Quartz Surface Products from China

Investigation Nos. 701-TA-606 and 731-TA-1416 (Final)

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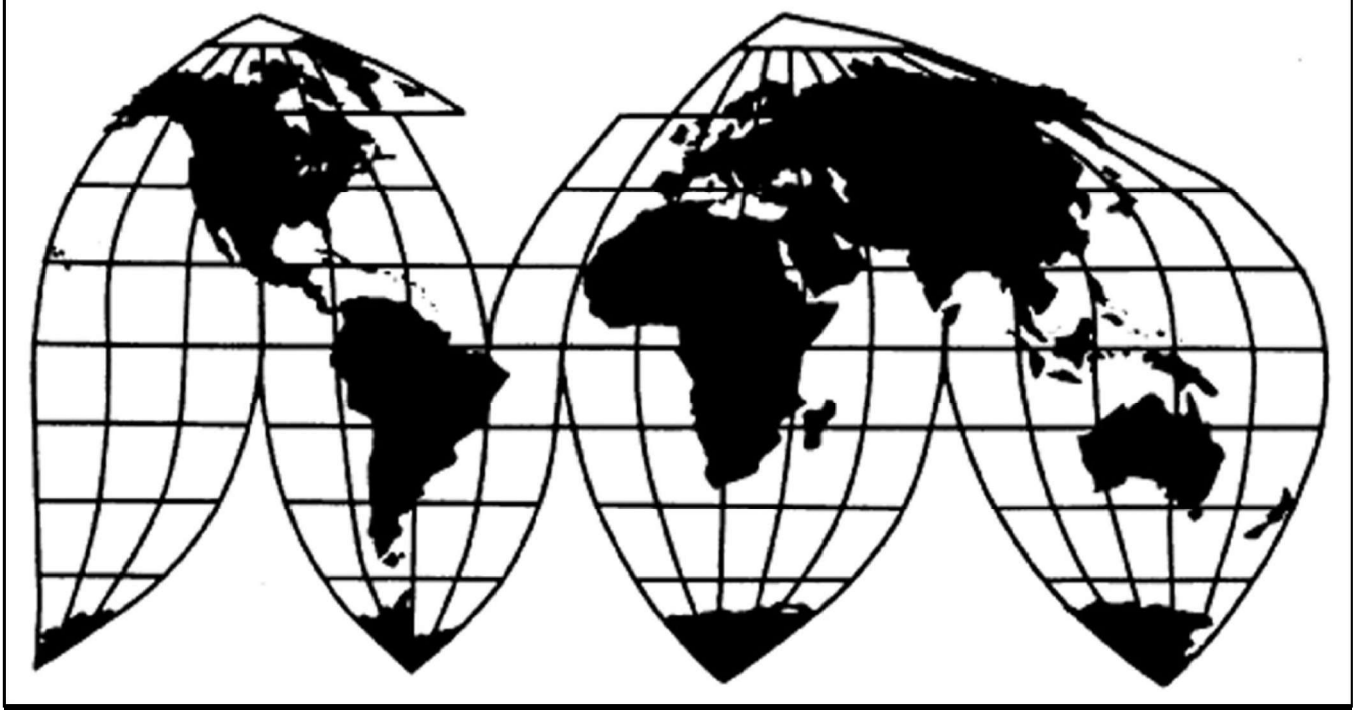
U.S. International Trade Commission



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U.S. International Trade Commission

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-606 and 731-TA-1416 (Final)
Quartz Surface Products from China

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 an industry in the United States is materially injured by reason of imports of quartz surface products from China, provided for in subheading 6810.99.00 of the Harmonized Tariff Schedule of the United States, that have been found by the U.S. Department of Commerce ("Commerce") to be sold in the United States at less than fair value ("LTFV"), and to be subsidized by the government of China.[2]

BACKGROUND

The Commission, pursuant to sections 705(b) and 735(b) of the Act (19 U.S.C. 1671d(b) and 19 U.S.C. 1673d(b)), instituted these investigations effective April 17, 2018, following receipt of a petition filed with the Commission and Commerce by Cambria Company LLC, Eden Prairie, Minnesota. The final phase of the investigations was scheduled by the Commission following notification of preliminary determinations by Commerce that imports of quartz surface products from China were subsidized within the meaning of section 703(b) of the Act (19 U.S.C. 1671b(b)) and sold at LTFV within the meaning of 733(b) of the Act (19 U.S.C. 1673b(b)). Notice of the scheduling of the final phase of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the revised notice in the *Federal Register* on February 12, 2019 (84 FR 3487). The hearing was held in Washington, DC, on May 9, 2019, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

[2] The Commission also finds that imports subject to Commerce's affirmative critical circumstances determinations are not likely to undermine seriously the remedial effect of the countervailing and antidumping duty orders on quartz surface products from China.

Views of the Commission

Based on the record in the final phase of these investigations, we find that an industry in the United States is materially injured by reason of imports of quartz surface products ("QSP") from China that are sold in the United States at less than fair value and that are subsidized by the government of China. We also find that critical circumstances do not exist with respect to imports of QSP from China subject to the U.S. Department of Commerce's ("Commerce") affirmative critical circumstances determinations.

I. Background

Cambria Company LLC ("Cambria" or "Petitioner"), a domestic producer of QSP, filed the petitions in these investigations on April 17, 2018.[1] Petitioner submitted a prehearing and posthearing brief and final comments, and witnesses for petitioner appeared at the hearing.

Fujian Pengxiang Industrial Co., Ltd., a producer and exporter of QSP in China, China Stone Material Association, and the China Chamber of Commerce of Metals Minerals & Chemicals Importers & Exporters (collectively, "Chinese Respondents") appeared at the hearing and filed joint prehearing and posthearing briefs and final comments. In addition, several U.S. importers and fabricators of QSP from China appeared at the hearing and filed briefs and comments with the Commission:[2]

- Architectural Surfaces Group
- Cortland Partners and CASK Industries
- Dal-Tile Corporation (importer and domestic producer)
- Everest Marble LLC. –NJ and Everest Marble LLC. –CT
- LG Hausys America, Inc. (an importer and domestic producer)
- MS International, Inc., Arizona Tile LLC, and Bedrosians Tile and Stone (collectively, "Joint Respondents")
- MStone LLC and National Stoneworks, LLC (collectively, "MStone Respondents")

[1] Petitions for the Imposition of Antidumping and Countervailing Duties: Certain Quartz Surface Products from the People's Republic of China, EDIS Doc. Nos. 642263 (April 17, 2018) ("Petition").

[2] Representatives from Cortland Partners and CASK Industries, Dal-Tile Corporation, Everest Marble LLC. –NJ and Everest Marble LLC. –CT, Quartz Master LLC, and Wilsonart Engineered Surfaces filed briefs with the Commission but did not appear at the hearing.

- Building Plastics Inc., Buhler Furniture, Inc., Dwyer Marble & Stone Supply, Inc., Foliot Furniture Pacific Inc., Foliot Furniture Inc., Francini, Inc., Granite Central Distributors LLC, Hirsch Glass Corp., Jegam International Inc., LT Capital Investments LLC, Midwest Floor Coverings, Inc., STStones Inv Inc., The Slab Depot Granite & Marble LLC, Mega Master Inc. dlb/a Mega Granite & Marble Inc., Mstone, LLC, National Stoneworks LLC, Pantai Granite Inc., Primus Natural Stone, Universal Stone, and Wall to Wall Tile and Stone LLC (collectively, "STR Respondents")

- Quartz Master LLC

- Reliance Granite and Marble Corp., Stone Showcase Inc., Universal Granite & Marble Inc., Cosmos Granite, Absolute Stone, Bedrock Quartz, Stone Warehouse, Emgee Stone, Pacific Granites, Stone and Cabinet Outlet Inc., Stone Connection, Stone Channel Inc., Budget Granite and Countertops LLC., Ameriquartz, Mont Granite, Quartz Source LLC, OHM International, JR Granites, Unique Stone Concepts, Natural Stone Logistics Inc. (dba EasyStones), and Ankur International Inc. (collectively, "Reliance Respondents")

- Wilsonart Engineered Surfaces.

U.S. industry data for the producers of unfabricated QSP ("slabs") are based on the questionnaire responses of three producers, which account for the vast majority of U.S. production of slabs of in 2017.[3] Industry data for fabricators of QSP are based on questionnaire responses from 17 independent fabricators that provided responses to the Commission, plus the fabrication data from the only integrated producer, Cambria.[4] Their responses, when combined with Cambria's,[5] are estimated to account for *** percent of fabricated QSP ("fabs").[6]

[3] Confidential Report, INV-RR-048 (May 31, 2019) ("CR") (as revised by memoranda INV-RR-050 (June 5, 2019) and INV-RR-053 (June 7, 2019)) at III-2; Public Report ("PR") at III-2.

[4] The Commission sent questionnaires to 60 of the largest independent fabricators, as identified by respondents' counsel, but received useable responses from only 17 fabricators (nine of the 17 were not among the 60 fabricators provided by respondents' counsel). CR at III-2 n.2, PR at III-1 n.2. We note that four independent fabricators appeared at the hearing in support of the petition, and were requested to file questionnaire responses; only one did so. CR at III-2 n.3, PR at III-1 n.3; Conf. Tr. at 127 (Commissioner Kearns). We stress that we expect participants in our proceedings to respond to requests from the Commission. We also stress that information from questionnaires is crucial to the Commission's investigatory proceedings, as such information allows us to obtain a comprehensive view of the market and reach informed and well-supported determinations.

[5] Cambria is an integrated producer that produces both slabs and fabs.

[6] CR at III-3, PR at III-2.

U.S. import data for slabs are based on official Commerce statistics supplemented by questionnaire responses for imports of fabs.[7] The questionnaire responses received from 84 U.S. importers are estimated to account for the majority of imports of fabs from all sources.[8] The Commission received responses to its questionnaires from 40 foreign producers/exporters of subject merchandise, accounting for over 92.0 percent of U.S. imports of subject merchandise from China and approximately 89.4 percent of overall production of QSP in China in 2017.[9]

II. Domestic Like Product

A. In General

In determining whether an industry in the United States is materially injured or threatened with material injury by reason of imports of subject merchandise, the Commission first defines the "domestic like product" and the "industry."[10] 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."[11] 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."[12]

The decision regarding the appropriate domestic like product in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[13] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the

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[7] CR/PR at IV-1; CR at IV-2 n.5, PR at IV-1 n.5. The 84 useable importer questionnaire responses represented approximately 69.1 percent of U.S. imports of slab-form QSP from China, *** percent of slabs from nonsubject sources, and *** percent of slabs from all import sources during 2017. *Id.*

[8] CR/PR at IV-1.

[9] CR/PR at VII-3.

[10] 19 U.S.C. § 1677(4)(A).

[11] 19 U.S.C. § 1677(4)(A).

[12] 19 U.S.C. § 1677(10).

[13] *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).

facts of a particular investigation.[14] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[15] Although the Commission must accept Commerce's determination as to the scope of the imported merchandise that is subsidized or sold at less than fair value,[16] the Commission determines what domestic product is like the imported articles Commerce has identified.[17]

B. Product Description

In its final determinations, Commerce defined the imported merchandise within the scope of these investigations as:

> certain quartz surface products.* Quartz surface products consist of slabs and other surfaces created from a mixture of materials that includes predominately silica (*e.g.,* quartz, quartz powder, cristobalite) as well as a resin binder (*e.g.,* an unsaturated polyester). The incorporation of other materials, including, but not limited to, pigments, cement, or other additives does not remove the merchandise from the scope of the investigation. However, the scope of the investigation only includes products where the silica content is greater than any other single material, by actual weight. Quartz surface products are typically sold as rectangular slabs with a total surface area of approximately 45 to 60 square feet and a nominal thickness of one, two, or three centimeters. However, the scope of this investigation includes surface products of all other sizes, thicknesses, and shapes. In addition to slabs, the scope of this investigation

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

[15] *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.").

[16] *See*, *e.g., USEC, Inc. v. United States*, 34 Fed. Appx. 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).

[17] *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 in which Commerce found five classes or kinds).

* Quartz surface products may also generally be referred to as engineered stone or quartz, artificial stone or quartz, agglomerated stone or quartz, synthetic stone or quartz, processed stone or quartz, manufactured stone or quartz, and Bretonstone®.

includes, but is not limited to, other surfaces such as countertops, backsplashes, vanity tops, bar tops, work tops, tabletops, flooring, wall facing, shower surrounds, fire place surrounds, mantels, and tiles. Certain quartz surface products are covered by the investigation whether polished or unpolished, cut or uncut, fabricated or not fabricated, cured or uncured, edged or not edged, finished or unfinished, thermoformed or not thermoformed, packaged or unpackaged, and regardless of the type of surface finish.

In addition, quartz surface products are covered by the investigation whether or not they are imported attached to, or in conjunction with, non-subject merchandise such as sinks, sink bowls, vanities, cabinets, and furniture. If quartz surface products are imported attached to, or in conjunction with, such non-subject merchandise, only the quartz surface product is covered by the scope.

Subject merchandise includes material matching the above description that has been finished, packaged, or otherwise fabricated in a third country, including by cutting, polishing, curing, edging, thermoforming, attaching to, or packaging with another product, or any other finishing, packaging, or fabrication that would not otherwise remove the merchandise from the scope of the investigation if performed in the country of manufacture of the quartz surface products.

The scope of the investigation does not cover quarried stone surface products, such as granite, marble, soapstone, or quartzite. Specifically excluded from the scope of the investigation are crushed glass surface products. Crushed glass surface products must meet each of the following criteria to qualify for this exclusion: (1) The crushed glass content is greater than any other single material, by actual weight; (2) there are pieces of crushed glass visible across the surface of the product; (3) at least some of the individual pieces of crushed glass that are visible across the surface are larger than one centimeter wide as measured at their widest cross-section (glass pieces); and (4) the distance between any single glass piece and the closest separate glass piece does not exceed three inches.

The products subject to the scope are currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under the following subheading: 6810.99.0010. Subject merchandise may also enter under subheadings 6810.11.0010, 6810.11.0070, 6810.19.1200, 6810.19.1400, 6810.19.5000, 6810.91.0000, 6810.99.0080, 6815.99.4070, 2506.10.0010, 2506.10.0050, 2506.20.0010, 2506.20.0080, and 7016.90.10. The HTSUS subheadings set forth above are provided for convenience and U.S. Customs purposes only. The written description of the scope is dispositive.[18]

[18] *Certain Quartz Surface Products* from *the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value, and Final Affirmative Determination of Critical*
(Continued...)

QSP are a compacted stone composite building material used for a number of end uses in residential, commercial, and industrial properties, including countertops and aesthetic accents. They compete with quarried natural stone products, such as granite or marble.[19]

In the preliminary phase of these investigations, the scope language explicitly excluded QSP made from glass.[20] The scope language for the final phase was revised to exclude a narrower range of glass products, and the scope includes some quartz glass products; one domestic firm indicated that it produces a quartz glass product that falls within the revised scope language.[21]

C. Arguments of the Parties[22]

1. Petitioner

Petitioner argues that the Commission should define a single domestic like product that is coextensive with the scope of these investigations, as it did in the preliminary determinations. It contends that under the semi-finished like product analysis, the Commission should find that slabs and fabs are within the same domestic like product.[23]

(…Continued)
Circumstances, 84 Fed. Reg. 23767, 23770 (May 23, 2019); *Certain Quartz Surface Products from the People's Republic of China: Final Affirmative Countervailing Duty Determination, and Final Affirmative Determination of Critical Circumstances,* 84 Fed. Reg. 23760, 23763 (May 23, 2019).

[19] CR at I-14, PR at I-11.

[20] *Quartz Surface Products from China*, Inv. Nos. 701-TA-606 and 731-TA-1416 (Preliminary), USITC Pub. 4794 ("USITC Pub. 4794") at 6 (June 2018).

[21] CR/PR at III-2 n.4. Commerce changed the scope of the investigations regarding quartz glass products in its final determinations published on May 23, 2019 to add a four-part test that crushed glass products must satisfy to be excluded from the scope of the investigation: (1) the crushed glass content is greater than any other single material, by actual weight; (2) there are pieces of crushed glass visible across the surface of the product; (3) at least some of the individual pieces of crushed glass that are visible across the surface are larger than one centimeter wide as measured at their widest cross-section (glass pieces); and (4) the distance between any single glass piece and the closest separate glass piece does not exceed three inches. 84 Fed. Reg. at 23770-71. In response, Commission staff surveyed domestic producers and identified one domestic producer that indicated that it produces a quartz glass product that falls within the amended scope language. However, due to the limited time between Commerce's final determination and the record closing in our investigations, staff was unable to obtain a complete questionnaire response from this producer, and there is little information in the record concerning the glass product it produces. CR/PR at III-2 n.4. Petitioner indicated that subject imports made from glass have only recently begun entering the U.S. market, and no party has argued that the scope's expansion should alter our analysis. CR/PR at IV-2 n.6.

[22] No parties raised any like product arguments regarding quartz glass products.

[23] Petitioner's Prehearing Brief at 7-16.

2. Respondents

Joint Respondents argue that the record in the final phase of these investigations does not warrant reexamining the domestic like product definition from the preliminary phase.[24] MStone Respondents and Reliance Granite also urge the Commission to define a single domestic like product.[25] Other respondents have not addressed the issue in the final phase of the investigations.

D. Analysis

In our preliminary determinations, the Commission defined a single domestic like product after considering whether fabs or custom-finished fully fabricated quartz products ("CFFFQP") should be separate domestic like products. We first examined whether fabs and slabs should be defined as separate domestic like products using the semi-finished product analysis. We found that all slabs are dedicated to production of fabs. We noted that while the functions of the products differ, their essential physical characteristics remain the same, whether QSP is fabricated or not. Consequently, notwithstanding separate markets for slab and fabs, we found they were a single domestic like product.[26]

In response to arguments made by respondents, we also considered whether CFFFQP should be a separate domestic like product under the traditional six-factor like product framework. The Commission found that the limited information in the record did not indicate that CFFFQP should be a separate domestic like product. Although CFFFQP and other fabricated QSP appeared to have at least somewhat differing channels of distribution, there did not appear to be a clear dividing line between the two products with respect to the other like product factors.[27]

In the final phase, the parties have argued for one domestic like product and urged the Commission not to revisit the issue. The Commission gathered additional information concerning the semi-finished like product factors for slabs and fabs. This information is largely consistent with the information in the preliminary phase (apart from differences in value),[28] and the differences in value alone do not outweigh other considerations. Accordingly, we continue to define a single domestic like product based on the same reasons set forth in the preliminary determinations.

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[24] Joint Respondents' Prehearing Brief at 8.

[25] MStone Respondents' Prehearing Brief at 5; Reliance Granite at 10.

[26] USITC Pub. 4794 at 10.

[27] USITC Pub. 4794 at 12.

[28] *See* CR at Appendix D-5 to D-12, PR at D-4 to D-8. In the preliminary phase, the record indicated a relatively modest difference in value between the unit values of fabricated QSP and slabs. The average unit value ("AUV") for slabs was $***, while the AUV for fabricated QSP was $*** in 2017. USITC Pub. 4794 at 9. The record in the final phase indicates substantial differences in AUVs for slabs and fabs. In 2017 the AUV for slabs was $*** and the AUV for fabricated QSP was $***. CR at D-11, PR at D-7. *See also* CR/PR at Tables C-1 and C-4 (commercial sales values of $*** for fabs and $*** for slabs).

III. 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."[29] 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.

There are two domestic industry issues in these investigations. The first concerns whether stand-alone fabricators of quartz slabs engage in sufficient production-related activity to be considered members of the domestic industry. The second concerns whether appropriate circumstances exist to exclude any producer from the domestic industry pursuant to the related parties provision.

A. Sufficient Production-Related Activities

In deciding whether a firm qualifies as a domestic producer of the domestic like product, the Commission generally analyzes the overall nature of a firm's U.S. production-related activities; production-related activity at minimum levels could be insufficient to constitute domestic production.[30]

In the preliminary phase of these investigations, the Commission found, based on the limited information in the record, that stand-alone fabricators did not engage in sufficient production-related activities to qualify as domestic producers, but it indicated that it would revisit the issue in any final phase of the investigations.[31]

1. Arguments of the Parties

Petitioner. Petitioner asserts that the Commission should find that fabricators do not engage in sufficient production-related activity to be considered domestic producers. Petitioner contends that the capital investment, technical expertise, and employees required to establish and operate a QSP slab production plant are all significantly greater than necessary to establish and operate a fabrication facility.[32]

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[29] 19 U.S.C. § 1677(4)(A).

[30] The Commission generally considers six factors: (1) source and extent of the firm's capital investment; (2) technical expertise involved in U.S. production activities; (3) value added to the product in the United States; (4) employment levels; (5) quantity and type of parts sourced in the United States; and (6) any other costs and activities in the United States directly leading to production of the like product. No single factor is determinative and the Commission may consider any other factors it deems relevant in light of the specific facts of any investigation. *Crystalline Silica Photovoltaic Cells and Modules from China*, Inv. Nos. 701-TA-481 and 731-TA-1190 (Final), USITC Pub. 4360 at 12-13 (Nov. 2012).

[31] USITC Pub. 4794 at 15 & n.94.

[32] Petitioner's Prehearing Brief at 24-30.

Respondents. Joint Respondents, MStone Respondents, Reliance Granite, and Quartz Master argue that fabricators should be treated as domestic producers.[33] They assert that millions of dollars in capital investment are needed to build a fabrication facility, fabrication requires substantial expertise, a substantial amount of value is added by fabrication, and total employment by fabricators exceeds that of slab manufacturers.[34]

2. Analysis

We analyze whether fabricators should be included in the domestic industry by examining the six factors that the Commission traditionally considers in determining whether a firm's production-related activities are sufficient to constitute domestic production.

Source and Extent of the Firm's Capital Investment: The capital investment necessary for fabricating is substantial, although it is lower than the investment needed to produce slabs. Responding fabricators reported total capital investment of *** during the period of investigation ("POI"), whereas responding slab producers reported capital investment of ***.[35] Because only a limited number of independent fabricators responded to the Commission's questionnaire, the actual total level of capital investment by fabricators is likely higher. Petitioner asserts that it is substantially less expensive to build a fabrication facility than a slab production facility.[36]

Fabricators reported capital expenditures of *** in 2015, *** 2016, *** in 2017, *** in January-September ("interim") 2017, and *** in interim 2018.[37] Because only a limited number of independent fabricators responded to the Commission's questionnaire, the actual level of capital expenditures by fabricators is likely higher. By contrast, slab producers reported capital expenditures of *** in 2015, *** in 2016, *** in 2017, *** in interim 2017, and $*** in interim 2018.[38]

Technical Expertise Involved in U.S. Production Activities. The production of slabs is a complicated multi-step manufacturing process involving mixing, combining, dispensing and molding, pressing, curing, cooling, polishing, and inspection.[39] Fabrication is a simpler physical process that gives the product a new shape, but does not alter its chemistry or physical properties.[40] A technician with the fabricator creates a design file and adjusts the design for features like the type of edge, desired configuration, various cutouts and openings, and the backsplash of the surface. The technician then sends the design file to a production facility where workers program machines so that a diamond blade saw will cut straight lines and waterjets will cut arcs and circles into the slab. Computer networked control ("CNC") routers

[33] Quartz Master's Prehearing Brief at 17-18; MStone Respondents' Prehearing Brief at 6-8; Joint Respondents' Prehearing Brief at 8-14; Reliance Granite's Prehearing Brief at 11-29.

[34] Joint Respondents' Prehearing Brief at 8-10.

[35] CR/PR at Table III-6.

[36] Petitioner's Prehearing Brief at 22.

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

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

[39] CR at I-17, PR at I-16.

[40] CR at I-13 to I-14, PR at I-11.

are programmed to cut edges and cutouts for sinks and faucets.[41] Fabricators generally reported that fabrication was highly complex in their questionnaire responses, but the Commission has some concerns regarding portions of these responses.[42]

Fabrication employees require training beyond high school and experience with computer-aided design whereas employees working to produce slabs receive ***.[43] Workers producing slabs are paid approximately *** per hour while fabrication employees are paid approximately *** per hour.[44]

Value Added to the Product in the United States: The value added by fabrication, excluding SG&A expenses, ranged from *** percent during the POI; the value added including SG&A expenses was higher, ranging from *** percent.[45]

Employment Levels: Fabricators that responded to the Commission's questionnaire reported *** employees.[46] By contrast, slab producers reported *** employees.[47] Because only a limited number of independent fabricators responded to the Commission's questionnaire, the actual total employment level by fabricators is likely substantially higher.

Quantity and Type of Parts Sourced in the United States: The record indicates that U.S. fabricators source slabs from both domestic and foreign sources.[48] Responding independent fabricators purchased the majority of slabs from domestic sources.[49]

Conclusion. We find that the more complete record in the final phase of these investigations, including information from fabricators that was unavailable in the preliminary phase, indicates that fabricators should be considered domestic producers. The capital investment of $*** by reporting fabricators, while less than that of slab producers, was substantial. It is also clear that fabricators employ a significant total number of personnel in their U.S. operations, more in fact than slab producers do. The value added to the finished product by fabrication, whether or not including SG&A expenses, is substantial: *** percent or

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[41] CR at I-20, PR at I-15.

[42] CR/PR at Table III-5; CR at III-10 n.8, PR at III-5 n.8. The Quartz Coalition encouraged fabricators to respond to the Commission's producer questionnaire and provided instructions on how to fill out the questionnaire. While it was appropriate to encourage fabricators to participate in the investigation by submitting questionnaire responses, some of the instructions on the Quartz Coalition's website encouraged responding fabricators to provide specific answers (particularly regarding the complexity of fabrication) with the apparent intention of supporting inclusion of fabricators in the definition of the domestic industry. Encouraging specific responses to individual questions goes beyond general encouragement to complete the questionnaire and participate in the Commission's investigation and raises concerns about the reliability of the responses. Because the narrative responses in Appendix E appear to reflect individual firms' actual experiences, we have given those responses more weight than the responses that rated the complexity of fabrication on a scale of 1 to 5.

[43] Reliance Granite's Prehearing Brief at 21; Petitioners' Prehearing Brief at 27.

[44] CR/PR at Tables III-16 and III-17.

[45] CR/PR at Tables III-6 & VI-3.

[46] CR/PR at Tables III-16 and III-17.

[47] CR/PR at Table III-16.

[48] CR/PR at Tables II-1 & III-6 to III-8.

[49] *See* CR/PR at Table III-9.

greater during the POI.

We recognize that fabricators are engaged in domestic production that involves less technical expertise compared to slab production, as reflected in the lower wages of fabricators' employees and the fact that it is less costly to establish a fabrication facility. Fabrication, however, requires at least moderate technical expertise, including specialized knowledge and training, in order to create the design file and operate the CNC routers and other specialized equipment required for fabrication.

Accordingly, we conclude that fabricators are engaged in sufficient production-related operations to be included in the domestic industry definition.

B. Related Parties

We must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to section 771(4)(B) of the Tariff Act. This provision allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.[50] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.[51]

In the final phase of these investigations, we consider both slab producers and fabricators to be domestic producers. Therefore, we consider below whether there are appropriate circumstances to exclude from the domestic industry ***, ***, or any of the 10 fabricators that are related parties.

1. Arguments of the Parties

Petitioner. Petitioner contends that *** should be excluded as a related party because *** and imports less expensive slabs from China, enabling it to post better financial results than

[50] *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).

[51] 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.

the other slab producers.[52] With respect to fabricators, petitioner asserts that it is appropriate to exclude Absolute, Bedrock, Bedrosians, Mega, and Wisenbaker from the domestic industry as related parties.[53] Petitioner contends that these firms' subject imports account for ***.[54]

Respondents. Joint Respondents argue that it is not appropriate to exclude any related parties. They contend that fabricators account for only a small portion of domestic production and that they have not performed as well as the slab producers overall. Reliance Granite and Joint Respondents maintain that fabricators have imported subject merchandise because slabs are unavailable from domestic slab producers.[55]

2. Analysis

****.* *** slab producer, accounting for *** percent of domestic production of slabs in 2017.[56] It is a related party because its parent company, ***, owns ***, an importer of subject merchandise during the period of investigation.[57] The volume of subject imports by *** affiliate was very low during the POI.[58]

*** operating income to net sales ratio was ***.[59] The company ***.[60]

***.[61] Further, its domestic production is large relative to its affiliate's imports of subject merchandise from China indicating that *** primary interest lies in domestic production.[62] For these reasons, we find that appropriate circumstances do not exist to exclude *** from the domestic industry.

****.* ***, accounting for *** percent of domestic production of slabs in 2017.[63] *** and states that ***.[64] *** relative to its production.[65] *** operating income to net sales ratio was ***.[66]

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[52] Petitioner's Posthearing Brief, Answers to Questions at 54.

[53] Petitioner's Posthearing Brief, Answers to Questions at 54-55.

[54] Petitioner's Posthearing Brief, Answers to Questions at 54-56.

[55] Joint Respondents' Posthearing Brief, Answers to Questions at 112-113; Reliance Granite's Posthearing Brief, Commissioner Questions to Respondents at 116.

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

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

[58] *** by *** were *** square feet in 2015 (the equivalent of *** percent of *** domestic production of QSP), *** square feet in 2016, *** square feet in 2017 (the equivalent of *** percent of *** domestic production), *** square feet in interim 2017 (the equivalent of *** percent of *** domestic production), and *** square feet in interim 2018 (the equivalent of *** percent of *** domestic production). CR/PR at Table III-15. It reportedly imported to ***. *See* CR/PR at Table III-15.

[59] *** operating income to net sales ratio was ***. CR/PR at Table VI-7.

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

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

[62] *See* CR/PR at Table III-15.

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

[64] CR/PR at Tables III-1 and III-15.

[65] *** imports of QSP from China were *** square feet in 2015 (the equivalent of *** percent of *** domestic production of QSP), *** square feet in 2016, (the equivalent of *** percent of *** domestic production of QSP), *** square feet in 2017 (the equivalent of *** percent of *** domestic (Continued...)

We find that *** primary interest lies in domestic production, as its *** remained modest during the POI. It also added to its ***.[67] We therefore find that appropriate circumstances do not exist to exclude *** from the domestic industry.

We next discuss the 10 fabricators that are related parties because they imported or are related to importers of QSP from China.

****.* *** accounted for *** percent of reported production of fabs during 2017.[68] It *** and its imports of fabs *** substantially towards the end of POI, exceeding its production of fabs.[69] Its imports of subject merchandise were *** relative to its production over the entire POI.[70] ***.[71] Given that *** volume of subject imports exceeded its domestic production throughout the entire POI, *** primary interest appears to be in importation. Therefore, we find appropriate circumstances exist to exclude *** as a related party.

*****. *** accounted for *** percent of reported production of fabs during 2017.[72] It is a related party because it imported subject merchandise from China during the POI.[73] It imported both slabs and fabs, but its imports remained relatively modest relative to its domestic production of fabs.[74] ***.[75] Nonetheless, *** both suggest it has a primary interest in domestic production.[76] Accordingly, we find that appropriate circumstances do not exist to exclude *** as a related party.

(…Continued)
production), *** square feet in interim 2017 (the equivalent of *** percent of *** domestic production), and *** square feet in interim 2018 (the equivalent of *** percent of *** domestic production). CR/PR at Table III-15.

[66] *** operating income to net sales ratio was ***. CR/PR at Table VI-7.

[67] *See* CR/PR at Table III-7.

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

[69] *See* CR/PR at Tables III-15 and F-1 (*** square feet of fabs imported from China versus production of *** square feet of fabs).

[70] *** were *** square feet in 2016, (the equivalent of *** percent of *** domestic production of QSP), *** square feet in 2017 (the equivalent of *** percent of *** domestic production), *** square feet in interim 2017 (the equivalent of *** percent of *** domestic production), and *** square feet in interim 2018 (the equivalent of *** percent of *** domestic production). CR/PR at Table III-15.

[71] *** operating income to net sales ratio was ***. *See* Staff Worksheet and CR/PR at Table VI-3.

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

[73] CR/PR at Table III-15.

[74] *See* CR/PR at Tables III-15 and F-2. *** were *** square feet in 2015, (the equivalent of *** percent of *** domestic production of QSP), *** square feet in 2016, (the equivalent of *** percent of *** domestic production of QSP), *** square feet in 2017 (the equivalent of *** percent of *** domestic production), *** square feet in interim 2017 (the equivalent of *** percent of *** domestic production), and *** square feet in interim 2018 (the equivalent of *** percent of *** domestic production). CR/PR at Table III-15.

[75] *** operating income to net sales ratio was ***. *See* Staff Worksheet and CR/PR at Table VI-3.

[76] *See* CR/PR at Table III-15.

****.* *** accounted for *** percent of reported production of fabs during 2017.[77] It is a related party because its *** an importer of subject merchandise from China.[78] Although the volume of its affiliate's subject imports exceeded the volume of *** U.S. production at points during the POI, there is no indication that the imports by the related company affected *** operations.[79] Virtually all of *** production of fabs was produced using domestically produced slabs.[80] Nor does the relationship with the related importer appear to have benefited ***. ***.[81] Given its interest in domestic production and the absence of evidence that its production operations benefited from the imports by ***, we find that appropriate circumstances do not exist to exclude *** as a related party.

****.* *** accounted for *** percent of reported production of fabs during 2017.[82] It is a related party because it imported subject merchandise from China during the POI.[83] It imported both slabs and fabs, but its imports remained modest relative to its domestic production of fabs until interim 2018.[84] It reported importing from China to ***.[85] ***.[86] Given *** modest ratio of imports to domestic production over the majority of the POI and its increasing domestic production,[87] we find that appropriate circumstances do not exist to exclude *** as a related party.

****.* *** accounted for *** percent of reported production of fabs during 2017.[88] It is a related party because it imported subject merchandise from China during the POI.[89] ***

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

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

[79] *** were *** square feet in 2015, (the equivalent of *** percent of *** domestic production of QSP), *** square feet in 2016, (the equivalent of *** percent of *** domestic production of QSP), *** square feet in 2017 (the equivalent of *** percent of *** domestic production), *** square feet in interim 2017 (the equivalent of *** percent of *** domestic production), and *** square feet in interim 2018 (the equivalent of *** percent of *** domestic production). CR/PR at Table III-15.

[80] *See* CR/PR at Table F-3.

[81] *** operating income to net sales ratio was ***. *See* Staff Worksheet and CR/PR at Table VI-3.

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

[83] CR/PR at Table III-15.

[84] *See* CR/PR at Tables III-15 and F-4. *See* CR/PR at Tables III-15 and F-4. *** were *** square feet in 2015, (the equivalent of *** percent of *** domestic production of QSP), *** square feet in 2016, (the equivalent of *** percent of *** domestic production of QSP), *** square feet in 2017 (the equivalent of *** percent of *** domestic production), *** square feet in interim 2017 (the equivalent of *** percent of *** domestic production), and *** square feet in interim 2018 (the equivalent of *** percent of *** domestic production). CR/PR at Table III-15.

[85] CR/PR at Table III-15.

[86] *** operating income to net sales ratio was ***. *See* Staff Worksheet and CR/PR at Table VI-3.

[87] *See* CR/PR at Table III-15.

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

[89] CR/PR at Table III-15.

imported large quantities of slabs and fabs from China relative to its domestic production.[90] ***.[91] *** very high and increasing ratio of imports to domestic production over the majority of the POI suggests its primary interest lies in importation and not in domestic production.[92] Accordingly, we find that appropriate circumstances exist to exclude *** as a related party.

***. *** accounted for *** percent of reported production of fabs during 2017.[93] It is a related party because it imported subject merchandise from China during the POI.[94] *** had a high ratio of imports to production in 2017, but the ratio was ***.[95] *** opposes the petition and reported that it ***.[96] ***, and therefore its *** does not appear to be due to its imports of subject merchandise.[97]

Given that *** increased its domestic production and that its production exceeded its volume of subject imports for the majority of the POI, we find that appropriate circumstances do not exist to exclude *** as a related party.

***. *** accounted for *** percent of reported production of fabs during 2017.[98] It is a related party because it imported subject merchandise from China during the POI.[99] *** had a high ratio of imports to production in interim 2018, but the ratio was more modest in 2017, and it did not report importing QSP from China during 2015 and 2016.[100] ***;[101] thus, its *** does not appear to be due to its imports of subject merchandise. ***.[102]

Given that *** ratio of subject imports to production was modest for the majority of the POI, we find that appropriate circumstances do not exist to exclude *** as a related party.

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[90] *** were *** square feet in 2015, (the equivalent of *** domestic production of QSP), *** square feet in 2016, (the equivalent of *** percent of *** domestic production of QSP), *** square feet in 2017 (the equivalent of *** percent of *** domestic production), *** square feet in interim 2017 (the equivalent of *** percent of *** domestic production), and *** square feet in interim 2018 (the equivalent of *** percent of *** domestic production). *See* CR/PR at Tables III-15 and F-5.

[91] *** operating income to net sales ratio was ***. *See* Staff Worksheet and CR/PR at Table VI-3.

[92] *See* CR/PR at Table III-15.

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

[94] *** were *** square feet in 2016, (the equivalent of *** percent of *** domestic production of QSP), *** square feet in 2017 (the equivalent of *** percent of *** domestic production), *** square feet in interim 2017 (the equivalent of *** percent of *** domestic production), and *** square feet in interim 2018 (the equivalent of *** percent of *** domestic production). CR/PR at Table III-15.

[95] *See* CR/PR at Table III-15.

[96] CR/PR at Tables III-1 and III-15.

[97] *See* CR/PR at Table III-15. *** operating income to net sales ratio was ***. *See* Staff Worksheet and CR/PR at Table VI-3.

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

[99] *** were *** square feet in 2017 (the equivalent of *** percent of *** domestic production) and *** square feet in interim 2018 (the equivalent of *** percent of *** domestic production). CR/PR at Table III-15.

[100] *See* CR/PR at Table III-15.

[101] *See* CR/PR at Table III-15. *See* CR/PR at Table III-15. *** operating income to net sales ratio was ***. *See* Staff Worksheet and CR/PR at Table VI-3.

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

***. *** accounted for *** percent of reported production of fabs during 2017.[103] It is a related party because it imported subject merchandise from China during the POI.[104] Its subject imports remained modest relative to its domestic production of fabs.[105] *** relative to the average of independent fabricators.[106] ***.

Given *** relatively modest ratio of imports to domestic production over the POI and its increasing production, its primary interest appears to lie in domestic production.[107] Therefore, we find appropriate circumstances do not exist to exclude *** as a related party.

***. *** was a *** producer during the POI, accounting for almost *** percent of reported production of fabs during 2017.[108] ***.[109] It is a related party because it imported subject merchandise from China during the POI.[110] ***.[111] *** suggests its primary interest lies in importation and not in domestic production.[112] It indicated it imported because of ***.[113] Accordingly, we find that appropriate circumstances exist to exclude *** as a related party.

***. *** accounted for *** percent of reported production of fabs during 2017.[114] It is a related party because it imported subject merchandise from China during the POI.[115] It reported importing because it was ***.[116] ***.[117]

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

[104] CR/PR at Table III-15.

[105] *** were *** square feet in 2015, (the equivalent of *** percent of *** domestic production of QSP), *** square feet in 2016, (the equivalent of *** percent of *** domestic production of QSP), *** square feet in 2017 (the equivalent of *** percent of *** domestic production), *** square feet in interim 2017 (the equivalent of *** percent of *** domestic production), and *** square feet in interim 2018 (the equivalent of *** percent of *** domestic production). *See* CR/PR at Tables III-15 and F-4.

[106] *** operating income to net sales ratio was ***. *See* Staff Worksheet and CR/PR at Table VI-3.

[107] *See* CR/PR at Table III-15.

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

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

[110] *** were *** square feet in 2017 (the equivalent of *** percent of *** domestic production) and *** square feet in interim 2018 (the equivalent of *** percent of *** domestic production). CR/PR at Table III-15.

[111] *** operating income to net sales ratio was ***. *See* Staff Worksheet and CR/PR at Table VI-3.

[112] *See* CR/PR at Table III-15.

[113] CR/PR at Table III-15.

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

[115] *** were *** square feet in 2015, (the equivalent of *** percent of *** domestic production of QSP), *** square feet in 2016, (the equivalent of *** percent of *** domestic production of QSP), *** square feet in 2017 (the equivalent of *** percent of *** domestic production), *** square feet in interim 2017 (the equivalent of *** percent of *** domestic production), and *** square feet in interim 2018 (the equivalent of *** percent of *** domestic production). CR/PR at Table III-15.

[116] CR/PR at Table III-15.

[117] *** operating income to net sales ratio was ***. *See* Staff Worksheet and CR/PR at Table VI-3.

***; *** did not import fabs from China during the POI.[118] Its purchases of domestic slabs and production of fabs also increased over POI along with its imports of subject merchandise.[119] We find that appropriate circumstances do not exist to exclude *** as a related party.[120]

For the reasons discussed above, we find appropriate circumstances exist to exclude *** from the domestic industry, but not ***.[121]

IV. Negligibility

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.[122] Subject imports from China were well above the pertinent 3 percent of total imports for the 12-month period preceding filing of the petition, and thus are not negligible.[123]

V. Material Injury by Reason of Subject Imports

A. Legal Standards

In the final phase of antidumping and countervailing duty investigations, the Commission determines whether an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.[124] In making this determination, the Commission must consider the volume of subject imports, their effect on

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[118] *See* CR/PR at Tables III-15 and F-17.

[119] *See* CR/PR at Table F-17.

[120] Commissioners Williamson and Kearns find that appropriate circumstances exist to exclude *** from the definition of the domestic industry. In particular, its subject imports as a ratio to its production increased over the POI, indicating that its primary interest was increasingly in importing. Moreover, its superior financial performance, and the fact that its subject imports were entirely slabs for further processing, indicates that its domestic production operations benefited from subject imports.

Thus, the industry data Commissioners Williamson and Kearns have assessed exclude data from ***. However, given its relatively small size, the data they considered and that considered by the majority are not meaningfully different, and they therefore join the analysis below.

[121] The domestic industry data with these exclusions are set forth in revised table C-5 of the staff report. *See* EDIS Doc. No. 679616.

[122] 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)).

[123] CR at IV-12, PR at IV-10. U.S. imports from China as measured by questionnaire responses accounted for 50.1 percent of total imports of QSP by quantity from April 2017 to March 2018, the 12-month period preceding filing of the petitions. U.S. imports from China as measured by official import statistics accounted for 56.4 percent of total U.S. imports of QSP by quantity from April 2017 to March 2018. *Id.*

[124] 19 U.S.C. §§ 1671d(b), 1673d(b).

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 operations.[125] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[126] In assessing whether 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.[127] 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."[128]

Although the statute requires the Commission to determine whether the domestic industry is "materially injured or threatened with material injury by reason of" unfairly traded imports,[129] 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.[130] 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.[131]

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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[125] 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 ... and explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B).

[126] 19 U.S.C. § 1677(7)(A).

[127] 19 U.S.C. § 1677(7)(C)(iii).

[128] 19 U.S.C. § 1677(7)(C)(iii).

[129] 19 U.S.C. §§ 1671d(a), 1673d(a).

[130] *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).

[131] The Federal Circuit, in addressing the causation standard of the statute, 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 further ratified in *Mittal Steel Point Lisas Ltd. v. United States*, 542 F.3d 867, 873 (Fed. Cir. 2008), where 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.[132] In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.[133] 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.[134] It is clear that the existence of injury caused by other factors does not compel a negative determination.[135]

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."[136] The Commission ensures that it has "evidence in the record" to "show that the

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[132] SAA at 851-52 ("{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.

[133] 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.").

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

[135] *See Nippon Steel Corp*., 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.").

[136] *Mittal Steel*, 542 F.3d at 876 &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 (Continued...)

harm occurred 'by reason of' the LTFV imports," and that it is "not attributing injury from other sources to the subject imports."[137] The Federal Circuit has examined and affirmed various Commission methodologies and has disavowed "rigid adherence to a specific formula."[138]

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.[139] Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.[140]

B. Conditions of Competition

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

1. Demand Conditions

Demand for QSP in slab form depends on the demand for fabs, which have a variety of end uses, including kitchen, bathroom, and commercial countertops, vanities, flooring, tiles, shower walls and pans, window sills, thresholds, basins, chairs, and cabinets.[141] Demand for fabs is driven by remodeling and construction activity.[142] Most U.S. producers and some importers indicated that the market is subject to seasonal changes in demand, with demand tending to increase during the summer.[143] The vast majority of market participants reported an increase in U.S. demand for QSP since January 1, 2015.[144] This is consistent with our data for

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(…Continued)
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*, 793 F.3d 1355 (Fed. Cir. 2015), the Federal Circuit affirmed the Commission's causation analysis as comporting with the Court's guidance in *Mittal*.

[137] *Mittal Steel*, 542 F.3d at 873 (quoting from *Gerald Metals*, 132 F.3d at 722), 877-79. We note that one relevant "other factor" may involve the presence of significant volumes of price-competitive nonsubject imports in the U.S. market, particularly when a commodity product is at issue. In appropriate cases, the Commission collects information regarding nonsubject imports and producers in nonsubject countries in order to conduct its analysis.

