Fine Denier Polyester Staple Fiber From China, India, Korea, and Taiwan

Investigation Nos. 701-TA-579-580 and 731-TA-1369-1372 (Preliminary)

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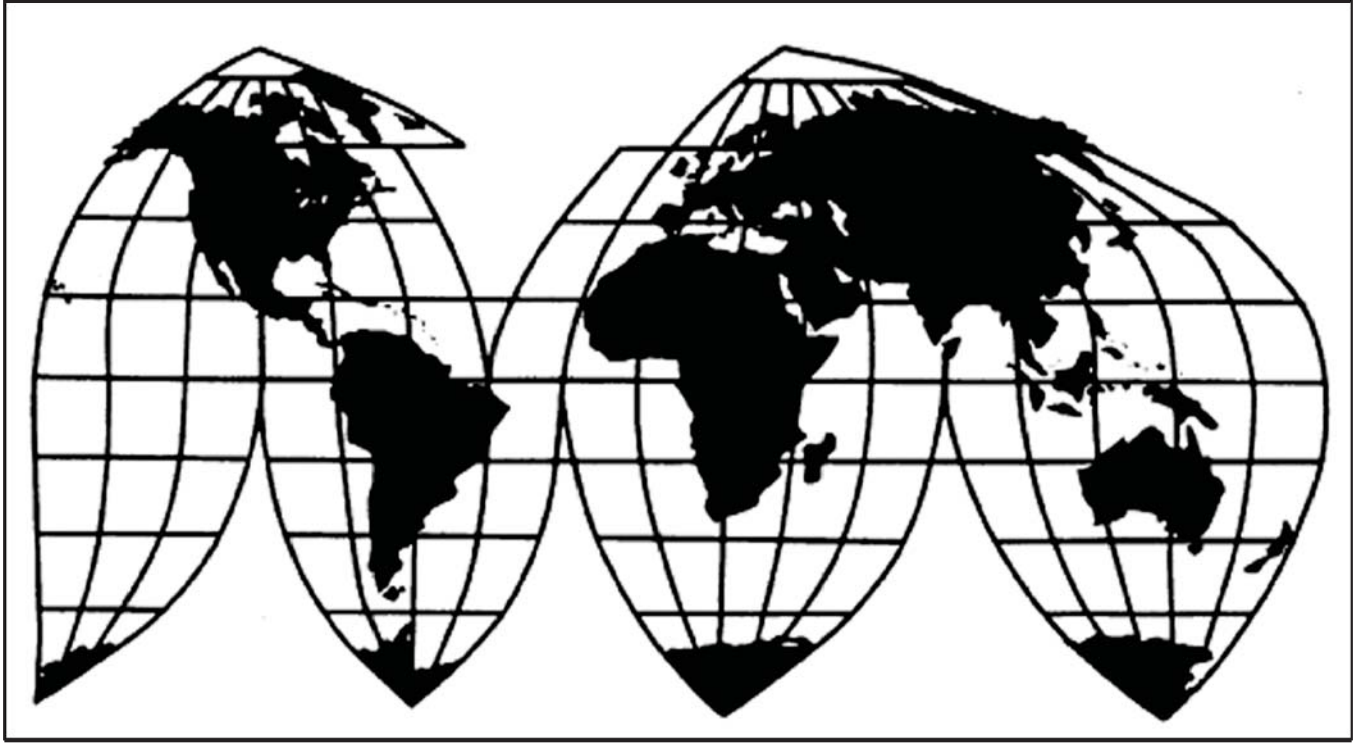
U.S. International Trade Commission



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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-579-580 and 731-TA-1369-1372 (Preliminary)

Fine Denier Polyester Staple Fiber from China, India, Korea, and Taiwan

DETERMINATIONS

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission ("Commission") determines, pursuant to the Tariff Act of 1930 ("the Act"), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of fine denier polyester staple fiber from China, India, Korea, and Taiwan provided for in subheading 5503.20.00 of the Harmonized Tariff Schedule of the United States, that are allegedly sold in the United States at less than fair value ("LTFV") and subsidized by the governments of China and India.

COMMENCEMENT OF FINAL PHASE INVESTIGATIONS

Pursuant to section 207.18 of the Commission's rules, the Commission also gives notice of the commencement of the final phase of its investigations. The Commission will issue a final phase notice of scheduling, which will be published in the *Federal Register* as provided in section 207.21 of the Commission's rules, upon notice from the Department of Commerce ("Commerce") of affirmative preliminary determinations in the investigations under sections 703(b) or 733(b) of the Act, or, if the preliminary determinations are negative, upon notice of affirmative final determinations in those investigations under sections 705(a) or 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigations need not enter a separate appearance for the final phase of the investigations. Industrial users, and, if the merchandise under investigation is sold at the retail level, representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations.

BACKGROUND

On May 31, 2017, DAK Americas LLC, Charlotte, NC; Nan Ya Plastics Corporation, America, Lake City, SC; and Auriga Polymers Inc., Charlotte, NC filed a petition with the Commission and Commerce, alleging that an industry in the United States is materially injured

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

or threatened with material injury by reason of subsidized imports of fine denier polyester staple fiber from China and India and LTFV imports of fine denier polyester staple fiber from China, India, Korea, Taiwan, and Vietnam. Accordingly, effective May 31, 2017, the Commission, pursuant to sections 703(a) and 733(a) of the Act (19 U.S.C. 1671b(a) and 1673b(a)), instituted countervailing duty investigation Nos. 701-TA-579-580 and antidumping duty investigation Nos. 731-TA-1369-1373 (Preliminary). On July 13, 2017, the Department of Commerce terminated its antidumping duty investigation of imports of fine denier polyester staple fiber from Vietnam, following a request for withdrawal of the petition. Accordingly, the Commission has also terminated its antidumping duty investigation concerning fine denier polyester staple fiber from Vietnam (Investigation No. 731-TA-1373).

Notice of the institution of the Commission's investigations and of a public conference 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* of June 7, 2017 (82 FR 26512). The conference was held in Washington, DC, on June 21, 2017, and all persons who requested the opportunity were permitted to appear in person or by counsel.

Views of the Commission

Based on the record in the preliminary phase of these investigations, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of fine denier polyester staple fiber ("fine denier PSF") from China, India, Korea, and Taiwan that are allegedly sold in the United States at less than fair value and imports of fine denier PSF that are allegedly subsidized by the governments of China and India.[1]

I. The Legal Standard for Preliminary Determinations

The legal standard for preliminary antidumping and countervailing duty determinations requires the Commission to determine, based upon the information available at the time of the preliminary determinations, whether there is a reasonable indication that a domestic industry is materially injured or threatened with material injury, or that the establishment of an industry is materially retarded, by reason of the allegedly unfairly traded imports.[2] In applying this standard, the Commission weighs the evidence before it and determines whether "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation."[3]

II. Background

DAK Americas LLC ("DAK Americas"), Nan Ya Plastics Corporation America ("Nan Ya"), and Auriga Polymers Inc. ("Auriga") filed the petitions in these investigations on May 31, 2017. Counsel to petitioners submitted a postconference brief and appeared at the staff conference with witnesses from all three petitioning companies and from Palmetto Synthetics ("Palmetto"), the only other significant domestic producer.[4]

Several respondent entities participated in these investigations. Counsel to the China Chamber of Commerce for Import and Export of Textile and Apparel, an association of producers of the subject merchandise in China, and Jiangsu Huaxicun Co., Ltd., Jiangyin Hailun

[1] On July 29, 2017, petitioners in these investigations filed a request to withdraw their antidumping petition with respect to imports of fine denier PSF from Vietnam. On July 13, 2017, the Department of Commerce ("Commerce") terminated the antidumping investigation with respect to Vietnam. Consequently, the Commission terminated its investigation of imports of fine denier PSF from Vietnam on July 17, 2017. For purposes of this opinion, we have considered imports of fine denier PSF Vietnam to be nonsubject imports.

[2] 19 U.S.C. §§ 1671b(a), 1673b(a) (2000); *see also American Lamb Co. v. United States*, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); *Aristech Chem. Corp. v. United States, 2*0 CIT 353, 354-55 (1996). No party argues that the establishment of an industry in the United States is materially retarded by the allegedly unfairly traded imports.

[3] *American Lamb Co*., 785 F.2d at 1001; *see also Texas Crushed Stone Co. v. United States*, 35 F.3d 1535, 1543 (Fed. Cir. 1994).

[4] Confidential Report ("CR")/Public Report ("PR") at Table III-1.

Chemical Fiber Co., Limited, Jiangyin Huahong Chemical Fiber Co., Limited, and Jiangyin Yangxi International Trade Co., Ltd., producers and exporters of the subject merchandise in China (collectively, "Chinese Respondents"), appeared at the conference and submitted a joint postconference brief. Counsel and representatives from American Textile Co., David C. Poole Company Inc., Suominen Corporation, Green Bay Nonwovens, Inc., and Hollander Sleep Products (collectively, "Poole Respondents"), appeared at the conference and submitted a joint postconference brief. Counsel and representatives from importers Consolidated Fibers, Inc. and Fibertex Corp. appeared at the conference and submitted postconference briefs. Hop Thanh Co., Ltd., a producer and exporter of subject merchandise in Vietnam, Gildan Yarns LLC, an importer of subject merchandise, and Milliken & Company, an importer of subject merchandise, also submitted postconference briefs. Frontier Spinning Mills, an importer of fine denier PSF, submitted a statement supporting Gildan Yarns' postconference brief.

U.S. industry data are based upon data from four domestic producers, accounting for the large majority of U.S. production of fine denier PSF in 2016.[5] U.S. import data are based on official Commerce import statistics and questionnaire responses from 27 U.S. importers, accounting for a large majority of total subject imports during 2016.[6]

The Commission received responses to its foreign producers' or exporters' questionnaire from seven firms in China, two firms in India, and four firms in Taiwan. These firms' exports to the United States accounted for approximately *** percent, *** percent, and *** percent of U.S. imports of fine denier PSF from China, India, and Taiwan during 2016, respectively.[7]

III. Domestic Like Product

In determining whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the "domestic like product" and the "industry."[8] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Tariff Act"), defines the relevant domestic industry as the "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."[9] In turn, 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."[10]

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or

[5] CR at I-5, PR at I-4.

[6] CR at I-5, PR at I-4.

[7] CR at I-5, PR at I-4. The Commission did not receive a response to its questionnaire from producers or exporters of subject merchandise in Korea.

[8] 19 U.S.C. § 1677(4)(A).

[9] 19 U.S.C. § 1677(4)(A).

[10] 19 U.S.C. § 1677(10).

"most similar in characteristics and uses" on a case-by-case basis.[11] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[12] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[13] Although the Commission must accept Commerce's determination as to the scope of the imported merchandise that is subsidized and/or sold at less than fair value,[14] the Commission determines what domestic product is like the imported articles Commerce has identified.[15]

A. Scope Definition

In its notices of initiation, Commerce defined the imported merchandise within the scope of these investigations as:

> Fine denier polyester staple fiber (fine denier PSF), not carded or combed, measuring less than 3.3 decitex (3 denier) in diameter. The scope covers all fine denier PSF, whether coated or uncoated.
>
> The following products are excluded from the scope:

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[11] *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); *Torrington Co. v. United States*, 747 F. Supp. 744, 749 n.3 (Ct. Int'l Trade 1990), *aff'd*, 938 F.2d 1278 (Fed. Cir. 1991) ("every like product determination 'must be made on the particular record at issue' and the 'unique facts of each case'"). The Commission generally considers a number of factors including the following: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes, and production employees; and, where appropriate, (6) price. *See Nippon*, 19 CIT at 455 n.4; *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

[12] *See*, *e.g.*, S. Rep. No. 96-249 at 90-91 (1979).

[13] *See*, *e.g.*, *Nippon*, 19 CIT at 455; *Torrington*, 747 F. Supp. at 748-49*; see also* S. Rep. No. 96-249 at 90-91 (Congress has indicated that the like product standard should not be interpreted in "such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not 'like' each other, nor should the definition of 'like product' be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.").

[14] *See*, *e.g.*, *USEC, Inc. v. United States*, 34 Fed. App'x 725, 730 (Fed. Cir. 2002) ("The ITC may not modify the class or kind of imported merchandise examined by Commerce."); *Algoma Steel Corp. v. United States,* 688 F. Supp. 639, 644 (Ct. Int'l Trade 1988), *aff'd*, 865 F.3d 240 (Fed. Cir.), *cert. denied*, 492 U.S. 919 (1989).

[15] *Hosiden Corp. v. Advanced Display Mfrs.,* 85 F.3d 1561, 1568 (Fed. Cir. 1996) (the Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); *Cleo*, 501 F.3d at 1298 n.1 ("Commerce's {scope} finding does not control the Commission's {like product} determination."); *Torrington*, 747 F. Supp. at 748-52 (affirming the Commission's determination defining six like products in investigations where Commerce found five classes or kinds).

> (1) PSF equal to or greater than 3.3. decitex (more than 3 denier, inclusive) currently classifiable under Harmonized Tariff Schedule of the United States (HTSUS) subheadings 5503.20.0045 and 5503.20.0065.
>
> (2) Low-melt PSF defined as a bi-component fiber with a polyester core and an outer, polyester sheath that melts at a significantly lower temperature than its inner polyester core currently classified under HTSUS subheading 5503.20.0015.[16]

Fine denier PSF is a manmade fiber, similar in appearance to cotton or wool that is used for knit, woven, and nonwoven applications.[17] It is converted either to yarn for knitting or weaving into a fabric, or into a nonwoven product through bonding by a chemical, mechanical, or heat process. Knit and woven applications include the production of textiles, such as clothing and bed linens. Nonwoven applications include household and hygiene products such as baby wipes, diapers, or coffee filters.[18] Petitioners estimate that approximately *** percent of fine denier PSF is used for spinning end uses for the production of knit or woven textiles; approximately *** percent of fine denier PSF is used in nonwoven end uses.[19]

Distinguishing physical characteristics of fine denier PSF include the denier count, the length of the fiber, and the fiber's tenacity, or strength. Other characteristics of fine denier PSF can be the finish applied to the fiber, and the "crimp" of the fiber, which affects the fiber's tenacity, or strength.[20]

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[16] *Fine Denier Polyester Staple Fiber from the People's Republic of China, India, the Republic of Korea, Taiwan, and the Socialist Republic of Vietnam: Initiation of Less-Than-Fair-Value Investigations,* 82 Fed. Reg. 29023, 29029 (June 27, 2017); *Fine Denier Polyester Staple Fiber from India and the People's Republic of China: Initiation of Countervailing Duty Investigations,* 82 Fed. Reg. 29029, 29033 (June 27, 2017). Fine denier PSF is classifiable under subheading 5503.20.0025 of the Harmonized Tariff Schedule of the United States (HTSUS).

[17] CR at I-14, PR at I-10. There are two types of PSF excluded from the scope definition. The first is PSF measuring 3 denier or greater in diameter. This PSF is primarily used as stuffing or batting in sleeping bags, mattresses, ski jackets, comforters, cushions, pillows, furniture, and can also be used to produce carpeting. CR/PR at II-1 n.2. PSF of 3 denier or greater from China, Korea, and Taiwan is currently subject to antidumping duty orders. *See generally* CR at I-5-9, PR at I-. Also excluded is "low-melt" PSF. Low-melt PSF is a bi-component fiber that has an outer, non-polyester sheath that melts a significantly lower temperature than the inner polyester core and is used as batting. CR/PR at II-1 n.2. Nan Ya, a petitioner in these investigations, filed an antidumping petition concerning low-melt PSF from Korea and Taiwan on June 27, 2017.

[18] CR at I-14, PR at I-10.

[19] CR/PR at II-1 n.1.

[20] CR at I-13 to I-14, PR at I-10.

B. Arguments of the Parties

While petitioners ask the Commission to define one domestic like product coextensive with the scope of the investigations, respondents assert that four different fine denier PSF products that fall within the scope of investigations should be treated as separate domestic like products.

1. Petitioners' Arguments

Petitioners contend that finding a single domestic like product coextensive with the scope of the investigations is consistent with the approach the Commission has adopted in prior investigations of other PSF products and is supported by the factors the Commission considers in defining the domestic like product.[21] Petitioners urge the Commission to reject arguments by respondents that four fine denier PSF products (post-consumer recycled ("PCR") fine denier PSF, short cut fine denier PSF, siliconized fine denier PSF, and black fine denier PSF) should be defined to be separate domestic like products.[22]

PCR Fine Denier PSF. Petitioners contend that fine denier PSF produced from recycled inputs ("PCR PSF") is identical to that made from virgin input materials. They dispute respondents' claims that isophthatalic acid ("IPA") in the polymer affects the properties of fine denier PSF.[23] Petitioners maintain that the products are used interchangeably, are made on the same production line in the United States by Palmetto and that the products can be priced higher or lower than each other.[24]

Short Cut Fine Denier PSF. Petitioners also disagree with respondents that short cut fine denier PSF ("short cut PSF") should be defined as a separate domestic like product. They assert that short cut PSF's only difference from other fine denier PSF is the length of the fibers, which in their view is not a significant distinction. They further contend that Palmetto's short cut fine denier PSF is used in applications requiring ***, a use similar to other fine denier PSF. Further, they claim some major end use respondents identified for short cut fine denier PSF - filtration - is also a use for other fine denier PSF.[25]

Siliconized Fine Denier PSF. Petitioners explain that siliconized fine denier PSF ("siliconized PSF") is manufactured by two U.S. producers. They dispute that siliconized PSF has

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[21] Petitioners' Postconference Brief at 3. They note that in prior investigations of PSF over 3 denier (one of the products expressly excluded from the scope of these investigations) the Commission defined the domestic like product as coextensive with the scope, consisting of higher denier or coarser product equal to or exceeding 3 denier. *See Certain Polyester Staple Fiber from China,* Inv. No. 731-TA-1104 (Final) USITC Pub. 3922 (Final) (June 2007); *Certain Polyester Staple Fiber from Korea and Taiwan*, Inv. Nos. 731-TA-825-826 (Final) USITC Pub. 3300 (Final) (May 2000).

[22] Petitioners' Postconference Brief at 14. Petitioners did not directly address black PSF as a separate domestic like product because respondents did not raise the argument until their postconference brief.

[23] Petitioners' Postconference Brief, Exhibit 1 at 4.

[24] Petitioners' Postconference Brief, Exhibit 1 at 5.

[25] Petitioners' Postconference Brief, Exhibit 1 at 7-8.

different uses and is sold to different markets from other fine denier PSF and they argue that the price of the siliconized product is in the range of all fine denier PSF products.[26]

2. Respondents' Arguments

PCR PSF. Poole Respondents argue that PCR PSF differs from fine denier PSF made from non-recycled material, also known as "virgin" fine denier PSF. They contend that PCR PSF made from recycled bottles has isophthatalic acid ("IPA") in its polymer backbone used to suppress crystallinity in order to make clear bottles.[27] Poole Respondents assert that the production processes differ as there are additional steps required to produce polyethylene terephthalate (PET) from recycled bottles, requiring different machinery and equipment. They contend that customer perceptions of PCR PSF and virgin fine denier PSF are vastly different as PCR PSF is perceived to be an earth-friendly, sustainable product made from recycled product.[28] Poole Respondents contend that the virgin and PCR PSF are not interchangeable because purchasers buy PCR PSF for a specific purpose -- to have a product that is manufactured from recycled material.[29]

Short Cut PSF. Consolidated Fibers and Fibertex assert that short cut PSF should be defined to be a separate domestic like product.[30] They contend that short cut PSF has distinct uses for filtration, packaging, and other industrial applications, in which it is often utilized in conjunction with other fibers to make a pulp to form into paper products by means of a "wet laid" paper-making process.[31]

Siliconized PSF. Consolidated Fibers and Fibertex assert that siliconized PSF should be defined to be a separate domestic like product. They argue that the product is a lightweight fiber with an average 0.9 denier that is blown into products, and unlike other fine denier PSF, is a substitute for down feathers in bedding, down comforters, pillows, cushions, garments, ski wear, and outdoor sleeping bags. It lacks interchangeability with other fine denier PSF, according to Consolidated Fibers and Fibertex, and is sold to different customers in different markets. Finally, they argue that the manufacturing processes for other fine denier PSF and siliconized PSF are quite distinct with very different setups.[32]

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[26] Petitioners' Postconference Brief, Exhibit 1 at 6-7. Petitioners assert that the Commission's decision not to treat conjugate polyester staple fiber -- a product that has a siliconized finish in addition to a unique spiral crimp -- as a separate like product in an earlier investigation supports their argument that siliconized PSF should not be a separate domestic like product. *Id*., *citing Certain Polyester Staple Fiber from China*, Inv. No. 731-TA-1104 (Final), USITC Pub. 3922 at 6 (June 2007).

[27] Poole Respondents' Postconference Brief at 16-17.

[28] Poole Respondents' Postconference Brief at 18.

[29] Poole Respondents' Postconference Brief at 24-25.

[30] Consolidated Fibers' and Fibertex's Postconference Brief at 4-7.

[31] Consolidated Fibers' and Fibertex's Postconference Brief at 5-6.

[32] Consolidated Fibers' and Fibertex's Postconference Brief at 8-9.

Black PSF. Gildan Yarns argues that black fine denier PSF ("black PSF") should be defined as a separate domestic like product.[33] It explains that black pigment is introduced into the polymer which is then extruded so that black PSF can be used to make heather yarn, which is typically used for t-shirts. Gildan Yarns considers black PSF a distinct product from natural PSF due to its unique physical characteristics and end uses, and it asserts that black PSF is approximately 30 percent more expensive than other fine denier PSF.[34]

C. Analysis and Recommendation

The four products that respondents assert should be defined as separate domestic like products are each small-volume niche products that they import from subject sources.[35] In investigations such as these where domestically manufactured merchandise is made up of a grouping of similar products or involves niche products, the Commission does not consider each item of merchandise to be a separate like product that is only "like" its identical counterpart in the scope, but considers the grouping itself to constitute the domestic like product[36] and "disregards minor variations,"[37] absent a "clear dividing line" between particular products in the group. Based on the record, and for the reasons described below, we define a single domestic like product consisting of all fine denier PSF within the scope of investigations. This domestic like product encompasses each of the products for which respondents seek separate domestic like product treatment.

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[33] Frontier Spinning Mills submitted a two-page statement indicating its support for Gildan Yarn's like product arguments. It explained that it is unable to obtain enough black PSF from domestic producers. Frontier Spinning Mills' Statement at 1-2.

[34] Gildan Yarns' Postconference Brief at 3-4.

[35] Short cut PSF, siliconized PSF, and black PSF in aggregate account for approximately 5 percent of the domestic fine denier PSF market. Petitioners' Postconference Brief, Exhibit 9, para. 17. At the staff conference, respondents asserted that all four products (PCR fine denier PSF, siliconized PSF, short cut PSF, and black PSF) are not even produced in the United States. Tr. at 15 (Smith). However, a representative from domestic producer Palmetto indicated that his company produces each of these products. Petitioners' Postconference Brief, Exhibit 9 at 4.

[36] *See, e.g., Carbon and Certain Alloy Steel Wire Rod from Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, United Arab Emirates, and the United Kingdom,* Inv. Nos. 701-TA-573-574 and 731-TA-1349-1358(Preliminary) USITC Pub. 4693 at 11-12 (May 2017); *Certain Corrosion-Resistant Steel Products from China*, *India, Italy, Korea, and Taiwan*, Inv. Nos. 701-TA-534-538 and 731-TA-1274-1278 (Preliminary), USITC Pub. 4547 at 9 (July 2015); *Carbon and Certain Alloy Steel Wire Rod from China, Germany, and Turkey*, Inv. Nos. 731-TA-1099-1101 (Preliminary), USITC Pub. 3832 (January 2006) at 10 ("a lack of interchangeability among products comprising a continuum is not unexpected and not inconsistent with finding a single like product.").

[37] *See* S. Rep. No. 96-249 at 90-91 (1979).

1. Post-Consumer Recycled (PCR) Fine Denier PSF

Physical Characteristics and Uses. Poole Respondents contend that PCR PSF is physically different from fine denier PSF produced from virgin materials because it includes small amounts of the polymer IPA. However, a representative from the domestic producer of PCR fine denier PSF, Palmetto, submitted a declaration stating that IPA does not affect the physical characteristics of the product and PCR PSF does not differ in its physical characteristics from fine denier PSF produced from raw materials.[38] Representatives from other domestic producers concurred that IPA does not affect the product's characteristics and that PCR PSF was indistinguishable from other fine denier PSF.[39] PCR PSF's uses are essentially the same as other fine denier PSF and only differ insofar as the purchaser desires a recycled product.[40]

Interchangeability. Notwithstanding that certain purchasers require PCR PSF, PCR PSF and virgin fine denier PSF are interchangeable because, as several petitioners have noted, they are indistinguishable from each other and can be used in the same applications.[41]

Manufacturing Facilities, Production Processes, and Employees. The production process for fine denier PSF differs depending upon whether it is produced from the raw materials or recycled materials. When fine denier PSF is produced from raw materials, it is referred to as "virgin" PSF. The first stage of the production process for virgin PSF is the polymer formation. Monoethylene glycol ("MEG") is reacted with either purified terephthalic acid ("PTA") or its methyl ester in the presence of an antimony catalyst. The mix is then sent through an esterification process before it is polymerized.[42]

PCR PSF, on the other hand, is produced from recycled materials and there are no chemical reactions involved. The recycled materials are generally post-consumer recyclables such as polyethylene terephthalate ("PET") flakes from recycled plastic bottles. When recycled materials are used, the first step of the production process is to melt the chips to a liquid state prior to the second stage of the production process. The second stage of the manufacturing process for both virgin and PCR PSF is the same: Fiber formation, including extruding, stretching, cutting, and baling.[43]

The only domestic producer of PCR PSF, Palmetto, reports that it ***.[44] It purchases virgin polyester resin or recycled bottle flake from other producers on the open market and use these various forms of polyester resin to produce its product lines.[45]

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[38] Petitioners' Postconference Brief, Exhibit 4, para 7. "In fact, by the time the bottle flake has been converted to fine denier, there is little to no trace of IPA, and there is no difference between fine denier produced from virgin materials and fine denier produced from recycled bottle flake." *Id.*

[39] Petitioners' Postconference Brief, Exhibit 5, (Nan Ya); Petitioners' Postconference Brief, Exhibit 9, (DAK Americas).

[40] Tr. at 48-49 (Casstevens).

[41] Petitioners' Postconference Brief, Exhibit 5, (Nan Ya); Exhibit 9, (DAK Americas); Tr. at 48 (Casstevens).

[42] *See* CR at I-15 to I-16, PR at I-11.

[43] CR at I-15 to I-16, PR at I-11.

[44] Petitioners' Postconference Brief, Exhibit 4.

[45] Tr. at 31 (Casstevens).

Channels of Distribution. PCR and virgin fine denier PSF are both primarily sold to end users, generally yarn producers.[46]

Producer and Customer Perceptions. Certain purchasers view PCR PSF as different because it is sustainable and environmentally friendly. They specifically request it believing that it is desired by purchasers of certain consumer goods.[47]

Price. The record indicates that PCR PSF and virgin fine denier PSF are priced differently based upon the different inputs used as the basis of production.[48] PCR PSF may command a price premium due its production process being more expensive (at least in the United States).[49]

Conclusion. PCR PSF has product qualities essentially indistinguishable from virgin fine denier PSF, is interchangeable with it, and has the same uses. PCR PSF only differs from virgin fine denier PSF in its somewhat different production process, a higher price reflecting a higher production cost, and its perception among consumers as a sustainable, environmentally friendly product. Based on these similarities and limited differences, we do not define PCR fine denier PSF as a separate domestic like product.

2. Short Cut PSF

Physical Characteristics and Uses. Short cut PSF primarily differs from other fine denier PSF in the length of its fibers, which are 5-6 mm in length versus over 30 mm for other fine denier PSF. Fibertex and Consolidated Fibers argue that their imported short cut PSF differs from other fine denier PSF in several additional ways: (1) it is uncrimped; (2) it is packaged in small bags or boxes instead of bales; (3) it contains 11-13 percent moisture as opposed to less than 1 percent.[50] However, Palmetto's representative, the only domestic producer of short cut PSF to provide information, indicates that the only difference between the short cut PSF it produces and other domestically produced fine denier PSF is the length of fibers.[51]

According to Fibertex and Consolidated Fibers, short cut PSF is used in filtration applications, which is also a use for other fine denier PSF.[52] Palmetto's short cut PSF is used in products requiring ***, a use ***, another fine denier PSF product.[53]

Manufacturing Facilities, Production Processes, and Employees. The record shows that Palmetto produces short cut PSF with the same production process and by the same employees

[46] Poole Respondents' Postconference Brief at 22.

[47] CR at I-23, PR at I-15.

[48] CR at I-25, PR at I-16 to I-17.

[49] Tr. at 69 (Casstevens). The four pricing products on which the Commission collected data in the preliminary phase were all virgin products. CR at V-7, PR at V-5.

[50] Consolidated Fibers' and Fibertex's Postconference Brief at 5.

[51] Petitioners' Postconference Brief, Exhibit 4. Petitioners note that another domestic company, Fiber Innovation Technology, may produce short cut PSF. Petitioners' Postconference Brief at 7.

[52] CR at I-10. Tr. at 35 (Cannon); Tr. at 101 (Kunik).

[53] Petitioners' Postconference Brief, Exhibit 4 and Exhibit 5 at para 6.

as other fine denier PSF. Palmetto has stated that there are no additional steps in the production of short cut fine denier PSF as it is simply cut shorter and left uncrimped.[54]

Channels of Distribution. The record does not reflect any differences in the channels of distribution for short cut PSF and other fine denier PSF.

Interchangeability. Petitioners do not argue that short cut PSF and other fine denier PSF are interchangeable.[55]

Producer and Customer Perceptions. The record does not contain any evidence concerning perceptions of short cut PSF relative to other fine denier PSF other than Palmetto's statement that it ***, which suggests that Palmetto does not perceive short cut PSF to be a distinct product.[56]

Price. There is no specific price data for short cut PSF in the record. Palmetto's representative indicated that there are ***.[57]

Conclusion. The record indicates that short cut PSF is a type of fine denier PSF that has shorter fibers than other fine denier PSF. The record also indicates that it has some overlap in uses with other fine denier PSF products. Short cut PSF also has the same production process as other fine denier PSF. In light of this record and that fact that the PSF within the scope has a range of physical characteristics and distinct uses depending on those physical characteristics, we do not define short cut PSF to be a distinct like product.

3. Siliconized PSF

Physical Characteristics and Uses. Siliconized PSF only differs from other fine denier PSF in that it is coated with silicon instead of another finish.[58] The record does not support Consolidated Fibers' and Fibertex's assertion that siliconized PSF has other distinguishing features, such as raw materials used, denier size, and lack of optically brightening.[59] Siliconized PSF, like other fine denier PSF, is used in yarn for textiles and in nonwoven end uses.[60] Further, as noted above, siliconized PSF appears to share an overlap in usage with short cut PSF as ***.[61]

Manufacturing Facilities, Production Processes, and Employees. The record shows that siliconized PSF is made by *** as its other fine denier PSF.[62] Palmetto ***.[63] Likewise, ***.[64]

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[54] Petitioners' Postconference Brief, Exhibit 4. Fine denier may be mechanically crimped to simulate cotton's natural folds to aid in processing and add strength to the finished textile product. CR at I-14.

[55] Petitioners' Postconference Brief, Exhibit 1 at 8.

[56] Petitioners' Postconference Brief, Exhibit 4.

[57] Petitioners' Postconference Brief, Exhibit 4.

[58] CR at I-15, PR at I-11. Consolidated Fibers' and Fibertex's Postconference Brief at 7-8.

[59] Petitioners' Postconference Brief, Exhibit 1, at 6.

[60] Petitioners' Postconference Brief, Exhibit 1, at 6, Exhibit 5, para. 6.

[61] *See* Petitioners' Postconference Brief, Exhibit 5, para 6, Exhibit 4, para 6.

[62] Petitioners' Postconference Brief, Exhibit 4, para 5.

[63] Petitioners' Postconference Brief, Exhibit 4, para 5.

[64] Petitioners' Postconference Brief, Exhibit 5, para 6.

Channels of Distribution. The record does not reflect any differences in the channels of distribution for siliconized PSF and other fine denier PSF. The record indicates that, like other fine denier PSF, siliconized PSF is purchased by yarn manufactures and spun into yarn.[65]

Interchangeability. There is limited information in the record concerning this factor. The overlap in uses between siliconized PSF and other fine denier PSF suggests there may be some degree of interchangeability.

Producer and Customer Perceptions. Domestic producers Palmetto and Nan Ya appear to view siliconized PSF as one of many fine denier PSF products.[66] The record does not contain purchasers' perceptions of siliconized PSF relative to other fine denier PSF.

Price. The record does not indicate the pricing of siliconized PSF relative to other fine denier PSF products.

