POLYTETRAFLUOROETHYLENE (PTFE) RESIN FROM CHINA AND INDIA

Inv. Nos. 701-TA-588 and
731-TA-1392-1393 (Preliminary)

Public Conference Exhibits
on Behalf of
The Chemours Company FC LLC

October 19, 2017

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There is a single like product that includes PTFE granular, dispersion, and fine powder

- The scope of this investigation includes PTFE granular, dispersions, and fine powder
- PTFE in all forms shares
  - *Common physical characteristics*
  - *Overlapping applications that take advantage of the unique properties of PTFE*
  - *Common channels of distribution to the same end users*
  - *PTFE in all forms is produced using common production processes, equipment, and workers*
  - *Overlapping prices*

All forms of PTFE share common physical characteristics

- Highly resistant to oxidation and action of chemicals including strong acid, alkalis, oxidizing agents;
- Resistant to UV rays, ozone, and weather;
- Retains useful properties up to 287C and is strong and tough;
- Low coefficient of friction (0.05) and anti-stick properties;
- Excellent resistance to electricity;
- Coefficient of thermal expansion greater than other plastics and metals;
- Nonflammable.

Source: R.J. Lewis, *Hawley's Condensed Chemical Dictionary*, at 902 (14th Ed. Wiley-Interscience, 2001)

Different forms of PTFE are used in overlapping applications

Illustrative Applications for PTFE Forms			
Application	PTFE granular (mold)	PTFE fine powder (extrude)	PTFE dispersion (coat)
Gaskets, seals, and rings for automotive and aerospace applications	X	X	
Gaskets, linings, and packing for chemical applications	X	X	X
Film	X	X	X
Insulation	X	X	X
Wire coating, jacketing, and tubing	X	X	X
Pipe liners	X	X	
Pipe and metal coating			X
Coating and impregnating woven goods			X

Conditions of competition compel U.S. producers to respond to low-priced imports by reducing prices

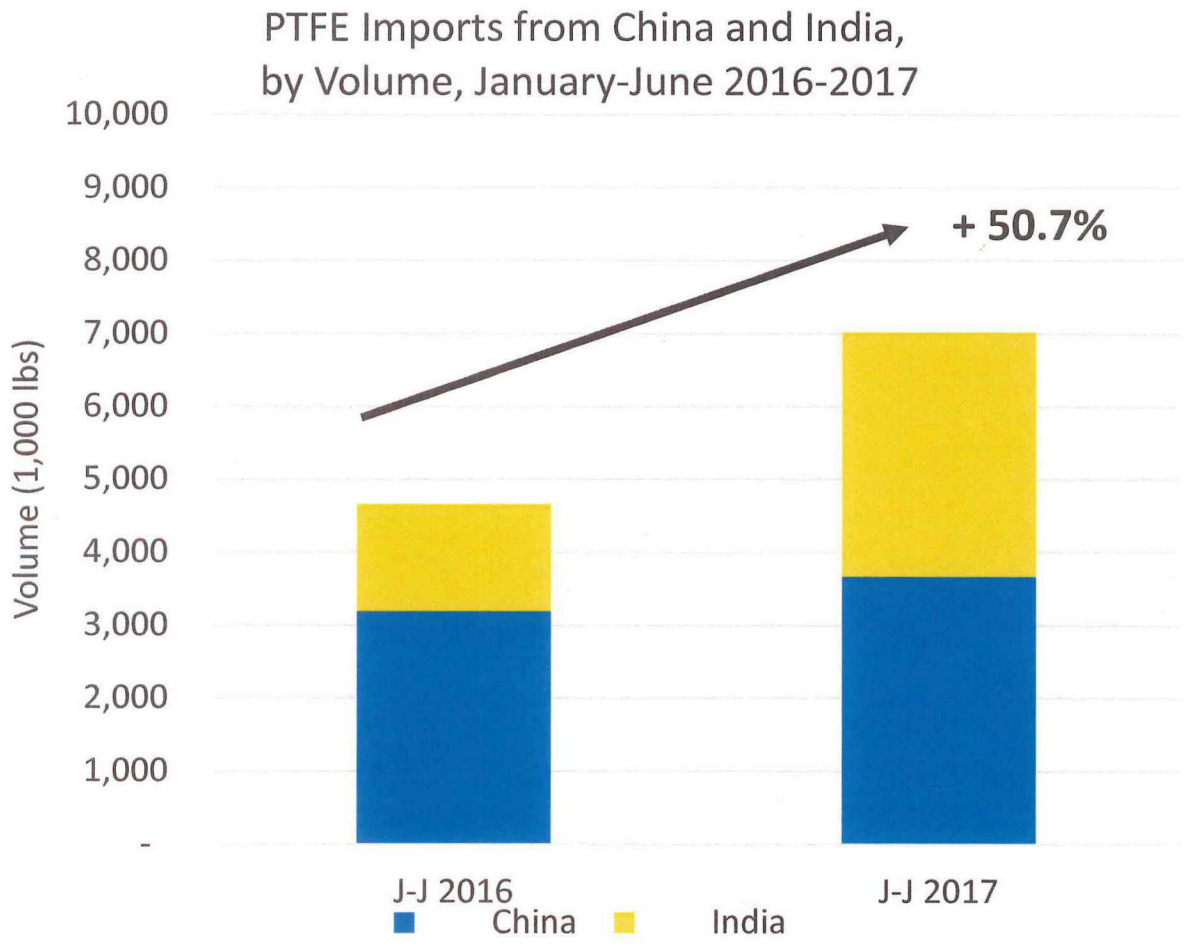
- "The high costs associated with operating and maintaining a granular PTFE resin plant require manufacturers to sustain high capacity utilization rates to stay profitable." USITC Pub. 3823 at 17
- "Domestic and imported granular PTFE resin are considered to be generally interchangeable." USITC Pub. 3823 at 18
- "Price is considered to be the second most important factor in purchasing decisions after product quality." *Id.*

