					
	2008	2009	2010	2011	2012	2013
Capacity (1,000 pounds)						
3M Company	***	***	***	***	***	***
Carestream	***	***	***	***	***	***
Curwood	***	***	***	***	***	***
DuPont Teijin	***	***	***	***	***	***
Kodak	***	***	***	***	***	***
Flex USA	***	***	***	***	***	***
Mitsubishi	***	***	***	***	***	***
Polyplex USA	***	***	***	***	***	***
SKC	***	***	***	***	***	***
Terphane	***	***	***	***	***	***
Toray	***	***	***	***	***	***
Total	720,103	702,692	700,955	624,565	620,209	710,024
Production (1,000 pounds)						
3M Company	***	***	***	***	***	***
Carestream	***	***	***	***	***	***
Curwood	***	***	***	***	***	***
DuPont Teijin	***	***	***	***	***	***
Kodak	***	***	***	***	***	***
Flex USA	***	***	***	***	***	***
Mitsubishi	***	***	***	***	***	***
Polyplex USA	***	***	***	***	***	***
SKC	***	***	***	***	***	***
Terphane	***	***	***	***	***	***
Toray	***	***	***	***	***	***
Total	620,246	550,720	602,656	510,811	495,378	543,023
Capacity utilization (percent)						
3M Company	***	***	***	***	***	***
Carestream	***	***	***	***	***	***
Curwood	***	***	***	***	***	***
DuPont Teijin	***	***	***	***	***	***
Kodak	***	***	***	***	***	***
Flex USA	***	***	***	***	***	***
Mitsubishi	***	***	***	***	***	***
Polyplex USA	***	***	***	***	***	***
SKC	***	***	***	***	***	***
Terphane	***	***	***	***	***	***
Toray	***	***	***	***	***	***
Average	86.1	78.4	86.0	81.8	79.9	76.5

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

Constraints on capacity

*** of the 11 responding U.S. producers reported constraints in the manufacturing process. Most frequently cited constraints were ***. Reported constraints are presented in the tabulation that follows.

* * * * * * *

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

Table III-5 presents U.S. producers' U.S. shipments, export shipments, and total shipments. U.S. commercial shipments fluctuated downward during 2008-13. *** U.S. producers, ***, accounted for *** percent of U.S. commercial shipment quantity during the period of these current five-year reviews. Internal consumption decreased over the period. Certain U.S. producers consume *** of their production captively; however, *** report any internal consumption of PET film. No U.S. producers reported transfers to related forms during the period of these current 5-year reviews. Nine firms reported export shipments during all or a portion of the period of the current five-year reviews. *** firms accounted for an aggregated *** percent of U.S. exports during 2008-13: ***. *** export shipments. Export markets reported for U.S.-produced PET film were: ***.[4]

Captive consumption (internal shipments) accounted for volumes of U.S. producers' U.S. shipments for the period of these current five-year reviews that ranged between ***.

[4] U.S. producers' questionnaire responses (section II-8, fn. 3).

Table III-5
PET film: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2008-13

Item	Calendar year					
	2008	2009	2010	2011	2012	2013
Quantity (1,000 pounds)						
Commercial U.S. shipments	400,977	346,265	398,097	346,602	349,209	399,676
Internal consumption	180,991	170,413	149,032	131,406	105,348	103,687
Subtotal, U.S. shipments	581,968	516,678	547,129	478,008	454,557	503,363
Export shipments	32,723	28,501	44,933	39,359	34,901	33,803
Total shipments	614,691	545,179	592,062	517,367	489,458	537,166
Value (1,000 dollars)						
Commercial U.S. shipments	727,053	583,760	744,606	769,075	714,645	748,889
Internal consumption	377,225	350,633	300,850	283,210	227,747	214,627
Subtotal, U.S. shipments	1,104,278	934,393	1,045,456	1,052,285	942,392	963,516
Export shipments	64,187	58,444	111,416	139,557	115,800	104,660
Total shipments	1,168,465	992,837	1,156,872	1,191,842	1,058,192	1,068,176
Unit value (dollars per pound)						
Commercial U.S. shipments	1.81	1.69	1.87	2.22	2.05	1.87
Internal consumption	2.08	2.06	2.02	2.16	2.16	2.07
Subtotal, U.S. shipments	1.90	1.81	1.91	2.20	2.07	1.91
Export shipments	1.96	2.05	2.48	3.55	3.32	3.10
Total shipments	1.90	1.82	1.95	2.30	2.16	1.99
Share of quantity (percent)						
Commercial U.S. shipments	65.2	63.5	67.2	67.0	71.3	74.4
Internal consumption	29.4	31.3	25.2	25.4	21.5	19.3
Subtotal, U.S. shipments	94.7	94.8	92.4	92.4	92.9	93.7
Export shipments	5.3	5.2	7.6	7.6	7.1	6.3
Total shipments	100.0	100.0	100.0	100.0	100.0	100.0
Share of value (percent)						
Commercial U.S. shipments	62.2	58.8	64.4	64.5	67.5	70.1
Internal consumption	32.3	35.3	26.0	23.8	21.5	20.1
Subtotal, U.S. shipments	94.5	94.1	90.4	88.3	89.1	90.2
Export shipments	5.5	5.9	9.6	11.7	10.9	9.8
Total shipments	100.0	100.0	100.0	100.0	100.0	100.0

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

U.S. PRODUCERS' INVENTORIES

Table III-6 presents U.S. producers' end-of-period inventories and the ratio of these inventories to U.S. producers' production, U.S. shipments, and total shipments over the period examined**.**

Table III-6
PET film: U.S. producers' inventories, 2008-13

Item	Calendar year					
	2008	2009	2010	2011	2012	2013
	Quantity (1,000 pounds)					
U.S. producers' end-of-period inventories	60,547	56,657	61,019	50,201	52,158	49,840
	Ratio (percent)					
Ratio of inventories to.--						
U.S. production	9.8	10.3	10.1	9.8	10.5	9.2
U.S. shipments	10.4	11.0	11.2	10.5	11.5	9.9
Total shipments	9.8	10.4	10.3	9.7	10.7	9.3

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

U.S. PRODUCERS' IMPORTS AND PURCHASES

Table III-7 presents data on individual U.S. producers' U.S. production and U.S imports of PET film, and the ratio of imports to U.S. production over the period examined.

Table III-7
PET film: U.S. producers' U.S. production, imports, and import ratios to U.S. production, 2008-13

* * * * * * *

*** U.S. producers ***.

Table III-8 presents data on individual U.S. producers' reported purchases of PET film imported from subject sources over the period for which data were gathered. ***.

Table III-8
PET film: U.S. producers' U.S. production and purchases of imports, 2008-13

* * * * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-9 shows U.S. producers' employment-related data during the period examined. Aggregate number of PRWs decreased irregularly by 11.9 percent during the period for which data were gathered. However, several firms exhibited opposing employment trends. Specifically, *** producers, while *** during the period of these current five-year reviews. Additionally, industry *** affected the number of PRWs. Specifically, ***. Therefore, overall the PET film industry *** for a *** PRWs during 2008-13.

Table III-9
PET film: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2008-13

Item	Calendar year					
	2008	2009	2010	2011	2012	2013
Production-Related Workers (PRWs) (number)	2,196	2,020	2,017	1,857	1,837	1,935
Total hours worked (1,000 hours)	4,366	3,977	3,982	3,736	3,756	3,933
Hours worked per PRW (hours)	1,988	1,969	1,974	2,012	2,045	2,033
Wages paid ($1,000)	149,435	138,342	134,079	133,884	136,416	141,613
Hourly wages (dollars per hour)	$34.23	$34.79	$33.67	$35.84	$36.32	$36.01
Productivity (pounds per hour)	142.1	138.5	151.3	136.7	131.9	138.1
Unit labor costs (dollars per pound)	$0.24	$0.25	$0.22	$0.26	$0.28	$0.26

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

FINANCIAL EXPERIENCE OF U.S. PRODUCERS

Background

Eleven U.S. producers provided useable financial data on their operations producing PET film.[5] Internal consumption of PET film by *** accounted for a declining share of U.S. producers' total sales, from *** percent by quantity and *** percent by value in 2008 to *** percent by quantity and *** percent by value in 2013. All of the firms reported that their installed equipment is dedicated to the production of PET film; the *** on the same equipment.

Operations on PET Film

Table III-10 presents aggregated data on U.S. producers' operations in relation to PET film over the fiscal years, 2008-13, examined while table III-11 presents selected company-specific financial data. In brief, the quantity and value of total sales declined from 2008 through 2013. Operating income and net income before taxes increased from a loss in 2008 to a profit-high point in 2010, and fell from that year to a loss in 2013. Likewise, the number of firms reporting operating losses decreased from 2008 to 2010-2011 and increased in 2012 and 2013. Cash flow increased from 2008 to a high in 2010, falling thereafter through 2013.

[5] These firms were: 3M, Curwood, Carestream, DuPont Teijin, Kodak, Flex USA, Mitsubishi, Polyplex USA, SKC, Terphane, and Toray. Each firm, ***, reported on a calendar year basis. ***. Transfers to related firms were reported by *** classified them as exports in the trade section of the Commission's questionnaire.

Table III-10
PET film: Results of operations of U.S. producers, fiscal years, 2008-13

Item	Fiscal years					
	2008	2009	2010	2011	2012	2013
	Quantity (1,000 pounds)					
Commercial sales	433,096	371,704	435,224	371,680	367,676	391,398
Internal consumption[1]	***	***	***	***	***	***
Transfers to related firms[2]	***	***	***	***	***	***
Total net sales	614,691	545,179	592,062	517,366	489,458	508,794
	Value (1,000 dollars)					
Commercial sales	789,234	630,735	824,589	835,720	761,694	763,439
Internal consumption[1]	***	***	***	***	***	***
Transfers to related firms[2]	***	***	***	***	***	***
Total net sales	1,168,465	992,837	1,156,872	1,191,841	1,058,192	1,033,019
Cost of goods sold (COGS):						
Raw materials	579,597	424,267	503,604	600,990	550,400	534,555
Direct labor	161,242	150,657	144,069	148,531	148,735	154,425
Other factory costs	312,083	303,581	303,734	251,112	246,065	253,202
Total COGS	1,052,922	878,505	951,407	1,000,633	945,200	942,182
Gross profit	115,543	114,332	205,465	191,208	112,992	90,837
SG&A expenses	126,771	115,666	109,823	100,454	93,183	97,543
Operating income or (loss)	(11,228)	(1,334)	95,642	90,754	19,809	(6,706)
Other income or (expense), net[3]	(34,003)	(36,425)	(12,734)	(8,388)	(14,304)	(21,099)
Net income or (loss)	(45,231)	(37,759)	82,908	82,366	5,505	(27,805)
Depreciation/amortization	102,524	108,072	110,877	76,950	77,781	62,812
Cash flow	57,293	70,313	193,785	159,316	83,286	35,007
	Number of firms					
Reporting operating losses[4]	5	6	***	***	4	6
Reporting data (sales)	9	9	9	9	9	10

Table continued on the next page.

Table III-10--*Continued*
PET film: Results of operations of U.S. producers, fiscal years, 2008-13

Item	Fiscal years					
	2008	2009	2010	2011	2012	2013
	Ratio to total net sales (percent)					
COGS:						
Raw materials	49.6	42.7	43.5	50.4	52.0	51.7
Direct labor	13.8	15.2	12.5	12.5	14.1	14.9
Other factory costs	26.7	30.6	26.3	21.1	23.3	24.5
Total COGS	90.1	88.5	82.2	84.0	89.3	91.2
Gross profit	9.9	11.5	17.8	16.0	10.7	8.8
SG&A expenses	10.8	11.7	9.5	8.4	8.8	9.4
Operating income or (loss)	(1.0)	(0.1)	8.3	7.6	1.9	(0.6)
Net income or (loss)	(3.9)	(3.8)	7.2	6.9	0.5	(2.7)
	Unit value (dollars per pound)					
Commercial sales	1.82	1.70	1.89	2.25	2.07	1.95
Internal consumption	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***
Total net sales	1.90	1.82	1.95	2.30	2.16	2.03
COGS:						
Raw materials	0.94	0.78	0.85	1.16	1.12	1.05
Direct labor	0.26	0.28	0.24	0.29	0.30	0.30
Other factory costs	0.51	0.56	0.51	0.49	0.50	0.50
Total COGS	1.71	1.61	1.61	1.93	1.93	1.85
Gross profit	0.19	0.21	0.35	0.37	0.23	0.18
SG&A expenses	0.21	0.21	0.19	0.19	0.19	0.19
Operating income or (loss)	(0.02)	([5])	0.16	0.18	0.04	(0.01)
Net income or (loss)	(0.07)	(0.07)	0.14	0.16	0.01	(0.05)

[1] Internal consumption was reported by ***.
[2] Transfers to related firms was reported by ***.
[3] Other income/(expense) consists mostly of interest expense. Other expenses, reported by ***.
[4] Firms reported operating losses were: ***.
[5] Less than $0.005, but negative.

Note.—*See* table C-2 for a calculation of the industry's merchant market sales and costs.

