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LOW MELT POLYESTER STAPLE FIBER FROM KOREA AND TAIWAN

**Domestic Industry Presentation by
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Prepared by Georgetown Economic Services, LLC



The Record Supports a Single Domestic Like Product

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- Respondents have not argued for a different domestic like product definition.
- The Commission previously found low melt to be a distinct like product in its prior investigation on coarse denier polyester staple fiber from Korea and Taiwan.
- The six-factor test supports a single domestic like product, consisting of all low melt.
- Based on this domestic like product definition, the domestic industry consists of all U.S. low melt producers: Nan Ya Plastics and Fiber Innovation Technology.

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Subject Imports Exceed the 3 Percent Negligibility Threshold

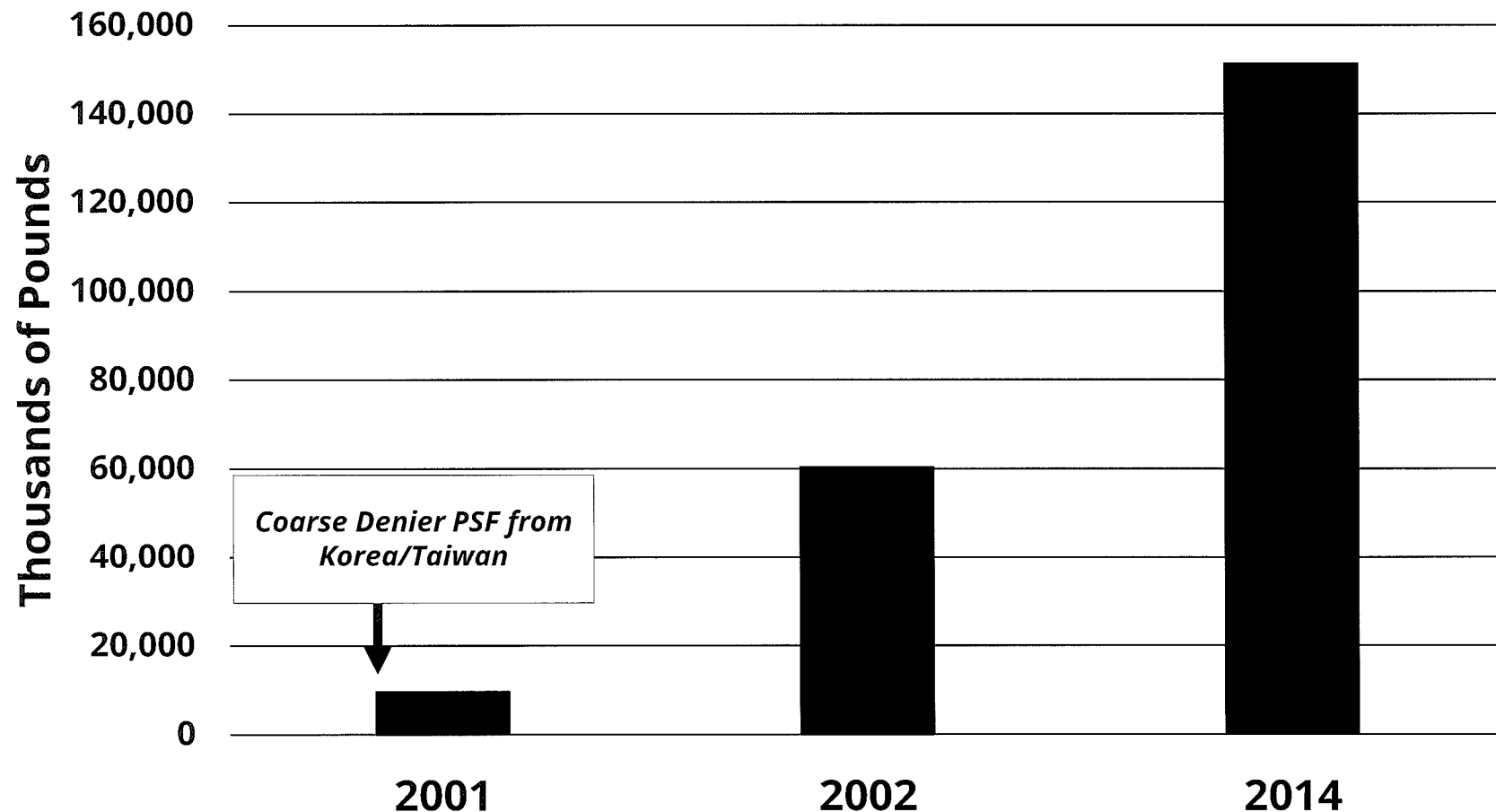
3 Source: ITC Prehrg. Rep. at IV-7.