[138] *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.").

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

[140] *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.").

[141] CR at II-15, PR at II-10.

[142] *See* CR at II-13, PR at II-8 to II-9.

[143] CR at II-15, PR at II-10.

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

apparent U.S. consumption, which show growing consumption throughout the POI. Apparent U.S. consumption as measured by value was $*** in 2015, $*** in 2016, $*** in 2017, $*** in interim 2017, and $*** in interim 2018.[145]

There are multiple types of end users of fabs. They include builders and contractors engaged in new construction and remodeling of homes and commercial properties, as well as homeowners engaged in remodeling projects.[146]

2. Supply Conditions

Shipments by domestic producers and nonsubject imports were initially the larger sources of supply during the POI.[147] Leading nonsubject sources of QSP were Spain and Israel.[148] By the end of the POI, subject imports were the largest source of shipments of QSP.[149]

There were three U.S. producers of quartz slabs during the majority of the POI, although new entrants started slab production in late 2018 and early 2019. Domestic slab producers' capacity was less than apparent U.S. consumption throughout the POI.[150] It increased during the period due to expansions by *** as well as the entrance of Caesarstone, which began U.S. production operations in May 2015.[151] USA Quartz LLC started slab production in late 2018, and Dal-Tile Corporation commenced production in 2019.[152] Slab producers' capacity increased by *** percent over 2015-2017, while fabricators' capacity increased by 35.3 percent over the same period.[153] As a result of the new entrants and capacity expansions, Cambria's share of slab producers' production and capacity declined over the POI.[154] Domestic producers' share of the market based on value increased from *** percent of apparent U.S. consumption in 2015 to *** percent in 2016 and then decreased to *** percent in 2017.[155] The domestic industry's market share was *** percent in interim 2017 and *** percent in interim 2018.[156]

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[145] CR/PR at Table IV-7. Apparent U.S. consumption by quantity was *** square feet in 2015, *** square feet in 2016, *** square feet in 2017, *** square feet in interim 2017, and *** square feet in interim 2018. *Id.* Shipments from fabricators are not included in the apparent U.S. consumption volume data in order to avoid double counting the slabs. Accordingly, we have primarily relied upon value data for our assessment of apparent U.S. consumption and market shares. *See* CR at IV-21 n.19, PR at IV-14.

[146] CR at II-5 to II-6, PR at II-2 5 to II-4. There was disagreement among the parties concerning how the different end users should be categorized. *Id.*

[147] CR/PR at revised Table C-5 (EDIS Doc. No 679616).

[148] CR/PR at Table II-11.

[149] CR/PR at revised Table C-5.

[150] *Compare* CR/PR at Table III-7 *with* CR/PR at Table IV-7.

[151] CR/PR at Table III-15.

[152] CR/PR at Table III-2 n.5, III-3 n.6. These two firms did not produce during the POI, and their information is not reflected in domestic industry data. *See* CR/PR at Table III-3.

[153] CR/PR at revised Table C-5.

[154] *See* CR/PR at Table III-7. In interim 2018, Cambria accounted for *** percent of domestic slab production. *Id.*

[155] CR/PR at revised Table C-5.

[156] CR/PR at revised Table C-5.

Subject imports' share of the market based on value increased from *** percent of apparent U.S. consumption in 2015 to *** percent in 2016 and *** percent in 2017.[157] Subject imports' market share was *** percent in interim 2017 and *** percent in interim 2018.[158]

Nonsubject imports' market share based on value decreased from *** percent of apparent U.S. consumption in 2015 to *** percent in 2016 and *** percent in 2017.[159] Nonsubject imports' market share was *** percent in interim 2017 and *** percent in interim 2018.[160]

3. Substitutability and Other Conditions

QSP are available in a wide variety of patterns and designs. Both the domestic product and subject imports are sold in a range of designs and styles including uniform designs (such as white), marble, and granite designs.[161] In responding to the Commission's questionnaires, a plurality of purchasers indicated that subject imports and the domestic product are frequently interchangeable and a majority indicated that they are always or frequently interchangeable.[162] A plurality of U.S. producers and importers indicated that subject imports and the domestic product are sometimes interchangeable.[163]

Purchasers also compared the subject imports and domestic product with respect to eighteen purchasing factors. The majority of purchasers rated the subject imports and domestic product comparable with respect to every factor except for pricing, for which subject imports were rated superior (that is, lower-priced).[164] Accordingly, we find that there is a high degree of substitutability between subject imports and the domestic like product.

Purchasers reported that a number of factors are important when they purchase QSP.[165] Purchasers cited price, as well as quality and availability, as three of the most important factors they consider in their purchasing decisions.[166] We therefore find that price is important in purchasing decisions.

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[157] CR/PR at revised Table C-5.

[158] CR/PR at revised Table C-5.

[159] CR/PR at revised Table C-5.

[160] CR/PR at revised Table C-5.

[161] *See* CR/PR at Table IV-5. While subject imports are more concentrated in uniform designs, there is substantial overlap in the different styles. *See Id.*

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

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

[164] CR/PR at Table II-9.

[165] *See* CR/PR at Table II-7.

[166] *See* CR/PR at Tables II-6 and II-7. All domestically produced quartz surface products are made by using a patented production process and machinery developed by Breton S.p.A. of Italy. Although producers in China do not use the technology, most purchasers reported that the use of the Breton technology did not result in product characteristics that distinguished the domestic product from subject imports. CR at I-16, II-23, PR at I-12, II-15; CR/PR at Table II-7.

Cambria has maintained exclusive relationships with fabricators through its "Lexus" program.[167] The number of fabricators participating in Cambria's Lexus program ***.[168] Cambria ***.[169] Cambria's distribution centers compete with independent distributors for sales to fabricators.[170] The vast majority of U.S. producers' and importers' reported sales of QSP were made on the spot market.[171]

Ground quartz is the main raw material used to produce slabs.[172] Raw material costs, as a share of U.S. slab producers' total cost of goods sold ("COGS"), decreased from *** percent in 2015 to *** percent in 2017; the share was *** percent in January-September 2017 and *** percent in January-September 2018.[173] Independent fabricators' raw material costs for slabs as a share of their total COGS increased irregularly from *** percent in 2015 to *** percent in 2017; the share was *** percent in January-September 2017 and *** percent in January-September 2018.[174]

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."[175]

The volume of subject imports increased over the POI, from 23.6 million square feet in 2015 to 42.1 million square feet in 2016 and 66.3 million square feet in 2017, an increase of 181.0 percent.[176] Subject imports were also substantially higher in interim 2018, at 80.6 million square feet, than in interim 2017 when they totaled 46.1 million square feet.[177]

The volume of subject imports rose at a much faster rate than apparent U.S. consumption,[178] and subject imports therefore experienced significant gains in market share. Based on value, which includes value added to slabs by fabricators, subject imports accounted for *** percent of apparent U.S. consumption in 2015, *** percent in 2016, and *** percent in 2017.[179] Subject imports accounted for *** percent of apparent U.S. consumption in interim

[167] CR at II-3 n.9, PR at II-2 n.9.
[168] CR at II-3 n.9, PR at II-2 n.9.
[169] CR at VI-25 n.27, PR at VI-7 n.27.
[170] *See* Petitioner's Posthearing Brief, Answers to Questions at 17-18.
[171] CR/PR at Table V-2.
[172] CR/PR at V-1.
[173] CR/PR at VI-1.
[174] CR/PR at Table VI-3.
[175] 19 U.S.C. § 1677(7)(C)(i).
[176] CR/PR at Tables IV-7 and revised C-5.
[177] CR/PR at Table IV-7.
[178] Based on value, apparent U.S. consumption increased by *** percent from 2015 to 2017. CR/PR at revised Table C-5.
[179] CR/PR at Table IV-7.

2017 and *** percent in interim 2018.[180] The ratio of subject imports to U.S. production increased from *** percent in 2015 to *** percent in 2016 and *** percent in 2017.[181]

Based on the foregoing, we find that the volume of subject imports, and the increase in that volume, is significant in absolute terms and relative to production and consumption in the United States.[182]

D. Price Effects of the Subject Imports

Section 771(7)(C)(ii) of the Tariff Act provides that, in evaluating the price effects of the 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.[183]

As explained in Section V.B.3., we have found that there is a high degree of substitutability between domestically produced QSP and QSP imported from China, and that price is an important factor in purchasing decisions.

The Commission collected quarterly pricing data on six pricing products for both sales of slabs and CFFFQSP, a fabricated product.[184] Eleven U.S. producers and 47 importers provided

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[180] CR/PR at Table IV-7.

[181] CR/PR at Table IV-2. The ratio was higher in interim 2018 at *** percent than in interim 2017 at *** percent. *Id.*

[182] Respondents have argued that the volume of subject imports was not significant because they supplied different end users of QSP. We discuss this argument below in our discussion of impact.

[183] 19 U.S.C. § 1677(7)(C)(ii).

[184] The pricing products were: Product 1— Plain white quartz surface products, with a nominal thickness of 2 cm, no veining or movement, and with minimal to no visible particulates, specks, chips, or crystals that are sold to firms other than distributors; Product 2— Plain white quartz surface products, with a nominal thickness of 3 cm, no veining or movement, and with minimal to no visible particulates, specks, chips, or crystals that are sold to firms other than distributors; Product 3— White quartz surface products with a "marble look", a nominal thickness of 2 cm, with veining or movement, and with minimal to no visible particulates, specks, chips, or crystals that are sold to firms other than distributors; Product 4— White quartz surface products with a "marble look", a nominal thickness of 3 cm, with veining or movement, and with minimal to no visible particulates, specks, chips, or crystals that are sold to firms other than distributors; Product 5— Neutral colored quartz surface products with a "natural stone look", a nominal thickness of 2 cm, with movement and visible particulates, specks, chips, or crystals that are sold to firms other than distributors; and Product 6— Neutral colored quartz surface products with a "natural stone look", a nominal thickness of 3 cm, with movement and visible particulates, specks, chips, or crystals that are sold to firms other than distributors. CR at V-5 to V-6, PR at V-4.

usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[185] Price data reported by these firms accounted for approximately *** percent of U.S. producers' U.S. commercial shipments of quartz slabs and *** percent of U.S. commercial shipments of quartz slabs from China in 2017. The data accounted for approximately *** percent of U.S. producers' U.S. shipments of fabs and *** percent of U.S. shipments of fabs from China in 2017.[186]

Subject imports undersold the domestic product in all 180 quarterly price comparisons (involving 63.0 million square feet of subject imports) at underselling margins that ranged from 4.3 percent to 85.3 percent and averaged 49.2 percent.[187] The underselling margins increased for the highest volume pricing products (products 3 and 4) for slabs as subject import prices declined.[188]

We disagree with respondents' contention that the pricing data, and specifically the high degree of underselling by the subject imports, demonstrates a lack of competition between the subject imports and domestic products.[189] The domestic industry indicated shipping large volumes of all pricing products, including pricing products 1 and 2 which consisted of plain white quartz surface products. Subject imports of these plain white products undersold the domestic like product by comparable margins to those seen in other pricing products that potentially contain more design variation. The similarity in underselling margins indicates that underselling was not caused by product differences within individual pricing products.[190] In addition, U.S. shipment data reflect substantial overlap in designs between domestic products and subject imports, with domestic producers and importers reporting shipments of large quantities of QSP with granite, marble, and uniform designs.[191] Most purchasers reported that the domestic like product was comparable to subject imports from China with respect to color/design/aesthetics, product range, and quality standards in addition to all other purchasing factors other than price.[192] A majority of purchasers also reported that subject imports were frequently or always interchangeable with the domestic like product.[193]

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[185] CR at V-6, PR at V-5. We have removed pricing data provided by the three domestic producers that we have excluded as related parties.

[186] CR at V-6, PR at V-5.

[187] CR/PR at Table V-17.

[188] *See* CR/PR at Figs. V-3 and V-4. We note that we incorporated many of respondents' suggestions included in their comments on draft questionnaires concerning the definition of the pricing products to better capture competition between subject imports and domestic QSP. These included adding fabricated QSP pricing products, adding a neutral colored pricing product, and better distinguishing between marble and granite patterns.

[189] *See, e.g.*, Chinese Respondents' Posthearing Brief at 3.

[190] CR/PR at Tables V-3-V-4; V9-V-10. Subject imports undersold the domestic like product for products 1 and 2 (slab) by *** percent and for products 3-6 (slab) by *** percent. Subject imports undersold the domestic like product for products 1 and 2 (fabs) by *** percent and for products 3-6 (fabs) by *** percent. CR/PR at Table V-17.

[191] CR/PR at Table IV-5.

[192] CR/PR at Table II-9.

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

Moreover, as discussed in the Section V.E. below, the record shows that domestic producers compete throughout the U.S. market for sales to all types of end users in direct competition with the subject imports. Thus, we do not find that underselling is itself evidence of attenuated competition between the subject imports and the domestic like product. The underselling enabled the subject imports to capture a growing share of the U.S. market. The increasing volume of subject imports in each of the six pricing products for sales of slabs reflects the subject imports' increasing penetration of the U.S. market.[194]

Purchasers also confirm that the domestic industry lost sales to the subject imports due to underselling.[195] Twenty-four of 45 purchasers indicated they had purchased subject merchandise instead of domestic product during the POI.[196] Twelve of these purchasers reported that the lower price of the subject imports was a primary reason for their purchasing subject imports rather than the domestic product.[197] The 2.7 million square feet of subject imports acknowledged to have been purchased instead of domestic product because of lower prices were equivalent to 19.2 percent of the total quantity of subject imports purchased and imported by responding purchasers during the POI.[198]

Based on the pervasive underselling of the domestic like product by subject imports, the high degree of substitutability of the domestic like product and the subject imports, and the importance of price in purchasing decisions, we find that there has been significant underselling of the domestic like product by subject imports from China. The significant underselling enabled the subject imports to increase their share of the U.S. market.

We have also considered trends for prices for the domestic like product and subject imports over the POI. The pricing data for the domestic like product show mixed trends in prices.[199] Prices for domestically produced slab products 1, 2, and 5 decreased while prices for slab products 3, 4, and 6 increased.[200] With respect to the fabricated products, prices for products 2 and 5 increased while prices for 1, 3, 4, and 6 declined.[201] Prices for the subject imports declined for all six pricing products for both slabs and fabs.[202]

The domestic industry's prices relative to its costs were not sufficient for the domestic industry to maintain its profitability during the POI. The industry's costs as reflected in unit COGS fluctuated during the period, initially declining from 2015 to 2016 and then increasing in 2017, and its ratio of COGS to net sales remained flat between 2015 and 2016 at *** percent

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[194] CR/PR at Figs. V-1 to V-4. The volume increase is particularly evident in pricing products 3 and 4. *See*/PR CR at Figs. V-3 and V-4.

[195] CR/PR at Table V-19.

[196] CR at V-42, PR at V-28.

[197] CR at V-42, PR at V-28. Four purchasers also reported that U.S. producers had reduced prices in order to compete with lower-priced subject imports. CR at V-45, PR at V-31.

[198] Derived from CR/PR at Tables V-18 and V-19.

[199] CR at V-32, PR at V-21.

[200] *See* CR/PR at Table V-15 and Fig. V-13. While shipments of all pricing products increased, shipments of slab products 3 and 4 experienced the most rapid growth during the period, suggesting strong demand growth supported prices for these two products. *See* CR/PR at Figs. G-1 to G-6.

[201] CR at V-35, PR at V-23; CR/PR at Table V-16, Fig. V-15.

[202] *See* CR/PR at Figs. V-14 and V-16 and Tables V-15 and V-16.

but increased to *** percent in 2017.[203] This increase in COGS to net sales occurred as demand surged throughout the POI; apparent U.S. consumption based on value was *** percent higher in 2016 than in 2015 and *** percent higher in 2017 than in 2016.[204] In addition to the increase in COGS to net sales, the industry's ratio of raw material costs to net sales also increased from *** percent in 2015 and 2016 to *** in 2017.[205] [206]

Given the strong demand conditions, we would have expected the domestic industry to be able to raise prices, particularly in light of increasing costs in 2017. Instead, the domestic industry's prices fell for several of the pricing products, and the industry's unit net sales values (prices) declined. We find that the increasing volume of subject imports were a significant cause of the industry's inability to price its products commensurately with its costs. Consequently, we find that subject imports prevented price increases for the domestic like product which otherwise would have occurred to a significant degree.[207]

We therefore find that the subject imports had significant price effects. They significantly undersold the domestic like product and this underselling led to a shift in market share away from the domestic industry and toward subject imports through much of the POI.[208] Subject imports also suppressed domestic prices to a significant degree.

[203] *See* CR/PR at Tables ALT VI-5 (EDIS Doc. No 679616) and revised C-5. The industry's per-unit COGS were $*** in 2015, $*** in 2016, and $*** in 2017; they were $*** in interim 2017 and $*** in interim 2018. *Id.* The industry's COGS to net sales ratio was somewhat lower in interim 2018, at *** percent, than in interim 2017, when it was *** percent. *Id.* We recognize that the domestic industry's COGS to net sales ratio in interim 2018 was similar to the ratio in 2015. *See* CR/PR at revised Table C-5. However, given the large increase in apparent U.S. consumption that occurred, the domestic industry would be expected to be able to obtain prices during the POI that would have at least enabled it to maintain its profitability, yet the industry's gross profits declined on a per-unit basis. *See* CR/PR at ALT Table VI-5.

[204] *See* CR/PR at revised Table C-5.

[205] CR/PR at Table ALT VI-5. The ratio was higher in interim 2018, when it was *** percent, than in interim 2017, when it was *** percent.

[206] CR/PR at Tables ALT VI-5 and revised C-5.

[207] In light of declining prices for several pricing products despite strong demand growth, Commissioners Schmidtlein and Kearns additionally find that domestic prices were depressed to a significant degree.

[208] The domestic industry's market share declined by *** percentage points during 2015-2017. CR/PR at revised Table C-5. It was also *** percentage points lower in interim 2018 than interim 2017. *Id.*

E. Impact of the Subject Imports[209]

Section 771(7)(C)(iii) of the Tariff Act provides that in examining the impact of subject imports, the Commission "shall evaluate all relevant economic factors which have a bearing on the state of the industry."[210] 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 debts, 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."[211]

The domestic industry's performance indicators were generally mixed during the POI despite a large increase in apparent U.S. consumption.[212] By underselling the domestic product, subject imports captured sales and market share from the domestic industry. As a result, the industry's production and sales were weaker than they otherwise would have been as the industry lost market share.[213] In addition, the low-priced subject imports suppressed the domestic industry's prices, which further reduced the industry's profitability during the POI.

Measures of the domestic industry's output generally increased, but did so to a lesser degree than the growth in apparent U.S. consumption. Increases in the industry's production, U.S. shipments, and total sales were not commensurate with the *** percent increase in

[209] The statute instructs the Commission to consider the "magnitude of the dumping margin" in an antidumping proceeding as part of its consideration of the impact of imports. 19 U.S.C. § 1677(7)(C)(iii)(V). In its final determination, Commerce found antidumping duty margins ranging from 265.81 to 336.69 percent for imports from China. *Certain Quartz Surface Products from the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value, and Final Affirmative Determination of Critical Circumstances,* 84 Fed. Reg. 23767, 23769 (May 23, 2019). We have considered these dumping margins. In addition to this consideration, our impact analysis has considered other factors affecting domestic prices. Our analysis of the significant underselling and price effects of subject imports, described in both the price effects discussion and below, is particularly probative to an assessment of the impact of the subject imports.

[210] 19 U.S.C. § 1677(7)(C)(iii); *see also* SAA at 851 and 885 ("In material injury determinations, the Commission considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.").

[211] 19 U.S.C. § 1677(7)(C)(iii). This provision was amended by the Trade Preferences Extension Act of 2015, Pub. L. 114-27.

[212] *See* CR/PR at revised Table C-5. As also discussed above, Commissioner Williamson and Kearns have also excluded a fourth related party. However, the industry data and trends for the data they considered do not differ in any meaningful way from the data considered by the majority.

[213] As measured by value, the domestic industry's market share declined from *** percent in 2015 to *** percent in 2016 and *** percent in 2017; it was *** percent in interim 2017 and *** percent in interim 2018. CR/PR at revised Table C-5.

apparent U.S. consumption from 2015 to 2017.[214] The domestic industry added to its capacity during the POI.[215] The industry's capacity utilization rate declined from 2015 to 2017 despite growing demand.[216] The slab producers' inventories were stable relative to their shipments from 2015 to 2017 while fabricators' inventories fell relative to their shipments.[217]

The domestic industry's production-related workers, wages paid, and total hours worked increased over the POI.[218] The slab producers' productivity decreased overall from 2015 to 2017, but was higher in interim 2018, while fabricators' productivity increased throughout the POI.[219]

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[214] Slab production totaled *** square feet in 2015, *** square feet in 2016, and *** square feet in 2017. CR/PR at revised Table C-5. Slab production was *** square feet in interim 2017 and *** square feet in interim 2018. *Id.* Fab production was *** square feet in 2015, *** square feet in 2016, and *** square feet in 2017. CR/PR at revised Table C-5. Fab production was *** square feet in interim 2017 and *** square feet in interim 2018. *Id.*

The total value of the industry's U.S. shipments was $*** in 2015, $*** in 2016 and $*** in 2017. CR/PR at revised Table C-5. U.S. shipments were $*** in interim 2017 and $*** in interim 2018. *Id.* Total net sales were *** square feet in 2015, *** square feet in 2016 and *** square feet in 2017. CR/PR at revised Table C-5. Total net sales were *** square feet in interim 2017 and *** square feet in interim 2018. *Id.*

[215] Slab production capacity totaled *** square feet in 2015, *** square feet in 2016, and *** square feet in 2017. CR/PR at revised Table C-5. It was *** square feet in interim 2017 and *** square feet in interim 2018. *Id.* Fab production capacity was *** square feet in 2015, *** square feet in 2016, and *** square feet in 2017. CR/PR at revised Table C-5. Fab production capacity was *** square feet in interim 2017 and *** square feet in interim 2018. *Id.*

[216] Slab producers' capacity utilization declined from *** percent in 2015 to *** percent in 2016 and *** percent in 2017. CR/PR at revised Table C-5. It was *** percent in interim 2017 and *** percent in interim 2018. *Id.* Fabricators' capacity utilization declined from *** percent in 2015 to *** percent in 2016 and *** percent in 2017. *Id.* It was *** percent in interim 2017 and *** percent in interim 2018. *Id.*

[217] *See* CR/PR at revised Table C-5. U.S. slab producers' end-of-period inventories were *** square feet in 2015, *** square feet in 2016, and *** square feet in 2017. CR/PR at revised Table C-5. Their end-of-period inventories were *** square feet in interim 2017 and *** square feet in interim 2018. *Id.* As a ratio to total shipments, slab producers' inventories were relatively stable. CR/PR at revised Table C-5. Fabricators' end-of-period inventories were *** square feet in 2015, *** square feet in 2016, and *** square feet in 2017. CR/PR at revised Table C-5. Their end-of-period inventories were *** square feet in both interim 2017 and interim 2018. *Id.*

[218] The industry's number of production-related workers increased from *** in 2015 to *** in 2016 and *** in 2017. CR/PR at revised Table C-5. Workers totaled *** in interim 2017 and *** in interim 2018. Hours worked increased from *** in 2015 to *** in 2015 and *** in 2017. *Id*. Hours worked totaled *** in interim 2017 and interim 2018. *Id.* The wages the industry paid to its workers increased from $*** in 2015 to $*** in 2016 and $*** in 2017. *Id*. Wages paid were $*** in interim 2017 and $*** interim 2017. *Id.*

[219] The slab producers' productivity measured in square feet per hour decreased from *** in 2015 to *** in 2016 and 2017. CR/PR at revised Table C-5. Their productivity was *** square feet per hour in interim 2017 and *** square feet per hour in interim 2018. *Id.* Fabricators' productivity (Continued...)

Tracking production and shipments, sales revenues increased from 2015 to 2017, and were higher in interim 2018 than interim 2017.[220] While the industry reported increasing absolute gross profits during the POI, its gross profits per unit declined and its overall gains were modest relative to the increase in apparent U.S. consumption.[221] This occurred as low-priced subject imports captured sales and market share from the domestic industry and suppressed domestic producers' prices.[222]

Because the domestic industry's prices were suppressed[223] by the increasing volume of low-priced subject imports, the industry's ratio of COGS to net sales worsened (increased) during the three full years of the POI before improving in the interim period comparison.[224] As a result, the industry's financial performance was worse than it otherwise would have been.[225] The domestic industry's operating and net income ratios likewise would have been stronger if not for the subject imports.[226]

Two of the three slab producers also reported negative effects from the subject imports that impacted their ability to invest in expansion projects, reduced their capital investments, or led to the denial or rejection of investment proposals.[227] The industry reported decreasing capital expenditures and research and development expenses.[228]

(…Continued)
measured in square feet per hour increased from *** in 2015 to *** in 2016, 2017, and interim 2017. *Id.* Their productivity was *** square feet per hour in interim 2018. *Id.*

[220] The domestic industry's total sales revenues increased from $*** in 2015 to $*** in 2016 and $*** in 2017. CR/PR at revised Table C-5. Total sales revenues were $*** in interim 2017 and $*** in interim 2018. *Id.*

[221] *See* CR/PR at Tables ALT VI-5 and revised C-5.

[222] The domestic industry's gross profits increased from $*** in 2015 to $*** in 2016 and $*** in 2017. CR/PR at revised Table C-5. They were $*** in interim 2017 and $*** in interim 2018. *Id.*

[223] Commissioners Schmidtlein and Kearns also found that subject imports caused price depression.

[224] The domestic industry's COGS as a ratio to total net sales increased from *** percent in 2015 and 2016 to *** percent in 2017. CR/PR at revised Table C-5. The ratio was *** percent in interim 2017 and *** percent in interim 2018. *Id.*

[225] Operating income decreased from $*** in 2015 to $*** in 2016 and $*** in 2017. CR/PR at revised Table C-5. It was $*** in interim 2017 and $*** in interim 2018. *Id.* Net income fell from $*** in 2015 to $*** in 2016 and then $*** in 2017. *Id*. It was $*** in interim 2017 and $*** in interim 2018. *Id.*

[226] The domestic industry's operating income margin decreased from *** percent in 2015 to *** percent in 2016 and *** percent in 2017. CR/PR at revised Table C-5. It was *** percent in interim 2017 and *** percent in interim 2018. *Id.* Its net income margin decreased from *** percent in 2015 to *** percent in 2016 and *** percent in 2017. CR/PR at revised Table C-5. It was *** percent in interim 2017 and *** percent in interim 2018. *Id.*

[227] *See* CR/PR at Table VI-11 (*** attributed the postponement of expansion projects to the subject imports).

[228] The domestic industry's capital expenditures declined from $*** in 2015 to $*** in 2016 and $*** in 2017. CR/PR at revised Table C-5. Capital expenditures were $*** in interim 2017 and *** in interim 2018. *Id.* The industry's research and development expenses decreased from $*** in 2015 to (Continued...)

In sum, increasing and significant volumes of low-priced subject imports that were substitutable with the domestic like product took market share from the domestic industry over the period of investigation. The reduced domestic industry market share in turn led to lower production, capacity utilization, shipments, and sales than would have otherwise would have occurred given the strong growth in apparent U.S. consumption. Because the domestic industry, despite having the ability to increase its production and shipments, was losing sales and market share to the lower-priced subject imports, it lost revenues that it otherwise would have obtained.

The domestic industry's revenues were also lower than they otherwise would have been due to the price suppression caused by the subject imports.[229] Thus, as a result of the significant volume of low-priced subject imports, the domestic industry's output and revenues were lower than they would have been otherwise.

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 increased strongly during the POI and cannot explain the performance of the domestic industry.[230]

While nonsubject imports increased absolutely in the U.S. market, their aggregate market share, unlike that of the subject imports, decreased over the three full years of the POI and were lower in interim 2018 than interim 2017.[231] Moreover, imports of QSP from Spain and Israel,[232] the two largest source of nonsubject imports, were priced higher than the subject imports in virtually all price comparisons.[233] Thus, nonsubject imports cannot explain the loss in market share, output, and revenues that we have attributed to the subject imports.

We disagree with respondents' argument that subject imports did not cause material injury to the domestic industry because the industry increased its output and some of the industry's financial indicators improved over much of the POI.[234] Given increased demand

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(…Continued)
$*** in 2016 and $*** in 2017. CR/PR at Table VI-8. Research and development expenses were $*** in interim 2017 and $*** in interim 2018. *Id.*

Slab producers and independent fabricators both increased their total net assets during the three full years of the POI. *See* CR/PR at Table VI-9. However, both slab producers and independent fabricators reported declining returns on assets. *See Id.*

[229] Commissioners Schmidtlein and Kearns also found that subject imports caused price depression, which also affected the industry's revenues.

[230] Apparent U.S. consumption as measured by value was $*** in 2015, $*** in 2016, $*** in 2017, $*** in interim 2017, and $*** in interim 2018. CR/PR at Table IV-7. Apparent U.S. consumption by quantity was *** square feet in 2015, *** square feet in 2016, *** square feet in 2017, *** square feet in interim 2017, and *** square feet in interim 2018. Id.

[231] Nonsubject imports' market share based on value decreased from *** percent of apparent U.S. consumption in 2015 to *** percent in 2016 and *** percent in 2017. CR/PR at Table IV-7. Their market share was also lower in interim 2018 than in interim 2017. *Id.*

[232] CR/PR at IV-6.

[233] *See* CR/PR at Table G-7.

[234] Chinese Respondents' Posthearing Brief at 4.

during the POI, the domestic industry could have materially increased its output more consistently with demand growth if not for the rapidly increasing volume of subject imports. Respondents have also argued that the domestic industry's declining capacity utilization does not accurately reflect the ability to increase production because Cambria overstated its capacity and has not properly accounted for its production of different product designs.[235] The record indicates that Cambria provided estimates of capacity that properly took into account both the time required to make different designs and the down time required to clean the line when switching designs.[236]

We have also considered respondents' argument that competition between the subject imports and the domestic product is attenuated because they serve different parts of the QSP market and that the domestic product, particularly that of Cambria, is sold as a luxury product and not extensively marketed to the broader market.[237] We find that the record shows that domestic products were competing with subject imports for sales to a variety of end users. The domestic product and subject imports are sold in similar design patterns and purchasers reported that the subject imports and domestic like product are comparable with respect to all factors other than price.[238] Moreover, the record indicates that the domestic slab producers sell to all portions of the domestic market. In response to the assertions that it is focused on the luxury portion of the market, Cambria provided extensive documentation showing that it has bid on and won many commercial projects and regularly attends trade shows to compete in the commercial portion of the market,[239] and that it sells to builders' residential projects.[240] Moreover, LG and Caesarstone also confirmed that they compete in various segments of the market.[241]

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[235] Hearing Tr. at 210, 258-60 (Dougan) (arguing capacity figures do not account for downtime needed to switch between different QSP products).

[236] Petitioner's Posthearing Brief, Answers to Questions, at 57-58. Cambria's total reported production capacity is *** less than its nameplate capacity. *Id.* We also note that Caesarstone and LG operated at *** capacity utilization during the POI, suggesting that their reported production capacities are not overstated. CR/PR at Table III-7. *** slab producers' reported capacity utilization *** during the POI. *Id.*

[237] *See* Chinese Respondents' Prehearing Brief at 4-5; Joint Respondents' Posthearing Brief at 11-12, 42; Quartz Master's Prehearing Brief at 5.

[238] CR/PR at Tables II-7 and IV-5;

[239] *See* Petitioner's Posthearing Brief, Exhibit 1 (affidavit of Martin Davis, CEO of Cambria); Petitioner's Posthearing Brief, Exhibit 9 (Dodge Report documenting bidding by sources offering subject imports and domestic product). Cambria reported making sales to commercial projects including Embassy Suites, Doubletree Inn, and Beautiful Kitchen Countertop. Cambria's products are also sold through Home Depot and Costco. CR at II-6, II-6 n.24, PR at II-4, II-4 n.24.

[240] Petitioner's Posthearing Brief, Exhibit 4 (Affidavit of Chris Stewart); *Id.* at Exhibit 5 (Affidavit of Sam Marchese). To the extent that there is a luxury portion of the market, the record shows that it is not necessarily insulated from subject import competition because Chinese QSP is being marketed as a luxury, high-end product. *See* Petitioner's Posthearing Brief, Answers to Questions at 50-51.

[241] LG has stated that its domestic products compete in the *** for QSP. CR at II-6 n.22, PR at II-4 n.22. Caesarstone stated that it competes in all parts of the quartz market. Petitioner's Posthearing (Continued...)

We also disagree with respondents' contention that the increased profits of the domestic industry during interim 2018 when subject imports increased indicate that subject imports were not responsible for the declining profitability of the domestic industry that occurred during 2015-2017.[242] The increase in profitability of the domestic industry in the interim period comparison mainly resulted from *** increased efficiency when it ramped up operations in 2018.[243] [244]

Finally, respondents contend that the lack of response to the Commission's questionnaire by many fabricators requires that the Commission conclude that the majority of the industry does not support the petition or that the fabricators' data provide an insufficient basis for a material injury determination.[245] We find that these arguments are misplaced. Despite respondents' claims, the record indicates that a majority of responding slab producers and responding fabricators (calculated based on share of 2017 production) support the petition. Slab producers accounting for *** percent of U.S. production during 2017 support the

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(…Continued)
Brief, Exhibit 6 ***. S*ee also* Petitioner's Posthearing Brief, Answers to Questions at 1-5 (summarizing activity in different parts of market).

[242] Chinese Respondents' Prehearing Brief at 3; Joint Respondents' Posthearing Brief at 11-12.

[243] *See* CR at VI-3, VI-17, PR at VI-2, VI-6. Moreover, ***. CR at VI-3 n.7, PR at VI-2 n.7; Petitioner's Posthearing Brief at 13. *** reported reduced operating and net income ratios during interim 2018 relative to interim 2017. *See* CR/PR at Table VI-7.

Respondents also contend that Cambria's *** over the POI and this increase accounts for its ***. Joint Respondents' Posthearing Brief at 11-12. Cambria's *** is at least partly explained by its opening of *** during the POI. CR at VI-21 n.17 and VI-25 n.27, PR at VI-5 n. 17, VI-7 n.27. Cambria states that it has ***. Petitioner's Posthearing Brief at 10-11. We also reiterate that the Commission must consider the industry as a whole when conducting its material injury analysis. Moreover, regardless of whether other factors were affecting the industry's profitability during the POI, we have found that the industry's financial performance would have been better if not for the lost sales and adverse price effects that were caused by the subject imports.

[244] Respondents have also suggested that subject imports primarily increased as substitutes for granite and other natural stone products rather than increasing by taking sales from the domestic industry. Joint Respondents' Prehearing Brief at 22-27. While it is clear that QSP and other stone products can substitute for each other in certain applications, purchasers do not view the products as such close substitutes that the prices for granite, marble, and quartzite affect the price of QSP. *See* CR at II-17, II-18 and II-18 n.33, PR at II-11 and II-12 n.33. Even if subject imports increased partly as substitutes for other stone products, there is other evidence that subject imports have also increased at the direct expense of the domestic industry's sales. For example, the price data indicate that subject imports increased their share of sales within specific pricing products at the domestic industry's expense. *See* CR/PR at Figs. V-1 to V-4. Moreover, lost sales data indicate that twelve purchasers confirmed purchasing subject imports instead of the domestic like product, with price being a primary factor in their purchasing decision.

[245] Reliance Granite's Posthearing Brief at 10-12, 53-54; MStone Respondents' Prehearing Brief at 10-12.

petition.[246] Further, firms accounting for *** percent of reported fab production during 2017 also support the petition.[247]

With respect to the sufficiency of the Commission's data on which to base its decision, we disagree with respondents' characterization of the Commission's coverage. While respondents argue that, because there are thousands of fabricators, the Commission's data coverage for fabricators is only one percent, the Commission received responses from firms accounting for an estimated 19 percent of fabrication of QSP in the United States.[248] The Commission also received responses from firms accounting for virtually all slab production during the POI. The fabrication portion of this industry is highly fragmented, with thousands of producers in the United States. When dealing with such highly fragmented industries, it is unrealistic to assume that the Commission would be able to achieve extensive coverage.

VI. Critical Circumstances

A. Legal Standards

In its final antidumping and countervailing duty determinations concerning subject imports from China, Commerce found that critical circumstances exist with respect to all subject producers/exporters.[249] Because we have determined that the domestic industry is materially injured by reason of subject imports from China, we must further determine

[246] CR/PR at Table III-1. In addition to briefs in support of the petition from Cambria, the record also contains an affidavit from Caesarstone explaining ***. *See* Petitioner's Posthearing Brief, Exhibit 6 (Affidavit of ***). Dal-Tile, a new U.S. producer, also submitted an affidavit stating that subject imports ***. Dal-Tile Posthearing Brief, Attachment B, ***. USA Quartz, another new producer, ***. Investigator's Phone Notes of Conversation with USA Quartz, EDIS No. 670183.

[247] CR/PR at Table III-1. Moreover, respondents' argument that the lack of responses to the questionnaire by fabricators suggests that fabricators oppose the petition lacks merit when counsel to fabricators have actively encouraged fabricators to respond to the questionnaire and voice their opposition. In addition, lack of response to the questionnaire does not necessarily indicate opposition to the petition.

[248] CR at III-3 and III-3, n.7, PR at III-2 and III-2 n.7. The Commission mailed producer questionnaires to 60 firms that respondents' counsel selected as the largest fabricators and the questionnaire was available on the Commission's website for any fabricator to complete. CR at III-3 n.2, PR at III-1 n.2. The Commission received responses from 17 fabricators and many of the fabricators responding were not those who were selected by respondents' counsel. Having selected the fabricators to receive Commission questionnaires, it is disingenuous for respondents to suggest that the Commission should have obtained better coverage of fabricators. We also note that respondents did not argue that the fabricators that did respond to the Commission's questionnaire were somehow unique or otherwise not representative of this portion of the industry.

[249] *Certain Quartz Surface Products from the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value, and Final Affirmative Determination of Critical Circumstances*, 84 Fed. Reg. 23767, 23770 (May 23, 2019); *Certain Quartz Surface Products from the People's Republic of China: Final Affirmative Countervailing Duty Determination, and Final Affirmative Determination of Critical Circumstances,* 84 Fed. Reg. 23760, 23763 (May 23, 2019).

"whether the imports subject to the affirmative {Commerce critical circumstances} determination{s} . . . are likely to undermine seriously the remedial effect of the antidumping {and/or countervailing duty} order{s} to be issued."[250]

The SAA indicates that the Commission is to determine "whether, by massively increasing imports prior to the effective date of relief, the importers have seriously undermined the remedial effect of the order" and specifically "whether the surge in imports prior to the suspension of liquidation, rather than the failure to provide retroactive relief, is likely to seriously undermine the remedial effect of the order."[251] The legislative history for the critical circumstances provision indicates that the provision was designed "to deter exporters whose merchandise is subject to an investigation from circumventing the intent of the law by increasing their exports to the United States during the period between initiation of an investigation and a preliminary determination by {Commerce}."[252] An affirmative critical circumstances determination by the Commission, in conjunction with an affirmative determination of material injury by reason of subject imports, would normally result in the retroactive imposition of duties for those imports subject to Commerce's affirmative critical circumstances determination for a period 90 days prior to the suspension of liquidation.[253]

The statute provides that, in making this determination, the Commission shall consider, among other factors it considers relevant –

(I) the timing and the volume of the imports,

(II) a rapid increase in inventories of the imports, and

(III) any other circumstances indicating that the remedial effect of the {order} will be seriously undermined.[254]

In considering the timing and volume of subject imports, the Commission's practice is to consider import quantities prior to the filing of the petition with those subsequent to the filing of the petition using monthly statistics on the record regarding those firms for which Commerce has made an affirmative critical circumstance determination.[255]

B. Arguments of the Parties

Petitioner. Petitioner argues that the record in the final phase of these investigations supports affirmative critical circumstances determinations by the Commission.[256] It urges the

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[250] 19 U.S.C. §§ 1671d(b)(4)(A)(i), 1673d(b)(4)(A)(i); 19 U.S.C. §§ 1671d(b)(4)(A)(ii), 1673d(b)(4)(A)(ii); 19 U.S.C. §§ 1671d(e)(2), 1673d(e)(2).

[251] SAA at 877.

[252] *ICC Industries, Inc. v. United States*, 812 F.2d 694, 700 (Fed. Cir. 1987), quoting H.R. Rep. No. 317, 96th Cong., 1st Sess. 63 (1979), *aff'g* 632 F. Supp. 36 (Ct. Int'l Trade 1986).

[253] *See* 19 U.S.C. §§ 1671b(e)(2), 1673b(e)(2).

[254] 19 U.S.C. §§ 1671d(b)(4)(A)(ii), 1673d(b)(4)(A)(ii).

[255] *See Lined Paper School Supplies from China, India, and Indonesia*, Inv. Nos. 701-TA-442 to 443, 731-TA-1095 to 1097 (Final), USITC Pub. 3884 at 46-48 (Sept. 2006); *Carbazole Violet Pigment from China and India*, Inv. Nos. 701-TA-437 & 731-TA-1060 to 1061 (Final), USITC Pub. 3744 at 26 (Dec. 2004); *Certain Frozen Fish Fillets from Vietnam*, Inv. No. 731-TA-1012 (Final), USITC Pub. 3617 at 20-22 (Aug. 2003).

[256] Petitioner's Prehearing Brief at 86-93; Petitioner's Posthearing Brief at 4-5.

Commission to use a five-month comparison period because of the timing of Commerce's preliminary determination in its countervailing duty investigation.[257]

Petitioner argues that an affirmative critical circumstances determination is warranted based upon additional factors, including the rapid increase in U.S. importer inventories immediately following the institution of these investigations, the highly vulnerable condition of the U.S. industry, and the fact that subject imports had significant adverse price effects during the POI.[258] Petitioner maintains that there may be a significant gap in relief between the time that the AD duties expire and the issuance of AD/CVD orders due to the government shutdown during which Commerce was closed on December 22, 2018 and did not resume operations until January 28, 2019 – resulting in Commerce tolling all operations by 40 days.[259]

Respondents. Respondents argue that the record does not warrant a finding that critical circumstances exist.[260] They contend that there was not a significant increase in the volume of subject imports for the six months before the filing of the petition (November 2017-April 2018) as compared to six months after the filing of the petition (May 2018-October 2018) in either the antidumping or countervailing duty investigations.[261] While acknowledging that the volume of subject imports increased in the post-petition period, they emphasize that this increase was largely commensurate with the growth in apparent U.S. consumption for QSP over the same period and therefore does not represent a massive surge in subject import volumes for critical circumstances purposes.[262] They contend that available information in the record indicates that the post-petition increase in subject import volumes was also driven by seasonality and long-lead times for quartz surface products, which they assert further supports reaching

[257] Petitioner's Posthearing Brief, Answers to Questions at 41. Commerce published its preliminary determination in its antidumping duty investigation on November 20, 2018, and its preliminary determination in its countervailing duty investigation on September 21, 2018. CR at I-2, PR at I-2.

[258] Petitioner's Prehearing Brief at 89-90.

[259] Petitioner's Prehearing Brief at 92.

[260] Dal-Tile's Prehearing Brief at 3-11; Dal-Tile's Posthearing Brief at 1-10; Architectural Surfaces Group's Prehearing Brief at 2-11; Architectural Surfaces Group's Posthearing Brief at 2-10; LG's Prehearing Brief at 3-17; LG's Posthearing Brief at 2-11; Cortland's Prehearing Brief at 2-6; STR Respondents' Prehearing Brief at 4-14; Wilsonart's Prehearing Brief at 2-5; Joint Respondents' Prehearing Brief at 119-133.

[261] Dal-Tile's Prehearing Brief at 3-6; Dal-Tile's Posthearing Brief at 2-6; Architectural Surfaces Group's Prehearing Brief at 3-6; Architectural Surfaces Group's Posthearing Brief at 2-6; LG's Prehearing Brief at 6-8; LG's Posthearing Brief at 3-5; Cortland's Prehearing Brief at 2-3; STR Respondents' Prehearing Brief at 6-7; Wilsonart's Prehearing Brief at 3-4; Joint Respondents' Prehearing Brief at 122-126.

[262] Dal-Tile's Prehearing Brief at 3-6; Dal-Tile's Posthearing Brief at 2-6; Architectural Surfaces Group's Prehearing Brief at 3-6; ; Architectural Surfaces Group's Posthearing Brief at 2-6; LG's Prehearing Brief at 6-8; LG's Posthearing Brief at 3-5; Cortland Prehearing Brief at 2-3; STR Respondents' Prehearing Brief at 6-7; Wilsonart's Prehearing Brief at 3-4; Joint Respondents' Prehearing Brief at 122-126,129-133.

negative critical circumstances determinations.[263] According to respondents, there also has not been a rapid increase in inventories to warrant finding critical circumstances.[264]

C. Analysis

On May 23, 2019, in its final antidumping and countervailing duty determinations concerning QSP from China, Commerce found that critical circumstances exist with respect to all producers/exporters.[265]

We first consider the appropriate period for comparison of pre-petition and post-petition levels of subject imports from China. While the Commission typically considers six-month periods, it has relied on a shorter comparison period when Commerce's preliminary determination fell within the six-month post-petition period.[266] That situation arises here,[267] and we have thus determined to compare the volume of subject imports during the five months prior to the filing of petitions in these investigations (December 2017 to April 2018), with the volume of subject imports in the five months after the petitions were filed (May 2018 to September 2018), for purposes of our critical circumstances analysis in both the antidumping and countervailing duty investigations.