PTFE Imports from China and India are "significant"

- Responses by importers from China are inadequate
- Census data indicate that subject imports increased market penetration from 2014 to 2016, rising to over 20% of ADC (Petition at 25)
- PTFE from China and India increased to roughly 60% of domestic production in 2016 (Petition at 25)

Source: Census import statistics and Prod. Ques. Resp.

PTFE from China and India surged in the first half of 2017



Source: Census

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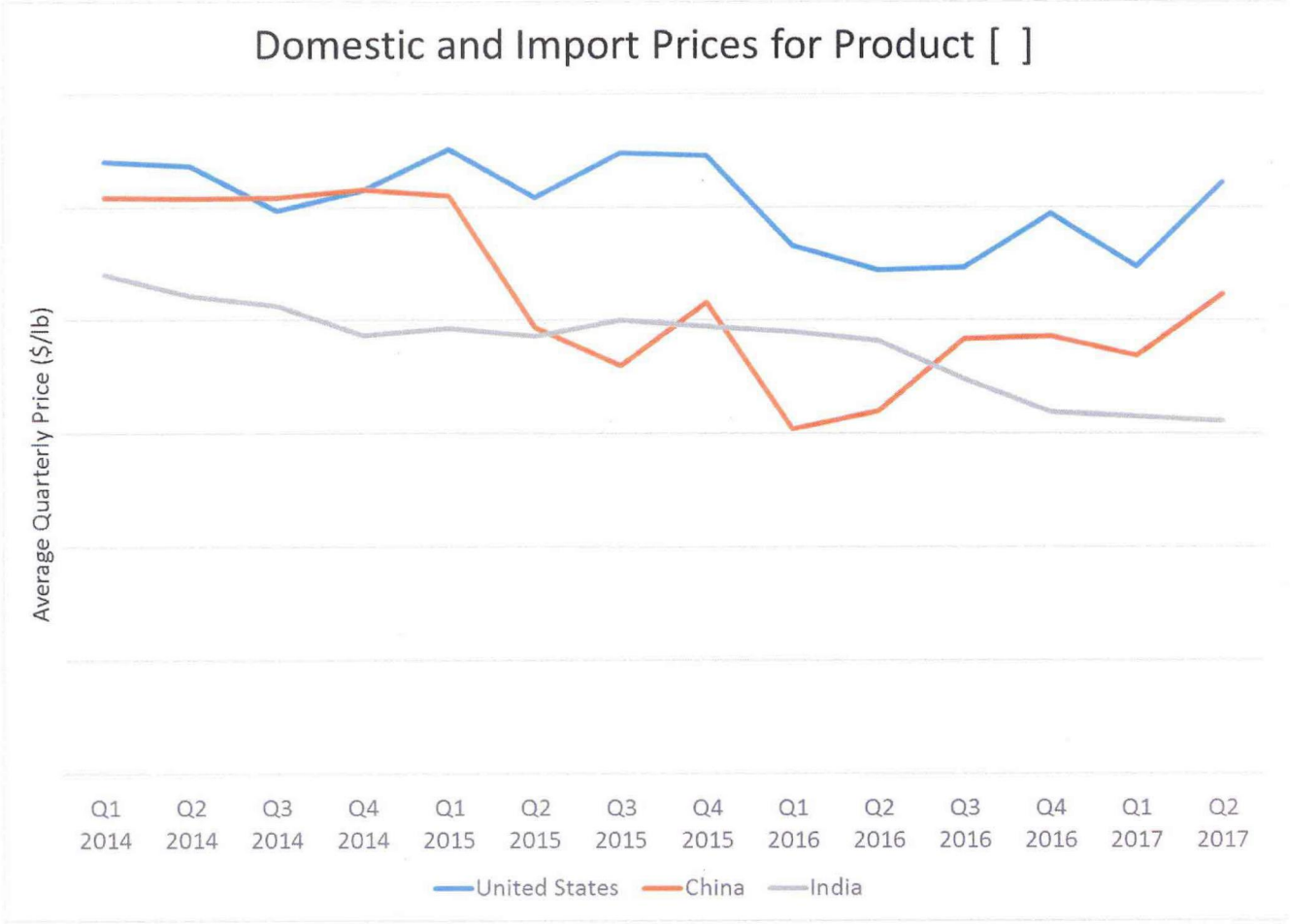
Imports of PTFE from China and India undersold domestic producer prices