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

Table III-11
PET film: Results of operations of U.S. producers, by firm, fiscal years, 2008-13

Firm	Fiscal years					
	2008	2009	2010	2011	2012	2013
	Total net sales quantity (1,000 pounds)					
3M	***	***	***	***	***	***
Carestream	***	***	***	***	***	***
Curwood	***	***	***	***	***	***
DuPont Teijin	***	***	***	***	***	***
Flex USA	***	***	***	***	***	***
Kodak	***	***	***	***	***	***
Mitsubishi	***	***	***	***	***	***
Polyplex USA	***	***	***	***	***	***
SKC	***	***	***	***	***	***
Terphane	***	***	***	***	***	***
Toray	***	***	***	***	***	***
All firms	614,691	545,179	592,062	517,366	489,458	508,794
	Total net sales value (1,000 dollars)					
3M	***	***	***	***	***	***
Carestream	***	***	***	***	***	***
Curwood	***	***	***	***	***	***
DuPont Teijin	***	***	***	***	***	***
Flex USA	***	***	***	***	***	***
Kodak	***	***	***	***	***	***
Mitsubishi	***	***	***	***	***	***
Polyplex USA	***	***	***	***	***	***
SKC	***	***	***	***	***	***
Terphane	***	***	***	***	***	***
Toray	***	***	***	***	***	***
All firms	1,168,465	992,837	1,156,872	1,191,841	1,058,192	1,033,019
	Total COGS (1,000 dollars)					
3M	***	***	***	***	***	***
Carestream	***	***	***	***	***	***
Curwood	***	***	***	***	***	***
DuPont Teijin	***	***	***	***	***	***
Flex USA	***	***	***	***	***	***
Kodak	***	***	***	***	***	***
Mitsubishi	***	***	***	***	***	***
Polyplex USA	***	***	***	***	***	***
SKC	***	***	***	***	***	***
Terphane	***	***	***	***	***	***
Toray	***	***	***	***	***	***
All firms	1,052,922	878,505	951,407	1,000,633	945,200	942,182

Table continued on the next page.

Table III-11--*Continued*
PET film: Results of operations of U.S. producers, by firm, fiscal years, 2008-13

Firm	Fiscal years					
	2008	2009	2010	2011	2012	2013
	Gross profit or (loss) (1,000 dollars)					
3M	***	***	***	***	***	***
Carestream	***	***	***	***	***	***
Curwood	***	***	***	***	***	***
DuPont Teijin	***	***	***	***	***	***
Flex USA	***	***	***	***	***	***
Kodak	***	***	***	***	***	***
Mitsubishi	***	***	***	***	***	***
Polyplex USA	***	***	***	***	***	***
SKC	***	***	***	***	***	***
Terphane	***	***	***	***	***	***
Toray	***	***	***	***	***	***
All firms	115,543	114,332	205,465	191,208	112,992	90,837
	Total SG&A expenses (1,000 dollars)					
3M	***	***	***	***	***	***
Carestream	***	***	***	***	***	***
Curwood	***	***	***	***	***	***
DuPont Teijin	***	***	***	***	***	***
Flex USA	***	***	***	***	***	***
Kodak	***	***	***	***	***	***
Mitsubishi	***	***	***	***	***	***
Polyplex USA	***	***	***	***	***	***
SKC	***	***	***	***	***	***
Terphane	***	***	***	***	***	***
Toray	***	***	***	***	***	***
All firms	126,771	115,666	109,823	100,454	93,183	97,543
	Operating income or (loss) (1,000 dollars)					
3M	***	***	***	***	***	***
Carestream	***	***	***	***	***	***
Curwood	***	***	***	***	***	***
DuPont Teijin	***	***	***	***	***	***
Flex USA	***	***	***	***	***	***
Kodak	***	***	***	***	***	***
Mitsubishi	***	***	***	***	***	***
Polyplex USA	***	***	***	***	***	***
SKC	***	***	***	***	***	***
Terphane	***	***	***	***	***	***
Toray	***	***	***	***	***	***
All firms	(11,228)	(1,334)	95,642	90,754	19,809	(6,706)

Table continued on the next page.

Table III-11--*Continued*
PET film: Results of operations of U.S. producers, by firm, fiscal years, 2008-13

Firm	Fiscal years					
	2008	2009	2010	2011	2012	2013
	Raw material costs as a ratio to net sales (percent)					
3M	***	***	***	***	***	***
Carestream	***	***	***	***	***	***
Curwood	***	***	***	***	***	***
DuPont Teijin	***	***	***	***	***	***
Flex USA	***	***	***	***	***	***
Kodak	***	***	***	***	***	***
Mitsubishi	***	***	***	***	***	***
Polyplex USA	***	***	***	***	***	***
SKC	***	***	***	***	***	***
Terphane	***	***	***	***	***	***
Toray	***	***	***	***	***	***
All firms	49.6	42.7	43.5	50.4	52.0	51.7
	Direct labor costs as a ratio to net sales (percent)					
3M	***	***	***	***	***	***
Carestream	***	***	***	***	***	***
Curwood	***	***	***	***	***	***
DuPont Teijin	***	***	***	***	***	***
Flex USA	***	***	***	***	***	***
Kodak	***	***	***	***	***	***
Mitsubishi	***	***	***	***	***	***
Polyplex USA	***	***	***	***	***	***
SKC	***	***	***	***	***	***
Terphane	***	***	***	***	***	***
Toray	***	***	***	***	***	***
All firms	13.8	15.2	12.5	12.5	14.1	14.9
	Other factory costs as a ratio to net sales (percent)					
3M	***	***	***	***	***	***
Carestream	***	***	***	***	***	***
Curwood	***	***	***	***	***	***
DuPont Teijin	***	***	***	***	***	***
Flex USA	***	***	***	***	***	***
Kodak	***	***	***	***	***	***
Mitsubishi	***	***	***	***	***	***
Polyplex USA	***	***	***	***	***	***
SKC	***	***	***	***	***	***
Terphane	***	***	***	***	***	***
Toray	***	***	***	***	***	***
All firms	26.7	30.6	26.3	21.1	23.3	24.5

Table continued on the next page.

Table III-11--*Continued*
PET film: Results of operations of U.S. producers, by firm, fiscal years, 2008-13

Firm	Fiscal years					
	2008	2009	2010	2011	2012	2013
	Total COGS as a ratio to net sales (percent)					
3M	***	***	***	***	***	***
Carestream	***	***	***	***	***	***
Curwood	***	***	***	***	***	***
DuPont Teijin	***	***	***	***	***	***
Flex USA	***	***	***	***	***	***
Kodak	***	***	***	***	***	***
Mitsubishi	***	***	***	***	***	***
Polyplex USA	***	***	***	***	***	***
SKC	***	***	***	***	***	***
Terphane	***	***	***	***	***	***
Toray	***	***	***	***	***	***
All firms	90.1	88.5	82.2	84.0	89.3	91.2
	Total SG&A expenses as a ratio to net sales (percent)					
3M	***	***	***	***	***	***
Carestream	***	***	***	***	***	***
Curwood	***	***	***	***	***	***
DuPont Teijin	***	***	***	***	***	***
Flex USA	***	***	***	***	***	***
Kodak	***	***	***	***	***	***
Mitsubishi	***	***	***	***	***	***
Polyplex USA	***	***	***	***	***	***
SKC	***	***	***	***	***	***
Terphane	***	***	***	***	***	***
Toray	***	***	***	***	***	***
All firms	10.8	11.7	9.5	8.4	8.8	9.4
	Operating income or (loss) as a ratio to net sales (percent)					
3M	***	***	***	***	***	***
Carestream	***	***	***	***	***	***
Curwood	***	***	***	***	***	***
DuPont Teijin	***	***	***	***	***	***
Flex USA	***	***	***	***	***	***
Kodak	***	***	***	***	***	***
Mitsubishi	***	***	***	***	***	***
Polyplex USA	***	***	***	***	***	***
SKC	***	***	***	***	***	***
Terphane	***	***	***	***	***	***
Toray	***	***	***	***	***	***
All firms	(1.0)	(0.1)	8.3	7.6	1.9	(0.6)

Table continued on the next page.

Table III-11--*Continued*
PET film: Results of operations of U.S. producers, by firm, fiscal years, 2008-13

Firm	Fiscal years					
	2008	2009	2010	2011	2012	2013
	Unit total net sales (dollars per pound)					
3M	***	***	***	***	***	***
Carestream	***	***	***	***	***	***
Curwood	***	***	***	***	***	***
DuPont Teijin	***	***	***	***	***	***
Flex USA	***	***	***	***	***	***
Kodak	***	***	***	***	***	***
Mitsubishi	***	***	***	***	***	***
Polyplex USA	***	***	***	***	***	***
SKC	***	***	***	***	***	***
Terphane	***	***	***	***	***	***
Toray	***	***	***	***	***	***
All firms	1.90	1.82	1.95	2.30	2.16	2.03
	Unit raw material costs (dollars per pound)					
3M	***	***	***	***	***	***
Carestream	***	***	***	***	***	***
Curwood	***	***	***	***	***	***
DuPont Teijin	***	***	***	***	***	***
Flex USA	***	***	***	***	***	***
Kodak	***	***	***	***	***	***
Mitsubishi	***	***	***	***	***	***
Polyplex USA	***	***	***	***	***	***
SKC	***	***	***	***	***	***
Terphane	***	***	***	***	***	***
Toray	***	***	***	***	***	***
All firms	0.94	0.78	0.85	1.16	1.12	1.05
	Unit direct labor costs (dollars per pound)					
3M	***	***	***	***	***	***
Carestream	***	***	***	***	***	***
Curwood	***	***	***	***	***	***
DuPont Teijin	***	***	***	***	***	***
Flex USA	***	***	***	***	***	***
Kodak	***	***	***	***	***	***
Mitsubishi	***	***	***	***	***	***
Polyplex USA	***	***	***	***	***	***
SKC	***	***	***	***	***	***
Terphane	***	***	***	***	***	***
Toray	***	***	***	***	***	***
All firms	0.26	0.28	0.24	0.29	0.30	0.30

Table continued on the next page.

Table III-11--*Continued*
PET film: Results of operations of U.S. producers, by firm, fiscal years, 2008-13

Firm	Fiscal years					
	2008	2009	2010	2011	2012	2013
	Unit other factory costs (dollars per pound)					
3M	***	***	***	***	***	***
Carestream	***	***	***	***	***	***
Curwood	***	***	***	***	***	***
DuPont Teijin	***	***	***	***	***	***
Flex USA	***	***	***	***	***	***
Kodak	***	***	***	***	***	***
Mitsubishi	***	***	***	***	***	***
Polyplex USA	***	***	***	***	***	***
SKC	***	***	***	***	***	***
Terphane	***	***	***	***	***	***
Toray	***	***	***	***	***	***
All firms	0.51	0.56	0.51	0.49	0.50	0.50
	Unit total COGS (dollars per pound)					
3M	***	***	***	***	***	***
Carestream	***	***	***	***	***	***
Curwood	***	***	***	***	***	***
DuPont Teijin	***	***	***	***	***	***
Flex USA	***	***	***	***	***	***
Kodak	***	***	***	***	***	***
Mitsubishi	***	***	***	***	***	***
Polyplex USA	***	***	***	***	***	***
SKC	***	***	***	***	***	***
Terphane	***	***	***	***	***	***
Toray	***	***	***	***	***	***
All firms	1.71	1.61	1.61	1.93	1.93	1.85

Table continued on the next page.

Table III-11--*Continued*
PET film: Results of operations of U.S. producers, by firm, fiscal years, 2008-13

Firm	Fiscal years					
	2008	2009	2010	2011	2012	2013
	Unit total SG&A expenses (dollars per pound)					
3M	***	***	***	***	***	***
Carestream	***	***	***	***	***	***
Curwood	***	***	***	***	***	***
DuPont Teijin	***	***	***	***	***	***
Flex USA	***	***	***	***	***	***
Kodak	***	***	***	***	***	***
Mitsubishi	***	***	***	***	***	***
Polyplex USA	***	***	***	***	***	***
SKC	***	***	***	***	***	***
Terphane	***	***	***	***	***	***
Toray	***	***	***	***	***	***
All firms	0.21	0.21	0.19	0.19	0.19	0.19
	Unit operating income or (loss) (dollars per pound)					
3M	***	***	***	***	***	***
Carestream	***	***	***	***	***	***
Curwood	***	***	***	***	***	***
DuPont Teijin	***	***	***	***	***	***
Kodak	***	***	***	***	***	***
Flex USA	***	***	***	***	***	***
Mitsubishi	***	***	***	***	***	***
Polyplex USA	***	***	***	***	***	***
SKC	***	***	***	***	***	***
Terphane	***	***	***	***	***	***
Toray	***	***	***	***	***	***
All firms	(0.02)	([3])	0.16	0.18	0.04	(0.01)

[1] Not applicable (***).
[2] ***.
[3] ***.

Note.—***.

Source: Compiled from data submitted in response to Commission questionnaires

Total net sales

As shown in table III-10, total net sales include commercial sales, internal consumption, and transfers to related firms. Total sales irregularly declined from 2008 to 2013 in terms of quantity and value; the average unit value of total sales increased from 2008 to 2011 and then declined from 2011 to 2013. The quantity reported for internal consumption declined while the quantity reported for transfers irregularly increased from 2008 to 2013. The value of internal consumption fell from 2008 through 2013 while the value of transfers increased irregularly during the same period; the value and average unit value of transfers reached a high point in 2011, like commercial sales.

Table III-11 shows that the sales experience was mixed: *** in 2013. In terms of quantity, five others experienced a decrease in sales from 2008 to 2013 while three other firms increased sales between the two years. In terms of value, four firms reported lower sales in 2013 compared with 2008 while four reported higher sales between the two years. With regard to commercial sales quantity and value, three firms (***) reported lower sales in 2013 than in 2008 while four other firms (***) reported higher sales. The average unit value of commercial sales of each of the companies increased between 2008 and 2013, ***.[6]

Costs and expenses

As shown in table III-10, raw material costs represent the single largest component of overall COGS, averaging approximately 55.3 percent of total COGS on a cumulative basis during 2008-13 (ranging from 48.3 percent in 2009 to 60.1 percent in 2011). Raw material costs as a percentage of total net sales value ranged from 42.7 percent in 2009 to 52.0 percent in 2012 and irregularly increased from 2008 to 2013. As shown in table III-11, average raw material costs, direct labor, and other factory costs (i.e., conversion costs) vary from company to company. These costs generally reflect underlying differences in input costs and conversion costs (labor and overhead). The highest average raw material costs as a ratio to sales were reported by *** while ***.