Conclusion. The record indicates that siliconized PSF is finished with silicone, one of several oil-like finishes that are applied to fine denier PSF products.[67] Siliconized PSF is similar to other fine denier PSF products with respect to physical characteristics and uses, producer perceptions, manufacturing facilities, production processes, and employees. Given that the record indicates that it shares these similarities with other fine denier PSF products, we do not define siliconized PSF as a separate domestic like product.

4. Black PSF

Physical Characteristics and Uses. Black PSF is distinguished from other fine denier PSF by its black color. Black PSF is produced by the introduction of carbon black dye into the polymer before it is extruded to make fine denier PSF.[68] Like other fine denier PSF, much of which is made into yarn, black PSF is generally sold to yarn spinners. They produce heather yarn from black PSF for incorporation into t-shirts and other apparel.[69] Fine denier PSF also is produced in pink, green, and blue, as well as black, to make heather yarn.[70]

Manufacturing Facilities, Production Processes and Employees. Palmetto is the only domestic producer of black PSF. Palmetto produces black PSF with the same production process and with the same employees that it produces other fine denier PSF.[71] Palmetto reported that it introduces the black pigment at the extruder, and because it is an extruder forward operation, it avoids the potential contamination that a continuous polymerization operation would face.[72]

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[65] Petitioners' Postconference Brief, Exhibit 5, para 6.

[66] Petitioners' Postconference Brief, Exhibit 4, para. 5, Exhibit 5, para 6. Consolidated and Fibertex are importers and distributers of fine denier PSF and not end users.

[67] CR at I-15, PR at I-10 to I-11.

[68] Tr. at 71 (Casstevens).

[69] Tr. at 31 (Casstevens).

[70] Tr. at 32 (Casstevens).

[71] *See* Tr. at 31-32 (Casstevens).

[72] Tr. at 31 (Casstevens). The potential for contamination appears to be the reason other domestic producers do not manufacture black PSF. Tr. at 71 (Casstevens).

Channels of Distribution. Like much other fine denier PSF, black PSF is sold primarily to yarn manufacturers.[73]

Interchangeability. Black PSF is not interchangeable with many other fine denier PSF products because colored fine denier PSF is required to produce heather yarn, but other colored fine denier PSF besides black PSF may also be used to produce heather yarn.[74]

Producer and Customer Perceptions. Gildan Yarns, a purchaser of black PSF, indicates that black PSF is a distinct product from other fine denier PSF due to its unique physical characteristics and end uses.[75]

Price. Gildan Yarns reports that black PSF is priced 30 percent higher than other fine denier PSF.[76]

Conclusion. The record indicates that black PSF is one of several colored fine denier PSF products that are spun into yarn like other fine denier PSF. Aside from its color, black PSF also is similar to other fine denier PSF products in terms of physical characteristics and uses. Black PSF shares a common manufacturing process and employees with other fine denier PSF products.

Although black PSF lacks interchangeability with other fine denier PSF products, such limited interchangeability is also true for other fine denier PSF products that serve a range of applications based upon the product's specific characteristics. Black PSF may be perceived to be a distinct product in the marketplace that is priced higher, but it is only one of several colored fine denier PSF products. Given the limited distinctions between black PSF and other fine denier PSF products, we do not define black PSF as a separate domestic like product.

5. Conclusion

For purposes of the preliminary phase of these investigations, we define one like product coextensive with Commerce's scope definition.

IV. Domestic Industry

The domestic industry is defined 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."[77] 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.

These investigations raise the issue of whether appropriate circumstances exist to exclude any domestic producers from the domestic industry pursuant to the related parties

[73] Tr. at 31 (Casstevens).
[74] CR at I-19 to I-20, PR at I-13; Tr. at 32 (Casstevens).
[75] Gildan Yarns' Postconference Brief at 4.
[76] Gildan Yarns' Postconference Brief at 4.
[77] 19 U.S.C. § 1677(4)(A).

provision contained in section 771(4)(B) of the Tariff Act. This provision allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.[78] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.[79]

As explained further below, two domestic producers—DAK Americas and Nan Ya—are subject to exclusion from the domestic industry under the related party provision. Petitioners argue that the Commission should not exclude any U.S. producer from the domestic industry as a related party. They contend that both related parties are petitioners and committed to domestic production.[80] Respondents do not directly address the issue of related parties.[81] We examine below for each of the related party producers whether appropriate circumstances exist to exclude it from the domestic industry.

DAK Americas. Petitioner DAK Americas was the *** domestic producer in 2016, accounting for *** percent of domestic production.[82] It is a related party because it imported subject merchandise from *** during the POI.[83] Its imports of subject merchandise from *** were *** pounds in 2014 (the equivalent of *** percent of DAK Americas' domestic production), *** pounds in 2015 (the equivalent of *** percent of DAK Americas' domestic production) and *** pounds in 2016 (the equivalent of *** percent of DAK Americas' domestic production).[84] DAK Americas explained that it ***.[85]

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[78] *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).

[79] 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 (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);

(3) whether inclusion or exclusion of the related party will skew the data for the rest of the industry;

(4) the ratio of import shipments to U.S. production for the imported product; and

(5) whether the primary interest of the importing producer lies in domestic production or importation. *Changzhou Trina Solar Energy Co. v. USITC*, 100 F. Supp.3d 1314, 1326-31 (Ct. Int'l. Trade 2015); see *also Torrington Co. v. United States*, 790 F. Supp. at 1168.

[80] Petitioners' Postconference Brief at 9-10.

[81] The Chinese Respondents indicated that they agree with petitioners' proposed industry definition. Chinese Respondents' Postconference Brief at 5.

[82] CR/PR at Table III-1.

[83] CR/PR at Table III-8.

[84] CR/PR at Table III-8. DAK Americas' imports of subject merchandise were *** pounds in January-March (interim) 2016 (*** percent of its domestic production), and *** pounds in interim 2017 (*** percent of its domestic production). *Id*.

We find that the appropriate circumstances do not exist to exclude DAK Americas from the domestic industry. First, its primary interest lies in domestic production as its U.S. production was considerably larger than its imports of subject merchandise throughout the January 2014-March 2017 period of investigation ("POI") and it made *** during the period of investigation.[86] Second, there is no indication that it benefitted from its ***. Finally, no party has argued for DAK Americas to be excluded from the domestic industry.

Nan Ya. Petitioner Nan Ya is a related party because it is wholly owned by Nan Ya Plastic Corporation, a producer and exporter of the subject merchandise in Taiwan.[87] Nan Ya is the *** largest domestic producer, accounting for *** percent of domestic production during 2016.[88] Nan Ya's 2016 U.S. production of *** pounds far exceeded the *** pounds of subject merchandise that Nan Ya Plastic Corporation exported from Taiwan in 2016.[89] Nan Ya is a petitioner whose principal interest is in domestic production and no party has argued for it to be excluded from the domestic industry. Accordingly, we find that appropriate circumstances do not exist to exclude Nan Ya from the domestic industry.

We consequently define the domestic industry to include all domestic producers of fine denier PSF.

V. Negligible Imports

Pursuant to Section 771(24) of the Tariff Act, imports from a subject country of merchandise corresponding to a domestic like product that account for less than 3 percent of all such merchandise imported into the United States during the most recent 12 months for which data are available preceding the filing of the petition shall be deemed negligible.[90] The statute further provides that subject imports from a single country which comprise less than 3 percent of total such imports of the product may not be considered negligible if there are several countries subject to investigation with negligible imports and the sum of such imports from all those countries collectively accounts for more than 7 percent of the volume of all such merchandise imported into the United States.[91] In the case of countervailing duty investigations involving developing countries (as designated by the United States Trade

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(…Continued)

[85] Petitioners' Postconference Brief, Exhibit 9, para. 3. Its explanation for *** is consistent with conference testimony on the production process for this type of fine denier PSF. *See* Tr. at 71 (Casstevens).

[86] DAK Americas' capital expenditures were ***. *See* CR/PR at Table VI-5. It reports that it invested over $*** in upgrades and new PSF capacity. *See* CR/PR at Table III-3.

[87] CR at III-2, PR at III-1; CR/PR at Table III-2.

[88] CR/PR at Table III-1.

[89] CR/PR at Tables III-4, VII-13.

[90] 19 U.S.C. §§ 1671b(a), 1673b(a), 1677(24)(A)(i), 1677(24)(B); *see also* 15 C.F.R. § 2013.1 (developing countries for purposes of 19 U.S.C. § 1677(36)).

[91] 19 U.S.C. § 1677(24)(A)(ii).

Representative), the statute indicates that the negligibility limits are 4 percent and 9 percent, rather than 3 percent and 7 percent.[92]

Subject imports from China, India, Korea, and Taiwan respectively accounted for *** percent, *** percent, *** percent, and *** percent, respectively, of total U.S. imports of fine denier PSF during the 12-month period preceding the filing of the petition (May 2016 through April 2017).[93] Because these percentages exceed the pertinent statutory negligibility thresholds,[94] we find that subject imports from China, India, Korea, and Taiwan are not negligible.

VI. Cumulation

For purposes of evaluating the volume and effects for a determination of reasonable indication of material injury by reason of subject imports, section 771(7)(G)(i) of the Tariff Act requires the Commission to cumulate subject imports from all countries as to which petitions were filed and/or investigations self-initiated by Commerce on the same day, if such imports compete with each other and with the domestic like product in the U.S. market. In assessing whether subject imports compete with each other and with the domestic like product, the Commission generally has considered four factors:

(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 geographic markets of subject 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 the subject imports are simultaneously present in the market.[95]

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for

[92] 19 U.S.C. § 1677(24)(B).

[93] *See* CR at Table IV-4.

[94] USTR has designated India to be a developing country subject to the 4 percent negligibility threshold for countervailing duty investigations. 15 C.F.R. § 2013.1; *see* 19 U.S.C. § 1677(24)(B).

[95] *See Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan*, Inv. Nos. 731-TA-278-80 (Final), USITC Pub. 1845 (May 1986), *aff'd*, *Fundicao Tupy, S.A. v. United States*, 678 F. Supp. 898 (Ct. Int'l Trade), *aff'd*, 859 F.2d 915 (Fed. Cir. 1988).

determining whether the subject imports compete with each other and with the domestic like product.[96] Only a "reasonable overlap" of competition is required.[97]

Petitioners argue that subject imports should be cumulated because fine denier PSF from all subject sources are fungible, sold through the same channels of distribution, and simultaneously present throughout the U.S. market.[98] Respondents do not dispute that subject imports should be cumulated for purposes of the preliminary phase of these investigations.[99]

The threshold requirement for cumulation is satisfied because petitioners filed the antidumping and countervailing duty petitions with respect to all subject countries on the same day, May 31, 2017.[100] As discussed below, we find a reasonable overlap of competition between and among the subject imports from all four subject countries and the domestic like product.

Fungibility. The record in the preliminary phase of these investigations indicates that fine denier PSF is at least moderately fungible, regardless of source. All responding U.S. producers reported that product from all sources was "always" interchangeable.[101] For comparisons between imports from different sources, a majority of importers reported that the subject merchandise was "always" or "frequently" interchangeable.[102] In comparisons of the domestic like product with subject imports from China, India, Korea, and Taiwan, majorities or pluralities of importers reported that the products were "sometimes" interchangeable.[103] The record contains multiple pricing observations for domestically produced product and subject imports from China, India, Korea, and Taiwan for pricing product 2, which suggests sales of competing products.[104]

Thus, the record indicates that there is sufficient fungibility between and among subject imports from China, India, Korea, and Taiwan and the domestic like product to satisfy the reasonable overlap standard. As stated above, market participants generally perceive products from different sources, particularly the subject imports from different sources, to be at least somewhat interchangeable. Information in the record also reflects substantial overlap between the domestic like product and subject imports from China, India, Korea, and Taiwan in terms of

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[96] *See*, *e.g.*, *Wieland Werke, AG v. United States*, 718 F. Supp. 50 (Ct. Int'l Trade 1989).

[97] The Uruguay Round Agreements Act Statement of Administrative Action (SAA) expressly states that "the new section will not affect current Commission practice under which the statutory requirement is satisfied if there is a reasonable overlap of competition." H.R. Rep. No. 103-316, Vol. I at 848 (1994) (*citing Fundicao Tupy*, 678 F. Supp. at 902); *see Goss Graphic Sys., Inc. v. United States*, 33 F. Supp. 2d 1082, 1087 (Ct. Int'l Trade 1998) ("cumulation does not require two products to be highly fungible"); *Wieland Werke, AG*, 718 F. Supp. at 52 ("Completely overlapping markets are not required.").

[98] Petitioners' Postconference Brief at 13-16.

[99] Chinese Respondents' Postconference Brief at 5.

[100] None of the statutory exceptions to cumulation is applicable with respect to imports from the four subject countries now subject to investigation.

[101] CR/PR at Table II-5.

[102] CR/PR at Table II-5.

[103] CR/PR at Table II-5.

[104] CR/PR at Table V-4.

denier size and tenacity for fine denier PSF within the scope.[105] The purchaser data from the lost sales/lost revenue survey discussed above also indicates competition between the domestic like product and subject imports from each of these sources.

Channels of Distribution. Subject imports from China, India, Korea, and Taiwan and the domestic like product shared the same general channels of distribution. During the period of investigation, domestic producers and importers of fine denier PSF from each subject country sold overwhelmingly to end users.[106]

Geographic Overlap. U.S. producers reported selling fine denier PSF to all regions of the contiguous United States.[107] Subject imports from China, India, and Korea were sold in all regions of the contiguous United States during the period of investigation.[108] Subject imports from Taiwan were sold to the Northeast and Southeast.[109]

Simultaneous Presence in Market. Subject imports from China, India, Korea, and Taiwan were present in the U.S. market in each month of the POI.[110]

Conclusion. Because the antidumping duty and countervailing duty petitions were filed on the same day and the record indicates that there is a reasonable overlap of competition between and among subject imports and the domestic like product, we analyze subject imports from China, India, Korea, and Taiwan on a cumulated basis for its analysis of whether there is a reasonable indication of material injury by reason of subject imports.

VII. Reasonable Indication of Material Injury by Reason of Subject Imports

A. Legal Standard

In the preliminary phase of antidumping and countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.[111] In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production

[105] CR/PR at Tables IV-6 and IV-7. A majority of the shipments from the domestic producers and from each subject country consisted of fine denier PSF with denier measuring 1.15 to 1.80 denier. *See* CR/PR at Table IV-6. Further, a substantial portion of the shipments from the domestic producers and from each subject country consisted of fine denier PSF with tenacity greater than 5 grams per denier. *See* CR/PR at Table IV-7.

[106] CR/PR at Table II-1.

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

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

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

[110] CR at IV-16, PR at IV-8; CR/PR at Table IV-8.

[111] 19 U.S.C. §§ 1671b(a), 1673b(a). The Trade Preferences Extension Act of 2015, Pub. L. 114-27, amended the provisions of the Tariff Act pertaining to Commission determinations of reasonable indication of material injury and threat of material injury by reason of subject imports in certain respects. We have applied these amendments here.

operations.[112] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[113] In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[114] No single factor is dispositive, and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[115]

Although the statute requires the Commission to determine whether there is a reasonable indication that the domestic industry is "materially injured by reason of" unfairly traded imports,[116] it does not define the phrase "by reason of," indicating that this aspect of the injury analysis is left to the Commission's reasonable exercise of its discretion.[117] In identifying a causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price effects of the subject imports and any impact of those imports on the condition of the domestic industry. This evaluation under the "by reason of" standard must ensure that subject imports are more than a minimal or tangential cause of injury and that there is a sufficient causal, not merely a temporal, nexus between subject imports and material injury.[118]

In many investigations, there are other economic factors at work, some or all of which may also be having adverse effects on the domestic industry. Such economic factors might include nonsubject imports; changes in technology, demand, or consumer tastes; competition among domestic producers; or management decisions by domestic producers. The legislative history explains that the Commission must examine factors other than subject imports to ensure that it is not attributing injury from other factors to the subject imports, thereby

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[112] 19 U.S.C. § 1677(7)(B). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each {such} factor ... {a}nd explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B).

[113] 19 U.S.C. § 1677(7)(A).

[114] 19 U.S.C. § 1677(7)(C)(iii).

[115] 19 U.S.C. § 1677(7)(C)(iii).

[116] 19 U.S.C. §§ 1671b(a), 1673b(a).

[117] *Angus Chemical Co. v. United States*, 140 F.3d 1478, 1484-85 (Fed. Cir. 1998) ("{T}he statute does not 'compel the commissioners' to employ {a particular methodology}."), *aff'g* 944 F. Supp. 943, 951 (Ct. Int'l Trade 1996).

[118] The Federal Circuit, in addressing the causation standard of the statute, has observed that "{a}s long as its effects are not merely incidental, tangential, or trivial, the foreign product sold at less than fair value meets the causation requirement." *Nippon Steel Corp. v. USITC*, 345 F.3d 1379, 1384 (Fed. Cir. 2003). This was re-affirmed in *Mittal Steel Point Lisas Ltd. v. United States*, 542 F.3d 867, 873 (Fed. Cir. 2008), in which the Federal Circuit, quoting *Gerald Metals, Inc. v. United States*, 132 F.3d 716, 722 (Fed. Cir. 1997), stated that "this court requires evidence in the record 'to show that the harm occurred "by reason of" the LTFV imports, not by reason of a minimal or tangential contribution to material harm caused by LTFV goods.'" *See also Nippon Steel Corp. v. United States*, 458 F.3d 1345, 1357 (Fed. Cir. 2006); *Taiwan Semiconductor Industry Ass'n v. USITC*, 266 F.3d 1339, 1345 (Fed. Cir. 2001).

inflating an otherwise tangential cause of injury into one that satisfies the statutory material injury threshold.[119] In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.[120] Nor does the "by reason of" standard require that unfairly traded imports be the "principal" cause of injury or contemplate that injury from unfairly traded imports be weighed against other factors, such as nonsubject imports, which may be contributing to overall injury to an industry.[121] It is clear that the existence of injury caused by other factors does not compel a negative determination.[122]

Assessment of whether material injury to the domestic industry is "by reason of" subject imports "does not require the Commission to address the causation issue in any particular way" as long as "the injury to the domestic industry can reasonably be attributed to the subject imports" and the Commission "ensure{s} that it is not attributing injury from other sources to

[119] SAA, H.R. Rep. 103-316, Vol. I at 851-52 (1994) ("{T}he Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports."); S. Rep. 96-249 at 75 (1979) (the Commission "will consider information which indicates that harm is caused by factors other than less-than-fair-value imports."); H.R. Rep. 96-317 at 47 (1979) ("in examining the overall injury being experienced by a domestic industry, the ITC will take into account evidence presented to it which demonstrates that the harm attributed by the petitioner to the subsidized or dumped imports is attributable to such other factors;" those factors include "the volume and prices of nonsubsidized imports or imports sold at fair value, contraction in demand or changes in patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry"); *accord Mittal Steel*, 542 F.3d at 877.

[120] SAA at 851-52 ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports."); *Taiwan Semiconductor Industry Ass'n* , 266 F.3d at 1345. ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports ... . Rather, the Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports." (emphasis in original)); *Asociacion de Productores de Salmon y Trucha de Chile AG v. United States*, 180 F. Supp. 2d 1360, 1375 (Ct. Int'l Trade 2002) ("{t}he Commission is not required to isolate the effects of subject imports from other factors contributing to injury" or make "bright-line distinctions" between the effects of subject imports and other causes.); *see also Softwood Lumber from Canada*, Inv. Nos. 701-TA-414 and 731-TA-928 (Remand), USITC Pub. 3658 at 100-01 (Dec. 2003) (Commission recognized that "{i}f an alleged other factor is found not to have or threaten to have injurious effects to the domestic industry, *i.e*., it is not an 'other causal factor,' then there is nothing to further examine regarding attribution to injury"), *citing Gerald Metals,* 132 F.3d at 722 (the statute "does not suggest that an importer of LTFV goods can escape countervailing duties by finding some tangential or minor cause unrelated to the LTFV goods that contributed to the harmful effects on domestic market prices.").

[121] S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

[122] *See Nippon*, 345 F.3d at 1381 ("an affirmative material-injury determination under the statute requires no more than a substantial-factor showing. That is, the 'dumping' need not be the sole or principal cause of injury.").

the subject imports."[123] Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed "rigid adherence to a specific formula."[124]

The Federal Circuit's decisions in *Gerald Metals*, *Bratsk,* and *Mittal Steel* all involved cases in which the relevant "other factor" was the presence in the market of significant volumes of price-competitive nonsubject imports. The Commission interpreted the Federal Circuit's guidance in *Bratsk* as requiring it to apply a particular additional methodology following its finding of material injury in cases involving commodity products and a significant market presence of price-competitive nonsubject imports.[125] The additional "replacement/benefit" test looked at whether nonsubject imports might have replaced subject imports without any benefit to the U.S. industry. The Commission applied that specific additional test in subsequent cases, including the *Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago* determination that underlies the *Mittal Steel* litigation.

Mittal Steel clarifies that the Commission's interpretation of *Bratsk* was too rigid and makes clear that the Federal Circuit does not require the Commission to apply an additional test nor any one specific methodology; instead, the court requires the Commission to have "evidence in the record 'to show that the harm occurred 'by reason of' the LTFV imports,'" and requires that the Commission not attribute injury from nonsubject imports or other factors to subject imports.[126] Accordingly, we do not consider ourselves required to apply the replacement/benefit test that was included in Commission opinions subsequent to *Bratsk*.

The progression of *Gerald Metals*, *Bratsk*, and *Mittal Steel* clarifies that, in cases involving commodity products where price-competitive nonsubject imports are a significant factor in the U.S. market, the Court will require the Commission to give full consideration, with adequate explanation, to non-attribution issues when it performs its causation analysis.[127]

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[123] *Mittal Steel*, 542 F.3d at 877-78; *see also id.* at 873 ("While the Commission may not enter an affirmative determination unless it finds that a domestic industry is materially injured 'by reason of' subject imports, the Commission is not required to follow a single methodology for making that determination ... {and has} broad discretion with respect to its choice of methodology.") *citing United States Steel Group v. United States*, 96 F.3d 1352, 1362 (Fed. Cir. 1996) and S. Rep. 96-249 at 75. In its decision in *Swiff-Train v. United States*, 792 F.3d 1355 (Fed. Cir. 2015), the Federal Circuit affirmed the Commission's causation analysis as comporting with the Court's guidance in *Mittal*.

[124] *Nucor Corp. v. United States*, 414 F.3d 1331, 1336, 1341 (Fed. Cir. 2005); *see also Mittal Steel*, 542 F.3d at 879 ("*Bratsk* did not read into the antidumping statute a Procrustean formula for determining whether a domestic injury was 'by reason' of subject imports.").

[125] *Mittal Steel*, 542 F.3d at 875-79.

[126] *Mittal Steel*, 542 F.3d at 873 (quoting from *Gerald Metals*, 132 F.3d at 722), 875-79 & n.2 (recognizing the Commission's alternative interpretation of *Bratsk* as a reminder to conduct a non-attribution analysis).

[127] To that end, after the Federal Circuit issued its decision in *Bratsk*, the Commission began to present published information or send out information requests in the final phase of investigations to producers in nonsubject countries that accounted for substantial shares of U.S. imports of subject merchandise (if, in fact, there were large nonsubject import suppliers). In order to provide a more complete record for the Commission's causation analysis, these requests typically seek information on capacity, production, and shipments of the product under investigation in the major source countries that export to the United States. The Commission plans to continue utilizing published or requested (Continued…)

The question of whether the material injury threshold for subject imports is satisfied notwithstanding any injury from other factors is factual, subject to review under the substantial evidence standard.[128] Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.[129]

B. Conditions of Competition and the Business Cycle

The following conditions of competition inform our analysis of whether there is a reasonable indication of material injury by reason of subject imports.

1. Demand Conditions

Demand for fine denier PSF depends upon demand for the products in which it is incorporated. These include apparel (such as socks, hosiery, and other worn fabrics and textiles), wipes (such as baby wipes, hygiene products, and household cleaning wipes), filters (such as water filters, face masks, and air filters), pillows and cushions, fiberfill, bedding and furniture, nonwoven fabrics, mop yarn, and insulation.[130] An estimated *** percent of fine denier PSF in the United States is used for spinning end uses for the production of knit or woven textiles, and roughly *** percent is used in nonwoven end uses.[131]

Market participants' perceptions of demand during the period of investigation varied. Importers generally reported that demand increased in the United States over the POI while domestic producers were more divided in their views.[132] Importers attributed the increase in demand to increased use of fine denier PSF in nonwoven and fiberfill end uses and knit fabrics and apparel.[133]

Although most responses to the Commission questionnaires indicated that fine denier PSF has no substitutes, some importers indicated that purchasers' substitution of fine denier PSF for cotton helped drive demand for fine denier PSF during the POI.[134]

Respondents assert that a small number of domestic producers of yarn and nonwovens were the primary end-users of fine denier PSF during the POI. Consequently, they characterize demand as being fairly concentrated.[135]

(…Continued)
information in the final phase of investigations in which there are substantial levels of nonsubject imports.

[128] We provide in our discussions below a full analysis of other factors alleged to have caused any material injury experienced by the domestic industry.

[129] *Mittal Steel*, 542 F.3d at 873; *Nippon Steel Corp*., 458 F.3d at 1350, *citing U.S. Steel Group*, 96 F.3d at 1357; S. Rep. 96-249 at 75 ("The determination of the ITC with respect to causation is ... complex and difficult, and is a matter for the judgment of the ITC.").

[130] CR at II-1, PR at II-1.

[131] CR/PR at II-1 n.1.

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

[133] CR at II-10, PR at II-6.

[134] CR at II-9 to II-10, PR at II-6 to II-7.

Apparent U.S. consumption fluctuated from 2014 to 2016, but fell overall by *** percent. Apparent U.S. consumption totaled *** pounds in 2014, *** pounds in 2015, and *** pounds in 2016.[136]

2. Supply Conditions

The domestic industry was the largest supplier of fine denier PSF to the U.S. throughout the POI, but there was a series of events during the POI that purportedly affected the domestic industry's ability to serve the U.S. market. Respondents claim that these events disrupted the domestic industry's ability to reliably supply fine denier PSF while petitioners argue that the effects of these events were minimal.

In 2013, DAK Americas closed its Cape Fear production facility near Wilmington, North Carolina.[137] Chinese and Poole Respondents assert that the shutdown of the Cape Fear facility led DAK Americas to move away from the fine denier PSF nonwovens market and caused supply problems.[138] Petitioners acknowledge that the Cape Fear plant produced *** pounds of fine denier PSF per month but they state that ***. They contend that DAK Americas was able to satisfy customer demand from its Cooper River site in Monck's Corner, South Carolina, where they argue DAK Americas ***.[139]

In 2014, BP's Cooper River chemical facility declared a *force majeure* and stopped production of PTA, one of two key raw materials required for production of fine denier PSF. Petitioners argue that production of fine denier PSF was not affected by the outage.[140] Respondents, on the other hand, argue that the event compounded the difficulties the industry was facing after the Cape Fear closure.[141]

At the end of 2015, DAK Americas experienced an unexpected 29-day shutdown due to a power failure. Respondents argue that the domestic industry was not able to supply the market during this period as evidenced by five large purchasers (***) reporting that domestic plants were unable or unwilling, for reasons other than price, to meet their requirements for

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(…Continued)

[135] Respondents calculate that in 2016, two companies, ***, purchased *** percent of fine denier PSF produced in the United States, and *** percent of domestic production was purchased by 15 companies. They estimate that over *** percent of the subject imports were purchased by five firms during 2016. Chinese Respondents' Postconference Brief at 8-9.

[136] CR/PR at Table IV-10. Apparent U.S. consumption was *** pounds in the first quarter of 2016 ("interim 2016") and *** pounds in interim 2017. *Id.*

[137] CR at III-5; PR at III-2.

[138] Poole Respondents' Postconference Brief at 4; Chinese Respondents' Postconference Brief at 10-12 (noting importers' comments concerning effects of closure).

[139] Petitioners' Postconference Brief, Exhibit 1 at 12.

[140] Petitioners' Postconference Brief at 19. *See also* Petitioners' Postconference Brief Exhibit 5, para. 3 (Sparkman); Exhibit 9, para. 14 (Ruday); Exhibit 10, para. 3 (Brekovsky); Exhibit 4, para. 9 (Casstevens) (affidavits from domestic producers indicating no effect from outage).

[141] Chinese Respondents' Postconference Brief at 11; Tr. at 83-90 (Dunbar).

fine denier PSF.[142] Petitioners minimize the impact of DAK Americas' outage, claiming that DAK Americas met demand from inventory and that domestic producers Nan Ya and Auriga had available capacity and were able to supply DAK Americas' customers. Petitioners argue that that although Nan Ya actively sought out customers, once it heard of DAK Americas' outage, purchasers turned to subject imports available at lower prices.[143]

All four domestic producers report that they can switch their production to out-of-scope PSF utilizing the same equipment and machinery. Fine denier PSF accounted for approximately *** percent of total production on the same equipment and machinery from 2014 to 2016.[144] The production of fine denier PSF is capital intensive and producers strive to maintain a continuous, high volume production process as it is extremely disruptive and expensive to stop and resume production.[145]

U.S. producers increased their capacity from *** pounds in 2014 to *** pounds in 2016.[146] The increase in capacity was largely due to ***, which ***.[147] In 2015, DAK Americas announced a project for the construction of a new PSF production facility that would increase production capacity by 230 million pounds.[148] However, although it already invested over $***.[149]

Subject imports' market share increased from *** percent in 2014 to *** percent in 2015, and to *** percent in 2016.[150] Nonsubject imports increased from *** percent of the U.S. market in 2014 to *** percent in 2015; they then declined to *** percent of the U.S. market in 2016.[151] Mexico and Germany were the largest sources of nonsubject imports.[152]

3. Substitutability and Other Conditions

As discussed above in the cumulation section, while domestic producers and importers provided mixed responses, they generally found the subject imports to be at least somewhat interchangeable with the domestic like product. Respondents have reported that they cannot obtain PCR PSF, short cut PSF, and siliconized PSF from domestic producers. Similarly, they

[142] Chinese Respondents' Postconference Brief at 11.

[143] Petitioners' Postconference Brief at 18.

[144] CR at III-7, PR at III-5.

[145] Petitioners' Postconference Brief at 17; Tr. at 25 (Sparkman).

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

[147] CR at III-5, PR at III-2; CR/PR at Table III-3.

[148] CR at III-5, PR at III-2.

[149] CR/PR at Table VI-8.

[150] CR/PR at Table IV-11. Subject imports were *** percent of the U.S. market in interim 2016 and *** percent of the U.S. market in interim 2017. *Id.*

[151] CR/PR at Table IV-11. Nonsubject imports were *** percent of the U.S. market in interim 2016 and *** percent of the U.S. market in interim 2017. *Id.* DAK Americas accounted for *** percent of nonsubject imports during 2016. CR/PR at Table IV-1.

[152] Virtually all nonsubject imports from Mexico were imported from *** in Mexico, ***. CR at VII- 43, PR at VII-32; Petitioners' Postconference Brief, Exhibit 1 at 16. *** indicated it imported a ***. Petitioners' Postconference Brief, Exhibit 9, para. 4 (Ruday).

contend that black PSF and certain micro denier products are not readily available in the United States.[153] Because any perceptions of limited interchangeability appear to stem from perceived differences in product range, we find for purposes of these preliminary determinations that there is a high degree of substitutability among domestically produced fine denier PSF and subject imports from China, India, Korea, and Taiwan of the same type.[154]

Purchasers have indicated that price is one of several factors that are important in purchasing decisions. Purchasers responding to the Commission's lost sales/lost revenue survey most frequently cited quality, availability, and price as the factors affecting their purchasing decisions.[155] Nine of 11 firms reported price as the third most important factor.[156]

The domestic producers' sales by contract are sometimes tied to a formula that reflects raw material prices as reflected in one of three published indexes, ICIS, PCI, and Chem Data.[157] Nonetheless, DAK Americas reported that raw material costs do ***.[158] On the other hand, importers reported that raw material prices have been placing downward pressure on prices for fine denier PSF.[159]

The prices of MEG and PTA, primary raw material for fine denier PSF production, fell overall during 2014 to 2016, declining by *** percent and *** percent, respectively.[160] Raw material costs accounted for between *** and *** percent of cost of goods sold ("COGS") during the POI.[161]

C. Volume of Subject Imports

Section 771(7)(C)(i) of the Tariff Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[162]

Cumulated subject imports increased during the POI.[163] The quantity of cumulated subject imports rose from 130.0 million pounds in 2014 to 177.9 million pounds in 2015, and

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[153] Chinese Respondents' Postconference Brief at 17-19; Poole Respondents' Postconference Brief at 10. Domestic producer Palmetto indicated that it produces these products. Petitioners' Postconference Brief at 6 n.2 and Exhibit 4.