Imports of QSP from China subject to Commerce's affirmative critical circumstances finding increased from *** square feet to *** square feet between the two five-month periods

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[263] *See e.g.*, Dal-Tile's Posthearing Brief at 3-6; Architectural Surfaces Group's Posthearing Brief at 3-6.

[264] Dal-Tile's Prehearing Brief at 6-9; Dal-Tile's Posthearing Brief at 6-8; Architectural Surfaces Group's Prehearing Brief at 6-9; Architectural Surfaces Group's Posthearing Brief at 6-8; LG's Prehearing Brief at 8-11; LG's Posthearing Brief at 5-6; STR Respondents' Prehearing Brief at 7-8; Wilsonart Prehearing Brief at 4; MSI Arizona Tile Prehearing Brief at 126-129.

[265] *Certain Quartz Surface Products from the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value, and Final Affirmative Determination of Critical Circumstances*, 84 Fed. Reg. 23767, 23767 (May 23, 2019); *Certain Quartz Surface Products from the People's Republic of China: Final Affirmative Countervailing Duty Determination, and Final Affirmative Determination of Critical Circumstances,* 84 Fed. Reg. 23760, 23760 (May 23, 2019).

[266] In particular, the Commission has used five-month periods in recent investigations where the timing of the first preliminary Commerce determination authorizing the imposition of provisional duties would have served to reduce subject import volume in the sixth month of the post-petition period. *See, e.g., Cold-Rolled Steel Flat Products from China and Japan,* Inv. Nos. 701-TA-541 and 731-TA-1284 and 1286 (Final), USITC Pub. 4619 (July 2016); *Polyethylene Terephthalate (PET) Resin from Canada, China, India, and Oman,* Inv. Nos. 701-TA-531-532 and 731-TA-1270-1273 (Final), USITC Pub. 4604 at 31-32 (Apr. 2016); *Carbon and Certain Steel Wire Rod from China*, Inv. Nos. 701-TA-512, 731-TA-1248 (Final), USITC Pub. 4509 at 25-26 (Jan. 2015) (using five-month periods because preliminary Commerce countervailing duty determination caused a reduction of subject import volume in the sixth month).

[267] Commerce issued its preliminary affirmative determination in the countervailing duty investigations of QSP from China on September 14, 2018. *Certain Quartz Surface Products from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination, and Alignment of Final Determination With Final Antidumping Duty Determination*, 83 Fed. Reg. 47881 (Sept. 21, 2018).

(December 2017-April 2018 and May-September 2018), an increase of *** percent.[268] Although the volume of subject imports is higher in the post-petition period, given the conditions of competition prevailing in this market, the increase is not of such a magnitude that leads us to conclude that those imports appear likely to undermine seriously the remedial effect of the antidumping duty order.

First, we consider the increase in subject imports in the context of the large increase in demand that occurred during the POI, including at its end. Apparent U.S. consumption based on quantity was *** percent higher during interim 2018 than during interim 2017.[269] Further, the increase in subject imports was during a period (May-September) that included the summer months when demand for QSP tends to be at its peak.[270] We also note the *** percent increase in subject imports in the post-petition period is not out of line with the increases seen in 2016 (*** percent) and 2017 (*** percent).[271]

The record also indicates that a portion of the subject imports that entered after the filing of the petition were ordered before the petition was filed. Several importers documented that their imports in the post-petition period were sold under project-based, long-term contracts in advance of the filing of the petition.[272] There is no allegation that market participants anticipated the filing of the petitions.

The record also indicates that U.S. importers' inventories of subject merchandise were higher in September 2018, at 32.6 million square feet, than in September 2017, at 19.8 million square feet.[273] The ratio of the inventories to imports was 46.1 percent in September 2018, which is comparable to the ratio during the other portions of the POI and typical for this product because importers keep a variety of patterns in stock and sell from inventory.[274] These consistent inventory ratios belie the domestic industry's claim that U.S. importers were stockpiling QSP from China after the filing of the petitions in these investigations.

Thus, while recognizing the increase in subject imports and their inventories, given the other factors present in this market in the relevant time period, we conclude that subject imports covered by Commerce's affirmative critical circumstances determinations would not undermine seriously the remedial effect of the antidumping and countervailing duty orders. Consequently, we determine that critical circumstances do not exist with respect to subject imports from China that are covered by Commerce's affirmative critical circumstances finding in the antidumping and countervailing duty investigations.

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[268] CR/PR at Table IV-3.

[269] *See* CR/PR at revised Table C-5.

[270] CR at II-15, PR at II-10.

[271] *See* CR/PR at revised Table C-5.

[272] *See, e.g.,* LG's Final Comments at 7-9; Dal-Tile's Prehearing Brief at 10 and Exhibit 1; Architectural Surfaces Group's Posthearing Brief at Attachment A.

[273] *See* CR/PR at Table VII-6.

[274] *See* CR/PR at Table VII-6. U.S. importers' ratio of end-of-period inventories to imports ranged from 43.6 percent to 46.1 percent during the POI. *Id.* Importers reported that 83.9 percent of their commercial shipments came from their U.S. inventories. CR at II-20, PR at II-13.

VII. Conclusion

For the reasons stated above, we determine that an industry in the United States is materially injured by reason of subject imports of QSP from China that are sold in the United States at less than fair value and subsidized by the government of China. We also find that critical circumstances do not exist with respect to imports of QSP from China subject to Commerce's affirmative critical circumstances determinations.

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 Cambria Company LLC ("Cambria" or "petitioner"), Eden Prairie, Minnesota, on April 17, 2018, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized and less-than-fair-value ("LTFV") imports of quartz surface products from China.[1] The following tabulation provides information relating to the background of these investigations.[2] [3] [4]

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

[3] A list of witnesses that appeared at the hearing is presented in appendix B of this report.

[4] Due to the lapse in appropriations and ensuing cessation of Commission operations, all import injury investigations conducted under authority of Title VII of the Tariff Act of 1930 accordingly have been tolled pursuant to 19 U.S.C. §§ 1671d(b)(2), 1673d(b)(2).

Effective date	Action
April 17, 2018	Petition filed with Commerce and the Commission; institution of Commission investigations (83 FR 17675, April 23, 2018)
May 7, 2018	Commerce's notice of initiation of LTFV investigation (83 FR 22613, May 16, 2018) and Commerce's notice of initiation of countervailing duty investigation (83 FR 22618, May 16, 2018)
June 1, 2018	Commission's preliminary determinations
September 14, 2018	Commerce's preliminary affirmative countervailing duty determination, and alignment of final determination with final antidumping duty determination (83 FR 47881, September 21, 2018)
November 8, 2018	Commerce's preliminary affirmative determination of critical circumstances, in part, in the countervailing duty investigation (83 FR 57419, November 15, 2018)
November 13, 2018	Commerce's preliminary determination of sales at LTFV and postponement of final determination (83 FR 58540, November 20, 2018)
December 11, 2018	Scheduling of final phase of Commission investigations (83 FR 64597, December 17, 2018)
February 7, 2019	Revised schedule of the final phase of countervailing duty and antidumping duty Investigations (84 FR 3487, February 12, 2019)
May 9, 2019	Commission's hearing
May 23, 2019	Certain Quartz Surface Products From the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value, and Final Affirmative Determination of Critical Circumstances (84 FR 23767)
May 23, 2019	Certain Quartz Surface Products From the People's Republic of China: Final Affirmative Countervailing Duty Determination, and Final Affirmative Determination of Critical Circumstances (84 FR 23760)
June 11, 2019	Commission's vote
June 28, 2019	Commission's views
July 8, 2019	Commission's determinations

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-—

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 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—[5]

(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.

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

Organization of report

Part I of this report presents information on the subject merchandise, 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

Quartz surface products are a compacted stone composite building material used for countertop surfaces as an alternative to queried stone surfaces. Quartz surface products are used in a variety of applications such as counters, tiles, walls, floors, shower and tub surrounds, fireplace surrounds, and bathroom vanities. The leading U.S. slab producer of quartz surface products is Cambria, while the leading U.S. fabricators of quartz surface products (aside from Cambria) are ***[6] and ***.[7] The leading producers of quartz surface products outside the United States include Cosentino of Spain and Caesarstone of Israel (Caesarstone Technologies USA, Inc. ("Caesarstone") also produces quartz surface products in the United States). The leading U.S. importers of quartz surface products from China are ***; while the leading importers of quartz surface products from nonsubject countries are ***. U.S purchasers of quartz surface products are primarily composed of distributors, fabricators, and/or installers and typically vary in size from small retail installers to large commercial development contractors and regional distributors. Leading U.S. purchasers include ***.

Apparent U.S. consumption totaled approximately *** square feet ($***) in 2017. Currently, five firms are known to produce quartz surface products (slabs) in the United States.[8] U.S. producers' U.S. shipments of quartz surface products totaled *** square feet ($***) in 2017, and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from subject sources totaled *** square feet ($***) in 2017 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from nonsubject sources totaled *** square feet ($***) in 2017 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value.

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[6] ***. *** U.S. producer questionnaire response, sections I-5 and I-7.

[7] ***. *** U.S. producer questionnaire response, section II-18.

[8] Staff received usable U.S. producer questionnaire responses from three firms that produced slabs. Dal-Tile Corporation submitted an incomplete U.S. producer questionnaire that was not included in this report. USA Quartz LLC did not submit a U.S. producer questionnaire response. Dal-Tile and USA Quartz did not start production until late 2018 or early 2019.

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 three firms that accounted for the vast majority of U.S. slab production of quartz surface products during 2017. In addition, Staff received 17 questionnaire responses from U.S. fabricators, which accounted for approximately one percent of all fabricators in the United States. Usable responses to the Commission's U.S. importer questionnaire were received from 84 companies, representing an estimated 69.1 percent of U.S. imports from China in 2017 under HTS statistical reporting number 6810.99.0010.[9] U.S. import data are based on official import statistics (statistical reporting number 6810.99.0010) for quartz surface products slabs, and adjusted to include questionnaire responses from 17 importers who exclusively reported in-scope quartz surface products imported under other statistical reporting numbers. Usable responses to the Commission's foreign producer questionnaire were received from 32 producers and exporters of quartz surface products and 8 resale exporters of quartz surface products in China.[10] These 40 firms' exports to the United States accounted for the vast majority of U.S imports of quartz surface products from China in 2017.

PREVIOUS AND RELATED INVESTIGATIONS

Quartz surface products have not been the subject of any prior countervailing duty or antidumping duty investigations in the United States. Quartz slabs and portions thereof have been the subject of two Section 337 investigations. On April 14, 2016, Cambria filed a Section 337 complaint alleging patent infringement (U.S. Patent Nos. D737,058; D712,670; D713,154; D737,576; D737,577; and D738,630) against two respondent parties: Wilsonart LLC (''Wilsonart'') and Dorado Soapstone LLC (''Dorado'').[11] On September 14, 2016, the presiding administrative law judge (''ALJ'') issued an initial determination terminating the investigation as to U.S. Patent No. D737,058. On October 13, 2016, the Commission determined not to review that initial determination. On September 28, 2016, Cambria and Wilsonart jointly moved to terminate the investigation as to Wilsonart based on a settlement agreement. On October 12, 2016, the ALJ issued Order 20, an initial determination granting the motion. On October 6, 2016, Cambria moved to terminate the investigation as to Dorado based on Cambria's withdrawal of certain allegations in the complaint. On October 13, 2016, the ALJ issued Order

[9] The Commission also received U.S. importer questionnaires from nine firms that were excluded from the dataset due to data reconciliation and consistency issues: ***. The Commission received "NO" responses to the U.S. importer questionnaire from an additional two firms.

[10] The Commission received "NO" responses to the foreign producer questionnaire from an additional two firms.

[11] *Certain Quartz Slabs and Portions Thereof Institution of Investigation*, 81 FR 30342, May 16, 2016.

21, an initial determination granting the motion. On November 3, 2016, the Commission determined not to review Orders 20 or 21 and the investigation was terminated.[12]

On July 11, 2016, Cambria filed a Section 337 complaint alleging patent infringement (U.S. Patent Nos. D712,666, D712,670, D751,298, D712,161, and D737,058) against eight respondent parties.[13] On August 23, 2016, Cambria moved to terminate the investigation in its entirety based upon withdrawal of the complaint. On August 25, 2016, the ALJ granted the motion as the subject ID. On September 7, 2016, the Commission determined not to review the ID and the investigation was terminated.[14]

On May 8, 2019, Cambria filed petitions with Commerce and the Commission alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized and LTFV imports of quartz surface products from both India and Turkey.[15]

NATURE AND EXTENT OF SUBSIDIES AND SALES AT LTFV

Subsidies

On September 21, 2018, Commerce published a notice in the *Federal Register* of its preliminary determination of countervailable subsidies for producers and exporters of quartz surface products from China.[16] On May 23, 2019, Commerce published notice in the Federal Register of its final determinations of countervailable subsidies for producers and exporters of quartz surface products from China.[17] Commerce determined the following programs to be countervailable:[18]

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[12] *Certain Quartz Slabs and Portions Thereof; Commission Determination Not To Review Initial Determinations Terminating the Investigation as to All Respondents; Termination of the Investigation*, 81 FR 78634, November 8, 2016.

[13] *Certain Quartz Slabs and Portions Thereof (II); Institution of Investigation*, 81 FR 54600, August 16, 2016.

[14] *Certain Quartz Slabs and Portions Thereof (II); Commission Decision Not To Review an Initial Determination Terminating the Investigation Based Upon Withdrawal of the Complaint; Termination of Investigation*, 81 FR 62919, September 13, 2016.

[15] *Quartz Surface Products From India and Turkey; Institution of Anti-Dumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations*, 84 FR 21361, May 14, 2019.

[16] *Certain Quartz Surface Products From the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination, and Alignment of Final Determination With Final Antidumping Duty Determination,* 83 FR 47881, September 21, 2018.

[17] *Certain Quartz Surface Products From the People's Republic of China: Final Affirmative Countervailing Duty Determination, and Final Affirmative Determination of Critical Circumstances,* 84 FR 23760, May 23, 2019.

[18] *Certain Quartz Surface Products from the People's Republic of China, Enforcement and Compliance, Office of AD/CVD Operations, Issues and Decision Memorandum for the Final Determination in the Countervailing Duty Investigation of Certain Quartz Surface Products from the People's Republic of China,* May 14, 2019.

1. Preferential income tax program for high- and new-technology enterprises--1.0 percent *ad valorem*
2. Provision of polyester resin for less than adequate remuneration (LTAR)—27.26 percent ad valorem
3. Provision of Quartz for LTAR—5.37 percent *ad valorem*
4. Provision of electricity for LTAR—0.57 percent *ad valorem*
5. Policy loans to Quartz Surface Products Industry—0.37 percent *ad valorem*
6. Export Buyer's Credit—10.54 percent *ad valorem*
7. Other Subsidies—0.21 percent *ad valorem*
    a. 2016 Market Development Assistance (Special Fund for Domestic & Foreign Economic and Trade Development)
    b. 2016 Guangdong Province High-Tech Enterprise Assistance
    c. Utility Model Patent Assistance
    d. Foshan City's Subsidy for Recognition as High-Tech Enterprises
    e. Special Award for Guangdong Province's Stable Growth Structure (2016)
    f. High and New Technology Enterprise for Education and Training
    g. Gaoming District Engineering Center Assistance

Table I-1 presents Commerce's findings of subsidization of quartz surface products in China.

Table I-1
Quartz surface products: Commerce's final subsidy determination with respect to imports from China

Entity	Final countervailable subsidy rate (*percent*)
Fasa Industrial Corporation Limited	190.99
Foshan Hero Stone Co., Ltd.	190.99
Foshan Yixin Stone Co., Ltd	45.32
Foshan Nanhai Julang Quartz Co.	190.99
Qinguan Yuefeng Decoration Material Co.	190.99
All others	45.32

Source: 84 FR 23760, May 23, 2019.

Sales at LTFV

On November 20, 2018, Commerce published a notice in the *Federal Register* of its preliminary determination of sales at LTFV with respect to imports from China.[19] On May 23, 2019 Commerce published notice in the Federal Register of its final determination of sales at

[19] *Certain Quartz Surface Products From the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 83 FR 58540, November 20, 2018.

LTFV with respect to imports from China.[20] Table I-2 presents Commerce's dumping margins with respect to imports of quartz surface products from China.

Table I-2
Quartz surface products: Commerce's preliminary weighted-average LTFV margins with respect to imports from China

Exporter	Producer	Estimated weighted-average dumping margin (*percent*)	Cash deposit rate (adjusted for subsidy offset) (percent)
Foshan Yixin Stone Co., Ltd	Foshan Yixin Stone Co., Ltd	333.09	295.02
Foshan Yixin Stone Co., Ltd	QingYuan Yue Feng Decoration Material Co., Ltd	333.09	295.02
Suzhou Colorquartzstone New Material Co., Ltd., Shanghai Meiyang Stone Co., Ltd., CQ International Limited	Suzhou Colorquartzstone New Material Co., Ltd. and Shanghai Meiyang Stone Co., Ltd	265.81	255.27
Non-Individually Examined Exporters Receiving Separate Rates	Producers Supplying the Non-Individually-Examined Exporters Receiving Separate Rates	297.40	259.33
China-Wide Entity	China-Wide Entity	336.69	326.15

Source: 84 FR 23767, May 23, 2019.

THE SUBJECT MERCHANDISE

Commerce's scope

In the current proceeding, Commerce has defined the scope as follows:

> *The merchandise covered by these investigations is certain quartz surface products.[21] Quartz surface products consist of slabs and other surfaces created from a mixture of materials that includes predominately silica (e.g., quartz, quartz powder, cristobalite) as well as a resin binder (e.g., an unsaturated polyester). The incorporation of other materials, including, but not limited to, pigments, cement, or other additives does not remove the merchandise from the scope of the investigation. However, the scope of the investigation only includes products where the silica content is greater than any other single material, by actual weight.*

[20] *Certain Quartz Surface Products From the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value, and Final Affirmative Determination of Critical Circumstances,* 84 FR 23767, May 23, 2019.

[21] Quartz surface products may also generally be referred to as engineered stone or quartz, artificial stone or quartz, agglomerated stone or quartz, synthetic stone or quartz, processed stone or quartz, manufactured stone or quartz, and Bretonstone®.

Quartz surface products are typically sold as rectangular slabs with a total surface area of approximately 45 to 60 square feet and a nominal thickness of one, two, or three centimeters. However, the scope of this investigation includes surface products of all other sizes, thicknesses, and shapes. In addition to slabs, the scope of this investigation includes, but is not limited to, other surfaces such as countertops, backsplashes, vanity tops, bar tops, work tops, tabletops, flooring, wall facing, shower surrounds, fire place surrounds, mantels, and tiles. Certain quartz surface products are covered by the investigation whether polished or unpolished, cut or uncut, fabricated or not fabricated, cured or uncured, edged or not edged, finished or unfinished, thermoformed or not thermoformed, packaged or unpackaged, and regardless of the type of surface finish.

In addition, quartz surface products are covered by the investigation whether or not they are imported attached to, or in conjunction with, non-subject merchandise such as sinks, sink bowls, vanities, cabinets, and furniture. If quartz surface products are imported attached to, or in conjunction with, such non-subject merchandise, only the quartz surface product is covered by the scope.

Subject merchandise includes material matching the above description that has been finished, packaged, or otherwise fabricated in a third country, including by cutting, polishing, curing, edging, thermoforming, attaching to, or packaging with another product, or any other finishing, packaging, or fabrication that would not otherwise remove the merchandise from the scope of the investigation if performed in the country of manufacture of the quartz surface products.

The scope of the investigation does not cover quarried stone surface products, such as granite, marble, soapstone, or quartzite. Specifically excluded from the scope of the investigation are crushed glass surface products. Crushed glass surface products must meet each of the following criteria to qualify for this exclusion: (1) The crushed glass content is greater than any other single material, by actual weight; (2) there are pieces of crushed glass visible across the surface of the product; (3) at least some of the individual pieces of crushed glass that are visible across the surface are larger than one centimeter wide as measured at their widest cross-section (glass pieces); and (4) the distance between any single glass piece and the closest separate glass piece does not exceed three inches.

The products subject to the scope are currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under the following subheading: 6810.99.0010. Subject merchandise may also enter under subheadings 6810.11.0010, 6810.11.0070, 6810.19.1200, 6810.19.1400, 6810.19.5000, 6810.91.0000, 6810.99.0080, 6815.99.4070, 2506.10.0010, 2506.10.0050, 2506.20.0010, 2506.20.0080, and 7016.90.10. The HTSUS subheadings set forth above

are provided for convenience and U.S. Customs purposes only. The written description of the scope is dispositive.[22]

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 provisions of the Harmonized Tariff Schedule of the United States ("HTS"): 2506.10.00, 2506.20.00, 6810.11.00, 6810.19.12, 6810.19.14, 6810.19.50, 6810.91.00, 6810.99.00 and 6815.99.40. The first two subheadings cover quartz that is in the form of a basic material; the provisions in chapter 68 cover building and flooring materials and other made-up articles in which quartz predominates by weight. The 2019 general rate of duty is free for HTS subheadings 2506.10.00, 2506.20.00, 6810.91.00, 6810.99.00, and 6815.99.40; 3.2 percent ad valorem for HTS subheading 6810.11.00; 3.9 percent for HTS subheading 6810.19.50; 4.9 percent for HTS subheading 6810.19.12; 9 percent for HTS subheading 6810.19.14; and 8 percent for HTS subheading 7016.90.10. Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection.

Section 301 tariff treatment

Pursuant to notices issued by USTR and published in the Federal Register under section 301 to the Trade Act of 1974, as amended, products of China provided for in all of the tariff provisions enumerated in this paragraph are subject to additional duties of 25 percent ad valorem under heading 9903.88.03, when exported on or after May 10, 2019; such products exported before May 10, 2019 and entered for Customs purposes before June 1, 2019 (as of the date of preparation of this report) continue to be assessed an additional duty of 10 percent ad valorem under heading 9903.88.09.[23]

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[22] *Certain Quartz Surface Products from the People's Republic of China: Final Affirmative Countervailing Duty Determination, and Final Affirmative Determination of Critical Circumstances,* 84 FR 23760, May 23, 2019, and *Certain Quartz Surface Products from the People's Republic of China: Request for Scope Clarification*, *Enforcement and Compliance, Office of AD/CVD Operations,* February 14, 2019. On February 14, 2019, Petitioners filed a request for scope clarification with Department of Commerce. In its request, the petitioner requested Commerce clarify the scope to include "quartz glass" products. On May 23, 2019, Commerce published its final determinations with a revised scope that included glass quartz surface products. Glass quartz surface products are classified under HTS subheading number 7016.90.10.

[23] *Possible Modifications to the International Harmonized System Nomenclature,* 84 FR 13607, April 3, 2019, *Notice of Modification of Section 301 Action: China's Acts, Policies,* and *Practices Related to Technology Transfer, Intellectual Property, and Innovation,* 84 FR 20549, May 9, 2019, and *Notice of Modification of Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation,* 84 FR 7966, March 5, 2019.

THE PRODUCT

Description and applications

Quartz surface products are a compacted stone composite building material used for countertop surfaces or aesthetic accents in residential, commercial, and industrial properties. Quartz surface products compete with quarried natural stone products, such as granite or marble.[24] Demand for quartz surface products has grown due to its improved aesthetic appeal, durability, stain and scratch resistance, heat tolerance, and anti-microbial properties compared to granite and marble surface products.[25] The visual appearance of quartz surface products has improved from a monochromatic surface to a surface that imitates natural stone patterns. The scope of these investigations covers both raw-material slabs and finished products.

Finished products include fabricated countertop surfaces, cut-to-size slabs used in the hospitality industry, and various other decorative products. Quartz surface products are utilized in commercial, residential, or industrial properties as countertops, tiles, bar surfaces, shower and tub surrounds, fireplace surrounds, walls, floors, bathroom vanities, and furniture surfaces.[26] Quartz surface products may be further worked to meet customer specifications.

Unadulterated quartz surface products are white with fine particulates. Manufacturing advances improved the appearance of quartz surface products and enabled producers to make quartz surface products that mimic natural stone or have unique patterns.

Producers of quartz surface products invest in the development of new collections and designs to attract customers.[27] These patterns require specialized machinery and design by teams of engineers whose end products are copyrighted as intellectual property.[28] Figure I-1 shows several designed aesthetic and color options available to consumers of quartz surface products. Certain design patterns can be created by hand.[29]

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[24] Hearing transcript, p. 57 (Scoggin); p. 65 (Stewart); p. 87 (Davis); p. 179 (Morici); p. 188 (Keck); and p. 198 (Shah).

[25] Hearing transcript, p. 57 (Scoggin); p. 188 (Keck); p. 317 (Yoltay); and Silestone, "Quartz vs Granite Countertops," https://www.silestoneusa.com/quartz-vs-granite-countertops/ (accessed May 15, 2019).

[26] Hearing transcript, p. 57 (Scoggin).

[27] New designs allegedly have been copied by foreign competitors. Hearing transcript, p. 60 (Shult) and p. 64 (Clark).

[28] Hearing transcript, p. 56 (Scoggin).

[29] Hearing transcript, p. 200 (Huarte) and p. 300 (Wessel).

Figure I-1
Quartz surface products: Samples of quartz surface products surface patterns

Source: Photo of product samples provided to the Commission by the petitioner.

Manufacturing processes

All domestically produced quartz surface products are made by using a patented production process and machinery developed by Breton S.p.A. of Italy ("Breton").[30] Chinese producers do not use Breton technology.[31] The manufacturing process of Chinese producers combines machinery and manual labor to produce quartz slabs.[32]

Quartz surface products are composed of three input ingredients: aggregates, binding agents, and additives. Aggregates account for 93 percent of the mass in a quartz surface.[33] The

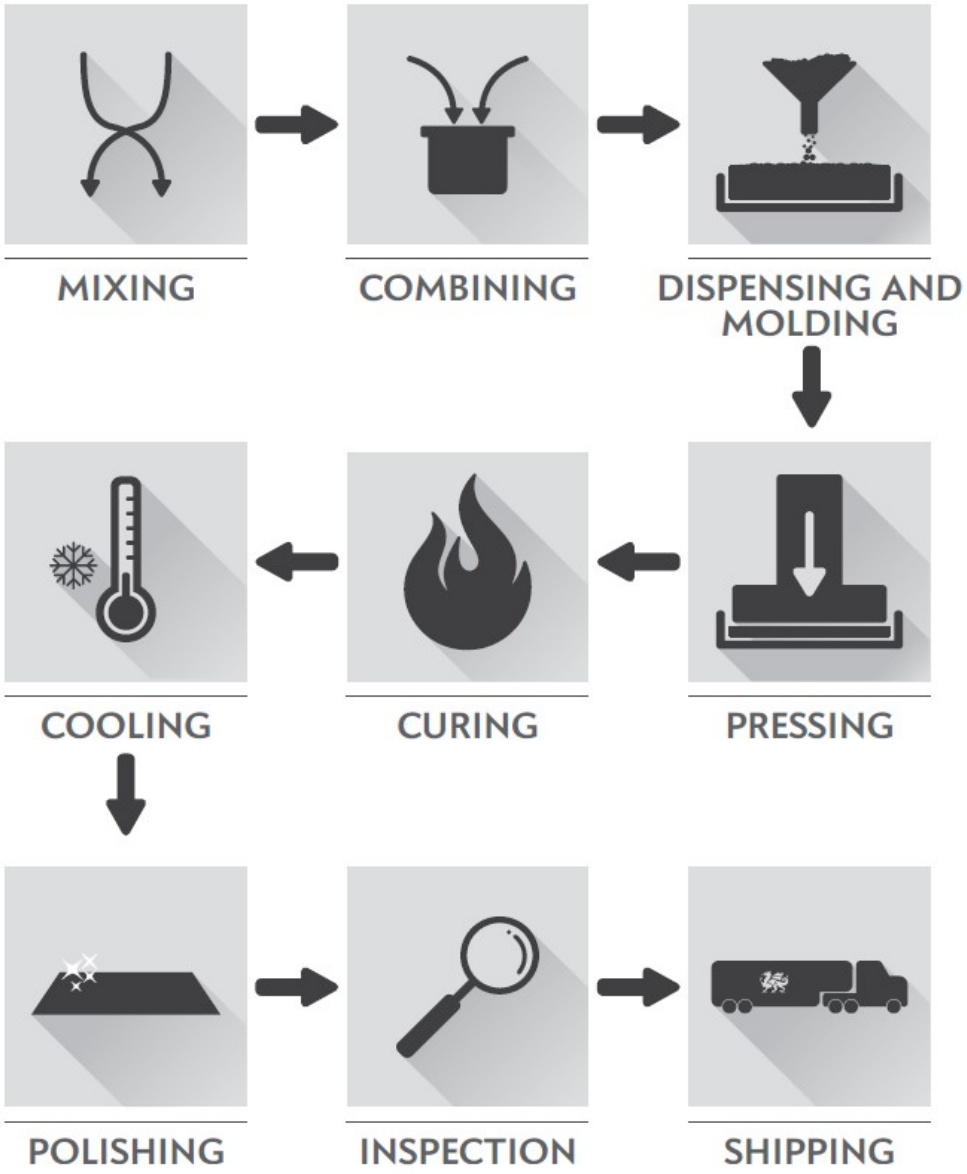
[30] Hearing transcript, p. 200 (Haurte) and p. 230 (Stoel).
[31] Hearing transcript, p. 208 (Jingfen).
[32] Hearing transcript, pp. 200-201 (Huarte) and p. 300 (Wessel).
[33] Caesarstone, "CaesarStone Quartz Surfaces: Fastest Growing Choice For Stylish, Durable, Kitchen & Bathroom Countertops," Newsroom, March 27, 2006, http://www.caesarstoneus.com/newsroom/press-releases/caesarstone-quartz-surfaces-fastest-growing-choice-for-stylish-durable-kitchen-bathroom-countertops/ (accessed May 15, 2019).

aggregate materials are quartz and silica minerals. The quartz and silica come from siliceous natural stone materials or man-made materials, such as glass or ceramic materials.[34] The binding agent used in quartz surface products is a polymer resin. Additives make surfaces more aesthetically appealing by allowing quartz surface products to exhibit various colors or patterns. Additives are other stone materials for pigmentation or larger particles of glass or metal flecks for visual effect.

As shown in figure I-2, non-fabricated slabs of quartz surface products are manufactured in a nine-step process. Slabs are then transformed into fabricated quartz surface products through the fabrication process.

[34] Quarts and silica materials are plentiful, constituting 12 percent of the Earth's crust. Mottana, Annibale, Rodolfo Crespi, and Giuseppe Liborio, *Simon & Schuster's Guide to Rocks and Minerals*, edited by Martin Prinz, George Harlow, and Joseph Peters. New York, NY: Simon and Schuster, 1978, pp. 244-246.

Figure I-2
Quartz surface products: Not fabricated slab manufacturing process schematic



Source: The figure was provided to Commission staff during the investigation phase of the final review on March 5, 2019 in Le Sueur, MN.

Mixing and combining

Before use, the aggregate materials are crushed down to various particle sizes. Particle size impacts the aesthetic texture of the end product. Fine particles create a smooth quartz surface; whereas, large particles create a surface with visible crystal structures.

Each end product has a unique formula that is pre-programmed into the production line. The automated system then extracts the raw materials from storage and transports them to the mixing system. The mixing system blends all of the ingredients into a consistent mixture, resembling damp sand.[35]

Dispensing, molding, and pressing

Next, the blended mixture is dispensed into a rubber mold. The rubber mold is passed through a distributing mechanism that shapes and forms the mixture into the desired dimensions. The distributing mechanism utilizes continuous weight control to ensure an even distribution.

The shaped mixture is then transported to the pressing operations. The material is placed into a vacuum-sealed chamber with a vibration system. Shaking the mixture removes gases from the slab that would otherwise weaken the structural integrity of the finished slab. The material is simultaneously compacted and shaken to the desired density to form a slab.

Curing and cooling

After compression, the slab is then baked at 90 degrees Celsius for 45 minutes.[36] The baking process hardens the slab to form the solid quartz surface. Next, the slab is air cooled in a storage area for 24 hours.

Polishing and inspection

After cooling, the slabs are measured, calibrated, and further worked to ensure they meet the desired dimensions. Disk and milling drills sand-off excess material. The company's logo and other identifying information are then stamped onto the bottom of the slab. After the slab is machine polished, the final product is examined for quality-control purposes. The final inspection checks for condition, shine, tone, color, aspect, and size. After final inspection, the finished slabs are either sent to a warehouse for storage or to a workshop to be cut to customer specifications.

Fabrication process

The fabrication process transforms slabs of quartz surface products into products ready for installation. According to respondents, there are at least 10,000 fabricators operating in the

[35] Granite Countertops Seattle, "Manufacturing Process of Quartz," July 5, 2015, https://www.granitemarblewa.com/the-manufacturing-process-of-quartz/ (accessed May 15, 2019).

[36] Aggranite Quartz Countertops, "About," https://www.aggranitequartz.com/about (accessed May 15, 2019).

United States.[37] Independent fabricators contend that, taken together, the independent fabrication industry has substantial equipment, labor, and expertise.[38]

The following information details the transformation process from slab into fabricated products:[39]

A field technician gathers the dimensional measurements to create the design. Design technicians adjust the design to meet customer specifications regarding features like the type of edge, desired configuration, various cutouts and openings, and the backsplash of the surface. The file is then sent to the production facility. The design gets imposed onto a quartz slab to fabricate pieces that match the desired end products.

Next, machines are programmed so that the tools are assigned paths for diamond-edged saw and water jet cutting. Computer networked control ("CNC") routers are programmed to cut edges and cutouts for sinks and faucets.

Quartz slabs are pulled from inventory and moved to the cutting operation. The diamond blade saw cuts straight lines and waterjets cut arcs and circles into the slab. Cut parts are removed. After the saw and waterjet cutting, the CNC router machining begins by utilizing a crane, lasers, and vacuum cups to position the section for grinding and finishing operations on the edges and cutouts. The finished product is polished and detailed to ensure readiness for installation. The fabricated product is then ready for transportation.

DOMESTIC LIKE PRODUCT ISSUES

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) interchangeability; (3) channels of distribution; (4) common manufacturing facilities, production processes, and production employees; (5) customer and producer perceptions; and (6) price. Information regarding these factors is discussed below.

The Commission in the preliminary phase found a single domestic like product including not fabricated slabs ("slabs"), fabricated quartz surface products ("fabs"), and custom-finished fully-fabricated quartz surface products ("CFFFQSP"), observing that although there are distinctions between the three types, there was limited information on the record to enable the Commission to fully examine this issue.[40]

Petitioners argued that the Commission should define a single domestic like product, co-extensive with the scope of these investigations, which included not fabricated slabs of quartz surface products.[41] At the Commission's hearing, the petitioner reaffirmed that the domestic

[37] The estimated number of fabricators ranges between 10,000 and 15,000. Hearing transcript, p. 192 (Jorgensen) and p. 238 (Perry).

[38] Hearing transcript, p. 183 (Hires).

[39] The description of fabrication is based upon a site visit at *** slab fabrication facility by Commission staff during the investigation phase of the final investigation on March 22, 2019 in ***.

[40] *Quartz Surface Products from China, Inv. Nos. 701-TA-606 and 731-TA-1416 (Preliminary)* USITC Publication 4794, June 2018, p. 10.

[41] Petition, pp. 13-14.

like product should be co-extensive with the scope, and it should be a single domestic like product including quartz surface slabs and surfaces that have been fabricated.[42]

In its prehearing brief, the joint respondents indicated that they agreed that there was one like product, and they contended that there was one domestic industry comprised of slab producers and fabricators.[43] [44]

Appendix D presents a summary of U.S. producers', importers', and purchasers' responses on the comparability of not fabricated slabs ("slabs") versus fabricated quartz surface products ("fabs"), slabs versus Custom-finished fully-fabricated quartz surface products ("CFFFQSP"), and fabs versus CFFFQSP and includes U.S. producers', importers', and purchasers' full narrative responses to the questions on the comparability of these products.

[42] Hearing transcript, p. 36 (Drake).

[43] Joint Respondents (Hogan Lovells) prehearing brief, pp. 6-14, and Respondents (Harris Bricken) prehearing brief, p.7.

[44] The Chinese respondents did not comment on the like product or domestic industry in its prehearing or posthearing briefs.

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

U.S. MARKET CHARACTERISTICS

Quartz surface products are used in various interior hard surface applications including countertops, vanities, flooring, tiles, and other applications.[1] Quartz surface products are a high performing, durable, and low maintenance interior surface product.[2]

U.S. demand for quartz surface products has increased considerably as producers of quartz surface products continue to produce products with more diverse colors and aesthetic designs, which allow for unique appearances or realistic natural appearances that closely resemble, and better compete with, natural granite or natural marble. The majority of responding firms (16 of 18 U.S. producers and 61 of 78 importers) indicated that there have been significant changes in the product range, product mix, or marketing of quartz surface products since January 1, 2015. Firms reported an increase in the variety of colors and designs, an increase in the number of available brands, increased consumer knowledge and preference for quartz surface products, and larger slab sizes. Several firms stated that consumer demand has shifted away from granite-looking colors and designs to quartz surface products that mimic marble.[3] [4] U.S. firms also reported a consumer shift away from traditional darker or exotic granite colors to softer whites, greys, and creams.[5] U.S. producer and importer *** stated that manufacturers in China, Spain, and Israel have made substantial improvements in design aesthetics and the number of colors available.

Overall, apparent U.S. consumption in 2017 was *** percent higher than in 2015. Apparent U.S. consumptions was *** percent higher in January-September 2018 than in January-September2017.

U.S. PURCHASERS

The Commission received 46 usable questionnaire responses from firms that had purchased quartz surface products since January 2015.[6] Eighteen responding purchasers are

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[1] Petition, vol. 1, p. 5.

[2] Petition, vol. 1, p. 5.

[3] According to U.S. producer and importer ***, the new market trend is a long-vein marble design. *** stated that customers prefer to see a full-sized slab before purchasing the finished product, which has increased the number of dealer showrooms.

[4] U.S. producer and importer *** stated that multiple manufacturers released marble designs in 2015, including Cambria, Caesarstone, Silestone, Viatera, Vicostone, and several additional overseas manufacturers.

[5] Importer *** noted that white-based colors are more expensive to produce but are priced lower in the marketplace.

[6] Of the 46 responding purchasers, 22 purchased the domestic quartz surface products, 38 purchased imports of the subject merchandise from China, and 17 purchased imports of quartz surface products from other sources. One purchaser, ***, did not provide purchase data but responded to the other questions in the U.S. purchaser questionnaire.

fabricators or retailers, 17 are distributors, 10 are builders or contractors, 1 sources products for retail clients, 1 is a turnkey countertop service provider for multifamily and hospitality construction, and 1 is a millwork supplier. Thirty-six purchasers reported purchasing quartz surface slabs and 19 purchasers reported purchasing fabricated quartz surface products. Large purchasers of quartz surface products include ***, in order of quantity purchased during January 2015-September 2018.[7] [8]

Five of 17 distributors reported that they competed for sales to customers with the manufacturers and/or importers from which they purchased quartz surface products. Three of these firms stated that they compete directly with U.S. producer Caesarstone.

Half of responding purchasers (17 of 34) reported selling quartz surface products to fabricators; purchasers also reported selling quartz surface products to builders (residential, multifamily, and commercial), home improvement retailers, kitchen and bath dealers, and homeowners.

Six of 36 purchasers reported that they were or had been a Cambria retailer or part of a Cambria exclusivity arrangement.[9] [10] *** stated that they purchase fabricated material from Cambria.[11] *** reported that it sells Cambria material as special order requests. *** stated that it had an exclusivity arrangement until the end of 2017 when Cambria terminated the agreement. *** also stated that it was a Cambria retailer or part of a Cambria exclusivity arrangement until 2017. *** stated that it had been a Cambria distributor for *** but that Cambria terminated the arrangement as of ***.

CHANNELS OF DISTRIBUTION

Quartz surface products are sold to distributors, fabricators and retailers, contractors and builders, and to other end users, as shown in table II-1.[12] U.S. producers' U.S. shipments of

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[7] Purchasers *** purchased only quartz slabs; purchaser *** purchased predominantly quartz slabs, and the remaining *** percent of its purchases were fabricated product; and purchasers *** purchased only fabricated quartz surface products.

[8] Purchaser *** reported purchases only for January-September 2018. It reported purchases of fabricated quartz surface products from unknown sources.

[9] In addition, Cambria offers an exclusive relationship to some fabricators through its Lexus partnership program; these fabricators serve exclusive and semi-exclusive market territories and ***. Hearing transcript, p. 51 (Ward); petitioner's posthearing brief, exhibit 1, p. 9. Cambria reported that the number of Lexus Partner fabricators/distributors has decreased from 14 in 2015 to 6 in December 2018. According to Cambria, ***." However, it stated that the majority of these former Lexus Partner fabricators/distributors continue to purchase quartz surface products from Cambria's distribution centers. ***. Petitioner's posthearing brief, Responses to Commission Questions, pp. 13-14 and exhibit 1, p. 10.

[10] *** stated that ***. ***. *** U.S. producer questionnaire, section IV-21.

[11] *** stated that ***. *** purchaser questionnaire response, section III-3.

[12] Firms reported that "other end users" included slabs for product samples and marketing purposes, showroom display, architects, homeowners, hotel owners, cabinet manufacturers, furniture manufacturers, certified installers, and warranty replacements.

quartz surface products were shipped mainly to fabricators and retailers during January 2015-September 2018, with distributors representing the second largest channel of distribution.[13] Approximately two-thirds of U.S. fabricators' U.S. shipments of quartz surface products were shipped to fabricators and retailers, with the remaining quarter shipped to contractors/builders and other end users.[14] [15] U.S. importers' U.S. shipments of quartz surface products from China were also predominantly to fabricators and retailers.[16]

Table II-1
Quartz surface products: U.S. producers' and importers' U.S. shipments, by sources and channels of distribution, 2015-2017, January-September 2017, and January-September 2018

Item	Calendar year			January to September	
	2015	2016	2017	2017	2018
	Share of U.S. shipments (percent)				
U.S. producers:					
Distributors	***	***	***	***	***
Fabricators and retailers	***	***	***	***	***
Contractors and builders	***	***	***	***	***
Other end users	***	***	***	***	***
U.S. fabricators:					
Distributors	---	---	---	---	---
Fabricators and retailers	70.3	68.7	66.0	62.6	64.4
Contractors and builders	24.0	23.5	25.4	27.8	27.2
Other end users	5.7	7.7	8.6	9.6	8.4
U.S. importers: China					
Distributors	10.6	13.1	12.4	12.6	10.1
Fabricators and retailers	70.7	70.3	70.8	70.2	75.6
Contractors and builders	15.9	14.4	14.7	15.2	12.8
Other end users	2.8	2.3	2.0	2.0	1.4
U.S. importers: Nonsubject					
Distributors	***	***	***	***	***
Fabricators and retailers	***	***	***	***	***
Contractors and builders	***	***	***	***	***
Other end users	***	***	***	***	***

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

[13] Cambria reported that it sells quartz slabs to *** fabricators from its own distribution centers. Petitioner's posthearing brief, Responses to Commission Questions, pp. 13-14.

[14] ***.

[15] U.S. fabricators that provided fabrication services and installation services for quartz surface products were requested to report the shipments of these products as internal consumption. Approximately *** percent of U.S. fabricators' U.S. shipments of quartz surface products were internally consumed for installation services in 2017, an increase from *** percent in 2015; the remaining share was primarily sold to unrelated firms.

[16] According to U.S. fabricator ***, imports of quartz surface products from China have increased in all U.S. market segments but have predominantly increased in both the builders segment and commercial projects that compete more on price.