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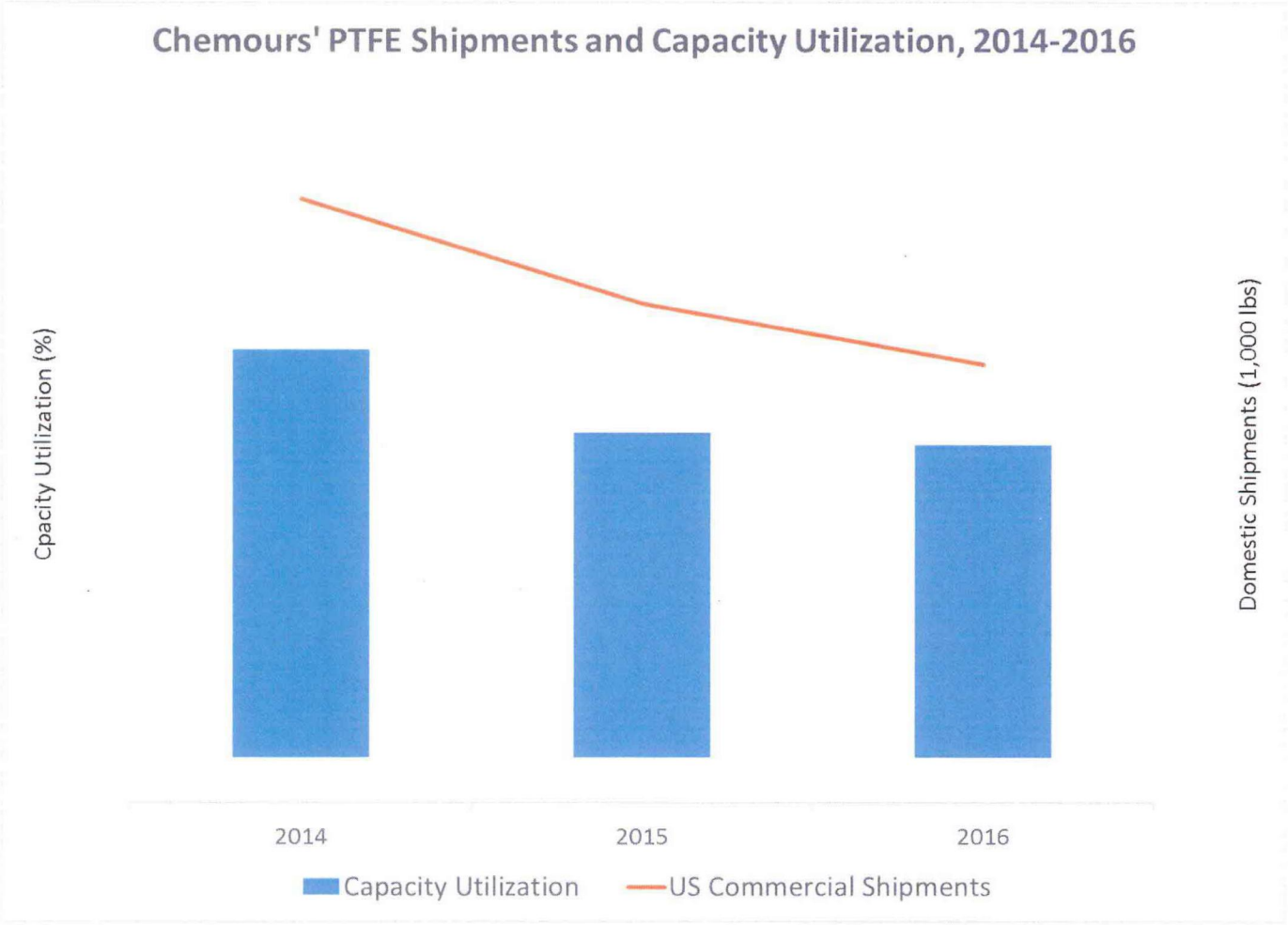
Imports of PTFE from China and India are having a negative impact on the domestic industry