[154] CR at II-11, PR at II-7. In any final phase of these investigations, we invite parties in their comments on the draft final phase questionnaires to suggest products or end-use markets for which the Commission can collect shipment data to get a more comprehensive view of the market and product competition between the domestic like product and the subject imports.

[155] CR at II-12, PR at II-7.

[156] CR at II-12, PR at II-7.

[157] CR at V-4, PR at V-3.

[158] CR at V-4, PR at V-3.

[159] CR at V-4, PR at V-3. In any final phase of these investigations, we further examine the role of raw material prices and related sales contract mechanisms that affect prices for fine denier PSF.

[160] CR at V-2, PR at V-1. *See also* CR/PR Fig. V-1 (prices for MEG and PTA).

[161] CR/PR at V-1.

[162] 19 U.S.C. § 1677(7)(C)(i).

[163] *See* CR/PR at Table IV-2 and Fig. IV-1.

then to 223.9 million pounds in 2016, an increase of 72.2 percent.[164] The volume of subject imports rose in each calendar year, including in 2016 when apparent U.S. consumption declined.[165] Subject imports gained significant market share directly at the expense of the domestic industry.[166] Cumulated subject import market share rose from *** percent in 2014 to *** percent in 2015 and *** percent in 2016.[167] By contrast, the domestic industry's market share declined by *** percentage points from 2014 to 2016.[168]

For purposes of these preliminary determinations, we find that the volume of subject imports and the increase in that volume are significant both in absolute terms and relative to consumption in the United States.[169]

D. Price Effects of the Subject Imports

Section 771(7)(C)(ii) of the Tariff Act provides that, in evaluating the price effects of subject imports, the Commission shall consider whether –

> (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and
>
> (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.170

We found in section VII.B.3. above that there is a high degree of substitutability between subject imports and the domestic like product for products of the same type and that price is an important factor in purchasing decisions.

The Commission collected quarterly pricing data from U.S. producers and importers for four fine denier PSF products.[171] Four U.S. producers and 11 importers provided usable pricing

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[164] CR/PR at Tables IV-2 and C-1. Subject imports totaled 56.3 million pounds in both interim periods. *Id.*

[165] Apparent U.S. consumption decreased by *** percent from 2014 to 2016. CR/PR at Table C-1.

[166] *See* CR/PR at Table IV-9.

[167] CR/PR at Table IV-11. Their market share was *** percent in interim 2016 and *** percent in interim 2017. *Id.*

[168] The domestic industry's market share, as measured by quantity, was *** percent in 2014, *** percent in 2015, and *** percent in 2016. CR/PR at Table IV-11. Its share was *** percent in interim 2016 and *** percent in interim 2017. *Id.*

[169] Respondents argue that the increase in subject imports resulted from the domestic industry's general unreliability and supply problems, purchasers' desire for multiple suppliers, and the unavailability of certain domestically produced fine denier PSF products. In any final phase investigations, we will further examine the domestic industry's range of fine denier PSF product as well as the reliability of the domestic industry as a supplier of fine denier PSF.

[170] 19 U.S.C. § 1677(7)(C)(ii).

[171] The four pricing products are the following:

(Continued…)

data for sales of the requested products, although not all firms reported prices for all products for all quarters.[172] Pricing data reported by these firms accounted for approximately *** percent of U.S. producers' shipments of fine denier PSF, *** percent of U.S. shipments of subject imports from China, *** percent of shipments of subject imports from India, *** percent of shipments of subject imports from Korea, and *** percent of shipments of subject imports from Taiwan during the POI.[173]

In addition to the pricing data for importers' and domestic producers' sales, importers provided quarterly purchase cost data for their direct imports of subject merchandise. These importers imported the subject merchandise for their own use. Coverage of subject imports from China, the largest source of subject imports, and cumulated subject imports is substantially higher for the direct import data than for the quarterly pricing data.[174]

The pricing comparison data show mixed underselling and overselling. Prices of cumulated subject imports were below those for U.S.-produced product in 45 of 111 quarterly comparisons (40.5 percent of all comparisons) from January 2014 to March 2017.[175] The quantity of subject imports in underselling comparisons was 27.4 million pounds, or 46.4 percent of the total quantity, while the quantity that oversold the domestic product totaled 31.6 million pounds, or 53.6 percent.[176] Margins of underselling reached up to 35.9 percent, and margins of overselling ranged up to 147.9 percent.[177] The pricing data show increased

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Product 1 — Virgin polyester staple fiber measuring 0.85 denier to less than 1.15 denier, solid and round cross section, dry, 32-38mm cut length, with tenacity measuring above 5.0 grams per denier.

Product 2 — Virgin polyester staple fiber measuring 1.15 denier through and including 1.8 denier, solid and round cross section, dry, 32-38mm cut length, with tenacity measuring above 5.0 grams per denier.

Product 3 — Virgin polyester staple fiber measuring 1.15 denier through and including 1.8 denier, solid and round cross section, dry, 32-38mm cut length, with tenacity measuring 3.0-5.0 grams per denier.

Product 4 — Virgin polyester staple fiber measuring greater than 1.8 denier and less than 3.0 denier, solid and round cross section, dry, 32-38mm cut length, with tenacity measuring above 5.0 grams per denier.

CR at V-7, PR at V-5.

[172] CR at V-8, PR at V-5.

[173] CR at V-8, PR at V-5.

[174] CR at V-17, PR at V-7. Nine U.S. importers reported import purchase cost data for their direct imports of fine denier PSF from China, Korea, and Taiwan. Import purchase cost data reported by importers accounted for approximately *** percent of total imports from China in 2016, *** percent of imports from Korea, and *** percent of imports from Taiwan 2016. *Id.* The largest direct importers by percentage were ***; ***; *** and ***. Combined, these importers accounted for nearly 90 percent of the volume of total reported import purchase costs during the POI. CR/PR at Tables V-7 to V-9; Import Purchase Cost Information, EDIS Doc. No. 617723.

[175] CR/PR at Table V-11.

[176] CR/PR at Table V-11.

[177] CR/PR at Table V-11.

shipments of subject imports in the middle of 2015 continuing into the first quarter of 2017.[178] Pricing product 2 accounted for approximately 90 percent of the quantity of subject imports reported in the pricing data[179]

Although the subject imports that were directly imported were generally imported at lower cost than purchases from the domestic industry, we recognize that direct imports are at a different level of trade than the purchases from domestic producers.[180] Importers reported a range of additional costs as well as cost savings by directly importing the subject merchandise.[181] The record indicates that direct import costs are sometimes considerably lower than the price of domestically produced fine denier PSF, that there is a considerable range in the additional costs associated with direct importing, and that some of the direct importers state that there are substantial benefits to direct importing related to costs as well as a number of other factors.[182]

The available direct import data corroborate our finding based on the pricing data that the record indicates mixed underselling and overselling.[183] Purchaser responses to the lost sales/lost revenue survey indicate several large purchasers increased their share of purchases or direct imports of subject imports and reduced their share of purchases of domestic product, and in some instances reported purchasing subject imports instead of the domestic like product for price and non-price reasons.[184]

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[178] CR/PR at Tables V-3 to V-6 and Figs. V-3 to V-6.

[179] *See* CR/PR at Table V-12.

[180] The data show that purchaser costs for direct imports were lower than domestic prices in 42 of 54 quarterly comparisons for which import purchase cost data were reported. Subject imports totaling *** pounds were involved in comparisons where direct sales costs were lower than prices for the domestic like product, while *** pounds of subject imports were involved in comparisons where direct sales costs were higher. S*ee* CR/PR at Tables V-7 to V-9 and Import Purchase Cost Information, EDIS Doc. No. 617723.

[181] Firms that imported fine denier PSF for their internal use provided a wide range of estimates of the cost of directly importing subject merchandise. More specifically, they estimated that logistical and supply chain costs (including ocean freight, duties, brokerage fees, harbor maintenance fees, and U.S. inland transportation costs) accounted for 1 to 26 percent of the landed duty-paid value. They also estimated that insurance costs ranged from less than 1 percent to about 8 percent, and warehousing costs could be up to 2 percent. CR at V-17, PR at V-7.

The top four importers estimated their cost savings associated with directly importing rather than purchasing ranged from *** percent. *See* Import Purchase Cost Information, EDIS Doc. No. 617723.

[182] Pricing product 2 accounted for the majority of the direct import data as it did for the pricing comparison data. *See* CR/PR at Tables V-7 to V-9 and Import Purchase Cost Information, EDIS Doc. No. 617723. As was the case for pricing comparison data, the volumes of direct imports began increasing in mid-2015. CR/PR at Figs. V-7 to V-9.

[183] In any final phase of these investigations, we intend to further explore the comparability between the purchase costs for direct imports and domestic prices for fine denier PSF. We invite the parties in their comments on draft questionnaires to suggest ways to improve the data and analysis.

[184] Eight purchasers responding to the lost sales/ lost revenues survey indicated that they purchased subject imports instead of the domestic product during the period, and all eight purchasers (Continued…)

We also consider whether the subject imports had significant price-depressing effects. Prices for domestically produced fine denier PSF declined overall for the four pricing products, with declines of *** percent, *** percent, *** and *** percent, respectively, from January 2014 to March 2017.[185] Prices fell during 2014 to 2016 before recovering slightly during interim 2017.[186] While domestic prices for fine denier PSF were declining, raw material costs were also declining and prices for domestically produced product, to some extent, were indexed to raw material costs.[187] Accordingly, we cannot conclude on the record of the preliminary phase of these investigations that the increasing volume of subject imports had significant price-depressing effects on the domestic like product.

We also assess the extent to which subject imports prevented price increases during the POI. While the domestic industry's prices for fine denier PSF declined during the POI, raw materials costs also fell and the industry's unit cost of goods sold ("COGS") declined from 2014 to 2016.[188] Demand fluctuated but declined overall by *** percent.[189] We find that price increases for fine denier PSF would not have been likely given these declines in demand and costs. Accordingly, we do not find that the subject imports prevented price increases, which otherwise would have occurred, to a significant degree.

We have considered the confirmed lost sales, substantial shifts by several purchasers from the domestic product to subject imports, and the mixed underselling reflected in both price comparisons and direct import data. In light of these data, for purposes of our preliminary determinations, we cannot conclude that the shifts in market share from the domestic industry to subject imports were not the result of subject import pricing.

(…Continued)
reported that subject import prices were lower than prices for U.S.-produced product. Three of these purchasers indicated that price was a primary reason for purchasing subject imports. CR at Table V-16. The three purchasers acknowledged that lower prices were the reason they purchased 32.5 million pounds of fine denier PSF from subject sources instead of domestically produced product during the POI. CR at Table V-15. Other purchasers indicated that supply concerns accounted for their switch to the subject imports from domestic sources. CR at V-38.

The record indicates that, from 2014 to 2016, eleven large purchasers increased their combined purchases (or direct imports) of subject merchandise by *** percent while decreasing their purchases of domestic product by the same amount. *See* CR at Table V-13.

[185] *See* CR at Table V-10.

[186] *See* CR Figs. V-3, V-4, V-5, and V-6.

[187] *See* CR at V-2 to V-4 and Fig. V-1.

[188] CR at Table VI-1. *See* CR at V-2; CR at Fig. V-1.

[189] CR at Table C-1.

E. Impact of the Subject Imports[190]

Section 771(7)(C)(iii) of the Tariff Act provides that the Commission, in examining the impact of the subject imports on the domestic industry, "shall evaluate all relevant economic factors which have a bearing on the state of the industry." These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, gross profits, net profits, operating profits, cash flow, return on investment, return on capital, ability to raise capital, ability to service debt, research and development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[191]

The domestic industry's performance deteriorated over the POI. There were declines in almost all trade and financial indicators from 2014 to 2016.[192]

Measures of output declined more than apparent U.S. consumption as subject imports took market share from the domestic industry from 2014 to 2016.[193] The industry's production, U.S. shipments, and total sales all declined.[194] The domestic industry increased its capacity during the POI,[195] but was unable to utilize the new capacity and capacity utilization consequently fell.[196] The largest domestic producer also ***.[197] The domestic industry's inventories increased from 2014 to 2016.[198]

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[190] In its notice initiating the antidumping duty investigations, Commerce reported an estimated antidumping duty margin of 88.07 to 103.06 percent for imports of fine denier PSF from China, 21.43 percent for imports of fine denier PSF from India, 37.28 to 45.23 percent for imports of fine denier PSF from Korea, and 31.07 to 56.72 percent for imports of fine denier PSF from Taiwan. *Fine Denier Polyester Staple Fiber from the People's Republic of China, India, the Republic of Korea, Taiwan, and the Socialist Republic of Vietnam: Initiation of Less-Than-Fair-Value Investigations,* 82 Fed. Reg. 29023, 29027 (June 27, 201)

[191] 19 U.S.C. § 1677(7)(C)(iii). This provision was amended by the Trade Preferences Extension Act of 2015, Pub. L. 114-27.

[192] *See* CR/PR at Table C-1.

[193] As measured by quantity, the market share of the domestic industry declined from *** percent in 2014 to *** percent in 2015 and *** percent in 2016; by contrast, during this period cumulated subject imports gained *** percentage points in market share. CR/PR at Table IV-11. The domestic industry's market share was *** percent in interim 2016 and *** percent in interim 2017. *Id.*

[194] The industry's production totaled *** pounds in 2014, *** pounds in 2015, and *** pounds in 2016. CR/PR at Table III-4. Its production totaled *** pounds in interim 2016 and *** pounds in interim 2017. *Id.* The industry's U.S. shipments were *** pounds in 2014, *** pounds in 2015, and *** pounds in 2016. CR/PR at Table III-6. The industry's U.S. shipments were *** pounds in interim 2016 and *** pounds in interim 2017. *Id.* The industry's total net sales were *** pounds in 2014, *** pounds in 2015, and *** pounds in 2016. CR/PR at Table VI-1. Total net sales were *** pounds in interim 2016 and *** pounds in interim 2017. *Id.*

[195] The industry's capacity increased from *** pounds in 2014 to *** pounds in 2015 and to *** pounds in 2016. The industry's capacity was *** pounds in interim 2017. CR/PR at Table III-4.

[196] CR/PR at Table III-4. The industry's capacity utilization declined from *** percent in 2014 to *** percent in 2015 and *** percent in 2016. The industry's capacity utilization was *** percent in interim 2016 and *** percent in interim 2017. *Id.*

The domestic industry's production-related workers, wages paid, total hours worked, and average hours worked per worker either declined or fluctuated within narrow ranges from 2014 to 2016.[199] The industry's productivity also declined over this period.[200]

Average unit sales values fell and sales revenues declined.[201] The ratio of cost of goods sold (COGS) to net sales was high and increased over the full years.[202] Gross profits declined overall from 2014 to 2016.[203]

Operating income increased from $*** in 2014 to $*** in 2015, before falling sharply to $*** in 2016.[204] The domestic industry's operating income margins likewise increased from *** percent in 2014 to *** percent in 2015 but then declined to *** percent in 2016.[205] Similarly, net income increased from $*** in 2014 to $*** in 2015, but then fell to $*** in 2016.[206]

(…Continued)

[197] *See* CR at III-6, PR at III-3 (DAK Americas halted its ***). *See also* CR/PR at Table III-3.

[198] U.S. producers' end-of-period inventories increased from *** pounds in 2014, to *** pounds in 2015, and *** pounds in 2016. CR/PR at Table III-7. End-of-period inventories were *** pounds in interim 2016 and *** pounds in interim 2017. *Id.*

[199] The industry's number of production-related workers rose from 550 in 2014 to 576 in 2015 and then declined to 549 in 2016. CR/PR at Table III-9. There were 580 production-related workers in interim 2016 and 533 workers in interim 2017. *Id.* Total hours worked increased from 1.23 million in 2014 to 1.29 million in 2015 and then fell to 1.21 million in 2016. CR/PR at Table III-9. Hours worked were 316,000 in interim 2016 and 291,000 in interim 2017. *Id.* The wages the industry paid to its workers increased from $33.5 million in 2014 to $35.3 million in 2015, and then fell to $33.5 million in 2016. *Id*. Wages paid totaled $10.3 in interim 2016 and $7.6 million in interim 2017. *Id.* Average hours worked per worker increased from 2,233 in 2014 to 2,245 in 2015, and then declined to 2,204 in 2016. *Id*. Average hours worked per worker was 545 in interim 2016 and 546 in interim 2017. *Id.*

[200] The industry's productivity measured in pounds per hour decreased from *** in 2014 to *** in 2015, and *** in 2016. CR/PR at Table III-9. Productivity was *** pounds per hour in interim 2016 and *** pounds per hour in interim 2017. *Id.*

[201] The domestic industry's sales revenues fell from $*** in 2014 to $*** in 2015 and $*** in 2016. CR/PR at Table VI-1. They were $*** in interim 2016 and $*** in interim 2017. *Id.* The industry's average sales values declined from $*** per pound in 2014 to $*** per pound in 2015 and $*** per pound in 2016. *Id.* Its average sales values were $*** per pound in interim 2016 and $*** per pound in interim 2017. *Id.*

[202] The domestic industry's COGS as a ratio to net sales decreased from *** percent in 2014 to *** percent in 2015, but then increased to *** percent in 2016. CR/PR at Table VI-1. The ratio was *** percent in interim 2016 and *** percent in interim 2017. *Id.*

[203] The domestic industry's gross profits increased from $*** in 2014 to $*** in 2015 before decreasing to $*** in 2016. CR/PR at Table VI-1. Gross profits were $*** in interim 2016 and $*** in interim 2017. *Id.*

[204] CR/PR at Table VI-1. Operating income was $*** in interim 2016 and $*** in interim 2017. *Id.*

[205] CR/PR at Table VI-1. The industry's return on investment expressed as a ratio of operating income to net assets improved from *** percent in 2014 to *** percent in 2015 before declining to *** percent in 2016. CR/PR at Table VI-6.

[206] CR/PR at Table VI-1. Net income was $*** in interim 2016 and $*** in interim 2017. *Id.* The industry's capital expenditures were $*** in 2014, $*** in 2015, and $*** in 2016. CR/PR at Table VI-5. (Continued…)

Subject import volume increased significantly in absolute terms from 2014 to 2016, and the subject imports increased their share of the U.S. market at the expense of the domestic industry. As previously discussed, we cannot conclude on the present record that the market share shifts were not the result of subject import pricing. In addition to lower market share, the industry reported lower production, shipments, and sales than would have otherwise occurred, particularly in light of the industry's available capacity. Consequently, the industry also lost revenues that it otherwise would have obtained.[207] These lost revenues were reflected in its poor and declining financial performance. For purposes of these preliminary determinations, we find that the significant volume of cumulated subject imports, which gained market share at the expense of the domestic industry, had a significant impact on the domestic industry.

We have considered whether there are other factors that may have had an impact on the domestic industry during the POI to ensure that we are not attributing injury from such other factors to subject imports. As discussed above, apparent U.S. consumption decreased by *** percent during 2014 to 2016.[208] However, this decline in apparent U.S. consumption is modest relative to the declines in production, shipments, and sales experienced by the domestic industry.[209] While nonsubject imports had an appreciable presence in the U.S. market, their market share, unlike that of the subject imports, declined overall during 2014 to 2016.[210] Thus, other factors cannot explain the loss in market share, output, and revenues that we have attributed to the cumulated subject imports.[211] We therefore conclude that the subject imports had a significant impact on the fine denier PSF industry.[212]

(…Continued)
They were $*** in interim 2016 and $*** in interim 2017. *Id.* The industry's research and development expenses decreased from $*** in 2014 to $*** in 2015 and then increased to $*** in 2016. *Id*. They totaled $*** in interim 2016 and in interim 2017. *Id.*

[207] The industry operated at declining capacity utilization rates 2014-16, indicating it had the ability to increase production. *See* CR/PR at Table III-4.

[208] Apparent U.S. consumption totaled *** pounds in 2014, *** pounds in 2015, and *** pounds in 2016. CR/PR at Table IV-10. Apparent U.S. consumption was *** pounds in interim 2016 and *** pounds in interim 2017. *Id.*

[209] *See* CR/PR at Table C-1 (changes in indicators from 2014 to 2016).

[210] As measured by quantity, nonsubject import market share was *** percent in 2014, *** percent in 2015, and *** percent in 2016. CR/PR at Table IV-11.

[211] Respondents argue that the domestic industry's losses stemmed from its inability reliably to supply the U.S. market. They cite as evidence the questionnaire responses of importers who indicated that they turned to subject imports because domestic supply was unreliable as evidenced by DAK's 29-day shutdown and its closure of its Cape Fear facility. *See, e.g.,* CR at II-6, PR at II-4. As indicated above, we will further examine the reliability of the domestic industry as a supplier of fine denier PSF in any final phase investigations.

[212] Chinese Respondents argue that DAK Americas' *** as the operating margins of *** industry members *** during the period of investigation, at the same time as subject imports increased. Chinese Respondents' Postconference Brief at 29-30. The Commission, however, must evaluate the impact of the subject imports on the industry as a "whole." 19 U.S.C. § 1677(4)(A). We further note that ***
(Continued…)

Accordingly, for purposes of these preliminary determinations, we conclude that subject imports have had a significant impact on the domestic industry.

VIII. Conclusion

For the reasons stated above, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of subject imports of fine denier PSF from China, India, Korea, and Taiwan that are allegedly sold in the United States at less than fair value and imports of fine denier PSF from China and India that are allegedly subsidized by the governments of China and India.

(…Continued)
reported percentage declines in sales and revenues that exceeded the percentage decline in apparent U.S. consumption over 2014 to 2016. *See* CR/PR at Table VI-3.

PART I: INTRODUCTION

BACKGROUND

These investigations result from petitions filed with the U.S. Department of Commerce ("Commerce") and the U.S. International Trade Commission ("USITC" or "Commission") by DAK Americas LLC, Charlotte, NC; Nan Ya Plastics Corporation, America, Lake City, SC; and Auriga Polymers Inc., Charlotte, NC on May 31, 2017, alleging that an industry in the United States is materially injured and threatened with material injury by reason of less-than-fair-value ("LTFV") imports of fine denier polyester staple fiber ("fine denier PSF")[1] from China, India, Korea, Taiwan, and Vietnam[2], and subsidized by the Governments of China and India. The following tabulation provides information relating to the background of these investigations.[3] [4]

Effective date	Action
May 31, 2017	Petition filed with Commerce and the Commission; institution of Commission investigation (82 FR 26512, June 7, 2017)
June 20, 2017	Commerce's notice of initiation of antidumping investigations (82 FR 29023, June 27, 2017) and countervailing duty investigations (82 FR 29029, June 27, 2017)
June 21, 2017	Commission's conference
July 14, 2017	Commission's vote
July 17, 2017	Commission's determinations
July 24, 2017	Commission's views

[1] See the section entitled "The Subject Merchandise" in *Part I* of this report for a complete description of the merchandise subject in this proceeding.

[2] On June 29, 2017, petitioners submitted to Commerce their withdrawal of the antidumping duty petition against imports of fine denier PSF from Vietnam.

[3] Pertinent *Federal Register* notices are referenced in appendix A, and may be found at the Commission's website (www.usitc.gov).

[4] A list of witnesses who appeared in the conference is presented in appendix B.

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory criteria

Section 771(7)(B) of the Tariff Act of 1930 (the "Act") (19 U.S.C. § 1677(7)(B)) provides that in making its determinations of injury to an industry in the United States, the Commission—

> *shall consider (I) the volume of imports of the subject merchandise, (II) the effect of imports of that merchandise on prices in the United States for domestic like products, and (III) the impact of imports of such merchandise on domestic producers of domestic like products, but only in the context of production operations within the United States; and. . . may consider such other economic factors as are relevant to the determination regarding whether there is material injury by reason of imports.*

Section 771(7)(C) of the Act (19 U.S.C. § 1677(7)(C)) further provides that--[5]

> *In evaluating the volume of imports of merchandise, the Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States is significant.. . .In evaluating the effect of imports of such merchandise on prices, the Commission shall consider whether. . .(I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.. . . In examining the impact required to be considered under subparagraph (B)(i)(III), the Commission shall evaluate (within the context of the business cycle and conditions of competition that are distinctive to the affected industry) all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to. . . (I) actual and potential decline in output, sales, market share, gross profits, operating profits, net profits, ability to service debt, productivity, return on investments, return on assets, and utilization of capacity, (II) factors affecting domestic prices, (III) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, (IV) actual and potential negative*

[5] Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and (V) in {an antidumping investigation}, the magnitude of the margin of dumping.

In addition, Section 771(7)(J) of the Act (19 U.S.C. § 1677(7)(J)) provides that—[6]

(J) EFFECT OF PROFITABILITY.—The Commission may not determine that there is no material injury or threat of material injury to an industry in the United States merely because that industry is profitable or because the performance of that industry has recently improved.

Organization of report

Part I of this report presents information on the subject merchandise, alleged subsidy and dumping margins, and domestic like product. *Part II* of this report presents information on conditions of competition and other relevant economic factors. *Part III* presents information on the condition of the U.S. industry, including data on capacity, production, shipments, inventories, and employment. *Parts IV* and *V* present the volume of subject imports and pricing of domestic and imported products, respectively. *Part VI* presents information on the financial experience of U.S. producers. *Part VII* presents the statutory requirements and information obtained for use in the Commission's consideration of the question of threat of material injury as well as information regarding nonsubject countries.

MARKET SUMMARY

Fine denier PSF is generally used in the production of textiles such as bedding and clothing and of household and hygiene products. The leading U.S. producers of fine denier PSF are ***, *** while leading producers of fine denier PSF outside the United States include ***, ***, ***, and ***. The leading U.S. importers of fine denier PSF from subject sources are *** while the leading U.S. importers of nonsubject merchandise from Germany and Mexico include ***. U.S. purchasers of fine denier PSF are firms that use fine denier PSF in the production of woven and nonwoven products; leading purchasers include *** (which accounted for *** percent of reported purchases in 2016), *** (which accounted for *** percent of purchases), and *** (which accounted for *** percent of purchases).

Apparent U.S. consumption of fine denier PSF totaled approximately *** pounds ($***) in 2016. Currently, four firms are known to produce fine denier PSF in the United States. U.S. producers' U.S. shipments of fine denier PSF totaled *** pounds *** in 2016, and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from subject sources totaled *** pounds *** in 2016 and accounted for *** percent of

[6] Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

apparent U.S. consumption by quantity and *** percent by value. U.S. imports from nonsubject sources totaled *** pounds *** in 2016 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in these investigations is presented in appendix C, table C-1. Except as noted, U.S. industry data are based on questionnaire responses of four firms that accounted for a large majority of U.S. production of fine denier polyester PSF during 2016. U.S. imports are based on official Commerce statistics and questionnaire responses received from 27 companies, representing a large majority of U.S. imports from China, India, Korea, Taiwan, and Vietnam in 2016 under HTS statistical reporting number 5503.20.0025.

Useable responses to the Commission's foreign producers' or exporters' questionnaire were received from seven firms in China, two firms in India, four firms in Taiwan, and one firm in Vietnam. These firms' exports to the United States accounted for approximately *** percent, *** percent, *** percent, and *** percent of U.S. imports of fine denier PSF from China, India, Taiwan, and Vietnam, respectively. The Commission did not receive any foreign producers' questionnaire responses from Korean firms.

PREVIOUS AND RELATED INVESTIGATIONS

Polyester staple fiber ("PSF") has been the subject of two prior antidumping duty investigations in the United States. On April 2, 1999, a petition was filed by E.I. DuPont de Nemours, Arteva Specialties S.a.r.l, Nan Ya Plastics Corporation, America, Wellman, Inc., and Intercontinental Polymers, Inc. alleging that imports of certain polyester staple fiber from Korea and Taiwan were being sold at LTFV.[7] Following Commerce's final affirmative dumping determinations, the Commission made affirmative injury determinations with respect to imports from Korea and Taiwan.[8] Commerce issued antidumping duty orders with weighted-average margins of 7.91 percent to 14.10 percent ad valorem for imports from Korea, and 3.79 percent to 11.50 percent ad valorem for imports from Taiwan.[9]

On March 31, 2005, the Commission instituted its first five year reviews of the antidumping duty orders on imports of certain PSF from Korea and Taiwan.[10] On August 5, 2005, Commerce determined that revocation of the antidumping duty orders would likely lead to continuation or recurrence of dumping at a weighted-average margin of 7.91 percent ad

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[7] *Certain Polyester Staple Fiber from Korea and Taiwan*, 65 FR 19795, April 12, 2000.

[8] The Commission made a negative determination with respect to imports of low-melt polyester staple fiber from Korea and Taiwan. *Certain Polyester Staple Fiber from Korea and Taiwan,* 65 FR 33576-33577, May 24, 2000.

[9] *Notice of Amended Final Determination of Sales at Less Than Fair Value: Certain Polyester Staple Fiber from the Republic of Korea and Antidumping Duty Orders: Certain Polyester Staple Fiber From the Republic of Korea and Taiwan*, 65 FR 33807, May 25, 2000.

[10] *Polyester Staple Fiber from Korea and Taiwan*, 70 FR 16522, March 31, 2005.

valorem for Korea, and a range of 3.79 to 11.50 percent ad valorem for Taiwan.[11] On March 23, 2006, the Commission published its determinations in its full five-year reviews that revocation of the antidumping duty orders on imports of certain PSF from Korea and Taiwan would likely lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.[12] Commerce published its notice of continuation of the antidumping duty orders on imports of certain PSF from Korea and Taiwan on April 3, 2006.[13]

On March 1, 2011, the Commission instituted the second five year reviews of the antidumping duty orders on imports of certain PSF from Korea and Taiwan.[14] On July 1, 2011, Commerce determined that revocation of the antidumping duty orders would likely lead to continuation or recurrence of dumping at a weighted-average margin of 7.91 percent ad valorem for Korea and a range of 3.79 percent to 11.50 percent for Taiwan.[15] On September 19, 2011, the Commission published its determinations in its expedited second five-year reviews that revocation of the antidumping duty orders on imports of certain PSF from Korea and Taiwan would likely lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.[16] Commerce published its notice of continuation of the antidumping duty orders on imports of certain PSF from Korea and Taiwan on September 30, 2011.[17]

On August 1, 2016, the Commission instituted its third five-year reviews of the antidumping duty orders on imports of certain PSF from Korea and Taiwan.[18] On December 20, 2016, Commerce determined that revocation of the antidumping duty orders would likely lead to continuation or recurrence of dumping at a weighted-average margin of 7.48 percent ad valorem for Korea and 9.90 percent for Taiwan.[19] On February 6, 2017, the Commission published its determinations in its expedited third five-year reviews that revocation of the antidumping duty orders on imports of certain PSF from Korea and Taiwan would likely lead to continuation or recurrence of material injury to the domestic industry within a reasonably

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[11] *Certain Polyester Staple fiber from the Republic of Korea and Taiwan: Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders*, 70 FR 45368, August 5, 2005.

[12] *Certain Polyester Staple Fiber from Korea and Taiwan,* 71 FR 14721, March 23, 2006.

[13] *Certain Polyester Staple Fiber from the Republic of Korea and Taiwan: Continuation of Antidumping Duty Orders*, 71 FR 16558, April 3, 2006.

[14] *Certain Polyester Staple Fiber from Korea and Taiwan*, 76 FR 11268, March 1, 2011.

[15] *Certain Polyester Staple Fiber from the Republic of Korea and Taiwan: Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders*, 76 FR 38612, July 1, 2011.

[16] *Certain Polyester Staple Fiber from Korea and Taiwan*, 76 FR 58040, September 19, 2011.

[17] *Certain Polyester Staple Fiber from the Republic of Korea and Taiwan: Continuation of Antidumping Orders*, 76 FR 60802, September 30, 2011.

[18] *Certain Polyester Staple Fiber from Korea and Taiwan*, 81 FR 50544, August 1, 2016.

[19] *Certain Polyester Staple Fiber from the Republic of Korea and Taiwan: Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders*, 81 FR 92783, December 20, 2016.

foreseeable time.[20] Commerce published its notice of continuation of the antidumping duty orders on imports of certain PSF from Korea and Taiwan on February 10, 2017.[21]

On June 23, 2006, a petition was filed by DAK Americas, LLC; Nan Ya Plastics Corporation; and Wellman, Inc, alleging that certain polyester staple fiber imported from China was being sold at LTFV.[22] Following Commerce's final affirmative dumping determination, the Commission made an affirmative injury determination with respect to imports from China.[23] Commerce issued an antidumping duty order with weighted-average margins of 3.47 percent to 44.30 percent ad valorem for imports from China on June 1, 2007.[24]

On May 1, 2012, the Commission instituted its first five year review of the antidumping duty order on imports of certain PSF from China.[25] On September 6, 2012, Commerce determined that revocation of the antidumping duty order would likely lead to continuation or recurrence of dumping at a weighted-average margin of 3.47 percent to 44.30 percent ad valorem for China.[26] On October 12, 2012, the Commission published its determination in its expedited first five-year review that revocation of the antidumping duty order on imports of certain PSF from China would likely lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.[27] Commerce published its notice of continuation of the antidumping duty order on imports of certain PSF from China on October 12, 2012.[28]

NATURE AND EXTENT OF ALLEGED SUBSIDIES AND SALES AT LTFV

Alleged subsidies

On June 27, 2017, Commerce published a notice in the *Federal Register* of the initiation of its countervailing duty investigation on fine denier PSF from China and India.[29] Commerce identified the following government programs in China:

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[20] *Certain Polyester Staple Fiber from Korea and Taiwan*, 82 FR 9392, February 6, 2017.