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Parties discussed market segmentation for quartz surface products but parties and questionnaires responses did not uniformly define these segments. In general, parties agreed that there are three end user segments: residential, commercial, and builder.[17] However, respondents argue that there is further segmentation within each of these segments. According to ***, there is a high, medium, and low-end subdivision in each of the three end-user segments.[18] Joint Respondents contend that the U.S. market for quartz surface products is segmented into a high-end segment and a "mass market" segment.[19] Respondents argue that the high-end market focuses on specialty colors and designs for luxury residential and high-end commercial applications that are priced higher; and the mass market segment focuses on neutral colors (e.g., neutral marble colors) that are sold at lower prices to higher volume institutional consumers such as builders of homes and multi-family units.[20]

Joint Respondents contend that imports of quartz surface products from China are "heavily concentrated" in the mass market segment and the domestic industry focuses on the high-end segment particularly in the residential market.[21] [22] Petitioner contends that the domestic industry is active in all segments of the market including the commercial and builder segments. Cambria reported that *** of its sales are to the commercial market and identified several commercial projects including Embassy Suites, Doubletree Inn, and Beautiful Kitchen Countertop.[23] Cambria stated that it competes for sales in big box retail stores, including Costco and Home Depot.[24]

GEOGRAPHIC DISTRIBUTION

U.S. producers reported selling quartz surface products to all U.S. regions, with at least half of responding U.S. producers reporting selling to the Midwest (table II-2). Importers reported selling to all U.S. regions, with more than half selling to the Southeast and Northeast. For U.S. producers, 12.6 percent of sales were within 100 miles of their production facility, 39.6 percent were between 101 and 1,000 miles, and 47.8 percent were over 1,000 miles. Importers sold 69.3 percent within 100 miles of their U.S. point of shipment, 25.8 percent between 101 and 1,000 miles, and 4.9 percent over 1,000 miles.

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[17] Petitioner's posthearing brief, Responses to Commission Questions, p. 45; hearing transcript, p. 274 (Porter).

[18] *** U.S. producer questionnaire, section II-22.

[19] Joint Respondents' posthearing brief, p. 12; hearing transcript, p. 220 (Stoel).

[20] Joint Respondents' prehearing brief, p. 28.

[21] Joint Respondents' posthearing brief, p. 12; U.S. Respondent's prehearing brief, pp. 72-73.

[22] Joint Respondents' prehearing brief, pp. 28-31. U.S. producer *** stated that "***." *** U.S. producer questionnaire, section II-22.

[23] Petitioner's posthearing brief, Responses to Commission Questions, p. 2; hearing transcript, p. 39 (Drake).

[24] Petitioner's posthearing brief, Responses to Commission Questions, p. 4. Purchaser *** reported increasing purchases of domestic CFFFQSP since 2015. It stated that it added Cambria as a supplier to *** and added Caesarstone as a supplier ***. *** estimated that Cambria accounted for *** percent of its total purchases in 2017. *** purchaser questionnaire, sections II-2, II-4, and II-19.

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Table II-2
Quartz surface products: Geographic market areas in the United States served by U.S. producers and importers

Region	U.S. producers	Importers
Northeast	8	42
Midwest	10	36
Southeast	8	46
Central Southwest	8	31
Mountain	6	33
Pacific Coast	6	35
Other[1]	4	8
All regions (except Other)	5	18
Reporting firms	17	79

[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

Table II-3 provides a summary of the supply factors regarding quartz surface products from U.S. producers and from China. Both U.S. and foreign producers have increased capacity in response to growing demand for quartz surface products.

Table II-3
Quartz surface products: Supply factors that affect the ability to increase shipments to the U.S. market

	Capacity (1,000 square feet))		Capacity utilization (percent)		Ratio of inventories to total shipments (percent)		Shipments by market, 2017 (percent)		Able to shift to alternate products
Country	2015	2017	2015	2017	2015	2017	Home market shipments	Exports to non-U.S. markets	No. of firms reporting "yes"
United States: U.S. slab producers	***	***	***	***	***	***	***	***	0 of 3
Independent fabricators	4,657	6,498	78.6	72.6	33.9	26.9	98.6	1.4	16 of 16
China	91,609	148,244	74.4	85.3	9.2	7.7	27.2	22.4	2 of 38

Note.--Responding U.S. producers accounted for virtually all of U.S. production of quartz surface products in 2017. Responding foreign producer/exporter firms accounted for the vast majority of U.S. imports of quartz surface products from China during 2017. For additional data on the number of responding firms and their share of U.S. production and of U.S. imports from China, please refer to Part I, "Summary Data and Data Sources."

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

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Domestic production

Based on available information, U.S. producers of quartz surface products have the ability to respond to changes in demand with large changes in the quantity of shipments of U.S.-produced quartz surface products to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the increased availability of unused capacity and available inventories. Factors mitigating responsiveness of supply include limited ability to shift shipments from alternate markets, U.S. slab producers' limited ability to shift production to or from alternate products, as well as some purchaser reports that they were unable to secure supply from U.S. producers.

U.S. slab producers' capacity and production of quartz slabs has increased since 2015, and capacity utilization decreased during 2015-17 as a result of capacity increases outpacing production increases.[25] The moderate level of capacity utilization suggests that U.S. slab producers may have the ability to increase production of quartz surface products in response to an increase in prices. U.S. slab producers reported that all of their commercial shipments came from inventories, and these inventories declined slightly from 2015-17. U.S. producers' exports, as a percentage of total shipments, increased during 2015-17. All three U.S. slab producers reported that their primary export market was ***. All three U.S. slab producers reported being unable to switch production from quartz surface products to alternative products.

U.S. fabricators' capacity and production (fabrication) of quartz surface products has also increased since 2015, and U.S. fabricators' capacity utilization decreased during 2015-17. The moderate level of capacity utilization suggests that U.S. fabricators may have ability to increase production of quartz surface products in response to an increase in prices. U.S. fabricators' inventories declined. The majority of responding U.S. fabricators (8 of 12) reported that virtually all of their commercial shipments were produced-to-order. U.S. fabricators' exports, as a percentage of total shipments, increased slightly during 2015-17 but represented less than two percent of total shipments. One U.S. fabricator, ***, reported that its primary export market was ***. All U.S. fabricators reported being able to switch from quartz surface products to fabricating other alternative products such as granite, marble, quartzite, limestone, and other natural stone slab material as well as porcelain panel slabs, glass products, and engineered quartz.

Subject imports from China

Based on available information, producers of quartz surface products from China have the ability to respond to changes in demand with large changes in the quantity of shipments of quartz surface products to the U.S. market. The main contributing factors to this degree of responsiveness of supply are excess capacity and the demonstrated ability to rapidly increase capacity, as well as the ability to shift shipments from alternate markets. Factors mitigating

[25] *** reported that it is currently building an additional production line that is expected to be operational by December 2019.

responsiveness of supply include moderate inventory levels and limited ability to shift production to or from alternate products.

Chinese producers' capacity and production of quartz surface products has increased since 2015, with production nearly doubling from 2015-17.[26] Chinese producers' capacity utilization increased during 2015-17 as a result of increased production outpacing capacity increases. The moderately high level of capacity utilization suggests that Chinese producers may have some ability to increase production of quartz surface products in response to an increase in prices. Chinese producers reported that the majority of their U.S. shipments came from inventories, and these inventories declined slightly from 2015-17. Most of Chinese producers' shipments are to export markets with the United States being the primary export market; the share of shipments to the United States increased during 2015-17. Four of 38 Chinese producers reported that they were able to switch production from quartz surface products to fabricating other products such as marble, granite, crystal stone, engineered marble, and other natural stones.

Imports from nonsubject sources

Nonsubject imports accounted for 44.2 percent of total U.S. imports in 2017. The largest sources of nonsubject imports during 2015-17 were Spain (17.6 percent of total U.S. imports), Israel (11.4 percent of total U.S. imports), and Canada (6.7 percent of total U.S. imports). Combined, these three countries accounted for 65.7 percent of nonsubject imports in 2017.

Supply constraints

Ten of 19 responding U.S. producers, mostly fabricators, reported supply constraints since January 2015. These firms reported delays in shipments, lack of inventories, and backorders since the initiation of this AD/CVD investigation. In addition, *** stated that demand for certain colors exceeds supply from time to time. U.S. fabricator *** stated that it had a sudden change to its stocking mix due to products being discontinued by its distributors. Two U.S. fabricators (***) reported that they had orders with Caesarstone that were delayed in shipping.[27] Additionally, two U.S. slab producers reported supply constraints. U.S. producer *** stated that it frequently was unable to meet timely shipment commitments due to capacity constraints until its ***. U.S. producer *** stated it was unable to supply customer orders on a limited number of occasions due to the lack of internal availability of certain products.

Less than half of responding importers (30 of 77)) reported supply constraints since January 2015, with most of these firms reporting supply constraints since the initiation of these AD/CVD investigations. Importer *** stated that Cambria was out of stock for certain colors in 2016. Importer *** stated that demand for certain colors has outpaced supply. Importer ***

[26] Chinese respondents contend that there has been a large increase in residential construction in China and that growth is anticipated to continue in both residential and commercial market in China as well as in other Asian markets. Chinese respondents' prehearing brief, pp. 36-37 and exhibit 12.

[27] U.S. fabricator *** stated that some orders from Caesarstone were three months past due during 2017.

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stated that it has run out of stock of quartz surface products during the last three years due to increasing demand. Several importers stated that because of growing demand, there are supply shortages or longer lead times for quartz surface products.

Most purchasers indicated that they have not experienced supply constraints with their suppliers; however, 17 of 44 responding purchasers indicated some type of supply constraint. Similarly to importers, some purchasers reported that demand for certain colors outpaced their supply. U.S. fabricator and purchaser *** stated that Cambria stopped selling it product at the end of the third quarter of 2017. Purchaser *** reported supply issues with Cambria and Caesarstone noting long delivery lead times. It also stated that it is unable to use Cambria's product in certain projects because Cambria limits who can fabricate its product in certain geographical regions. Similarly, *** stated that Cambria will not sell to it or any other firm in the *** residential market. It also noted that it was placed on allocation by Caesarstone and LG, but did not specify when the supply constraints occurred. Purchaser *** stated Caesarstone failed to supply timely deliveries of quartz surface products used for multifamily common areas on multiple occasions due to lack of capacity.

New suppliers

Approximately half of responding purchasers indicated that new suppliers entered the U.S. market since January 1, 2015. Purchasers cited Aline International, Caesarstone (U.S.), Color Quartz, Contempo, Dal Tile (U.S.), Difiniti, Diresco, LG Granitos (U.S.), Hanstone, Hirsch Glass, Metro Quartz, Nu Stone, One Surfaces, PF Surfaces, Polarstone, Prism Quartz, Q Quartz, Quartzmaster, Spectrum Quartz, TCE, Teltos Surfaces, Tile-Color Quartz, US Surface Warehouse, Vadara, Vorona Quartz, Vicostone, and Wilsonart Quartz. Several purchasers stated that there were too many new suppliers to list, with most new suppliers located in China.

U.S. demand

Based on available information, the overall demand for quartz surface products is likely to experience moderate changes in response to changes in price. The main contributing factors are the availability of substitute products and the large cost share of quartz surface products in most of its end-use products.

U.S. demand for quartz surface products is driven by construction and remodeling, which has experienced growth in each quarter since 2015. As shown in figure II-1, the remodeling market index ("RMI") fluctuated during 2015-18, increasing overall by 3.1 percent from 57 in the first quarter of 2015 to 58 in the third quarter of 2018. The RMI declined by 7 percent overall from 2015 to 2016 and dropped to its lowest point in the fourth quarter of 2016. The RMI increased in the first quarter of 2017 and peaked in the fourth quarter of 2017 with a value of 60. The RMI fell in the first quarter of 2018 and remained relatively constant during the second and third quarter of 2018. The RMI then decreased 7.5 percent to 54 in the first quarter of 2019.

As shown in figure II-2, monthly new housing starts increased by 13.1 percent overall from 1.1 million in January 2015 to 1.2 million in September 2018. Aside from a drop to 888,000

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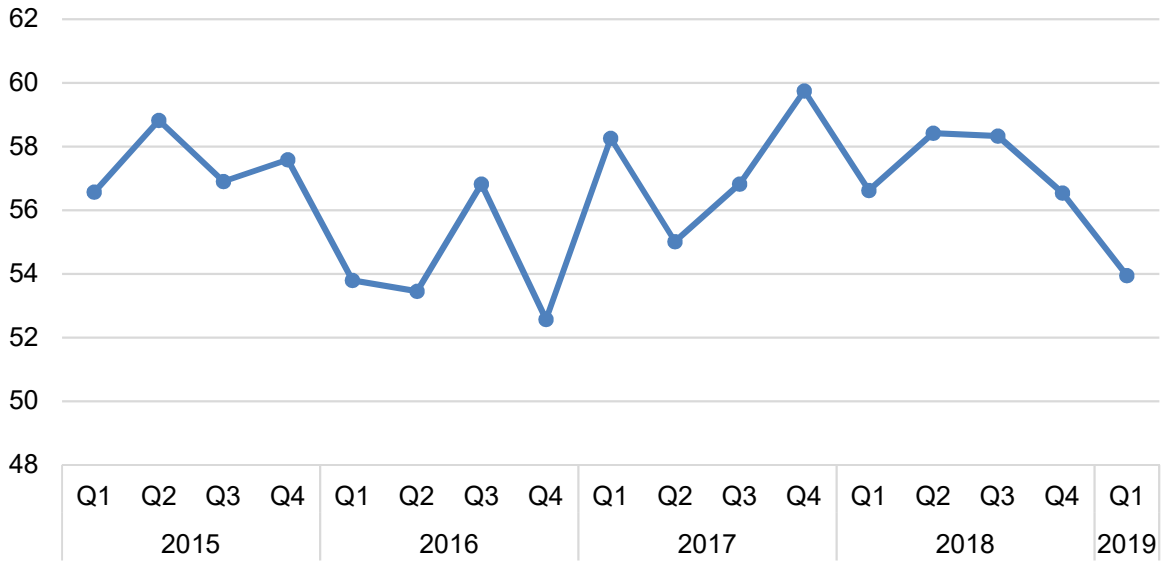
housing units in February 2015, new housing starts fluctuated slightly over this period, peaking at 1.3 million in January 2018.

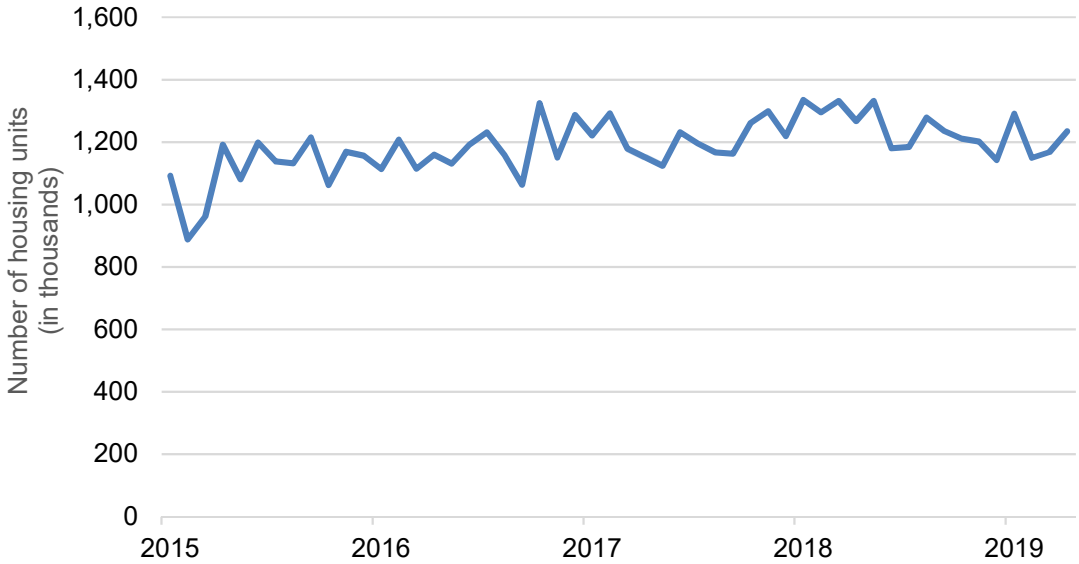
Figure II-1
Homeowner improvements: Remodeling market index, seasonally adjusted, January 2015-January 2019



Note.--An index of greater than 50 indicates an increase in remodeling activity. The largest numbers indicate the greatest rate of increase.

Source: National Association of Home Builders, Remodeling Market Index, Table 1, http://www.nahb.org/en/research/housing-economics/housing-indexes/remodeling-market-index.aspx, retrieved May 30, 2019.

Figure II-2
Housing: Seasonally adjusted new housing starts, monthly, January 2015-April 2019



Source: U.S. Census Bureau. https://www.census.gov/construction/nrc/historical_data/index.html, retrieved May 30, 2019.

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End uses and cost share

The vast majority of quartz surface products are used for countertops in kitchens, bathrooms, and commercial applications. Other reported end uses include vanities, flooring, tiles, shower walls and pans, window sills, fireplaces, wall cladding, and cabinets.

Quartz surface products frequently account for a large share of the cost of the end-use products in which it is used. Estimated cost shares for quartz surface products in countertops averaged 41 percent, with the costs of other inputs often being made up by a combination of fabrication (cutting and edging), labor for installation (measuring, diagramming, transporting, fitting, mounting, and adhering), and other material costs.[28] [29]

Business cycles

Most firms reported that the quartz surface product market was not subject to business cycles or unique conditions of competition. However, 6 of 18 U.S. producers, 29 of 78 importers, and 12 of 43 purchasers indicated that the market was subject to business cycles or conditions of competition. Specifically, U.S. producers, importers, and purchasers reported that the market is dependent on construction and renovation cycles. U.S. producers, importers, and purchasers stated that there is seasonal demand for quartz surface products, with demand increasing during the summer months when more construction and renovation projects are being completed, and falling during the winter months. Regarding unique conditions of competition, two U.S. fabricators stated that U.S. demand for quartz surface products has outpaced supply. Importer *** and several purchasers stated that aesthetics differentiates different quartz surface products and their price points. Purchaser *** stated that "Solid and granite colors are not in vogue and the market demands the high end Chinese and India Calcutta designs that were innovated outside of the United States." Purchaser *** stated that as a natural stone distributor, it saw a shift from natural stone to engineered stone during 2016; it stated that this was due to a shift in industry preference as well as prices of imported quartz surface products from China being lower than natural stone. Importer *** stated that there has been a large increase in the demand for custom-finished fully-fabricated quartz surface products due to growth in hotel and multi-family development. Importer *** stated that Cambria has positioned itself as a luxury quartz product supplier and targets luxury home owners and designers, but that its prices are above what is used in multifamily construction.

Demand trends

The vast majority of U.S. producers, importers, and purchasers reported an increase in U.S. demand for quartz surface products since January 1, 2015 (table II-4). Firms noted that

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[28] Firms' estimated cost shares for quartz surface products in countertop applications ranged from less than 1 percent to 90 percent.

[29] The petitioner estimated that quartz surface products account for approximately *** percent of the cost of a fully installed countertop. Petitioner's postconference brief, answers to staff questions, p. 13.

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consumer awareness has increased in recent years, as well as the number of colors and designs that are now available. Several firms also noted that quartz is a lower maintenance surface that consumers prefer over natural stone. U.S. producer *** reported that the growth of the quartz surface products market exceeded that of the housing market because quartz surface products are replacing granite in the residential segment of the market. Importer *** stated that home builders have predominantly shifted away from granite to quartz and that consumers are also demanding quartz surface products in new home purchases. U.S. producer *** stated that it has invested heavily in educating consumers about the benefits of quartz surface products. Similarly, importer *** stated that the increased demand is partly attributed to the dramatically increased marketing and merchandising spent since 2015.

Table II-4
Quartz surface products: 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	17	1	1	---
Importers	69	1	6	4
Purchasers	39	3	---	1
Demand outside the United States				
U.S. producers	10	1	1	1
Importers	33	4	---	6
Purchasers	11	2	---	2

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

Substitute products

Natural stones such as marble, granite, and quartzite are substitutes for quartz surface products. Quartz surface products are reportedly gaining in market share against substitute countertop products such as granite.[30] The majority of responding firms reported that marble, granite, and quartzite are substitutes for quartz surface products used for kitchen and bathroom countertops applications.[31] The majority of responding firms indicated that changes in the prices of marble, granite, and quartzite do not affect the price for quartz surface

[30] Conference transcript, pp. 133-135 (Ginsburg). Importer *** reported that granite is the single largest substitute for quartz surface products. *** U.S. producers' questionnaire response, section IV-12; joint respondents' prehearing brief, pp. 1, 16, 22.

[31] Three purchasers also indicated that these three products are also a substitute for quartz surface products used in flooring and shower walls.

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products.[32] [33] [34] Several firms noted that granite is the most common substitute for quartz surface products. U.S. producer *** and importers *** noted that that prices for granite have decreased since 2015, and therefore the prices of "basic" granite-looking quartz have also fallen.

U.S. producer *** and Joint Respondents contend that quartz surface products are replacing granite in the residential and commercial segments of the market.[35] According to Joint Respondents, imports of quartz surface products gained market share at the expense of imports of granite particularly in the mass market segment used in hotels, apartments and other multi-family units.[36] However, import data, by value, reflect a gradual decline of granite imports while imports of quartz surface products more than doubled. Imports of granite from all sources declined by 31.1 percent from January 2015 to September 2018, and imports of quartz surface products from all sources increased by 169.2 percent.[37]

Nine of 17 responding U.S. producers, 38 of 71 importers, and 16 of 40 purchasers indicated that there were other substitutes in addition to marble, granite, and quartzite. Reported substitutes include cement, soapstone, glass composite, laminate, limestone, porcelain, solid surface, stainless steel, ultra-compact surfaces, and wood. Firms reported that these products were substitutes for quartz surface products in kitchen and bath applications, primarily countertops. The vast majority of responding firms reported that the prices of these substitutes do not affect the price of quartz surface products. U.S. producer *** stated that these products (laminate, solid surface, and porcelain surfaces) are not currently trendy and therefore do not affect the price of quartz surface products. U.S. importer *** stated that

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[32] Fourteen of 17 U.S. producers, 49 of 67 importers, and 35 of 37 purchasers indicated that changes in the price of marble do not affect the price for quartz surface products. Fifteen of 18 U.S. producers, 52 of 72 importers, and 37 of 41 purchasers indicated that changes in the price of granite do not affect the price for quartz surface products. Similarly, 15 of 18 U.S. producers, 48 of 60 importers, and 30 of 33 purchasers indicated that changes in the price of quartzite do not affect the price for quartz surface products.

[33] Joint Respondents state that questionnaire responses did not capture the relationship between granite prices and quartz surface products prices as granite and quartz surface products compete only in part on price, and that due to the popularity of quartz surface products the price effects are "masked or muted." Joint Respondents' brief at exhibit 1, pp. 101-105. Respondents argue that the price of substitutes, such as granite, affect the price of quartz surface products citing the responses of two U.S. producers ***; the narrative responses of U.S. importer ***, and U.S. fabricator ***; along with declarations and internal data submitted to the Commission in their prehearing brief. In addition, Joint Respondents maintain that the demand for granite declined over the period, and that the declining prices of granite affected quartz prices. Joint Respondents' prehearing brief at Exhibit 2 and Attachment B to Exhibit 2.

[34] U.S. producer *** stated that marble does not affect the price of quartz because marble is more porous and is therefore not preferred in kitchen applications.

[35] *** U.S. producers' questionnaire response, section IV-12; joint respondents' prehearing brief, pp. 1, 16

[36] Joint Respondents' posthearing brief, pp. 31-32.

[37] Dataweb monthly imports by landed duty-paid value for HTS 6802.23.0000 and 6802.93 (granite), and HTS 6810.99.0010 (quartz surface products).

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porcelain surfaces are a new emerging product in the market; it expects that pricing for porcelain slabs to be substantially lower than quartz surface products and ultimately affect prices of quartz.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported quartz surface products depends upon such factors as relative prices, quality (e.g., aesthetic designs, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, reliability of supply, product services, etc.). Based on available data, staff believes that there is a high degree of substitutability between domestically produced quartz surface products and quartz surface products imported from China.

Lead times

Quartz surface products are primarily sold from inventory. U.S. producers reported that 88.7 percent of their commercial shipments came from inventories, with lead times averaging 10 days. The remaining 11.3 percent of U.S. producers' commercial shipments were produced-to-order, with lead times averaging 20 days. Importers reported that 83.9 percent of their commercial shipments came from U.S. inventories, with lead times averaging 12 days. Importers reported 14.4 percent of their commercial shipments were produced-to-order, with lead times averaging 82 days. The remaining 1.7 percent of their commercial shipments came from foreign inventories, with lead times averaging 57 days.

Knowledge of country sources

Twenty-seven purchasers indicated they had marketing/pricing knowledge of domestic product, 40 of Chinese product, 19 of Israeli product, 13 of Spanish product, and 18 of all other nonsubject countries.

As shown in table II-5, most purchasers and their customers never make purchasing decisions based on the producer or country of origin. Of the five purchasers that reported that they always make decisions based on the manufacturer, firms cited varying reasons including availability of design, delivery times, exclusivity arrangement with one supplier, preference for domestic product, and buying "from the best supplier."[38]

Table II-5
Quartz surface products: Purchasing decisions based on producer and country of origin

Purchaser/customer decision	Always	Usually	Sometimes	Never
Purchaser makes decision based on producer	5	7	12	21
Purchaser's customers make decision based on producer	1	2	18	22
Purchaser makes decision based on country	3	5	8	28
Purchaser's customers make decision based on country	1	---	14	25

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

[38] Purchaser *** reported that it usually makes purchasing decisions based on the producer but not on the country of origin. It stated that it has long-term agreements with certain manufacturers.

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Factors affecting purchasing decisions

The most often cited top three factors firms consider in their purchasing decisions for quartz surface products were quality (34 firms), price (28 firms), and availability (24 firms), as shown in table II-6. Quality was the most frequently cited first-most important factor (cited by 19 firms), followed by availability (7 firms); price was the most frequently reported second-most important factor (14 firms); and availability was the most frequently reported third-most important factor (13 firms).

Table II-6
Quartz surface products: Ranking of factors used in purchasing decisions as reported by U.S. purchasers, by factor

Item	1st	2nd	3rd	Total
	Number of firms			
Quality	19	8	7	34
Price / Cost	6	14	8	28
Availability / Supply	7	5	13	24
Range of product line	3	7	2	12
Color / Design	3	4	4	11
Builder or customer specification	4	---	---	4
Other factors[1]	4	4	8	NA

[1] Other factors include customer service, credit options and warranties.

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

The majority of purchasers (33 of 45) reported that they sometimes or never purchase the lowest-priced product.

Importance of specified purchase factors

Purchasers were asked to rate the importance of 18 factors in their purchasing decisions (table II-7). The factors rated as very important by more than half of responding purchasers were availability (43 firms), product consistency (39), color/design/aesthetics (37), quality meets industry standards (36), reliability of supply (36), delivery time (34), price (27), delivery terms (25), quality exceeds industry standards (24), and product range (23).

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Table II-7
Quartz surface products: Importance of purchase factors, as reported by U.S. purchasers, by factor

Factor	Very important	Somewhat important	Not important
Availability	43	---	1
Color/design/aesthetics	37	5	1
Delivery terms	25	14	4
Delivery time	34	10	---
Discounts offered	9	21	13
Extension of credit	8	12	23
Made with Breton manufacturing equipment	7	5	31
Minimum quantity requirements	11	13	19
Packaging	15	11	17
Price	27	17	---
Product consistency	39	4	---
Product range	23	18	2
Quality meets industry standards	36	6	1
Quality exceeds industry standards	24	15	4
Reliability of supply	36	6	1
Technical support/service	18	20	5
U.S. transportation costs	14	19	10
Warranty	21	19	1

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

As described in Part I, there are two processes by which quartz surface products are manufactured: Breton-made and non-Breton-made quartz surface products. The majority of responding purchasers (23 of 38) reported that there were not any distinguishing characteristics (i.e. price, quality, designs) between Breton-made quartz surface products and non-Breton-made quartz surface products. However, 15 purchasers indicated that there were distinguishing characteristics between the different manufacturing processes. Seven purchasers stated that quartz surface products produced with Breton technology were higher quality and more consistent in quality than non-Breton-made products. Four purchasers reported that Breton-made quartz surface products were higher in price than non-Breton-made products. Four purchasers stated that Breton manufacturing cannot produce the same designs as the dry technology that is used in China.

Supplier certification

Most responding purchasers reported that they do not require supplier certification. However, 16 of 46 responding purchasers require their suppliers to become certified or qualified to sell quartz surface products to their firm. Purchasers reported that the time to qualify a new supplier ranged from 1 to 180 days, with most responding firms reporting between 30 and 60 days. Purchasers reported reviewing warranties offered, product quality, conducting plant inspections, and requesting NSF certification.

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Six of 42 purchasers reported that a domestic or foreign supplier had failed in its attempt to qualify quartz surface products, or had lost its approved status since 2015. Purchaser *** reported that suppliers from China, India, Portugal, and Turkey did not qualify because of poor quality standards and a lack of infrastructure. Three purchasers reported that five factories in China did not qualify because of quality concerns, quality of machines, and financial strength.

Changes in purchasing patterns

Most purchasers reported increasing their purchases of quartz surface products from different sources since January 1, 2015, citing increased customer preference for quartz (table II-8).[39] Several purchasers reported that the increased popularity of quartz surface products is due to the increased colors and design options as well as a less expensive option to natural stone products. Twenty-two of 46 responding purchasers reported that they had changed suppliers since January 1, 2015. Specifically, firms dropped or reduced purchases from Basix America, Cambria, and Caesarstone because of quality issues, supplier ending relationship, and supply shortages. Firms added or increased purchases from Aurea Stone, Cambria, Contempo Tile, Fasa Industrial, Pental, PF Surfaces, Prism Quartz, Vadara, and Vicostone because of customer request, builder contract, price, color assortment and aesthetic designs. Firms also reported changes because of price, changes in builder contracts, aesthetic designs, and color options.

Table II-8
Quartz surface products: Changes in purchase patterns from U.S., China, and nonsubject countries

Source of purchases	Did not purchase	Decreased	Increased	Constant	Fluctuated
United States	14	4	13	5	2
China	3	6	29	1	1
Israel	19	2	6	2	2
Spain	20	1	4	1	2
All other sources	16	3	10	1	1
Sources unknown	19	2	7	3	2

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

Importance of purchasing domestic product

Most purchasers (35 of 36) reported that most or all of their purchases did not require purchasing U.S.-produced quartz surface products. One purchaser reported that domestic product was required by law (for less than 25 percent of its purchases), five reported it was required by their customers (for less than 25 percent of their purchases), and five reported

[39] Purchaser *** indicated that it increased its purchases of fabricated quarts surface products from the United States, China, Israel and Spain because of a general increased demand for quartz surface products and noted that it also increased its purchases from China and Spain because of consumers' aesthetic design preference.

other preferences for domestic product. Reasons cited for preferring domestic quartz surface products included: preference for a certain color that is produced by a U.S. producer, exclusive distributor agreement, shorter domestic lead times for fabricated product, and a supplier relationship with Caesarstone (Israel) and transferring some if its purchases to the new Caesarstone plant in Savannah, GA.

Comparisons of domestic products, subject imports, and nonsubject imports

Purchasers were asked a number of questions comparing quartz surface products produced in the United States, China, and nonsubject countries. First, purchasers were asked for a country-by-country comparison on the same 18 factors (table II-9) for which they were asked to rate the importance.

Most purchasers reported that U.S. and imported quartz surface products from China were comparable on all factors except for price (for which most purchasers rated quartz surface products from China lower-priced than domestic product). Most purchasers reported that U.S. and imported quartz surface products from nonsubject countries were comparable on all factors. Similarly, most purchasers reported that imported quartz surface products from China and nonsubject countries were comparable on all factors.

Table II-9
Quartz surface products: Purchasers' comparisons between U.S.-produced and imported product

Factor	U.S. vs. China			U.S. vs. nonsubject			China vs. nonsubject		
	S	C	I	S	C	I	S	C	I
Availability	1	23	7	---	21	---	11	21	1
Color/design/aesthetics	5	22	9	2	18	---	7	22	5
Delivery terms	4	23	7	1	18	---	4	16	4
Delivery time	7	18	10	3	16	1	6	15	4
Discounts offered	3	15	13	1	14	5	5	16	3
Extension of credit	11	18	5	2	16	2	4	16	9
Made with Breton manufacturing equipment	9	16	1	1	18	1	2	12	7
Minimum quantity requirements	2	22	6	1	17	1	2	25	1
Packaging	3	27	1	---	19	1	2	25	3
Price[1]	3	14	15	1	13	7	10	17	3
Product consistency	6	25	1	---	20	2	3	21	7
Product range	3	22	6	---	20	1	7	17	6
Quality meets industry standards	5	27	---	1	19	1	3	23	5
Quality exceeds industry standards	4	28	---	1	20	---	2	23	5
Reliability of supply	4	22	5	---	18	2	4	20	5
Technical support/service	6	23	1	1	20	---	2	23	4
U.S. transportation costs[1]	2	27	---	1	19	---	1	24	2
Warranty	5	26	---	2	19	---	3	22	4

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

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

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

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Approximately one-third of responding purchasers (12 of 41) reported there are certain grades/qualities/sizes of quartz surface products that are only available from certain country sources. Purchasers reported that larger slab sizes (e.g. 126"x 63", jumbo slabs and super jumbo slabs) are only available from China, Brazil, India, and Spain. One purchaser reported that the availability of pre-fab slabs were only available from China and one purchaser reported that Chinese-produced products used lesser grade material.

More than half of responding purchasers (25 of 42) reported that there are certain colors, designs, particulates, or aesthetic appearances that are only available from specific suppliers. Eight purchasers stated that marble designs are available predominantly from China. Six purchasers, ***, stated that Cambria and Caesarstone have specific product types and unique colors. Purchaser *** stated that Cambria and Silestone carry premium colors, as well as standard colors, and focus on premium materials while Chinese manufacturers focus on standard colors. Purchaser *** stated that Cambria and Caesarstone have specific product types with unique designs and aesthetics. Purchaser *** stated that basic patterns (e.g. monochromatic colors) are similar among different manufacturers, but more intricate designs as well as the technologies used to produce such designs differ among manufacturers. Purchaser *** stated that Chinese producers offer a wide variety of quartz surface products that are not available domestically. Two purchasers stated that Cambria does not offer Calacatta looks.

Comparison of U.S.-produced and imported quartz surface products

In order to determine whether U.S.-produced quartz surface products can generally be used in the same applications as imports from China, U.S. producers, importers, and purchasers were asked whether the products can always, frequently, sometimes, or never be used interchangeably. As shown in table II-10, a majority of U.S. producers reported that domestic product and quartz surface products from China were sometimes interchangeable. U.S. producers identified color, design, production technology, and quality as attributes that limited interchangeability. U.S. producer *** stated that it produces products using advanced technology that are sold to the high-end segment of the market while quartz surface products from China are predominantly sold to the low-end of the market.[40] U.S. producer *** stated that there is limited interchangeability for each country comparison because each source has its own color palette.

Importers' and purchasers' responses were varied, however. A plurality of importers reported that domestic product and quartz surface products from China were sometimes interchangeable. Importer *** stated that quartz surface products are sold based on consumer preferences, which include different looks and designs. It stated that producers make quartz surface products with different qualities and designs which are often unique to a specific

[40] U.S. producer *** added that "There are certain colors and designs that are imported and sold in the high-end segment of the market because either (1) an ingredient is unique to a certain region of the world or (2) the technique required to make a certain design is labor intensive and made in a foreign market where labor costs are significantly less than in the U.S."

manufacturer.[41] Similarly, importer *** stated Chinese producers use a different manufacturing process for quartz surface products than U.S. producers, which creates different looks and designs than what is being produced in the United States.

A plurality of purchasers reported that domestic product and quartz surface products from China were frequently interchangeable. Several purchasers stated that producers offer many colors and certain colors are only available from certain countries, including the United States. Purchaser *** stated that "Color has been the deciding factor and buyers want choice…There are thousands of combinations and the wider selection is needed to satisfy customer desire." Additionally, *** stated that solid colors and granite-look products are interchangeable from all country sources; however, marble-look products, specifically Calacatta-look products produced in China and Israel are more aesthetically attractive that U.S.-produced marble-look products. Purchaser *** stated that quartz surface products are interchangeable as long as the products meet *** price and quality requirements.

Table II-10
Quartz surface products: Interchangeability between quartz surface products produced in the United States and in other countries, by country pair

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. subject countries: U.S. vs. China	5	2	11	1	22	12	30	9	8	16	13	3
Nonsubject countries comparisons: U.S. vs. Israel	5	2	8	1	18	15	13	3	8	9	12	2
U.S. vs. Spain	5	2	9	1	18	14	16	3	7	8	10	2
U.S. vs. all other countries	4	1	10	1	17	10	17	4	7	11	5	1
China vs. Israel	5	2	8	1	15	10	18	4	6	10	13	2
China vs. Spain	5	1	10	1	15	10	19	4	7	9	11	2
China vs. all other countries	5	2	8	1	13	8	19	3	8	8	8	1
Israel vs Spain	5	3	7	1	18	16	9	3	8	8	10	2
Israel vs Other	5	1	9	1	14	9	13	3	7	8	3	1
Spain vs Other	5	1	9	1	14	8	14	3	8	8	3	1

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

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

[41] Specifically, importer *** stated that "Cambria, Caesarstone, and LG all use proprietary Breton technology that allows them to produce certain looks that other factories are not able to produce…Cambria and other Breton suppliers often can achieve a much higher gloss on quartz countertop slabs than suppliers from China and other third countries. Cambria produces certain exotic granite looks that are distinctive to Cambria's production. The Chinese machinery, on the other hand, more often allows for hand crafted through body marble veining and short veined marble looks. These designs cannot easily be replicated by Breton technology, due to differences in the production processes using Breton machinery."

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As can be seen from table II-11, the majority of responding purchasers reported that domestically produced product always met minimum quality specifications. Most responding purchasers reported that quartz surface products from China always met minimum quality specifications.

Table II-11
Quartz surface products: Ability to meet minimum quality specifications, by source[1]

Source	Always	Usually	Sometimes	Rarely or never
United States	14	11	3	---
China	22	14	---	3
Israel	12	10	1	1
Spain	9	9	1	1
All other countries	7	7	1	1

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

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

In addition, U.S. producers, importers, and purchasers were asked to assess how often differences other than price were significant in sales of quartz surface products from the United States, China, or nonsubject countries. As seen in table II-12, when comparing domestic quartz surface products to that imported from China, a plurality of U.S. producers reported that differences other than price were sometimes a factor. The majority of importers and a plurality of purchasers reported that differences other than price were always a factor when comparing quartz surface products produced in the United States and China.

In further comments, importers cited differences in aesthetic appearance, availability, branding, colors, customer service and support, custom fabrication capability, delivery times, designs, distribution channels, quality, and slab size. U.S. importer *** stated that because of the different manufacturing process, Chinese producers can create natural-looking quartz surface products such as large vein white marble and quartzite, which are popular for mass-market consumers. It contends that U.S. producers' Breton machinery cannot easily produce similar looks. U.S. producer *** indicated that differences other than price are always a factor when comparing U.S. product with that of China, Israel, Spain, or other nonsubject sources; it stated that design, quality, and warranties are very important to end users. It also stated that U.S. producers have larger slab sizes which can be an important factor in purchasing decisions. Importer *** stated that non-Chinese products are generally considered higher quality. Importer and purchaser *** stated that Cambria only sells at the high-end of the market and does not participate in the multifamily market segment. Similarly, importer *** stated that U.S. producers generally produce designs that are sold to the luxury segment of the market and focus on a different market than ***.

Purchasers noted color, designs, lead times, quality, and availability as factors that limit interchangeability. Purchaser *** stated that domestic slabs produced by Cambria are not sold to other local distributors; it also stated that domestically produced quartz surface products are limited in design and product range. According to purchaser ***, U.S.-produced quartz surface slabs have had more quality issues with tension, which leads to breakage during the fabrication

process. It also stated that availability of U.S.-produced slabs is inferior, especially on the West Coast, compared to other sources.

Table II-12
Quartz surface products: Significance of differences other than price between quartz surface products produced in the United States and in other countries, by country pair

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. subject countries:												
U.S. vs. China	5	3	9	2	41	9	17	5	15	6	6	6
Nonsubject countries comparisons:												
U.S. vs. Israel	3	2	5	5	14	6	14	8	3	4	6	9
U.S. vs. Spain	3	2	7	5	18	6	15	6	3	3	5	8
U.S. vs. all other countries	4	2	6	3	17	8	10	6	3	3	7	5
China vs. Israel	2	4	6	3	18	9	10	6	7	5	7	4
China vs. Spain	2	4	8	3	18	10	11	6	6	3	6	5
China vs. all other countries	1	2	9	2	11	9	11	7	6	3	9	1
Israel vs Spain	2	2	6	4	11	8	14	7	3	3	6	8
Israel vs Other	1	2	8	3	8	7	10	7	3	2	7	3
Spain vs Other	1	2	8	3	8	7	10	7	3	2	7	3

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

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

ELASTICITY ESTIMATES

This section discusses elasticity estimates. Parties were encouraged to comment on these estimates in their prehearing or posthearing brief; none suggested any revisions.

U.S. supply elasticity

The domestic supply elasticity[42] for quartz surface products measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of quartz surface products. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced quartz surface products. Analysis of these factors above indicates

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

that the U.S. industry has the ability to increase shipments to the U.S. market substantially; an estimate in the range of 4 to 6 is suggested.

U.S. demand elasticity

The U.S. demand elasticity for quartz surface products measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of quartz surface products. This estimate depends on factors discussed above such as the existence, availability, and commercial viability of substitute products, as well as the component share of the quartz surface products in the production of any downstream products. Based on the available information, the aggregate demand for quartz surface products is likely to be moderately inelastic to moderately elastic; a range of -0.75 to -1.25 is suggested.

Substitution elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.[43] Product differentiation, in turn, depends upon such factors as quality (e.g., chemistry, appearance, etc.) and conditions of sale (e.g., availability, sales terms/discounts/promotions, etc.). Based on available information, the elasticity of substitution between U.S.-produced quartz surface products and imported quartz surface products is likely to be in the range of 3 to 5.

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

PART III: 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 twenty firms that accounted for the vast majority of U.S. slab production of quartz surface products during 2017.[1]

U.S. PRODUCERS

The Commission issued a U.S. producer questionnaire to 64 firms based on information contained in the petition, information provided by the respondents and staff research.[2] Twenty firms provided usable data on their productive operations.[3] Staff believes that the three responses from U.S. slab producers represent the vast majority of U.S. production of quartz

[1] The Commission received usable responses for firms that account nearly all of the production in United States of quartz surface products at one level of processing or another. In the final phase of these investigations, the Commission received useable information from all three U.S. producers of engineered quartz slabs (slab producers), one of which, the petitioner Cambria, had partially integrated slab and fabrication operations, (these three companies account for all of the production of quartz slabs in the United States during the reporting period) and from 17 stand-alone or independent U.S. fabricators. The stand-alone fabricators are entities that purchase product already included in the definition of a "quartz surface product" (i.e., are U.S. purchasers) who conduct further production-related activities in the United States on their purchases (or imports) and then resell the further processed products (also still included in the definition of a "quartz surface product") to end users, often with additional, out-of-scope services such as design and installation. In addition to the 17 useable questionnaire responses from stand-alone fabricators, staff received an additional fourteen incomplete or unusable U.S. producers' questionnaires from the following stand-alone fabricators: ***. These submissions were missing all or part of the requested trade, financial, and pricing data, and therefore are not included in this section or any other section this report unless otherwise noted.

[2] Respondents' counsel representing U.S. fabricators (primarily the Natural Stone Institute, previously known as the Marble Institute of America) initially provided lists that included hundreds of U.S. fabricators. Staff requested that the respondents' counsel narrow their lists to the largest 60 U.S. fabricators. The respondents' counsel (***) each provided a list of their top 30 largest U.S. fabricators. The Commission received usable U.S. producer questionnaire responses from 17 U.S. fabricators.

[3] Four U.S. fabricators (Busch Products Inc., Consolidated Supply Co., International Granite and Stone, and Palmetto Surfacing) attended the Commission's hearing in support of the petitions and Cambria. Consolidated Supply Co. was the only of the four firms to complete the U.S. producer's questionnaire.

surface products,[4] while the seventeen responses from U.S. fabricators represent approximately one percent of fabricators of quartz surface products in the United States during 2017.[5] [6] [7] All quartz surface products will be fabricated by some entity prior to final disposition of the products (i.e., either by the integrated producer Cambria, a stand-alone fabricator, or directly by an end user). As such, staff calculates that the 18 fabricators (one integrated producer and 17 independent fabricators) included the Commission's dataset account for an estimated 19 percent of total fabrication of domestically manufactured quartz surface products and an estimated *** percent of total fabrication of foreign manufactured quartz surface products imported into the United States.

Table III-1 lists U.S. producers of quartz surface products, their production locations, positions on the petition, and shares of slab production and fabrication production.

[4] In its final determinations, Commerce amended the scope of these investigations to include glass quartz surface products. Staff and petitioner's counsel identified ten possible companies that produced glass quartz; ***. Of these firms, *** reported that they do not produce glass quartz within the amended scope. Only one firm indicated that it had produced glass quartz slabs that falls under the scope of these investigations. *** indicated that it produces glass quartz slabs within the scope of these investigations. *** has an annual capacity of *** square feet, and produced *** square feet of glass quartz surface products in 2017. ***. *Certain Quartz Surface Products from the People's Republic of China: Final Affirmative Countervailing Duty Determination, and Final Affirmative Determination of Critical Circumstances;* 84 FR 3510, May 23, 2019, and email message from ***, May 21, 2019.