- Imports at prices well below domestic prices captured an increasing share of the U.S. market
- Chemours domestic shipments and output declined from 2014-2016
- Falling sales volume caused Chemours capacity utilization to fall below the level needed for profitable operations

Chemours' shipments have fallen, and its capacity is under-utilized



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Chemours was forced to lay off workers in response to unfairly traded imports

Function	Role	% Reduction (2014-June 2017)#
PTFE Production (Excludes Upstream Operations)	Chemical Operators	13%
	Process Operators	19%
	Material Handlers	25%
	Day Support	44%
	Manufacturing Technology	16%
	Contractors	31%
Sales	Sales Manager	50%
	Sales staff	50%
	Sales Administrative Staff	67%
Non Production Technical	TSL Technician	50%

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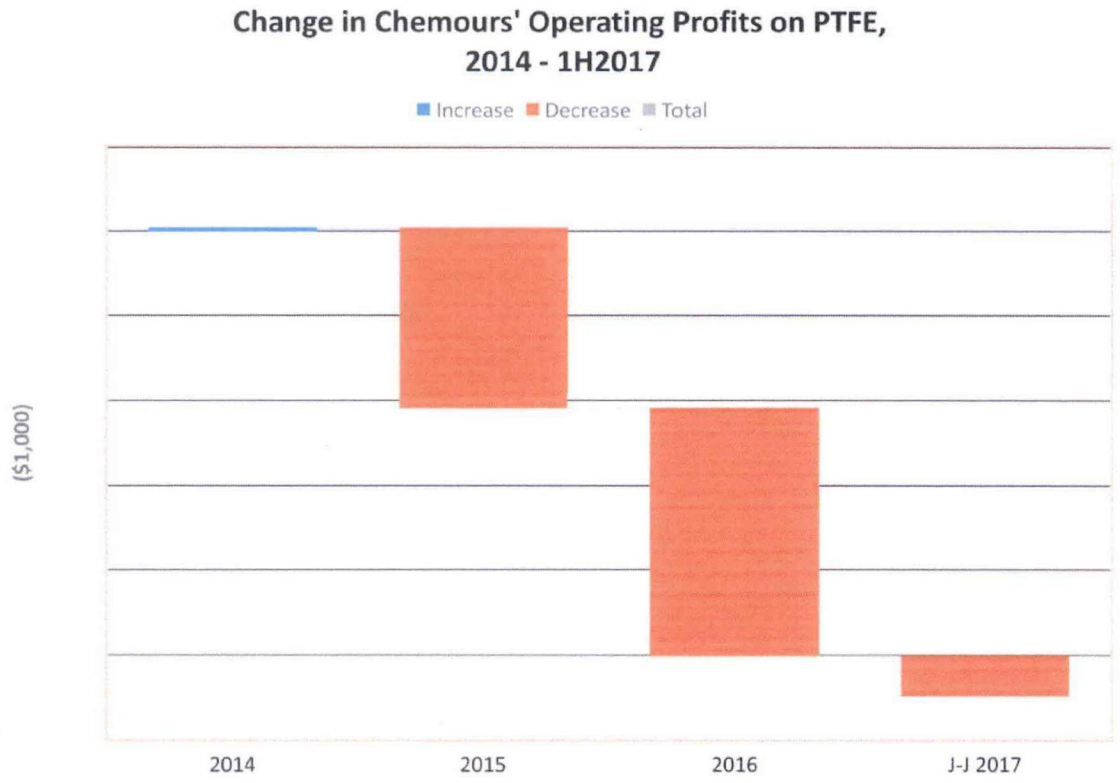
Chemours has been forced to take "idle mills" accounting adjustments

FAS 151 Summary

This Statement amends the guidance in ARB No. 43, Chapter 4, "Inventory Pricing," to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). Paragraph 5 of ARB 43, Chapter 4, previously stated that ". . . under some circumstances, items such as idle facility expense, excessive spoilage, double freight, and rehandling costs may be so abnormal as to require treatment as current period charges. . . ." This Statement requires that those items be recognized as current-period charges . . . .