After raw materials, the largest component of reported COGS is other factory costs, which as a ratio to sales irregularly declined from 26.7 percent to 24.5 percent (and from $0.51 per pound of sales to $0.50 per pound of sales) from 2008 to 2013. Direct labor costs, the smallest component of COGS, also rose irregularly between 2008 and 2013 as a ratio to sales and on a per-unit basis. Both other factory costs and direct labor have more of a fixed cost component than do raw material costs (which have more of a variable cost component). With the decline in production and capacity utilization, other factory costs rose on a per-unit basis from 2011 to 2013 while direct labor costs fluctuated and were the same in 2013 as in 2012.[7]

[6] This does not include ***.

[7] The cost structure of ***.

SG&A expenses were lower in absolute dollars, as a ratio to sales, and on a per-unit basis in 2013 than in 2008. Of eight reporting firms (***), SG&A expenses were lower for three and higher for five in 2013 than in 2008.[8]

Profitability

Table III-10 shows that the industry's gross profit, on an absolute and relative basis, rose substantially from 2008 to 2010 but fell dramatically from 2010 through 2013. Operating income rose from a loss in both 2008 and 2009 to substantially higher and profitable levels in 2010 and 2011, falling thereafter to a loss in 2013. The number of firms reporting operating losses fell as the industry's profitability improved from 2009 to 2010 and 2011 and the number increased as the industry's profitability fell in 2012 and 2013. The experience of individual firms is depicted in table III-11. Net income before taxes and cash flow generally followed the trend of operating income/(loss) for the industry and for each firm.[9]

Variance analysis

A variance analysis for the operations of U.S. producers of PET film is presented in table III-12.[10] The information for this variance analysis is derived from table III-10. The information differs in that while table III-10 presents data for commercial sales, internal consumption, and transfers to related firms, table III-12 presents only the total net sales variance. As the data depict, operating income increased between 2008 and 2013, attributable to a favorable price variance (unit prices increased between the periods) that was greater than the unfavorable net cost/expense variance (unit costs increased). Between 2011-12 and 2012-13 operating income fell because the unfavorable price variance (unit prices fell) was greater than a favorable net cost/expense variance (unit costs and expenses decreased).

[8] ***.

[9] ***.

[10] The Commission's variance analysis is calculated in three parts: Sales variance, cost of sales variance (COGS variance), and SG&A expense variance. Each part consists of a price variance (in the case of the sales variance) or a cost or expense variance (in the case of the COGS and SG&A expense variance), and a volume variance. The sales or cost/expense variance is calculated as the change in unit price or per-unit cost/expense times the new volume, while the volume variance is calculated as the change in volume times the old unit price or per-unit cost/expense. Summarized at the bottom of the table, the price variance is from sales; the cost/expense variance is the sum of those items from COGS and SG&A variances, respectively, and the volume variance is the sum of the volume components of the net sales, COGS, and SG&A expense variances. The overall volume component of the variance analysis is generally small.

Table III-12
PET film: Variance analysis on the operations of U.S. producers, fiscal years, 2008-13

Item	Between fiscal years					
	2008-13	2008-09	2009-10	2010-11	2011-12	2012-13
	Value (1,000 dollars)					
Total net sales: Price variance	65,853	(43,493)	78,655	180,923	(69,358)	(66,977)
Volume variance	(201,299)	(132,135)	85,380	(145,954)	(64,291)	41,804
Total net sales variance	(135,446)	(175,628)	164,035	34,969	(133,649)	(25,173)
Cost of sales: Cost/expense variance	(70,654)	55,348	2,646	(169,258)	1,456	40,358
Volume variance	181,394	119,069	(75,548)	120,032	53,977	(37,340)
Total cost of sales variance	110,740	174,417	(72,902)	(49,226)	55,433	3,018
Gross profit vairance	(24,706)	(1,211)	91,133	(14,257)	(78,216)	(22,155)
SG&A expenses: Cost/expense variance	7,388	(3,231)	15,790	(4,487)	1,852	(679)
Volume variance	21,840	14,336	(9,947)	13,856	5,419	(3,681)
Total SG&A expense variance	29,228	11,105	5,843	9,369	7,271	(4,360)
Operating income variance	4,522	9,894	96,976	(4,888)	(70,945)	(26,515)
Summarized as: Price variance	65,853	(43,493)	78,655	180,923	(69,358)	(66,977)
Net cost/expense variance	(63,266)	52,117	18,435	(173,744)	3,309	39,679
Net volume variance	1,934	1,270	(115)	(12,066)	(4,895)	783

Note.—Unfavorable variances are shown in parentheses; all others are favorable. The data are comparable to changes in operating income as presented in table III-10.

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

Capital expenditures and research and development expenses

Table III-13 presents data on capital expenditures and research and development ("R&D") expenses by firm. Capital expenditures, which were at a high level in 2008 (***) irregularly declined through 2010; they increased in 2011, 2012, and in 2013, attributable to ***. Five firms reported that they incurred R&D expenses, which irregularly increased from 2008 to 2013.

Table III-13
PET film: Capital expenditures and research and development expenses of U.S. producers, fiscal years, 2008-13

Firm	Fiscal years					
	2008	2009	2010	2011	2012	2013
	Capital expenditures (1,000 dollars)					
3M	***	***	***	***	***	***
Carestream	***	***	***	***	***	***
Curwood	***	***	***	***	***	***
DuPont Teijin	***	***	***	***	***	***
Flex USA	***	***	***	***	***	***
Kodak	***	***	***	***	***	***
Mitsubishi	***	***	***	***	***	***
Polyplex USA	***	***	***	***	***	***
SKC	***	***	***	***	***	***
Terphane	***	***	***	***	***	***
Toray	***	***	***	***	***	***
Total	123,403	40,342	35,933	59,041	134,075	212,905
	R&D expenses (1,000 dollars)					
3M	***	***	***	***	***	***
Carestream	***	***	***	***	***	***
Curwood	***	***	***	***	***	***
DuPont Teijin	***	***	***	***	***	***
Flex USA	***	***	***	***	***	***
Kodak	***	***	***	***	***	***
Mitsubishi	***	***	***	***	***	***
Polyplex USA	***	***	***	***	***	***
SKC	***	***	***	***	***	***
Terphane	***	***	***	***	***	***
Toray	***	***	***	***	***	***
Average	13,576	12,573	13,276	15,134	15,694	15,017

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

The Commission's questionnaire asked firms to describe the nature of their capital expenditures. Their responses are shown in the tabulation below:

Firm	Nature or focus of the firm's capital expenditures
DuPont Teijin	***.
Mitsubishi	***.
SKC	***.
Kodak	***.
Terphane	***.
Toray	***.
3M	***.
Carestream	***.
Flex USA	***.

Assets and return on investment

Table III-14 presents data on the U.S. producers' total net assets related to PET film and their return on investment ("ROI"). In general, the total value of net assets increased between 2008 and 2013 due to the ***. ROI, calculated as the reported operating income divided by net assets, increased (the operating loss lessened) between the two years.

Table III-14
PET film: U.S. producers' total assets and return on investment, fiscal years, 2008-13

Item	Fiscal years					
	2008	2009	2010	2011	2012	2013
	Total net assets (1,000 dollars)					
3M	***	***	***	***	***	***
Carestream	***	***	***	***	***	***
Curwood	***	***	***	***	***	***
DuPont Teijin	***	***	***	***	***	***
Flex USA	***	***	***	***	***	***
Kodak	***	***	***	***	***	***
Mitsubishi	***	***	***	***	***	***
Polyplex USA	***	***	***	***	***	***
SKC	***	***	***	***	***	***
Terphane[1]	***	***	***	***	***	***
Toray	***	***	***	***	***	***
Total	1,191,453	1,063,368	1,024,962	1,079,306	1,098,011	1,240,456
	Return on investment ratio (percent)					
3M	***	***	***	***	***	***
Carestream	***	***	***	***	***	***
Curwood	***	***	***	***	***	***
DuPont Teijin	***	***	***	***	***	***
Flex USA	***	***	***	***	***	***
Kodak	***	***	***	***	***	***
Mitsubishi	***	***	***	***	***	***
Polyplex USA	***	***	***	***	***	***
SKC	***	***	***	***	***	***
Terphane[1]	***	***	***	***	***	***
Toray	***	***	***	***	***	***
Average	(0.9)	(0.1)	9.3	8.4	1.8	(0.5)

[1] ***.
[2] Not applicable: (***).
[3] ***.

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

PART IV: U.S. IMPORTS AND THE FOREIGN INDUSTRIES

U.S. IMPORTS

Overview

The Commission issued questionnaires to 32 firms believed to have imported PET film between 2008 and 2013. Twenty-one firms provided data and information in response to the questionnaires, while four firms indicated that they had not imported product within the scope of these reviews during the period for which data were collected.[1] Based on official Commerce statistics for imports of PET film (less Canada and Oman), based on quantity, importers' questionnaire data accounted for 83.3 percent of total U.S. imports during 2008-13 and 67.8 percent of total subject imports during 2008-13. Firms responding to the Commission's questionnaire accounted for the following shares of individual subject country's subject imports (as a share of official import statistics, by value) during the period examined.

- 93.8 percent of the subject imports from India during 2008-13
- 61.4 percent of the subject imports from Taiwan during 2008-13

Official Commerce statistics for PET film imported under statistical reporting number 3920.62.00.90 may be overstated as they include nonsubject products, e.g. "equivalent PET film," and possibly amorphous ("APET") and crystalline ("CPET") PET film. Further, as discussed in Part I of this report, there have been two scope reviews concerning PET film, one excluding tracing and drafting film from India; the second excluding amorphous PET film that is not biaxially oriented. Therefore, in light of the data coverage by the Commission's questionnaires, possible overstatement of Commerce statistics, and scope exclusions, the PET film import data in this report are based on questionnaire responses.

Imports from subject and nonsubject countries

Table IV-1 present information on U.S. imports of PET film from India, Taiwan and all other sources over the period examined. Three U.S. importers accounted for an aggregate *** percent of U.S. imports of PET film from India *** during the 2008-13 period of review. ***.

With respect to U.S. imports from Taiwan, three importers accounted for an aggregate *** percent *** of U.S. imports of PET film from Taiwan during the 2008-13 period of review. U.S. importers from Taiwan ***.

[1] ***.

Table IV-1
PET film: U.S. imports by source, 2008-13

Item	Calendar year					
	2008	2009	2010	2011	2012	2013
Quantity (1,000 pounds)						
U.S. Imports from.--						
India	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***
Subtotal, subject sources	***	***	***	***	***	***
All other sources	***	***	***	***	***	***
Total U.S. imports	172,274	128,498	180,979	188,342	195,302	153,777
Value (1,000 dollars)[1]						
U.S. Imports from.--						
India	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***
Subtotal, subject sources	***	***	***	***	***	***
All other sources	***	***	***	***	***	***
Total U.S. imports	268,097	166,932	286,102	362,080	284,007	216,230
Unit value (dollars per pound)						
U.S. Imports from.--						
India	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***
Subtotal, subject sources	***	***	***	***	***	***
All other sources	***	***	***	***	***	***
Total U.S. imports	1.56	1.30	1.58	1.92	1.45	1.41
Share of quantity (percent)						
U.S. Imports from.--						
India	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***
Subtotal, subject sources	***	***	***	***	***	***
All other sources	***	***	***	***	***	***
Total U.S. imports	100.0	100.0	100.0	100.0	100.0	100.0
Share of value (percent)						
U.S. Imports from.--						
India	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***
Subtotal, subject sources	***	***	***	***	***	***
All other sources	***	***	***	***	***	***
Total U.S. imports	100.0	100.0	100.0	100.0	100.0	100.0
Ratio to U.S. production (percent)						
U.S. Imports from.--						
India	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***
Subtotal, subject sources	***	***	***	***	***	***
All other sources	***	***	***	***	***	***
Total U.S. imports	27.8	23.3	30.0	36.9	39.4	28.3

[1] Landed duty paid.

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

Table IV-2 presents information based on official Commerce statistics for U.S. imports of PET film from major nonsubject countries.

Table IV-2
PET film: U.S. imports from major nonsubject sources, by source, 2008-13

Item	Calendar year					
	2008	2009	2010	2011	2012	2013
	Quantity (1,000 pounds)					
Nonsubject U.S. imports from.--						
China	11,732	5,484	14,643	13,479	8,999	12,409
Germany	4,103	3,492	4,113	4,593	5,208	6,234
Indonesia	2,100	1,079	6,495	9,335	10,646	10,327
Korea	59,161	43,287	45,987	38,010	31,139	34,182
Mexico	3,757	17,466	38,136	51,830	78,375	56,084
Thailand	11,848	5,795	10,521	15,965	18,902	17,943
Turkey	12,977	11,426	18,654	20,978	21,631	10,018
United Arab Emirates	14,705	5,992	24,097	30,412	35,904	26,551
All other sources	31,163	20,833	19,237	16,851	17,627	19,976
Total U.S. imports from nonsubject sources	151,545	114,855	181,884	201,452	228,431	193,724
	Value (1,000 dollars)[1]					
Nonsubject U.S. imports from.--						
China	13,906	6,951	22,268	29,447	15,006	17,433
Germany	11,609	10,926	11,717	16,029	19,000	19,923
Indonesia	2,943	1,406	8,380	16,138	13,276	12,448
Korea	75,984	51,365	68,653	74,648	52,987	59,719
Mexico	4,601	17,595	52,100	85,357	100,233	72,297
Thailand	13,690	5,898	12,231	26,513	22,187	20,187
Turkey	15,557	10,646	23,303	33,745	24,382	10,644
United Arab Emirates	17,387	6,166	33,217	56,424	41,220	28,465
All other sources	95,118	67,799	87,022	99,050	84,904	87,072
Total U.S. imports from nonsubject sources	250,796	178,752	318,892	437,351	373,196	328,187
	Unit value (dollars per pound)					
Nonsubject U.S. imports from.--						
China	1.19	1.27	1.52	2.18	1.67	1.40
Germany	2.83	3.13	2.85	3.49	3.65	3.20
Indonesia	1.40	1.30	1.29	1.73	1.25	1.21
Korea	1.28	1.19	1.49	1.96	1.70	1.75
Mexico	1.22	1.01	1.37	1.65	1.28	1.29
Thailand	1.16	1.02	1.16	1.66	1.17	1.13
Turkey	1.20	0.93	1.25	1.61	1.13	1.06
United Arab Emirates	1.18	1.03	1.38	1.86	1.15	1.07
All other sources	3.05	3.25	4.52	5.88	4.82	4.36
Total U.S. imports from nonsubject sources	1.65	1.56	1.75	2.17	1.63	1.69

Table continued on next page.