[21] *Certain Polyester Staple Fiber from the Republic of Korea and Taiwan: Continuation of Antidumping Orders*, 82 FR 10330, February 10, 2017.

[22] *Certain Polyester Staple Fiber from China,* 71 FR 37097, June 29, 2006.

[23] *Certain Polyester Staple Fiber from China,* 72 FR 30394, May 31, 2007.

[24] *Antidumping Duty Orders: Certain Polyester Staple Fiber from the People's Republic of China*, 72 FR 30545, June 1, 2007.

[25] *Polyester Staple Fiber from China*, 77 FR 25744, May 1, 2012.

[26] *Certain Polyester Staple fiber from the People's Republic of China: Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders*, 77 FR 54898, September 6, 2012.

[27] *Certain Polyester Staple Fiber from China*, 77 FR 60720, October 4, 2012.

[28] *Certain Polyester Staple Fiber from the People's Republic of China: Continuation of Antidumping Duty Order*, 77 FR 62217, October 12, 2012.

[29] *Fine Denier Polyester Staple Fiber from India and the People's Republic of China: Initiation of Countervailing Duty Investigations*, 82 FR 29029, June 27, 2017.

A. Preferential Lending

1. Policy loans
2. Export loans from Chinese state-owned banks
3. Export Credits from Export-Import Bank of China
    a. Export Seller's Credits
    b. Export Credit Guarantees
    c. Export Buyer's Credits

B. Tax Programs

1. Income Tax Reduction for High or New Technology Enterprises
2. Income Tax Deductions for Research and Development Expenses Under the Enterprise Income Tax Law

C. Indirect Tax Programs

1. Import Tariff and VAT Exemptions on Imported Equipment in Encouraged Industries
2. VAT Rebates for FIEs Purchasing Domestically-Produced Equipment
3. VAT and Tariff Exemptions for Purchasers of Fixed Assets Under the Foreign Trade Development Fund

D. Government Provision of Goods and Services for Less Than Adequate Remuneration (LTAR)

1. Government Provision of Land in Special Economic Zones for Less Than Adequate Remuneration
2. Government Provision of Monoethylene Glycol for LTAR
3. Provision of Purified Terephthalic Acid for LTAR

Grant Programs

4. GOC and Sub-Central Government Subsidies for the Development of Famous Brands and China World Top Brands
5. Special Fund for Energy Savings Technology Reform
6. The State Key Technology Project Fund
7. SME International Market Exploration/Development Fund
8. SME Technology Innovation Fund
9. Export Assistance Grants

Commerce identified the following government programs in India:

A. Alleged Subsidy Programs Provided by the Government of India (GOI)

1. Advance Authorization Program (AAP) (a.k.a. Advance License Program)
2. Duty Drawback Program (DDB)
3. Duty-Free Import Authorization Scheme (DFIA)
4. Export Promotion of Capital Goods Scheme (EPCGS)
5. Merchandise Export Incentive Scheme (MEIS)/Focus Product Scheme (FPS)

6. Status Holders Incentive Scrip Scheme (SHIS)
7. Incremental Export Incentive Scheme (IEIS)
8. Special Economic Zones (SEZs)
    a. Exemption from Payment of Central Sales Tax (CST) on Purchases of Capital Goods and Raw Materials, Components, Consumables, Intermediates, Spare Parts, and Packing Material
    b. Exemption from Stamp Duty of All Transactions and Transfers of Immovable Property within the SEZ
    c. Exemption from Electricity Duty and Cess on the Sale or Supply of Electricity to the SEZ
    d. SEZ Income Tax Exemption Scheme (10A)
    e. Discounted Land Fees in an SEZ
9. Export Oriented Units (EOU) Scheme
    a. Duty-Free Imports of Goods, Including Capital Goods and Raw Materials
    b. Reimbursement of Central Sales Tax Paid on Goods Manufactured in India
    c. Exemption from Payment of Central Excise Duty on Goods Manufactured in India and Procured through a Domestic Tariff Area
    d. Duty Drawback on Furnace Oil Procured from Domestic Companies
10. Market Access Initiative (MAI)
11. Market Development Assistance Program
12. GOI Loan Guarantees
13. Income Tax Deduction for Research and Development (R&D) Expenses

B. State Government Subsidy Programs

1. State and Union Territory Sales Tax Incentive
    a. Industrial Promotion Subsidy/Sales Tax Program
    b. Interest Subsidy
    c. Electricity Duty Exemption
    d. Waiver of Stamp Duty
    e. Incentives to Strengthening Micro-, Small-, and Medium-Sized and Large Scale Industries
    f. Incentives for Mega/Ultra Mega Projects
2. Alleged Subsidy Programs Provided by State Government of Gujarat (SGOG)
    a. SGOG Plastics Industry Scheme: Interest Subsidy
    b. SGOG Plastics Industry Scheme: VAT Incentive
    c. SGOG Industry Policy 200994
    d. Investment Promotion Scheme

Alleged sales at LTFV

On June 27, 2017, Commerce published a notice in the *Federal Register* of the initiation of its antidumping duty investigations on fine denier PSF from China, India, Korea, Taiwan, and Vietnam.[30] Commerce has initiated antidumping duty investigations based on estimated dumping margins of 88.07 percent to 103.06 percent for fine denier PSF from China, 21.43 percent for fine denier PSF from India, 37.28 percent to 45.23 percent for fine denier PSF from Korea, 31.07 percent to 56.72 percent for fine denier PSF from Taiwan, and 64.73 percent for fine denier PSF from Vietnam.

THE SUBJECT MERCHANDISE

Commerce's scope

Commerce has defined the scope of this investigation as follows:[31]

> *The merchandise covered by these investigations is fine denier polyester staple fiber (fine denier PSF), not carded or combed, measuring less than 3.3 decitex (3 denier) in diameter. The scope covers all fine denier PSF, whether coated or uncoated. The following products are excluded from the scope:*
>
> *(1) PSF equal to or greater than 3.3. decitex (more than 3 denier, inclusive) currently classifiable under Harmonized Tariff Schedule of the United States (HTSUS) subheadings 5503.20.0045 and 5503.20.0065.*
>
> *(2) Low-melt PSF defined as a bi-component fiber with a polyester core and an outer, polyester sheath that melts at a significantly lower temperature than its inner polyester core currently classified under HTSUS subheading 5503.20.0015.*
>
> *Fine denier PSF is classifiable under the HTSUS subheading 5503.20.0025. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of the investigations is dispositive.*

[30] *Fine Denier Polyester Staple Fiber from the People's Republic of China, India, the Republic of Korea*, Taiwan, and the Socialist Republic of Vietnam, 82 FR 29023, June 27. 2017.

[31] *Fine Denier Polyester Staple Fiber from the People's Republic of China, India, the Republic of Korea*, Taiwan, and the Socialist Republic of Vietnam, 82 FR 29023, June 27. 2017.

Tariff treatment

Based upon the scope set forth by the Department of Commerce, information available to the Commission indicates that the merchandise subject to these investigations is imported under the following statistical reporting number 5503.20.0025 of the Harmonized Tariff Schedule of the United States ("HTS"). Rates of duty for these provisions are 4.3 percent ad valorem, and apply to products of all respondent countries; originating goods of Korea are eligible for duty-free entry under the United States-Korea Free Trade Agreement. Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection.

THE PRODUCT

Description and applications

Fine denier PSF is a manmade fiber, similar in appearance to cotton or wool. The distinguishing physical characteristics of fine denier polyester staple fiber include the denier count and the length of the fiber. Other variable characteristics of fine denier PSF may be the finish ("luster") applied to the fiber, and the "crimp" of the fiber, which impacts the fiber's tenacity, or strength.

Fine denier PSF is used for knit, woven, and nonwoven applications. Knit or woven applications include the production of textiles, such as clothing and bed linens. Nonwoven applications include the production of household and hygiene products such as baby wipes, diapers, or coffee filters. Knit or woven applications tend to require higher tenacity than nonwoven applications, and thus require more crimping. Fine denier PSF with a silicone finish or coating may also be used in certain fill applications, such as pillows.

Fine denier PSF is converted either to yarn for knitting or weaving into fabric, or to a nonwoven product (through bonding by chemical or mechanical or heat process, or solvent), prior to inclusion in the end product, or can be used as fiberfill without conversion. Once converted, fine denier PSF-produced textiles are known for soft surface texture, resistance to stretching and shrinking, wrinkle-, abrasion-, and moisture-resistance, dyeability, and washability. Nonwoven fabrics made from fine denier PSF provide specific functions such as stretch, softness, fire-resistance, washability, cushioning, thermal and acoustic filtration, and sterility. Fine denier PSF used in fill applications provides softness and loft similar to down.[32]

Fine denier PSF can be "mechanically crimped," which involves adding a two- or three-dimensional saw-tooth sine-curve, or spiral shape to the fibers, normally at the rate of five to fifteen crimps per inch. Crimping simulates cotton's natural folds to aid in processing and adds strength to the finished textile product.

The subject merchandise is sold cut-to-length, which differentiates it from filament—a long, continuous strand of fiber. After extrusion and stretching, fine denier polyester staple fiber is cut in lengths, generally of five inches (125 mm) or less. Finishes are also sprayed onto

[32] Petition, p. 18; and Conference transcript, p. 109 (Kunik).

the fiber during the manufacturing process, and can include a silicone or a "slick" finish, an oil finish, or other finishes, depending on the end-use application. Fine denier PSF is sold to end users in bales. The bales are then compressed to pack product as densely as possible for efficient shipment. The vast majority of end users have spinning mills that use the subject merchandise in the production of textiles.

Manufacturing processes[33]

The manufacture of fine denier PSF may be divided into two discrete stages. The first stage of the process is the polymer formation. The manufacture of fine denier PSF begins by reacting monoethylene glycol (MEG) with either purified terephthalic acid (PTA) or its methyl ester in the presence of an antimony catalyst. The reaction is carried out at a high temperature and in a vacuum to achieve the high molecular weights needed to form useful fiber. The mix is then sent through an esterification process before it is polymerized. Esterification is the chemical process of combining an acid with an alcohol to form an ester. Fine denier PSF produced from raw materials is referred to as virgin PSF. Virgin PSF is characterized by the purity of the whiteness of the fiber.

Polyester staple fiber may also be produced from recycled materials (polyester chips). In the production of fine denier PSF, the recycled materials are generally post-consumer recyclables such as polyethylene terephthalate ("PET") flakes from recycled plastic bottles. If recycled materials are used, the first step of the production process is to melt the chips to a liquid state prior to the second stage of the production process outlined below.

Industry sources report a growing demand from a segment of the consumer market for textiles and clothing made from recycled fibers, for which producers rely on fine denier PSF from recycled PET flake.[34] Petitioners argue that whether formed from virgin or recycled materials, the polymers are interchangeable, even indistinguishable from each other.[35] Respondents counter that it is an important distinction to the consumers who wish to purchase end use products made from recycled materials.[36]

The second stage of the manufacturing process is the fiber formation, including extruding, stretching, cutting, and baling. These steps are the same whether the polymers are formed from virgin raw materials or recycled PET flake. After polymerization, the solid, molten plastic, which has a consistency similar to cold honey, must be heated and liquefied before it can be extruded. Once heated, the liquid fiber-forming polymers are then extruded through

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[33] Unless otherwise stated, information in this section is based on How Products Are Made, "Polyester" http://www.madehow.com/Volume-2/Polyester.html, accessed June 23, 2017; Cissco Machinery Co., "Polyester Staple Fiber Production Process", Cissco Machinery Co., https://prezi.com/19n7fxqvjxzd/polyester-staple-fiber-production-process-cissco-machinery-co/, accessed June 23, 2017; and Auburn University, "Polyester Manufacturing", http://schwartz.eng.auburn.edu/polyester/manufacturing.html, accessed June 23, 2017.

[34] Conference transcript, p. 49 (Casstevens); and p. 93 (Poole).

[35] Conference transcript, p. 48 (Rosenthal); and p. 80 (Casstevens).

[36] Conference transcript, p. 97 (Poole).

tiny holes of a spinneret, a device similar in principle to a showerhead, to form continuous filaments of semi-solid polymer. The denier of the fiber is controlled by the size of the holes on the spinneret. After extrusion, the semi-solid fibers are blasted with cold air to form solid fibers. This process is known as quenching.

During the second stage of production, the solid fiber is coated for the first time with an oil finish, usually only for internal use to facilitate further processing. The spun tow,[37] as it is now known, is collected into a can to be stretched. The spun tow is sent over a creel and a series of "draw wheels" in order to orient the fiber molecules and strengthen the tow. Next, the tow is sent through a crimping machine, which gives the fiber tow a two-dimensional, saw-tooth shape. The tow is then sent through an oven to heat-set the crimp. A second finish (usually silicone or some type of oil-based finish) may be added during this stage of the process, either before the fiber tow is crimped and heat-set or directly after, depending on the preference of the manufacturer. Finally, the fiber tow is cut to length and baled.

DOMESTIC LIKE PRODUCT ISSUES

The petitioners propose that the Commission defines the domestic like product as fine denier PSF, which is co-extensive with the scope of these investigations as defined by the Department of Commerce.[38] Respondents American Textile Company Inc. ("American Textile"), David C. Poole Company, Inc. ("David C. Poole"), Suominen Corporation ("Suominen"), Green Bay, and Hollander Sleep Products, LLC ("Hollander") propose that the Commission should consider post-consumer recycled fine denier PSF ("PCR fine denier PSF") as a separate like product from virgin PSF.[39] Respondent Frontier Spinning Mills, Inc. ("Frontier") and Gildan proposes that the Commission should consider black PSF as a separate like product.[40] Respondents Fibertex Corporation ("Fibertex") and Consolidated Fibers, Inc. ("Consolidated Fibers") propose that the Commission should consider short cut PSF and siliconized PSF as separate like products.[41]

The Commission's decision regarding the appropriate domestic product(s) that are "like" the subject imported product is based on a number of factors including: (1) physical characteristics and uses; (2) common manufacturing facilities and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and (6) price. Information regarding these factors is discussed below.

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[37] Tow is large groups of continuous manmade fiber filaments without definite twist collected in loose, rope-like form. Tow is the form that most manmade fiber takes before being cut into staple.

[38] Petitioners' postconference brief, p. 5.

[39] Respondents David C. Poole, Suominen, Green Bay, and Hollander's postconference brief, p. 13.

[40] Respondent Frontier's postconference brief, p. 1.

[41] Respondents Fibertex and Consolidated Fibers' postconference brief, p. 2.

Physical characteristics and uses

The petitioners state that all fine denier share common end uses, which are typically for the production of woven or knitted textiles used in clothing and linens, or for non-woven textiles such as hospital gowns and drapes.[42] Fine denier PSF can also be used for the production of different types of wipes. Petitioners note that although there are some variations in the denier size, cut length, tenacity, finish, luster, and crimp, those variations reflect a narrow product continuum and are insufficient to denote separate like products.[43] They add that fine denier PSF made from recycled materials is identical to fine denier PSF made from virgin inputs in chemical composition, physical characteristics and other key product parameters. Consequently, the use of recycled materials in the production of fine denier PSF does not impact the product's end use.[44]

Respondents David C. Poole, Suominen, Green Bay, and Hollander stated that PCR PSF is manufactured from recycled polyethylene terephthalate (PET) bottles and has the same chemical structure as the polymer found in bottles.[45] The polyester co-monomer found in PET bottles has a notable amount of isophthatalic acid ("IPA") in its polymer backbone. Conversely, virgin fine denier PSF is manufactured with purified terephthalic acid ("PTA") and MEG, and does not normally have IPA in its polymer backbone.

Respondents Fibertex and Consolidated Fibers note that short cut fine denier PSF differs from other fine denier PSF in the following ways: (1) it is uncrimped; (2) it is packaged in small bags or boxes instead of bales; (3) it contains 11-13 percent moisture as opposed to less than 1 percent; and (4) it is much shorter in cut length (5-6 mm versus 38 mm for most other subject merchandise).[46] They also note that siliconized fine denier PSF has a higher average denier, a different finish, and a lower average tenacity than other fine denier PSF. Moreover, it is not dyable and has a siliconized finish.[47]

Respondent Gildan states that black fine denier PSF is distinct from other fine denier PSF due to the use of black pigment in the polymer that is extruded to make fibers. This form of fine denier PSF is used to spin heather colored yarn, which cannot be produced from other fine denier PSF.[48]

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[42] Petitioners' postconference brief, pp. 6-7.

[43] Petitioners' postconference brief, p. 6.

[44] Petitioners' post conference brief, exh. 9, p. 3.

[45] Respondents David C. Poole, Suominen, Green Bay, and Hollander's postconference brief, pp. 16-17, and exhs. H, I, and J.

[46] Respondents Fibertex and Consolidated Fibers' postconference brief, p. 5.

[47] Respondents Fibertex and Consolidated Fibers' postconference brief, pp. 7-8.

[48] Respondent Gildan's postconference brief, p. 3.

Manufacturing facilities and production employees

Petitioners note that all fine denier PSF is produced on the same equipment and with the same employees using the same manufacturing process. Palmetto ***.[49] Palmetto and Nan Ya ***.[50] Palmetto also ***.[51]

Respondents American Textile, David C. Poole, Suominen, Green Bay, and Hollander contend that production processes for PCR fine denier PSF differ from virgin-based fine denier PSF.[52] Respondents note that the flake handling equipment used in the production of PCR fine denier PSF are not designed to handle the MEG and PTA used in the production of virgin-based fine denier PSF. The continuous polymerization process that is conducted to manufacture virgin-based fine denier PSF cannot be performed on the flake handling and extrusion machines used for PCR PSF production.[53] Therefore, respondents note, highly specialized equipment is required to produce virgin fine denier PSF and PCR fine denier PSF. Furthermore, the production of virgin-based fine denier PSF requires qualified chemical technicians, whereas the production of PCR fine denier PSF does not require employees to have the same level of technical training.[54] Respondents also note that PCR fine denier PSF is typically manufactured in batches based on customer specifications while virgin-based fine denier PSF is manufactured on a continuous basis.

Respondents Fibertex and Consolidated Fibers note that short cut fine denier PSF is produced on manufacturing lines called "batch lines" that incorporate special cutting, packaging, and spraying systems. These batch lines cannot produce other fine denier PSF.[55] Respondents state that the production runs and lot sizes for short cut fine denier PSF are relatively small compared to the volume of product generated from the continuous lines used to manufacture other fine denier PSF. They also note that while a facility devoted to producing siliconized fine denier PSF can be used to manufacture other forms of fine denier PSF, the configurations are different because cleaning the machinery used to manufacture siliconized fine denier PSF would be time consuming and expensive.[56] Moreover, if silicone used to produce siliconized fine denier PSF were to get mixed in with other fine denier PSF, the production line would be ruined.

Respondent Gildan states that black fine denier PSF and other fine denier PSF cannot be manufactured on the same equipment because of the use of black pigment in the production

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[49] Petitioners' postconference brief, exh. 4,

[50] Petitioners' postconference brief, exh. 4, p. 1 and exh.5, p.1.

[51] Petitioners' postconference brief, exh. 4, p. 1.

[52] Respondents American Textile, David C. Poole, Suominen, Green Bay, and Hollander's postconference brief, p. 17.

[53] Respondents American Textile, David C. Poole, Suominen, Green Bay, and Hollander's postconference brief, pp. 19-20.

[54] Respondents American Textile, David C. Poole, Suominen, Green Bay, and Hollander's postconference brief, p. 20.

[55] Respondents Fibertex and Consolidated Fibers postconference brief, p. 6.

[56] Respondents Fibertex and Consolidated Fibers postconference brief, p. 9.

process. Consequently, natural fine denier PSF and black PSF are usually produced in different facilities to avoid color contamination.[57]

Interchangeability

Petitioners contend that fine denier is generally interchangeable between woven and non-woven uses.[58] They note that while different types of fine denier may have somewhat different uses, the Commission in previous investigations has recognized that similar range of differences within product types were consistent with a product continuum.[59]

Respondents American Textile, David C. Poole, Suominen, Green Bay, and Hollander state that PCR fine denier PSF and virgin-based denier PSF are not interchangeable. Although respondents note that these products can be used for the same applications, PCR fine denier PSF a specific purpose – to be used in applications where sustainable, eco-friendly products are needed.[60] Virgin-based fine denier PSF cannot be used in applications where 100 percent post-consumer recycled products are required.

Respondents Fibertex and Consolidated fiber note that short cut fine denier PSF is not interchangeable with other fine denier PSF, as it is used for paper manufacturing. It cannot be incorporated into a traditional nonwoven or textile spinning mill because doing so would damage a mill's operating equipment.[61] Siliconized fine denier PSF is not interchangeable with other fine denier PSF because it cannot be used for spinning.

Respondent Gildan Yarns notes that black fine denier PSF cannot be interchanged with other fine denier PSF because yarn spinners require black fine denier PSF to meet certain color requirements.[62] Moreover, other forms of fine denier PSF cannot be dyed after spinning.

Customer and producer perceptions

Petitioners state that producers and consumers perceive all fine denier to be the same product.[63] The single-product perception reflects fine denier PSF's unique physical characteristics in terms of denier and its discrete end-uses when compared with coarse denier. Petitioners also note that other PSF is sold to different customers due to different end use applications.[64]

Respondents American Textile, David C. Poole, Suominen, Green Bay, and Hollander note that several major customers, such as ***, perceive PCR fine denier PSF as a product that

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[57] Respondent Gildan Yarn's postconference brief, pp. 3-4.

[58] Petitioners' postconference brief, p. 7.

[59] Petitioners' postconference brief, p. 7.

[60] Respondents American Textile, David C. Poole, Suominen, Green Bay, and Hollander's postconference brief, pp. 21-22.

[61] Respondents Fibertex and Consolidated Fibers postconference brief, p. 5.

[62] Respondent Gildan Yarn's postconference brief, p. 4.

[63] Petitioners' postconference brief, p. 8.

[64] Petitioners' postconference brief, p. 8.

will help them achieve their long term environmental goals.[65] Such sustainable products have become more popular with final end-users. Respondents note that virgin-based polyester staple fiber tends to be purchased in large volumes while PCR fine denier PSF is typically ordered in much smaller volumes. Respondents Fibertex and Consolidated Fibers state that there is no overlap between purchasers of short cut fine denier PSF and those who purchase fine denier PSF for spinning and the production of nonwovens because short cut fine denier PSF is incorporated into paper-making slurries that create very different products.[66] They add that customers of siliconized fine denier PSF are unlikely to be aware the customers of other fine denier PSF.[67]

Channels of distribution

Petitioners contend that all domestically-produced fine denier PSF is sold directly to end users, which are primarily textile producers who process the fibers for woven application or for non-woven use in downstream products such as wipes.[68] Respondents American Textile, David C. Poole, Suominen, Green Bay, and Hollander state that PCR fine denier PSF is sold to manufacturers of post-consumer recyclable products and that virgin-based PSF could not be sold to such customers since it is not certified as a post-consumer recycled product.[69] Respondents Fibertex and Consolidated Fibers note that siliconized fine denier PSF is typically sold by a foreign producer to a U.S. importer who then ships the merchandise to a U.S. producer, while other forms of fine denier PSF are usually sold from the foreign producer to a U.S. spinner via medium to long-term contracts.[70]

Price

Petitioners state that all fine denier PSF is sold within a similar range of prices.[71] Respondents American Textile, David C. Poole, Green Bay, and Hollander note that pricing for virgin-based fine denier PSF is based on market indices for PTA and MEG, the primary material inputs.[72] Respondents also note that the conversion costs of PTA are different due to manufacturing processes and capital cost. Conversely, respondents note, PRC fine denier PSF is based on the price of PRC PET flake, which has a specific market index dependent on the

[65] Respondents American Textile, Suominen, Green Bay, and Hollander's postconference briefs, pp. 20.

[66] Respondents Fibertex and Consolidated Fibers postconference brief, pp. 5-6.

[67] Respondents Fibertex and Consolidated Fibers' postconference brief, p. 8

[68] Petitioners' postconference brief, pp. 7-8.

[69] Respondents American Textile, Suominen, Green Bay, and Hollander's postconference briefs, pp. 22-23.

[70] Respondents Fibertex and Consolidated Fibers' postconference brief, p. 8

[71] Petitioners' postconference brief, p. 8 and exh 7.

[72] Respondents American Textile, David C. Poole, Suominen, Green Bay, and Hollander's postconference brief, p. 23.

availability of PCR PET bottles. The conversion cost for PCR fine denier PSF is different because the manufacturing process is extruder based and smaller in scale.[73] Respondents Fibertex and Consolidated Fibers note that there is no connection between the pricing structure of siliconized fine denier PSF and other forms of fine denier PSF.[74] Respondent Gildan notes that black fine denier PSF is approximately 30 percent more expensive than natural fine denier PSF.

[73] Respondents American Textile, David C. Poole, Suominen, Green Bay, and Hollander's postconference brief, p. 24.

[74] Respondents Fibertex and Consolidated Fibers' postconference brief, p. 9.

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

U.S. MARKET CHARACTERISTICS

Fine denier PSF is used primary in woven, knit, or spun applications such as socks, hosiery, and other worn fabrics and textiles. It is also used in a number of nonwoven applications, including wipes (baby wipes, hygiene products, and household cleaning wipes), filters (water filters, face masks, and air filters), and as fiberfill for pillows and cushions, bedding, furniture, and insulation.[1] Fine denier PSF differs from PSF of a larger diameter (greater than 3 denier) and from low-melt PSF in terms of end-use applications and, particularly for low-melt PSF, production processes.[2] Fine denier PSF is sold primarily to end users, which process the fibers into woven, knitted, or non-woven uses for ultimate inclusion in downstream products.

Apparent U.S. consumption of fine denier PSF decreased irregularly from 2014 to 2016. Overall, apparent U.S. consumption was *** percent lower in 2016 than in 2014. Apparent U.S. consumption in January-March 2017 was *** percent higher than in January-March 2016.

CHANNELS OF DISTRIBUTION

The vast majority of fine denier PSF from both U.S. producers and importers is sold to end users (table II-1).

Table II-1
Fine denier PSF: U.S. producers' and importers' U.S. commercial shipments, by sources and channels of distribution, January 2014-March 2017

* * * * * * *

GEOGRAPHIC DISTRIBUTION

All four U.S. producers reported selling fine denier PSF to the Northeast, Midwest, Southeast, and Central Southwest regions, while only one firm (***) reported also selling to the Mountain and Pacific Coast regions (table II-2). Among importers, most sales of subject product were concentrated in the Southeast region. For U.S. producers, 6.5 percent of sales were within

[1] Petitioners estimate that most fine denier PSF (approximately *** percent) is used for spinning end uses for the production of knit or woven textiles, and roughly *** percent is used in nonwoven end uses. Petitioners' postconference brief, Responses to staff questions, p. 11, Exhibit 9.

[2] PSF measuring 3 denier or greater in diameter is primarily used as stuffing or batting in sleeping bags, mattresses, ski jackets, comforters, cushions, pillows, furniture, and can also be used to produce carpeting. Low-melt fiber is a bi-component fiber that has an outer, non-polyester sheath that melts a significantly lower temperature than the inner polyester core and is also used as batting. Petition, p. 13; Conference transcript, p. 35 (Cannon).

100 miles of their production facilities, 90.6 percent were between 101 and 1,000 miles, and 2.9 percent were over 1,000 miles. Importers sold 37.5 percent within 100 miles of their U.S. points of shipment, 54.3 percent between 101 and 1,000 miles, and 8.2 percent over 1,000 miles.

Table II-2
Fine denier PSF: Geographic market areas in the United States served by U.S. producers and importers

Region	U.S. producers	Importers: China	Importers: India	Importers: Korea	Importers: Taiwan	Importers: Vietnam	Subject importers Total
Northeast	4	4	3	3	2	***	***
Midwest	4	4	2	5	0	***	***
Southeast	4	11	6	8	4	***	***
Central Southwest	4	5	1	3	0	***	***
Mountain	1	1	1	3	0	***	***
Pacific Coast	1	3	1	4	0	***	***
Other[1]	0	0	1	1	0	***	***
All regions (except Other)	1	1	1	2	0	***	***
Reporting firms	4	12	6	8	4	1	14

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

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

SUPPLY AND DEMAND CONSIDERATIONS

U.S. supply

Domestic production

Based on available information, U.S. producers of fine denier PSF have the ability to respond to changes in demand with large changes in the quantity of shipments of U.S.-produced fine denier PSF to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of large amounts of inventories, the ability to shift production to or from alternate products, some unused capacity, and some ability to shift shipments to or from alternate markets.

Industry capacity

Domestic capacity utilization decreased from *** percent in 2014 to *** percent in 2016, driven by a decrease in production. While total production capacity increased by *** percent between 2014 and 2016, total production decreased by *** percent.[3] During January-March 2017, domestic capacity utilization increased to *** percent. This relatively moderate level of capacity utilization suggests that U.S. producers may have the ability to increase production of fine denier PSF in response to an increase in prices.

Alternative markets

U.S. producers' exports as a percentage of total shipments increased from *** percent in 2014 to *** percent in 2016, from a total of *** to ***. During January-March 2017, export shipments rose further, to *** percent of total shipments. U.S. producers identified their primary export markets as Mexico (***) and Canada (***).[4] These export levels indicate that U.S. producers may have some ability to shift shipments between the U.S. market and other markets in response to price changes.

Inventory levels

U.S. producers' inventories of fine denier PSF increased *** 2014-2016. Relative to total shipments, U.S. producers' inventory levels rose from *** percent in 2014 to *** percent in 2016. During January-March 2017, inventory levels rose again to *** percent. These inventory levels suggest that U.S. producers may have the ability to respond to changes in demand with changes in the quantity shipped from inventories.

Production alternatives

Three of the four responding U.S. producers stated that they could switch production from fine denier PSF to other products. *** on the same equipment. In general, the factors limiting these U.S. producers' ability to shift production were ***.

Supply constraints

Only one U.S. producer reported refusing, declining, or being unable to supply fine denier PSF since January 2014. DAK reported that an electrical outage at its Cooper River facility limited production *** during November-December 2015, delaying full production for 29 days.[5]

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[3] Each of the four reporting U.S. producers reported a decrease in production, ranging from *** to ***.

[4] *** also reported exporting to the following regions: ***.

[5] Conference transcript, p. 67 (Ruday).

***.[6] DAK also experienced a shutdown of a plant that produced PTA (one of the primary raw material inputs to PSF), PET resin, and PSF in 2013.[7] DAK reported that the closure of this plant did not negatively impact its production of fine denier PSF or its ability to supply the U.S. market. ***.[8]

Among importers, however, a number of firms specifically cited DAK's shutdowns as having affected their supply. *** reported that *** due to shutdowns, and *** reported that ***.[9] *** reported that it ***.[10] *** reported that it experienced ***.[11] Suominen (the parent company of Green Bay Nonwoven) reported importing fine denier PSF in 2015 due to a concern that DAK would not be able to supply the product it needed.[12]

Subject imports[13]

Table II-3 provides a summary of the supply of fine denier PSF from reporting subject countries; additional data are provided in Part VII.[14] Reported production capacity in China, India, and Taiwan increased from 2014 to 2016, while the production capacity in Vietnam remained unchanged. Reported capacity utilization increased for China, India, and Vietnam during this time, but decreased for Taiwan. Capacity utilization for all reporting subject countries was relatively high, exceeding 85 percent, except for Vietnam, which had a moderate capacity utilization rate. Inventories, relative to total shipments, were generally less than 7 percent for all reporting subject countries except Vietnam. Two of six responding producers from China reported being able to shift production to alternative products, while all of the other responding foreign producers reported being able to shift to production of other types or sizes of PSF. All reporting countries' shipments to non-U.S. markets represented 90 percent or more of total shipments, with a majority destined for home markets in China, India, and Taiwan; ***.

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[6] Petitioners' postconference brief, Responses to staff questions, p. 13, Exhibit 9.

[7] Conference transcript, p. 66 (Ruday). See also "DAK Americas closing PTA, PET plant in North Carolina," ICIS News, https://www.icis.com/resources/news/2013/06/19/9680171/dak-americas-closing-pta-pet-plant-in-north-carolina/, retrieved June 27, 2017.

[8] Petitioners' postconference brief, Responses to staff questions, p. 12, Exhibit 9.

[9] ***'s postconference brief, p. 3.

[10] ***'s postconference brief, p. 1.

[11] See also ***'s postconference brief, pp. 2, 7-8.

[12] Conference transcript, pp. 85-86 (Dunbar).