[5] Dal-Tile Corporation, a U.S. slab producer that started production in February 2019 (according to table III-3) submitted an incomplete U.S. producer questionnaire with limited trade data and therefore was not included in this section of the report. Dal-Tile started slab production at its Dickson, Tennessee facility at the end of 2018 and into early 2019. Dal-Tile reported its projected capacity for 2019 is scheduled to be *** square feet, while its projected production for 2019 is scheduled to be *** square feet. Company officials indicated it had *** production related workers in 2018. Dal-Tile ***. Dal-Tile U.S. producer questionnaire response, sections II-2c and II-11.

[6] USA Quartz LLC is a U.S. slab producer located in Jacksonville, Florida. USA Quartz started slab production in late 2018 but did not submit a U.S. producer questionnaire response, ***. USA Quartz indicated that its current capacity is ***, but it is currently manufacturing approximately ***. Company officials project *** employees for 2019. Email message from ***, March 20, 2019.

[7] The respondents representing select independent fabricators claimed the data gathered by the Commission on fabricators in the final phase of these investigations cover less than 1 percent of the total domestic fabrication. Hearing transcript, p. 238 (Perry). Staff notes that their calculation appears to be based on a count of firms and not a measure of production or capacity.

Table III-1
Quartz surface products: U.S. slab producers and independent U.S. fabricators, their position on the petition, production locations, and shares of reported production (slab form and fabricated form), 2017

Firm	Position on petition	Production location(s)	Fabrication location(s)	Share of Slab production (percent)	Share of Fab production (percent)
Absolute	***	---	Cary, NC	***	***
Artelye	***	---	Beltsville, MD Raleigh, NC	***	***
Atlanta	***	---	Decatur, GA	***	***
Bedrock	***	---	West Jordan, UT	***	***
Bedrosians	***	---	Fresno, California	***	***
Caesarstone	***	Richmond Hill, Georgia	---	***	***
Cambria	Petitioner	Le Sueur, MN	Belle Plaine, MN Greenfield, IN Thousand Palms, CA Kent, OH	***	***
Colonial	***	---	King of Prussia	***	***
Consolidated	***	---	Omaha, Nebraska Des Moines, Iowa	***	***
Cutting Edge	***	---	Perrysburg, Ohio Macomb, Michigan	***	***
LG	***	Adairsville, GA. Adairsville, GA.	---	***	***
Mega	***	---	Newnan GA	***	***
MU	***	---	Tipton, IN	***	***
Nonn's	***	---	Dane,WI	***	***
Sedona	***	---	Commerce Twp	***	***
Stone Suppliers	***	---	Mundelein, IL Lake Dallas, TX Phoenix, AZ Atlanta, GA Austin, TX Houston, TX North Smithfield, RI Fairfield, NJ Albuquerque, NM Raleigh, NC	***	***
Trindco	***	---	Suffolk, VA	***	***
Unity	***	---	Fairfield, OH	***	***
Venturi	***	---	Waco, Texas	***	***
Wisenbaker	***	---	Houston, TX	***	***
Total in support	Count: ***	NA	NA	***	***
Total with no position	Count: ***	NA	NA	***	***
Total in opposition	Count: ***	NA	NA	***	***
Total	Count: ***	NA	NA	***	***

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. In addition to the above listed companies, the 14 unusable submissions by other stand-alone fabricators ***. ***.

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 of quartz surface products.

Table III-2
Quartz surface products: U.S. slab producers' and independent U.S. fabricators ownership, related and/or affiliated firms

* * * * * * *

As indicated in table III-2, two U.S. firms *** are related to foreign producers of the subject merchandise, and four U.S. firms are related to U.S. importers of quartz surface products. In addition, as discussed in greater detail below, nine U.S. firms import the subject merchandise.

Table III-3 presents important industry events for quartz surface products, since January 1, 2015.

Table III-3
Quartz surface products: Important industry events, since January 1, 2015

Date		Company / Item	Action
Year	Month		
2015	May	Caeserstone	Caesarstone official began production operations at its new plant in Richmond Hill, Georgia on May 27, 2015.[1]
2017	May	Cambria	Reduced the amount production days from seven to five. Cambria lay off 115 production employees.[2]
2017	June	Dal-tile	Announced plans to open a second factory in Dickson, Tennessee.[3]
2017	July	Wilsonart/Hanwha	Hanwha L&C Corporation and Wilsonart Engineered Surfaces announced a joint-venture agreement to build a manufacturing facility in Temple, Texas.[4]
2018	January	USA Quartz	USA Quartz LLC purchased land in Jacksonville, Florida to produce commercial and residential quartz slabs.[5]
2018	September	Dal-Tile	Dal-Tile announced it was hiring to fill 100 new jobs to at the Dickson, Tennessee Dal-Tile facility.[6]
2018	September	LG	Announced plans to install a third production line. This third line will be operational in December 2019. It will increase capacity from 700,000 to 1,050,000 square meters.[7]
2019	January	USA Quartz	USA Quartz began production operations at its new slab facility in Jacksonville, Florida.[8]
2019	January	American Quartz Worker Coalition	The American Quartz Worker Coalition organized and launched in opposition to Cambria and the imposition of trade restrictions on imported quartz.[9]
2019	February	Dal-tile	Dal-tile began production operations at its new slab facility in Dickson, TN. Production is expected to reach peak volume by 2020.[10]
2019	May	Cambria	Cambria filed separate petitions for quartz surface products from India and Turkey.[11]
2019	May	Spectrum Quartz	Spectrum Quartz (part of the Hirsch Glass Corporation) plans to open a new production facility in Latta, South Carolina in late 2019.[12]

Table continued on next page.

Table III-3—Continued
Quartz surface products: Important industry events, since January 1, 2015

[1] Caesarstone Opens US Plant." CaesarStone. May 27, 2015. Accessed May 15, 2018. http://www.caesarstoneus.com/newsroom/interior-design-events/events/caesarstone-opens-us-plant/.

[2] Conference Transcript p. 35 (Ward).

[3] Gadd, Chriss. "Dal-Tile Doubles down on Dickson: Product Revealed for Second Plant." Tennessean. October 24, 2017. Accessed May 15, 2018. https://www.tennessean.com/story/news/local/dickson/2017/10/24/dal-tile-doubles-down-dickson-product-revealed-second-plant/791137001/.

[4] Esler, Bill. "Wilsonart joint venture with Hanwha Solid Surfaces on 125,000 sq. ft. plant." Woodworking Network. July 11, 2017. Accessed April 8, 2019. https://www.woodworkingnetwork.com/news/woodworking-industry-news/wilsonart-joint-venture-hanwha-solid-surfaces-125000-sqft-plant.

[5] Mathis, Karen Brune. "USA Quartz buys Imeson warehouse; Burlock and Barrel building out in Brooklyn." Jacksonville Daily Record. January 11, 2018. Accessed April 8, 2019. https://www.jaxdailyrecord.com/article/usa-quartz-buys-imeson-warehouse-burlock-and-barrel-building-out-in-brooklyn.

[6] Gadd, Chris. "100 jobs at new Dickson Dal-Tile facility, company reps at Dickson Co. fair." Tennessean. September 4, 2018. Accessed April 8, 2019. https://www.tennessean.com/story/news/local/dickson/2018/09/04/100-jobs-new-dickson-dal-tile-facility-company-reps-dickson-co-fair/1162202002/.

[7] Song-hoon, Lee. "LG Hausys to Expand Engineered Stone Production Line in the U.S." Business Korea. September 11, 2018. http://www.businesskorea.co.kr/news/articleView.html?idxno=24969.

[8] Email from USA Quartz LLC, April 8, 2019.

[9] Nathanson, Paul. "U.S. Quartz Countertop Fabricators Launch Coalition to Fight Trade Case." Associated Press. January 23, 2019. Accessed April 8, 2019. https://www.apnews.com/8587934c23ec4b109aeb209b00156a8b.

[10] "Mohawk Industries Reports Q4 Results." Mohawk Industries. February 7, 2019. http://ir.mohawkind.com/index.php/news-releases/news-release-details/mohawk-industries-reports-q4-results-0

[11] *Quartz Surface Products From India and Turkey; Institution of Anti-Dumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations;* 84 FR 21361, May 8, 2019.

[12] Area Development News Desk. "Spectrum Quartz Plans Production Complex in Latta, South Carolina." Area Development. May 25, 2019. Accessed May 31, 2019. https://www.areadevelopment.com/newsItems/5-25-2019/spectrum-quartz-latta-south-carolina.shtml

Table III-4 presents U.S. slab producers' and independent U.S. fabricators' reported changes in operations since January 1, 2015. Three firms reported plant openings, one firm reported a plant closing, three firms reported relocations, thirteen firms reported expansions, three firms reported acquisitions, two firms reported shutdowns and/or curtailments, and many other firms reported other changes to include investments, consolidations, and improvements.

Table III-4
Quartz surface products: U.S. slab producers' and independent U.S. fabricators' reported changes in operations, since January 1, 2015

* * * * * * *

Table III-5 presents information on U.S. slab producers' and independent fabricators' responses to the complexity of fabrication operations. Narrative responses to the complexity of fabrication operations are presented in Appendix E. Of the 18 firms that responded to the rating of complexity question, [8] ***.[9]

Table III-5
Quartz surface products: U.S. slab producers' and independent U.S. fabricators' responses to the complexity of fabrication operations

Item	Rating of complexity (1=least complex, 5=most complex)				
	1	2	3	4	5
	Count of firms				
Absolute	***	***	***	***	***
Artelye	***	***	***	***	***
Atlanta	***	***	***	***	***
Bedrock	***	***	***	***	***
Bedrosians	***	***	***	***	***
Caesarstone	***	***	***	***	***
Cambria	***	***	***	***	***
Colonial	***	***	***	***	***
Consolidated	***	***	***	***	***
Cutting Edge	***	***	***	***	***
LG	***	***	***	***	***
Mega	***	***	***	***	***
MU	***	***	***	***	***
Nonn's	***	***	***	***	***
Sedona	***	***	***	***	***
Stone Suppliers	***	***	***	***	***
Trindco	***	***	***	***	***
Unity	***	***	***	***	***
Venturi	***	***	***	***	***
Wisenbaker	***	***	***	***	***
Slab producers	***	***	***	***	***
Independent fabricators	***	***	***	***	***
All firms	***	***	***	***	***

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

Table III-6 presents information on the sufficient production-related activities and factors by type of domestic entity (slab producers and fabricators).

[8] Of the 18 firms that responded to the rating of complexity question, ***.
[9] ***. *** U.S. producer questionnaire responses, section II-19b.

Table III-6
Quartz surface products: Summary of sufficient production-related activities factors by type of domestic entity

* * * * * * *

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-7 and figure III-1 present U.S. slab producers' production, capacity, and capacity utilization for 2015-17 and the January-September (interim) periods in 2017 and 2018. Slab producers' capacity increased by *** percent from 2015 to 2017, and it was higher in interim 2018 than interim 2017 by *** percent.[10] Total production increased by *** percent from 2015 to 2017, and it was higher during interim 2018 than interim 2017 by *** percent.[11] While slab production increased over the period in the aggregate and individually for each producer, production by *** increased more, by some *** square feet, compared to *** which only increased production by some *** square feet in 2015-17. This resulted in *** ***. Two additional U.S. producers began slab production in the first quarter of 2019. Capacity utilization decreased by *** percentage points from 2015 to 2017, which was driven in part by *** and in part by ***. Capacity utilization was higher during interim 2018 by *** percentage points than interim 2017.

Table III-7
Slab-form quartz surface products: U.S. slab producers' production, capacity, and capacity utilization, 2015-17, January to September 2017, and January to September 2018

* * * * * * *

Figure III-1
Slab-form quartz surface products: U.S. slab producers' production, capacity, and capacity utilization, 2015-17, January to September 2017, and January to September 2018

* * * * * * *

[10] At the Commission's hearing, the respondents indicated "U.S. slab production is poised to continue its strong growth, with two additional producers, Dal-Tile and USA Quartz, beginning production after the end of the POI, and LG opening another production line in December 2019. A structural deficit exists in the U.S. QSP market. Demand for QSP far exceeds domestic industry capacity, even as reported." Hearing transcript, p. 210 (Dougan).

[11] The main reason for these increases in capacity and production is ***. *** U.S. producer questionnaire response, section II-2a.

Table III-8 and figure III-2 present U.S. fabricators' production, capacity, and capacity utilization for 2015-17 and the January-September (interim) periods in 2017 and 2018.[12] U.S. fabricators' capacity increased by *** percent from 2015 to 2017, and it was higher in interim 2018 than interim 2017 by *** percent. Total production increased by *** percent from 2015 to 2017, and it was higher during interim 2018 than interim 2017 by *** percent.[13] Capacity utilization decreased from *** percent in 2015 to *** percent in 2017. The overall capacity utilization rate decreased by *** percentage points from 2015-17, and it was lower during interim 2018 by *** percentage points than interim 2017.

[12] As previously noted, U.S. fabricators' data in this section includes the fabrication operations reported by Cambia (a U.S. slab producer with partially integrated fabrication operations) as well as the 17 other independent U.S. fabricators that provided useable data.

[13] *** reported the highest production quantity (square feet) of fabricated quartz surface products during each year and interim period.

Table III-8
Fabricated quartz surface products: U.S. producers' and independent U.S. fabricators' production, capacity, and capacity utilization, 2015-17, January to September 2017, and January to September 2018

Item	Calendar year			January to September	
	2015	2016	2017	2017	2018
	Capacity (1,000 square feet)				
Absolute	***	***	***	***	***
Artelye	***	***	***	***	***
Atlanta	***	***	***	***	***
Bedrock	***	***	***	***	***
Bedrosians	***	***	***	***	***
Cambria	***	***	***	***	***
Colonial	***	***	***	***	***
Consolidated	***	***	***	***	***
Cutting Edge	***	***	***	***	***
Mega	***	***	***	***	***
MU	***	***	***	***	***
Nonn's	***	***	***	***	***
Sedona	***	***	***	***	***
Stone Suppliers	***	***	***	***	***
Trindco	***	***	***	***	***
Unity	***	***	***	***	***
Venturi	***	***	***	***	***
Wisenbaker	***	***	***	***	***
Total fab capacity	4,657	5,569	6,498	4,942	5,585
	Fabrication production (1,000 square feet)				
Absolute	***	***	***	***	***
Artelye	***	***	***	***	***
Atlanta	***	***	***	***	***
Bedrock	***	***	***	***	***
Bedrosians	***	***	***	***	***
Cambria	***	***	***	***	***
Colonial	***	***	***	***	***
Consolidated	***	***	***	***	***
Cutting Edge	***	***	***	***	***
Mega	***	***	***	***	***
MU	***	***	***	***	***
Nonn's	***	***	***	***	***
Sedona	***	***	***	***	***
Stone Suppliers	***	***	***	***	***
Trindco	***	***	***	***	***
Unity	***	***	***	***	***
Venturi	***	***	***	***	***
Wisenbaker	***	***	***	***	***
Total fab production	3,659	4,335	4,716	3,652	4,000

Table continued on next page.

Table III-8--Continued
Fabricated quartz surface products: U.S. producers' and independent U.S. fabricators' production, capacity, and capacity utilization, 2015-17, January to September 2017, and January to September 2018

Item	Calendar year			January to September	
	2015	2016	2017	2017	2018
	Capacity utilization (percent)				
Absolute	***	***	***	***	***
Artelye	***	***	***	***	***
Atlanta	***	***	***	***	***
Bedrock	***	***	***	***	***
Bedrosians	***	***	***	***	***
Cambria	***	***	***	***	***
Colonial	***	***	***	***	***
Consolidated	***	***	***	***	***
Cutting Edge	***	***	***	***	***
Mega	***	***	***	***	***
MU	***	***	***	***	***
Nonn's	***	***	***	***	***
Sedona	***	***	***	***	***
Stone Suppliers	***	***	***	***	***
Trindco	***	***	***	***	***
Unity	***	***	***	***	***
Venturi	***	***	***	***	***
Wisenbaker	***	***	***	***	***
Average capacity utilization	78.6	77.9	72.6	73.9	71.6

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

Figure III-2
Fabricated quartz surface products: U.S. producers' and independent U.S. fabricators' production, capacity, and capacity utilization, 2015-17, January to September 2017, and January to September 2018

* * * * * * *

Table III-9 presents all reported U.S. fabricators' U.S. fabrication production by source of input during the specified periods. Since January 1, 2015, U.S. fabricators' shares of production were from either their own slab or purchased domestically ***.[14] From 2015 to 2017, production for fabricators sourced through subject imports and nonsubject imports ***, while fabricators' shares of production for slabs that were domestically sourced were lower by *** percentage points from 2015 to 2017 (***).

[14] *** Email message from *** March 21, 2019.

Table III-9
Fabricated quartz surface products: U.S. slab producers' and independent U.S. fabricators' production, by source of input, 2015-17, January to September 2017, and January to September 2018

* * * * * * *

Alternative products

As discussed in the preliminary phase of these investigations, U.S. slab producers are unable to produce products other than quartz surface products on their production lines (the Breton machinery) for quartz surface products.[15]

Table III-10 presents U.S. fabricators overall capacity and production on the same fabrication equipment during 2015-17, January to September 2017, and January to September 2018. *** of the total fabrication conducted by these fabricators related to finishing quartz surface products. In 2017, granite was produced at ***. Marble and other products accounted for *** during 2015-17 and the interim periods. Overall capacity and total fabrication *** and were higher during the interim 2018 compared to interim 2017, with no noticeable shift to quartz at the expense of granite (for these companies).

U.S. slab producers and independent fabricators were also asked to describe the constraints that set the limits of their production capacity. ***.[16] ***.[17] Nearly all the fabricators that submitted questionnaires described production constraints for fabrication operations.

Table III-10
Quartz and other products: U.S. fabricators' overall capacity and production on the same equipment as quartz surface products, 2015-17, January to September, and January to September 2018

* * * * * * *

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

Tables III-11 (slab-form quartz surface products), III-12 (fabricated quartz surface products), and III-13 (combined slab-form and fabricated quartz surface products) present U.S. shipments, export shipments, and total shipments for 2015-17, January to September 2017, and January to September 2018.

[15] Conference transcript, pp. 143-144 (Stoel).
[16] *** U.S. producer questionnaire response, section II-3b.
[17] *** U.S. producer questionnaire response, section II-3b.

Table III-11
Slab-form quartz surface products: U.S. slab producers' U.S. shipments, exports shipments, and total shipments, 2015-17, January to September 2017, and January to September 2018

* * * * * * *

Table III-12
Fabricated quartz surface products: U.S. slab producers' and independent fabricators' U.S. shipments, exports shipments, and total shipments, 2015-17, January to September 2017, and January to September 2018

* * * * * * *

Table III-13
Quartz surface products: Combined U.S. slab producers' and independent fabricators' U.S. shipments, exports shipments, and total shipments for use in apparent consumption, 2015-17, January to September 2017, and January to September 2018

* * * * * * *

As shown in table III-13 (combined slab and fab form QSP shipments used for apparent consumption), from 2015 to 2017, the quantity of U.S. shipments increased by *** percent. The value of U.S. shipments (which includes the value added to fabrication of imported slabs) increased overall by *** percent from 2015 to 2017. The average unit value of U.S. shipments decreased overall by *** percent from 2015 to 2017. During January to September ("interim") 2018 compared to interim 2017, U.S. shipments based on quantity was *** higher in interim 2018 than in interim 2017, and *** percent higher based on value. Generally over the period, the value added to imports by the independent fabricators grew faster than the value of domestic quartz surface products.

U.S. PRODUCERS' INVENTORIES

Table III-14 presents U.S. slab producers and independent U.S. fabricators' inventories for 2015-17, January to September 2017, and January to September 2018. These data show that U.S. slab producers' inventories in slab form increased by *** percent from 2015 to 2017, and were higher by *** percent in interim 2018 compared to interim 2017. U.S. fabricators' inventories increased overall by *** percent from 2015 to 2017, but were lower by *** percent in interim 2018 compared to interim 2017.

Table III-14
Quartz surface products: U.S. slab producers' and independent U.S. fabricators' inventories, January to September 2017, and January to September 2018

* * * * * * *

U.S. PRODUCERS' IMPORTS

U.S. slab producers' and independent U.S. fabricators' imports of quartz surface products are presented in table III-15 for 2015-17, January to September 2017, and January to September 2018.[18] Two out of three U.S. slab producers *** imported quartz surface products from *** sources during 2015-17.[19] From 2015 through 2017, ***. Eight out of 17 independent U.S. fabricators imported quartz surface products, all of which reportedly imported from *** sources while some of which also imported from *** sources but ***. Several independent U.S. fabricators' import levels *** their U.S. production levels. Many if not all of the independent U.S. fabricators' reporting imports used (at least in part) these imports in domestic fabrication operations. Generally, the independent U.S. fabricators cited to benefiting from lower prices or broader product offerings of imports for their reason for importing.

Table III-15
Quartz surface products: U.S. slab producers' and independent fabricators' U.S. production, imports and purchases, 2015-17, January to September 2017, January to September 2018

* * * * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Tables III-16, III-17, and III-18 show U.S. slab producers', independent U.S. fabricators', and combined U.S. slab producers' and independent U.S. fabricators' employment-related data (based on the level of production (slab activities, fabrication activities, and combined slab and fabrication activities) for 2015-17, January to September 2017, and January to September 2018.

Table III-16 shows U.S. slab producers' employment-related data relating to slab activities. U.S. producers' employment measured by production and related workers ("PRWs")

[18] Additional information of all U.S. fabricators' business model is included in Appendix F of this report, which provides a detailed break out of each firm's U.S. production by source of inputs as well as each firm's combined imports and purchases of imports over the data collection period.

[19] At the Commission's hearing, Dan Prokop, the production Director at LG Hausys of America indicated "LG Hausys relies on imports to supply those particular quartz products that our Georgia factory does not produce and indeed, our ability to offer a full product line actually helps us to grow our sales of U.S. produced quartz." Hearing transcript, p. 174 (Prokop).

increased by *** percent from 2015 to 2017,[20] U.S. producers' total hours worked increased by *** percent from 2015 to 2017. U.S. producers' hourly wages increased by *** percent from 2015-17.

Unit labor costs increased overall by *** percent from 2015 to 2017. Productivity decreased by *** percent from 2015 to 2017. In contrast to the increases with the U.S. producers' employment-related data during 2015-17, the number of PRWs, total hours worked, unit labor costs in the 2018 interim period (January-September) were all lower than in the 2017 interim period while wages paid, hourly wages, and productivity were all higher. [21] [22] *** drove the aggregated declines in the interim periods.

Table III-16
Slab-form quartz surface products: U.S. slab producers' employment related data relating to slab operations, 2015-17, January to September 2017, and January to September 2018

* * * * * * *

Table III-17 shows U.S. slab producers' and independent fabricators' employment-related data relating to fabrication activities. U.S. fabricators' employment measured by production and related workers ("PRWs")[23] increased by *** percent from 2015 to 2017,[24] U.S. fabricators' total hours worked increased by *** percent from 2015 to 2017. U.S. producers' hourly wages increased by *** percent from 2015 to 2017.

Unit labor costs increased overall by *** percent from 2015 to 2017. Wages paid, hourly wages, and productivity were all higher in the 2018 interim period (January-September) than in the 2017 interim period, while ***. Productivity increased by *** percent from 2015-17.[25] [26]

[20] At the Commission's hearing, Cambria indicated for employment levels "certainly, on an individual basis, an integrated plant employs many, many more people than a fabrication shop, especially a typical fabrication shop, many of which are very small." Hearing transcript, p. 94 (Drake).

[21] *** indicated that the "***" *** U.S. producer questionnaire response, section II-11.

[22] *** indicated that the"***" ***. *** U.S. producer questionnaire response, section II-11.

[23] ***. *** U.S. producer questionnaire response, sections II-19a and II-22.

[24] At the Commission's hearing, U.S. fabricator Bedrock Quartz indicated that "fabricators are a much larger part of the industry than U.S. slab producers. Various sampling and NSI estimates show at least 10,000 fabricators, and likely over 15,000, in a $17 billion industry. Employment is well over 100,000." Hearing transcript, p.192 (Jorgensen).

[25] *** indicated that "***." ***. *** U.S. producer questionnaire response, sections II-4a and II-16.

[26] *** the largest fabricator by share and accounted for *** for 2017 indicated that "***" *** U.S. producer questionnaire response, section II-16.

Table III-17
Fabricated quartz surface products: U.S. slab producers' and independent U.S. fabricators' employment related data, 2015-17, January to September 2017, and January to September 2018

* * * * * * *

Table III-18 shows combined U.S. slab producers' and independent U.S. fabricators' employment-related data relating to production activities across both levels of production (i.e., slab activities and fabrication activities). The combined employment measured by production and related workers ("PRWs") increased by *** percent from 2015 to 2017, combined U.S. slab producers' and U.S. fabricators' total hours worked increased by *** percent from 2015 to 2017. Combined U.S. slab producers' and U.S. fabricators' hourly wages increased by *** percent from 2015 to 2017.

The number of PRWs and total hours worked where lower in the 2018 interim period (January-September) compared to the 2017 interim period while wages paid and hourly wages were higher.[27] [28]

Table III-18
Quartz surface products: Combined U.S. slab producers' and independent U.S. fabricators' employment related data, 2015-17, January to September 2017, and January to September 2018

* * * * * * *

[27] *** indicated that the "***" *** U.S. producer questionnaire response, section II-11.
[28] *** indicated that the"***" ***. *** U.S. producer questionnaire response, section II-16.

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

U.S. IMPORTERS

The Commission issued importer questionnaires to 150 firms believed to be importers of quartz surface products ("QSP"), as well as to all U.S. producers of quartz surface products.[1] Usable questionnaire responses were received from 84 companies, representing a known 69.1 percent of U.S. imports of slab-form quartz surface products from China, 96.8 percent of slabs from nonsubject sources, and 81.9 percent of slabs from all import sources during 2017 under HTS subheading 6810.99.0010 (QSP slabs).[2] The 84 questionnaire likely represent the majority of U.S. imports of quartz surface products in fabricated forms from all sources.[3] [4] Import data in this report are based on official Commerce statistics (for quartz surface products in slab form) and supplemented by questionnaire responses for fabricated QSP (which includes but is not limited to CFFFQSP).[5] [6] Table IV-1 lists all responding U.S. importers of quartz surface products, their locations, and their shares of U.S. imports by source, in 2017. Based on analysis of

[1] The Commission issued questionnaires to those firms identified in the petition, along with firms that, based on a review of data provided by Customs, may have accounted for more than one percent of total imports under HTS statistical reporting number 6810.99.0010 in 2017.

[2] The coverage estimate was calculated as the quantity of imports of slabs of quartz surface products from China in 2017 reported in the U.S. importer questionnaire (41.8 million square feet) divided by the quantity of total U.S. imports from China reported for 2017 in Commerce's official import statistics (60.4 million square feet).

[3] The Commission also received U.S. importer questionnaires from nine firms that were excluded from the dataset due to late submission, data reconciliation, and/or consistency issues: ***. The Commission received "NO" responses to the U.S. importer questionnaire from an additional two firms.

[4] The coverage estimates were calculated as the quantity of imports of fabricated forms of quartz surface products from China in 2017 reported in the U.S. importer questionnaire (approximately 5.8 million square feet) divided by the quantity of total U.S. imports from China reported for 2017 in Commerce's official import statistics (approximately 5.9 million square feet).

[5] U.S. import data are based on official import statistics for "agglomerated quartz slabs of the type used for countertops" (statistical reporting number 6810.99.0010), adjusted to include questionnaire responses from 17 importers who exclusively reported in-scope fabricated quartz surface products. Seventeen additional importers reported both in-scope quartz surface products (fabs or CFFFQSP) imported under other statistical reporting numbers and under statistical reporting number 6810.99.0010 (slabs). U.S. importers reported 2.6 million square feet ($21.5 million) of in-scope quartz surface products imported under statistical reporting numbers other than 6810.99.0010 in 2015, 4.3 million square feet ($36.1 million) in 2016, and 5.8 million square feet ($49.6 million) in 2017.

[6] On February 14, 2019, Petitioners filed a request for scope clarification with Department of Commerce. In its request, the petitioner requested Commerce clarify the scope to include "quartz glass" products. On May 14, 2019, Commerce made its final determinations and included "quartz glass" within the scope of these investigations. Based on *** data, glass quartz surface products are imported under HTS statistical reporting numbers 7016.90.1010 and 7016.90.1050, respectively.

(*continued*...)

questionnaire data and official statistics, the vast majority of QSP imports arrived in slab-forms, while approximately ten percent of QSP imports arrived as fabricated products over the period. Based on submitted questionnaire data, 67 firms reported importing slab-form quartz surface products, while 34 firms reported importing fabricated quartz surface products in 2017.[7]

(…*continued*)

At the Commission's hearing, counsel for the petitioner indicated that quartz glass did not enter the market in significant quantities until after the preliminary duties were imposed by Commerce in November 2018 (after the period of investigation ended on September 30, 2018), and that there would be no impact on the data collected by the Commission.

In 2017, the value of all imports from China (these were not specific to quartz glass) imported under statistical reporting numbers 7016.90.1010 and 7016.90.1050 were valued at $***, respectively. *Certain Quartz Surface Products from the People's Republic of China: Request for Scope Clarification*, *Enforcement and Compliance, Office of AD/CVD Operations,* February 14, 2019, *Certain Quartz Surface Products From the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value, and Final Affirmative Determination of Critical Circumstances*, 84 FR 23767, May 23, 2019, *Certain Quartz Surface Products From the People's Republic of China: Final Affirmative Countervailing Duty Determination, and Final Affirmative Determination of Critical Circumstances*, 84 FR 23760, May 23, 2019, and hearing transcript, p.154 (Meisner).

[7] Of which, 50 reported only importing slab-form QSP, 17 reported only importing fabricated QSP, and 17 reported importing both slab-form and fabricated QSP.

Table IV-1
Quartz surface products: U.S. importers by source, their headquarters, and share of total imports by source, 2017

Firm	Headquarters	Share of imports by source (percent)			Product imported
		China	Nonsubject sources	All import sources	
Absolute	Cary, NC	***	***	***	***
Accolade	Montreal, QC	***	***	***	***
Ankur	Cranbury, NJ	***	***	***	***
Ameriquartz	San Antonio, TX	***	***	***	***
Aracruz	Phoenix, AZ	***	***	***	***
Architectural Surfaces	Spicewood, TX	***	***	***	***
Arizona	Tempe, AZ	***	***	***	***
Artelye	Beltsville, MD	***	***	***	***
Atlas	Carrollton, TX	***	***	***	***
Basix Surfaces	Buena Park, CA	***	***	***	***
Bedrock	West Jordan, UT	***	***	***	***
Bedrosians	Fresno, CA	***	***	***	***
Beginyan's	North Hollywood, CA	***	***	***	***
Best Cheer	Anaheim, CA	***	***	***	***
Best Kitchen	Tukwila, WA	***	***	***	***
C&C	Coral Gables, FL	***	***	***	***
Caesarstone	Charlotte, NC	***	***	***	***
Century Stone	Brockton, MA	***	***	***	***
Citiquartz	College Point, NY	***	***	***	***
Cosmos Charlotte	Charlotte, NC	***	***	***	***
Cosmos East	Raleigh, NC	***	***	***	***
Cosmos Texas	Carrollton, TX	***	***	***	***
Cumar	Everett, MA	***	***	***	***
Dal-Tile	Dallas, TX	***	***	***	***
Dell	Spartanburg, SC	***	***	***	***
Design and Stone	Phoenix, AZ	***	***	***	***
DuPont	Wilmington, DE	***	***	***	***
East West	Chantilly, VA	***	***	***	***
Edgebanding	San Dimas, CA	***	***	***	***
Elite	Addison, TX	***	***	***	***
Everest CT	Norwalk, CT	***	***	***	***

Table continued on next page.

Table IV-1--Continued
Quartz surface products: U.S. importers by source, their headquarters, and share of total imports by source, 2017

Firm	Headquarters	Share of imports by source (percent)			Product imported
		China	Nonsubject sources	All import sources	
Everest NJ	Clifton, NJ	***	***	***	***
Express	Fontana, CA	***	***	***	***
Francini	Sun Valley, CA	***	***	***	***
Global	Solon, OH	***	***	***	***
Granite Central	Chester, PA	***	***	***	***
GS Granite	Roseville, MN	***	***	***	***
Hanwha	Atlanta, GA	***	***	***	***
Hilton	Phoenix, AZ	***	***	***	***
Hirsch	Cranbury, NJ	***	***	***	***
Hotel Stone	Woodstock, GA	***	***	***	***
Hotel Vanities	Mooresville, IN	***	***	***	***
HRA Marmoles	Miami, FL	***	***	***	***
JR Granites	Johns Creek, GA	***	***	***	***
KZ Kitchen	San Jose, CA	***	***	***	***
Leedo	Stafford, TX	***	***	***	***
LG Hausys	Atlanta, GA	***	***	***	***
Lobe	Dallas, TX	***	***	***	***
M S International	Orange, CA	***	***	***	***
Mega	Newnan, GA	***	***	***	***
Mont	Solon, OH	***	***	***	***
Mstone	Lagrange, GA	***	***	***	***
National	Weston, FL	***	***	***	***
New Standard	Seattle, WA	***	***	***	***
Nonn's	Middleton, WI	***	***	***	***
OHM International	Monroe Twp, NJ	***	***	***	***
Pacific Granites	Chicago, IL	***	***	***	***
Pantai	Doral, FL	***	***	***	***
Parsoda	Anaheim, CA	***	***	***	***
Piedrafina	Stockton, CA	***	***	***	***
Polarstone	Buena Park, CA	***	***	***	***
Quartz Master	Bayonne, NJ	***	***	***	***

Table continued on next page.

Table IV-1--Continued
Quartz surface products: U.S. importers by source, their headquarters, and share of total imports by source, 2017

Firm	Headquarters	Share of imports by source (percent)			Product imported
		China	Nonsubject sources	All import sources	
Quartz Source	Easton, MD	***	***	***	***
Quartz Stone	Van Nuys, CA	***	***	***	***
Reliance	Kenilworth, NJ	***	***	***	***
Select	Asheboro, NC	***	***	***	***
Slab Depot	Hialeah Gardens, FL	***	***	***	***
Stone and Cabinet	Portland, OR	***	***	***	***
Stone Channel	Coppell, TX	***	***	***	***
Stone Collection	Denver, CO	***	***	***	***
Stone Gallery	Tampa, FL	***	***	***	***
Stone Showcase	Buford, GA	***	***	***	***
StoneVic	Atlanta, GA	***	***	***	***
Surface Warehouse	Austin, TX	***	***	***	***
Terrazzo	Wheeling, IL	***	***	***	***
TQS	Orlando, FL	***	***	***	***
Unique	St Louis, MO	***	***	***	***
Unity	Fairfield, OH	***	***	***	***
Universal Stone	Boulder, CO	***	***	***	***
Universal Granite	Chicago, IL	***	***	***	***
Venture	Union, NJ	***	***	***	***
Wilsonart	Austin, TX	***	***	***	***
Wisenbaker	Houston, TX	***	***	***	***
World Stone	Mesa, AZ	***	***	***	***
Total		***	***	***	

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

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 quartz surface products by source. U.S. imports of quartz surface products from all sources increased by 72.2 percent by quantity (63.0 percent by value) from 2015 to 2017, as imports from both China and nonsubject sources increased. U.S. imports of quartz surface products from China were 2.8 times larger in terms of quantity (2.7 times larger in terms of value) in 2017 compared with 2015, and imports from all other sources increased by 15.7 percent in terms of quantity (17.5 percent in terms of value) over the period. As a share of the quantity of all imports of quartz surface products, imports from China increased from approximately one-third in 2015 to over one-half of imports

(55.8 percent) in 2017. The two largest sources of nonsubject imports of slab-form quartz surface products were Spain and Israel in 2017.[8] [9]

The average unit value for imports of QSP from China was less than the unit value for imports from nonsubject sources, and the divergence between unit values increased every year with a difference of $1.71 in 2015, $1.99 in 2016, and $2.28 in 2017. The average unit value of U.S. imports of quartz surface products from China fell by $0.41 over the period to $8.26 per square foot in 2017 while the average unit value of imports from all other sources increased by $0.26 over the period to $10.54 per square foot in 2017. As a ratio to U.S. production, imports from China increased from *** percent in 2015 to *** percent in 2017, while imports from nonsubject sources decreased from *** percent in 2015 to *** percent in 2017, indicating U.S. production increased relatively faster than nonsubject sources over the period and at the same time relatively slower than subject sources. As a ratio to U.S. production, imports from all sources increased by *** percentage points from 2015 to 2017.

[8] According to official import statistics, in 2017, U.S. imports of quartz surface products from Spain were 18.3 million square feet ($191 million) and from Israel were 9.7 million square feet ($110 million), or 16.3 percent and 8.6 percent, respectively, of U.S. imports of quartz surface products under HTS statistical reporting number 6810.99.0010.

[9] Based on official import statistics, the quantity of slab-form U.S. imports of quartz surface products (under HTS statistical reporting number 6810.99.0010) from Spain and Israel accounted for approximately 53.3 percent (combined) of nonsubject imports in 2017. Joint respondents (Hogan Lovells) posthearing brief, p. 145.

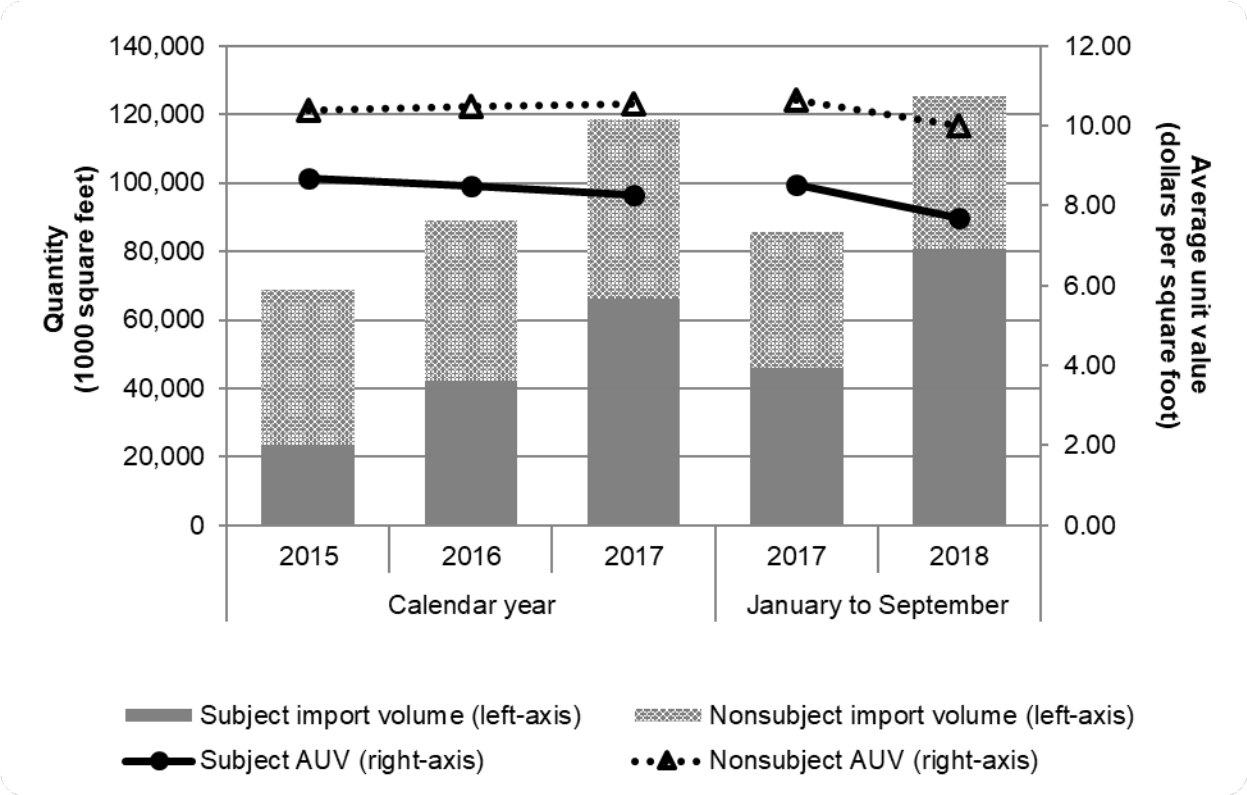
Table IV-2
Quartz surface products: U.S. imports by source, 2015-17, January to September 2017, and January to September 2018

Item	Calendar year			January to September	
	2015	2016	2017	2017	2018
	Quantity (1,000 square feet)				
U.S. imports from.--					
China	23,582	42,056	66,270	46,124	80,620
Nonsubject sources	45,363	47,128	52,479	39,671	44,654
All import sources	68,945	89,184	118,750	85,794	125,273
	Value (1,000 dollars)				
U.S. imports from.--					
China	204,546	357,885	547,566	393,338	620,571
Nonsubject sources	470,845	494,719	553,050	422,156	446,065
All import sources	675,391	852,604	1,100,617	815,493	1,066,636
	Unit value (dollars per square foot)				
U.S. imports from.--					
China	8.67	8.51	8.26	8.53	7.70
Nonsubject sources	10.38	10.50	10.54	10.64	9.99
All import sources	9.80	9.56	9.27	9.51	8.51
	Share of quantity (percent)				
U.S. imports from.--					
China	34.2	47.2	55.8	53.8	64.4
Nonsubject sources	65.8	52.8	44.2	46.2	35.6
All import sources	100.0	100.0	100.0	100.0	100.0
	Share of value (percent)				
U.S. imports from.--					
China	30.3	42.0	49.8	48.2	58.2
Nonsubject sources	69.7	58.0	50.2	51.8	41.8
All import sources	100.0	100.0	100.0	100.0	100.0
	Ratio to slab U.S. production				
U.S. imports from.--					
China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

Source: Compiled from data submitted in response to Commission questionnaires and official import statistics under statistical reporting number 6810.99.0010, accessed on February 13, 2019.

Figure IV-1
Quartz surface products: U.S. imports by source, 2015-17, January to September 2017, and January to September 2018



Source: Compiled from data submitted in response to Commission questionnaires and official import statistics under statistical reporting number 6810.99.0010, accessed on February 13, 2019.

CRITICAL CIRCUMSTANCES

In these investigations, Commerce has made final affirmative critical circumstance findings in relation to imports of certain quartz surface products as detailed below. If the Commission in turn determines that imports subject to Commerce's affirmative critical circumstance findings are also likely to undermine seriously the remedial effect of the orders, Commerce shall instruct Customs to retroactively apply the antidumping and/or countervailing duties 90 days prior to the suspension of liquidation.

Final Affirmative AD and CVD critical circumstance findings

Effective May 23, 2019, Commerce issued its final affirmative determinations in the antidumping and countervailing duty investigations finding that imports of quartz surface products from all foreign suppliers were subject to its affirmative critical circumstance

findings.[10] [11] Table IV-3 and figure IV-2 present data concerning timing and volume of imports subject to Commerce's affirmative critical circumstance findings in the antidumping and countervailing duty investigations.

Table IV-3
Quartz surface products: U.S. imports subject to Commerce's final AD and CVD critical circumstance determinations, November 2017 through October 2018

* * * * * * *

Figure IV-2
Quartz surface products: U.S. imports subject to Commerce's final AD and CVD critical circumstance determinations, November 2017 through October 2018

* * * * * * *

NEGLIGIBILITY

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.[12] Negligible imports are generally defined in the Act, 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.[13] Imports from China accounted

[10] *Certain Quartz Surface Products From the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value, and Final Affirmative Determination of Critical Circumstances*, 84 FR 23767, May 23, 2019, referenced in app. A. In this notice, Commerce indicated that the (a) mandatory respondents, (b) the non-mandatory individual rate companies, and the (c) China-wide entity were all subject to its final affirmative critical circumstance findings, effectively imports from all suppliers in China.

[11] *Certain Quartz Surface Products From the People's Republic of China: Final Affirmative Countervailing Duty Determination, and Final Affirmative Determination of Critical Circumstances,* 84 FR 23760, May 23, 2019, referenced in app. A.

[12] 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)).

[13] Section 771 (24) of the Act (19 U.S.C § 1677(24)).

for 55.8 percent in table IV-2 of total imports of quartz surface products by quantity during 2017.

Fungibility

Table IV-4 and figure IV-3 present data for U.S. producers' and U.S. importers' U.S. shipments by thickness for 2017. U.S. shipments by size range data are categorized by centimeters; 1 cm, 2, cm, 3 cm, and other sizes.[1415] As discussed in part I, quartz surface products are generally produced to three standard thickness 1cm, 2cm, and 3 cm. For all firm types, the 3 cm quartz surface products category was the largest share of shipments by type. For U.S. importers from China, the 3 category accounted for the largest share of shipments by type (***) percent, with the 2 cm quartz surface products category was the next largest accounting for *** percent. For U.S. producers and U.S. importers combined, *** for shipments by size in 2017. As shown in table IV-4, U.S.-produced quartz surface products and quartz surface products imported from China were available in all three of the standard thickness in the U.S. market in 2017.