Chemours' operating losses are mounting over the period of investigation



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Unfairly traded imports otherwise threaten to cause material injury

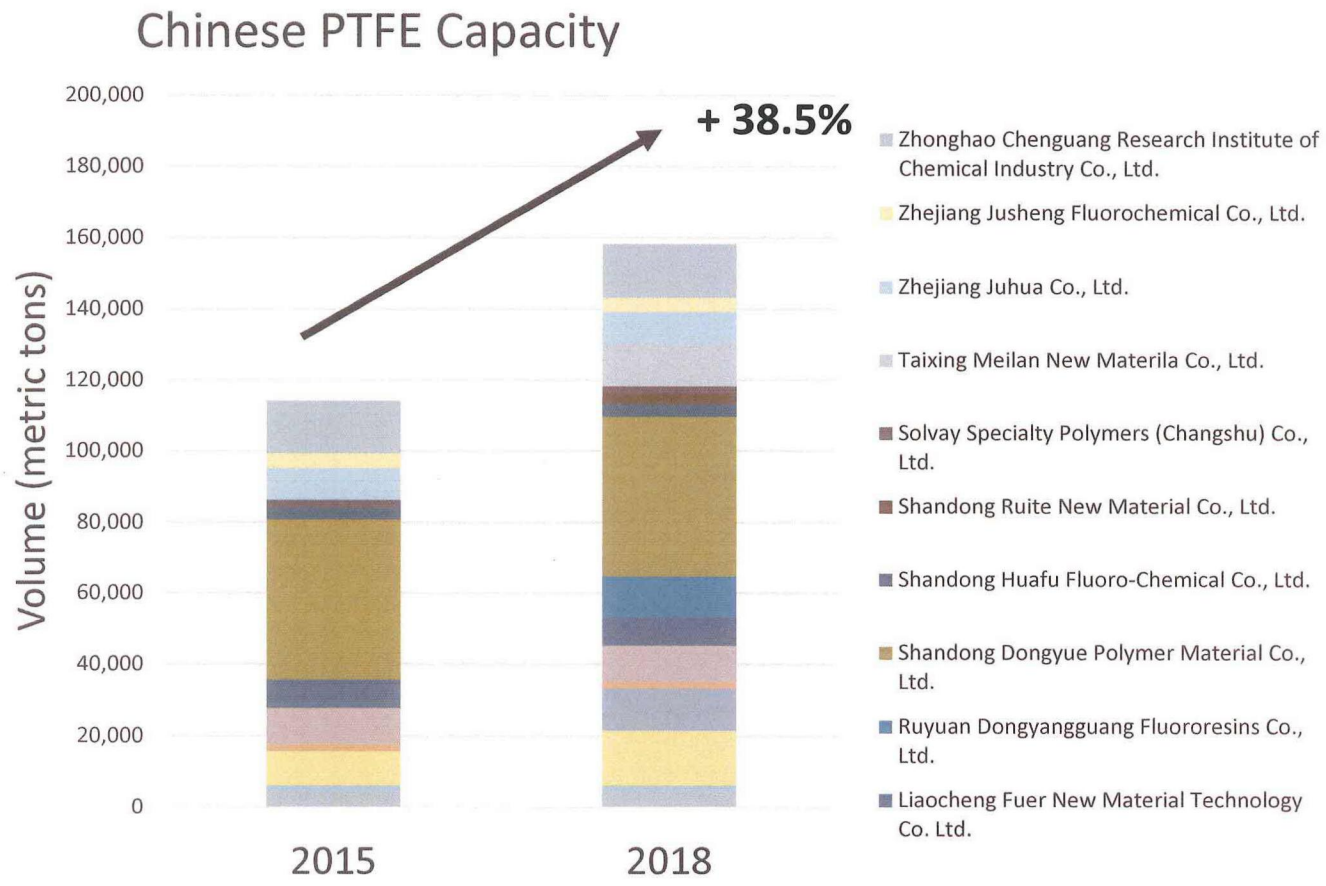
- There is global excess capacity
- The U.S. market is a major market for PTFE
- GFL's Indian plant is located in a Special Economic Zone and Incentivized to export
- Imports have used low prices to penetrate major U.S. customer accounts

Potential subsidies received by Gujarat Fluorochemicals Ltd.