[13] For data on the number of responding foreign firms and their share of U.S. imports from each of the subject countries, please refer to Part I, "Summary Data and Data Sources."

[14] No Korean producer/exporter responded to the Commission's foreign producer questionnaire, so no primary data on the Korean industry is reported in this section.

Table II-3
Fine denier PSF: Foreign industry factors that affect ability to increase shipments to the U.S. market

* * * * * * *

Nonsubject imports

Nonsubject imports accounted for *** percent of all U.S. imports of fine denier PSF in 2016. The largest sources of nonsubject imports during 2016 were Germany and Mexico. Combined, these countries accounted for *** percent and *** of nonsubject imports, respectively, in 2016.

U.S. demand

Based on available information, the overall demand for fine denier PSF is likely to experience moderate changes in response to changes in price. The main contributing factors to this degree of responsiveness are the limited range and cost effectiveness of substitute products and the wide range of cost shares in most of its end-use applications.

End uses and cost share

U.S. demand for fine denier PSF depends on the demand for U.S.-produced downstream products. Fine denier PSF is used in woven, knit, or spun applications as well as in nonwoven applications. The most commonly reported end uses for fine denier PSF include apparel (such as socks, hosiery, and other worn fabrics and textiles), wipes (such as baby wipes, hygiene products, and household cleaning wipes), filters (such as water filters, face masks, and air filters), pillows and cushions, fiberfill, bedding and furniture, nonwoven fabrics, mop yarn, and insulation.

Fine denier PSF accounts for a very broad range of the share of the cost of the end-use products in which it is used. The broadest range reported was for apparel and textile applications, which ranged from 6 to almost 100 percent, depending on the content of fine denier PSF vs. other fabrics. In nonwoven applications such as wipes, the average cost share tended to be higher; ranging from 60 to almost 100 percent. In industrial applications such as filters and insulation, most cost shares ranged from 30 to 60 percent. The cost share of fine denier PSF used in most pillows, bedding, and furniture ranged from 6 to 60 percent.

Business cycles

No U.S. producers and a minority of importers (7 of 26) indicated that the fine denier PSF market was subject to business cycles or conditions of competition. Specifically, two importers reported that the market was subject to business cycles. *** stated that its business slows down during summer vacation and at the end of the year, and *** reported that “markets are always changing.” Five importers reported that the market was subject to distinct

conditions of competition. *** reported that the price of cotton and the impact of oil prices on raw material costs affect the fine denier PSF market. *** reported that there is growing demand for certified, traceable, high-quality recycled PSF. *** reported that there has been an increase in demand for the end products made from fine denier PSF. *** reported that the conditions of competition are dependent on regional feedstock and market prices of the raw materials MEG and PTA.

Demand trends

Half of the U.S. producers and the majority of importers reported an increase in U.S. demand for fine denier PSF since January 1, 2014 (table II-4).

Table II-4
Fine denier PSF: Firms' responses regarding U.S. demand and demand outside the United States

Item	Increase	No change	Decrease	Fluctuate
Demand in the United States				
U.S. producers	2	0	1	1
Importers	16	4	2	3
Demand outside the United States				
U.S. producers	2	0	0	1
Importers	13	1	0	3

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

In explaining the increase in demand, firms generally reported factors associated with substitute products, such as preference and price of cotton, and downstream product demand, such as increased use in fabrics and apparel. Specifically, *** reported a move away from cotton and other natural fibers towards fine denier PSF (with *** citing a decrease in the cost of PSF compared to these other fibers). *** reported an increase in demand for knit fabrics and apparel. *** reported an increase in demand for nonwoven and fiberfill end uses. *** cited the increased cost of an alternative product (feather and down fill) and innovative cooling technologies in pillows. *** stated that cotton/poly blends have become more popular, with *** adding that more companies have re-shored operations back to the United States. *** cited a combination of higher cotton prices, increases in domestic spinning capacity, and an increase in fashion trends demanding more polyester rich yarn. *** also stated that demand for imported product specifically had increased due to DAK America's shutdown of its Cape Fear plant in 2013 and their unplanned outage during November-December 2015.

Substitute products

All four U.S. producers and a majority of importers (22 of 27) reported that there are no substitutes for fine denier PSF. Five importers did report substitutes that varied depending on end use. *** reported that viscose is a substitute for fine denier PSF in wipes. *** reported that non-branded recycled PSF is a substitute in apparel and socks. *** reported that feathers are substitutes in bedding. *** reported that other fine denier polyester is a substitute in mop

yarn. *** reported that other types of PSF are substitutes in pillows. Only one firm, ***, reported that changes in the price of the substitute affected the price of fine denier PSF, indicating that the price of fine denier PSF generally moves in step with the prices of substitute types of fiber since they are made from the same raw materials and by the same producers.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported fine denier PSF 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 moderate-to-high degree of substitutability between domestically produced fine denier PSF and fine denier PSF imported from subject sources, depending on the type of subject product. For product types and applications in which both domestic and subject imported producers compete, staff believes that there is a high degree of substitutability. To the extent that some products are not available domestically, substitutability may be more limited.

Lead times

Fine denier PSF is primarily sold from inventory. U.S. producers reported that *** percent of their commercial shipments were from inventory, while importers reported that *** percent of their commercial shipments were sold from inventory, with lead times averaging 1.1 and 2.6 days, respectively. The remaining *** percent of U.S. producers' commercial shipments as well as *** percent of U.S. producers' commercial shipments were produced-to-order, with lead times averaging 13.5 and 34.2 days, respectively.[15]

Factors affecting purchasing decisions

Purchasers responding to lost sales lost revenue allegations[16] were asked to identify the main purchasing factors their firm considered in their purchasing decisions for fine denier PSF, in order of importance. The most commonly listed first most-important factors were those relating to quality (such as spinnability and processing) (seven firms), customer specifications (two firms), and availability/ stability of supply (two firms). The most commonly listed second-most important factors were related to availability/ stability of supply (four firms), quality (three firms), price (2 firms), customer specifications and fibers that allow for production efficiency and integrity (one firm each). The most commonly listed third-most important factors were price/ total cost savings (9 firms), risk mitigation and service (one firm each).

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[15] Importers reported that *** percent of commercial shipments came from foreign manufacturers' inventories, with lead times averaging 45.1 days.

[16] This information is compiled from responses by purchasers identified by Petitioners *** to the lost sales lost revenue allegations. See Part V for additional information.

Comparison of U.S.-produced and imported fine denier PSF

In order to determine whether U.S.-produced fine denier PSF can generally be used in the same applications as imports from China, India, Korea, Taiwan and/or Vietnam, U.S. producers and importers were asked whether the products can always, frequently, sometimes, or never be used interchangeably. As shown in table II-5, all four U.S. producers reported that all fine denier PSF can "always" be used interchangeably, regardless of source. Among importers, responses were more varied. When comparing U.S. product to product from China, India, Korea, and Taiwan, either a majority or a plurality of firms reported that they were "sometimes" interchangeable. When comparing U.S. product to product from Vietnam, three importers reported that they were "always" interchangeable, and two reported that they "sometimes" were.

Table II-5
Fine denier PSF: Interchangeability between fine denier PSF produced in the United States and in other countries, by country pair

Country pair	Number of U.S. producers reporting				Number of importers reporting			
	A	F	S	N	A	F	S	N
U.S. vs. subject countries:								
U.S. vs. China	4	0	0	0	6	3	13	1
U.S. vs. India	4	0	0	0	4	1	6	3
U.S. vs. Korea	4	0	0	0	3	1	8	1
U.S. vs. Taiwan	4	0	0	0	3	1	5	3
U.S. vs. Vietnam	4	0	0	0	3	0	2	0
Subject countries comparisons:								
China vs. India	4	0	0	0	3	2	3	0
China vs. Korea	4	0	0	0	3	2	4	0
China vs. Taiwan	4	0	0	0	3	2	3	0
China vs. Vietnam	4	0	0	0	3	1	2	0
India vs. Korea	4	0	0	0	3	2	2	0
India vs. Taiwan	4	0	0	0	3	2	1	0
India vs. Vietnam	4	0	0	0	3	1	1	0
Korea vs. Taiwan	4	0	0	0	3	2	2	0
Korea vs. Vietnam	4	0	0	0	3	1	2	0
Taiwan vs. Vietnam	4	0	0	0	3	1	2	0
Nonsubject countries comparisons:								
U.S. vs. nonsubject	4	0	0	0	4	0	4	1
China vs. nonsubject	4	0	0	0	3	1	2	0
India vs. nonsubject	4	0	0	0	4	1	1	0
Korea vs. nonsubject	4	0	0	0	3	1	3	0
Taiwan vs. nonsubject	4	0	0	0	3	1	2	0
Vietnam vs. nonsubject	4	0	0	0	3	1	2	0

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

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

Two importers (***) indicated that fine denier PSF produced in the United States and in subject countries can be used interchangeably in areas where the specifications (such as color, dye uptake, strength, luster, and aesthetic properties) are the same. However, several importers reported that some products are not available from domestic producers. *** stated that a number of the products that it imports for use in nonwoven and fiberfill applications are not available domestically. *** stated that while spinning fiber is frequently interchangeable, micro denier siliconized 1.5 denier and below is not produced in the United States. *** reported that black PSF of acceptable quality is not available in the United States. *** reported that the petitioners do not have the proper equipment or processes to manufacture low denier siliconized PSF. *** stated that short cut, FDA approved, low shrink fiber is not available in the United States. Consolidated Fibers reported that *** and short cut PSF are not available from domestic producers.[17]

A number of importers also reported that interchangeability limitations are more a matter of specific producer than country source, and that product from different plants cannot be co-mingled. Specifically, *** reported that fiber quality and other specifications differ more between producers than between country sources. *** added that its yarn spinning frames are calibrated for a particular PSF supply at a given time, and that the supply from one particular vendor cannot be mixed with another vendor's supply. *** indicated that while the products are chemically the same regardless of the country of origin, quality requirements prevent it from mixing products from different countries or even from different plants within the same country due to variability issues.

In addition, producers and importers were asked to assess how often differences other than price were significant in sales of fine denier PSF from the United States, subject, or nonsubject countries. As seen in table II-6, all four U.S. producers reported that differences other than price are "never" significant. When comparing U.S. product to product from China, India, Korea, and Taiwan, importers' responses were distributed fairly evenly among "always," "frequently," "sometimes," and "never." When comparing U.S. product to product from Vietnam, four importers reported that such differences were "never" significant, and two reported that they "frequently" were.

[17] Conference transcript, pp. 103, 117-118 (Kunik).

Table II-6
Fine denier PSF: Significance of differences other than price between fine denier PSF produced in the United States and in other countries, by country pair

Country pair	Number of U.S. producers reporting				Number of importers reporting			
	A	F	S	N	A	F	S	N
U.S. vs. subject countries:								
U.S. vs. China	0	0	0	4	5	4	6	5
U.S. vs. India	0	0	0	4	4	3	3	2
U.S. vs. Korea	0	0	0	4	3	3	3	3
U.S. vs. Taiwan	0	0	0	4	3	3	1	3
U.S. vs. Vietnam	0	0	0	4	0	2	0	4
Subject countries comparisons:								
China vs. India	0	0	0	4	1	2	3	2
China vs. Korea	0	0	0	4	1	2	3	3
China vs. Taiwan	0	0	0	4	0	2	2	3
China vs. Vietnam	0	0	0	4	0	2	0	3
India vs. Korea	0	0	0	4	1	1	2	3
India vs. Taiwan	0	0	0	4	0	1	2	3
India vs. Vietnam	0	0	0	4	0	1	0	3
Korea vs. Taiwan	0	0	0	4	0	2	2	3
Korea vs. Vietnam	0	0	0	4	0	2	0	3
Taiwan vs. Vietnam	0	0	0	4	0	2	0	3
Nonsubject countries comparisons:								
U.S. vs. nonsubject	0	0	0	4	1	3	1	2
China vs. nonsubject	0	0	0	4	0	2	1	2
India vs. nonsubject	0	0	0	4	0	1	2	2
Korea vs. nonsubject	0	0	0	4	0	2	2	2
Taiwan vs. nonsubject	0	0	0	4	0	2	1	2
Vietnam vs. nonsubject	0	0	0	4	0	2	1	2

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

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

In additional comments, *** rated differences other than price as “always” significant between domestic product and product from India and Korea, stating that quality and availability are major non-price factors. *** also reported growing demand for product made from recycled PSF among knit and woven fabric producers and their customers as a non-price factor. Additionally, several firms (***) also mentioned availability, security of supply, and diversification of supply sources as being important considerations.

Some firms mentioned imported product as being superior in quality for some applications. *** reported that Chinese product is of equal or higher quality than domestic product, and *** stated that fine denier PSF from China, India, Korea, and Taiwan is never interchangeable with domestic product because U.S. producers lack product range, mix, and technology.

PART III: U.S. PRODUCERS' PRODUCTION, SHIPMENTS, AND EMPLOYMENT

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the subsidies and dumping margins was presented in *Part I* of this report and information on the volume and pricing of imports of the subject merchandise is presented in *Part IV* and *Part V*. Information on the other factors specified is presented in this section and/or *Part VI* and (except as noted) is based on the questionnaire responses of four firms that accounted for a large majority of U.S. production of fine denier PSF during 2016.[1]

U.S. PRODUCERS

The Commission issued a U.S. producer questionnaire to four firms based on information contained in the petition. All four firms provided usable data on their productive operations. Commission staff believes that these responses represent the vast majority of U.S. production of fine denier PSF. Table III-1 lists U.S. producers[2] of fine denier PSF, their production locations, positions on the petition, and shares of total production.

Table III-1
Fine denier PSF: U.S. producers, their positions on the petition, production locations, and shares of reported production, 2016

Firm	Position on petition	Production location(s)	Share of production (percent)
Auriga	Petitioner	Spartanburg, SC	***
DAK Americas	Petitioner	Charlotte, NC Moncks Corner, SC	***
Nan Ya	Petitioner	Lake City, SC	***
Palmetto	***	Kingstree, SC	***
Total			100.0

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

Table III-2 presents information on U.S. producers' ownership, related and/or affiliated firms, and their share of total production of fine denier PSF.

[1] For discussion of data coverage, please refer to Part I, "Summary Data and Data Sources."

[2] Petitioners identified Fiber Innovation Technology ("FIT') as a U.S. producer of the subject merchandise. Since petitioners informed the Commission about FIT after the conference, the Commission was unable to issue FIT a U.S. producers' questionnaire in time for the report issuance. Petitioners' counsel noted that this U.S. producer is a *** in the fine denier PSF industry. Petitioners' postconference brief, p. 9, ***, phone conversation with Commission staff, July 5, 2017.

Table III-2
Fine denier PSF: U.S. producers' ownership, related and/or affiliated firms

* * * * * * *

As indicated in table III-2, three U.S. producers (***) are related to foreign producers of the subject merchandise. Nan Ya is ***. No U.S. producers are related to U.S. importers of the subject merchandise. In addition, as discussed in greater detail below, two U.S. producers, *** and ***, directly import the subject merchandise. Responding U.S. producers did not report purchases of the subject merchandise from U.S. importers.

Table III-3 presents U.S. producers' reported changes in operations since January 1, 2014.

Table III-3
Fine denier PSF: U.S. producers' reported changes in operations, since January 1, 2014

* * * * * * *

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-4 and figure III-1 present U.S. producers' production, capacity, and capacity utilization.

Table III-4
Fine denier PSF: U.S. producers' capacity, production, and capacity utilization, 2014-16, January to March 2016, and January to March 2017

* * * * * * *

Figure III-1
Fine denier PSF: U.S. producers' capacity, production, and capacity utilization, 2014-16, January to March 2016, January to March 2017

* * * * * * *

U.S. producers' capacity increased from *** pounds in 2014 to *** pounds in 2016, an increase of *** percent. Capacity was *** percent lower in interim 2017 than in interim 2016. The increase in capacity was largely due to ***, which ***. It accounted for all the total increase in capacity during 2014-16. DAK Americas announced a project for the construction of a new PSF production facility that would increase production capacity by 230 million pounds, but noted that ***.

Production decreased from *** pounds in 2014 to *** pounds in 2016, a decrease of *** percent. It was *** percent lower in interim 2017 than in interim 2016. *** had the largest decrease in production between 2014 and 2016, accounting for *** percent of the total decrease. Production was lower in 2016 compared to 2014 for every U.S. producer. In 2013, DAK Americas closed its Cape Fear production facility near Wilmington, North Carolina.

Petitioners stated that the closure ***.[3] DAK Americas also reported that on November 6, 2015, its Cooper River facility experienced a loss of electrical power.[4]

According to petitioners, the November 2015 electrical outage ***. However, petitioners stated that ***. Petitioners also noted that ***.[5] DAK Americas was ***. Petitioners noted that ***.[6] They added that Nan Ya actively sought out customers once it was aware of DAK America's outage.

U.S. producers' average capacity utilization decreased from *** percent in 2014 to *** percent in 2016 and was *** percentage points lower in interim 2017 relative to interim 2016. All responding U.S. producers had lower capacity utilization in 2016 compared to 2014. DAK Americas ***. DAK Americas reported that ***. Nan Ya's production declined while its capacity remained the same. However, *** and *** capacity utilization was higher in interim 2017 relative to interim 2016.

Alternative products

As shown in table III-5, responding U.S. producers produced other products on the same equipment and machinery used to produce fine denier PSF. U.S. producers' overall production capacity increased from 718.3 million pounds in 2014 to 748.7 million pounds in 2016, an increase of 4.2 percent. Capacity was roughly the same in interim 2016 and interim 2017. Fluctuating year to year, out-of-scope production on the same machinery increased from *** pounds in 2014 to *** pounds in 2015, and then decreased to *** pounds in 2016 for an overall increase of *** percent. It was *** percent higher in interim 2017 than in interim 2016. Fine denier PSF accounted for *** percent to *** percent of total production on the same equipment and machinery during 2014-2016.

Firms reported producing other forms of PSF on the same machinery used to produce fine denier PSF. DAK Americas reported that its ***. Palmetto noted that ***.

[3] Petitioners' postconference brief, exh. 1, p. 12, and exh. 9, pp. 1-2.
[4] Ibid.
[5] Petitioners' post conference brief, exh. 1, p. 13.
[6] Petitioners' postconference brief, p. 18.

Table III-5
Fine denier PSF: U.S. producers' overall plant capacity and production on the same equipment as subject production, 2014-16, January to March 2016, and January to March 2017

Item	Calendar year			January to March	
	2014	2015	2016	2016	2017
	Quantity (1,000 pounds)				
Overall capacity	718,313	733,313	748,706	186,980	186,587
Production: Fine denier PSF	***	***	***	***	***
Other forms of PSF	***	***	***	***	***
Other products	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	***	***	***	***	***
	Ratios and shares (percent)				
Overall capacity utilization	***	***	***	***	***
Share of production: Fine denier PSF	***	***	***	***	***
Other forms of PSF	***	***	***	***	***
Other products	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	100.0	100.0	100.0	100.0	100.0

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

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

Table III-6 presents U.S. producers' commercial U.S. shipments, export shipments, and total shipments. U.S. producers' commercial U.S. shipments, by quantity, fell from *** pounds in 2014 to *** pounds in 2016, a decrease of *** percent. It was *** percent lower in interim 2017 than in interim 2016. U.S. producers' commercial U.S. shipments, by value, decreased from $*** in 2014 to $*** in 2016, a decrease of *** percent. It was *** percent higher in interim 2017 than in interim 2016. This resulted in the average unit value of U.S. producers' commercial U.S. shipments declining from $*** per pound in 2014 to $*** per pound in 2016. Every producer had lower average unit values in 2016 compared to 2014. However, the average unit values for *** U.S. commercial shipments were greater in interim 2017 relative to interim 2016.

U.S. producers' total shipments, by quantity, fell from *** pounds in 2014 to *** pounds in 2016, a decrease of *** percent. It was *** percent greater in interim 2017 than in interim 2016. Every U.S. producer had a lower volume of U.S. commercial shipments and total U.S. shipments in 2016 compared to 2014. U.S. producers' total shipments, by value, decreased from $*** in 2014 to $*** in 2016, a decrease of *** percent. It was *** percent higher in interim 2017 than in interim 2016. Consequently, the average unit value of U.S. producers' total shipments also fell from $*** per pound in 2014 to $*** per pound in 2016. None of the responding U.S. producers reported internal consumption during 2014-2016.

Table III-6
Fine denier PSF: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2014-16, January to March 2016, and January to March 2017

* * * * * * *.

U.S. PRODUCERS' INVENTORIES

Table III-7 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**.** U.S. producers' end-of-period inventories grew from *** pounds in 2014 to *** pounds in 2016, an increase of *** percent. This rise in inventories was driven by ***, which accounted for *** percent of the total increase. U.S. producers' end-of-period inventories were *** percent higher in interim 2017 than in interim 2016.

Table III-7
Fine denier PSF: U.S. producers' inventories, 2014-16, January to March 2016, and January to March 2017

* * * * * * *

U.S. PRODUCERS' IMPORTS AND PURCHASES

U.S. producers' imports and purchases of fine denier PSF are presented in table III-8. One producer (***) imported from subject sources. According to petitioners, ***.[7] *** also ***.[8]

Table III-8
Fine denier PSF: U.S. producers' U.S. production, and direct imports, 2014-16, January to March 2016, and January to March 2017

* * * * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-9 shows U.S. producers' employment-related data. The number of PRWs, total hours worked, hours worked per PRW, and productivity decreased from 2014 to 2016, while wages paid, hourly wages, and unit labor costs increased. All U.S. producers had a fewer number of PRWs in 2016 than in 2014.

[7] Petitioners' postconference brief, exh. 9, p. 1.
[8] Ibid.

Table III-9
Fine denier PSF: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2014-16, January to March 2016, and January to March 2017

Item	Calendar year			January to March	
	2014	2015	2016	2016	2017
Production and related workers (PRWs) (number)	550	576	549	580	533
Total hours worked (1,000 hours)	1,228	1,293	1,210	316	291
Hours worked per PRW (hours)	2,233	2,245	2,204	545	546
Wages paid ($1,000)	33,484	35,338	33,529	10,346	7,612
Hourly wages (dollars per hour)	$27.27	$27.33	$27.71	$32.74	$26.16
Productivity (pounds per hour)	***	***	***	***	***
Unit labor costs (dollars per pound)	***	***	***	***	***

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

PART IV: U.S. IMPORTS, APPARENT U.S. CONSUMPTION, AND MARKET SHARES

U.S. IMPORTERS

The Commission issued importer questionnaires to 61 firms believed to be importers of subject fine denier PSF, as well as to all U.S. producers of fine denier PSF.[1] [2] Usable questionnaire responses were received from 27 companies, representing approximately *** percent of total U.S. imports and *** percent of total subject imports during 2016.

Firms responding to the Commission's questionnaire accounted for the following estimated shares of each subject country's imports (as a share of adjusted import statistics, by quantity) during 2016.

- *** percent of subject imports from China;
- *** percent of subject imports from India;
- *** percent of subject imports from Korea;
- *** percent of subject imports from Taiwan; and
- *** percent of subject imports from Vietnam

Table IV-1 lists all responding U.S. importers of fine denier PSF from China, India, Korea, Taiwan, and Vietnam, and nonsubject sources, their locations, and their shares of U.S. imports, in 2016.

[1] The Commission issued questionnaires to those firms identified in the petition, along with firms that, based on a review of data provided by U.S. Customs and Border Protection ("Customs"), may have accounted for more than one percent of total imports under HTS subheading 5503.20.0025 during January 2014-April 2017.

[2] Petitioners identified 139 possible importers of fine denier PSF. Commission staff identified 33 firms based on a review of proprietary Customs data believed to account for the majority of total U.S. imports of fine denier PSF. Commission staff issued questionnaires to all importers identified through proprietary customs data as well as to all importers identified in the petition for which an email address was provided. Petition exh. I-6.

Table IV-1
Fine denier PSF: U.S. importers, their headquarters, and share of total imports by source, 2016

Firm	Headquarters	Share of imports by source (percent)			
		China	India	Korea	Taiwan
American Textile	Duquesne, PA	***	***	***	***
Auriga	Charlotte, NC	***	***	***	***
Bernet	Los Angeles, CA	***	***	***	***
BMT	New York, NY	***	***	***	***
Consolidated Fibers	Charlotte, NC	***	***	***	***
Cupron	Richmond, VA	***	***	***	***
DAK Americas	Charlotte, NC	***	***	***	***
David C. Poole	Greenville, SC	***	***	***	***
Deca Global	Memphis, TN	***	***	***	***
Fibertex	Teaneck, NJ	***	***	***	***
Frontier	Sanford, NC	***	***	***	***
Gildan	Salisbury, NC	***	***	***	***
Green Bay	Green Bay, WI	***	***	***	***
Hollander	Boca Raton, FL	***	***	***	***
Inman	Inman, SC	***	***	***	***
Invista	Wichita, KS	***	***	***	***
Jones Companies	Humboldt, TN	***	***	***	***
Milliken	Spartanburg, SC	***	***	***	***
Mount Vernon	Mauldin, SC	***	***	***	***
Neenah	Dalton, MA	***	***	***	***
Parkdale	Gastonia, NC	***	***	***	***
RSM	Charlotte, NC	***	***	***	***
Springs Global	Fort Mill, SC	***	***	***	***
Spuntech	Roxboro, NC	***	***	***	***
Stein Fibers	Albany, NY	***	***	***	***
Unifi	Greensboro, NC	***	***	***	***
William Barnet	Spartanburg, SC	***	***	***	***
Total		100.0	100.0	100.0	100.0

Table continued on the next page.

Table IV-1--Continued
Fine denier PSF: U.S. importers, their headquarters, and share of total imports by source, 2016

Firm	Headquarters	Share of imports by source (percent)			
		Vietnam	Subject sources	Nonsubject sources	All import sources
American Textile	Duquesne, PA	***	***	***	***
Auriga	Charlotte, NC	***	***	***	***
Bernet	Los Angeles, CA	***	***	***	***
BMT	New York, NY	***	***	***	***
Consolidated Fibers	Charlotte, NC	***	***	***	***
Cupron	Richmond, VA	***	***	***	***
DAK Americas	Charlotte, NC	***	***	***	***
David C. Poole	Greenville, SC	***	***	***	***
Deca Global	Memphis, TN	***	***	***	***
Fibertex	Teaneck, NJ	***	***	***	***
Frontier	Sanford, NC	***	***	***	***
Gildan	Salisbury, NC	***	***	***	***
Green Bay	Green Bay, WI	***	***	***	***
Hollander	Boca Raton, FL	***	***	***	***
Inman	Inman, SC	***	***	***	***
Invista	Wichita, KS	***	***	***	***
Jones Companies	Humboldt, TN	***	***	***	***
Milliken	Spartanburg, SC	***	***	***	***
Mount Vernon	Mauldin, SC	***	***	***	***
Neenah	Dalton, MA	***	***	***	***
Parkdale	Gastonia, NC	***	***	***	***
RSM	Charlotte, NC	***	***	***	***
Springs Global	Fort Mill, SC	***	***	***	***
Spuntech	Roxboro, NC	***	***	***	***
Stein Fibers	Albany, NY	***	***	***	***
Unifi	Greensboro, NC	***	***	***	***
William Barnet	Spartanburg, SC	***	***	***	***
Total		100.0	100.0	100.0	100.0

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

U.S. IMPORTS

Table IV-2 and figure IV-1 present data for U.S. imports of fine denier PSF from China, India, Korea, Taiwan, and Vietnam[3] and all other sources. From 2014 to 2016, total U.S. imports, increased by *** percent by quantity and by *** percent by value, resulting in the average unit value decreasing from $*** per pound to $*** per pound. Subject imports grew by *** percent by quantity and by *** percent by value from 2014 to 2016. The increase in subject imports was driven by an increase in imports from China, which accounted for *** percent of the total increase of subject imports during 2014-2016. Nonsubject imports fell by *** percent by quantity and by *** percent by value from 2014 to 2016. Average unit values of U.S. imports from subject and nonsubject sources decreased during 2014-2016, by *** percent and *** percent respectively. China was the largest subject source of U.S. imports in 2016, accounting for *** percent of total U.S. imports by quantity, followed by India, accounting for *** percent. The ratio of subject imports to U.S. production increased from *** percent in 2014 to *** percent in 2016.

The leading nonsubject sources of imports, as presented in table IV-3, were Germany and Mexico, accounting for *** percent and *** percent of nonsubject imports by quantity in 2016, respectively. As a share of total imports, Germany and Mexico accounted for *** percent and *** percent, respectively.

[3] The data for imports from Vietnam presented in the official U.S. import statistics is overstated because *** imports of PSF measuring more than 3 denier from Vietnam were misclassified under HTS statistical reporting number 5503.20.0025. In response to requests from Commission staff for documentation of these imports, *** provided Customs records and invoices of all its imports of PSF from Vietnam during the period of investigation that confirm these imports were misclassified under HTS statistical reporting number 5503.20.0025. Moreover, the Vietnamese company identified in the *** database as the exporter of *** imports, ***, stated in its foreign producers' questionnaire response and in an email message to Commission staff that it did not produce or export fine denier PSF during the period of investigation. Based on these separate reports, *** import data for Vietnam has been removed. ***, email message to Commission staff, June 15, 2017, ***, phone conversation with Commission staff, June 20, 2017, and ***, email message to Commission staff, June 23, 2017.

Table IV-2
Fine denier PSF: U.S. imports by source, 2014-16, January to March 2016, and January to March 2017

Item	Calendar year			January to March	
	2014	2015	2016	2016	2017
	Quantity (1,000 pounds)				
U.S. imports from.--					
China	76,710	113,253	162,256	41,964	39,012
India	22,214	28,322	27,367	7,215	9,122
Korea	14,231	20,468	18,048	3,790	5,673
Taiwan	16,862	15,868	16,235	3,307	2,456
Vietnam	***	***	***	***	***
Subject sources	***	***	***	***	***
Subject less Vietnam	130,017	177,911	223,906	56,277	56,264
Nonsubject sources	***	***	***	***	***
Nonsubject plus Vietnam	***	***	***	***	***
All import sources	***	***	***	***	***
	Value (1,000 dollars)				
U.S. imports from.--					
China	56,977	69,215	90,105	23,732	22,241
India	17,346	19,226	15,866	4,132	5,506
Korea	12,200	14,821	12,325	2,633	3,574
Taiwan	18,081	14,258	11,059	2,174	2,024
Vietnam	***	***	***	***	***
Subject sources	***	***	***	***	***
Subject less Vietnam	104,605	117,520	129,354	32,672	33,344
Nonsubject sources	***	***	***	***	***
Nonsubject plus Vietnam	***	***	***	***	***
All import sources	***	***	***	***	***
	Unit value (dollars per pound)				
U.S. imports from.--					
China	0.74	0.61	0.56	0.57	0.57
India	0.78	0.68	0.58	0.57	0.60
Korea	0.86	0.72	0.68	0.69	0.63
Taiwan	1.07	0.90	0.68	0.66	0.82
Vietnam	***	***	***	***	***
Subject sources	***	***	***	***	***
Subject less Vietnam	0.80	0.66	0.58	0.58	0.59
Nonsubject sources	***	***	***	***	***
Nonsubject plus Vietnam	***	***	***	***	***
All import sources	***	***	***	***	***

* * * * * * *

Source: Official U.S. import statistics using HTS statistical reporting number 5503.20.0025, accessed June 1, 2017 and ***.

Table IV-3
Fine denier PSF: U.S. imports by nonsubject source, 2014-16, January to March 2016, and January to March 2017

* * * * * * *

Figure IV-1
Fine denier PSF: U.S. import volume and prices, 2014-16, January to March 2016 and January to March 2017

* * * * * * *

NEGLIGIBILITY

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.[4] Negligible imports are generally defined in the Tariff Act of 1930, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation. However, if there are imports of such merchandise from a number of countries subject to investigations initiated on the same day that individually account for less than 3 percent of the total volume of the subject merchandise, and if the imports from those countries collectively account for more than 7 percent of the volume of all such merchandise imported into the United States during the applicable 12-month period, then imports from such countries are deemed not to be negligible.[5] Table IV-4 presents the individual shares of total imports accounted by subject countries by quantity during the most recent 12-month period.

Table IV-4
Fine denier PSF: U.S. imports in the twelve month period preceding the filing of the petition, May 2016 through April 2017

* * * * * * *

Respondent Fibertex states that it is the *** Vietnamese producers of subject merchandise, *** and ***.[6] This declaration was supported by *** and *** who stated ***.[7] Based on these statements, Fibertex notes that its imports are a fair representation of all imports of fine denier PSF from Vietnam, which accounted for *** percent of total U.S. imports

[4] Sections 703(a)(1), 705(b)(1), 733(a)(1), and 735(b)(1) of the Act (19 U.S.C. §§ 1671b(a)(1), 1671d(b)(1), 1673b(a)(1), and 1673d(b)(1)).
[5] Section 771 (24) of the Act (19 U.S.C § 1677(24)).
[6] Respondent Fibertex's postconference brief, attachment 1, p. 1.
[7] Respondent Fibertex's postconference brief, attachments 2 and 3.

during the most recent twelve month period preceding the filing of the petition (May 2016-April 2017).[8]

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. Information regarding channels of distribution, market areas, and interchangeability appear in Part II. Additional information concerning fungibility, geographical markets, and simultaneous presence in the market is presented below.