Table IV-4
Quartz surface products: U.S. producers' and U.S. importers' U.S. shipments by thickness, 2017

* * * * * * *

Figure IV-3
Quartz surface products: U.S. producers' and U.S. importers' U.S. shipments by thickness, 2017

* * * * * * *

[14] At the Commission's hearing, counsel for the Chinese respondents indicated that despite differences in thickness and specifications, the different sized quartz surface products are the same product. Hearing transcript, p.318 (Planert).

[15] The data were collected by product type, not necessarily by type of firm. In particular, the data shown for U.S. producers presents both (a) information on all U.S. shipments of slab-form quartz surface products by thickness, which includes internal consumption reported by Cambia used in its own fabrication as well as any commercial sales made by slab producers to independent fabricators included in the dataset; and (b) information on all reported U.S. shipments of fabricated quartz surface products by thickness, which includes data reported by the independent U.S. fabricators as well as data reported by the partially integrated U.S. producer Cambria. Additionally some independent U.S. fabricators use some portion of the reported imports in their domestic production activities. For these reasons, the combined data in the last column double count some volume of shipments.

Table IV-5 and figure IV-4 present data for U.S. producers' and U.S. importers' U.S. shipments by design for 2017.[16] U.S. shipments, by design range, are categorized by colors: granite design, marble design, uniform white design, uniform neutral design, uniform dark design, and other designs. For U.S. shipments of domestically produced slab-form quartz surface products, the marble design accounted for the largest share of shipment by type (*** percent) followed by granite design (*** percent), and then uniform designs (*** percent). For U.S. importers from China (in contrast to the producers), the uniform designs categories were the largest share of their U.S. shipments by design (***) percent, followed by marble design (***), and then granite design (***). For U.S. producers (both slabs and fabs) and U.S. importers combined, ***. As shown in table IV-4, U.S.-produced quartz surface products and quartz surface products imported from China were available in all design categories in the U.S. market in 2017, although, consistent with hearing testimony, imports from China had a slightly higher concentration in the uniform categories, and in particular the uniform white category.

Table IV-5
Quartz surface products: U.S. producers' and U.S. importers' U.S. shipments by design, 2017

* * * * * * *

Figure IV-4
Quartz surface products: U.S. producers' and U.S. importers' U.S. shipments by design, 2017

* * * * * * *

APPARENT U.S. CONSUMPTION AND U.S. MARKET SHARES

Table IV-6 and figure IV-5 present data on apparent U.S. consumption and U.S. market shares not including independent U.S. fabricators for quartz surface products during 2015-17, January to September 2017, and January to September 2018.[17] Apparent U.S. consumption based on quantity increased overall by *** percent from 2015 to 2017, and was *** percent higher in interim 2018 than in interim 2017. Apparent U.S. consumption based on value

[16] The data were collected by product type, not necessarily by type of firm. In particular, the data shown for U.S. producers presents both (a) information on all U.S. shipments of slab-form quartz surface products by design, which includes internal consumption reported by Cambia used in its own fabrication as well as any commercial sales made by slab producers to independent fabricators included in the dataset; and (b) information on all reported U.S. shipments of fabricated quartz surface products by design, which includes data reported by the independent U.S. fabricators as well as data reported by the partially integrated U.S. producer Cambria. Additionally some independent U.S. fabricators use some portion of the reported imports in their domestic production activities. For these reasons the combined data in the last column double count some volume of shipments.

[17] Data on Cambria's fabrications operations are included, consistent with how the data were reported in the preliminary phase of these investigations.

increased by *** percent from 2015 to 2017, and was *** percent higher in interim 2018 than in interim 2017.

U.S. producers' market share based on quantity decreased by *** percentage points from 2015 to 2017, and were *** percentage points lower in interim 2018 compared to interim 2017. U.S. producers' market share based on value decreased by *** percentage points from 2015 to 2017, and were *** percentage points lower in interim 2018 compared to interim 2017.

U.S. imports from China market share based on quantity increased by *** percentage points from 2015 to 2017, and were *** percentage points higher during interim 2018 than interim 2017. U.S. imports from China market share based on value increased by *** percentage points from 2015 to 2017, and were *** percentage points higher in interim 2018 than in interim 2017. [18]

[18] At the Commission's hearing, U.S. importer of quartz surface products from China, Marble Unique ("MU") Holdings indicated, "Until 2015, quartz was a relatively stable and small part of the U.S. countertop market compared with natural stone substitutes like granite and marble. Then the mass market for quartz took off in 2015-2016 when Chinese producers began producing a quartz product with a natural marble look comprised of big, bold and thick lines Calacatta. Real Calacatta marble has disadvantages as a countertop surface as it is easily scratched, can bruise, and is subject to etching. Quartz made to look like Calacatta eliminated these issues for consumers and as such it began taking substantial from natural stone, not from quartz products produced by American manufacturers like Cambria." Hearing transcript, p. 188 (Keck).

Table IV-6
Quartz surface products: Apparent U.S. consumption and market shares not including independent U.S. fabricators, 2015-17, January to September 2017, and January to September 2018

Item	Calendar year			January to September	
	2015	2016	2017	2017	2018
	Quantity (1,000 square feet)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from.--					
China	23,582	42,056	66,270	46,124	80,620
Nonsubject sources	45,363	47,128	52,479	39,671	44,654
All import sources	68,945	89,184	118,750	85,794	125,273
Apparent U.S. consumption	***	***	***	***	***
	Value (1,000 dollars)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from.--					
China	204,546	357,885	547,566	393,338	620,571
Nonsubject sources	470,845	494,719	553,050	422,156	446,065
All import sources	675,391	852,604	1,100,617	815,493	1,066,636
Apparent U.S. consumption	***	***	***	***	***
	Share of quantity (percent)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from.--					
China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Share of value (percent)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from.--					
China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

Source: Compiled from data utilizing official import statistics under statistical reporting number 6810.99.0010, accessed on February 13, 2019.

Figure IV-5
Quartz surface products: Apparent U.S. consumption not including independent U.S. fabricators, 2015-17, January to September 2017, and January to September 2018

* * * * * * *

Table IV-7 and figure IV-6 present data on apparent U.S. consumption and U.S. market shares for quartz surface products adding in independent U.S fabricators during 2015-17, January to September 2017, and January to September 2018.[19]

Apparent U.S. consumption based on quantity increased overall by *** percent from 2015 to 2017, and was *** percent higher in interim 2018 than in interim 2017. Apparent U.S. consumption based on value increased by *** percent from 2015 to 2017, and was *** percent higher in interim 2018 than in interim 2017.

U.S. producers' market share based on quantity decreased by *** percentage points from 2015 to 2017, and were *** percentage points lower in interim 2018 compared to interim 2017. U.S. producers' market share based on value decreased by *** percentage points from 2015 to 2017, and were *** percentage points lower in interim 2018 compared to interim 2017.

U.S. imports from China market share based on quantity increased by *** percentage points from 2015 to 2017, and were *** percentage points higher during interim 2018 than interim 2017. U.S. imports from China market share based on value increased by *** percentage points from 2015 to 2017, and were *** percentage points higher in interim 2018 than in interim 2017.

Table IV-7
Quartz surface products: Apparent U.S. consumption and market shares, 2015-17, January to September 2017, and January to September 2018

* * * * * * *

Figure IV-6
Quartz surface products: Apparent U.S. consumption and market shares, 2015-17, January to September 2017, and January to September 2018

* * * * * * *

[19] The quantity for U.S. producers' U.S. shipments reflects the quantity of quartz surface products sold in the United States from domestically manufactured slab (reported as fabricated quartz surface products if reported by a fabricator, otherwise reported in slab format). Generally, fabricators indicated that approximately 36 percent of the surface area of the quartz surface products was lost during the fabrication process; this surface area explains in-part why the aggregated quantity data for these tables are less than the aggregated quantity data reported by the slab producers. The value for U.S. producers' U.S. shipments reflects the value of quartz surface products sold in the United States from domestically manufactured slab plus the additional value added to imported slabs by U.S. fabricators. In measuring consumption and market share this methodology avoids reclassifying and/or double counting merchandise already reported once as an import or double counting merchandise between levels of production on the domestic side.

PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

Quartz surface products usually consist of 93 to 94 percent ground quartz.[1] Quartz is one of the most common minerals in the earth's crust, and it is also one of the hardest naturally occurring minerals. The remaining components of quartz slabs are a combination of resins, polymers, particulates, and pigments. Raw material costs, as a share of U.S. slab producers' total cost of goods sold (COGS), decreased from *** percent in 2015 to *** percent in 2017. Raw material costs, as a share of COGS, were *** percent in January-September 2017 and *** percent in January-September 2018.

For U.S. fabricators, raw materials are primarily quartz slabs, which may be produced domestically or imported from China and other countries. Raw material costs, as a share of U.S. fabricators' total cost of goods sold (COGS), fluctuated from *** percent in 2015 to *** percent in 2016, to *** percent in 2017. Raw material costs, as a share of COGS, were *** percent in January-September 2017 and *** percent in January-September 2018.

U.S. slab producers *** indicated that the cost of resin binder has increased since January 1, 2015; *** stated that its prices for quartz surface products have not changed despite this increased raw material cost. U.S. producer *** indicated that prices for silica, pigments, and other material inputs have increased while U.S. producers *** indicated that these raw material costs have either fluctuated or remained the same.

The majority of responding U.S. fabricators reported that the cost of slabs, regardless of origin, have increased since January 1, 2015. U.S. fabricators reported that the prices of domestic slabs, and slabs imported from China and from nonsubject countries have increased. Five fabricators stated that the increased slab costs have increased their selling price of quartz surface products and two fabricators reported that they were unable to pass on the increased raw material costs to their customers.

Transportation costs to the U.S. market

Transportation costs for quartz surface products shipped from China to the United States averaged 8.1 percent during 2017. These estimates were derived from official import data and represent the transportation and other charges on imports.[2]

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[1] See Part 1, The Product, for a more detailed description of the product and materials.

[2] The estimated transportation costs were obtained by subtracting the customs value from the c.i.f. value of the imports for 2017 and then dividing by the customs value based on the HTS subheading 6810.99.0010.

U.S. inland transportation costs

Fifteen of 16 U.S. slab producers and fabricators reported that they typically arrange transportation to their customers. LG and Caesarstone maintain slab production lines in Georgia, and Cambria maintains slab production lines in Minnesota.[3] Because quartz slab production lines are concentrated in these locations, inland transportation costs vary depending on the production, distribution center, and customer locations. U.S. slab producers reported that their U.S. inland transportation costs ranged from 5 to 9 percent of the cost of U.S.-produced quartz surface products. Most U.S. fabricators reported that their U.S. inland transportation costs ranged from 2 to 13 percent.

The majority of importers (67 of 76) reported that they typically arrange transportation to the purchaser. Importers reported a wide range of transportation costs, but most (42 of 58) estimated that U.S. inland transportation accounted for 1 to 10 percent of the cost of quartz surface products.

PRICING PRACTICES[4]

Pricing methods

U.S. producers and importers reported using primarily transaction-by-transaction negotiations and price lists, in addition to contracts and other methods (table V-1).

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

Method	U.S. producers	Importers
Transaction-by-transaction	13	41
Contract	10	16
Set price list	10	49
Other	2	10
Responding firms	19	81

[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.

[3] *** establishments are fabrication facilities that do not have slab production lines.

[4] Unless otherwise specified in this section, "U.S. producers" refers to both U.S. slab producers and U.S. fabricators.

The vast majority of U.S. producers' and importers' reported sales of quartz surface products were on the spot market (table V-2).[5] [6]

Table V-2
Quartz surface products: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2017

Type of sale	U.S. producers	Importers
Long-term contracts	5.7	3.7
Annual contracts	1.9	5.0
Short-term contracts	3.3	5.6
Spot sales	89.1	85.7

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

Nineteen purchasers reported that they purchase product weekly, ten purchase daily, nine purchase monthly, three purchase quarterly, two purchase annually, and four purchase as needed or on a project-driven basis. The majority of responding purchasers (28 of 46) reported that their purchasing frequency had not changed since 2015. Most (26 of 46) purchasers contact between one and three suppliers before making a purchase. Twenty of 46 purchasers reported that their purchases of quartz surface products usually involved negotiations with their suppliers. The most commonly mentioned factor for negotiation was price, followed by availability and quality.

Sales terms and discounts

U.S. producers and importers typically quote prices on a delivered basis. U.S. producers and importers offer a variety of discounts. Nine U.S. producers offer quantity discounts, five offer volume discounts, three offer case-by-case discounts, and seven do not offer discounts. Forty importers offer quantity discounts, 15 offer alternative discounts, 15 offer volume discounts, and 35 do not offer discounts.

Price leadership

The most frequently cited price leaders were U.S. producer Cambria (8 purchasers), importer MS International (4), and Cosentino (3). When describing how Cambria exhibited price leadership, purchasers reported that Cambria led in value, quality, and brand recognition.

---

[5] U.S. slab producers *** reported that they sold *** percent of their commercial shipments of quartz surface products via the spot market.

[6] Short-term contracts for U.S. producers range from 14 to 180 days, while long-term contracts averaged 540 days. In all three contract types, the majority of responding U.S. producers reported that contracts do not allow for price renegotiations and are not indexed to raw material costs. Importers reported that short-term contracts ranged from 14 to 270 days and long-term contracts averaged 482 days. In all three contract types, the majority of responding importers reported that contracts do not allow for price renegotiation and are not indexed to raw material costs.

Purchasers described MS International as having the lowest cost, along with high quality and availability. Purchasers also noted Cosentino's pricing methodology and pricing package.

PRICE DATA

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and f.o.b. value of the following quartz surface products shipped to unrelated U.S. customers during January 2015-September 2018. U.S. producers and importers provided separate pricing data for quartz slabs and for custom-finished fully fabricated quartz surface products ("CFFFQSP").[7]

Product 1.-- Plain white quartz surface products, with a nominal thickness of 2 cm, no veining or movement, and with minimal to no visible particulates, specks, chips, or crystals that are sold to firms other than distributors.

Product 2.--Plain white quartz surface products, with a nominal thickness of 3 cm, no veining or movement, and with minimal to no visible particulates, specks, chips, or crystals that are sold to firms other than distributors.

Product 3.-- White quartz surface products with a "marble look", a nominal thickness of 2 cm, with veining or movement, and with minimal to no visible particulates, specks, chips, or crystals that are sold to firms other than distributors.

Product 4.-- White quartz surface products with a "marble look", a nominal thickness of 3 cm, with veining or movement, and with minimal to no visible particulates, specks, chips, or crystals that are sold to firms other than distributors.

Product 5.--Neutral colored quartz surface products with a "natural stone look", a nominal thickness of 2 cm, with movement and visible particulates, specks, chips, or crystals that are sold to firms other than distributors.

Product 6.--Neutral colored quartz surface products with a "natural stone look", a nominal thickness of 3 cm, with movement and visible particulates, specks, chips, or crystals that are sold to firms other than distributors.

[7] For price data reported for CFFFQSP products 1-6, firms were requested to exclude all turnkey installation costs.

Eleven U.S. producers and 47 importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[8] Price data reported by these firms accounted for approximately *** percent of U.S. producers' U.S. commercial shipments of quartz slabs and *** percent of U.S. commercial shipments of quartz slabs from China in 2017. Pricing data reported by these firms accounted for approximately *** percent of U.S. producers' U.S. shipments of CFFFQSP and *** percent of U.S. shipments of CFFFQSP from China in 2017.[9] [10]

Price data for quartz slab products 1-6 are presented in tables V-3 to V-8 and figures V-1 to V-6. Price data for CFFFQSP products 1-6 are presented in tables V-9 to V-14 and figures V-7 to V-12. Nonsubject country prices are presented in Appendix G.

[8] 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.

[9] Firms that provided fabrication services and installation services for quartz surface products were requested to report the shipments of these products as internal consumption; therefore, pricing data coverage for CFFFQSP pricing products was calculated using U.S. shipments.

[10] U.S. fabricators were requested to identify the source of the quartz slabs used to produce CFFFQSP products 1-6. ***.

Price data for quartz slabs

Table V-3
Quartz surface products: Weighted-average f.o.b. prices and quantities of domestic and imported slab product 1[1] and margins of underselling/(overselling), by quarters, January 2015-September 2018

Period	United States		China		
	Price (per square foot)	Quantity (square feet)	Price (per square foot)	Quantity (square feet)	Margin (percent)
2015:					
Jan.-Mar.	***	***	9.95	240,493	***
Apr.-June	***	***	9.85	232,495	***
July-Sept.	***	***	9.75	317,169	***
Oct.-Dec.	***	***	8.95	406,350	***
2016:					
Jan.-Mar.	***	***	9.06	396,101	***
Apr.-June	***	***	9.17	453,848	***
July-Sept.	***	***	9.38	499,642	***
Oct.-Dec.	***	***	8.90	527,766	***
2017:					
Jan.-Mar.	***	***	8.68	598,255	***
Apr.-June	***	***	8.41	664,785	***
July-Sept.	***	***	8.27	689,273	***
Oct.-Dec.	***	***	8.16	742,566	***
2018:					
Jan.-Mar.	***	***	7.86	679,121	***
Apr.-June	***	***	7.62	863,387	***
July-Sept.	***	***	7.09	1,139,114	***

[1] Product 1: Plain white quartz surface products, with a nominal thickness of 2 cm, no veining or movement, and with minimal to no visible particulates, specks, chips, or crystals that are sold to firms other than distributors.

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

Table V-4
Quartz surface products: Weighted-average f.o.b. prices and quantities of domestic and imported slab product 2[1] and margins of underselling/(overselling), by quarters, January 2015-September 2018

Period	United States		China		
	Price (per square foot)	Quantity (square feet)	Price (per square foot)	Quantity (square feet)	Margin (percent)
2015:					
Jan.-Mar.	***	***	11.40	158,195	***
Apr.-June	***	***	11.66	217,142	***
July-Sept.	***	***	11.68	247,315	***
Oct.-Dec.	***	***	11.59	281,019	***
2016:					
Jan.-Mar.	***	***	11.61	302,456	***
Apr.-June	***	***	11.45	368,599	***
July-Sept.	***	***	11.21	421,231	***
Oct.-Dec.	***	***	11.13	433,120	***
2017:					
Jan.-Mar.	***	***	11.30	445,604	***
Apr.-June	***	***	10.99	563,667	***
July-Sept.	***	***	10.87	582,741	***
Oct.-Dec.	***	***	10.81	548,864	***
2018:					
Jan.-Mar.	***	***	10.33	622,413	***
Apr.-June	***	***	9.96	857,942	***
July-Sept.	***	***	10.26	951,080	***

[1] Product 2: Plain white quartz surface products, with a nominal thickness of 3 cm, no veining or movement, and with minimal to no visible particulates, specks, chips, or crystals that are sold to firms other than distributors.

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

Table V-5
Quartz surface products: Weighted-average f.o.b. prices and quantities of domestic and imported slab product 3[1] and margins of underselling/(overselling), by quarters, January 2015-September 2018

Period	United States		China		
	Price (per square foot)	Quantity (square feet)	Price (per square foot)	Quantity (square feet)	Margin (percent)
2015:					
Jan.-Mar.	***	***	14.06	10,497	***
Apr.-June	***	***	13.99	19,248	***
July-Sept.	***	***	10.10	75,824	***
Oct.-Dec.	***	***	13.11	111,699	***
2016:					
Jan.-Mar.	***	***	12.90	207,007	***
Apr.-June	18.22	274,523	13.99	310,777	23.2
July-Sept.	***	***	13.61	526,417	***
Oct.-Dec.	***	***	13.60	634,608	***
2017:					
Jan.-Mar.	***	***	13.37	818,012	***
Apr.-June	***	***	13.79	915,590	***
July-Sept.	***	***	13.52	1,044,545	***
Oct.-Dec.	20.97	287,627	14.70	998,695	29.9
2018:					
Jan.-Mar.	21.72	346,357	13.96	1,181,238	35.7
Apr.-June	21.22	445,526	13.61	1,525,558	35.9
July-Sept.	21.27	463,933	12.63	1,866,996	40.6

[1] Product 3: White quartz surface products with a “marble look”, a nominal thickness of 2 cm, with veining or movement, and with minimal to no visible particulates, specks, chips, or crystals that are sold to firms other than distributors.

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

Table V-6
Quartz surface products: Weighted-average f.o.b. prices and quantities of domestic and imported slab product 4[1] and margins of underselling/(overselling), by quarters, January 2015-September 2018

Period	United States		China		
	Price (per square foot)	Quantity (square feet)	Price (per square foot)	Quantity (square feet)	Margin (percent)
2015:					
Jan.-Mar.	***	***	19.04	60,788	***
Apr.-June	***	***	18.09	123,661	***
July-Sept.	***	***	18.65	231,572	***
Oct.-Dec.	***	***	17.13	354,761	***
2016:					
Jan.-Mar.	***	***	15.14	533,318	***
Apr.-June	***	***	16.76	708,007	***
July-Sept.	***	***	16.13	910,396	***
Oct.-Dec.	***	***	16.05	1,109,126	***
2017:					
Jan.-Mar.	***	***	15.43	1,454,188	***
Apr.-June	***	***	15.49	1,881,919	***
July-Sept.	***	***	15.39	2,216,339	***
Oct.-Dec.	***	***	15.77	2,170,464	***
2018:					
Jan.-Mar.	***	***	15.39	2,668,466	***
Apr.-June	***	***	15.47	3,443,389	***
July-Sept.	***	***	15.35	3,929,749	***

[1] Product 4: White quartz surface products with a “marble look”, a nominal thickness of 3 cm, with veining or movement, and with minimal to no visible particulates, specks, chips, or crystals that are sold to firms other than distributors.

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

Table V-7
Quartz surface products: Weighted-average f.o.b. prices and quantities of domestic and imported slab product 5[1] and margins of underselling/(overselling), by quarters, January 2015-September 2018

Period	United States		China		
	Price (per square foot)	Quantity (square feet)	Price (per square foot)	Quantity (square feet)	Margin (percent)
2015:					
Jan.-Mar.	***	***	10.23	58,376	***
Apr.-June	***	***	10.99	57,936	***
July-Sept.	***	***	10.39	69,236	***
Oct.-Dec.	16.69	189,681	9.97	104,874	40.3
2016:					
Jan.-Mar.	16.02	228,377	8.66	139,375	45.9
Apr.-June	16.07	275,527	8.77	194,054	45.4
July-Sept.	***	***	9.60	245,113	***
Oct.-Dec.	16.51	235,846	9.08	271,576	45.0
2017:					
Jan.-Mar.	15.94	233,054	9.24	308,838	42.1
Apr.-June	***	***	9.04	325,572	***
July-Sept.	***	***	9.86	393,372	***
Oct.-Dec.	***	***	10.41	341,965	***
2018:					
Jan.-Mar.	17.38	289,996	10.43	342,169	40.0
Apr.-June	18.69	290,721	9.75	402,843	47.8
July-Sept.	17.64	302,175	9.07	547,096	48.6

[1] Product 5: Neutral colored quartz surface products with a “natural stone look”, a nominal thickness of 2 cm, with movement and visible particulates, specks, chips, or crystals that are sold to firms other than distributors.

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

Table V-8
Quartz surface products: Weighted-average f.o.b. prices and quantities of domestic and imported slab product 6[1] and margins of underselling/(overselling), by quarters, January 2015-September 2018

Period	United States		China		
	Price (per square foot)	Quantity (square feet)	Price (per square foot)	Quantity (square feet)	Margin (percent)
2015:					
Jan.-Mar.	***	***	14.20	82,981	***
Apr.-June	***	***	13.70	135,584	***
July-Sept.	***	***	14.41	158,997	***
Oct.-Dec.	***	***	14.08	226,387	***
2016:					
Jan.-Mar.	19.72	561,579	13.27	345,088	32.7
Apr.-June	19.57	645,189	13.65	371,562	30.2
July-Sept.	19.35	737,453	12.74	504,518	34.2
Oct.-Dec.	19.63	655,548	12.54	626,977	36.1
2017:					
Jan.-Mar.	20.07	687,057	12.33	567,220	38.6
Apr.-June	19.28	862,604	12.37	736,770	35.8
July-Sept.	18.97	800,048	11.97	864,140	36.9
Oct.-Dec.	19.62	763,272	12.23	954,040	37.7
2018:					
Jan.-Mar.	20.18	801,169	12.39	938,729	38.6
Apr.-June	21.56	872,174	12.40	1,051,409	42.5
July-Sept.	21.17	833,733	12.28	1,119,773	42.0

[1] Product 6: Neutral colored quartz surface products with a “natural stone look”, a nominal thickness of 3 cm, with movement and visible particulates, specks, chips, or crystals that are sold to firms other than distributors.

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

Figure V-1
Quartz surface products: Weighted-average prices and quantities of domestic and imported slab product 1, by quarters, January 2015-September 2018

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Figure V-2
Quartz surface products: Weighted-average prices and quantities of domestic and imported slab product 2, by quarters, January 2015-September 2018

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Figure V-3
Quartz surface products: Weighted-average prices and quantities of domestic and imported slab product 3, by quarters, January 2015-September 2018

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Figure V-4
Quartz surface products: Weighted-average prices and quantities of domestic and imported slab product 4, by quarters, January 2015-September 2018

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Figure V-5
Quartz surface products: Weighted-average prices and quantities of domestic and imported slab product 5, by quarters, January 2015-September 2018

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Figure V-6
Quartz surface products: Weighted-average prices and quantities of domestic and imported slab product 6, by quarters, January 2015-September 2018

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Price data for CFFFQSP

Table V-9
Quartz surface products: Weighted-average f.o.b. prices and quantities of domestic and imported CFFFQSP product 1[1] and margins of underselling/(overselling), by quarters, January 2015-September 2018

Period	United States		China		
	Price (per square foot)	Quantity (square feet)	Price (per square foot)	Quantity (square feet)	Margin (percent)
2015:					
Jan.-Mar.	44.23	5,457	14.19	37,086	67.9
Apr.-June	37.45	11,279	15.07	78,652	59.8
July-Sept.	43.14	7,782	14.34	58,650	66.8
Oct.-Dec.	42.53	8,719	15.95	45,568	62.5
2016:					
Jan.-Mar.	38.76	7,083	13.52	89,078	65.1
Apr.-June	44.47	6,434	14.45	56,729	67.5
July-Sept.	42.89	5,637	13.81	47,598	67.8
Oct.-Dec.	48.00	8,133	15.63	61,025	67.4
2017:					
Jan.-Mar.	39.02	8,978	13.34	134,522	65.8
Apr.-June	39.12	11,663	13.35	132,875	65.9
July-Sept.	51.35	7,337	12.54	157,156	75.6
Oct.-Dec.	41.98	8,862	14.44	121,544	65.6
2018:					
Jan.-Mar.	52.31	6,695	11.76	154,616	77.5
Apr.-June	47.53	9,837	14.50	114,891	69.5
July-Sept.	42.11	10,384	13.76	72,563	67.3

[1] Product 1: Plain white quartz surface products, with a nominal thickness of 2 cm, no veining or movement, and with minimal to no visible particulates, specks, chips, or crystals that are sold to firms other than distributors.

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

Table V-10
Quartz surface products: Weighted-average f.o.b. prices and quantities of domestic and imported CFFFQSP product 2[1] and margins of underselling/(overselling), by quarters, January 2015-September 2018

	United States		China		
Period	Price (per square foot)	Quantity (square feet)	Price (per square foot)	Quantity (square feet)	Margin (percent)
2015:					
Jan.-Mar.	41.85	23,340	17.01	23,501	59.4
Apr.-June	42.73	25,855	16.70	5,215	60.9
July-Sept.	41.22	29,291	21.72	15,704	47.3
Oct.-Dec.	39.25	32,157	20.62	11,720	47.5
2016:					
Jan.-Mar.	42.70	25,220	16.46	20,884	61.5
Apr.-June	41.52	41,963	11.10	21,900	73.3
July-Sept.	42.74	44,912	16.40	45,298	61.6
Oct.-Dec.	41.72	37,450	16.67	49,522	60.0
2017:					
Jan.-Mar.	45.29	39,477	15.30	44,816	66.2
Apr.-June	42.53	52,068	14.18	50,506	66.6
July-Sept.	44.26	55,599	15.19	58,352	65.7
Oct.-Dec.	41.29	59,235	16.06	78,020	61.1
2018:					
Jan.-Mar.	43.25	54,556	17.18	69,963	60.3
Apr.-June	46.29	60,365	13.76	53,316	70.3
July-Sept.	43.21	64,748	13.91	37,491	67.8

[1] Product 2: Plain white quartz surface products, with a nominal thickness of 3 cm, no veining or movement, and with minimal to no visible particulates, specks, chips, or crystals that are sold to firms other than distributors.

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

Table V-11
Quartz surface products: Weighted-average f.o.b. prices and quantities of domestic and imported CFFFQSP product 3[1] and margins of underselling/(overselling), by quarters, January 2015-September 2018

	United States		China		
Period	Price (per square foot)	Quantity (square feet)	Price (per square foot)	Quantity (square feet)	Margin (percent)
2015: Jan.-Mar.	***	***	***	***	***
Apr.-June	36.49	10,278	9.50	6,866	74.0
July-Sept.	38.98	9,197	***	***	***
Oct.-Dec.	38.77	13,200	13.10	17,196	66.2
2016: Jan.-Mar.	***	***	***	***	***
Apr.-June	36.59	12,748	14.84	7,282	59.4
July-Sept.	***	***	12.03	14,995	***
Oct.-Dec.	***	***	13.47	10,043	***
2017: Jan.-Mar.	31.82	28,113	14.73	23,285	53.7
Apr.-June	30.43	31,083	11.99	31,981	60.6
July-Sept.	***	***	14.80	29,506	***
Oct.-Dec.	32.49	38,293	14.98	42,558	53.9
2018: Jan.-Mar.	***	***	13.57	60,270	***
Apr.-June	***	***	11.33	18,026	***
July-Sept.	***	***	10.22	39,241	***

[1] Product 3: White quartz surface products with a “marble look”, a nominal thickness of 2 cm, with veining or movement, and with minimal to no visible particulates, specks, chips, or crystals that are sold to firms other than distributors.

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

Table V-12
Quartz surface products: Weighted-average f.o.b. prices and quantities of domestic and imported CFFFQSP product 4[1] and margins of underselling/(overselling), by quarters, January 2015-September 2018

Period	United States		China		
	Price (per square foot)	Quantity (square feet)	Price (per square foot)	Quantity (square feet)	Margin (percent)
2015:					
Jan.-Mar.	47.10	46,580	***	***	***
Apr.-June	46.78	58,698	***	***	***
July-Sept.	46.24	72,563	21.48	9,212	53.6
Oct.-Dec.	45.43	86,056	***	***	***
2016:					
Jan.-Mar.	48.30	68,823	***	***	***
Apr.-June	47.40	117,069	14.37	11,077	69.7
July-Sept.	46.70	137,652	***	***	***
Oct.-Dec.	49.37	147,378	***	***	***
2017:					
Jan.-Mar.	50.92	121,763	***	***	***
Apr.-June	46.37	188,182	15.04	20,982	67.6
July-Sept.	50.27	174,129	14.77	27,907	70.6
Oct.-Dec.	45.30	217,306	17.64	49,872	61.1
2018:					
Jan.-Mar.	47.18	167,795	14.49	19,912	69.3
Apr.-June	47.70	220,134	***	***	***
July-Sept.	46.82	196,247	11.99	14,288	74.4

[1] Product 4: White quartz surface products with a "marble look", a nominal thickness of 3 cm, with veining or movement, and with minimal to no visible particulates, specks, chips, or crystals that are sold to firms other than distributors.

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

Table V-13
Quartz surface products: Weighted-average f.o.b. prices and quantities of domestic and imported CFFFQSP product 5[1] and margins of underselling/(overselling), by quarters, January 2015-September 2018

Period	United States		China		
	Price (per square foot)	Quantity (square feet)	Price (per square foot)	Quantity (square feet)	Margin (percent)
2015:					
Jan.-Mar.	27.92	3,720	***	***	***
Apr.-June	27.82	6,145	***	***	***
July-Sept.	27.20	6,561	***	***	***
Oct.-Dec.	27.60	7,431	***	***	***
2016:					
Jan.-Mar.	25.18	9,666	***	***	***
Apr.-June	29.85	10,601	***	***	***
July-Sept.	24.97	16,175	***	***	***
Oct.-Dec.	26.13	21,335	***	***	***
2017:					
Jan.-Mar.	27.98	16,721	12.74	11,682	54.5
Apr.-June	28.81	26,746	12.63	22,667	56.2
July-Sept.	32.21	24,359	12.59	50,410	60.9
Oct.-Dec.	31.00	36,269	13.62	18,978	56.1
2018:					
Jan.-Mar.	34.30	33,401	10.63	53,682	69.0
Apr.-June	41.62	34,567	11.72	19,712	71.9
July-Sept.	38.24	35,940	12.45	21,950	67.5

[1] Product 5: Neutral colored quartz surface products with a “natural stone look”, a nominal thickness of 2 cm, with movement and visible particulates, specks, chips, or crystals that are sold to firms other than distributors.

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

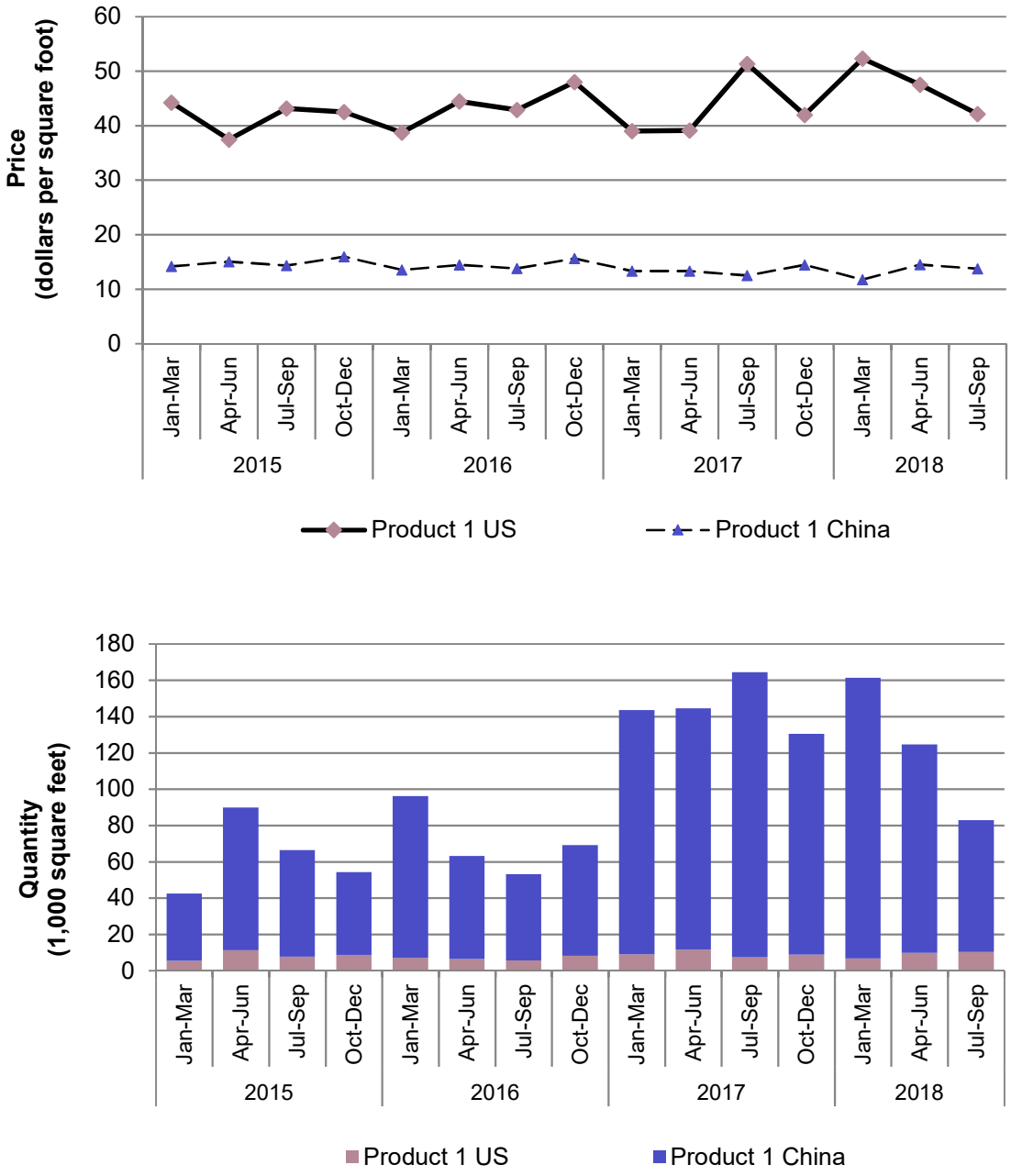
Table V-14
Quartz surface products: Weighted-average f.o.b. prices and quantities of domestic and imported CFFFQSP product 6[1] and margins of underselling/(overselling), by quarters, January 2015-September 2018

	United States		China		
Period	Price (per square foot)	Quantity (square feet)	Price (per square foot)	Quantity (square feet)	Margin (percent)
2015:					
Jan.-Mar.	42.12	71,627	***	***	***
Apr.-June	40.96	91,637	***	***	***
July-Sept.	41.54	87,607	***	***	***
Oct.-Dec.	40.81	101,238	***	***	***
2016:					
Jan.-Mar.	41.62	61,551	11.36	1,642	72.7
Apr.-June	39.28	118,661	6.70	6,311	82.9
July-Sept.	41.31	103,348	10.70	5,703	74.1
Oct.-Dec.	41.20	104,097	***	***	***
2017:					
Jan.-Mar.	42.88	75,022	***	***	***
Apr.-June	35.95	143,028	***	***	***
July-Sept.	39.20	113,509	***	***	***
Oct.-Dec.	34.00	172,162	14.92	20,941	56.1
2018:					
Jan.-Mar.	37.19	100,647	***	***	***
Apr.-June	40.61	124,448	***	***	***
July-Sept.	40.07	108,482	***	***	***

[1] Product 6: Neutral colored quartz surface products with a “natural stone look”, a nominal thickness of 3 cm, with movement and visible particulates, specks, chips, or crystals that are sold to firms other than distributors.

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

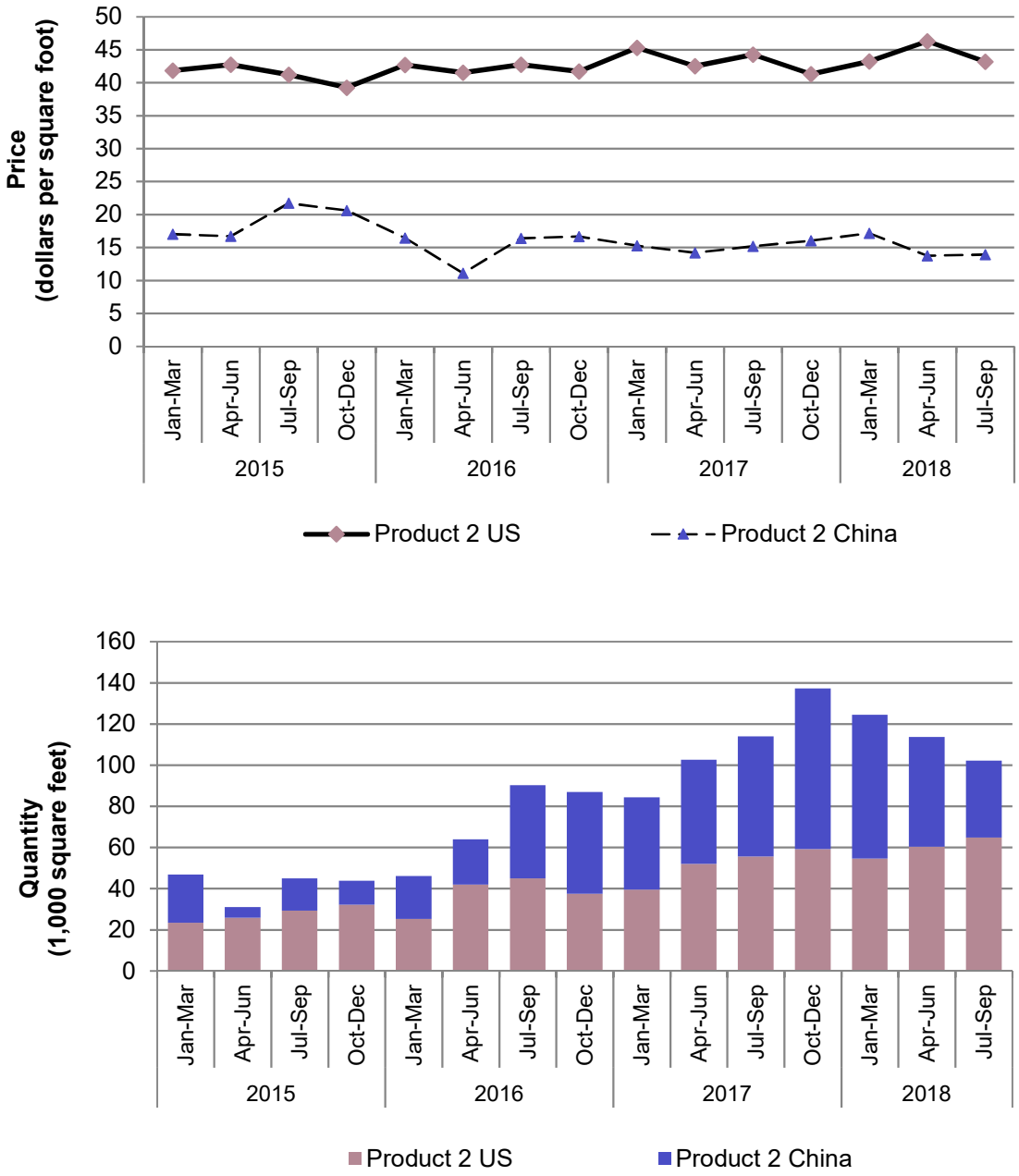
Figure V-7
Quartz surface products: Weighted-average prices and quantities of domestic and imported CFFFQSP product 1, by quarters, January 2015-September 2018



Product 1: Plain white quartz surface products, with a nominal thickness of 2 cm, no veining or movement, and with minimal to no visible particulates, specks, chips, or crystals that are sold to firms other than distributors.

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

Figure V-8
Quartz surface products: Weighted-average prices and quantities of domestic and imported CFFFQSP product 2, by quarters, January 2015-September 2018



Product 2: Plain white quartz surface products, with a nominal thickness of 3 cm, no veining or movement, and with minimal to no visible particulates, specks, chips, or crystals that are sold to firms other than distributors.

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

Figure V-9
Quartz surface products: Weighted-average prices and quantities of domestic and imported CFFFQSP product 3, by quarters, January 2015-September 2018

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Figure V-10
Quartz surface products: Weighted-average prices and quantities of domestic and imported CFFFQSP product 4, by quarters, January 2015-September 2018

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Figure V-11
Quartz surface products: Weighted-average prices and quantities of domestic and imported CFFFQSP product 5, by quarters, January 2015-September 2018

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Figure V-12
Quartz surface products: Weighted-average prices and quantities of domestic and imported CFFFQSP product 6, by quarters, January 2015-September 2018

* * * * * * *

Price trends

Quartz slabs

In general, domestic prices decreased for slab products 1, 2, and 5 and increased for slab products 3, 4, and 6. Imported prices decreased for all products during January 2015-September 2018. Table V-15 summarizes the price trends, by country and by product. As shown in the table, domestic price decreases (for 3 pricing products) ranged from *** to *** percent during January 2015-September 2018 while import price decreases ranged from *** to *** percent. Domestic price increases for products 3, 4, and 6 ranged from *** to *** percent.

Table V-15
Quartz surface products: Summary of weighted-average f.o.b. prices for slab products 1-6 from the United States and China

Item	Number of quarters	Low price (per square foot)	High price (per square foot)	Change in price over period[1] (percent)
Product 1:				
United States	15	***	***	***
China	15	7.09	9.95	(28.7)
Product 2:				
United States	15	***	***	***
China	15	9.96	11.68	(10.0)
Product 3:				
United States	15	***	***	***
China	15	10.10	14.70	(10.2)
Product 4:				
United States	15	***	***	***
China	15	15.14	19.04	(19.4)
Product 5:				
United States	15	***	***	***
China	15	8.66	10.99	(11.4)
Product 6:				
United States	15	***	***	***
China	15	11.97	14.41	(13.5)

[1] Percentage change from the first quarter in which data were available to the last quarter in which price data were available.

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

As shown in figure V-13, domestic prices for products 3 and 4 (quartz slabs with a marble look) increased the most during January 2015 to September 2018; domestic prices for products 2, 5, and 6 increased from the fourth quarter of 2017 to the second quarter of 2018 before falling during the third quarter of 2018.