Table IV-2--*Continued*
PET film: U.S. imports from major nonsubject sources, by source, 2008-13

Item	Calendar year					
	2008	2009	2010	2011	2012	2013
	Share of total U.S. imports based on quantity (percent)					
Nonsubject U.S. imports from.--						
China	6.6	3.9	6.9	5.8	3.6	5.8
Germany	2.3	2.5	1.9	2.0	2.1	2.9
Indonesia	1.2	0.8	3.1	4.0	4.3	4.9
Korea	33.3	30.8	21.8	16.5	12.5	16.1
Mexico	2.1	12.4	18.1	22.5	31.4	26.4
Thailand	6.7	4.1	5.0	6.9	7.6	8.4
Turkey	7.3	8.1	8.8	9.1	8.7	4.7
United Arab Emirates	8.3	4.3	11.4	13.2	14.4	12.5
All other sources	17.5	14.8	9.1	7.3	7.1	9.4
Total	85.2	81.8	86.2	87.3	91.4	91.0

[1] Landed duty paid.

Source: Compiled from official import statistics for HTS statistical reporting number 3920.62.00.90 excluding data imported from Canada and Oman as out-of-scope merchandise.

The three top nonsubject countries for U.S. imports of PET film accounted for an aggregated 60.3 percent of nonsubject U.S. imports of PET film in 2013: Mexico (29.0 percent), Korea (17.6 percent), and the United Arab Emirates (13.7 percent). ***.[2] Although Korea and the United Arab Emirates are nonsubject countries for these current five-year reviews, both countries are subject to antidumping duty orders as a result of other investigations as mentioned earlier in this report.

U.S. importers' imports subsequent to December 31, 2013

The Commission requested importers to indicate whether they had imported or arranged for the importation of PET film from India and/or Taiwan for delivery after December 31, 2013. Table IV-3 presents the U.S. import quantities U.S. firms contracted for delivery after December 31, 2013.

Table IV-3
PET film: U.S. importers' orders for delivery subsequent to December 31, 2013

* * * * * * *

[2] Staff interview with ***, April 29, 2014.

U.S. IMPORTERS' INVENTORIES

Table IV-4 presents data for inventories of U.S. imports of PET film from India, Taiwan, and all other sources held in the United States. The majority of end-of-period inventories of U.S. imports of PET film from India were held by ***. Significant end-of-period inventories of U.S. imports of PET film from Taiwan were held by ***. With respect to of end-of-period inventories of U.S. imports of PET film from all other sources, ***.

Table IV-4
PET film: U.S. importers' end-of-period inventories of imports, by source, 2008-13

* * * * * * *

CUMULATION CONSIDERATIONS

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

Fungibility

The Commission asked if PET film produced in the United States and in other countries were interchangeable (i.e., can they be physically used in the same applications). With respect to interchangeability of PET film produced in the United States., India, and Taiwan, the majority of responding firms reported that U.S-produced PET film and PET film imported from India and Taiwan "always" or "frequently" can be used interchangeably (table II-10).

Presence in the market

Imports generally have been simultaneously present in the U.S. market throughout the period examined. Imports of PET film from both India and Taiwan entered the United States in all 72 months of the 2008-13 period of review.

Geographical markets

Table IV-5 presents U.S. imports of PET film by subject country source and customs district of entry, 2008-13. PET film from both India and Taiwan compete for users without regard to geographical location in the United States. While U.S. imports of PET film from India and Taiwan may enter select customs districts, the product is then generally sold nationwide. For the 2008-13 period of these current five-year reviews, imports of PET film from India principally entered through the customs districts of the East and the Mid West; whereas, U.S.

imports of PET film from Taiwan principally entered through the customs districts of the East and West.

Table IV-5
PET film: Subject U.S. imports by source and Customs District of entry, 2008-13

Region	Calendar year					
	2008	2009	2010	2011	2012	2013
	Share of total quantity (percent)					
U.S. imports from India:						
East[1]	48.7	45.6	56.8	40.0	57.4	45.2
South[2]	13.7	28.8	12.7	9.3	7.3	8.7
Mid West[3]	30.5	15.8	22.1	44.1	28.3	43.3
West[4]	7.2	9.8	8.3	6.5	7.0	2.9
Total	100.0	100.0	100.0	100.0	100.0	100.0
U.S. imports from Taiwan:						
East[1]	57.1	61.7	60.6	59.2	39.4	52.2
South[2]	0.6	0.4	0.4	0.3	2.0	2.3
Mid West[3]	28.1	20.9	15.3	9.2	5.4	0.9
West[4]	14.2	17.0	23.7	31.2	53.2	44.6
Total	100.0	100.0	100.0	100.0	100.0	100.0

[1] Includes Baltimore, MD; Boston, MA; Buffalo, NY; Charleston, SC; Charlotte, NC; New York, NY; Norfolk, VA; Ogdensburg, NY; Philadelphia, PA; Savannah, GA; Washington, DC.
[2] Includes Dallas-Fort Worth, TX; Houston-Galveston, TX; Laredo, TX; Miami, FL; Mobile, AL; New Orleans, LA; San Juan, PR; Tampa, FL.
[3] Includes Chicago, IL; Cleveland, OH; Detroit, MI; Milwaukee, WI; Minneapolis, MN; St. Louis, MO.
[4] Includes Anchorage, AK; Columbia-Snake, OR; Great Falls, MT; Honolulu, HI; Los Angeles, CA; San Diego, CA; San Francisco, CA; Seattle, WA.

Source: Compiled from official statistics of the Department of Commerce.

SUBJECT COUNTRY PRODUCERS

According to industry sources, installed PET film capacity in India is *** PET film capacity in Taiwan (table IV-6).

Table IV-6
PET film: India and Taiwan capacity, 2012

* * * * * * *

Trade balances for India and Taiwan are presented in table IV-7.

Table IV-7
PET film: India and Taiwan exports, imports, and trade balances, 2008-13

Reporting country	Calendar year					
	2008	2009	2010	2011	2012	2013
	Quantity (1,000 pounds)					
Subject:						
India:						
Exports	92,398	50,301	122,315	211,527	197,373	206,833
Imports	4,052	18,034	20,596	15,686	9,923	32,320
Trade balance	88,346	32,267	101,719	195,841	187,450	174,513
Taiwan:						
Exports	50,975	50,124	70,607	168,124	210,184	214,492
Imports	43,235	53,043	72,380	71,926	70,438	79,031
Trade balance	7,740	(2,919)	(1,773)	96,199	139,746	135,461

Note:-- Export and import figures for HTS subheading 3920.62 include nonsubject products, e.g. metallized PET film, "equivalent PET film," and possibly amorphous ("APET") and crystalline ("CPET") film.

Source: Global Trade Atlas, accessed April 4, 2014.

Other than in the United States, India is subject to antidumping duties on PET film from ***.[3]

THE INDUSTRY IN INDIA

Overview

The *** producers of PET film in India are presented earlier in table IV-6.

Operations on PET film

Industry sources indicated ten producers of PET film in India for the period of these current five-year reviews;[4] whereas, there were eight producers during the period of the first five-year reviews and six producers during the original investigation. Six producers responded to the Commission questionnaires both in the original investigation and for the period of the first five-year review (Ester, Garware, Jindal, MTZ, SRF, and Uflex). Only one producer, Polyplex India, related to the U.S. producer Polyplex USA, responded to the Commission questionnaire for the period of these current five-year reviews. Polyplex India reported an estimate of *** percent of total production of PET film in India accounted for by its production in 2013 and an estimated *** percent of total exports to the United States of PET film from India accounted for by its exports in 2013. Polyplex India indicated that the firm's total sales accounted for by

[3] Foreign producer questionnaire response, section II-10. South Korean antidumping duties on PET film from India were extended for three years effective May 2012. Domestic Interested Parties Prehearing Brief, p. 16 and exh. 3.

[4] ***.

PET film in their most recent fiscal year was *** percent.[5] PET film capacity, production, shipments, and inventories in India, 2008-13, are presented in table IV-8.

Table IV-8
PET film: India capacity, production, shipments, and inventories, 2008-13

* * * * * * *

Polyplex India further reported that ***,[6] it had ***.[7]
Polyplex India reported that it ***.[8] No *** for PET film.[9]
According to industry sources, ***.[10]
Table IV-9 presents export country destinations for PET film produced in India.

Table IV-9
PET film: Indian export destinations, 2008-13

Destination	Calendar year					
	2008	2009	2010	2011	2012	2013
	Quantity (1,000 pounds)					
World	92,398	50,301	122,315	211,527	197,373	206,833
Italy	25,752	10,752	12,694	17,009	27,370	33,043
Bangladesh	2,291	2,639	3,545	8,131	11,938	14,901
United States	3,616	1,920	11,263	24,176	17,624	13,327
Germany	507	276	3,704	3,627	8,605	12,236
China	4,312	6,056	10,639	11,118	8,944	11,191
Malaysia	849	320	170	3,840	3,441	7,895
South Africa	1,276	472	2,917	6,290	7,427	6,609
Thailand	1,448	1,722	4,330	6,255	8,746	6,601
United Arab Emirates	4,881	507	6,281	8,973	4,436	6,056
Nigeria	3,982	1,400	2,549	4,297	4,383	5,787
All Other	43,486	24,238	64,227	117,819	94,468	89,181

Note:-- Export and import figures for HTS subheading 3920.62 include nonsubject products, e.g. metallized PET film, "equivalent PET film," and possibly amorphous ("APET") and crystalline ("CPET") film.

Source: Global Trade Atlas, accessed April 4, 2014.

[5] Foreign producer questionnaire response, section II-8.
[6] Foreign producer questionnaire response, section II-14 and section II-4.
[7] Foreign producer questionnaire response, section II-11.
[8] Foreign producer questionnaire response, section II-2.
[9] Foreign producer questionnaire response, section II-6.
[10] ***.

Reported *** include the following:

- ***
- ***
- ***[11]

According to industry sources, PET film consumption in India is ***.[12]

THE INDUSTRY IN TAIWAN

Overview

A summary of PET film supply and demand in Taiwan is presented in table IV-10.

Table IV-10
PET film: Taiwan capacity, production, imports, exports, and consumption, 2011

* * * * * * *

According to industry sources, Taiwan has ***.[13]

Operations on PET Film

Industry sources indicated there were two producers of PET film in Taiwan for the period of these current five-year reviews.[14] One producer, Nan Ya, responded to the Commission's questionnaires for the period of the first five-year review; whereas, two producers, Nan Ya and Vast Plastic Corp. ("Vast"), responded to the Commission's questionnaires for the period of the current five-year reviews.

Nan Ya reported an estimate of *** percent of total production of PET film in Taiwan accounted for by its production in 2013 and an estimated *** percent of total exports to the United States of PET film from Taiwan accounted for by its exports in 2013. Nan Ya indicated that the firm's total sales accounted for by PET film in their most recent fiscal year was *** percent.[15] Vast's estimated percentage of production of PET film in Taiwan is calculated as *** percent and Vast's estimated percentage of exports to the United States from Taiwan in 2013 is calculated as *** percent.[16] Vast indicated that the firm's total sales accounted for by PET film in their most recent fiscal year was *** percent.[17]

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[11] ***.
[12] ***.
[13] ***.
[14] ***.
[15] Nan Ya's Foreign producer questionnaire response, section II-8.
[16] ***. Vast's foreign producer questionnaire response, section II-14.

Nan Ya further reported that, ***.[18] With respect to constraints on production, Nan Ya reported that it ***.[19] ***.[20]

Nan Ya reported that it has ***.[21]

Nan Ya further indicated that ***.[22]

In addition, Nan Ya reported that ***.[23] Nan Ya reported *** barriers to trade in any countries other than the United States, *** on its exports of PET film other than the United States.[24]

Vast reported that its plant ***.[25] Vast further reported that its constraints on capacity were ***.[26] Vast further reported ***.[27]

Table IV-11 presents PET film capacity, production, shipments, and inventories in Taiwan. Nan Ya identified its principal export markets as ***. Vast identified its principal export markets as ***.[28]

Table IV-11
PET film: Taiwan capacity, production, shipments, and inventories, 2008-13

* * * * * * *

Table IV-12 presents export country destinations for PET film produced in Taiwan.