Fungibility

The Commission collected data on U.S. producers and U.S. importers' U.S. shipments of fine denier PSF in 2016 by type, denier size and tenacity.[9] Table IV-5 and figure IV-2 present U.S. importers' U.S. shipments of fine denier PSF by type. The majority of U.S. importers' subject U.S. shipments and U.S. producers' U.S. shipments of fine denier PSF were non-conjugate, accounting for *** percent and *** percent of U.S. importers U.S. shipments and U.S. producers' U.S. shipments, respectively.

Table IV-5
Fine denier PSF: U.S. producers' and U.S. importers' U.S. shipments, by type, 2016

* * * * * * *

Figure IV-2
Fine denier PSF: U.S. producers' and U.S. importers' U.S. shipments, by type, 2016

* * * * * * *

Table IV-6 and figure IV-3 present U.S. importers' U.S. shipments of fine denier PSF in 2016 by denier size.[10] The majority of U.S. importers' subject U.S. shipments and U.S. producers' U.S. shipments of fine denier PSF measuring between 1.15 denier and 1.8 denier.

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[8] Respondent Fibertex's postconference brief, attachment 1, p. 1.

[9] U.S. importers' U.S. shipments of fine denier PSF from each subject country by size and tenacity is presented in appendix D.

[10] *** was unable to provide complete shipment data based on size and tenacity due to a lack of tenacity information on its imports of regenerated fine denier PSF. *** did not provide complete U.S. shipment data based on size and tenacity because their shipments do not fall under the tenacities categories outlined in tables IV-5 and IV-6. As a result, U.S. shipment data based on size and tenacity is understated. ***, email message to Commission staff, June 14, 2017.

These shipments accounted for *** percent and *** percent of U.S. importers' total subject U.S. shipments and U.S. producers' total U.S. shipments, respectively.

Table IV-6
Fine denier PSF: U.S. producers' and U.S. importers' U.S. shipments by denier size, 2016

* * * * * * *

Figure IV-3
Fine denier PSF: U.S. producers' and U.S. importers' U.S. shipments, by denier size, 2016

* * * * * * *

Table IV-7 and figure IV-4 present U.S. importers' U.S. shipments of fine denier PSF in 2016 by tenacity. The majority of U.S. importers' U.S. shipments and U.S. producers' U.S. shipments were of fine denier PSF with tenacity greater than 5 grams per denier. These shipments accounted for *** percent and *** percent of U.S. importers' total subject U.S. shipments and U.S. producers' total U.S. shipments, respectively.

Table IV-7
Fine denier PSF: U.S. producers' and U.S. importers' U.S. shipments by tenacity, 2016

* * * * * * *

Figure IV-4
Fine denier PSF: U.S. producers' and U.S. importers' U.S. shipments, by tenacity, 2016

* * * * * * *

Presence in the market

Subject U.S. imports of fine denier PSF from China, India, Korea, Taiwan, and Vietnam were present in each month during January 2014-March 2017. Imports from China, India, Korea, Taiwan, and Vietnam, respectively, peaked in January 2017, March 2017, August 2016, January 2014, and December 2016. Imports from nonsubject sources peaked at *** pounds in July 2014. Table IV-8, and figures IV-5 and IV-6 present monthly data for U.S. subject and nonsubject imports of fine denier PSF between January 2014 and March 2017.

Table IV-8
Fine denier PSF: U.S. imports, by month, January 2014 through March 2017

* * * * * * *

Figure IV-5
Fine denier PSF: Monthly U.S. imports, by subject country, January 2014 through March 2017

* * * * * * *

Figure IV-6
Fine denier PSF: Subject and nonsubject monthly U.S. imports, January 2014 through March 2017

* * * * * * *

On November 6, 2015, DAK Americas, the largest U.S. producer of fine denier PSF, experienced a power outage in its Cooper River facility that ***.[11] From November 2015 to December 2015, the period of DAK Americas' outage, subject imports increased from *** pounds to *** pounds. Figure IV-7 presents monthly data for U.S. subject imports during DAK Americas' power outage.

Figure IV-7
Fine denier PSF: Subject and nonsubject monthly U.S. imports, January 2014 through March 2017

* * * * * * *

Geographical markets

Fine denier PSF produced in the United States is shipped nationwide.[12] In 2016 the majority of subject imports from China, India, Korea, and Taiwan entered through U.S. ports located in the eastern border. Such imports accounted for 88.9 percent, 94.1 percent, 87.0 percent, and 82.6 percent of total subject imports from each country, respectively. Most subject imports from Vietnam entered through U.S. ports located in the western coast and northern border (*** percent and *** percent, respectively). Most imports from nonsubject sources entered through U.S. ports in the eastern coast (*** percent). Table IV-9 presents U.S. import quantities of fine denier PSF by source and border of entry in 2016.

[11] Details on the impact of the power outage on DAK's fine denier PSF operations are discussed in part III, as well as in the domestic supply section of part II.

[12] See part II for additional information on geographic markets.

Table IV-9
Fine denier PSF: U.S. imports by border of entry, 2016

Item	East	North	South	West	Grand Total
	Quantity (1,000 pounds)				
U.S. imports from.-- China	144,298	6,028	4,868	7,062	162,256
India	25,749	2	0	1,616	27,367
Korea	15,703	264	0	2,081	18,048
Taiwan	13,404	2,353	85	393	16,235
Vietnam	***	***	***	***	***
Subject sources	***	***	***	***	***
Subject less Vietnam	199,154	8,647	4,953	11,152	223,906
Nonsubject sources	***	***	***	***	***
Nonsubject plus Vietnam	***	***	***	***	***
All import sources	***	***	***	***	***
	Share by country (across)				
U.S. imports from.-- China	88.9	3.7	3.0	4.4	100.0
India	94.1	0.0	0.0	5.9	100.0
Korea	87.0	1.5	0.0	11.5	100.0
Taiwan	82.6	14.5	0.5	2.4	100.0
Vietnam	***	***	***	***	***
Subject sources	***	***	***	***	***
Subject less Vietnam	88.9	3.9	2.2	5.0	100.0
Nonsubject sources	***	***	***	***	***
Nonsubject plus Vietnam	***	***	***	***	***
All import sources	***	***	***	***	***
	Share by border (down)				
U.S. imports from.-- China	***	***	***	***	***
India	***	***	***	***	***
Korea	***	***	***	***	***
Taiwan	***	***	***	***	***
Vietnam	***	***	***	***	***
Subject sources	***	***	***	***	***
Subject less Vietnam	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
Nonsubject plus Vietnam	***	***	***	***	***
All import sources	***	***	***	***	***

Source: Official U.S. import statistics using HTS statistical reporting number 5503.20.0025, accessed June 1, 2017 and ***.

APPARENT U.S. CONSUMPTION

Table IV-10 and figure IV-8 present data on apparent U.S. consumption for fine denier PSF. Fluctuating year to year, apparent consumption, by quantity, increased by *** percent from 2014 to 2015 and then decreased by *** percent from 2015 to 2016, for an overall decrease of *** percent from 2014 to 2016. It was *** percent higher in interim 2017 than in interim 2016. The drop in apparent consumption was driven by a decrease in U.S. producers' U.S. shipments, which fell from *** pounds in 2014 to *** pounds in 2016, a decrease of *** percent. By value, apparent consumption decreased by *** percent from 2014 to 2016 and was *** percent higher in interim 2017 than in interim 2016.

Table IV-10
Fine denier PSF: Apparent U.S. consumption, 2014-16, January to March 2016, and January to March 2017

Item	Calendar year			January to March	
	2014	2015	2016	2016	2017
	Quantity (1,000 pounds)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from.--					
China	76,710	113,253	162,256	41,964	39,012
India	22,214	28,322	27,367	7,215	9,122
Korea	14,231	20,468	18,048	3,790	5,673
Taiwan	16,862	15,868	16,235	3,307	2,456
Vietnam	***	***	***	***	***
Subject sources	***	***	***	***	***
Subject less Vietnam	130,017	177,911	223,906	56,277	56,264
Nonsubject sources	***	***	***	***	***
Nonsubject plus Vietnam	***	***	***	***	***
All import sources	***	***	***	***	***
Apparent U.S. consumption	***	***	***	***	***
	Value (1,000 dollars)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from.--					
China	56,977	69,215	90,105	23,732	22,241
India	17,346	19,226	15,866	4,132	5,506
Korea	12,200	14,821	12,325	2,633	3,574
Taiwan	18,081	14,258	11,059	2,174	2,024
Vietnam	***	***	***	***	***
Subject sources	***	***	***	***	***
Subject less Vietnam	104,605	117,520	129,354	32,672	33,344
Nonsubject sources	***	***	***	***	***
Nonsubject plus Vietnam	***	***	***	***	***
All import sources	***	***	***	***	***
Apparent U.S. consumption	***	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires, official import statistics for HTS statistical reporting number 5503.20.0025, accessed June 1, 2017 and ***.

Figure IV-8
Fine denier PSF: Apparent U.S. consumption, 2014-16, January to March 2016, and January to March 2017

* * * * * * *

U.S. MARKET SHARES

U.S. market share data are presented in table IV-11. From 2014 to 2016, U.S. producers' market share decreased by *** percentage points while subject imports' market share increased by *** percentage points. U.S. producers' market share was *** percentage points lower in interim 2017 relative to interim 2016 while subject imports' market share was *** in each period. The increase in subject imports' market share between 2014 and 2016 was driven by subject imports from China, which accounted for *** percent of the market share increase. Overall, U.S. importers' shipments of imports accounted for *** percent of U.S. market share in 2016, while U.S. producers' U.S. shipments accounted for *** percent.

Table IV-11
Fine denier PSF: Apparent U.S. consumption and market shares, 2014-16, January to March 2016, and January to March 2017

* * * * * * *

PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

The primary raw material inputs used to produce fine denier PSF are monoethylene glycol ("MEG") and purified terephthalic acid ("PTA"). Some fine denier PSF is also manufactured from recycled material, though the inputs are chemically the same.[1] The primary difference between fine denier PSF made from virgin raw materials and product made from post-consumer recycled inputs is the existence of a consumer-driven market that favors recycled inputs.[2] Because of additional costs associated with the collection, transportation, and processing of post-consumer recycled material, fine denier PSF made from recycled inputs typically commands a higher price.[3] A mineral- or phosphate-based oil finish can also be applied to the product to serve as a lubricant and anti-static agent, though these oils make up a relatively small share of the total production cost.[4] Between 2014 and 2016, U.S. producers' raw material costs as a share of the cost of goods sold ("COGS") decreased from *** to *** percent. During January-March 2017, U.S. producers' raw material costs as a share of COGS was *** percent.

Overall, the prices of MEG and PTA both decreased from January 2014 to December 2016 (figure V-1). The price of MEG decreased by *** percent during this time, while the price of PTA decreased by *** percent. Between December 2016 and March 2017, the costs of each of these inputs increased by *** percent and *** percent, respectively.

Figure V-1
Raw materials: Monoethylene glycol ("MEG") and purified terephthalic acid ("PTA"), cents per pound, monthly, January 2014-March 2017

* * * * * * *

Three of four responding U.S. producers reported that raw material prices had fluctuated with no clear trend since January 2014, while one (***) reported that they had decreased. Among importers, 11 of 23 firms reported that raw material prices had fluctuated,

[1] Conference transcript, pp. 47-49 (Ruday), 78-79 (Casstevens). For more on the production processes using virgin vs. recycled raw material inputs, please refer to Part I, "Manufacturing processes."

[2] Conference transcript, pp. 49, 56, 68, 79 (Casstevens), 93, 96, 98, 111-113, 119 (Poole).

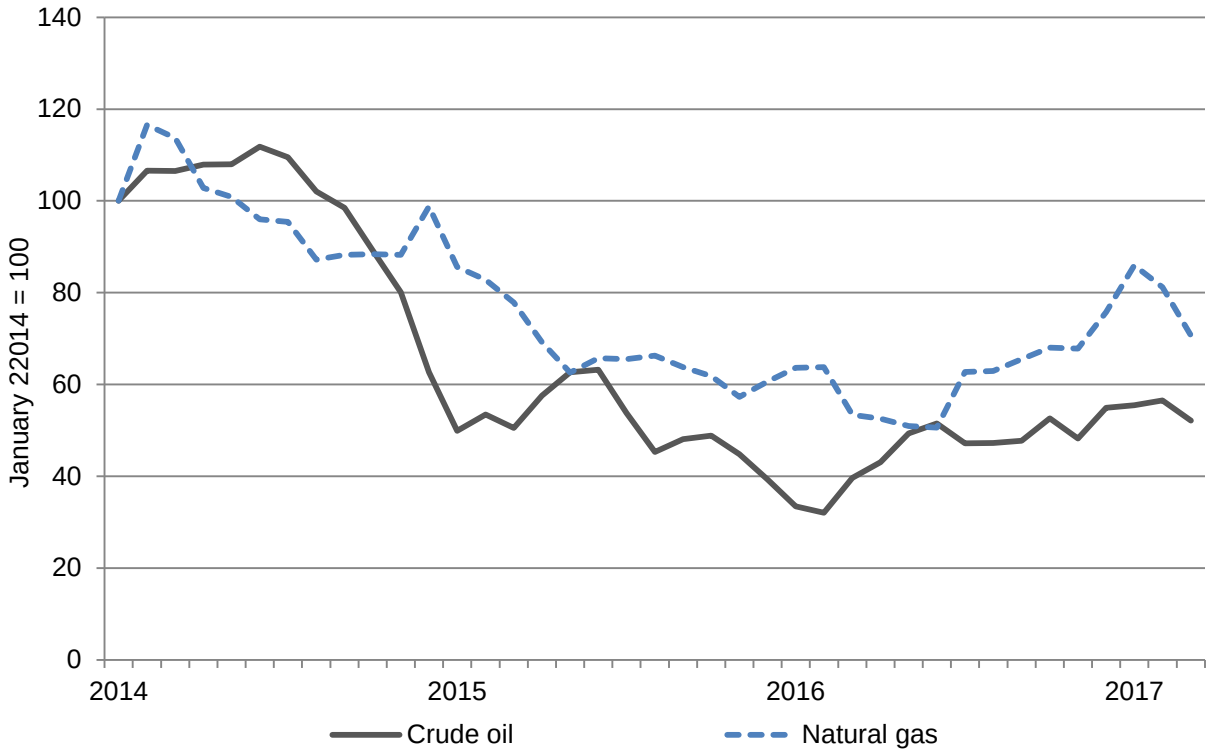
[3] Conference transcript, p. 69 (Casstevens).

[4] Petitioners estimated the cost share of these oils to range from *** percent of the total production cost. Petitioners' postconference brief, Responses to staff questions, p. 11; Conference transcript, p. 62 (Sparkman).

while 12 reported that they had decreased. Among the importers reporting a decrease in raw material prices, many pointed to a decrease in oil and energy prices as a primary driver.

As show in figure V-2, the prices of crude oil and natural gas both decreased between January 2014 and March 2017. Between January 2014 and December 2016, crude oil and natural gas prices both decreased, by 45.1 and 24.3 percent, respectively. Between December 2016 and March 2017, the prices of crude oil and natural gas both decreased by 5.1 and 6.7 percent, respectively.

Figure V-2
Crude oil and natural gas: Indexed prices of crude oil (dollars per barrel, Cushing, OK WTI spot price FOB) and natural gas (dollars per thousand cubic feet, industrial price), monthly, January 2014-March 2017



Source: U.S. Energy Information Administration, retrieved June 27, 2017.

Firms were also asked about the role of raw material prices in their pricing of fine denier PSF, as well the use of any indexes to set prices. DAK and Auriga stated that there are two or three major indexes that the industry uses to set prices, including ICIS, PCI, and Chem Data.[5]

[5] Conference transcript, p. 65 (Ruday, Brekovsky). ICIS, PCI, and Chemical Data conduct market research and analysis related to the plastics, petrochemical and/or petroleum industries, including supply and demand analyses and price trend data in the U.S. and Asian markets for ethylene glycol, PTA, and/or synthetic (polyester) fibers. See ICIS website, https://www.icis.com/chemicals/ethylene-glycol/ and https://www.icis.com/chemicals/terephthalic-acid/; PCI website,

(*continued*...)

*** reported that its contracts are generally tied to a formula that reflects raw material price changes, ***. Auriga stated that its price negotiations often take into account raw material cost fluctuations through mechanisms that can be adjusted monthly, but that it is not locked into a sales price independent of cost changes.[6] Among importers, *** reported that there is a direct correlation between raw material prices and the price of fine denier PSF, and *** reported that its raw material costs ***.

Transportation costs to the U.S. market

Transportation costs for fine denier PSF shipped from subject countries to the United States averaged 10.1 percent during 2016. These estimates were derived from official import data and represent the transportation and other charges on imports.[7]

U.S. inland transportation costs

Most responding U.S. producers (3 of 4) and importers (13 of 15) reported that they typically arrange transportation to their customers. Most U.S. producers reported that their U.S. inland transportation costs ranged from 2 to 4 percent, while most importers reported costs of 1 to 6 percent.

PRICING PRACTICES

Pricing methods

As presented in table V-1, most U.S. producers sell via transaction-by-transaction negotiations and contracts. The vast majority of importers also sell via transaction-by-transaction negotiations, while just under half (7 of 15) reported selling through contracts.

(…*continued*)
https://www.pciwoodmac.com/pci-wood-mackenzie/fibres/synthetic-fibres-index/; and Chemical Data website, http://www.chemicaldata.com/petrocoverage.html.

[6] Conference transcript, p. 29 (Brekovsky).

[7] The estimated transportation costs were obtained by subtracting the customs value from the c.i.f. value of the imports for 2016 and then dividing by the customs value based on the HTS subheading 5503.20.0025.

Table V-1
Fine denier PSF: U.S. producers' and importers' reported price setting methods, by number of responding firms[1]

Method	U.S. producers	Importers
Transaction-by-transaction	3	14
Contract	3	7
Set price list	0	1
Other	2	0
Responding firms	4	15

[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.

U.S. producers reported selling most of their fine denier PSF via annual contract, with most of the rest being sold in the spot market. Importers reported selling most of their fine denier PSF in the spot market, and slightly less via short-term contracts (table V-2).

Table V-2
Fine denier PSF: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2016

* * * * * * *

Two of three responding U.S. producers reported that their annual contracts include price renegotiation and do not include meet-or-release provisions, and one producer fixes quantity in annual contracts. Most responding importers reported that their short-term contracts do not contain price renegotiation or meet-or-release provisions, and fix both quantity and price.

Purchasers also provided a general description of their firms' methods of purchase for fine denier PSF. In general, firms reported purchasing based on individual purchase orders and contracts; four purchasers reported using a combination of the two. Purchaser *** stated that pricing for fine denier PSF is based on the market price for raw materials plus a conversion cost.

At the staff conference, U.S. producer DAK testified that many of its contracts have been broken or not renewed, and that its contract customers now ask them to meet or beat subject import prices.[8] DAK stated that virtually all of its customers now seek to renegotiate the price terms of its agreements every year.

Sales terms and discounts

Most U.S. producers typically quote prices on a delivered basis, while importers quote prices on both an f.o.b. and/or delivered basis. Three U.S. producers offer quantity discounts, two offer total volume discounts, and one (***) does not offer discounts. All four U.S. producers reported sales terms of net 30 days, and one also reported sales terms of net 45 days due net 38 days end of the month. Most importers do not offer discounts; only one firm (***)

[8] Conference transcript, p. 18 (Ruday).

reported offering discounts, including quantity, total volume, customer or program level pricing, and distributor discounts. Most importers reported sales terms of net 30 days (13 firms), while four also reported sales terms of net 60 days.

PRICE DATA

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and f.o.b. or landed duty paid value for the following fine denier PSF products shipped to unrelated U.S. customers or internally consumed during January 2014-March 2017.

Product 1.--Virgin polyester staple fiber measuring 0.85 denier to less than 1.15 denier, solid and round cross section, dry, 32-38mm cut length, with tenacity measuring above 5.0 grams per denier.

Product 2.--Virgin polyester staple fiber measuring 1.15 denier through and including 1.8 denier, solid and round cross section, dry, 32-38mm cut length, with tenacity measuring above 5.0 grams per denier.

Product 3.--Virgin polyester staple fiber measuring 1.15 denier through and including 1.8 denier, solid and round cross section, dry, 32-38mm cut length, with tenacity measuring 3.0-5.0 grams per denier.

Product 4.--Virgin polyester staple fiber measuring greater than 1.8 denier and less than 3.0 denier, solid and round cross section, dry, 32-38mm cut length, with tenacity measuring above 5.0 grams per denier.

All four U.S. producers and 11 importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[9] [10] Pricing data reported by these firms accounted for approximately *** percent of U.S. producers' shipments of fine denier PSF in 2016, as well as *** percent of U.S. shipments of subject imports from China, *** percent of U.S. shipments of subject imports from India, *** percent of U.S. shipments of subject imports from Korea, *** percent of U.S. shipments of subject imports from Taiwan, and *** percent of U.S. shipments of subject imports from Vietnam in 2016.

Price data for products 1-4 are presented in tables V-3 to V-6 and figures V-3 to V-6.

[9] Per-unit pricing data are calculated from total quantity and total value data provided by U.S. producers and importers. The precision and variation of these figures may be affected by rounding, limited quantities, and producer or importer estimates.

[10] ***. Accordingly, these data have not been included in this pricing analysis.

Table V-3
Fine denier PSF: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarter, January 2014-March 2017

* * * * * * *

Table V-4
Fine denier PSF: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarter, January 2014-March 2017

* * * * * * *

Table V-5
Fine denier PSF: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarter, January 2014-March 2017

* * * * * * *

Table V-6
Fine denier PSF: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by quarter, January 2014-March 2017

* * * * * * *

Figure V-3
Fine denier PSF: Weighted-average prices and quantities of domestic and imported product 1, by quarter, January 2014-March 2017

* * * * * * *

Figure V-4
Fine denier PSF: Weighted-average prices and quantities of domestic and imported product 2, by quarter, January 2014-March 2017

* * * * * * *

Figure V-5
Fine denier PSF: Weighted-average prices and quantities of domestic and imported product 3, by quarter, January 2014-March 2017

* * * * * * *

Figure V-6
Fine denier PSF: Weighted-average prices and quantities of domestic and imported product 4, by quarter, January 2014-March 2017

* * * * * * *

Import purchase cost data

Nine importers provided usable import purchase cost data for their internal use of products 1, 2, and 3 imported from China, Korea, and Taiwan, although not all firms report cost data for all quarters.[11] Internally consumed fine denier PSF, as a share of total imports, represented approximately *** percent of total imports from China in 2016, *** percent of imports from India, *** percent of imports from Korea, and *** percent of imports from Taiwan.[12] Import purchase cost data for specific pricing products reported by these firms accounted for approximately *** percent of total imports from China, *** percent of total imports for Korea, and *** percent of total imports from Taiwan in 2016.[13] Import purchase cost data is presented in tables V-7 to V-9 and figures V-7 to V-9.

In addition to the import purchase cost data, firms that imported fine denier PSF for their internal use estimated that logistical and supply chain costs (including ocean freight, duties, brokerage fees, harbor maintenance fees, and U.S. inland transportation costs) accounted for 1 to 26 percent of the landed duty-paid value; estimated insurance costs ranged from less than 1 percent to about 8 percent, and warehousing costs were estimated to be up to 2 percent. Eight importers reported that they compare costs to other importers and U.S. producers, three importers do not compare costs, and one compares costs to U.S. producers.

In general, firms stated that the benefits of importing fine denier PSF for their own use included eliminating the importer's margin, risk mitigation with respect to U.S. supply disruptions, quality, availability of other fiber specifications, and direct control of shipments. Three importers also stated that U.S. producers do not produce the fiber that they require for their internal use. Firms estimated that the margin saved by directly importing fine denier PSF for their own use ranged from 2 percent to 24 percent, with variations since January 1, 2014

[11] A number of firms initially reported either price or import purchase cost data that did not comply with the definitions of the pricing products. ***. Accordingly, these data have not been included in this pricing analysis.

[12] No firm reported internally consuming fine denier PSF imported from Vietnam.

[13] No firm reported import purchase cost data for products 1-4 from India or Vietnam.

due to fluctuations in price, feedstock, and freight costs. Firms estimated that the approximate percentage of the total cost of the fine denier PSF that they directly imported from China, Korea, and Taiwan that was accounted for by U.S. inland transportation costs ranged from 2 to 7 percent.

Table V-7
Fine denier PSF: Weighted-average f.o.b. prices and quantities of domestic and landed duty paid costs of imported product 1, by quarter, January 2014-March 2017

* * * * * * *

Table V-8
Fine denier PSF: Weighted-average f.o.b. prices and quantities of domestic and landed duty paid costs of imported product 2, by quarter, January 2014-March 2017

* * * * * * *

Table V-9
Fine denier PSF: Weighted-average f.o.b. prices and quantities of domestic and landed duty paid costs of imported product 3, by quarter, January 2014-March 2017

* * * * * * *

Figure V-7
Fine denier PSF: Weighted-average prices and quantities of domestic and landed duty paid costs of imported product 1, by quarter, January 2014-March 2017

* * * * * * *

Figure V-8
Fine denier PSF: Weighted-average prices and quantities of domestic and landed duty paid costs of imported product 2, by quarter, January 2014-March 2017

* * * * * * *

Figure V-9
Fine denier PSF: Weighted-average prices and quantities of domestic and landed duty paid costs of imported product 3, by quarter, January 2014-March 2017

* * * * * * *

Price trends

In general, prices decreased during January 2014-March 2017. Table V-10 summarizes the price trends, by product and by country. As shown in the table, domestic price decreases ranged from *** percent (for product ***) to *** percent (for product ***) from January 2014 to March 2017. Import price decreases during this time ranged from *** percent (for product *** from ***) to *** percent (for product *** from ***). Import purchase cost decreases ranged from *** percent (for product *** from ***) to *** percent (for product *** from ***).

Table V-10
Fine denier PSF: Summary of weighted-average f.o.b. prices for products 1-4 from the United States and each subject country

* * * * * * *

Price comparisons

As shown in table V-11, prices for fine denier PSF imported from all subject countries combined were below those for U.S.-produced product in 47 instances (27.4 million pounds); margins of underselling ranged from 0.7 to 35.9 percent. In the remaining 66 instances (31.6 million pounds), prices for fine denier PSF imported from subject countries were between 0.2 and 147.9 percent above prices for the domestic product. On an individual country basis, prices of imports from *** were below those for U.S.-produced product in a majority of instances, while prices of imports from *** were above those for U.S.-produced product in a majority of instances. ***.

Table V-11
Fine denier PSF: Instances of underselling/overselling and the range and average of margins, by country, January 2014-March 2017

Country Source	Underselling				
	Number of quarters	Quantity[1] (pounds)	Average margin (percent)	Margin range (percent)	
				Min	Max
China	***	***	***	***	***
India	***	***	***	***	***
Korea	***	***	***	***	***
Taiwan	***	***	***	***	***
Vietnam	***	***	***	***	***
Total, underselling	47	27,438,633	14.9	0.7	35.9
Country Source	**(Overselling)**				
	Number of quarters	Quantity[1] (pounds)	Average margin (percent)	Margin range (percent)	
				Min	Max
China	***	***	***	***	***
India	***	***	***	***	***
Korea	***	***	***	***	***
Taiwan	***	***	***	***	***
Vietnam	***	***	***	***	***
Total, overselling	66	31,644,531	(18.2)	(0.2)	(147.9)

[1] These data include only quarters in which there is a comparison between the U.S. and subject product.

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

On a pricing product basis, imported products 3 and 4 undersold U.S.-produced product in a majority of instances, while imported products 1 and 2 oversold U.S.-produced product in a majority of instances (table V-12).

Table V-12
Fine denier PSF: Instances of underselling/overselling and the range and average of margins, by pricing product, January 2014-March 2017

Product	Underselling				
	Number of quarters	Quantity[1] (pounds)	Average margin (percent)	Margin range (percent)	
				Min	Max
Product 1	***	***	***	***	***
Product 2	***	***	***	***	***
Product 3	***	***	***	***	***
Product 4	***	***	***	***	***
Total, underselling	47	27,438,633	14.9	0.7	35.9
Product	**(Overselling)**				
	Number of quarters	Quantity[1] (pounds)	Average margin (percent)	Margin range (percent)	
				Min	Max
Product 1	***	***	***	***	***
Product 2	***	***	***	***	***
Product 3	***	***	***	***	***
Product 4	***	***	***	***	***
Total, overselling	66	31,644,531	(18.2)	(0.2)	(147.9)

[1] These data include only quarters in which there is a comparison between the U.S. and subject product.

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

LOST SALES AND LOST REVENUE

The Commission requested that U.S. producers of fine denier PSF report purchasers to which they experienced instances of lost sales or revenue due to competition from imports from China, India, Korea, Taiwan, and/or Vietnam since January 1, 2014. *** U.S. producers reported that they had lost sales, and *** reported that they had to reduce prices. *** also reported that they had to roll back announced price increases. Two U.S. producers submitted lost sales and lost revenue allegations and identified 12 firms where they lost sales or revenue (6 consisting lost sales allegations, 1 consisting of a lost revenue allegation, and 5 consisting of both types of allegations). The majority of allegations were with respect to China, with relatively few regarding India, Korea, and Taiwan. The allegations primarily occurred during 2016 and early 2017, and the specific products listed were 0.9 denier, 1.2 denier, 1.5 denier, and 2.35 denier fabric.

Staff contacted 12 purchasers and received responses from 11 purchasers. Responding firms reported purchasing 230.4 million pounds and importing 107.8 million pounds of fine denier PSF in 2016 (tables V-13 and V-14). During 2016, responding firms purchased or imported 55.6 percent from U.S. producers, 36.5 percent from China, 1.1 percent from India, 1.8 percent from Korea, 4.4 percent from Taiwan, and 0.6 percent from nonsubject

countries.[14] [15] Most responding purchasers (8 of 11) reported decreasing purchases from domestic producers. One firm reported increasing purchases from domestic producers, and 2 reported fluctuating purchases. In general, explanations for increasing purchases of domestic product were increased customer demand for nonwoven and fiberfill end uses, and customer preferences for high quality fiber from domestic producer Nan Ya Plastics. Reasons for decreasing purchases of domestic product included price, supply constraints among the domestic producers, mill closure (DAK), quality, product mix, diversification of suppliers, discontinuing purchases due to discontinued yarn production, change in production equipment that requires less fiber, and moving away from polyester/cotton markets in one plant.

Table V-13
Fine denier PSF: Purchasers' responses regarding purchasing patterns, by firm

Purchaser	Purchases and imports in 2016 (1,000 pounds)			Change in domestic share[2] (pp, 2014-16)	Change in subject country share[2] (pp, 2014-16)
	Domestic	Subject	All other[1]		
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Total	187,960	148,249	2,011	(24.2)	24.1

[1] Includes all other sources and unknown sources.
[2] Percentage points (pp) change: Change in the share of the firm's total purchases of domestic and/or subject country imports between first and last years.

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

[14] No purchaser reported purchases or imports from Vietnam in 2016.
[15] None of the 11 responding purchasers indicated that they did not know the source of the product they purchased.

Table V-14
Fine denier PSF: Purchasers' responses regarding purchasing patterns, by subject country

Source	Number of firms reporting	Calendar year			Comparison years
		2014	2015	2016	2014-16
		Quantity purchased and/or imported (1,000 *pounds*)			Changes (*percent*)
United States	***	***	***	***	***
China	***	***	***	***	***
India	***	***	***	***	***
Korea	***	***	***	***	***
Taiwan	***	***	***	***	***
Vietnam	***	***	***	***	***
All other countries	***	***	***	***	***
Unknown sources	***	***	***	***	***
All sources	11	299,110	326,006	338,220	13.1

[1] Includes all other sources and unknown sources.
[2] Percentage points (pp) change: Change in the share of the firm's total purchases of domestic and/or subject country imports between first and last years.

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

Most responding purchasers (7 of 11) reported that they had purchased fine denier PSF imported from China instead of U.S.-produced product since 2014, and 2 purchasers each reported purchasing product imported from India, Korea, and Taiwan instead of U.S. product. All seven purchasers responding with respect to China reported that import prices were lower, and two reported that price was a primary reason they purchased imported product from China instead of U.S.-produced product. In total, responding firms reported that 32.5 million pounds were purchased from subject sources instead of domestic producers since January 1, 2014 (tables V-15 and V-16).