Figure V-13
Quartz surface products: Indexed U.S. producers' prices for slab sales, January 2015-September 2018

* * * * * * *

***. ***. ***. ***.[11] ***.[12] *** reported that its increased prices were partially attributable to its establishing its own distribution centers during the period.[13]

As shown in figure V-14, subject import prices fluctuated, but overall declined during the period of investigation. Import prices for products 1 and 4 decreased the most; import prices for products 3 and 5 increased during the second half of 2017 and then fell during the last three quarters.[14]

Figure V-14
Quartz surface products: Indexed subject U.S. importers' prices for slab sales, January 2015-September 2018

* * * * * * *

CFFFQSP

In general, domestic prices for CFFFQSP products 2 and 5 increased during January 2015-September 2018, and prices for products 1, 3, 4 and 6 declined. Subject import prices decreased for all 6 pricing products. Table V-16 summarizes the price trends, by country and by product. As shown in the table, domestic price increases ranged from *** to *** percent during January 2015-September 2018; domestic price decreases ranged from *** to *** percent. Import price decreases ranged from *** to *** percent.

[11] ***.

[12] Cambria accounted for *** percent of U.S. producers' slab price data for product 1; *** percent for product 2; *** percent for product 3; *** percent for product 4; *** percent for product 5; and *** percent for product 6.

[13] Cambria contends that it was forced to set up its own distribution centers because it lost distributors to imports of quartz surface products from China. Petitioner's posthearing brief, Responses to Commission Questions, p. 9.

[14] Thirty-two importers reported slab price data for China; ***. Subject importers' reported sales prices were relatively uniform with relatively small price differentials for all six pricing products.

Table V-16
Quartz surface products: Summary of weighted-average f.o.b. prices for CFFFQSP products 1-6 from the United States and China

Item	Number of quarters	Low price (per square foot)	High price (per square foot)	Change in price over period[1] (percent)
Product 1:				
United States	15	37.45	52.31	(4.8)
China	15	11.76	15.95	(3.0)
Product 2:				
United States	15	39.25	46.29	3.3
China	15	11.10	21.72	(18.2)
Product 3:				
United States	15	***	***	***
China	15	***	***	***
Product 4:				
United States	15	45.30	50.92	(0.6)
China	15	***	***	***
Product 5:				
United States	15	24.97	41.62	37.0
China	15	***	***	***
Product 6:				
United States	15	34.00	42.88	(4.9)
China	15	***	***	***

[1] Percentage change from the first quarter in which data were available to the last quarter in which price data were available.

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

As shown in figure V-15, domestic prices for CFFFQSP product 4 (the largest volume of domestic CFFFQSP price products) irregularly increased during the first quarter of 2015 to the third quarter of 2017, decreased in the fourth quarter of 2017 and then fluctuated for the last three quarters. Domestic prices for CFFFQSP product 5 increased steadily from the fourth quarter of 2016 through the second quarter of 2018; it was the only domestic CFFFQSP product for which prices increased consistently through multiple quarters of the period.

Figure V-15
Quartz surface products: Indexed U.S. fabricators' prices for CFFFQSP sales, January 2015-September 2018

* * * * * * *

Subject import prices for all CFFFQSP products fluctuated throughout the period, with prices peaking during the second quarter of each year for most products (figure V-16). Import prices for CFFFQSP products 1, 3, and 5 all peaked in the second quarter of 2016. Import prices for product 4 (the largest volume CFFFQSP pricing product from China) fluctuated the least, gradually declining over the period.

Figure V-16
Quartz surface products: Indexed subject U.S. importers' prices for CFFFQSP sales, January 2015-September 2018

* * * * * * *

Price comparisons

As shown in table V-17, prices for quartz surface products imported from China were below those for U.S.-produced quartz surface products in all 180 instances (*** square feet); margins of underselling ranged from 4.3 to 85.3 percent.

Table V-17
Quartz surface products: Instances of underselling/overselling and the range and average of margins, by country, January 2015-September 2018

Source	Underselling				
	Number of quarters	Quantity (1,000 square feet)	Average margin (percent)	Margin Range (percent)	
				Min	Max
Product 1 -- Slab	15	***	***	***	***
Product 2 -- Slab	15	***	***	***	***
Product 3 -- Slab	15	***	***	***	***
Product 4 -- Slab	15	***	***	***	***
Product 5 -- Slab	15	***	***	***	***
Product 6 -- Slab	15	***	***	***	***
Total, underselling -- Slab	90	59,981	34.1	4.3	55.1
Product 1 -- CFFFQSP	15	***	***	***	***
Product 2 -- CFFFQSP	15	***	***	***	***
Product 3 -- CFFFQSP	15	***	***	***	***
Product 4 -- CFFFQSP	15	***	***	***	***
Product 5 -- CFFFQSP	15	***	***	***	***
Product 6 -- CFFFQSP	15	***	***	***	***
Total, underselling -- CFFFQSP	90	2,975	63.9	26.9	85.3
Total, underselling	180	62,956	49.0	4.3	85.3

Note.--There were no instances of overselling.

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

LOST SALES AND LOST REVENUE

In the preliminary phase of the investigation, the Commission requested that U.S. producers of quartz surface products identify purchasers where they experienced instances of lost sales or revenue due to competition from imports of quartz surface products from China during 2015-17. One U.S. producer (***) submitted lost sales and lost revenue allegations and identified 14 firms where it lost sales or revenue (13 lost sales allegations and 1 lost revenue allegation). In the final phase of these investigations, four of 18 responding U.S. producers

reported that they had to reduce prices, two reported that they had to roll back announced price increases, and four of 19 responding U.S. producers reported that they had lost sales.

Responding purchasers reported purchasing and importing 51.7 million square feet of quartz surface products during January 2015-September 2018 (table V-18).

Table V-18
Quartz surface products: Purchasers' responses to purchasing patterns

Purchaser	Purchases and imports in January 2015 through September 2018 (1,000 square feet)			Change in domestic share[2] (pp, 2015-17)	Change in subject country share[2] (pp, 2015-17)
	Domestic	Subject	All other[1]		
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***

Table continued on next page.

Table V-18-- Continued.
Quartz surface products: Purchasers’ responses to purchasing patterns

Purchaser	Purchases and imports in January 2015 through September 2018 (1,000 square feet)			Change in domestic share[2] (pp, 2015-17)	Change in subject country share[2] (pp, 2015-17)
	Domestic	Subject	All other[1]		
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Total	10,275	13,959	27,486	(0.7)	10.7

[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.

Of the 45 responding purchasers, 24 reported that they had purchased imported quartz surface products from China instead of U.S.-produced quartz surface products since 2015.[15] [16] Seventeen of these purchasers reported that subject import prices were lower than domestic quartz surface products, and 12 of these purchasers reported that price was a primary reason for the decision to purchase imported product rather than domestic quartz surface products. Ten purchasers estimated the quantity of quartz surface products from China purchased instead of domestic product; quantities ranged from *** square feet to *** square feet, and totaled approximately 2.7 million square feet (table V-19). Purchasers identified design-related aspects such as color and aesthetics as non-price reasons for purchasing imported rather than U.S.-produced product. Purchasers also stated reliability of supply chain, consistency, delivery, and availability as additional factors.

[15] One purchaser, ***, did not respond to sections III-29 and III-32 in its U.S. purchaser questionnaire response.

[16] Thirteen purchasers purchased imported quartz surface products from China since 2015 but indicated that they did not do so instead of purchasing U.S.-produced quartz surface products. Staff contacted all 13 purchasers for a clarification and 10 responded. *** stated that the specificity, exclusivity, and cost of Cambria make it a product with very limited use and therefore not viable for the majority of homes. *** responded that it wanted to use its brand name with the product but that no domestic producers would allow this, making it unable to use domestic product. It also stated that Cambria only sells to customers that are specified or recognized partners, and would therefore not sell to ***. *** replied that it used the less expensive import costs in its sales price and therefore had to use imported product or else suffer a loss. *** responded that it represents only one supplier and all of its products are imported. *** stated that it simply added Chinese product as an additional product line to existing stock and did not replace domestic product with imported product.

Table V-19
Quartz surface products: Purchasers' responses to purchasing subject imports instead of domestic product

Purchaser	Subject imports purchased instead of domestic (Y/N)	Imports priced lower (Y/N)	If purchased subject imports instead of domestic, was price a primary reason		
			Y/N	If Yes, quantity (1,000 square feet)	If No, non-price reason
***	***	***	***	***	---
***	***	***	***	***	---
***	***	***	***	***	---
***	***	***	***	***	---
***	***	***	***	***	---
***	***	***	***	***	---
***	***	***	***	***	---
***	***	***	***	***	---
***	***	***	***	***	---
***	***	***	***	***	---
***	***	***	***	***	Slab: The delivery lead time and the product selection. Fab: The local demand is so great that our fabrication shop can't come up with demand.
***	***	***	***	***	---
***	***	***	***	***	---
***	***	***	***	***	---
***	***	***	***	***	Slab: Selections and delivery. Color, consistency and delivery.
***	***	***	***	***	
***	***	***	***	***	Slab: ***. We only purchased the product from China because we were unable to buy the product from the U.S. ***.
***	***	***	***	***	---
***	***	***	***	***	---
***	***	***	***	***	Slab: Domestic products have exclusivity. We don't have access to them.
***	***	***	***	***	---

Table continued on next page.

Table V-19-- Continued.
Quartz surface products: Purchasers' responses to purchasing subject imports instead of domestic product

Purchaser	Subject imports purchased instead of domestic (Y/N)	Imports priced lower (Y/N)	If purchased subject imports instead of domestic, was price a primary reason		
			Y/N	If Yes, quantity (1,000 square feet)	If No, non-price reason
***	***	***	***	***	Fab: Availability - suppliers only presented Chinese-produced quartz vanity tops; no suppliers presented domestic-produced quartz vanity tops.
***	***	***	***	***	---
***	***	***	***	***	---
***	***	***	***	***	---
***	***	***	***	***	---
***	***	***	***	***	Fab: Color. *** had pre-determined color choice and had sample. We offered similar domestic color choices and they did not look the same so they chose the manufacturer which happened to be imported.
***	***	***	***	***	---
***	***	***	***	***	Slab: Color discontinuation and quartz style was not in line with product design from China.
***	***	***	***	***	Slab: No domestic supplier has approached us to distribute their product. We work exclusively with one non-domestic supplier.
***	***	***	***	***	Slab: No U.S. suppliers have quality look alike white marble slabs.
***	***	***	***	***	Fab: Although price is a determining factor, capacity, lead times, reliability of supply chain are more important factors.
***	***	***	***	***	Slab: Quality & Range.
***	***	***	***	***	---
***	***	***	***	***	---
***	***	***	***	***	Slab: U.S. producers do not sell to local stone suppliers. They have their own distribution in every major city.
***	***	***	***	***	Fab: Availability of pre fab slabs.
***	***	***	***	***	Slab: Aesthetic design and pattern.

Table continued on next page.

Table V-19-- Continued.
Quartz surface products: Purchasers' responses to purchasing subject imports instead of domestic product

Purchaser	Subject imports purchased instead of domestic (Y/N)	Imports priced lower (Y/N)	If purchased subject imports instead of domestic, was price a primary reason		
			Y/N	If Yes, quantity (1,000 square feet)	If No, non-price reason
***	***	***	***	***	---
***	***	***	***	***	---
***	***	***	***	***	---
***	***	***	***	***	---
***	***	***	***	***	---
***	***	***	***	***	---
***	***	***	***	***	---
***	***	***	***	***	---
Total	Yes--24; No--21	Yes--17; No--7	Yes--12; No--5	2,683	---

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

Of the 45 responding purchasers, four reported that U.S. producers had reduced prices in order to compete with lower-priced imports from China (table V-20; 22 reported that they did not know). The reported estimated price reduction ranged from 10 to 30 percent. In describing the price reductions, purchasers indicated that U.S. producers increased discounts and offered special pricing for commercial projects.

Table V-20
Quartz surface products: Purchasers' responses to U.S. producer price reductions

Purchaser	Producers reduced price (Y/N)	If U.S. producer reduced prices:	
		Estimated U.S. price reduction (percent)	Additional information, if available
***	No response	***	---
***	Don't Know	***	---
***	Don't Know	***	---
***	Don't Know	***	---
***	No	***	---
***	Don't Know	***	---
***	Don't Know	***	---
***	No	***	---

Table continued on next page.

Table V-20—Continued.
Quartz surface products: Purchasers' responses to U.S. producer price reductions

Purchaser	Producers reduced price (Y/N)	If U.S. producer reduced prices: Estimated U.S. price reduction (percent)	If U.S. producer reduced prices: Additional information, if available
***	No	***	---
***	No	***	---
***	Don't Know	***	---
***	No	***	---
***	Yes	***	Slab: ***: Demand based on cost.
***	Don't Know	***	---
***	Don't Know	***	---
***	Don't Know	***	---
***	No	***	Slab: The entire time we sold Cambria, they never reduced pricing, and instead they raised prices at least once a year regardless of what was going on in the market and have continued to do so in 2018 and now.
***	No	***	---
***	Yes	***	Slab: Introduction of new product line extensions by Caesarstone to compete on price.
***	Don't Know	***	---
***	Don't Know	***	---
***	No	***	---
***	No	***	---
***	No	***	---
***	No	***	---
***	Don't Know	***	---
***	No	***	---
***	Yes	***	Slab: Cambria's pricing has always been higher than imported and domestic price. Their distributions and marketing expenses are costly.
***	No	***	---
***	Don't Know	***	---
***	No	***	---
***	No	***	---
***	Don't Know	***	---
***	Don't Know	***	---
***	Don't Know	***	---
***	Don't Know	***	---
***	Don't Know	***	---
***	Don't Know	***	---
***	No	***	---
***	No	***	---
***	Yes	***	Slab: Increased discount, special pricing offered for commercial projects.

Table continued on next page.

Table V-20—Continued.
Quartz surface products: Purchasers' responses to U.S. producer price reductions

Purchaser	Producers reduced price (Y/N)	If U.S. producer reduced prices:	
		Estimated U.S. price reduction (percent)	Additional information, if available
***	Don't Know	***	---
***	Don't Know	***	---
***	No	***	---
***	No	***	---
***	Don't Know	***	---
Total / average	Yes--4; No--19	23.3	---

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

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

Eighteen U.S. producers provided financial data on their operations on quartz surface products. *** reported financial results on integrated operations.[1] *** reported financial results on fabrication only.[2] *** accounted for the majority of total combined sales quantity in 2017 (*** percent), followed by *** (*** percent), *** (*** percent), and *** (*** percent).[3] For integrated operations, revenue primarily reflects commercial sales, but also includes transfers to related firms and internal consumption. Internal consumption and transfers accounted for approximately *** percent of total net sales quantity in 2017. Non-commercial sales for integrated operations are included but not shown separately in this section of the report.[4] For fabrication operations, revenue primarily reflects commercial sales and internal consumption, but also includes transfers which accounted for *** percent of total net sales quantity in 2017. Sixteen firms reported a fiscal year end of December 31 and fifteen firms reported their financial results on the basis of generally accepted accounting principles ("GAAP").[5]

Staff conducted a verification of ***'s U.S. producer questionnaire. The verification adjustments were incorporated into this report. ***.[6]

OPERATIONS ON QUARTZ SURFACE PRODUCTS

Income-and-loss data for integrated operations of U.S. slab producers are presented in table VI-1. Table VI-2 presents corresponding changes in average per square foot values. Income-and-loss data for independent U.S. fabricators are presented in table VI-3. Table VI-4 presents corresponding changes in average per square foot values. Income-and-loss data for U.S. producers' combined operations are presented in table VI-5. Table VI-6 presents

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[1] "Integrated" refers to the production of slabs from raw materials to fabrication or finishing slabs.

[2] *** did not provide any financial data for these investigations. Based on reported shipment data, *** would represent approximately *** percent and *** percent of total net sales quantity for fabrication in 2017, respectively.

[3] The term "combined" refers to the U.S. industry's combined integrated operations and fabrication operations. While the data for U.S. integrated operations and independent U.S. fabricators were simply added together in table VI-5, VI-6, and VI-7, their sales data represents the same merchandise in the market. Although this results in some degree of double counting for the industry's total sales, the effect is reflected in both revenue and costs and therefore results in a reasonable presentation of the industry's profitability during the period examined.

[4] *** reported transfers to related firms, while *** reported internal consumption.

[5] ***. The companies with accounting basis other than GAAP are ***. U.S. producer's questionnaire responses of ***, question III-2.

[6] Staff verification report, ***, May 14, 2019.

corresponding changes in average per square foot values. Table VI-7 presents company-specific financial information.

Net sales

Based on table VI-7, both integrated operations and independent fabricators reported increasing and higher net sales, by quantity and value, from 2015 to 2017 and between the comparable interim periods, respectively. ***.[7] ***.[8]

Integrated operations and independent fabricators reported irregularly decreasing and lower unit net sales from 2015 to 2017 and between the comparable interim periods, respectively. Independent fabricators reported higher unit net sales values compared to integrated operations throughout the reporting period. *** for integrated operations reported increasing and higher unit net sales values from 2015 to 2017 and between the comparable interim periods, respectively. ***.[9]

Table VI-1
Quartz surface products: Results of integrated operations of U.S. slab producers, 2015-17, January to September 2017, and January to September 2018

* * * * * * *

Table VI-2
Quartz surface products: Changes in AUVs for integrated operations of U.S. slab producers, between fiscal years and between partial year periods

* * * * * * *

Table VI-3
Quartz surface products: Results of operations of independent U.S. fabricators, 2015-17, January to September 2017, and January to September 2018

* * * * * * *

Table VI-4
Quartz surface products: Changes in AUVs for independent U.S. fabricators, between fiscal years and between partial year periods

* * * * * * *

[7] ***. Email from ***, April 9, 2019.
[8] Email from ***, April 9, 2019.
[9] Email from ***, April 9, 2019.

Table VI-5
Quartz surface products: Results of combined integrated operations of U.S. slab producers and operations of independent U.S. fabricators, 2015-17, January to September 2017, and January to September 2018[1]

* * * * * * *

Table VI-6
Quartz surface products: Changes in AUVs for results of combined integrated operations of U.S. slab producers and operations of independent U.S. fabricators, between fiscal years and between partial year periods[1]

* * * * * * *

Table VI-7
Quartz surface products: Select results of operations of U.S. producers, by company for integrated operations of U.S. slab producers, 2015-17, January to September 2017, and January to September 2018

* * * * * * *

Cost of goods sold and gross profit or (loss)

With respect to integrated operations, the average COGS to net sales ratio ranged from *** percent in interim 2018 to *** percent in 2017. For independent fabricators, the average COGS to net sales ratio ranged from *** percent in 2015 to *** percent in interim 2018 (see table VI-7). ***.[10]

Raw materials

Raw material costs represented the largest component of COGS. With respect to integrated operations, raw material accounted for between *** percent (in 2016) and *** percent (in interim 2018) of total COGS during the reporting period (see table VI-1).[11] For independent fabricators, raw material accounted for between *** percent (in 2015) and *** percent (in interim 2017) of total COGS during the reporting period (see table VI-3). As shown in table VI-7, the average unit raw material cost for integrated operations irregularly decreased

[10] Email from ***, April 9, 2019.

[11] In regards to the final composition mixture of raw materials, Cambria testified that "You start out with general formulas, but {it takes} trial and error to get {a} esthetic you're looking for {along with} the resultant physical chemistry that ensures you still have the durability value in the product, i.e., resistance, sustain, hardness, this type of thing. . . So it does affect the pricing as you manipulate those raw materials, but the variances are disciplined and determined by the performance of the product and so there is a limit to that sway or that drift of raw material formulation." Conference transcript, pp. 88 (Davis).

from $*** in 2015 to $*** in 2017 and was higher between the comparable interim periods. The average unit raw material cost for independent fabricators irregularly increased from $*** in 2015 to $*** in 2017 and was lower between the comparable interim periods. *** for integrated operations reported increasing unit raw material costs from 2015 to 2017 and *** is the only slab producer which reported lower unit raw material costs between the comparable interim periods. Raw materials for integrated operations consist of silica, resin, pigments and various other raw materials such as ***. As a share of total raw material costs, silica varied from *** percent to *** percent, resin varied from *** percent to *** percent, pigments varied from *** percent to *** percent, and other raw materials varied from *** percent to *** percent of the total raw material costs.[12] With respect to independent fabricators, raw materials are primarily quartz slabs which were purchased domestically and imported from China and other countries. Domestic quartz and imports from other countries' shares of total raw materials declined from *** percent and *** percent in 2015 to *** percent and *** percent in 2017, respectively. Imports from China as a share of total raw materials increased from *** percent in 2015 to *** percent in 2017. Domestic quartz and imports from China's share of total raw materials were higher while other countries' share of raw materials were lower between the comparable interim periods (see table VI-3).[13]

Conversion costs

With respect to integrated operations, other factory costs ("OFC") were the second largest component of COGS, ranging from *** percent (in interim 2018) to *** percent (in 2017) of total COGS, while direct labor costs ranged from *** percent (in interim 2018) to *** percent (in 2015) of total COGS (see table VI-1).[14] For independent fabricators, direct labor costs and OFC were at a similar proportion of COGS, ranging from *** percent (in 2015) to *** percent (in 2017) and from *** percent (in interim 2017) to *** percent (in 2015) of total COGS, respectively (see table VI-3).

As shown in table VI-7, the average unit OFC for integrated operations increased from $*** in 2015 to $*** in 2017 and were lower between the comparable interim periods. The

[12] U.S. producers' questionnaire responses, question III-9b.

[13] U.S. producers' questionnaire responses, question III-9d.

[14] In regards to the labor activities in the automated manufacturing process, Cambria testified that "there are some aspects where labors are physically intervening on the product, but mostly, they're operating computer interface and activating technology and equipment, different unit operations, whether it be distributors or presses or ovens or cooling towers, these types of things and they're monitoring that throughout and intervening appropriately through the production line. And then there's the removal of the slab. It weighs you know 600 pounds, so there's removing of the slab with cranes and forklifts and this type of thing, so there's the warehousing handling teams that are driving fork trucks and moving cranes and this type of things. And then there's crews to do loading and the physical work to load the products on the trucks and this type of thing, so it's a combination". Conference transcript, pp. 83-84 (Davis).

average unit OFC for independent fabricators declined from $*** in 2015 to $*** in 2017 and were higher between the comparable interim periods. On a company-specific basis, ***.[15]

The average unit direct labor costs for integrated operations irregularly declined from $*** in 2015 to $*** in 2017 and were lower between the comparable interim periods. The average unit direct labor costs for independent fabricators irregularly increased from $*** in 2015 to $*** in 2017 and were higher between the comparable interim periods. On a company-specific basis, ***.[16]

Gross profit or loss

As shown in table VI-7, gross profits for both integrated operations and independent fabricators increased from 2015 to 2017, and were higher between the comparable interim periods. The increase in total net sales value was greater than the increase in COGS from 2015 to 2017 and between the comparable interim periods. On a company-specific basis, ***.

SG&A expenses and operating income or (loss)

As shown in table VI-7, the SG&A expense ratio (i.e., total SG&A expenses divided by total net sales value) for integrated operations and independent fabricators ranged from *** percent (in 2015) to *** percent (in 2017), and from *** percent (in 2015) to *** percent (in interim 2018), respectively. The average unit SG&A expenses for integrated operations and independent fabricators increased from 2015 to 2017. The average unit SG&A expenses for integrated operations were lower between the comparable interim periods while the average unit SG&A expenses for independent fabricators were higher. Independent fabricators reported higher average unit SG&A expenses compared to integrated operations throughout the reporting period. On a company-specific basis, ***.[17]

Operating income for integrated operations and independent fabricators declined from 2015 to 2017. Operating income for integrated operations was higher between the comparable interim periods while operating income for independent fabricators was lower. On a company-specific basis, ***.

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[15] ***. Email from ***, April 9, 2019.

[16] Estimated value added (total conversion costs (direct labor and other factory costs) as a share of total COGS) for integrated operations ranged from a low of *** percent in interim 2018 to a high of *** percent in 2016 (table VI-1). Estimated value added for independent fabricators ranged from a low of *** percent in interim 2017 to a high of *** percent in 2015 (table VI-3).

[17] ***. Emails from ***, April 9 and 11, 2019. ***. ***'s posthearing brief, pp. 10-11.

Other expenses and net income or (loss)

Classified below the operating income levels are interest expense, all other expense, and all other income, which are usually allocated to the product line from high levels in the corporation. Interest expenses and other expenses for integrated operations increased from 2015 to 2017 and were higher between the comparable interim periods (see table VI-1).[18] [19] Other expenses for independent fabricators increased from 2015 to 2017 and were higher between the comparable interim periods (see table VI-3).

By definition, items classified at this level in the income statement only affect net income or (loss). As shown in table VI-7, net income for integrated operations and independent fabricators declined from 2015 to 2017. Net income for integrated operations was higher between the comparable interim periods while net income for independent fabricators was lower. On a company-specific basis, ***.[20] [21]

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

Table VI-8 presents capital expenditures and research and development ("R&D") expenses by company. Capital expenditures for integrated operations decreased from 2015 to 2017 and were lower between the comparable interim periods. Capital expenditures for independent fabricators increased from 2015 to 2017 and were higher between the comparable interim periods. ***. ***.[22]

R&D expenses for integrated operations decreased from 2015 to 2017 and were higher between the comparable interim periods. R&D expenses for independent fabricators increased from 2015 to 2017 and were higher between the comparable interim periods. ***.[23] ***.[24]

Table VI-8
Quartz surface products: Capital expenditures and R&D expenses for U.S. producers, by company for integrated operations of U.S. slab producers, 2015-17, January to September 2017, and January to September 2018

* * * * * * *

[18] ***. Email from ***, April 9, 2019. ***. Emails from ***, April 9 and May 9, 2019.

[19] ***. Email from ***, April 9, 2019.

[20] ***. Email from ***, April 9, 2019.

[21] A variance analysis is not presented in this report due to ***. These factors make the analysis less meaningful.

[22] U.S. producers' questionnaire responses of ***, question III-13a.

[23] Email from ***, April 8, 2019 and U.S. producers' questionnaire response of ***, question III-13a.

[24] U.S. producers' questionnaire response of ***, question III-13a.

ASSETS AND RETURN ON ASSETS

Table VI-9 presents data on the U.S. producers' total assets and their operating return on assets.[25] Total assets for both integrated operations and independent fabricators increased from 2015 to 2017. The return on assets for both integrated operations and independent fabricators decreased from 2015 to 2017. ***.[26] ***.[27] ***.[28]

Table VI-9
Quartz surface products: Value of assets used in production, warehousing, and sales, and return on assets for U.S. producers, by company for integrated operations of U.S. slab producers, 2015-17

* * * * * * *

CAPITAL AND INVESTMENT

The Commission requested U.S. producers of quartz surface products to describe actual or potential negative effects of imports of quartz surface products from the subject country on their firms' growth, investment, ability to raise capital, development and production efforts, or on the scale of capital investments. Table VI-10 presents U.S. producers' responses in a tabulated format and table VI-11 provides the narrative responses.

Table VI-10
Quartz surface products: Actual and anticipated negative effects of imports on investment and growth and development

* * * * * * *

Table VI-11
Quartz surface products: Narratives relating to actual and anticipated negative effects of imports on investment and growth and development, since January 1, 2015

* * * * * * *

[25] 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 quartz surface products

[26] U.S. producers' questionnaire response of ***, question III-12a.

[27] Email from ***, April 9, 2019. ***. Email from ***, April 18, 2019.

[28] U.S. producers' questionnaire response of ***, question III-12a.

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 subsidies is 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 267 firms believed to produce and/or export quartz surface products from China.[3] Usable responses to the Commission's questionnaire were received from 40 firms: 31[4] firms reported production of quartz surface products, seven firms reported the resale of quartz surface products to the United States, and two additional firms, ***, reported both the production and resale of quartz surface products, to the United States. These firms' exports to the United States accounted for over 92.0 percent of U.S. imports of quartz surface products from China in 2017. According to estimates requested of the responding Chinese producers, the production of quartz surface products in China reported in questionnaires accounts for approximately 89.4 percent of overall production of quartz surface products in China.[5] The largest producer, ***, accounted for *** percent of reported production and *** percent of exports to the United States in 2017. ***. Five other firms *** accounted for *** percent of reported production and *** percent of reported exports to the United States in 2017. Table VII-1 presents information on the quartz surface products operations of the responding producers in China and table VII-2 presents information on quartz operations of the responding resellers in China.

[3] These firms were identified through a review of information submitted in the petition and contained in *** records.

[4] ***.

[5] The estimates of total production of quartz surface products in China were provided by 32 responding Chinese producers. One firm *** was unable to estimate its share of quartz surface products production in China. In addition, the estimates provided by Chinese producers appear to be inconsistent. *** estimated that it accounted for *** percent of total Chinese production of quartz surface products during 2017, while firms with similar production, *** each estimate that they represent *** percent of total Chinese production.

Table VII-1
Quartz surface products: Summary data for producers in China, 2017

Firm	Production (1,000 square feet)	Share of reported production (percent)	Exports to the United States (1,000 square feet)	Share of reported exports to the United States (percent)	Total shipments (1,000 square feet)	Share of firm's total shipments exported to the United States (percent)
Bosun	***	***	***	***	***	***
CQ International	***	***	***	***	***	***
Ersten Surfaces	***	***	***	***	***	***
Foshan Fasa	***	***	***	***	***	***
Foshan Hero	***	***	***	***	***	***
Foshan Monica	***	***	***	***	***	***
Foshan Opalus	***	***	***	***	***	***
Foshan Yixin	***	***	***	***	***	***
Hercules	***	***	***	***	***	***
Heshan City	***	***	***	***	***	***
Hexingtai	***	***	***	***	***	***
Huahe	***	***	***	***	***	***
Lanling Jinzhao	***	***	***	***	***	***
Pengxiang	***	***	***	***	***	***
Qinhuangdao Jingwei	***	***	***	***	***	***
Quanzhou Yifeng	***	***	***	***	***	***
Rongguan	***	***	***	***	***	***
Ronghuafu Yunfu	***	***	***	***	***	***
Shanghai Yijin	***	***	***	***	***	***
Sinostone	***	***	***	***	***	***
Stone Solutions	***	***	***	***	***	***
Stone Vic Xiamen	***	***	***	***	***	***
Teltos	***	***	***	***	***	***
Thinking Industries	***	***	***	***	***	***
Vemy	***	***	***	***	***	***
Wayon Stone	***	***	***	***	***	***
Xiamen Best Cheer	***	***	***	***	***	***
Xiamen Deyuan Panmin	***	***	***	***	***	***
Yunfu Andi	***	***	***	***	***	***
Yunfu Chuangyun	***	***	***	***	***	***
Yunfu Meiao	***	***	***	***	***	***
Yunfu Seattle	***	***	***	***	***	***
Zhaoqing Aibo	***	***	***	***	***	***
Total	126,462	100.0	62,706	100.0	124,397	50.4

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

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

Table VII-2
Quartz surface products: Summary data on resellers in China exporting to the United States, 2017

Firm	Resales exported to the United States (1,000 square feet)	Share of resales exported to the United States (percent)
Bestone	***	***
Foshan Hero	***	***
Global Bridge	***	***
Lode	***	***
Luck Stone	***	***
Smarter Stone	***	***
Xiamen Best Cheer	***	***
Yiqing	***	***
YunFu Wintop	***	***
Total	***	***

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

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

Changes in operations

As presented in table VII-3, producers in China reported several operational and organizational changes since January 1, 2015 including *** plant openings and *** expansions. *** firm reported a closing and *** firms reported prolonged shutdowns or curtailments.

Table VII-3
Quartz surface products: Chinese producers' reported changes in operations, since January 1, 2015

* * * * * * *

Table VII-4
Quartz surface products: Data on industry in China, 2015-17, January to September 2017, and January to September 2018 and projection calendar years 2018 and 2019

Item	Actual experience					Projections	
	Calendar year			January to September		Calendar year	
	2015	2016	2017	2017	2018	2018	2019
	Quantity (1,000 square feet)						
Capacity	91,609	119,507	148,244	110,269	128,763	170,729	162,926
Production	68,175	93,003	126,462	92,686	112,375	141,178	126,284
End-of-period inventories	6,138	7,439	9,518	8,841	8,940	9,305	9,216
Shipments:							
Home market shipments:							
Internal consumption/ transfers	44	103	1,044	603	405	626	83
Commercial home market shipments	18,053	26,314	32,826	24,690	29,640	40,928	60,647
Total home market shipments	18,096	26,418	33,870	25,294	30,045	41,555	60,730
Export shipments to:							
United States	30,923	43,783	62,706	45,912	56,163	63,200	12,064
All other markets	17,913	21,509	27,820	20,079	26,737	36,641	53,566
Total exports	48,836	65,292	90,527	65,991	82,901	99,842	65,631
Total shipments	66,933	91,709	124,397	91,285	112,946	141,396	126,360
	Ratios and shares (percent)						
Capacity utilization	74.4	77.8	85.3	84.1	87.3	82.7	77.5
Inventories/production	9.0	8.0	7.5	7.2	6.0	6.6	7.3
Inventories/total shipments	9.2	8.1	7.7	7.3	5.9	6.6	7.3
Share of shipments:							
Home market shipments:							
Internal consumption/ transfers	0.1	0.1	0.8	0.7	0.4	0.4	0.1
Commercial home market shipments	27.0	28.7	26.4	27.0	26.2	28.9	48.0
Total home market shipments	27.0	28.8	27.2	27.7	26.6	29.4	48.1
Export shipments to:							
United States	46.2	47.7	50.4	50.3	49.7	44.7	9.5
All other markets	26.8	23.5	22.4	22.0	23.7	25.9	42.4
Total exports	73.0	71.2	72.8	72.3	73.4	70.6	51.9
Total shipments	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table continued on next page.

Table VII-4 –Continued
Quartz surface products: Data on industry in China, 2015-17, January to September 2017, and January to September 2018 and projection calendar years 2018 and 2019

Item	Actual experience					Projections	
	Calendar year			January to September		Calendar year	
	2015	2016	2017	2017	2018	2018	2019
	Quantity (1,000 square feet)						
Resales exported to the United States	1,493	1,751	2,852	2,170	3,957	3,969	145
Total exports to the United States	32,416	45,534	65,558	48,082	60,121	67,169	12,209
	Ratios and shares (percent)						
Share of total exports to the United States:							
Exported by producers	95.4	96.2	95.6	95.5	93.4	94.1	98.8
Exported by resellers	4.6	3.8	4.4	4.5	6.6	5.9	1.2
Adjusted share of total shipments to the United States	48.4	49.7	52.7	52.7	53.2	47.5	9.7

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

Operations on quartz surface products

Table VII-4 presents information on the quartz surface products operations of the responding producers and resellers in China. During 2015-17 Chinese capacity to produce quartz surface products increased by 61.8 percent and production increased by 85.5 percent.[6] [7] During January-September 2018 capacity was 18.5 million square feet greater than during January-September 2017. Capacity utilization increased by 10.9 percentage points from 2015-17 and was 3.2 percentage points higher during the 2018 interim period compared the 2017 interim period. In addition, end-of-period inventories increased by 55.1 percent during 2015-17. Exports to the United States as a share of total shipments increased by *** percentage points, while exports to other markets decreased by *** percentage points.[8]

[6] At the Commission's hearing, a representative from Arizona Tile (***) indicated that Chinese producers use a different (from Breton technology), handmade manufacturing process. "The Chinese manufacturers create handmade natural-looking quartz products, including beautiful large white vein marble and quartzite looks." Hearing transcript, pp. 200-201 (Huarte).

[7] At the Commission's hearing, a representative from the China Stone Material Association (CSMA) stated Chinese producers do not use Breton technology. Hearing transcript, p. 208 (Jingfen).

[8] Despite the increase in exports as a share of total shipments to the United States by *** percentage points from 2015 to 2017, the quantity of exports of quartz surface products from China to the United States *** during the same period.

Exports

According to GTA, the leading export markets for articles of cement, concrete or artificial stone from China are the Netherlands, Canada, Argentina, the United States, and the United Kingdom (table VII-5). During 2017, the United States accounted for 34.0 percent of exports from China in terms of value, followed by the Netherlands, (7.2 percent). During 2015-17, exports of articles of cement, concrete or artificial stone from China to the United States increased by 11.4 percent.

Table VII-5
Articles of cement, concrete or artificial stone: China exports by destination market, 2015-17

Destination market	Calendar year		
	2015	2016	2017
	Value (1,000 dollars)		
China exports to the United States	429,130	325,399	477,827
China exports to other major destination markets.--			
Netherlands	118,885	58,932	100,713
Canada	89,150	65,078	77,319
Argentina	41,382	39,221	71,899
United Kingdom	54,015	51,961	67,388
Malaysia	23,807	20,504	52,151
Korea South	18,322	33,986	51,339
Singapore	39,636	32,747	47,701
Germany	72,497	32,983	44,648
All other destination markets	440,019	291,834	412,836
Total China exports	1,326,843	952,644	1,403,821
	Share of value (percent)		
China exports to the United States	32.3	34.2	34.0
China exports to other major destination markets.--			
Netherlands	9.0	6.2	7.2
Canada	6.7	6.8	5.5
Argentina	3.1	4.1	5.1
United Kingdom	4.1	5.5	4.8
Malaysia	1.8	2.2	3.7
Korea South	1.4	3.6	3.7
Singapore	3.0	3.4	3.4
Germany	5.5	3.5	3.2
All other destination markets	33.2	30.6	29.4
Total China exports	100.0	100.0	100.0

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

Source: Official exports statistics under HS subheading 6810.99 as reported by China's Customs statistical authorities in the IHS/GTA database, accessed February 15, 2019.

U.S. INVENTORIES OF IMPORTED MERCHANDISE

Table VII-6 presents data on U.S. importers' reported inventories of quartz surface products. During 2015-17, U.S. importers' end-of-period inventories of imports from China increased by 180.0 percent.[9] While inventories of imports from China increased in each year between 2015 and 2017, its ratio to U.S. imports remained stable meanwhile, its ratio to U.S. shipments of imports and to total shipment of imports decreased during the period. U.S. importers' end-of-period inventories from nonsubject sources fluctuated from 2015-2017, but overall increased by 20.6 percent during 2015-17.

Table VII-6
Quartz surface products: U.S. importers' end-of-period inventories of imports by source, 2015-17, January to September 2017, and January to September 2018

Item	Calendar year			January to September	
	2015	2016	2017	2017	2018
	Inventories (1,000 square feet); Ratios (percent)				
Imports from China					
Inventories	7,569	14,067	21,193	19,776	32,628
Ratio to U.S. imports	44.2	45.8	44.5	43.6	46.1
Ratio to U.S. shipments of imports	61.1	58.6	52.7	51.7	58.9
Ratio to total shipments of imports	60.4	58.2	52.4	51.4	58.5
Imports from nonsubject sources:					
Inventories	17,728	16,671	21,387	19,312	23,254
Ratio to U.S. imports	41.0	37.3	42.1	39.2	43.1
Ratio to U.S. shipments of imports	43.4	38.4	47.2	42.6	47.2
Ratio to total shipments of imports	43.0	37.9	46.4	41.9	46.6
Imports from all import sources:					
Inventories	25,297	30,739	42,579	39,088	55,882
Ratio to U.S. imports	41.9	40.8	43.3	41.3	44.8
Ratio to U.S. shipments of imports	47.6	45.6	49.8	46.8	53.4
Ratio to total shipments of imports	47.1	45.1	49.2	46.2	52.9

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

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 quartz surface products from China after September 30, 2018 (table VII-7). During October 2018-September 2019 responding importers reported *** square feet of arranged imports of quartz surface products from China and *** square feet of arranged

[9] Petitioners indicated inventories of Chinese product are massive. "At the end of September (2018), 30 million square feet. That's twice Cambria's annual production." Hearing transcript, p. 349 (Schagrin).

imports of quartz surface products from nonsubject countries. Arranged imports from China accounted for *** percent of total arranged imports during October 2018-September 2019.

Table VII-7
Quartz surface products: Arranged imports October 2018 through September 2019

Item	Period				
	Oct-Dec 2018	Jan-Mar 2019	Apr-June 2019	Jul-Sep 2019	Total
	Quantity (1,000 square feet)				
Arranged U.S. imports from.--					
China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	40,915

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

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

There are no known trade remedy actions on quartz surface products in third-country markets.[10] In the final phase investigation, three U.S. importers, *** reported a third-country trade action by the European Union against Chinese QSP producers.[11] *** provided a narrative response that identified an anti-dumping petition that was filed in the European Union in May 2013, but notes that proceedings were terminated in February 2014.[12] The EU's filings with the World Trade Organization ("WTO") identify that an investigation on agglomerated stone products was initiated by June 2013 and withdrawn by June 2014.[13]

INFORMATION ON NONSUBJECT COUNTRIES

Table VII-8 presents global export data of cement, concrete, or artificial stone articles, including quartz surface products. The value of global exports of cement, concrete, and artificial stone articles increased by 13.1 percent from 2015-17 (table VII-8). China was the largest global exporter of these products, based on value, and accounted for 35.2 percent of global exports in 2017. The largest global exporters based on value of cement, concrete or artificial stone articles were, in descending order of magnitude, China, Spain, Germany, Vietnam, Poland, and Canada.

[10] Based upon information publicly available on the WTO's dispute
[11] *** U.S. importer questionnaire, question I-9.
[12] *** U.S. importer questionnaire, question I-9.
[13] World Trade Organization (WTO). Documents Online Search Facility. https://docsonline.wto.org/dol2fe/Pages/FE_Search/FE_S_S001.aspx? (accessed May 20, 2019).

Table VII-8
Articles of cement, concrete or artificial stone: Global exports by exporter, 2015-17

Exporter	Calendar year		
	2015	2016	2017
	Value (1,000 dollars)		
United States	127,866	115,695	126,728
China	1,326,843	952,644	1,403,821
All other major reporting exporters.-- Spain	353,362	389,359	474,579
Germany	300,771	321,083	354,406
Vietnam	144,601	179,592	194,544
Poland	99,279	111,372	180,690
Canada	150,806	155,315	156,105
Malaysia	216,310	181,972	136,119
Netherlands	54,247	103,877	112,828
Mexico	80,493	78,358	105,483
Italy	130,718	97,730	93,051
United Kingdom	57,186	61,917	58,505
All other exporters	483,492	500,932	592,290
Total global exports	3,525,973	3,249,846	3,989,148
	Share of value (percent)		
United States	3.6	3.6	3.2
China	37.6	29.3	35.2
All other major reporting exporters.-- Spain	10.0	12.0	11.9
Germany	8.5	9.9	8.9
Vietnam	4.1	5.5	4.9
Poland	2.8	3.4	4.5
Canada	4.3	4.8	3.9
Malaysia	6.1	5.6	3.4
Netherlands	1.5	3.2	2.8
Mexico	2.3	2.4	2.6
Italy	3.7	3.0	2.3
United Kingdom	1.6	1.9	1.5
All other exporters	13.7	15.4	14.8
Total global exports	100.0	100.0	100.0

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

Source: Official exports statistics under HS subheading 6810.99 as reported by various national statistical authorities in the IHS/GTA database, accessed February 15, 2019.

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
83 FR 17675 April 23, 2018	*Quartz Surface Products From China; Institution of Anti-Dumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations*	https://www.gpo.gov/fdsys/pkg/FR-2018-04-23/pdf/2018-08412.pdf
83 FR 22613 May 16, 2018	*Certain Quartz Surface Products From the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*	https://www.gpo.gov/fdsys/pkg/FR-2018-05-16/pdf/2018-10533.pdf
83 FR 22618 May 16, 2018	*Certain Quartz Surface Products From the People's Republic of China: Initiation of Countervailing Duty Investigation*	https://www.gpo.gov/fdsys/pkg/FR-2018-05-16/pdf/2018-10533.pdf
83 FR 26307 June 6, 2018	*Quartz Surface Products from China*	https://www.gpo.gov/fdsys/pkg/FR-2018-06-06/pdf/2018-12168.pdf
83 FR 47881 September 21, 2018	*Certain Quartz Surface Products From the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination, and Alignment of Final Determination With Final Antidumping Duty Determination*	https://www.gpo.gov/fdsys/pkg/FR-2018-09-21/pdf/2018-20604.pdf
83 FR 57419 November 15, 2018	*Certain Quartz Surface Products From the People's Republic of China: Preliminary Affirmative Determination of Critical Circumstances, in Part, in the Countervailing Duty Investigation*	https://www.govinfo.gov/content/pkg/FR-2018-11-15/pdf/2018-24941.pdf
83 FR 58540 November 20, 2018	*Certain Quartz Surface Products From the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*	https://www.govinfo.gov/app/details/FR-2018-11-20/2018-25299
83 FR 64597 December 17, 2018	*Certain Quartz Surface Products From China: Scheduling of the Final Phase of Countervailing Duty and Antidumping Duty Investigations*	https://www.govinfo.gov/content/pkg/FR-2018-12-17/pdf/2018-27196.pdf

Table continued on next page.