(…*continued*)

[17] Vast's foreign producer questionnaire response, section II-8.
[18] Nan Ya's Foreign producer questionnaire response, section II-3.
[19] Nan Ya's Foreign producer questionnaire response, section II-6.
[20] Nan Ya's Foreign producer questionnaire response, section II-7.
[21] Nan Ya's Foreign producer questionnaire response, section II-11.
[22] Ibid.
[23] Ibid.
[24] Nan Ya's foreign producer questionnaire response, section II-10
[25] Vast's foreign producer questionnaire response, section II-2.
[26] Vast's foreign producer questionnaire response, section II-6.
[27] Vast's foreign producer questionnaire response, sections II-3, II-5, II-7, II-9, and II-10.
[28] Foreign producer questionnaire responses, section II-14.

Table IV-12
PET film: Taiwan export destinations, 2008-13

Destination	Calendar year					
	2008	2009	2010	2011	2012	2013
	Quantity (1,000 pounds)					
World	50,964	50,122	70,610	168,127	210,184	214,494
China	13,250	13,448	24,535	58,063	104,757	107,916
Japan	10,373	10,013	9,771	60,435	47,476	53,361
Hong Kong	6,422	7,075	12,185	15,097	18,775	14,458
United States	8,056	7,652	9,409	13,633	11,993	12,289
Malaysia	1,261	1,711	2,917	3,045	3,494	4,092
Canada	1,878	1,744	1,958	2,648	3,856	3,056
Germany	97	13	77	1,548	3,086	2,758
Australia	1,497	1,711	1,843	2,392	2,485	2,266
New Zealand	1,166	1,230	2,161	2,260	2,231	2,119
Philippines	871	514	291	1,803	2,511	2,108
All Other	6,094	5,011	5,463	7,202	9,520	10,073

Note:-- Export and import figures for HTS subheading 3920.62 include nonsubject products, e.g. metallized PET film, "equivalent PET film," and possibly amorphous ("APET") and crystalline ("CPET") film.

Source: Global Trade Atlas, accessed April 4, 2014.

THE INDUSTRIES IN INDIA AND TAIWAN COMBINED

Table IV-13 presents reported data on the PET film industries in India and Taiwan combined.

Table IV-13
PET film: India's and Taiwan's capacity, production, shipments, and inventories, 2008-13

* * * * * * *

GLOBAL MARKET

The PET film industry is global in nature with operations on virtually every continent. Asia dominates, followed by North America (U.S. and Mexico), Europe, and the Middle East, in order, accounting for the majority of the current global PET film annual supply capability of roughly *** million metric tons.[29] [30]

Typical of many growth industries, the global PET film industry which grew at an average annual growth of *** percent[31] appears conceptually to be cyclical in nature owing to the

[29] *** supplement response to producers' questionnaire, section I-8.

[30] ***.

[31] Ibid, footnotes 27 and 28.

fundamental laws of supply and demand. As supply and demand head towards balance at the top of a given cycle, profitability generally increases and many producers are encouraged to plan new capacity which, in turn, usually leads to an uncertain downward period of oversupply and reduced profitability. During periods of oversupply, producers depending upon their particular market situation may choose to rationalize or idle more obsolete capacity, throttle back more competitive capacity and ride out the lower periods of the downturn, or plan to capitalize on exports of certain available surplus capacity. Certain producers may also opt to import commodity films of lower margin potential to maximize profitability in higher valued films.[32] A myriad of external factors may prove to affect the duration of fundamental PET film supply and demand cycles, including the global economic climate, exchange rate fluctuations, petroleum and natural gas prices, demographics and geopolitics.[33]

In 2010, the global PET film industry operated at an effective capacity utilization rate of *** percent owing to pent up consumer demand in association with recovery from the recessionary period of 2008-09. Producers' inventories were drawn down[34] on top of near full capacity operations as consumers rebuilt inventories and demanded additional supplies to satisfy recovering consumer demand.[35] [36] The growth in emerging markets for optical and photovoltaic applications was reportedly a major driver of market demand together with the return of industrial and electrical applications. Industrial and electrical applications were reported to be more strongly affected during the recession compared to packaging applications which are related to less discretionary food consumption. Even though demand contracted somewhat during the recessionary period, supply and demand reportedly remained reasonably balanced because of the lack of capacity additions and the closure of old lines during the previous years. The consequent higher prices and margins following the tight supply demand situation of 2010 reportedly attracted interest in a new round of global capacity expansion during the 2011-13 period.[37] [38]

Production capacity and domestic consumption

Global PET film capacity in the 2012-13 period was estimated to approximate *** million metric tons. The Asian countries dominate global PET film production capability, and command some *** percent of global capacity, followed by North America ***, Europe ***, the Middle East ***, and other regions, South America and Africa *** in aggregate. China alone, accounts for about *** percent of global capacity and some *** percent of Asian capacity. Korean capacity comprises about *** percent of global capacity and *** percent of

[32] *** Importers' questionnaire response, section II-4.
[33] Commission staff research and questionnaire responses.
[34] *** producers' questionnaire response, section II-4.
[35] *** producers' questionnaire, section I-8.
[36] ***.
[37] Ibid.
[38] PET film prices *** in 2010. *** producers' questionnaire, section I-8.

Asian capacity; India, *** percent of global and *** percent of Asian; Japan, *** percent of global, and *** percent of Asian; and Taiwan, *** percent of global, and *** percent of Asian.

Global PET film domestic consumption patterns in the 2012-13 period generally track that of production capability patterns, but differ somewhat considering trade patterns. Asia accounts for *** percent of total global consumption, North America, *** percent, Europe, *** percent, the Middle East, *** percent and Africa and South America, *** percent in aggregate.[39]

Global supply and demand patterns 2012-17

Available data suggest that both global PET film supply capability and demand will *** during the five year period encompassing 2012-17, and that *** will be available during this period. The three forecasts currently available to the Commission in general indicate that capacity growth will *** when capacity is expected to *** while demand continues to *** at a compound annual rate of *** percent.[40] [41] Demand is reported to be growing faster in *** than globally, at an annual rate of around *** percent, but supply demand ***.[42]

Global consumption of PET film by major end-use markets is expected to continue to experience positive average annual growth of *** percent in aggregate. Packaging, the *** global end-use market ***, is expected to grow at an average annual rate of *** percent; Industrial and Specialties, ***, *** percent annual growth; Electrical/Electronic, ***, *** percent annual growth; Imaging and Magnetic Media, *** and *** percent annual growth respectively.[43]

Global Trade

The following tables present global data trends of the leading exporting and importing countries of PET film during the five year period 2008-13, together with corresponding country trade balances. Data were sourced from information available on the Global Trade Atlas (GTIS) database at the 6-digit HTS level (3920.62) as subject PET film under international conventions is not definitively broken out at the 10-digit level (3920.62.0090) applicable to U.S. trade statistics. Thus, the individual country trade data reported at the 6-digit level potentially contain nonsubject sources of PET film, although the data as reported are believed to be indicative of individual country trends in the trade of subject PET films. The trade data tables which follow are reported on a volume basis in thousands of pounds and are ranked on a high to low basis by country on calendar year 2013.

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[39] ***.

[40] Ibid, ***.

[41] *** supplement responses to producers' questionnaires, section I-8.

[42] *** supplement response to producers' questionnaire, section I -8.

[43] *** supplemental response to producers' questionnaire, section I-8.

Table IV-14 details leading global exporting countries of PET film. European Union (EU-28) external export trade is also reported.

Table IV-14
PET film: Top exporting countries and regions, 2008-13

Reporting country	Calendar year					
	2008	2009	2010	2011	2012	2013
	Quantity (1,000 pounds)					
China	203,848	139,167	359,421	310,371	332,510	403,831
Korea	334,403	284,952	311,484	330,067	325,706	346,037
Japan	261,486	271,907	384,338	340,294	329,708	315,064
Germany	213,912	197,091	239,558	243,092	228,813	251,781
Taiwan	50,975	50,124	70,607	168,124	210,184	214,492
India	92,398	50,301	122,315	211,527	197,373	206,833
United States	185,115	168,671	212,794	177,236	168,166	172,584
United Arab Emirates	81,416	119,443	210,517	194,649	212,775	163,943
Netherlands	49,295	20,677	87,396	21,746	58,308	157,251
Thailand	87,856	90,054	98,804	115,791	104,016	137,401
Italy	88,213	80,951	105,099	93,970	87,140	104,479
Belgium	46,372	69,428	97,319	97,925	98,646	102,971
Poland	19,630	22,304	33,872	34,743	53,890	95,952
Portugal	56,573	76,117	87,900	96,091	100,866	89,075
Indonesia	66,161	56,756	69,646	73,271	75,092	82,369
Malaysia	95,110	71,829	95,101	87,832	81,311	80,264
Hong Kong	72,490	82,047	80,045	70,550	71,509	80,065
Total (countries shown)	2,005,253	1,851,818	2,666,217	2,667,278	2,736,011	3,004,393
Regions: EU28 (External Trade)	139,253	124,065	162,780	164,974	164,343	182,975

Note:--Ranked on calendar year 2013. Export figures for HTS subheading 3920.62 include nonsubject products, e.g. metallized PET film, "equivalent PET film," and possibly amorphous ("APET") and crystalline ("CPET") film.

Note:--UAE exports are derived from partner country GTA import data.

Source: Global Trade Atlas, accessed April 4, 2014.

Of the 17 exporting countries shown, 6 countries accounted for about 58 percent of the aggregate total in 2013. The leading countries in order were China, Korea, Japan and Germany, together with the countries subject to this investigation, Taiwan, and India. China, Korea, Japan and Germany also import significant quantities of PET film product. Exporting countries included in this listing that are currently subject to dumping orders but nonsubject to this investigation are China, and the United Arab Emirates (UAE). Brazil, a nonsubject country falling outside the top 17 global exporting countries, is also subject to dumping orders. According to the data reported, total exports of the 17 leading exporting countries experienced a compound annual growth rate of 8.5 percent during the 5 year period 2008-13, and 4.2 percent for the 3 year period 2010-13. The higher growth rate calculated over the 5 year period may have been influenced by downward volume pressure experienced during the global recession of 2008-09.

The leading 16 global importing countries of PET film are detailed in table IV-15 along with EU-28 external import trade.

Table IV-15
PET film: Top importing countries and regions, 2008-13

Reporting country	Calendar year					
	2008	2009	2010	2011	2012	2013
	Quantity (1,000 pounds)					
China	276,909	315,666	465,192	521,163	610,737	676,291
United States	294,599	281,592	422,978	442,725	546,151	534,570
Japan	254,151	207,173	292,483	341,760	279,034	290,873
Germany	194,822	166,815	239,104	250,579	218,372	261,073
Italy	164,317	135,467	200,887	173,475	182,463	201,396
United Kingdom	131,885	133,443	184,249	170,080	167,035	147,571
Belgium	71,895	83,022	106,990	104,303	130,602	122,736
France	103,509	90,222	107,389	115,798	122,290	122,352
South Korea	47,814	55,473	109,900	87,918	81,132	102,402
Spain	77,863	85,489	205,316	91,150	80,563	80,605
Taiwan	43,235	53,043	72,380	71,926	70,438	79,031
Canada	72,609	72,942	84,530	77,874	81,844	75,768
Indonesia	15,933	19,429	36,755	36,934	62,327	73,277
Switzerland	52,318	49,730	64,002	65,032	64,285	68,028
Poland	27,128	31,691	41,196	43,195	59,194	67,369
Mexico	48,363	40,259	75,167	69,448	60,096	62,887
Total of countries shown	1,877,350	1,821,456	2,708,518	2,663,360	2,816,563	2,966,229
Regions: EU28 (External Trade)	312,262	290,428	469,516	428,009	465,439	475,953

Note:--Ranked on 2013 after the United States. Export figures for HTS subheading 3920.62 include nonsubject products, e.g. metallized PET film, "equivalent PET film," and possibly amorphous ("APET") and crystalline ("CPET") film.

Source: Global Trade Atlas, accessed April 4, 2014.

Five countries, China, the United States,[44] Japan, Germany, and Italy, in order, accounted for 66 percent of the total accountable PET film imports of the top 16 importing countries. Imports of PET film by EU-28 countries from outside the region were also significant. The large majority of China's and Japan's leading imports were confined to other Asian countries. China's imports were largely confined to Korea, Taiwan, and Japan, while Japan's

[44] U.S. imports of PET film at the 6-digit HTS level are overstated relative to subject PET film at the 10-digit level, and in 2013 by approximately 280 million pounds. This is due to the inclusion of 235 million pounds of nonsubject amorphous (APET) sheet from Oman, and 43 million pounds of APET from Canada. The corrected aggregate share for the five countries cited would be reduced 3 percentage points to 63 percent.

imports were largely confined to Korea, Taiwan, Malaysia, Indonesia, and China. German and Italian imports were mostly from other European countries and Asia. According to available data, Imports of the 16 leading importing countries in aggregate grew at an average compound rate of 9.0 percent during the 5 year period, 2008-13, and at 3.1 percent during the 2011-13 period.

Trade balances refer to the calculated difference between exports and imports, and thus provide a relative gage of various countries' export capability or import dependency trends as shown in table IV-16. Some countries, however, have a propensity to engage in both relatively significant export and import activities for various reasons.