Table V-15
Fine denier PSF: Purchasers' responses to purchasing subject imports instead of domestic product, by firm

* * * * * * *

Table V-16
Fine denier PSF: Purchasers' responses to purchasing imported product instead of domestic product, by subject country

* * * * * * *

Three purchasers reported that U.S. producers had reduced prices in order to compete with lower-priced imports from China (tables V-17 and V-18), though only two of them reported estimates. The reported estimated price reductions were 7 and 10 percent. In describing these price reductions, the purchasers cited weak demand and declining raw material costs.

Table V-17
Fine denier PSF: Purchasers' responses to U.S. producers' price reductions, by firm

* * * * * * *

Table V-18
Fine denier PSF: Purchasers' responses to U.S. producers' price reductions, by subject country

Source	Count of purchasers reporting U.S. producers reduced prices	Simple average of estimated U.S. price reduction (*percent*)	Range of estimated U.S. price reductions (*percent*)
China	3	8.5	7 - 10
India	0	---	---
Korea	0	---	---
Taiwan	0	---	---
Vietnam	0	---	---
All subject sources	3	8.5	7 - 10

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

In responding to the lost sales lost revenue survey, some purchasers provided additional comments. Two firms highlighted supply concerns among domestic producers as a reason for importing subject product. Specifically, *** stated that it did not purchase from one source "instead of" another source, but maintains multiple supply sources (whether domestic or foreign) in order to avoid supply disruptions. *** reported that it experienced supply disruptions from domestic producers in 2015, and imported subject product in order to avoid slowing down its own production. *** reported that it purchased imported raw materials (PET) in order to produce lower cost finished goods and stay competitive. *** reported that it purchases based on its customers' preferences, and that these preferences are based on producers' reputation for quality and the suitability of PSF for nonwoven and fiberfill end uses. *** reported that quality and safety are primary concerns in the nonwovens market for hygiene and medical products.

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

INTRODUCTION

Four U.S. producers (Auriga, DAK Americas, Nan Ya, and Palmetto) provided financial data on their operations on fine denier polyester staple fiber (fine denier PSF). *** accounted for the majority of total net sales value in 2016 (*** percent), followed by *** (*** percent), *** (*** percent), and *** (*** percent). No firm reported sales other than commercial sales, and all firms reported a fiscal year end of December 31. Three U.S producers (***) reported their financial data based on U.S. generally accepted accounting principles (GAAP) whereas *** used international financial reporting standards (IFRS) as their accounting basis.

OPERATIONS ON FINE DENIER POLYESTER STAPLE FIBER

Table VI-1 presents aggregated data on U.S. producers' operations in relation to fine denier PSF. Table VI-2 shows the changes in average unit values of select financial indicators. Table VI-3 presents selected company-specific financial data.

Net sales

All reported sales were commercial sales. Based on table VI-1, the quantity and value of net sales decreased from 2014 to 2016 and were higher in January-March 2017 compared to January-March 2016. As shown in table VI-3, ***.

From 2014 to 2016, the average unit net sales value decreased by *** percent from $*** per pound in 2014 to $*** pound unit in 2016 but were higher by *** percent from $*** per pound in January-March 2016 to $*** per pound in January-March 2017. As shown in table VI-3, ***. Between the comparable interim periods, *** reported lower unit net sales values while *** reported higher unit net sales values.[1] Palmetto's unit net sales values throughout the period of investigation were higher than other firms.[2]

Table VI-1
Fine denier PSF: Results of operations of U.S. producers, 2014-16, January to March 2016, and January to March 2017

* * * * * * *

[1] *** Email from ***, June 30, 2017.
[2] *** Emails from ***, July 6, 2017.

Table VI-2
Fine denier PSF: Changes in AUVs, between fiscal years and between partial year periods

* * * * * * *

Table VI-3
Fine denier PSF: Select results of operations of U.S. producers, by company, 2014-16, January to March 2016, and January to March 2017

* * * * * * *

Cost of goods sold and gross profit or (loss)

As shown in table VI-1, the average COGS to net sales ratio ranged from *** percent in January-March 2017 to *** percent in 2016. On a company-specific basis, ***.[3]

Raw material costs represented the largest component of COGS, accounting for between *** percent in January-March 2016 and *** percent in 2014 of total COGS. As shown in table VI-3, the average unit raw material cost decreased by *** percent from $*** in 2014 to $*** in 2016 and was higher by *** percent from January-March 2016 to January-March 2017. *** reported decreasing unit raw material costs from 2014 to 2016.[4] *** reported higher unit raw material costs in January-March 2017 compared to January-March 2016, while *** reporting lower raw material costs. ***.[5] ***.[6]

Other factory costs ("OFC") were the second largest component of COGS, accounting for between *** percent (in 2014) and *** percent (in 2016) of total COGS, while direct labor accounted for between *** percent (in 2014) and *** percent (in January-March 2016) of total COGS. As shown in table VI-3, the average unit OFC moved within a relatively narrow range from $*** (in January-March 2017) to $*** (in 2014 and 2015). *** reported the *** unit OFC and unit direct labor costs among U.S. producers throughout the period of investigation, as well as the highest unit net sales value.[7]

The industry's gross profit increased from $*** in 2014 to $*** in 2015 and decreased *** to $*** in 2016. The decline in COGS was greater than the decline in total net sales value

---

[3] *** Email from ***, June 29, 2017.

[4] DAK Americas testified that "Our primary raw materials are monoethylene glycol or MEG and purified terrathalic acid or PTA which are both petrochemical base products. It's no secret that the bottom dropped out of the energy sector in 2015 leading to a significant decline in cost for us and other fine denier producers. But we could not take advantage of those lower costs instead our prices fell even faster than cost because we had to compete with the low price of surging subject imports." Conference transcript, p. 19 (Ruday).

[5] U.S. producers' questionnaire response of ***, question III-7.

[6] Nan Ya did report its valuation method of inputs from related suppliers. U.S. producers' questionnaire response of ***, question III-7.

[7] ***. Emails from ***, July 6, 2017.

from 2014 to 2015. Gross profit improved from $*** in January-March 2016 to $*** in January-March 2017 as total net sales quantity and value increased more than COGS. On a company-specific basis, ***. From 2015 to 2016, all U.S. producers reported ***. ***.[8]

SG&A expenses and operating income or (loss)

As shown in table VI-1, the industry's SG&A expense ratio (i.e., total SG&A expenses divided by total net sales value) ranged from *** percent in 2014 to *** percent in January-March 2016 and January-March 2017.

Operating income followed the same trend as gross profit. The industry's operating income increased *** from $*** in 2014 to $*** in 2015 and decreased *** to $*** in 2016. Operating income improved *** from $*** in January-March 2016 to $*** in January-March 2017. On a company-specific basis, ***.

Other expenses and net income or (loss)

Classified below the operating income levels are interest expense, other expense, and other income, which are usually allocated to the product line from high levels in the corporation. Interest expenses accounted for the majority of other expenses and decreased from $*** in 2014 to $*** in 2015, before increasing to $*** in 2016. Interest expenses were higher in January-March 2017 compared to January-March 2016. ***.

By definition, items classified at this level in the income statement only affect net income or (loss). Net income increased from $*** in 2014 to $*** in 2015 before *** decreasing to an income of $*** in 2016. Net income improved from $*** in January-March 2016 to $*** in January-March 2017.

Variance analysis

The variance analysis presented in table VI-4 is based on the data in table VI-1.[9] The analysis shows that the decline in operating income from 2014 to 2016 is primarily attributable

---

[8] *** Email from ***, June 29, 2017.

[9] 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 variance (in the case of the COGS and SG&A expense variance), and a volume variance. The sales or cost variance is calculated as the change in unit price or unit cost/expense times the new volume, while the volume variance is calculated as the change in volume times the old unit price or unit cost. 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.

to ***. Between the comparable interim periods, the higher operating income in January-March 2017 is primarily attributable to ***.

Table VI-4
Fine denier PSF: Variance analysis for U.S. producers, between fiscal years and between partial year periods

* * * * * * *

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

Table VI-5 presents capital expenditures and research and development ("R&D") expenses by firm. Capital expenditures increased by *** percent from 2014 to 2016 and were higher in January-March 2017 compared to January-March 2016. As shown in table VI-5, ***[10] ***.[11] ***.[12] ***.[13]

R&D expenses decreased by *** percent from 2014 to 2016 and did not change from January-March 2016 to January-March 2017. As shown in table VI-5,***.[14]

Table VI-5
Fine denier PSF: Capital expenditures and research and development expenses for U.S. producers, by firm, 2014-16, January to March 2016, and January to March 2017

* * * * * * *

ASSETS AND RETURN ON ASSETS

Table VI-6 presents data on the U.S. producers' total assets and their operating return on assets.[15] Total assets decreased irregularly from $*** in 2014 to $*** in 2016. The return on assets also decreased irregularly from *** percent in 2014 to *** percent in 2016.

Table VI-6
Fine denier PSF: Value of assets used in production, warehousing, and sales, and return on investment for U.S. producers by firm, 2014-16

* * * * * * *

[10] U.S. producers' questionnaire response of ***, question III-15.
[11] U.S. producers' questionnaire response of ***, question III-15.
[12] U.S. producers' questionnaire response of ***, question III-15.
[13] Emails from ***, July 6, 2017.
[14] Ibid., July 6, 2017
[15] With respect to a company's overall operations, staff notes that a total asset value (i.e., the bottom line number on the asset side of a company's balance sheet) reflects an aggregation of a number of assets which are generally not product specific. Accordingly, high-level allocation factors were required in order to report a total asset value for fine denier PSF.

CAPITAL AND INVESTMENT

The Commission requested U.S. producers of fine denier PSF to describe actual or potential negative effects of imports of fine denier PSF from the subject countries on their firms' growth, investment, ability to raise capital, development and production efforts, or on the scale of capital investments. Table VI-7 presents U.S. producers' responses in a tabulated format and table VI-8 provides the narrative responses.

Table VI-7
Fine denier PSF: Actual and anticipated negative effects of imports on investment and growth and development

* * * * * * *

Table VI-8
Fine denier PSF: Narratives relating to actual and anticipated negative effects of imports on investment and growth and development, since January 1, 2014

* * * * * * *

PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

Section 771(7)(F)(i) of the Act (19 U.S.C. § 1677(7)(F)(i)) provides that—

> *In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the subject merchandise, the Commission shall consider, among other relevant economic factors*[1]*--*
>
> *(I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement), and whether imports of the subject merchandise are likely to increase,*
>
> *(II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,*
>
> *(III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,*
>
> *(IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices, and are likely to increase demand for further imports,*
>
> *(V) inventories of the subject merchandise,*

---

[1] Section 771(7)(F)(ii) of the Act (19 U.S.C. § 1677(7)(F)(ii)) provides that "The Commission shall consider {these factors} . . . as a whole in making a determination of whether further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted under this title. The presence or absence of any factor which the Commission is required to consider . . . shall not necessarily give decisive guidance with respect to the determination. Such a determination may not be made on the basis of mere conjecture or supposition."

(VI) 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,

(VII) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both),

(VIII) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and

(IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).[2]

Information on the nature of the alleged subsidies was presented earlier in this report; information on the volume and pricing of imports of the subject merchandise is presented in *Parts IV* and *V*; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in *Part VI*. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows. Also presented in this section of the report is information obtained for consideration by the Commission on nonsubject countries.

[2] Section 771(7)(F)(iii) of the Act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, ". . . the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other WTO member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry."

THE INDUSTRY IN CHINA

The Commission issued foreign producers' or exporters' questionnaires to 52 firms believed to produce and/or export fine denier PSF from China.[3] Usable responses to the Commission's questionnaire were received from seven firms: Better Base Limited ("Better Base")[4], Jiangyin Yangxi International Trade Co., Ltd ("Jianygyin Yangxi"), Jiangsu Hengze Composite Technology Co., Ltd. ("Jiangsu Hengze"),[5] Jiangyin Huahong Chemical Fiber Co., Ltd ("Jiangyin Huahong"),[6] Jiangsu Huaxicun Co., Ltd. ("Jiangsu Huaxicun"),[7] Jiangyin Hailun Chmeical Fiber Co., Ltd. ("Jiangyin Hailun"),[8] and Jiangyin Jinyan Chemical Fiber Co., Ltd. ("Jiangyin Jinyan").[9] These firms' exports to the United States accounted for approximately *** percent of U.S. imports of fine denier PSF from China in 2016. According to estimates provided by the responding Chinese producers, these firms accounted for approximately *** percent of fine denier PSF production in China. Table VII-1 presents information on the fine denier PSF operations of the responding Chinese producers and exporters and table VII-2 presents summary data on the exports to the United States by Chinese trading companies.

[3] These firms were identified through a review of information submitted in the petition and contained in *** records. Staff issued questionnaires to all Chinese producers for which an email address or a fax number was provided.

[4] Better Base and Jiangyin Yangxi are resellers of the subject merchandise. They exported the subject merchandise to the United States.

[5] Jiangsu Hengze reported that fine denier PSF represented *** percent of its total sales in its most recent fiscal year.

[6] Jiangyin Huahong reported that fine denier PSF represented *** percent of its total sales in its most recent year. It reported ***. *** did not provide a response to the U.S. importers' questionnaire.

[7] Jiangsu Huaxicun reported that fine denier PSF represented *** percent of its total sales in its most recent fiscal year.

[8] Jiangyin Hailun reported that fine denier PSF represented *** percent of its total sales in its most recent fiscal year.

[9] Jiangyin Jinyan reported that fine denier PSF represented *** percent of its total sales in its most recent fiscal year.

Table VII-1
Fine denier PSF: Summary data for producers in China, 2016

Firm	Production (1,000 pounds)	Share of reported production (percent)	Exports to the United States (1,000 pounds)	Share of reported exports to the United States (percent)	Total shipments (1,000 pounds)	Share of firm's total shipments exported to the United States (percent)
Jiangsu Hengze	***	***	***	***	***	***
Jiangsu Huaxicun	***	***	***	***	***	***
Jiangyin Hailun	***	***	***	***	***	***
Jiangyin Huahong	***	***	***	***	***	***
Jiangyin Jinyan	***	***	***	***	***	***
Total	***	100.0	***	100.0	3,252,207	4.2

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

Table VII-2
Fine denier PSF: Summary data for producers in China, 2016

* * * * * * *

Changes in operations

As presented in table VII-3, *** reported *** operational change since January 1, 2014.

Table VII-3
Fine denier PSF: Chinese producers' reported changes in operations, since January 1, 2014

* * * * * * *

Operations on fine denier PSF

When asked about production constraints, Jiangsu Huaxicun reported that ***. Jiangyin Hailun noted that its ***. Other producers cited *** as their main production constraints. Table VII-4 presents information on the fine denier PSF operations of the responding producers and exporters in China.

Chinese producers' production capacity increased from 3.2 billion pounds in 2014 to 3.3 billion pounds in 2016, an increase of 3.2 percent. It was 2.8 percent higher in interim 2017 than in interim 2016. Production capacity is projected to increase by 1.7 percent in 2017 and remain unchanged from 2017 to 2018. Chinese producers' total production increased from ***

Table VII-4
Fine denier PSF: Data on industry in China, 2014-16, January to March 2016, January to March 2017, and projection calendar years 2017 and 2018

Item	Actual experience					Projections	
	Calendar year			January to March		Calendar year	
	2014	2015	2016	2016	2017	2017	2018
	Quantity (1,000 pounds)						
Capacity	3,219,742	3,253,162	3,322,810	813,610	836,522	3,380,025	3,380,025
Production: Virgin fine denier PSF	2,635,393	2,992,418	3,029,010	624,579	656,281	3,091,972	3,070,000
Production: Nonvirgin fine denier PSF	***	***	***	***	***	***	***
Total in-scope production	***	***	***	***	***	***	***
End-of-period inventories	***	***	***	***	***	***	***
Shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***	***	***
Total home market shipments	***	***	***	***	***	***	***
Export shipments to:							
United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***
Total shipments	2,708,242	3,075,477	3,252,207	679,380	636,632	3,245,879	3,237,628
	Ratios and shares (percent)						
Capacity utilization	***	***	***	***	***	***	***
Share of production:							
Virgin fine denier PSF	***	***	***	***	***	***	***
Nonvirgin fine denier PSF	***	***	***	***	***	***	***
Inventories/production	***	***	***	***	***	***	***
Inventories/total shipments	***	***	***	***	***	***	***
Share of shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***	***	***
Total home market shipments	***	***	***	***	***	***	***
Export shipments to:							
United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***	***
	Quantity (1,000 pounds)						
Resales exported to the United States	***	***	***	***	***	***	***
Total exports to the United States	***	***	***	***	***	***	***
	Ratios and shares (percent)						
Share of total exports to the United States.--							
Exported by producers	***	***	***	***	***	***	***
Exported by resellers	***	***	***	***	***	***	***
Adjusted share of total shipments exported to US	***	***	***	***	***	***	***

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

pounds in 2014 to *** pounds in 2016, an increase of *** percent. It was *** percent higher in interim 2017 than in interim 2016. Production is projected to increase by *** percent in 2017, but decrease by *** percent from 2017 to 2018. Virgin fine denier PSF constituted the majority of Chinese producers' total production, accounting for over *** percent of total in-scope production throughout 2014-2016. Capacity utilization ranged from *** percent to *** percent during 2014-2016. It is projected to be *** percent in 2017 and *** percent in 2018.

Chinese producers' home market shipments increased from *** pounds in 2014 to *** pounds in 2016, an increase of *** percent. It was *** percent lower in interim 2017 than in interim 2016. Home market shipments are projected to decrease by *** percent in 2017 and *** from 2017 to 2018. Home market shipments accounted for *** percent to *** percent of total shipments during 2014-2016.

From 2014 to 2016, Chinese export shipments were largely destined for non-U.S. markets, which accounted for *** percent to *** percent of total exports. Chinese producers' export shipments to the United States increased from *** pounds in 2014 to *** pounds in 2016, an increase of *** percent. They were *** percent less in interim 2017 than in interim 2016. Chinese trading companies' export shipments to the United States fluctuated year to year, increasing from *** pounds in 2014 to *** pounds in 2015 and then decreasing to *** pounds in 2016. In total, exports shipments to the United States increased from *** pounds to *** pounds during 2014-2016. Export shipments to the United States are projected to decrease by *** percent in 2017 and by another *** percent from 2017 to 2018.

Export shipments to non-U.S. markets fluctuated from year to year, increasing from *** pounds in 2014 to *** pounds in 2015, and then decreasing to *** pounds in 2016 for an overall increase of *** percent. They were *** percent higher in interim 2017 than in interim 2016. Export shipments to non-U.S. markets are projected to increase by *** percent in 2017 and decrease by just *** percent from 2017 to 2018.

Alternative products

As shown in table VII-5, responding Chinese firms produced other products on the same equipment and machinery used to produce fine denier PSF. Chinese producers' overall production capacity increased from 3.2 billion pounds in 2014 to 3.3 billion pounds in 2016, an increase of 3.3 percent. It was 1.9 percent higher in interim 2017 than in interim 2016. Out-of-scope production on the same machinery increased from *** pounds in 2014 to *** pounds in 2016, an increase of *** percent. The majority of the increase occurred from 2015 to 2016. Out-of-scope production on the same machinery was *** percent higher in interim 2017 than in interim 2016. Fine denier PSF accounted for *** percent to *** percent of total production on the same equipment and machinery during 2014-16. Jiangyin Huahong noted that ***. Jiangsu Huaxicun and Jiangyin Hailun reported that ***.

Table VII-5
Fine denier PSF: Chinese producers' overall capacity and production on the same equipment as in-scope production, 2014-16, January to March 2016, and January to March 2017

Item	Calendar year			January to March	
	2014	2015	2016	2016	2017
	Quantity (1,000 pounds)				
Overall capacity	3,240,112	3,280,962	3,346,211	823,841	839,249
Production:					
Fine denier PSF	***	***	***	***	***
Other forms of PSF	***	***	***	***	***
Other products	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	2,739,607	3,125,612	3,231,367	656,428	714,775
	Ratios and shares (percent)				
Overall capacity utilization	84.6	95.3	96.6	79.7	85.2
Share of production:					
Fine denier PSF	***	***	***	***	***
Other forms of PSF	***	***	***	***	***
Other products	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	100.0	100.0	100.0	100.0	100.0

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

Exports

According to Global Trade Atlas ("GTA"), the leading export markets for fine denier PSF from China are United States, Pakistan, Indonesia, India, and Vietnam. In 2016, the United States was the largest export market, accounting for 20.5 percent, followed by Indonesia and Pakistan, each accounting for 10.0 percent and 8.2 percent, respectively. Table VII-6 presents data on Chinese exports of fine denier PSF.

Table VII-6
Fine denier PSF: Chinese exports by destination market, 2014-16

Destination market	Calendar year		
	2014	2015	2016
	Quantity (1,000 pounds)		
China exports to the United States	364,582	458,892	454,410
China exports to other major destination markets.--			
Indonesia	133,618	115,607	222,397
Pakistan	264,252	265,321	182,707
India	127,134	154,467	151,154
Vietnam	79,945	87,637	146,834
Mexico	79,307	104,639	114,314
Israel	94,199	88,494	94,900
Russia	88,603	69,852	69,120
Brazil	81,065	69,614	68,684
All other destination markets	612,207	665,161	715,043
Total China exports	1,924,913	2,079,684	2,219,563
	Value (1,000 dollars)		
China exports to the United States	180,685	199,613	179,561
China exports to other major destination markets.--			
Indonesia	77,558	53,853	90,559
Pakistan	147,072	116,988	72,897
India	72,274	70,040	61,671
Vietnam	49,713	43,841	64,471
Mexico	46,854	52,339	49,896
Israel	56,100	42,815	39,435
Russia	54,759	35,751	31,193
Brazil	48,089	35,500	29,345
All other destination markets	372,301	337,160	321,938
Total China exports	1,105,404	987,901	940,967

Table continued on the next page

Table VII-6--Continued
Fine denier PSF: Chinese exports by destination market, 2014-16

Destination market	Calendar year		
	2014	2015	2016
	Unit value (dollars per pound)		
China exports to the United States	0.50	0.43	0.40
China exports to other major destination markets.--			
Indonesia	0.58	0.47	0.41
Pakistan	0.56	0.44	0.40
India	0.57	0.45	0.41
Vietnam	0.62	0.50	0.44
Mexico	0.59	0.50	0.44
Israel	0.60	0.48	0.42
Russia	0.62	0.51	0.45
Brazil	0.59	0.51	0.43
All other destination markets	0.61	0.51	0.45
Total China exports	0.57	0.48	0.42
	Share of quantity (percent)		
China exports to the United States	18.9	22.1	20.5
China exports to other major destination markets.--			
Indonesia	6.9	5.6	10.0
Pakistan	13.7	12.8	8.2
India	6.6	7.4	6.8
Vietnam	4.2	4.2	6.6
Mexico	4.1	5.0	5.2
Israel	4.9	4.3	4.3
Russia	4.6	3.4	3.1
Brazil	4.2	3.3	3.1
All other destination markets	31.8	32.0	32.2
Total China exports	100.0	100.0	100.0

Source: Official export statistics under HS subheading 5503.20 as reported by China Customs in the IHS/GTA database, assessed June 13, 2017.

THE INDUSTRY IN INDIA

The Commission issued foreign producers' or exporters' questionnaires to 11 firms believed to produce and/or export fine denier PSF from India.[10] Usable responses to the Commission's questionnaire were received from two firms: Alok Industries Limited ("Alok")[11] and Reliance Industries ("Reliance").[12] These firms' exports to the United States accounted for approximately *** percent of U.S. imports of fine denier PSF from India in 2016. According to estimates provided by the responding Indian producers, these firms accounted for approximately *** percent of fine denier PSF production in India. Table VII-7 presents information on the fine denier PSF operations of the responding Indian producers and exporters.

Table VII-7
Fine denier PSF: Summary data for producers in India, 2016

Firm	Production (1,000 pounds)	Share of reported production (percent)	Exports to the United States (1,000 pounds)	Share of reported exports to the United States (percent)	Total shipments (1,000 pounds)	Share of firm's total shipments exported to the United States (percent)
Alok Industries	***	***	***	***	***	***
Reliance Industries	***	***	***	***	***	***
Total	***	100.0	***	100.0	***	***

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

Changes in operations

As presented in table VII-8 producers in India reported several operational and organizational changes since January 1, 2014.

Table VII-8
Fine denier PSF: Indian producers' reported changes in operations, since January 1, 2014

* * * * * * *

[10] These firms were identified through a review of information submitted in the petition and contained in *** records. Staff issued questionnaires to all Indian producers for which an email address or a fax number was provided.

[11] Alok reported that fine denier PSF represented *** percent of its total sales in its most recent fiscal year.

[12] Reliance reported that fine denier PSF represented *** percent of its total sales in its most recent fiscal year.

Operations on fine denier PSF

When asked about production constraints, responding producers noted that their production is constrained by ***. Table VII-9 presents information on the fine denier PSF operations of the responding producers and exporters in India.

Table VII-9
Fine denier PSF: Data on industry in India, 2014-16, January to March 2016, January to March 2017, and projection calendar years 2017 and 2018

* * * * * * *

Indian producers' production capacity increased from *** pounds in 2014 to *** pounds in 2016, an overall increase of *** percent. It was *** percent higher in interim 2017 than in interim 2016. Production capacity is projected to increase by *** percent in 2017 and by *** percent from 2017 to 2018. Indian producers' total production increased from *** pounds in 2014 to *** pounds in 2016, an increase of *** percent. It was *** percent higher in interim 2017 than in interim 2016. Total production is projected to increase by *** percent in 2017 and by *** percent in 2018. Virgin fine denier PSF constituted the majority of Indian producers' total production, accounting for over *** percent of total in-scope production throughout 2014-2016. Capacity utilization ranged from *** percent to *** percent during 2014-2016. It is projected to be *** percent in 2017 and *** percent in 2018.

Indian producers' home market shipments increased from *** pounds in 2014 to *** pounds in 2016, an increase of *** percent. It was *** percent lower in interim 2017 than in interim 2016. Home market shipments are projected to increase by *** percent in 2017 and by *** percent from 2017 to 2018. Home market shipments accounted for *** percent to *** percent of total shipments during 2014-2016.

From 2014 to 2016, Indian export shipments were largely destined for non-U.S. markets, which accounted for *** percent to *** percent of total exports. Export shipments to the United States increased from *** pounds in 2014 to *** pounds in 2016, an increase of *** percent. They were *** percent higher in interim 2017 than in interim 2016. Exports to the United States are projected to increase by *** percent in 2017 and by another *** percent from 2017 to 2018. Reliance noted that it ***. Reliance also reported that ***.

Export shipments to non-U.S. markets increased from *** pounds in 2014 to *** pounds in 2016, an increase of *** percent. They were *** percent higher in interim 2017 than in interim 2016. Exports to non-U.S. markets are projected to increase by *** percent in 2017 and by *** percent from 2017 to 2018.

Alternative products

As shown in table VII-10, responding Indian firms produced other products on the same equipment and machinery used to produce fine denier PSF. Indian producers' overall production capacity increased from *** pounds in 2014 to *** pounds in 2016, an increase of *** percent. It was *** in interim 2017 and interim 2016. Out-of-scope production on the same machinery fluctuated from year to year, increasing from *** pounds in 2014 to *** pounds in

2015, and then decreasing to *** pounds in 2016 for an overall increase of *** percent. It was *** percent lower in interim 2017 than in interim 2016. Fine denier PSF accounted for *** percent to *** percent of total production on the same equipment and machinery during 2014-16. Reliance noted that ***.

Table VII-10
Fine denier PSF: Indian producers' overall capacity and production on the same equipment as in-scope production, 2014-16, January to March 2016, and January to March 2017

* * * * * * *

Exports

According to GTA, the leading export markets for fine denier PSF from India are the United States, Nepal, Bangladesh, Belgium, and Indonesia. In 2016, the United States was the largest export market, accounting for 20.1 percent, followed by Nepal and Belgium, each accounting for 11.4 percent and 8.3 percent, respectively. Table VII-11 presents data on Indian exports of fine denier PSF.

Table VII-11
Fine denier PSF: Indian exports by destination market, 2014-16

Destination market	Calendar year		
	2014	2015	2016
	Quantity (1,000 pounds)		
India exports to the United States	66,110	79,717	92,048
India exports to other major destination markets.--			
Nepal	47,018	35,328	52,295
Bangladesh	26,959	22,687	38,094
Belgium	41,013	36,915	36,448
Indonesia	17,143	20,596	21,783
Egypt	10,005	11,588	21,165
Spain	22,676	11,788	18,056
Iran	18,395	10,906	17,891
Turkey	11,285	10,965	15,991
All other destination markets	171,530	149,490	144,495
Total India exports	432,133	389,980	458,267
	Value (1,000 dollars)		
India exports to the United States	44,510	45,632	48,223
India exports to other major destination markets.--			
Nepal	29,539	16,943	22,933
Bangladesh	16,379	10,329	16,327
Belgium	25,183	17,988	15,586
Indonesia	10,750	9,856	9,292
Egypt	6,535	5,734	9,172
Spain	14,198	6,056	8,332
Iran	12,419	5,092	7,838
Turkey	8,508	6,410	7,998
All other destination markets	109,170	77,028	66,309
Total India exports	277,192	201,068	212,009

Table continued on the next page

Table VII-11--Continued
Fine denier PSF: Indian exports by destination market, 2014-16

Destination market	Calendar year		
	2014	2015	2016
	Unit value (dollars per pound)		
India exports to the United States	0.67	0.57	0.52
India exports to other major destination markets.--			
Nepal	0.63	0.48	0.44
Bangladesh	0.61	0.46	0.43
Belgium	0.61	0.49	0.43
Indonesia	0.63	0.48	0.43
Egypt	0.65	0.49	0.43
Spain	0.63	0.51	0.46
Iran	0.68	0.47	0.44
Turkey	0.75	0.58	0.50
All other destination markets	0.64	0.52	0.46
Total India exports	0.64	0.52	0.46
	Share of quantity (percent)		
India exports to the United States	15.3	20.4	20.1
India exports to other major destination markets.--			
Nepal	10.9	9.1	11.4
Bangladesh	6.2	5.8	8.3
Belgium	9.5	9.5	8.0
Indonesia	4.0	5.3	4.8
Egypt	2.3	3.0	4.6
Spain	5.2	3.0	3.9
Iran	4.3	2.8	3.9
Turkey	2.6	2.8	3.5
All other destination markets	39.7	38.3	31.5
Total India exports	100.0	100.0	100.0

Source: Official export statistics under HS subheading 5503.20 as reported by India's Ministry of Commerce in the IHS/GTA database, assessed June 13, 2017.

THE INDUSTRY IN KOREA

The Commission issued foreign producers' or exporters' questionnaires to 22 firms believed to produce and/or export fine denier PSF from Korea.[13] The Commission did not receive a response from any Korean producers. According to petitioners, there are two major producers of fine denier PSF: Huvis Corporation and Toray Chemical Korea Inc. Petitioners noted that Huvis Corporation claims a total polyester staple fiber production capacity of 1.1 billion tons per year.[14] They also stated that Toray announced a plan in January 2015 to expand its production capacity of bio-component staple fibers that is used to manufacture nonwoven fabric for personal hygiene products.

Exports

According to GTA, the leading export markets for fine denier PSF from Korea are the United States, China, Germany Vietnam and Italy. During 2016, the United States was the largest export market, accounting for 18.4 percent, followed by China, accounting for 9.1 percent. Table VII-12 presents data on Korean exports of fine denier PSF.

[13] These firms were identified through a review of information submitted in the petition and contained in *** records. Staff issued questionnaires to all Korean producers for which an email address or a fax number was provided.

[14] Petitioners' postconference brief, p. 41.

Table VII-12
Fine denier PSF: Korean exports by destination market, 2014-16

Destination market	Calendar year		
	2014	2015	2016
	Quantity (1,000 pounds)		
Korea exports to the United States	247,078	272,174	289,033
Korea exports to other major destination markets.--			
China	154,148	143,494	143,050
Germany	108,405	102,577	101,294
Vietnam	99,071	101,461	99,584
Italy	68,359	78,396	93,810
Poland	63,084	75,675	75,934
Japan	52,310	60,806	72,272
United Kingdom	80,618	73,127	69,261
Belgium	37,461	40,610	44,904
All other destination markets	511,687	547,798	585,811
Total Korea exports	1,422,221	1,496,118	1,574,954
	Value (1,000 dollars)		
Korea exports to the United States	168,801	153,283	143,008
Korea exports to other major destination markets.--			
China	118,099	82,589	73,176
Germany	78,374	60,082	52,467
Vietnam	73,159	64,162	57,364
Italy	46,261	41,581	43,723
Poland	39,533	38,048	33,504
Japan	32,681	35,258	39,114
United Kingdom	49,972	36,802	30,655
Belgium	24,732	22,211	20,730
All other destination markets	360,934	314,092	295,981
Total Korea exports	992,546	848,107	789,722

Table continued on the next page

Table VII-12--Continued
Fine denier PSF: Korean exports by destination market, 2014-16

Destination market	Calendar year		
	2014	2015	2016
	Unit value (dollars per pound)		
Korea exports to the United States	0.68	0.56	0.49
Korea exports to other major destination markets.--			
China	0.77	0.58	0.51
Germany	0.72	0.59	0.52
Vietnam	0.74	0.63	0.58
Italy	0.68	0.53	0.47
Poland	0.63	0.50	0.44
Japan	0.62	0.58	0.54
United Kingdom	0.62	0.50	0.44
Belgium	0.66	0.55	0.46
All other destination markets	0.71	0.57	0.51
Total Korea exports	0.70	0.57	0.50
	Share of quantity (percent)		
Korea exports to the United States	17.4	18.2	18.4
Korea exports to other major destination markets.--			
China	10.8	9.6	9.1
Germany	7.6	6.9	6.4
Vietnam	7.0	6.8	6.3
Italy	4.8	5.2	6.0
Poland	4.4	5.1	4.8
Japan	3.7	4.1	4.6
United Kingdom	5.7	4.9	4.4
Belgium	2.6	2.7	2.9
All other destination markets	36.0	36.6	37.2
Total Korea exports	100.0	100.0	100.0

Source: Official export statistics under HS subheading 5503.20 as reported by Korea Customs and Trade Development Institution in the IHS/GTA database, assessed June 13, 2017.