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Cumulation of All Subject Imports is Required

- Respondents have not challenged cumulation of subject imports from Korea and Taiwan.
- The statutory criteria for cumulation are met, including evidence of a reasonable overlap of competition among low melt from subject and domestic sources.
- The record confirms that U.S.-produced low melt and subject imports from Korea and Taiwan are fungible, compete in the same channels of distribution, are sold in the same geographic regions, and were simultaneously present in the market during the POI.

Subject Import Volumes Surged After Negative Determination on Low Melt in Prior Korea/Taiwan PSF Case



5 Source: Department of Commerce official import statistics.

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Subject Import Volumes Surged Before the Case Was Filed



6 Source: ITC Prelim. Rep. at C-3 (excluding Huvis).

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Subject Import Volumes Increased from 2015 to 2017

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Subject Imports Captured an Increasing Share of the U.S. Market Over the POI

10 Source: ITC Prehrg. Rep. at C-3.

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Subject Imports Continued Hit Their Peak Market Share Immediately Before This Case Was Filed

11 Source: ITC Prelim. Rep. at C-3 (excluding Huvis).

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Subject Imports of Niche Low Melt Products Accounted for a Small Share of the U.S. Market

11 Source: ITC Prehrg. Rep. at IV-11.

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Price Drives Purchasing Decisions

- Price was most often named as one of the top 3 buying factors by purchasers.
- 20 of 22 purchasers said price was “very important” to their buying decisions.
- The vast majority of responding purchasers reported that they sought out the lowest-priced product.

Purchasers Who Shifted Volumes to Subject Imports Reported It Was Due to Price

- []
- []
- []
- []
- []
- []
- []

Quarterly Price Comparisons Show Significant Underselling by Subject Imports

| Underselling by Subject Imports | Total Comparisons | Percentage of Underselling (Number of Comparisons) | Percentage of Underselling (Based on Volume) |
|------------------------------------|----------------------|---|---|
| [] | [] | [] | [] |

Purchasers Admitted Buying Subject Imports Instead of Domestic Product Due to Price

**Volume of Subject Imports Purchased Instead
of Domestic in 2017 Primarily Due to Price**

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Subject Imports' Market Share Growth Displaced U.S. Producers' Share

17 Source: ITC Prelim. Rep. at C-3 (excluding Huvis) and ITC Prehrg. Rep. at C-3.

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Domestic Industry Trade Indicators Declined Substantially from 2014 to 2016

- ↓ Production decreased by [] in 2016.
- ↓ Domestic Shipment Volume decreased by [] in 2016.
- ↓ Domestic Shipment Value decreased by [] in 2016.
- ↓ Domestic Shipment AUV decreased by [] in 2016.
- ↓ Capacity Utilization declined from [] to [] in 2016.
- ↓ Production-Related Workers (“PRWs”) decreased by [] in 2016.
- ↓ Hours Worked by PRWs decreased by [] in 2016.
- ↓ Wages paid to PRWs decreased by [] in 2016.

The Domestic Industry Has Suffered Financial Injury Over the POI

↓ Net sales value dropped by [] in 2016.

↓ The domestic industry's gross profit fell from []

↓ The domestic industry's operating income fell from []

↓ The domestic industry's net income fell from []

↓ The industry's operating income to sales ratio fell from []