Table IV-16
PET film: Subject- and nonsubject-country exports, imports, and trade balances, 2008-13

Reporting country	Calendar year					
	2008	2009	2010	2011	2012	2013
	Quantity (1,000 pounds)					
Subject:						
India:						
Exports	92,398	50,301	122,315	211,527	197,373	206,833
Imports	4,052	18,034	20,596	15,686	9,923	32,320
Trade balance	88,346	32,267	101,719	195,841	187,450	174,513
Taiwan:						
Exports	50,975	50,124	70,607	168,124	210,184	214,492
Imports	43,235	53,043	72,380	71,926	70,438	79,031
Trade balance	7,740	(2,919)	(1,773)	96,199	139,746	135,461
Nonsubject:						
Korea:						
Exports	334,403	284,952	311,484	330,067	325,706	346,037
Imports	47,814	55,473	109,900	87,918	81,132	102,402
Trade balance	286,590	229,479	201,584	242,149	244,574	243,635
United Arab Emirates:						
Exports	81,416	119,443	210,517	194,649	212,775	163,943
Imports	12,573	5,886	13,159	15,728	14,431	11,413
Trade balance	68,843	113,557	197,358	178,921	198,344	152,530
Netherlands:						
Exports	49,295	20,677	87,396	21,746	58,308	157,251
Imports	52,111	46,264	62,847	17,280	48,400	43,535
Trade balance	(2,815)	(25,587)	24,548	4,467	9,908	113,717
Thailand:						
Exports	87,856	90,054	98,804	115,791	104,016	137,401
Imports	3,746	7,152	13,124	16,420	25,845	33,532
Trade balance	84,111	82,903	85,680	99,371	78,171	103,868
Portugal:						
Exports	56,573	76,117	87,900	96,091	100,866	89,075
Imports	11,261	9,780	10,384	11,387	10,787	11,660
Trade balance	45,312	66,337	77,517	84,704	90,079	77,415
Poland:						
Exports	19,630	22,304	33,872	34,743	53,890	95,952
Imports	27,128	31,691	41,196	43,195	59,194	67,369
Trade balance	(7,498)	(9,387)	(7,324)	(8,453)	(5,304)	28,583

Table continued on next page.

Table IV-16--*Continued*
PET film: Subject- and nonsubject-country exports, imports, and trade balances, 2008-13

Reporting country	Calendar year					
	2008	2009	2010	2011	2012	2013
	Quantity (1,000 pounds)					
Japan:						
Exports	261,486	271,907	384,338	340,294	329,708	315,064
Imports	254,151	207,173	292,483	341,760	279,034	290,873
Trade balance	7,335	64,734	91,855	(1,466)	50,673	24,191
Indonesia:						
Exports	66,161	56,756	69,646	73,271	75,092	82,369
Imports	15,933	19,429	36,755	36,934	62,327	73,277
Trade balance	50,228	37,326	32,891	36,337	12,765	9,092
Germany:						
Exports	213,912	197,091	239,558	243,092	228,813	251,781
Imports	194,822	166,815	239,104	250,579	218,372	261,073
Trade balance	19,090	30,276	454	(7,487)	10,441	(9,292)
Belgium:						
Exports	46,372	69,428	97,319	97,925	98,646	102,971
Imports	71,895	83,022	106,990	104,303	130,602	122,736
Trade balance	(25,523)	(13,594)	(9,672)	(6,378)	(31,956)	(19,764)
United Kingdom:						
Exports	72,788	61,906	86,170	59,922	53,762	61,703
Imports	131,885	133,443	184,249	170,080	167,035	147,571
Trade balance	(59,097)	(71,538)	(98,079)	(110,158)	(113,273)	(85,868)
Italy:						
Exports	88,213	80,951	105,099	93,970	87,140	104,479
Imports	164,317	135,467	200,887	173,475	182,463	201,396
Trade balance	(76,103)	(54,516)	(95,789)	(79,505)	(95,323)	(96,917)
China:						
Exports	203,848	139,167	359,421	310,371	332,510	403,831
Imports	276,909	315,666	465,192	521,163	610,737	676,291
Trade balance	(73,061)	(176,500)	(105,771)	(210,793)	(278,227)	(272,460)
United States:						
Exports	185,115	168,671	212,794	177,236	168,166	172,584
Imports	294,599	281,592	422,978	442,725	546,151	534,570
Trade balance	(109,484)	(112,921)	(210,184)	(265,489)	(377,984)	(361,985)

Note:-- Export and import figures for HTS subheading 3920.62 include nonsubject products, e.g. metallized PET film, "equivalent PET film," and possibly amorphous ("APET") and crystalline ("CPET") film.

Source: Global Trade Atlas, accessed April 4, 2014.

Korea, the UAE, Thailand, the Netherlands, and the subject countries of India and Taiwan are examples of countries which typically demonstrate merchant tendencies and experience relatively significant positive trade balances. Japan is a good example of a country which exports and imports relatively large, balanced volumes of PET film, while China experiences a relatively significant trade deficit but at the same time also imports and exports large volumes of PET film. China, the U.S., and the United Kingdom have traditionally experienced trade deficits and thus are net importers of PET film. The EU-28 countries overall display a significant trade deficit with countries from outside the region. China and the UAE are each nonsubject countries currently subject to dumping orders.

Foreign demand

Firms' responses regarding PET film demand outside the United States since 2008 and anticipated future demand are summarized in table IV-17. Most firms reported that demand outside of the United States has increased since 2008 and most anticipated that demand would continue to increase.

Table IV-17
PET film: Firms' responses regarding demand outside of the United States

Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
Demand outside the United States since 2008:				
U.S. producers	7	0	1	2
Importers	10	2	1	2
Purchasers	8	1	1	0
Foreign producers	3	0	0	0
Demand in home market since 2008:				
Foreign producers	2	0	1	0
Anticipated demand outside the United States:				
U.S. producers	6	1	1	2
Importers	7	3	1	4
Purchasers	7	1	1	1
Foreign producers	2	1	0	0
Anticipated demand in home market:				
Foreign producers	2	0	0	0

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

Firms cited demand growth in developing countries particularly in Asia (including China) and South America. One firm stated that demand is expected to grow faster greater than GDP in emerging markets and to pace GDP in mature markets. Firms reported increased growth in packaging applications with population growth and as consumers demand more convenient packaging options. Firms also cited increased PET film demand in other applications including optical films, flexible printed electronics, and solar applications.

On the other hand, *** stated that "demand has increased in Asia and South America through 2011 but is weak throughout the world," and *** noted a decline in demand for imaging films.

*** reported decreased demand in the Taiwan home market because of price competition, and increased demand in Australia and New Zealand. *** reported that the majority of demand in Taiwan is for packaging applications and that such demand was not affected by the global economic crisis, and that demand is expected to increase over the next two years due to the economic recovery. *** reported that demand has increased in the Asia Pacific region because of growth in population, consumption trends, and changing lifestyle. ***.[45] ***.

Prices

In comparing prices of PET film in U.S. and foreign markets, firms generally reported that PET film prices in the U.S. market were the higher or the same as prices in other markets. Among U.S. producers, three firms reported that prices were lower in Asia than in the United States, with one firm estimating that prices in Asia were about 10 percent lower compared to prices in other regions. *** reported that in the first quarter of 2014 pricing were $0.30 to $0.40 per pound higher in the U.S. market than in China and in Europe. Another producer reported that U.S. prices were $1.45 per pound compared to $1.24 per pound in Mexico.

Among importers, one reported that prices in Japan are higher than in the United States and one reported that prices in the U.S. market are a little higher than European prices, similar to prices in the United Kingdom (not including freight), and similar to prices in Canada. *** and that there are no significant price differences in the markets in North America, South America, Europe, and Asia. Foreign producer *** reported that it sells PET film for the same base price in all markets, with additional fees for sea freight, import duties, and trucking fees.

[45] ***.

PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

Raw materials are an important consideration in the price of PET film, accounting for between 48.3 and 60.1 percent of U.S. producers' costs of goods sold during 2008-13. The basic raw materials for producing PET film are (1) dimethyl terephthalate ("DMT") –or purified terephthalic acid ("PTA") and (2) monoethylene glycol ("MEG"), which come from xylene and ethylene, respectively. [1] Ethylene usually is manufactured from natural gas while xylene is a byproduct from oil refineries. Thus, raw material costs are greatly affected by crude oil and natural gas prices. After peaking in 2008, natural gas and crude oil prices declined greatly in 2009 (figure V-1). Natural gas prices have remained lower, with some fluctuations, and were 32 percent lower in January 2014 than in January 2008. Crude oil prices trended upwards, increasing above their January 2008 levels by 2011 and have since fluctuated within a narrow range. ***, MEG prices ***.[2]

U.S. producers were asked to describe how changes in the prices of their raw materials had changed their selling prices for PET film since 2008. Firms reported that there is a lag of 3 to 6 months when raw material price changes affect selling prices for PET film and that the selling price changes monthly based on market prices of paraxylene and ethylene glycol. Firms also noted that oil prices fluctuated wildly during the recession then increased, affecting PET film prices. Most producers (8 of 10) anticipate changes in raw material pricing including higher costs due to global political events, global supply and demand issues, and increased prices for oil due to the U.S. economic expansion. ***.[3]

Transportation costs to the U.S. market

Transportation costs for PET film shipped from subject countries to the United States were 7.8 percent for India and 5.3 percent for Taiwan. These estimates are derived from official import data and represent the transportation and other charges on imports.[4]

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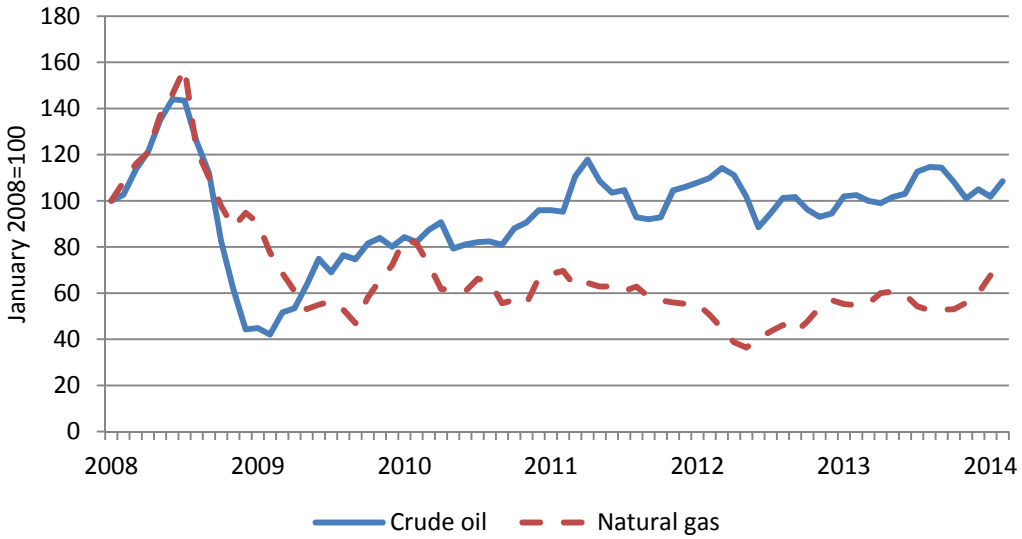
[1] ***. Domestic interested parties' posthearing brief, p. 11.

[2] See graph presented in Domestic interested parties' posthearing brief, p. 11. ***. They further state that "domestic producers have little ability to adjust prices to reflect fluctuations in raw materials prices." Domestic interested parties' posthearing brief, p. 11-12.

[3] Polyplex is setting up a PET resin plant in Decatur, AL. Polyplex's website, http://www.polyplex.com/about-us/global-presence/polyplex-usa, retrieved Apr. 24, 2014.

[4] The estimated transportation costs were obtained by subtracting the customs value from the c.i.f. value of the imports for 2013 and then dividing by the customs value based on HTS 3920.62.0090.

Figure V-1
Raw materials: Crude oil and natural gas price indices, January 2008-February 2014



Source: U.S. Energy Information Administration, www.eia.gov, retrieved April 22, 2014

Five importers reported that they arranged international transportation to the customer while 12 reported that the exporter arranged such transportation. Transportation costs from Taiwan to the United States reported by importers equate to *** percent of the import value.[5] Among foreign producers, ***.[6] ***.[7]

U.S. inland transportation costs

Eight of nine responding U.S. producers and 11 of 12 importers reported that they typically arrange transportation to their customers. U.S. producers reported that their U.S. inland transportation costs ranged from 3 to 7 percent. Importers reported a wider range of costs, with five firms reporting 1 to 8 percent and three reporting 10 to 35 percent.

[5] Three importers reported transportation costs from Taiwan ***. The average unit value of PET film imports from Taiwan in 2013 was $2,826 per short ton (landed duty-paid value based on official import statistics); transportation costs of *** per short ton equate to *** percent of the landed duty-paid value. No importer reported transportation costs from India.

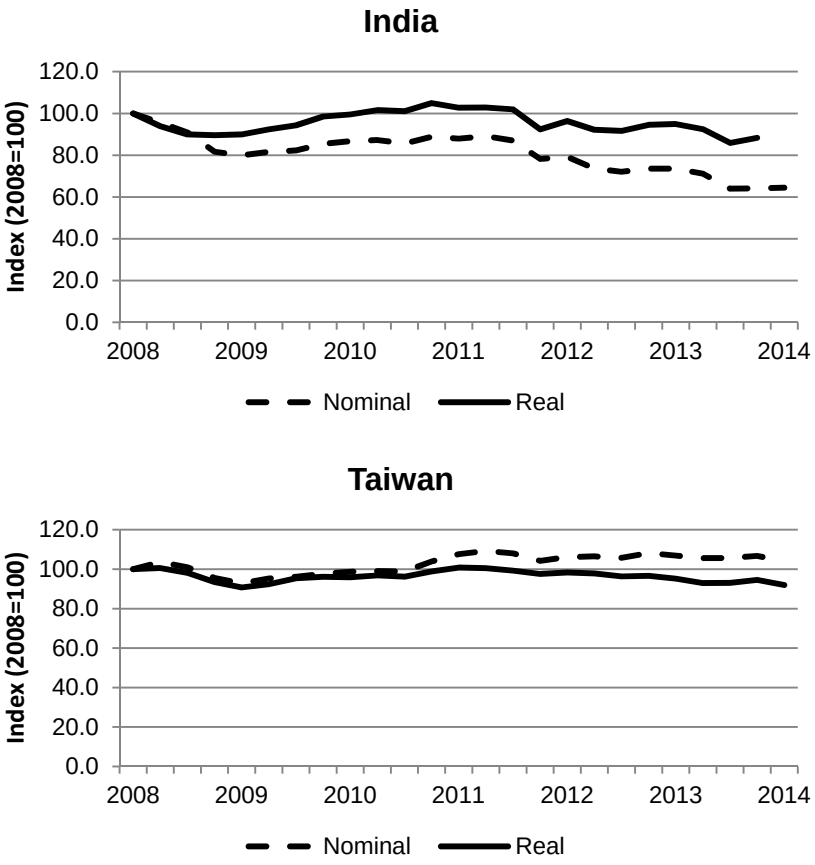
[6] ***.