THE INDUSTRY IN TAIWAN

The Commission issued foreign producers' or exporters' questionnaires to five firms believed to produce and/or export fine denier PSF from Taiwan.[15] Usable responses to the Commission's questionnaire were received from four firms: Far Eastern New Century Corporation ("FENC"),[16] Nan Ya Plastics Corporation ("Nan Ya"),[17] Tainan Spinning Co., Ltd ("Tainan"),[18] and Chung Shing Textile Marketing Co., Ltd ("Chung Shing").[19] These firms' exports to the United States accounted for approximately *** percent of U.S. imports of fine denier PSF from Taiwan in 2016. According to estimates provided by the responding Taiwanese producers, these firms accounted for approximately *** percent of fine denier PSF production in Taiwan. Table VII-13 presents information on the fine denier PSF operations of the responding Taiwanese producers and exporters.

Table VII-13
Fine denier PSF: Summary data for producers in Taiwan, 2016

Firm	Production (1,000 pounds)	Share of reported production (percent)	Exports to the United States (1,000 pounds)	Share of reported exports to the United States (percent)	Total shipments (1,000 pounds)	Share of firm's total shipments exported to the United States (percent)
Chung Shing	***	***	***	***	***	***
Far Eastern	***	***	***	***	***	***
Nan Ya	***	***	***	***	***	***
Tainan Spinning Co., Ltd.	***	***	***	***	***	***
Total	***	100.0	***	100.0	505,093	***

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

[15] These firms were identified through a review of information submitted in the petition and contained in *** records. Staff issued questionnaires to all Taiwanese producers for which an email address or a fax number was provided.

[16] FENC reported that fine denier PSF represented *** percent of its total sales in its most recent fiscal year.

[17] Nan Ya reported that fine denier PSF represented *** percent of its total sales in its most recent fiscal year. It reported ***.

[18] Tainan reported that fine denier PSF represented *** percent of its total sales in its most recent fiscal year.

[19] Chung Shing reported that fine denier PSF represented *** percent of its total sales in its most recent fiscal year.

Operations on fine denier PSF

When asked about production constraints, responding producers noted that their production is constrained by ***. No responding producer reported any changes in operations since January 1, 2014. Table VII-14 presents information on the fine denier PSF operations of the responding producers and exporters in Taiwan.

Taiwanese producers' production capacity fluctuated year to year, decreasing from 547.5 million pounds in 2014 to 546.5 million pounds in 2015, and then increasing to 551.3 million pounds in 2016 for an overall increase of 0.7 percent. It was 0.6 percent higher in interim 2017 than in interim 2016. Production capacity is projected to increase by 0.6 percent in 2017 and remain the same in 2018. Fluctuating year to year, Taiwanese producers' total production decreased from *** pounds in 2014 to *** pounds in 2015 and then increased to *** pounds in 2016 for an overall decrease of *** percent. It was *** percent higher in interim 2017 than in interim 2016. Total production is projected to decrease by *** percent in 2017 and to be *** in 2018. Virgin fine denier PSF constituted the majority of Indian producers' total production, accounting for *** percent to *** percent of total in-scope production during 2014-2016. Capacity utilization ranged from *** percent to *** percent during 2014-2016. It is projected to be *** percent in 2017 and *** percent in 2018.

Taiwanese producers' home market shipments fluctuated year to year, increasing from *** pounds in 2014 to *** pounds in 2015 and then decreasing to *** pounds in 2016 for an overall decrease of *** percent. It was *** percent lower in interim 2017 than in interim 2016. Home market shipments are projected to increase by *** percent in 2017 and to *** from 2017 to 2018. Home market shipments accounted for *** percent to *** percent of total shipments during 2014-2016.

From 2014 to 2016, Taiwanese export shipments were largely destined for non-U.S. markets, which accounted for *** percent to *** percent of total exports. Export shipments to the United States increased from *** pounds in 2014 to *** pounds in 2016, an increase *** percent. The majority of the increase occurred from 2015 to 2016. Export shipments to the United States were *** percent lower in interim 2017 than in interim 2016. They are projected to decrease by *** percent in 2017 and by *** percent from 2017 to 2018. Fluctuating year to year, export shipments to non-U.S. markets decreased from *** pounds in 2014 to *** pounds in 2015 and then increased to *** pounds in 2016 for an overall decrease of *** percent. They were *** percent higher in interim 2017 than in interim 2016. They are projected to decrease by *** percent in 2017 and return to *** in 2018.

Table VII-14
Fine denier PSF: Data on industry in Taiwan, 2014-16, January to March 2016, January to March 2017, and projection calendar years 2017 and 2018

Item	Actual experience					Projections	
	Calendar year			January to March		Calendar year	
	2014	2015	2016	2016	2017	2017	2018
	Quantity (1,000 pounds)						
Capacity	547,473	546,548	551,335	139,162	139,938	554,602	554,341
Production: Virgin fine denier PSF	491,757	459,977	480,850	116,098	128,344	475,871	476,775
Production: Nonvirgin fine denier PSF	***	***	***	***	***	***	***
Total in-scope production	***	***	***	***	***	***	***
End-of-period inventories	29,570	31,623	31,401	47,103	42,309	26,253	25,551
Shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***	***	***
Total home market shipments	***	***	***	***	***	***	***
Export shipments to:							
United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***
Total shipments	533,797	487,618	505,093	107,777	120,441	500,515	500,326
	Ratios and shares (percent)						
Capacity utilization	***	***	***	***	***	***	***
Share of production:							
Virgin fine denier PSF	***	***	***	***	***	***	***
Nonvirgin fine denier PSF	***	***	***	***	***	***	***
Inventories/production	***	***	***	***	***	***	***
Inventories/total shipments	***	***	***	***	***	***	***
Share of shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***	***	***
Total home market shipments	***	***	***	***	***	***	***
Export shipments to:							
United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***	***

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

Alternative products

As shown in table VII-15, responding Taiwanese firms produced other products on the same equipment and machinery used to produce fine denier PSF. Taiwanese producers' overall production capacity remained nearly unchanged from 2014 to 2016 at approximately 1.2 billion pounds. It was also mostly the same in interim 2016 and interim 2017 at 309 million pounds. Taiwanese producers' out-of-scope production on the same machinery fluctuated year to year, decreasing from *** pounds in 2014 to *** pounds in 2015 and then increasing to *** pounds in 2016 for an overall increase of *** percent. It was *** percent higher in interim 2017 than in interim 2016. Fine denier PSF accounted for *** percent to *** percent of total production on the same equipment and machinery during 2014-16. Far Eastern and Nan Ya reported that ***. Chung Shing noted that ***.

Table VII-15
Fine denier PSF: Taiwanese producers' overall capacity and production on the same equipment as in-scope production, 2014-16, January to March 2016, and January to March 2017

Item	Calendar year			January to March	
	2014	2015	2016	2016	2017
	Quantity (1,000 pounds)				
Overall capacity	1,200,276	1,199,351	1,204,544	309,289	309,658
Production:					
Fine denier PSF	***	***	***	***	***
Other forms of PSF	***	***	***	***	***
Other products	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	***	***	***	***	***
	Ratios and shares (percent)				
Overall capacity utilization	***	***	***	***	***
Share of production:					
Fine denier PSF	***	***	***	***	***
Other forms of PSF	***	***	***	***	***
Other products	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	***	***	***	***	***

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

Exports

According to GTA, the leading export markets for fine denier PSF from Taiwan are Vietnam, the United States, the United Kingdom, China, and Thailand. During 2016, Vietnam was the largest export market, accounting for 21.9 percent, followed by the United States, accounting for 10.4 percent. Table VII-16 presents data on Taiwanese exports of fine denier PSF.

Table VII-16
Fine denier PSF: Taiwanese exports by destination market, 2014-16

Destination market	Calendar year		
	2014	2015	2016
	Quantity (1,000 pounds)		
Taiwan exports to the United States	66,862	73,306	88,759
Taiwan exports to other major destination markets.--			
Vietnam	204,017	190,971	187,461
United Kingdom	38,700	52,072	45,418
China	31,336	28,889	35,485
Thailand	25,386	25,084	32,935
Pakistan	17,285	16,123	30,881
Germany	40,598	33,160	30,365
Mexico	20,934	22,480	27,692
Italy	32,429	24,025	25,998
All other destination markets	339,458	330,383	352,556
Total Taiwan exports	817,008	796,495	857,550
	Value (1,000 dollars)		
Taiwan exports to the United States	47,960	41,431	42,922
Taiwan exports to other major destination markets.--			
Vietnam	130,911	94,980	85,479
United Kingdom	27,044	30,060	22,546
China	23,255	18,482	21,048
Thailand	18,724	14,558	16,726
Pakistan	12,744	9,386	14,929
Germany	29,141	18,822	15,243
Mexico	15,558	13,094	13,808
Italy	22,155	12,633	12,247
All other destination markets	245,954	197,547	181,961
Total Taiwan exports	573,445	450,993	426,910

Table continued on the next page

Table VII-16--Continued
Fine denier PSF: Exports from Taiwan, 2014-16

Destination market	Calendar year		
	2014	2015	2016
	Unit value (dollars per pound)		
Taiwan exports to the United States	0.72	0.57	0.48
Taiwan exports to other major destination markets.--			
Vietnam	0.64	0.50	0.46
United Kingdom	0.70	0.58	0.50
China	0.74	0.64	0.59
Thailand	0.74	0.58	0.51
Pakistan	0.74	0.58	0.48
Germany	0.72	0.57	0.50
Mexico	0.74	0.58	0.50
Italy	0.68	0.53	0.47
All other destination markets	0.72	0.60	0.52
Total Taiwan exports	0.70	0.57	0.50
	Share of quantity (percent)		
Taiwan exports to the United States	8.2	9.2	10.4
Taiwan exports to other major destination markets.--			
Vietnam	25.0	24.0	21.9
United Kingdom	4.7	6.5	5.3
China	3.8	3.6	4.1
Thailand	3.1	3.1	3.8
Pakistan	2.1	2.0	3.6
Germany	5.0	4.2	3.5
Mexico	2.6	2.8	3.2
Italy	4.0	3.0	3.0
All other destination markets	41.5	41.5	41.1
Total Taiwan exports	100.0	100.0	100.0

Source: Official export statistics under HS subheading 5503.20 as reported by Taiwan Directorate General of Customs in the IHS/GTA database, assessed June 13, 2017.

THE INDUSTRY IN VIETNAM

The Commission issued foreign producers' or exporters' questionnaires to three firms believed to produce and/or export fine denier PSF from Vietnam.[20] The Commission received a usable response from one firm, Hop Thanh Co., Ltd. ("Hop Thanh").[21] Hop Thanh's exports to the United States accounted for approximately *** percent[22] of U.S. imports of fine denier PSF from Vietnam in 2016. According to estimates provided by the responding Vietnamese producers, these firms accounted for approximately *** percent of fine denier PSF production in Vietnam. Table VII-17 presents information on the fine denier PSF operations of the responding Vietnamese producers and exporters.

Table VII-17
Fine denier PSF: Summary data for producers in Vietnam, 2016

Firm	Production (1,000 pounds)	Share of reported production (percent)	Exports to the United States (1,000 pounds)	Share of reported exports to the United States (percent)	Total shipments (1,000 pounds)	Share of firm's total shipments exported to the United States (percent)
Hop Thanh	***	100.0	***	100.0	***	***
Total	***	100.0	***	100.0	***	***

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

Changes in operations

As presented in table VII-18 Hop Thanh reported changes in operations since January 1, 2014.

Table VII-18
Fine denier PSF: Vietnamese producers' reported changes in operations, since January 1, 2014

* * * * * * *

[20] These firms were identified through a review of information submitted in the petition and contained in *** records. Staff issued questionnaires to all Vietnamese producers for which an email address or a fax number was provided.

[21] Hop Thanh reported that fine denier PSF represented *** percent of its total sales in its most recent fiscal year.

[22] As discussed in part IV, the volume of imports from Vietnam is overstated in the official import statistics because *** misclassified imports of PSF that are larger than 3 denier from Vietnam under the HTS statistical reporting number 5503.20.0025. The Vietnamese company cited as the manufacturer or exporter of record for those imports, ***, stated in its response to the Commission's foreign producers' questionnaire as well as in a follow up email from Commission staff that it did not produce fine denier PSF during the period of investigation. As a result, these imports were removed from the import data.

Operations on fine denier PSF

When asked about production constraints, Hop Thanh noted that its production is constrained by ***. Table VII-19 presents information on Hop Thanh's fine denier PSF operations.[23]

Table VII-19
Fine denier PSF: Data on industry in Vietnam, 2014-16, January to March 2016, January to March 2017, and projection calendar years 2017 and 2018

* * * * * * *

Hop Thanh's production capacity remained constant at *** pounds during 2014-2016. It was at the same volume in interim 2016 and 2017 at *** pounds. Production capacity is not projected to increase in 2017. Hop Thanh's production increased from *** pounds in 2014 to *** pounds in 2016, an increase of *** percent. It was *** percent higher in interim 2017 than in interim 2016. Production is projected to increase by *** percent in 2017. Capacity utilization ranged from *** percent to *** percent during 2014-2016. It is projected to be at *** percent in 2017. Hop Thanh ***.

From 2014 to 2016, Vietnamese export shipments were largely destined for non-U.S. markets, which accounted for *** percent to *** percent of total exports. Export shipments to the United States fluctuated year to year increasing from *** pounds in 2014 to *** pounds in 2015 and then decreasing to *** in 2016, for an overall increase of *** percent. Hop Thanh's export shipments to the United States are projected to increase by *** percent in 2017. Export shipments to non-U.S. markets fluctuated year to year increasing from *** pounds in 2014 to *** pounds in 2016 and then increasing to *** pounds in 2016 for an overall increase of *** percent. They were over *** greater in interim 2017 than in interim 2016. Hop Thanh's export shipments to non-U.S. markets are projected to increase by *** percent in 2017.

Alternative products

As shown in table VII-20, Hop Thanh produced other products on the same equipment and machinery used to produce fine denier PSF. From 2014 to 2016, Hop Thanh's overall production capacity remained constant at *** pounds. It was at *** pounds in interim 2016 and interim 2017. Out-of-scope production on the same machinery fluctuated year to year, increasing from *** pounds in 2014 to *** pounds in 2015 and then decreasing to *** pounds in 2016 for an overall decrease of *** percent. It was *** percent lower in interim 2017 than in interim 2016. Fine denier PSF accounted for *** percent to *** percent of total production on the same equipment and machinery during 2014-16.

[23] Hop Thanh noted that it has yet to make any production capacity, production, and shipment projections for 2018.

Table VII-20
Fine denier PSF: Vietnamese producers' overall capacity and production on the same equipment as in-scope production, 2014-16, January to March 2016, and January to March 2017

* * * * * * *

Exports

According to GTA, the leading export markets for fine denier PSF from Vietnam are Turkey, the United States, Mexico, Korea, and South Africa. During 2016, Turkey was the largest export market, accounting for 29.6 percent, followed by the United States, accounting for 25.7 percent. Table VII-21 presents data on Vietnamese exports of fine denier PSF.

Table VII-21
Fine denier PSF: Vietnamese exports by destination, 2014-16

Destination market	Calendar year		
	2014	2015	2016
	Quantity (1,000 pounds)		
Vietnam exports to the United States	30,475	44,686	40,741
Vietnam exports to other major destination markets.--			
Turkey	65,015	80,922	46,938
Mexico	41,987	36,906	40,103
Korea	8,810	3,885	6,559
South Africa	3,245	4,594	5,329
Colombia	1,069	2,679	3,379
Costa Rica	198	638	1,919
Venezuela	96	815	1,895
Saudia Arabia	5,698	5,040	1,601
All other destination markets	48,223	25,807	10,092
Total Vietnam exports	204,817	205,970	158,556
	Value (1,000 dollars)		
Vietnam exports to the United States	15,916	21,226	17,661
Vietnam exports to other major destination markets.--			
Turkey	46,349	53,705	32,017
Mexico	24,607	18,349	16,861
Korea	5,638	2,064	2,838
South Africa	2,175	3,020	2,709
Colombia	707	1,573	1,628
Costa Rica	135	315	845
Venezuela	67	394	780
Saudia Arabia	3,044	2,160	654
All other destination markets	30,533	13,467	4,657
Total Vietnam exports	129,172	116,273	80,650

Table continued on the next page

Table VII-21--Continued
Fine denier PSF: Vietnamese exports by destination, 2014-16

Destination market	Calendar year		
	2014	2015	2016
	Unit value (dollars per pound)		
Vietnam exports to the United States	0.52	0.48	0.43
Vietnam exports to other major destination markets.--			
Turkey	0.71	0.66	0.68
Mexico	0.59	0.50	0.42
Korea	0.64	0.53	0.43
South Africa	0.67	0.66	0.51
Colombia	0.66	0.59	0.48
Costa Rica	0.68	0.49	0.44
Venezuela	0.70	0.48	0.41
Saudia Arabia	0.53	0.43	0.41
All other destination markets	0.63	0.52	0.46
Total Vietnam exports	0.63	0.56	0.51
	Share of quantity (percent)		
Vietnam exports to the United States	14.9	21.7	25.7
Vietnam exports to other major destination markets.--			
Turkey	31.7	39.3	29.6
Mexico	20.5	17.9	25.3
Korea	4.3	1.9	4.1
South Africa	1.6	2.2	3.4
Colombia	0.5	1.3	2.1
Costa Rica	0.1	0.3	1.2
Venezuela	0.0	0.4	1.2
Saudia Arabia	2.8	2.4	1.0
All other destination markets	23.5	12.5	6.4
Total Vietnam exports	100.0	100.0	100.0

Source: Official export statistics under HS subheading 5503.20 as reported by various countries' statistical authorities in the IHS/GTA database, assessed June 13, 2017.

SUBJECT COUNTRIES COMBINED

Table VII-22 presents summary data on fine denier PSF operations of the reporting producers from subject countries and table VII-23 presents summary data on fine denier PSF operations of the reporting producers from all subject countries except Vietnam.

Table VII-22
Fine denier PSF: Data on industry in subject countries, 2014-16, January to March 2016, January to March 2017, and projection calendar years 2017 and 2018

* * * * * * *

Table VII-23
Fine denier PSF: Data on industry in subject countries, excluding Vietnam, 2014-16, January to March 2016, January to March 2017, and projection calendar years 2017 and 2018

* * * * * * *

U.S. INVENTORIES OF IMPORTED MERCHANDISE

Table VII-24 presents data on U.S. importers' reported inventories of fine denier PSF. From 2014 to 2016, U.S. importers inventories of U.S. imports from China, India and Taiwan increased by 65.9 percent, 44.6 percent, and 42.6 percent, respectively. Conversely, U.S. importers' inventories of U.S. imports from Korea and Vietnam decreased by 8.8 percent and *** percent, respectively. The majority of the inventories were held by ***.

Table VII-24
Fine denier PSF: U.S. importers' end-of-period inventories of imports by source, 2014-16

Item	Calendar year			January to March	
	2014	2015	2016	2016	2017
	Inventories (1,000 pounds); Ratios (percent)				
Imports from China					
Inventories	19,130	22,518	31,744	28,645	28,899
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***
Imports from India:					
Inventories	5,929	8,650	8,572	7,797	9,096
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***
Imports from Korea:					
Inventories	2,943	3,161	2,684	2,564	2,927
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***
Imports from Taiwan:					
Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***

Table continued on the next page

Table VII-24--Continued
Fine denier PSF: U.S. importers' end-of-period inventories of imports by source, 2014-16

Item	Calendar year			January to March	
	2014	2015	2016	2016	2017
	Inventories (1,000 pounds); Ratios (percent)				
Imports from Vietnam: Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***
Imports from subject sources: Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***
Imports from all other sources: Inventories	7,664	7,459	9,115	9,431	7,534
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***
Imports from all import sources: Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***

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

U.S. IMPORTERS' OUTSTANDING ORDERS

The Commission requested importers to indicate whether they imported or arranged for the importation of fine denier PSF from China, India, Korea, Taiwan, and Vietnam after March 31, 2017. Responding importers reported *** pounds of arranged imports from China, 16.0 million pounds from India, 6.3 million pounds from Korea, *** million pounds from Taiwan and *** pounds from Vietnam. Table VII-25 presents shipments of fine denier PSF arranged for U.S. importation after March 31, 2017.

Table VII-25
Fine denier PSF: Arranged imports, April 2017 through March 2018

Item	Period				
	Apr-Jun 2017	Jul-Sept 2017	Oct-Dec 2017	Jan-Mar 2018	Total
Arranged U.S. imports from.--					
China	***	***	***	***	***
India	***	***	***	***	15,971
Korea	***	***	***	***	6,348
Taiwan	***	***	***	***	***
Vietnam	***	***	***	***	***
Subject sources	***	***	***	***	***
All other sources	***	***	***	***	***
All import sources	***	***	***	***	***

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

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS[24]

According to petitioners, several other countries imposed antidumping duty orders on imports PSF from China, India, Korea, Taiwan, and Vietnam that included fine denier PSF. In 1993, Mexico imposed an antidumping duty order on all forms of PSF from China, India, Korea, Taiwan, and Vietnam, which was extended in 2013. Turkey imposed an antidumping duty order on all forms of PSF from Korea in 2000, which was extended in 2012. In 2003, Turkey issued the same antidumping duty order on PSF from China, India, and Taiwan, which was extended in 2014. In 2011, Indonesia enacted an antidumping duty order on all forms of PSF from China, India, and Taiwan, which was extended in 2016. Pakistan imposed an antidumping duty order on imports of fine denier PSF (2.0 denier or less) from China in 2016. Israel levied import tariffs of 30 percent ad valorem on all forms of PSF from China, India, Korea, Taiwan and Vietnam.

[24] Unless otherwise noted, information in this section is based on petitioners' postconference brief, exh. 1 and 16.

INFORMATION ON NONSUBJECT COUNTRIES

In addition to the subject countries (China, India, Korea, Taiwan, and Vietnam), U.S. importers also source fine denier PSF from a handful of other countries, notably, Germany and, to a lesser degree, Mexico. Fine denier PSF produced in Germany and sold to U.S. importers is reported to be of specialty varieties that sell at higher average unit values than subject imports.[25] Although the United States is an important market for German manufacturers of fine denier PSF, the majority of German export sales are to neighboring European nations.

Nearly all of the exports to the United States from Mexico during the period of investigation are from ***.[26] DAK Americas notes that ***.[27] Exports to the U.S. account for more than half of Mexico's shipments of this product. Other destinations for fine denier polyester staple fiber manufactured in Mexico include Ecuador, El Salvador, and Guatemala.

[25] Petitioners' post-conference brief, exh. 10, p. 1.

[26] *** data. Please see part III for discussion on U.S. producers' imports.

[27] Petitioners' post-conference brief, exh. 9, p. 1.

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
82 FR 26512, June 6, 2017	*Fine Denier Polyester Staple Fiber from China, India, Korea, Taiwan, and Vietnam; Institution of Antidumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations*	https://www.gpo.gov/fdsys/pkg/FR-2017-06-07/pdf/2017-11755.pdf
82 FR 29023, June 27, 2017	*Fine Denier Polyester Staple Fiber from the People's Republic of China, India, the Republic of Korea, Taiwan, and the Socialist Republic of Vietnam: Initiation of Less-Than-Fair-Value Investigations*	https://www.gpo.gov/fdsys/pkg/FR-2017-06-27/pdf/2017-13380.pdf
82 FR 29029 June 27, 2017	*Fine Denier Polyester Staple Fiber from India and the People's Republic of China: Initiation of Countervailing Duty Investigations*	https://www.gpo.gov/fdsys/pkg/FR-2017-06-27/pdf/2017-13381.pdf

APPENDIX B

CALENDAR OF THE PUBLIC STAFF CONFERENCE

CALENDAR OF PUBLIC PRELIMINARY CONFERENCE

Those listed below appeared as witnesses at the United States International Trade Commission's preliminary conference:

Subject: Fine Denier Polyester Staple Fiber from China, India, Korea, Taiwan, and Vietnam

Inv. Nos.: 701-TA-579-580 and 731-TA-1369-1373 (Preliminary)

Date and Time: June 21, 2017 - 9:30 a.m.

Sessions were held in connection with these preliminary phase investigations in Courtroom A (room 100), 500 E Street, SW., Washington, DC.

OPENING REMARKS:

Petitioners (**Paul C. Rosenthal**, Kelley Drye & Warren LLP)
Respondents (**Kristen Smith**, Sandler, Travis & Rosenberg, P.A.)

In Support of the Imposition of
Antidumping and Countervailing Duty Orders:

Kelley Drye & Warren LLP
Washington, DC
on behalf of

DAK Americas LLC
Nan Ya Plastics Corporation, America
Auriga Polymers Inc.

Mark Ruday, Senior Vice President, Fibers Business Unit, DAK Americas LLC

Richard Lane, Senior Manager of Public Affairs, Trade Relations and Corporate Communications, DAK Americas LLC

Michael Sparkman, Senior Business Manager, Nan Ya Plastics Corporation, America

John Freeman, Assistant Director of Sales, Nan Ya Plastics Corporation, America

Thomas Brekovsky, Vice President, Polymers and Fibers, Auriga Polymers Inc.

In Support of the Imposition of
Antidumping and Countervailing Duty Orders:

Nik Casstevens, Vice President, Palmetto Synthetics LLC

Gina E. Beck, Economic Consultant, Georgetown Economic Services LLC

Paul C. Rosenthal)
Kathleen W. Cannon)
) – OF COUNSEL
David C. Smith)
Brooke M. Ringel)

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

Grunfeld Desiderio Lebowitz Silverman and Klestadt LLP
Washington, DC
on behalf of

The China Chamber of Commerce for Import and Export of Textile and Appareal
Jiangsu Huaxicum Co., Ltd.
Jiangyin Hailun Chemical Fiber Co., Limited
Jiangyin Huahong Chemical Fiber Co., Limited
Jiangyin Yangxi International Trade Co., Ltd.

Ned H. Marshak)
Kavita Mohan) – OF COUNSEL
Elaine F. Wang)

deKieffer & Horgan, PLLC
Washington, DC
on behalf of

Consolidated Fibers, Inc.
Fibertex Corp.

Robert Kunik, President, Consolidated Fibers, Inc.

Gregory S. Menegaz)
) – OF COUNSEL
Judith Holdsworth)

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

Sandler, Travis & Rosenberg, P.A.
Miami, FL
on behalf of

David C. Poole Company Inc.
Suominen Corporation
The Proctor & Gamble Manufacturing Co.

Bynum Poole, President, David C. Poole Company Inc.

Joe McFayden, Technical Director, David C. Poole Company Inc.

Dan Dunbar, Vice President of Sourcing, Suominen Corporation

Kristen Smith)
) – OF COUNSEL
Mark Ludwikowski)

REBUTTAL/CLOSING REMARKS:

Petitioners (**Paul C. Rosenthal**, Kelley Drye & Warren LLP)
Respondents (**Ned H. Marshak**, Grunfeld Desiderio Lebowitz Silverman and Klestadt LLP)

-END-

APPENDIX C

SUMMARY DATA

Table C-1
Fine denier PSF: Summary data concerning the U.S. market, 2014-16, January to March 2016, and January to March 2017
(Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to March		Calendar year			Jan-Mar
	2014	2015	2016	2016	2017	2014-16	2014-15	2015-16	2016-17
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
China	***	***	***	***	***	***	***	***	***
India	***	***	***	***	***	***	***	***	***
Korea	***	***	***	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***	***	***	***
Vietnam	***	***	***	***	***	***	***	***	***
Subject sources	***	***	***	***	***	***	***	***	***
Subject less Vietnam	***	***	***	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***	***	***	***
Nonsubject plus Vietnam	***	***	***	***	***	***	***	***	***
All import sources	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
China	***	***	***	***	***	***	***	***	***
India	***	***	***	***	***	***	***	***	***
Korea	***	***	***	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***	***	***	***
Vietnam	***	***	***	***	***	***	***	***	***
Subject sources	***	***	***	***	***	***	***	***	***
Subject less Vietnam	***	***	***	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***	***	***	***
Nonsubject plus Vietnam	***	***	***	***	***	***	***	***	***
All import sources	***	***	***	***	***	***	***	***	***
U.S. imports from:									
China:									
Quantity	76,710	113,253	162,256	41,964	39,012	111.5	47.6	43.3	(7.0)
Value	56,977	69,215	90,105	23,732	22,241	58.1	21.5	30.2	(6.3)
Unit value	$0.74	$0.61	$0.56	$0.57	$0.57	(25.2)	(17.7)	(9.1)	0.8
Ending inventory quantity	19,130	22,518	31,744	28,645	28,977	65.9	17.7	41.0	1.2
India:									
Quantity	22,214	28,322	27,367	7,215	9,122	23.2	27.5	(3.4)	26.4
Value	17,346	19,226	15,866	4,132	5,506	(8.5)	10.8	(17.5)	33.2
Unit value	$0.78	$0.68	$0.58	$0.57	$0.60	(25.8)	(13.1)	(14.6)	5.4
Ending inventory quantity	5,929	8,650	8,572	7,797	9,096	44.6	45.9	(0.9)	16.7
Korea:									
Quantity	14,231	20,468	18,048	3,790	5,673	26.8	43.8	(11.8)	49.7
Value	12,200	14,821	12,325	2,633	3,574	1.0	21.5	(16.8)	35.7
Unit value	$0.86	$0.72	$0.68	$0.69	$0.63	(20.3)	(15.5)	(5.7)	(9.3)
Ending inventory quantity	2,943	3,161	2,684	2,564	2,927	(8.8)	7.4	(15.1)	14.2
Taiwan:									
Quantity	16,862	15,868	16,235	3,307	2,456	(3.7)	(5.9)	2.3	(25.7)
Value	18,081	14,258	11,059	2,174	2,024	(38.8)	(21.1)	(22.4)	(6.9)
Unit value	$1.07	$0.90	$0.68	$0.66	$0.82	(36.5)	(16.2)	(24.2)	25.3
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Vietnam									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Subject sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Subject less Vietnam:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Nonsubject sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	7,664	7,459	9,115	9,431	7,534	18.9	(2.7)	22.2	(20.1)
Nonsubject plus Vietnam:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All import sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***

Table continued.--

Table C-1--Continued
Fine denier PSF: Summary data concerning the U.S. market, 2014-16, January to March 2016, and January to March 2017
(Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to March		Calendar year			Jan-Mar
	2014	2015	2016	2016	2017	2014-16	2014-15	2015-16	2016-17
U.S. producers':									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization (fn1)	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (fn1)	***	***	***	***	***	***	***	***	***
Production workers	550	576	549	580	533	(0.2)	4.7	(4.7)	(8.1)
Hours worked (1,000s)	1,228	1,293	1,210	316	291	(1.5)	5.3	(6.4)	(7.9)
Wages paid ($1,000)	33,484	35,338	33,529	10,346	7,612	0.1	5.5	(5.1)	(26.4)
Hourly wages (dollars)	$27.27	$27.33	$27.71	$32.74	$26.16	1.6	0.2	1.4	(20.1)
Productivity (pounds per hour)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***
Net sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Net income or (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
Unit net income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (fn1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales (fn1)	***	***	***	***	***	***	***	***	***
Net income or (loss)/sales (fn1)	***	***	***	***	***	***	***	***	***

Notes:

fn1.--Reported data are in percent and period changes are in percentage points.
fn2.--Undefined.

Source: Compiled from data submitted in response to Commission questionnaires and official import statistics for HTS statistical reporting number 5503.20.0025, accessed June 1, 2017 and ***.

APPENDIX D

U.S. SHIPMENT DATA BY DENIER AND TENACITY

Table D-1
Fine Denier PSF: U.S. producers' and U.S. importers' U.S. shipments by denier and tenacity, 2016

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