Subsidies Identified by Commerce in Prior Cases:

Program	Minimum rate	Maximum rate
Export Promotion of Capital Goods Scheme (EPCG)	0.04%	2.29%
Duty Drawback (DDB)	0.94%	3.57%
Duty Free Import Authorization Scheme (DFIA)	0.50%	1.06%
Exemption from Electricity Duty for up to 15 Years	0.40%	
Income Tax Exemption Scheme (ITES)	0.02%	0.35%
Export Financing	0.01%	2.90%
Special Economic Zones ("SEZ") Programs	0.53%	18.08%
(SEZ-D) Exemption from Electricity Duty	3.09%	

China has built enormous excess capacity to produce PTFE



Source: CEH, Fluoropolymers (April 2016)

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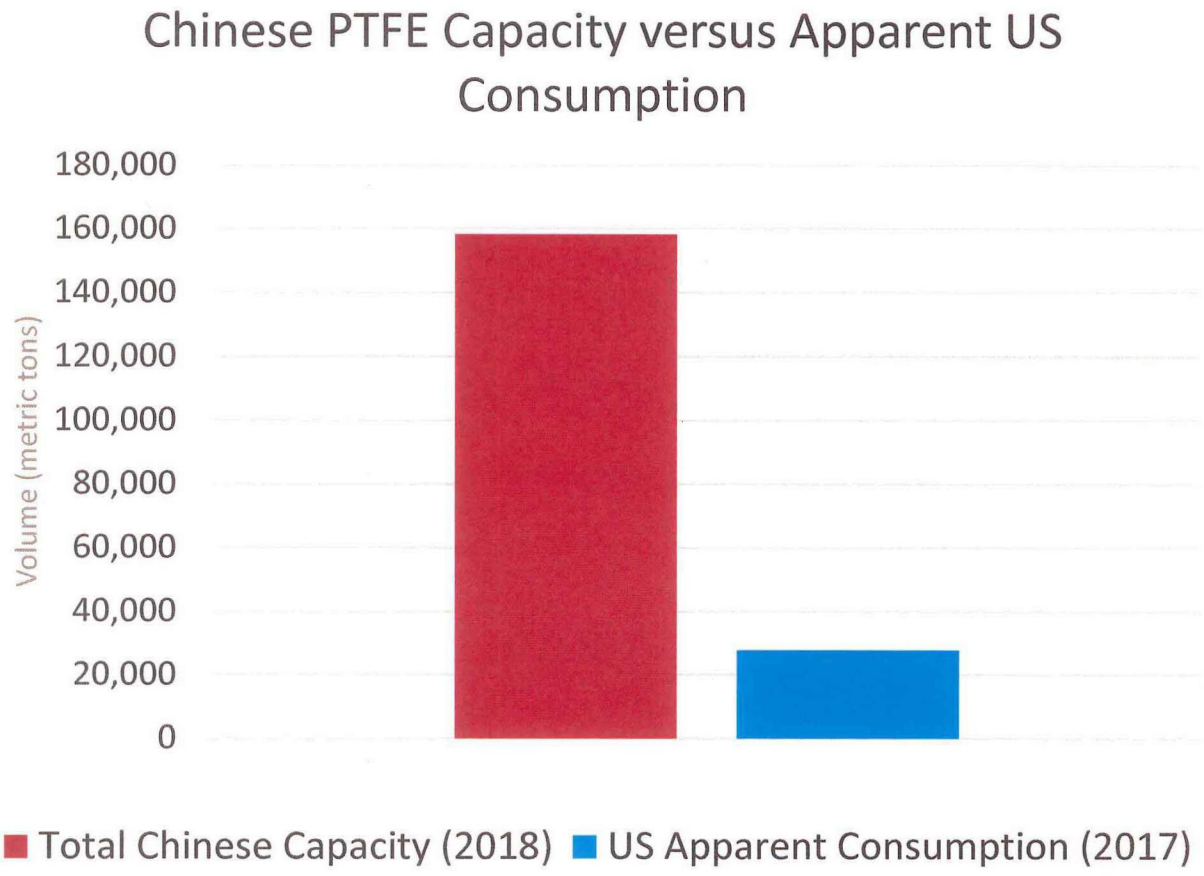
China's capacity dwarfs U.S. Apparent Consumption



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