[7] ***. The average unit value of PET film imports from India in 2013 was $2,699 per short ton (landed duty-paid value based on official import statistics); transportation costs of *** per short ton equate to *** percent of the landed duty-paid value.

Exchange rates

Nominal and real exchange rates for the currencies of India and Taiwan in relation to the U.S. dollar during January 2008-March 2014 are presented in figure V-2.[8] The Indian rupee has depreciated substantially against the U.S. dollar in nominal terms, although less so in real terms. The New Taiwan (NT) dollar has been mostly stable against the U.S. dollar over the same period, appreciating slightly in nominal terms and declining slightly in real terms.

Figure V-2
Exchange rates: Quarterly indices of the nominal and real exchange rates of the currencies of India and Taiwan relative to the U.S. dollar, January 2008-March 2014



Note: India real exchange rate data are not available for first quarter of 2014.

Source: IMF International Financial Statistics at http://www.imfstatistics.org/, Federal Reserve Bank of St. Louis at http://stlouisfed.org/, and National Statistics, Republic of China (Taiwan) at http://eng.stat.gov.tw, retrieved May 30, 2014.

[8] As noted in part II, ***.

PRICING PRACTICES

Pricing methods

U.S. producers and importers sell on a transaction-by-transaction basis and also through contracts (table V-1).

Table V-1
PET film: U.S. producers and importers reported price setting methods, by number of responding firms[1]

Method	U.S. producers	U.S. importers
Transaction-by-transaction	9	14
Contract	7	8
Set price list	3	3
Other	1	3

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

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

Over half of U.S. producers' sales in 2013 were on a contract basis (table V-2); 31 percent of total sales were subject to long term contracts and 26 percent were subject to short term contracts. Most importers' sales were on a short term contract basis. U.S. producers' short term contracts are typically for one year and their long term contracts are for two to four years. Importers' contracts are typically shorter in length, from 3 months to one year. Most U.S. producers and importers reported that prices can be renegotiated during the contract and that contracts contain meet-or-release provisions.

Table V-2
PET film: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2013

	Share of commercial U.S. shipments (percent)		
		U.S. importers	U.S. importers
Type of sale	U.S. producers	India	Taiwan
Long-term contracts	31.3	***	***
Short-term contracts	25.6	***	***
Spot sales	43.1	***	***

Note.--Because of rounding, figures may not add to the totals shown.

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

Four purchasers reported that they purchase product daily, two weekly, and three monthly. No purchaser reported that they expect their purchasing patterns to change in the next two years. Most (6 of 9) purchasers contact one to three suppliers before making a purchase.

Sales terms and discounts

Five producers reported quoting delivered prices and four reported quoting f.o.b. prices. Most importers (11 of 16) quote prices on a delivered basis.

Some producers and importers offer quantity and/or total volume discounts while others do not offer discounts. Of 10 responding producers, five producers offer no discounts, 4 offer quantity discounts, 6 offer total volume discounts, and 2 offer other discounts. Seven of 17 responding importers offer no discounts, 3 offer quantity discounts, 7 offer total volume discounts, and 4 offer other discounts (such as for advanced payments). Some producers and importers reported that they offer discounts or rebates for certain customers, particularly large accounts.

The most common sales terms are net 30 days. Nine producers reported sales terms of net 30, although producers also reported net 60 (3 firms), 2/10 net 30 (3 firms), and other terms. Twelve importers reported net 30, but importers also reported net 60 (6 firms), 2/10 net 30 (3 firms), and other terms.

Price leadership

Purchasers reported that the following suppliers were price leaders in the PET film market: Dupont Teijin (listed by 6 purchasers), Mitsubishi (5), and SKC (3). In addition, one firm listed Toray and Flex, and one firm reported that there are currently no price leaders and that the market is oversupplied.

PRICE DATA

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and f.o.b. value of the following PET film products shipped to unrelated U.S. customers during 2008-13.

Product 1.-- 48 gauge plain film for packaging/industrial markets

Product 2.-- 48 gauge corona-treated film for packaging/industrial markets

Product 3.-- 48 gauge chemically treated film for packaging/industrial markets (*includes films that are treated with chemicals post-extrusion, as well as films that are chemically treated via coextrusion*)

Product 4.-- 92 gauge plain film for packaging/industrial markets

Product 5.-- 120 gauge plain film for packaging/industrial markets

Product 6.-- 500-1000 gauge plain film for industrial/electrical markets

Product 7.-- 400-700 gauge chemically treated film for printing plate markets

Product 8.-- 1000-1400 gauge plain film for motors/insulation markets

Nine U.S. producers, 3 importers from India, and 6 importers from Taiwan provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters. Pricing data reported by these firms accounted for 31.6 percent of U.S. producers' U.S. commercial shipments of PET film, 91.0 percent of U.S. commercial shipments of subject imports from India, and 90.3 percent of U.S. commercial shipments of imports from Taiwan during 2008-13.

Price data for products 1-8 are presented in tables V-3 to V-10 and figures V-1 to V-8. [9]

Table V-3
PET film: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarters, 2008-2013

* * * * * * *

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

Table V-4
PET film: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarters, 2008-2013

* * * * * * *

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

Table V-5
PET film: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarters, 2008-2013

* * * * * * *

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

Table V-6
PET film: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by quarters, 2008-2013

* * * * * * *

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

[9] ***.

Table V-7
PET film: Weighted-average f.o.b. prices and quantities of domestic and imported product 5 and margins of underselling/(overselling), by quarters, 2008-2013

* * * * * * *

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

Table V-8
PET film: Weighted-average f.o.b. prices and quantities of domestic and imported product 6[1] and margins of underselling/(overselling), by quarters, 2008-2013

* * * * * * *

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

Table V-9
PET film: Weighted-average f.o.b. prices and quantities of domestic and imported product 7[1] and margins of underselling/(overselling), by quarters, 2008-2013

* * * * * * *

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

Table V-10
PET film: Weighted-average f.o.b. prices and quantities of domestic and imported product 8[1] and margins of underselling/(overselling), by quarters, 2008-2013

* * * * * * *

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

Figure V-1
PET film: Weighted-average prices and quantities of domestic and imported products 1-8, by quarters, 2008-2013

* * * * * * *

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

Price trends

Prices generally increased from 2008 through 2011 and then declined. Prices for products 7 and 8, smaller volume products, showed different trends, with product 7 prices generally declining in 2011 and 2012 and then increasing in 2013 and product 8 prices showing

an overall increase over the period. Table V-11 summarizes the price trends, by country and by product. ***.[10]

Table V-11
PET film: Summary of weighted-average f.o.b. prices for products 1-8 from the United States, India, and Taiwan

* * * * * * *

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

Price comparisons

As shown in table V-12, prices for PET film imported from India were below those for U.S.-produced product in 22 of 42 instances; margins of underselling ranged from 0.6 to 28.0 percent. In the remaining 20 instances, prices for PET film from India were between 2.5 and 92.3 percent above prices for the domestic product. Prices for PET film imported from Taiwan were below those for U.S.-produced product in 35 of 94 instances; margins of underselling ranged from 0.1 to 69.6 percent. In the remaining 59 instances, prices for PET film from Taiwan were between 0.3 and 78.7 percent above prices for the domestic product.

Table V-12
PET film: Instances of underselling/overselling and the range and average of margins, by country, 2008-2013

Source	Underselling			Overselling		
	Number of instances	Range (percent)	Average margin (percent)	Number of instances	Range (percent)	Average margin (percent)
India	22	0.6 to 28.0	13.3	20	(2.5) to (92.3)	(23.9)
Taiwan	35	0.1 to 69.6	11.1	59	(0.3) to (78.7)	(25.8)
Total	57	0.1 to 69.6	12.0	79	(0.3) to (92.3)	(25.3)

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

[10] ***.

APPENDIX A

FEDERAL REGISTER NOTICES

The Commission makes available notices relevant to its investigations and reviews on its website, www.usitc.gov. In addition, the following tabulation presents, in chronological order, *Federal Register* notices issued by the Commission and Commerce during the current proceeding.

Citation	Title	Link
78 FR 19524, April 1, 2013	*Polyethylene Terephthalate Film, Sheet, and Strip From India and Taiwan: Institution of Five-Year Reviews*	https://www.federalregister.gov/articles/2013/04/01/2013-07328/polyethylene-terephthalate-film-sheet-and-strip-from-india-and-taiwan-institution-of-five-year
78 FR 19647, April 2, 2013	*Initiation of Five-Year ("Sunset") Review*	https://www.federalregister.gov/articles/2013/04/02/2013-07550/initiation-of-five-year-sunset-review
78 FR 42105, July 15, 2013	*Polyethylene Terephthalate Film, Sheet, and Strip From India and Taiwan: Notice of Commission Determinations To Conduct Full Five-Year Reviews*	https://www.federalregister.gov/articles/2013/07/15/2013-16869/polyethylene-terephthalate-film-sheet-and-strip-from-india-and-taiwan-notice-of-commission
78 FR 47276, August 5, 2013	*Polyethylene Terephthalate Film, Sheet, and Strip From India: Final Results of the Expedited Second Sunset Review of the Countervailing Duty Order*	https://www.federalregister.gov/articles/2013/08/05/2013-18834/polyethylene-terephthalate-pet-film-sheet-and-strip-from-india-final-results-of-the-expedited-second
79 FR 2883, January 16, 2014	*Polyethylene Terephthalate Film, Sheet, and Strip From India and Taiwan: Scheduling of Full Five-Year Reviews Concerning the Countervailing Duty Order on Polyethylene Terephthalate Film, Sheet, and Strip ("PET Film")From India and the Antidumping Duty Orders on PET film From India and Taiwan*	https://www.federalregister.gov/articles/2014/01/16/2014-00728/polyethylene-terephthalate-film-sheet-and-strip-from-india-and-taiwan-scheduling-of-full-five-year

79 FR 12153, March 4, 2014	*Polyethylene Terephthalate Film, Sheet, and Strip From India and Taiwan: Final Results of the Second Sunset Review of the Antidumping Duty Orders and Correction to the Preliminary Results*	https://www.federalregister.gov/articles/2014/03/04/2014-04748/polyethylene-terephthalate-film-sheet-and-strip-from-india-and-taiwan-final-results-of-the-second
79 FR 28949, May 20, 2014	*Polyethylene Terephthalate Film, Sheet, and Strip From India and Taiwan: Revised Schedule for the Subject Reviews*	https://www.federalregister.gov/articles/2014/05/20/2014-11580/polyethylene-terephthalate-film-sheet-and-strip-from-india-and-taiwan-revised-schedule-for-the
Note.–The press release announcing the Commission's determinations concerning adequacy and the conduct of a full or expedited review can be found at http://usitc.gov/press_room/news_release/2012/er0409kk1.htm. A summary of the Commission's votes concerning adequacy and the conduct of a full or expedited review can be found at http://pubapps2.usitc.gov/sunset/caseProfSuppAttmnt/download/11452. The Commission's explanation of its determinations can be found at http://pubapps2.usitc.gov/sunset/caseProfSuppAttmnt/download/11453.		

APPENDIX B

LIST OF HEARING WITNESSES

The public hearing in connection with these reviews, scheduled to begin at 9:30 A.M. on May 20, 2014, at the U.S. International Trade Commission Building, was cancelled at the request of Domestic Interested Parties (79 FR 28949, May 20, 2014).

