

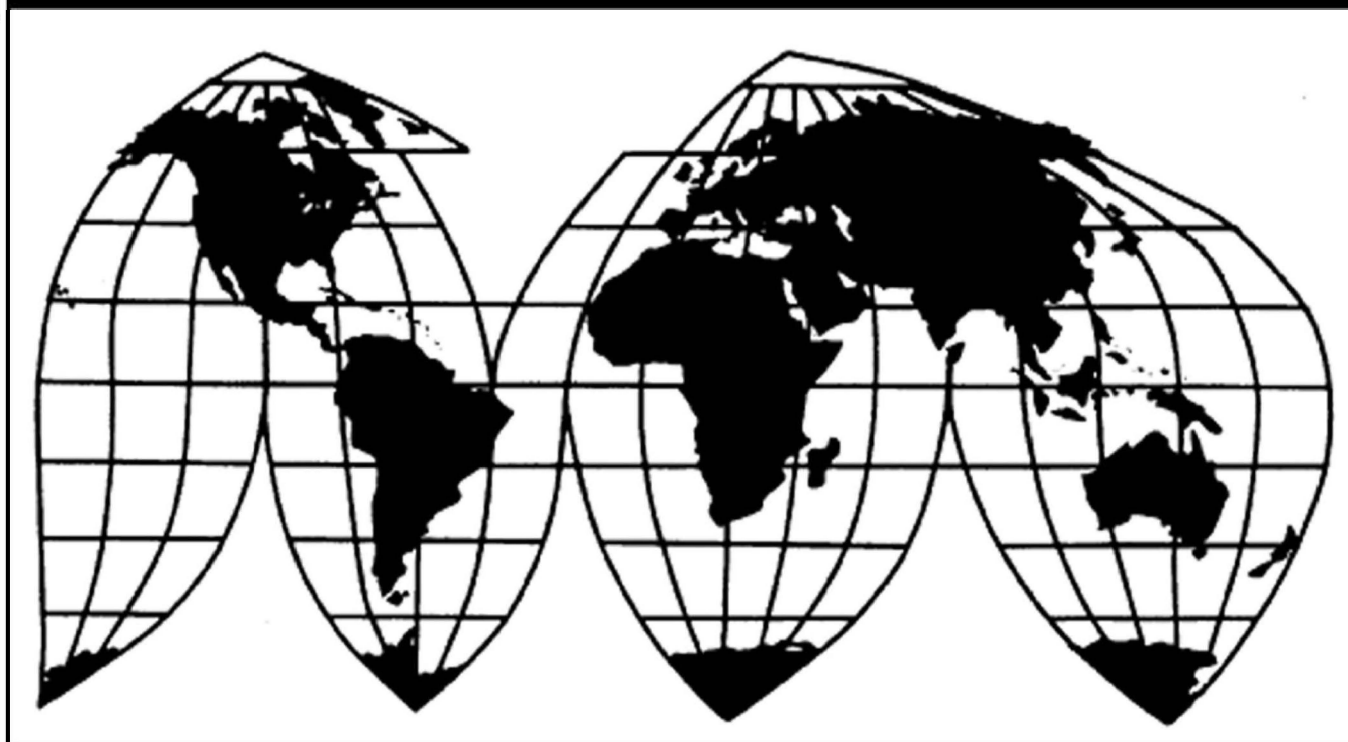
Polyester Textured Yarn from China and India

Investigation Nos. 701-TA-612-613 and 731-TA-1429-1430 (Final)

Publication 5007

January 2020

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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Note.—Information that would reveal confidential operations of individual concerns may not be published. Such information is identified by brackets in confidential reports and is deleted and replaced with asterisks (***) in public reports.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-612-613 and 731-TA-1429-1430 (Final)

Polyester Textured Yarn from China and India

DETERMINATIONS

On the basis of the record¹ 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 polyester textured yarn from China and India, provided for in subheadings 5402.33.3000 and 5402.33.6000 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 governments of China and India.²

BACKGROUND

The Commission instituted these investigations effective October 18, 2018, following receipt of petitions filed with the Commission and Commerce by Unifi Manufacturing, Inc., Greensboro, North Carolina; and Nan Ya Plastics Corp. America, Lake City, South Carolina. The final phase of the investigations was scheduled by the Commission following notification of preliminary determinations by Commerce that imports of polyester textured yarn from China and India 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 notice

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 determination are not likely to undermine seriously the remedial effect of the countervailing and antidumping duty orders on polyester textured yarn from China.

in the *Federal Register* on July 29, 2019 (84 FR 36619). The hearing was held in Washington, DC, on November 13, 2019, and all persons who requested the opportunity were permitted to appear in person or by counsel.