Citation	Title	Link
84 FR 3487 February 12, 2019	*Quartz Surface Products From China; Revised Schedule of the Final Phase of Countervailing Duty and Anti-Dumping Duty Investigations*	https://www.govinfo.gov/content/pkg/FR-2019-02-12/pdf/2019-02075.pdf
84 FR 23760 May 23, 2019	*Certain Quartz Surface Products From the People's Republic of China: Final Affirmative Countervailing Duty Determination, and Final Affirmative Determination of Critical Circumstances*	https://www.govinfo.gov/content/pkg/FR-2019-05-23/pdf/2019-10799.pdf
84 FR 23767 May 23, 2019	*Certain Quartz Surface Products From the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value, and Final Affirmative Determination of Critical Circumstances*	https://www.govinfo.gov/content/pkg/FR-2019-05-23/pdf/2019-10800.pdf

APPENDIX B

LIST OF HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject: Quartz Surface Products from China

Inv. Nos.: 701-TA-606 and 731-TA-1416 (Final)

Date and Time: May 9, 2019 - 9:30 a.m.

Sessions were held in connection with these investigations in the Main Hearing Room (Room 101), 500 E Street, SW., Washington, DC.

CONGRESSIONAL APPEARANCES:

The Honorable Amy Klobuchar, United States Senator, Minnesota

The Honorable Tina Smith, United States Senator, Minnesota

The Honorable Jim Hagedorn, United States Representative, 1st District, Minnesota

OPENING REMARKS:

Petitioner (**Luke A. Meisner**, Schagrin Associates)
Respondents (**Jonathan T. Stoel**, Hogan Lovells US LLP)

In Support of the Imposition of Antidumping and Countervailing Duty Orders:

Schagrin Associates
Washington, DC
on behalf of

Cambria Company LLC

Martin Davis, President and Chief Executive Officer, Cambria Company LLC

Jim Ward, Chief Financial Officer, Cambria Company LLC

Brian Scoggin, Executive Vice President Operations, Cambria Company LLC

Rebecca Shult, General Counsel, Cambria Company LLC

In Support of the Imposition of
Antidumping and Countervailing Duty Orders (continued):

Jon Grzeskowiak, Director of R&D and Process Operations,
Cambria Company LLC

Sam Marchese, Chief Executive Officer, Consolidated Supply Company

Darlene Brown, Owner, Busch Products Inc.

Bob Brown, Owner, Busch Products Inc.

Chris Stewart, Chief Executive Officer, International Granite and Stone

Kim Clark, President, Palmetto Surfacing Inc.

Roger B. Schagrin)
Luke A. Meisner) – OF COUNSEL
Elizabeth J. Drake)

In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders:

Morris, Manning & Martin, LLP
Washington, DC
on behalf of

Fujian Pengxiang Industrial Co., Ltd. ("Fujian")
China Stone Material Association ("CSMA")
China Chamber of Commerce of Metals, Minerals & Chemicals
Importers & Exporters ("CCCMC")
(collectively, "Chinese Respondents")

Qian Jingfen, Vice Chairman, CCCMC

Fan Feihua, Legal Department Head, CCCMC

Zheng Xu, Senior Partner, Jincheng Tongda & Neal Law Firm

Emma K. Peterson, Trade Analyst, Morris, Manning & Martin, LLP

Julie C. Mendoza)
) – OF COUNSEL
R. Will Planert)

In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders (continued):

Harris Bricken McVay, LLP
Seattle, WA
on behalf of

Reliance Granite and Marble Corp.; Universal Granite & Marble Inc.;
Stone Showcase Inc.; Cosmos Granite & Marble, Inc.;
Bedrock Quartz; Stone Warehouse; Absolute Stone; Ameriquartz;
Mont Granite; Quartz Source LLC; OHM International; JR Granites;
Unique Stone Concepts; Natural Stone Logistics Inc. (dba EasyStones);
Emgee Stone; Pacific Granites; Stone and Cabinet Outlet Inc.
Stone Connection; Stone Channel Inc.; Budget Granite and Countertops LLC
and Ankur International Inc.
(collectively, the "Importers")

Alan Jorgensen, Chief Executive Officer, Bedrock Quartz Surfaces, LLC

Evan Kruger, Managing Member of Quartz Source, LLC
and Solidtops, LLC in Easton, MD

Vineet Malik, President, Stone Showcase

Victor Torres, Director and Co-owner, Absolute Stone Corporation

Dinesh Bafna, Owner and President, Mont Granite, Inc.

Larry LaBrier, Chief Executive Officer, Unique Stone Concepts, LLC

Anik Narula, Universal Granite and Marble

Marcos Machado, Director, Ameriquartz LLC

Binod Toshniwal, President, Ankur International

Jugal Ladda, President, Reliance Granite and Marble Corp

Jtendra Gupta, President, JR Granites

Saket Hans, Chief Operating Officer, OHM International

William E. Perry) – OF COUNSEL

In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders (continued):

Hogan Lovells US LLP
Washington, DC
on behalf of

M S International, Inc. ("MSI")
Arizona Tile LLC ("Arizona Tile")
Bedrosians Tile & Stone

Rupesh Shah, President, MSI

Matthew Huarte, Owner and Vice President for Business Development, Arizona Tile

Marisa Bedrosians Kosters, Owner and Legal Counsel, Bedrosians Tile & Stone

Josh Yoltay, Founder and Chief Executive Officer, Artelye Marble & Granite

Jeffrey Keck, President and Owner, Marble Uniques

Tim Butler, Vice President – Purchasing & Inventory, Wisenbacker Building Services

James Dougan, Vice President, Economic Consulting Services, LLC

Susannah Perkins, Staff Economist, Economic Consulting Services, LLC

Jonathan T. Stoel)
Jared R. Wessel) – OF COUNSEL
Michael G. Jacobson)

Alston & Bird LLP
Washington, DC
on behalf of

Architectural Surfaces Group ("ASG")

Jason Brown, Director of Product Management, ASG

Scott Jarvis, Associate General Counsel, Select Interior Concepts (parent company of ASG)

Jason M. Waite) – OF COUNSEL

In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders (continued):

Curtis, Mallet-Prevost, Colt & Mosle LLP
Washington, DC
on behalf of

LG Hausys America, Inc.

Michael Morici, Director of Surface Products,
LG Hausys America, Inc.

Dan Prokop, Production Director, LG Hausys America, Inc.

Daniel L. Porter)
) – OF COUNSEL
Gina M. Colarusso)

Sandler, Travis & Rosenberg, P.A.
Washington, DC
on behalf of

MStone LLC
Construction Resources USA and
National Stoneworks LLC

Mitch Hires, Chief Executive Officer, National Stoneworks LLC
and Construction Resources USA

Drew Murray, Vice President of Business Development, MStone LLC

Kristen Smith)
David Craven) – OF COUNSEL
Sarah Yuskaitis)

REBUTTAL/CLOSING REMARKS:

Petitioner (**Roger B. Schagrin**, Schagrin Associates)
Respondents (**Julie C. Mendoza**, Morris, Manning & Martin, LLP; and
Jonathan T. Stoel, Hogan Lovells US LLP)

-END-

APPENDIX C

SUMMARY DATA

Co-extensive: Slab Producers

Table C-1

Quartz surface products: Summary data concerning the total U.S. market defining the domestic industry based on producers of the manufactured stone consistent with the preliminary, 2015-17, January to September 2017, and January to September 2018

(Quantity=1,000 square feet; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per square foot; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to September		Calendar year			Jan-Sep
	2015	2016	2017	2017	2018	2015-17	2015-16	2016-17	2017-18
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
China	***	***	***	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***	***	***	***
All import sources	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
China	***	***	***	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***	***	***	***
All import sources	***	***	***	***	***	***	***	***	***
U.S. imports from:									
China:									
Quantity	23,582	42,056	66,270	46,124	80,620	181.0	78.3	57.6	74.8
Value	204,546	357,885	547,566	393,338	620,571	167.7	75.0	53.0	57.8
Unit value	$8.67	$8.51	$8.26	$8.53	$7.70	(4.7)	(1.9)	(2.9)	(9.7)
Ending inventory quantity	7,569	14,067	21,193	19,776	32,628	180.0	85.9	50.7	65.0
Nonsubject sources:									
Quantity	45,363	47,128	52,479	39,671	44,654	15.7	3.9	11.4	12.6
Value	470,845	494,719	553,050	422,156	446,065	17.5	5.1	11.8	5.7
Unit value	$10.38	$10.50	$10.54	$10.64	$9.99	1.5	1.1	0.4	(6.1)
Ending inventory quantity	17,728	16,671	21,387	19,312	23,254	20.6	(6.0)	28.3	20.4
All import sources:									
Quantity	68,945	89,184	118,750	85,794	125,273	72.2	29.4	33.2	46.0
Value	675,391	852,604	1,100,617	815,493	1,066,636	63.0	26.2	29.1	30.8
Unit value	$9.80	$9.56	$9.27	$9.51	$8.51	(5.4)	(2.4)	(3.1)	(10.4)
Ending inventory quantity	25,297	30,739	42,579	39,088	55,882	68.3	21.5	38.5	43.0
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	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***
Wages paid ($1,000)	***	***	***	***	***	***	***	***	***
Hourly wages (dollars per hour)	***	***	***	***	***	***	***	***	***
Productivity (square feet per hour)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***

Table continued on next page.

Table C-1--Continued
Quartz surface products: Summary data concerning the total U.S. market defining the domestic industry based on producers of the manufactured stone consistent with the preliminary, 2015-17, January to September 2017, and January to September 2018
(Quantity=1,000 square feet; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per square foot; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to September		Calendar year			Jan-Sep
	2015	2016	2017	2017	2018	2015-17	2015-16	2016-17	2017-18
U.S. producers':									
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 under statistical reporting number 6810.99.0010, accessed on February 13, 2019.

Co-extensive: Slab Producers + Indepedent Fabricators

Table C-2

Quartz surface products: Summary data concerning the total U.S. market defining the domestic industry as producers and independent fabricators, 2015-17, January to September 2017, and January to September 2018

(Quantity=1,000 square feet; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per square foot; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to September		Calendar year			Jan-Sep
	2015	2016	2017	2017	2018	2015-17	2015-16	2016-17	2017-18
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1):									
Fully domestic value	***	***	***	***	***	***	***	***	***
Value added to subject imports	***	***	***	***	***	***	***	***	***
Value added to nonsubject imports	***	***	***	***	***	***	***	***	***
Value added to imports	***	***	***	***	***	***	***	***	***
Total value	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
China	***	***	***	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***	***	***	***
All import sources	***	***	***	***	***	***	***	***	***
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
China	***	***	***	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***	***	***	***
All import sources	***	***	***	***	***	***	***	***	***
U.S. imports from:									
China:									
Quantity	23,582	42,056	66,270	46,124	80,620	181.0	78.3	57.6	74.8
Value	204,546	357,885	547,566	393,338	620,571	167.7	75.0	53.0	57.8
Unit value	$8.67	$8.51	$8.26	$8.53	$7.70	(4.7)	(1.9)	(2.9)	(9.7)
Ending inventory quantity	7,569	14,067	21,193	19,776	32,628	180.0	85.9	50.7	65.0
Nonsubject sources:									
Quantity	45,363	47,128	52,479	39,671	44,654	15.7	3.9	11.4	12.6
Value	470,845	494,719	553,050	422,156	446,065	17.5	5.1	11.8	5.7
Unit value	$10.38	$10.50	$10.54	$10.64	$9.99	1.5	1.1	0.4	(6.1)
Ending inventory quantity	17,728	16,671	21,387	19,312	23,254	20.6	(6.0)	28.3	20.4
All import sources:									
Quantity	68,945	89,184	118,750	85,794	125,273	72.2	29.4	33.2	46.0
Value	675,391	852,604	1,100,617	815,493	1,066,636	63.0	26.2	29.1	30.8
Unit value	$9.80	$9.56	$9.27	$9.51	$8.51	(5.4)	(2.4)	(3.1)	(10.4)
Ending inventory quantity	25,297	30,739	42,579	39,088	55,882	68.3	21.5	38.5	43.0
U.S. producers':									
Slab: Average capacity quantity	***	***	***	***	***	***	***	***	***
Slab: Production quantity	***	***	***	***	***	***	***	***	***
Slab: Capacity utilization (fn1)	***	***	***	***	***	***	***	***	***
Fab: Average capacity quantity	***	***	***	***	***	***	***	***	***
Fab: Production quantity	***	***	***	***	***	***	***	***	***
Fab: Capacity utilization (fn1)	***	***	***	***	***	***	***	***	***
U.S. shipments (fn3):									
Quantity	***	***	***	***	***	***	***	***	***
Value:									
Fully domestic value	***	***	***	***	***	***	***	***	***
Value added to subject imports	***	***	***	***	***	***	***	***	***
Value added to nonsubject imports	***	***	***	***	***	***	***	***	***
Value added to imports	***	***	***	***	***	***	***	***	***
Total value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Slab: Ending inventory quantity	***	***	***	***	***	***	***	***	***
Slab: Inventories/total shipments (fn1)	***	***	***	***	***	***	***	***	***
Fab: Ending inventory quantity	***	***	***	***	***	***	***	***	***
Fab: Inventories/total shipments (fn1)	***	***	***	***	***	***	***	***	***

Table continued on next page.

Table C-2--Continued

Quartz surface products: Summary data concerning the total U.S. market defining the domestic industry as producers and independent fabricators, 2015-17, January to September 2017, and January to September 2018

(Quantity=1,000 square feet; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per square foot; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to September		Calendar year			Jan-Sep
	2015	2016	2017	2017	2018	2015-17	2015-16	2016-17	2017-18
U.S. producers':									
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***
Wages paid ($1,000)	***	***	***	***	***	***	***	***	***
Hourly wages (dollars per hour)	***	***	***	***	***	***	***	***	***
Slab: Productivity (square feet per hour)	***	***	***	***	***	***	***	***	***
Slab: Unit labor costs	***	***	***	***	***	***	***	***	***
Fab: Productivity (square feet per hour)	***	***	***	***	***	***	***	***	***
Fab: Unit labor costs	***	***	***	***	***	***	***	***	***
Net sales: (fn4)									
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.

fn3.--The quantity for U.S. producers' U.S. shipments reflects the quantity of quartz surface products sold in the United States from domestically manufactured slab; The value for U.S. producers' U.S. shipments reflects the value of quartz surface products sold in the United States from domestically manufactured slab plus the additional value added to imported slabs by U.S. fabricators. The average unit values presented for U.S. producers' U.S. shipments excludes the value added to imported quartz surface products. In measuring consumption and market share this methodology avoids reclassifying and/or double counting merchandise already reported once as an import.

Source: Compiled from data submitted in response to Commission questionnaires and official import statistics under statistical reporting number 6810.99.0010, accessed on February 13, 2019.

Split: Slab QSP

Table C-3
Quartz surface products: Summary data concerning the merchant U.S. market for slabs, 2015-17, January to September 2017, and January to September 2018

(Quantity=1,000 square feet; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per square foot; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to September		Calendar year			Jan-Sep
	2015	2016	2017	2017	2018	2015-17	2015-16	2016-17	2017-18
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
China	***	***	***	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***	***	***	***
All import sources	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
China	***	***	***	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***	***	***	***
All import sources	***	***	***	***	***	***	***	***	***
U.S. imports from:									
China:									
Quantity	21,013	37,706	60,444	41,918	74,933	187.6	79.4	60.3	78.8
Value	183,015	321,769	497,984	358,007	572,950	172.1	75.8	54.8	60.0
Unit value	$8.71	$8.53	$8.24	$8.54	$7.65	(5.4)	(2.0)	(3.5)	(10.5)
Ending inventory quantity	6,851	12,796	19,443	18,163	29,512	183.8	86.8	51.9	62.5
Nonsubject sources:									
Quantity	45,200	46,938	52,030	39,364	44,335	15.1	3.8	10.8	12.6
Value	468,945	492,681	548,715	419,146	443,428	17.0	5.1	11.4	5.8
Unit value	$10.37	$10.50	$10.55	$10.65	$10.00	1.7	1.2	0.5	(6.1)
Ending inventory quantity	17,700	16,624	21,272	19,223	23,143	20.2	(6.1)	28.0	20.4
All import sources:									
Quantity	66,213	84,645	112,475	81,282	119,268	69.9	27.8	32.9	46.7
Value	651,960	814,450	1,046,699	777,153	1,016,379	60.5	24.9	28.5	30.8
Unit value	$9.85	$9.62	$9.31	$9.56	$8.52	(5.5)	(2.3)	(3.3)	(10.9)
Ending inventory quantity	24,551	29,421	40,715	37,385	52,655	65.8	19.8	38.4	40.8
U.S. producers':									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization (fn1)	***	***	***	***	***	***	***	***	***
Commercial U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (fn1)	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***
Wages paid ($1,000)	***	***	***	***	***	***	***	***	***
Hourly wages (dollars per hour)	***	***	***	***	***	***	***	***	***
Productivity (square feet per hour)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***

Table continued on next page.

Table C-3--Continued
Quartz surface products: Summary data concerning the merchant U.S. market for slabs, 2015-17, January to September 2017, and January to September 2018

(Quantity=1,000 square feet; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per square foot; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to September		Calendar year			Jan-Sep
	2015	2016	2017	2017	2018	2015-17	2015-16	2016-17	2017-18
U.S. producers':									
Commercial 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 under statistical reporting number 6810.99.0010, accessed on February 13, 2019.

Split: Fabricated QSP

Table C-4

Quartz surface products: Summary data concerning the total U.S. market for fabricated products, 2015-17, January to September 2017, and January to September 2018

(Quantity=1,000 square feet; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per square foot; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to September		Calendar year			Jan-Sep
	2015	2016	2017	2017	2018	2015-17	2015-16	2016-17	2017-18
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
China	***	***	***	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***	***	***	***
All import sources	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
China	***	***	***	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***	***	***	***
All import sources	***	***	***	***	***	***	***	***	***
U.S. imports from:									
China:									
Quantity	2,569	4,350	5,826	4,206	5,687	126.8	69.3	33.9	35.2
Value	21,531	36,116	49,583	35,330	47,621	130.3	67.7	37.3	34.8
Unit value	$8.38	$8.30	$8.51	$8.40	$8.37	1.5	(0.9)	2.5	(0.3)
Ending inventory quantity	718	1,271	1,750	1,614	3,116	143.7	77.0	37.7	93.1
Nonsubject sources:									
Quantity	163	189	449	307	319	175.9	16.4	137.1	3.8
Value	1,900	2,038	4,335	3,010	2,636	128.1	7.2	112.7	(12.4)
Unit value	$11.68	$10.76	$9.66	$9.80	$8.27	(17.3)	(7.8)	(10.3)	(15.6)
Ending inventory quantity	28	47	114	89	111	315.7	71.6	142.2	24.2
All import sources:									
Quantity	2,732	4,539	6,275	4,513	6,006	129.7	66.2	38.2	33.1
Value	23,431	38,154	53,918	38,340	50,257	130.1	62.8	41.3	31.1
Unit value	$8.58	$8.41	$8.59	$8.50	$8.37	0.2	(2.0)	2.2	(1.5)
Ending inventory quantity	746	1,318	1,864	1,703	3,227	150.0	76.8	41.4	89.5
U.S. producers':									
Average capacity quantity	4,657	5,569	6,498	4,942	5,585	39.5	19.6	16.7	13.0
Production quantity	3,659	4,335	4,716	3,652	4,000	28.9	18.5	8.8	9.5
Capacity utilization (fn1)	78.6	77.9	72.6	73.9	71.6	(6.0)	(0.7)	(5.3)	(2.3)
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (fn1)	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***
Wages paid ($1,000)	***	***	***	***	***	***	***	***	***
Hourly wages (dollars per hour)	***	***	***	***	***	***	***	***	***
Productivity (square feet per hour)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***

Table continued on next page.

Table C-4--Continued
Quartz surface products: Summary data concerning the total U.S. market for fabricated products, 2015-17, January to September 2017, and January to September 2018

(Quantity=1,000 square feet; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per square foot; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to September		Calendar year			Jan-Sep
	2015	2016	2017	2017	2018	2015-17	2015-16	2016-17	2017-18
U.S. producers':									
Commercial 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.

Table C-5
Quartz surface products: Summary data concerning the total U.S. market defining the domestic industry as producers and independent fabricators but excluding three related parties * 2015-17, January to September 2017, and January to September 2018**
(Quantity=1,000 square feet; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per square foot; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to September		Calendar year			Jan-Sep
	2015	2016	2017	2017	2018	2015-17	2015-16	2016-17	2017-18
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1):									
Included producers	***	***	***	***	***	***	***	***	***
Excluded producers	***	***	***	***	***	***	***	***	***
All producers	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
China	***	***	***	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***	***	***	***
All import sources	***	***	***	***	***	***	***	***	***
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1):									
Included producers	***	***	***	***	***	***	***	***	***
Excluded producers	***	***	***	***	***	***	***	***	***
All producers	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
China	***	***	***	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***	***	***	***
All import sources	***	***	***	***	***	***	***	***	***
U.S. imports from:									
China:									
Quantity	23,582	42,056	66,270	46,124	80,620	181.0	78.3	57.6	74.8
Value	204,546	357,885	547,566	393,338	620,571	167.7	75.0	53.0	57.8
Unit value	$8.67	$8.51	$8.26	$8.53	$7.70	(4.7)	(1.9)	(2.9)	(9.7)
Ending inventory quantity	7,569	14,067	21,193	19,776	32,628	180.0	85.9	50.7	65.0
Nonsubject sources:									
Quantity	45,363	47,128	52,479	39,671	44,654	15.7	3.9	11.4	12.6
Value	470,845	494,719	553,050	422,156	446,065	17.5	5.1	11.8	5.7
Unit value	$10.38	$10.50	$10.54	$10.64	$9.99	1.5	1.1	0.4	(6.1)
Ending inventory quantity	17,728	16,671	21,387	19,312	23,254	20.6	(6.0)	28.3	20.4
All import sources:									
Quantity	68,945	89,184	118,750	85,794	125,273	72.2	29.4	33.2	46.0
Value	675,391	852,604	1,100,617	815,493	1,066,636	63.0	26.2	29.1	30.8
Unit value	$9.80	$9.56	$9.27	$9.51	$8.51	(5.4)	(2.4)	(3.1)	(10.4)
Ending inventory quantity	25,297	30,739	42,579	39,088	55,882	68.3	21.5	38.5	43.0
U.S. producers':									
Slab: Average capacity quantity	***	***	***	***	***	***	***	***	***
Slab: Production quantity	***	***	***	***	***	***	***	***	***
Slab: Capacity utilization (fn1)	***	***	***	***	***	***	***	***	***
Fab: Average capacity quantity	***	***	***	***	***	***	***	***	***
Fab: Production quantity	***	***	***	***	***	***	***	***	***
Fab: Capacity utilization (fn1)	***	***	***	***	***	***	***	***	***
U.S. shipments (fn3):									
Quantity	***	***	***	***	***	***	***	***	***
Value:									
Fully domestic value	***	***	***	***	***	***	***	***	***
Value added to subject imports	***	***	***	***	***	***	***	***	***
Value added to nonsubject imports	***	***	***	***	***	***	***	***	***
Value added to imports	***	***	***	***	***	***	***	***	***
Total value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Slab: Ending inventory quantity	***	***	***	***	***	***	***	***	***
Slab: Inventories/total shipments (fn1)	***	***	***	***	***	***	***	***	***
Fab: Ending inventory quantity	***	***	***	***	***	***	***	***	***
Fab: Inventories/total shipments (fn1)	***	***	***	***	***	***	***	***	***

Table continued on next page.

Table C-5--Continued

Quartz surface products: Summary data concerning the total U.S. market defining the domestic industry as producers and independent fabricators but excluding three related parties * 2015-17, January to September 2017, and January to September 2018**

(Quantity=1,000 square feet; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per square foot; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to September		Calendar year			Jan-Sep
	2015	2016	2017	2017	2018	2015-17	2015-16	2016-17	2017-18
U.S. producers':									
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***
Wages paid ($1,000)	***	***	***	***	***	***	***	***	***
Hourly wages (dollars per hour)	***	***	***	***	***	***	***	***	***
Slab: Productivity (square feet per hour)	***	***	***	***	***	***	***	***	***
Slab: Unit labor costs	***	***	***	***	***	***	***	***	***
Fab: Productivity (square feet per hour)	***	***	***	***	***	***	***	***	***
Fab: Unit labor costs	***	***	***	***	***	***	***	***	***
Net sales: (fn4)									
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.
fn3.--The quantity for U.S. producers' U.S. shipments reflects the quantity of quartz surface products sold in the United States from domestically manufactured slab; The value for U.S. producers' U.S. shipments reflects the value of quartz surface products sold in the United States from domestically manufactured slab plus the additional value added to imported slabs by U.S. fabricators. The average unit values presented for U.S. producers' U.S. shipments excludes the value added to imported quartz surface products. In measuring consumption and market share this methodology avoids reclassifying and/or double counting merchandise already reported once as an import.

Source: Compiled from data submitted in response to Commission questionnaires and official import statistics under statistical reporting number 6810.99.0010, accessed on February 13, 2019.

APPENDIX D

U.S. PRODUCERS' COMPARISONS OF PRODUCTS BY THE LIKE PRODUCT FACTORS

Table D-1 presents a summary of U.S. producers', importers', and purchasers' responses on the comparability of not fabricated slabs ("slabs") versus fabricated quartz surface products ("fabs"), slabs versus Custom-finished fully-fabricated quartz surface products ("CFFFQSP"), and fabs versus CFFFQSP. Tables D-2 (U.S producers), D-3 (U.S. importers), and D-4 (U.S. purchasers) present data on their comparisons of the like product factors. Each table includes the six like product factors and the narratives provided by U.S. producers, importers, and purchasers.

Table D-1
Quartz surface products: U.S. producers', importers', and purchasers' views regarding comparability for slabs vs. fabricated quartz surface products

Item	U.S. producers and U.S. fabricators				U.S. importers				U.S. purchasers			
	F	M	S	N	F	M	S	N	F	M	S	N
	Slab vs Fab: Count of firms											
Slab vs Fab: Physical characteristics	4	1	5	8	12	14	17	18	1	7	12	8
Slab vs Fab: Interchangeability	2	2	3	10	3	14	17	30	1	8	11	9
Slab vs Fab: Channels	4	3	2	8	9	10	20	18	1	3	14	9
Slab vs Fab: Manufacturing	1	2	2	12	5	8	17	25	---	1	9	6
Slab vs Fab: Perceptions	4	2	3	8	8	13	14	25	3	5	6	12
Slab vs Fab: Price	---	---	5	12	2	4	13	39	1	1	9	17
	Slab vs CFFFQSP: Count of firms											
Slab vs CFFFQSP: Physical characteristics	3	1	5	9	11	11	12	19	1	7	8	7
Slab vs CFFFQSP: Interchangeability	2	2	3	10	4	9	12	27	1	4	8	10
Slab vs CFFFQSP: Channels	4	1	2	10	5	9	15	22	1	1	8	13
Slab vs CFFFQSP: Manufacturing	1	2	3	11	6	7	14	20	---	---	8	7
Slab vs CFFFQSP: Perceptions	4	1	4	8	9	8	11	27	2	2	5	12
Slab vs CFFFQSP: Price	---	---	4	13	2	3	14	34	1	---	5	17
	Fab vs CFFFQSP: Count of firms											
Fab vs CFFFQSP: Physical characteristics	3	3	8	3	9	11	19	9	1	5	8	4
Fab vs CFFFQSP: Interchangeability	2	3	5	6	3	12	18	18	1	2	12	3
Fab vs CFFFQSP: Channels	4	3	2	7	7	11	16	15	1	---	9	6
Fab vs CFFFQSP: Manufacturing	3	6	1	6	6	15	15	10	---	---	7	4
Fab vs CFFFQSP: Perceptions	4	3	3	6	9	9	18	18	3	1	7	4
Fab vs CFFFQSP: Price	2	1	4	9	5	4	21	19	1	2	8	6

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

Physical characteristics and uses

Eighteen (18) U.S. slab producers and fabricators, sixty-one (61) U.S. importers, and twenty-eight (28) U.S. purchasers addressed the physical characteristics and end uses of slabs compared to fabs. Thirteen (13) U.S. producers, thirty-five (35) U.S. importers, and twenty (20) U.S. purchasers (the vast majority for each group) indicated that they were either somewhat comparable or never.

Eighteen (18) U.S. slab producers and fabricators, fifty-three (53) U.S. importers, and twenty-three (23) U.S. purchasers addressed the physical characteristics and end uses of slabs compared to CFFFQSP. Fourteen (14) U.S. producers, thirty-one (31) U.S. importers, and fifteen (15) U.S. purchasers (the majority for each group) indicated that they were either somewhat comparable or never.

Seventeen (17) U.S. slab producers and fabricators, forty-eight (48) U.S. importers, and eighteen (18) U.S. purchasers addressed the physical characteristics and end uses of fabs compared to CFFFQSP. Eleven (11) U.S. producers, twenty-eight (28) U.S. importers, and twelve (12) U.S. purchasers (the majority for each group) indicated that they were either somewhat comparable or never.

Interchangeability

Seventeen (17) U.S. slab producers and fabricators, sixty-four (64) U.S. importers, and twenty-nine (29) U.S. purchasers addressed the question on the basis of the ability to substitute the products with the same the products in the same application of slabs compared to fabs. Thirteen (13) U.S. producers, forty-seven (47) U.S. importers, and twenty (20) U.S. purchasers (the vast majority for each group) indicated that they were either somewhat comparable or never.

Seventeen (17) U.S. slab producers and fabricators, fifty-two (52) U.S. importers, and twenty-three (23) U.S. purchasers addressed the question on the basis of the ability to substitute the products with the same the products in the same application of slabs compared to CFFFQSP. Thirteen (13) U.S. producers, thirty-nine (39) U.S. importers, and eighteen (18) U.S. purchasers (the vast majority for each group) indicated that they were either somewhat comparable or never.

Sixteen (16) U.S. slab producers and fabricators, fifty-one (51) U.S. importers, and eighteen (18) U.S. purchasers addressed the question on the basis of the ability to substitute the products with the same the products in the same application of fabs compared to CFFFQSP. Eleven (11) U.S. producers, thirty-six (36) U.S. importers, and fifteen (15) U.S. purchasers (the majority for each group) indicated that they were either somewhat comparable or never.

Channels of distribution

Seventeen (17) U.S. slab producers and fabricators, fifty-seven (57) U.S. importers, and twenty-seven (27) U.S. purchasers addressed the basis of channels of distribution through which the products are sold for slabs compared to fabs. Ten (10) U.S. producers, thirty-eight (38) U.S. importers, and twenty-three (23) U.S. purchasers (the majority for each group) indicated that they were either somewhat comparable or never.

Seventeen (17) U.S. slab producers and fabricators, fifty-one (51) U.S. importers, and twenty-three (23) U.S. purchasers addressed the basis of channels of distribution through which the products are sold for slabs compared to CFFFQSP. Twelve (12) U.S. producers, thirty-seven (37) U.S. importers, and twenty-one (21) U.S. purchasers (the vast majority for each group) indicated that they were either somewhat comparable or never.

Sixteen (16) U.S. slab producers and fabricators, forty-nine (49) U.S. importers, and sixteen (16) U.S. purchasers addressed the basis of channels of distribution through which the products are sold for

fabs compared to CFFFQSP. Nine (9) U.S. producers, thirty-one (31) U.S. importers, and fifteen (15) U.S. purchasers (the majority for each group) indicated that they were either somewhat comparable or never.

Manufacturing facilities and production employees

Seventeen (17) U.S. slab producers and fabricators, fifty-five (55) U.S. importers, and sixteen (16) U.S. purchasers addressed whether slabs compared to fabs are manufactured in the same facilities, from the same inputs, on the same/shared machinery and equipment, and using the same employees. Fourteen (14) U.S. producers, forty-two (42) U.S. importers, and fifteen (15) U.S. purchasers (the vast majority for each group) indicated that they were either somewhat comparable or never.

Seventeen (17) U.S. slab producers and fabricators, forty-seven (47) U.S. importers, and fifteen (15) U.S. purchasers addressed whether slabs compared to CFFFQSP are manufactured in the same facilities, from the same inputs, on the same/shared machinery and equipment, and using the same employees. Fourteen (14) U.S. producers, thirty-four (34) U.S. importers, and fifteen (15) U.S. purchasers (the vast majority for each group) indicated that they were either somewhat comparable or never.

Sixteen (16) U.S. slab producers and fabricators, forty-six (46) U.S. importers, and eleven (11) U.S. purchasers addressed whether fabs compared to CFFFQSP are manufactured in the same facilities, from the same inputs, on the same/shared machinery and equipment, and using the same employees. Seven (7) U.S. producers, twenty-five (25) U.S. importers, and eleven (11) U.S. purchasers indicated that they were either somewhat comparable or never. For U.S. producers and fabricators, a larger portion (9) indicated that fabs and CFFFQSP's manufacturing were fully or mostly comparable.

Customer and producer perceptions

Seventeen (17) U.S. slab producers and fabricators, sixty (60) U.S. importers, and twenty-six (26) U.S. purchasers addressed the question regarding the market perceptions (of the customer and producer) were comparable between slabs and fabs. Eleven (11) U.S. producers, thirty-nine (39) U.S. importers, and eighteen (18) U.S. purchasers (the majority for each group) indicated that they were either somewhat comparable or never.

Seventeen (17) U.S. slab producers and fabricators, fifty-five (55) U.S. importers, and twenty-one (21) U.S. purchasers addressed the question regarding the market perceptions (of the customer and producer) were comparable between slabs and CFFFQSP. Twelve (12) U.S. producers, thirty-eight (38) U.S. importers, and seventeen (17) U.S. purchasers indicated that they were either somewhat comparable or never.

Sixteen (16) U.S. slab producers and fabricators, fifty-four (54) U.S. importers, and fifteen (15) U.S. purchasers addressed the question regarding the market perceptions (of the customer and producer) were comparable between fabs and CFFFQSP. Nine (9) U.S. producers, thirty-six (36) U.S. importers, and eleven (11) U.S. purchasers indicated that they were either somewhat comparable or never.

Price

Seventeen (17) U.S. slab producers and fabricators, fifty-eight (58) U.S. importers, and twenty-eight (28) U.S. purchasers addressed the question regarding weather whether prices are comparable or differ for slabs compared to fabs. Seventeen (17) U.S. producers, fifty-two (52) U.S. importers, and twenty-six (26) U.S. purchasers (the vast majority for each group) indicated that they were either somewhat comparable or never.

Seventeen (17) U.S. slab producers and fabricators, fifty-three (53) U.S. importers, and twenty-three (23) U.S. purchasers addressed the question regarding whether prices are comparable or differ for slabs compared to CFFFQSP. Seventeen (17) U.S. producers, forty-eight (48) U.S. importers, and twenty-two (22) U.S. purchasers (the vast majority for each group) indicated that they were either somewhat comparable or never.

Sixteen (16) U.S. slab producers and fabricators, forty-nine (49) U.S. importers, and seventeen (17) U.S. purchasers addressed the question regarding weather whether prices are comparable or differ for fabs compared to CFFFQSP. Thirteen (13) U.S. producers, forty (40) U.S. importers, and fourteen (14) U.S. purchasers (the majority for each group) indicated that they were either somewhat comparable or never.

At the Commission's hearing, the petitioner indicated that price was "a very important factor in purchasing decisions."[1]

INTERMEDIATE PRODUCTS

The domestic like product proposed by petitioners includes intermediate products (not fabricated slabs of quartz surface products) as well as downstream products (fabricated quartz surface products). The following presents information on these products relating to the Commission's five-factor semifinished product analysis.

Uses

Not fabricated slabs of quartz surface products are dedicated entirely to the production of fabricated quartz surface products. According to the petitioner, there is no use for slabs of quartz surface products other than to be converted into finished quartz surface products within the scope.[2] According to respondents, the type of quartz surface product is separate and distinct, and at the time of production the quartz slab is not dedicated to the production of a specific downstream article despite quartz articles having some degree of commonality.[3]

Markets

Petitioners state there is no separate market for quartz slabs other than to be converted into finished quartz surface products prior to sale or sold for downstream fabrication into

[1] Hearing transcript, p. 36 (Drake).

[2] Petitioner's postconference brief, p. 5.

[3] Bruskin, Mstone, StoneVic USA, Universal, Polarstone, Branite Tech Inc., and J.G. Edelen Co.'s postconference brief, exh. 1 p. 4.

finished quartz surface products within the scope.[4] Respondents state that quartz slab is sold to intermediate customers including distributors, installers, and fabricators that distribute the product to other intermediaries or the ultimate end user.[5] According to questionnaire data collected from domestic producers of not fabricated slabs of quartz surface products, *** percent of U.S. shipments of quartz surface products were to fabricators and retailers, *** percent were to contractors and builders, and *** percent were to distributors in 2017.[6] [7]

Characteristics and functions

According to the petitioner, all of the essential characteristics of quartz surface products are established in the slab production process. This includes the raw materials used, the color and design of the product, and the hardness, strength, smoothness, and porosity of the product. The petitioner states that there is no real change to these characteristics or functions during the fabrication process.[8] According to respondents, quartz slab is a raw material sold to processors that then further fabricate the slab into a variety of different products.[9]

Value

The petitioner states that, although fabrication does add some value to quartz surface products by converting it into its final form for installation, this value is small compared to the value created in the slab production process.[10] The petitioner also notes the distinction between the value added during the fabrication process and the value added during the installation process.[11] Respondents stated at the staff conference that the value added to slabs of quartz surface products in the production of fabricated quartz surface products is 35-40 percent for the hospitality industry.[12] According to questionnaire data collected from domestic firms that produce not fabricated slabs of quartz surface products, in 2017 the average unit value for not fabricated slabs was $*** and the average unit value for fabricated quartz surface products was $***.

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[4] Ibid.

[5] Bruskin, Mstone, StoneVic USA, Universal, Polarstone, Branite Tech Inc., and J.G. Edelen Co.'s postconference brief, p. 4.

[6] Domestic firms that produce quartz slabs are Caesarstone, Cambria, and LG Hausys America, Inc. ("LG"). ***. *** U.S. producer questionnaire, section II-12.

[7] In 2017, based on questionnaire data for U.S. slab producers, fabricators, subject importers, and nonsubject importers *** of their U.S. shipments of quartz surface products went to ***.

[8] Staff conference transcript, pp. 66-67 (Drake) and petitioner's postconference brief, p. 5.

[9] Bruskin, Mstone, StoneVic USA, Universal, Polarstone, Branite Tech Inc., and J.G. Edelen Co.'s postconference brief, p. 3 and Reliance, Showcase, Absolute Stone, Universal Granite & Marble, Bedrock Quartz, and Cosmos' postconference brief, p. 10.

[10] Petitioner's postconference brief, p. 5.

[11] Staff conference transcript, pp. 64-65.

[12] Staff conference transcript, p. 110 (Murray).

Transformation processes

Not fabricated slabs of quartz surface products must be configured and cut to size in order to transform into a fabricated product. Fabrication may also require edging the cut sides and cutting holes in the slab for sinks and faucets. The design of the final product is transposed onto the slab using lasers and CAD software and then saws, water jets, and/or CNC machines cut the slab to the required specifications. After the quartz surface product is fabricated, the final product is polished and detailed.[13] Additional information regarding the manufacturing and fabrication of quartz surface products are presented above in the "manufacturing process" section.

Table D-2
Quartz surface products: U.S. producers' comparisons of products by the like product factors

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Table D-3
Quartz surface products: U.S. importers' comparisons of products by the like product factors

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Table D-4
Quartz surface products: U.S. purchasers' comparisons of products by the like product factors

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[13] Petitioner's postconference brief, p. 6; Reliance, Showcase, Absolute Stone, Universal Granite & Marble, Bedrock Quartz, and Cosmos' postconference brief, pp. 10-11; Bruskin, Mstone, StoneVic USA, Universal, Polarstone, Branite Tech Inc., and J.G. Edelen Co.'s postconference brief, p. 16; and Reliance, Showcase, Absolute Stone, Universal Granite & Marble, Bedrock Quartz, and Cosmos' postconference brief, p. 16.

APPENDIX E

U.S. PRODUCERS' DISCUSSION OF THE COMPLEXITY OF FABRICATION AND THE SUFFICIENT PRODUCTION-RELATED ACTIVITIES FACTORS

Table E-1
Quartz surface products: U.S. producers' discussion of complexity of fabrication and the sufficient production-related activity factors

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APPENDIX F

FABRICATORS SELECT OPERATIONS

Table F-1
Quartz surface products: Select operations of fabricator Absolute

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Table F-2
Quartz surface products: Select operations of fabricator Artelye

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Table F-3
Quartz surface products: Select operations of fabricator Atlanta

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Table F-4
Quartz surface products: Select operations of fabricator Bedrock

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Table F-5
Quartz surface products: Select operations of fabricator Bedrosians

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Table F-6
Quartz surface products: Select operations of fabricator Cambria

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Table F-7
Quartz surface products: Select operations of fabricator Colonial

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Table F-8
Quartz surface products: Select operations of fabricator Consolidated

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Table F-9
Quartz surface products: Select operations of fabricator Cutting Edge

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Table F-10
Quartz surface products: Select operations of fabricator Mega

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Table F-11
Quartz surface products: Select operations of fabricator MU

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Table F-12

Quartz surface products: Select operations of fabricator Nonn's

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Table F-13

Quartz surface products: Select operations of fabricator Sedona

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Table F-14

Quartz surface products: Select operations of fabricator Stone Suppliers

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Table F-15

Quartz surface products: Select operations of fabricator Trindco

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Table F-16

Quartz surface products: Select operations of fabricator Unity

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Table F-17

Quartz surface products: Select operations of fabricator Venturi

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Table F-18

Quartz surface products: Select operations of fabricator Wisenbaker

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APPENDIX G

NONSUBJECT COUNTRY PRICE DATA

Four importers (***) reported price data for quartz slabs from Israel and 3 importers (***) reported price data for quartz slabs from Spain for products 1-6. Price data for quartz slabs from Israel and Spain reported by these firms accounted for *** percent of U.S. commercial shipments of quartz slabs from nonsubject countries. These price items and accompanying data are comparable to those presented in tables V-3 to V-8. Price and quantity data for Israel and Spain are shown in tables G-1 to G-6 and in figures G-1 to G-6 (with domestic and subject sources).

In comparing nonsubject country pricing data with U.S. producer pricing data, prices for quartz slab imported from Israel were lower than prices for U.S.-produced product in 71 instances and higher in 19 instances. Prices for quartz slab imported from Spain were lower in 57 instances and higher in 33 instances. In comparing nonsubject country pricing data with subject country pricing data, prices for quartz slab imported from Israel were lower than prices for quartz slab imported from China in 1 instance and higher in 89 instances. Prices for quartz slab imported from Spain were higher than quartz slab imported from China in all 90 instances. A summary of price differentials is presented in table G-7.

Table G-1

Quartz surface products: Weighted-average f.o.b. prices and quantities of domestic and imported nonsubject slab product 1, by quarter, January 2015 through September 2018

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Table G-2

Quartz surface products: Weighted-average f.o.b. prices and quantities of domestic and imported nonsubject slab product 2, by quarter, January 2015 through September 2018

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Table G-3

Quartz surface products: Weighted-average f.o.b. prices and quantities of domestic and imported nonsubject slab product 3, by quarter, January 2015 through September 2018

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Table G-4

Quartz surface products: Weighted-average f.o.b. prices and quantities of domestic and imported nonsubject slab product 4, by quarter, January 2015 through September 2018

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Table G-5

Quartz surface products: Weighted-average f.o.b. prices and quantities of domestic and imported nonsubject slab product 5, by quarter, January 2015 through September 2018

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Table G-6

Quartz surface products: Weighted-average f.o.b. prices and quantities of domestic and imported nonsubject slab product 6, by quarter, January 2015 through September 2018

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Figure G-1

Quartz surface products: Weighted-average f.o.b. prices and quantities of domestic and imported slab product 1, by quarters, January 2015-September 2018

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Figure G-2

Quartz surface products: Weighted-average f.o.b. prices and quantities of domestic and imported slab product 2, by quarters, January 2015-September 2018

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Figure G-3

Quartz surface products: Weighted-average f.o.b. prices and quantities of domestic and imported slab product 3, by quarters, January 2015-September 2018

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Figure G-4

Quartz surface products: Weighted-average f.o.b. prices and quantities of domestic and imported slab product 4, by quarters, January 2015-September 2018

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Figure G-5

Quartz surface products: Weighted-average f.o.b. prices and quantities of domestic and imported slab product 5, by quarters, January 2015-September 2018

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Figure G-6

Quartz surface products: Weighted-average f.o.b. prices and quantities of domestic and imported slab product 6, by quarters, January 2015-September 2018

* * * * * * *

Table G-7
Quartz surface products: Summary of higher/(lower) unit values for nonsubject price data, by source, January 2015-September 2018

Comparison	Total number of comparisons	Nonsubject lower than the comparison source		Nonsubject higher than the comparison source	
		Number of quarters	Quantity (1,000 square feet)	Number of quarters	Quantity (1,000 square feet)
Nonsubject vs United States:					
Israel vs. United States	90	71	***	19	***
Spain vs. United States	90	57	***	33	***
Subtotal	180	128	***	52	***
Nonsubject vs subject countries:					
Israel vs. China	90	1	***	89	***
Spain vs. China	90	---	---	90	***
Subtotal	180	1	***	179	***

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