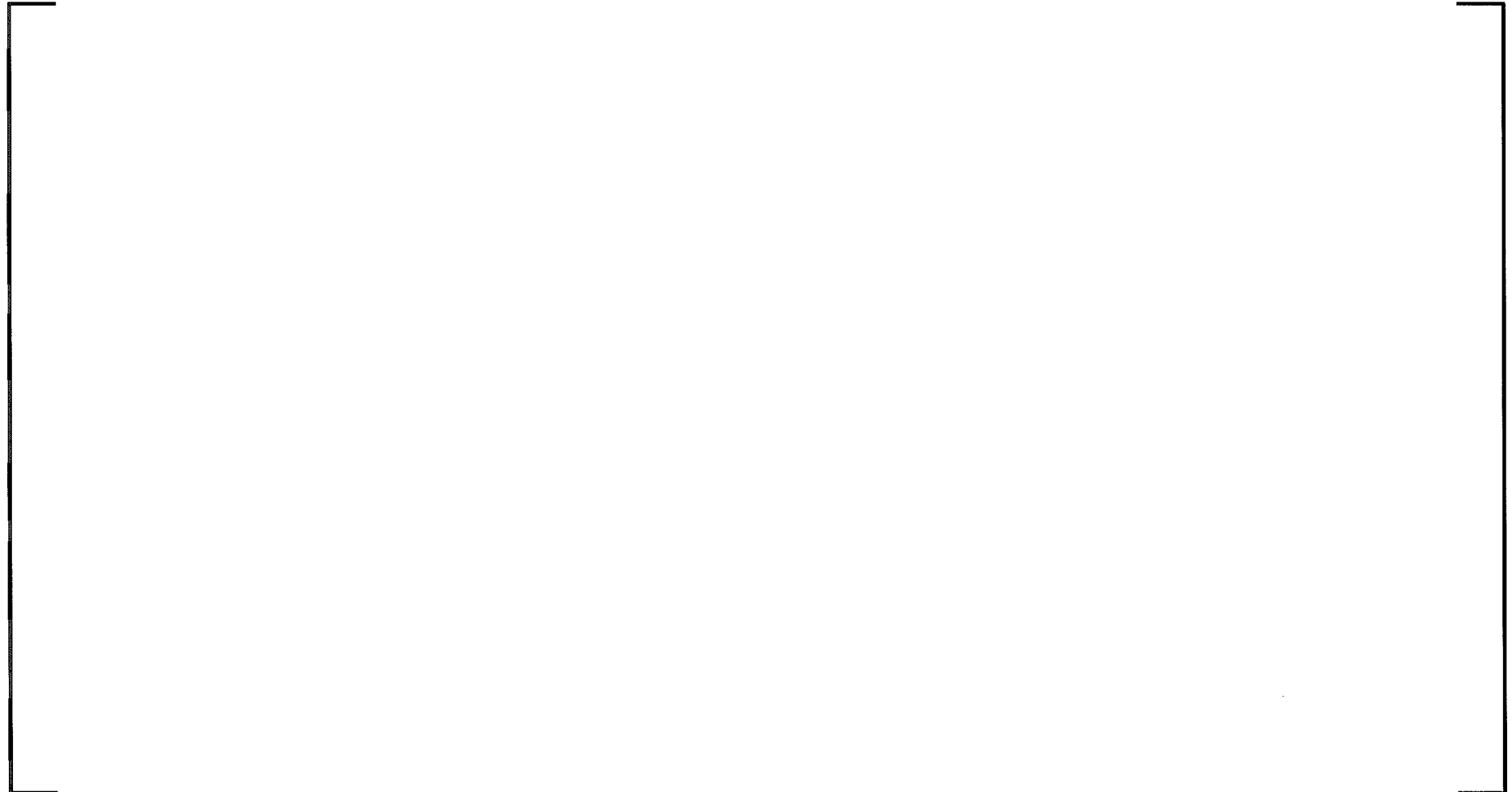
↓ The industry's net income to sales ratio fell from []

Operating Profits Dropped [] Over the POI

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U.S. Producers' Experienced [] in 2017



21 Source: ITC Prehrg. Rep. at C-4.

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Post-Petition Data Must Be Given Less Weight Due to Case Effects

- The long-term experience of the domestic industry should be given more weight than the most recent post-petition in the Commission's material injury analysis.
- The statute accounts for and the Commission has recognized that petition-filing is likely to cause subject import volume reductions and price increases, leading to the domestic industry's short-term financial improvement.
- Here, post-petition effects confirm the causal nexus between the domestic industry's condition and the effect of subject imports.

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Subject Imports Decreased Significantly After the Case Filing

23 Source: ITC Prehrg. Rep. at VII-18.

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Subject Import and U.S. Producer Prices Increased After the Case Was Filed

10/17/03
10/17/03

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Subject Import Prices Improved From Third Quarter to Fourth Quarter 2017

25 Source: ITC Prehrg. Rep. at V-25-V-28. [

10/1/17
11/3/17

Lower Import Volumes and Improved Import Pricing Coincided with U.S. Industry Uptick in 2017

- U.S. production and shipments rose in 2017 due to decline in import volume.
- U.S. sales value increased in 2017 as a result of improved pricing.
- Subject import prices allowed U.S. producer prices to increase in fourth quarter 2017.
- Profitability improved although still [] in 2017.
- []

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Critical Circumstances: Subject Korean Imports Increased Massively Over a Four-Month Comparison Period

27 Source: ITC Prehrg. Rep. at IV-8.

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