APPENDIX C

SUMMARY DATA

Table C-1
PET Film: Summary data concerning the U.S. market, 2008-13
(Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted)

	Report data						Period changes					
	Calendar year						Calendar year comparisons					
	2008	2009	2010	2011	2012	2013	2008-13	2008-09	2009-10	2010-11	2011-12	2012-13
U.S. consumption quantity:												
Amount	749,184	649,422	726,370	665,488	649,954	662,050	(11.6)	(13.3)	11.8	(8.4)	(2.3)	1.9
Producers' share (1)	77.7	79.6	75.3	71.8	69.9	76.0	(2.1)	2.4	(5.3)	(4.6)	(2.6)	8.7
Importers' share (1):												
India	***	***	***	***	***	***	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***	***	***	***	***	***	***
Subject sources	***	***	***	***	***	***	***	***	***	***	***	***
All others sources, nonsubject	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	22.3	20.4	24.7	28.2	30.1	24.0	7.4	(8.4)	20.7	14.2	6.7	(20.3)
U.S. consumption value:												
Amount	1,386,701	1,124,771	1,348,009	1,437,022	1,243,991	1,207,212	(12.9)	(18.9)	19.8	6.6	(13.4)	(3.0)
Producers' share (1)	79.6	83.1	77.6	73.2	75.8	79.8	0.2	4.3	(6.6)	(5.6)	3.5	5.4
Importers' share (1):												
India	***	***	***	***	***	***	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***	***	***	***	***	***	***
Subject sources	***	***	***	***	***	***	***	***	***	***	***	***
All others sources, nonsubject	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	20.4	16.9	22.4	26.8	24.2	20.2	(0.9)	(16.9)	32.6	19.3	(9.4)	(16.7)
U.S. shipments of imports from:												
India:												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Taiwan:												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Subject sources:												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
All other sources:												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Total imports:												
Quantity	167,216	132,744	179,241	187,480	195,397	158,687	(5.1)	(20.6)	35.0	4.6	4.2	(18.8)
Value	282,423	190,378	302,553	384,737	301,599	243,696	(13.7)	(32.6)	58.9	27.2	(21.6)	(19.2)
Unit value	$1.69	$1.43	$1.69	$2.05	$1.54	$1.54	(9.1)	(15.1)	17.7	21.6	(24.8)	(0.5)
Ending inventory quantity	21,288	15,990	16,481	19,674	17,461	12,290	(42.3)	(24.9)	3.1	19.4	(11.2)	(29.6)
U.S. producers':												
Average capacity quantity	720,103	702,692	700,955	624,565	620,209	710,024	(1.4)	(2.4)	(0.2)	(10.9)	(0.7)	14.5
Production quantity	620,246	550,720	602,656	510,811	495,378	543,023	(12.5)	(11.2)	9.4	(15.2)	(3.0)	9.6
Capacity utilization (1)	86.1	78.4	86.0	81.8	79.9	76.5	(9.7)	(7.8)	7.6	(4.2)	(1.9)	(3.4)
U.S. shipments:												
Quantity	581,968	516,678	547,129	478,008	454,557	503,363	(13.5)	(11.2)	5.9	(12.6)	(4.9)	10.7
Value	1,104,278	934,393	1,045,456	1,052,285	942,392	963,516	(12.7)	(15.4)	11.9	0.7	(10.4)	2.2
Unit value	$1.90	$1.81	$1.91	$2.20	$2.07	$1.91	0.9	(4.7)	5.7	15.2	(5.8)	(7.7)
Export shipments:												
Quantity	32,723	28,501	44,933	39,359	34,901	33,803	3.3	(12.9)	57.7	(12.4)	(11.3)	(3.1)
Value	64,187	58,444	111,416	139,557	115,800	104,660	63.1	(8.9)	90.6	25.3	(17.0)	(9.6)
Unit value	$1.96	$2.05	$2.48	$3.55	$3.32	$3.10	57.8	4.5	20.9	43.0	(6.4)	(6.7)
Ending inventory quantity	60,547	56,657	61,019	50,201	52,158	49,840	(17.7)	(6.4)	7.7	(17.7)	3.9	(4.4)
Inventories/total shipments (1)	9.8	10.4	10.3	9.7	10.7	9.3	(0.6)	0.5	(0.1)	(0.6)	1.0	(1.4)
Production workers	2,196	2,020	2,017	1,857	1,837	1,935	(11.9)	(8.0)	(0.1)	(7.9)	(1.1)	5.3
Hours worked (1,000s)	4,366	3,977	3,982	3,736	3,756	3,933	(9.9)	(8.9)	0.1	(6.2)	0.5	4.7
Wages paid ($1,000)	149,435	138,342	134,079	133,884	136,416	141,613	(5.2)	(7.4)	(3.1)	(0.1)	1.9	3.8
Productivity (pounds per hour)	142.1	138.5	151.3	136.7	131.9	138.1	(2.8)	(2.5)	9.3	(9.7)	(3.5)	4.7
Unit labor costs	$0.24	$0.25	$0.22	$0.26	$0.28	$0.26	8.2	4.3	(11.4)	17.8	5.1	(5.3)
Net Sales:												
Quantity	614,691	545,179	592,062	517,366	489,458	508,794	(17.2)	(11.3)	8.6	(12.6)	(5.4)	4.0
Value	1,168,465	992,837	1,156,872	1,191,841	1,058,192	1,033,019	(11.6)	(15.0)	16.5	3.0	(11.2)	(2.4)
Unit value	$1.90	$1.82	$1.95	$2.30	$2.16	$2.03	6.8	(4.2)	7.3	17.9	(6.2)	(6.1)
Cost of goods sold (COGS)	1,052,922	878,505	951,407	1,000,633	945,200	942,182	(10.5)	(16.6)	8.3	5.2	(5.5)	(0.3)
Gross profit of (loss)	115,543	114,332	205,465	191,208	112,992	90,837	(21.4)	(1.0)	79.7	(6.9)	(40.9)	(19.6)
SG&A expenses	126,771	115,666	109,823	100,454	93,183	97,543	(23.1)	(8.8)	(5.1)	(8.5)	(7.2)	4.7
Operating income or (loss)	(11,228)	(1,334)	95,642	90,754	19,809	(6,706)	(40.3)	(88.1)	(2)	(5.1)	(78.2)	(2)
Capital expenditures	123,403	40,342	35,933	59,041	134,075	212,905	72.5	(67.3)	(10.9)	64.3	127.1	58.8
Unit COGS	$1.71	$1.61	$1.61	$1.93	$1.93	$1.85		(5.9)	(0.3)	20.4	(0.2)	(4.1)
Unit SG&A expenses	$0.21	$0.21	$0.19	$0.19	$0.19	$0.19	(7.0)	2.9	(12.6)	4.7	(1.9)	0.7
Unit operating income or (loss)	($0.02)	($0.00)	$0.16	$0.18	$0.04	($0.01)	(27.8)	(86.6)	(2)	8.6	(76.9)	fn2
COGS/sales (1)	90.1	88.5	82.2	84.0	89.3	91.2	1.1	(1.6)	(6.2)	1.7	5.4	1.9
Operating income or (loss)/sales (1)	(1.0)	(0.1)	8.3	7.6	1.9	(0.6)	0.3	0.8	8.4	(0.7)	(5.7)	(2.5)

Notes:

[1] Report data are in percent and period changes are in percentage points.
[2] Undefined.

Table C-2
PET Film: Summary data concerning the U.S. merchant market, 2008-13
(Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted)

	Report data						Period changes					
	Calendar year						Calendar year comparisons					
	2008	2009	2010	2011	2012	2013	2008-13	2008-09	2009-10	2010-11	2011-12	2012-13
U.S. consumption quantity: (1)												
Amount	568,193	479,009	577,338	534,082	544,606	558,363	(1.7)	(15.7)	20.5	(7.5)	2.0	2.5
Producers' share (2)	70.6	72.3	69.0	64.9	64.1	71.6	1.4	2.4	(4.6)	(5.9)	(1.2)	11.6
Importers' share (2):												
India	***	***	***	***	***	***	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***	***	***	***	***	***	***
Subject sources	***	***	***	***	***	***	***	***	***	***	***	***
All others sources, nonsubject	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	29.4	27.7	31.0	35.1	35.9	28.4	(3.4)	(5.8)	12.0	13.1	2.2	(20.8)
U.S. consumption value:												
Amount	1,009,476	774,138	1,047,159	1,153,812	1,016,244	992,585	(1.7)	(23.3)	35.3	10.2	(11.9)	(2.3)
Producers' share (2)	72.0	75.4	71.1	66.7	70.3	75.4	4.8	4.7	(5.7)	(6.3)	5.5	7.3
Importers' share (2):												
India	***	***	***	***	***	***	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***	***	***	***	***	***	***
Subject sources	***	***	***	***	***	***	***	***	***	***	***	***
All others sources, nonsubject	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	28.0	24.6	28.9	33.3	29.7	24.6	(12.2)	(12.1)	17.5	15.4	(11.0)	(17.3)
U.S. shipments of imports from:												
India:												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Taiwan:												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Subject sources:												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
All other sources:												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Total imports:												
Quantity	167,216	132,744	179,241	187,480	195,397	158,687	(5.1)	(20.6)	35.0	4.6	4.2	(18.8)
Value	282,423	190,378	302,553	384,737	301,599	243,696	(13.7)	(32.6)	58.9	27.2	(21.6)	(19.2)
Unit value	$1.69	$1.43	$1.69	$2.05	$1.54	$1.54	(9.1)	(15.1)	17.7	21.6	(24.8)	(0.5)
Ending inventory quantity	21,288	15,990	16,481	19,674	17,461	12,290	(42.3)	(24.9)	3.1	19.4	(11.2)	(29.6)
U.S. producers': (1)												
Average capacity quantity	510,423	498,370	472,292	415,361	415,123	533,450	4.5	(2.4)	(5.2)	(12.1)	(0.1)	28.5
Production quantity	448,972	383,964	438,500	360,512	366,588	431,020	(4.0)	(14.5)	14.2	(17.8)	1.7	17.6
Capacity utilization (2)	88.0	77.0	92.8	86.8	88.3	80.8	(7.2)	(10.9)	15.8	(6.1)	1.5	(7.5)
Commercial U.S. shipments:												
Quantity	400,977	346,265	398,097	346,602	349,209	399,676	(0.3)	(13.6)	15.0	(12.9)	0.8	14.5
Value	727,053	583,760	744,606	769,075	714,645	748,889	3.0	(19.7)	27.6	3.3	(7.1)	4.8
Unit value	$1.81	$1.69	$1.87	$2.22	$2.05	$1.87	3.3	(7.0)	10.9	18.6	(7.8)	(8.4)
Export shipments:												
Quantity	32,123	25,801	37,633	24,688	17,874	20,230	(37.0)	(19.7)	45.9	(34.4)	(27.6)	13.2
Value	62,187	47,444	80,516	65,848	45,739	49,201	(20.9)	(23.7)	69.7	(18.2)	(30.5)	7.6
Unit value	$1.94	$1.84	$2.14	$2.67	$2.56	$2.43	25.6	(5.0)	16.4	24.7	(4.1)	(5.0)
Ending inventory quantity	51,006	47,530	46,517	34,886	38,786	39,029	(23.5)	(6.8)	(2.1)	(25.0)	11.2	0.6
Inventories/total shipments (2)	11.6	12.6	10.7	9.5	10.8	9.2	(2.3)	1.0	(1.8)	(1.3)	1.3	(1.6)
Production workers	1,625	1,456	1,430	1,329	1,362	1,491	(8.2)	(10.4)	(1.8)	(7.1)	2.5	9.5
Hours worked (1,000s)	3,284	2,917	2,868	2,747	2,846	3,080	(6.2)	(11.2)	(1.7)	(4.2)	3.6	8.2
Wages paid ($1,000)	107,378	101,106	96,836	93,595	99,418	107,186	(0.2)	(5.8)	(4.2)	(3.3)	6.2	7.8
Productivity (pounds per hour)	136.7	131.6	152.9	131.2	128.8	139.9	2.4	(3.7)	16.2	(14.2)	(1.9)	8.6
Unit labor costs	$0.24	$0.26	$0.22	$0.26	$0.27	$0.25	4.0	10.1	(16.1)	17.6	4.5	(8.3)
Net Sales:												
Quantity	433,096	371,704	435,224	371,680	367,676	391,398	(9.6)	(14.2)	17.1	(14.6)	(1.1)	6.5
Value	789,234	630,735	824,589	835,720	761,694	763,439	(3.3)	(20.1)	30.7	1.3	(8.9)	0.2
Unit value	$1.82	$1.70	$1.89	$2.25	$2.07	$1.95	7.0	(6.9)	11.7	18.7	(7.9)	(5.8)
Cost of goods sold (COGS)	725,295	574,017	664,808	683,032	662,997	670,231	(7.6)	(20.9)	15.8	2.7	(2.9)	1.1
Gross profit of (loss)	63,939	56,718	159,781	152,688	98,697	93,208	45.8	(11.3)	181.7	(4.4)	(35.4)	(5.6)
SG&A expenses	80,269	72,168	75,978	72,954	74,432	79,854	(0.5)	(10.1)	5.3	(4.0)	2.0	7.3
Operating income or (loss)	(16,330)	(15,450)	83,804	79,734	24,265	13,354	(3)	(5.4)	(3)	(4.9)	(69.6)	(45.0)
Capital expenditures	25,632	19,451	25,861	38,227	39,194	175,947	586.4	(24.1)	33.0	47.8	2.5	348.9
Unit COGS	$1.67	$1.54	$1.53	$1.84	$1.80	$1.71	2.3	(7.8)	(1.1)	20.3	(1.9)	(5.0)
Unit SG&A expenses	$0.19	$0.19	$0.17	$0.20	$0.20	$0.20	10.1	4.8	(10.1)	12.4	3.1	0.8
Unit operating income or (loss)	($0.04)	($0.04)	$0.19	$0.21	$0.07	$0.03	(3)	10.2	(3)	11.4	(69.2)	(48.3)
COGS/sales (2)	91.9	91.0	80.6	81.7	87.0	87.8	(4.1)	(0.9)	(10.4)	1.1	5.3	0.7
Operating income or (loss)/sales (2)	(2.1)	(2.4)	10.2	9.5	3.2	1.7	3.8	(0.4)	12.6	(0.6)	(6.4)	(1.4)

Notes:

fn1.--Since production, capacity, employment were not gathered on U.S. merchant market operations separate from overall U.S. operations in this review, for the purposes of this table the firms who primarily internally consumed their production of PET film have been removed from the compilation. The firms generally excluded were [***]. The data for [***]'s commercial shipments were added back into the data on U.S. producers' commercial U.S. shipments and therefore into the calculation of apparent U.S. consumption. Separately, for the merchant market financial data presented COGS were allocated to commercial shipments on the basis of quantity of PET film commercially sold out of total and SG&A on the basis of the value of PET firm commercially sold at the firm level. Data for the overall merchant market financial operations therefore reflects the Commission's estimate of the financial operations on a merchant market basis.
fn2.--Report data are in percent and period changes are in percentage points.
fn3.--Undefined.

APPENDIX D

COMMENTS ON THE SIGNIFICANCE OF THE EXISTING ANTIDUMPING AND COUNTERVAILING DUTY ORDERS AND THE LIKELY EFFECTS OF REVOCATION

Appendix D is business proprietary in its entirety