Views of the Commission

Based on the record in the final phase of these investigations, we determine that an industry in the United States is materially injured by reason of imports of polyester textured yarn (“PTY”) from China and India found by the U.S. Department of Commerce (“Commerce”) to be sold in the United States at less than fair value and to be subsidized by the governments of China and India. We also find that critical circumstances do not exist with respect to imports of PTY from China that are subject to Commerce’s final affirmative critical circumstances determinations.

I. Background

On October 18, 2018, Unifi Manufacturing, Inc. (“Unifi”) and Nan Ya Plastics Corp. America (“Nan Ya”) (collectively, “petitioners”), U.S. producers of PTY, filed the petitions in these investigations.¹ Representatives of both companies appeared at the hearing accompanied by counsel and submitted prehearing and posthearing briefs.²

Three respondent groups participated in the final phase of these investigations. Fils Promptex Yarns, Inc. (“Promptex”), Chori America, Inc. (“Chori”), both U.S. importers of subject merchandise, and CS America, Inc. (“CS America”), a U.S. producer of PTY that opposes the imposition of duties (collectively, “STR Respondents”), jointly submitted a prehearing brief. Reliance Industries Limited (“Reliance”), an exporter of subject merchandise from India, and EDPA USA, Inc. (“EDPA”), an importer of subject merchandise from China,³ each submitted individual prehearing briefs.⁴ Representatives and counsel for Promptex, Chori, and Reliance appeared at the hearing. STR Respondents, Reliance, and EDPA each submitted posthearing briefs.⁵

U.S. industry data are based on the questionnaire responses from eight domestic producers that accounted for *** percent of total U.S. production of PTY and 100 percent of

¹ *Polyester Textured Yarn from India and the People’s Republic of China* (Antidumping and Countervailing Duty Petitions), EDIS Doc. 659212 (Oct. 18, 2018).

² Petitioners’ Prehearing Br., EDIS Doc. 693469 (Nov. 5, 2019); Petitioners’ Posthearing Br., EDIS Doc. 695183 (Nov. 20, 2019); Petitioners’ Final Comments, EDIS Doc. 696930 (Dec. 11, 2019).

³ See EDPA’s U.S. Importers’ Questionnaire, EDIS Doc. 687488 (Sept. 9, 2019).

⁴ STR Respondents’ Prehearing Br., EDIS Doc. 693545 (Nov. 6, 2019); Reliance’s Prehearing Br., EDIS Doc. 693335 (Nov. 5, 2019); EDPA’s Prehearing Br., EDIS Doc. 693324 (Nov. 5, 2019).

⁵ STR Respondents’ Posthearing Br., EDIS Doc. 695117 (Nov. 20, 2019); Reliance’s Posthearing Br., EDIS Doc. 695214 (Nov. 21, 2019); EDPA’s Posthearing Br., EDIS Doc. 695193 (Nov. 21, 2019). No respondents submitted final comments.

U.S. production of PTY sold in the merchant market during 2018.⁶ U.S. import data are based on official Commerce import statistics and from questionnaire responses of 29 U.S. importers of PTY accounting for 82.6 percent of total U.S. imports, 73.0 percent of total subject imports (63.1 percent of imports from China and 92.2 percent of imports from India), and 94.1 percent of nonsubject imports during 2018.⁷ The Commission did not receive responses to its questionnaires from any producer of subject merchandise in China.⁸ The Commission received usable responses from five producers of subject merchandise in India, accounting for approximately *** percent of U.S. imports of PTY from India in 2018.⁹

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

⁶ Confidential Report, Memorandum INV-RR-129 (Dec. 4, 2019) (“CR”) at I-4 and III-1, Public Report (“PR”) at I-4 and III-1. We discuss below in Section V.B.1. the pertinence of the merchant market in these investigations.

⁷ CR/PR at I-4 and IV-1.

⁸ CR/PR at VII-3.

⁹ CR/PR at VII-5 to VII-6.

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

dispositive, and the Commission may consider other factors it deems relevant based on the 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

Commerce defined the scope of the imported merchandise under investigation as follows:

The merchandise covered by this investigation, polyester textured yarn, is synthetic multifilament yarn that is manufactured from polyester (polyethylene terephthalate). Polyester textured yarn is produced through a texturing process, which imparts special properties to the filaments of the yarn, including stretch, bulk, strength, moisture absorption, insulation, and the appearance of a natural fiber. This scope includes all forms of polyester textured yarn, regardless of surface texture or appearance, yarn density and thickness (as measured in

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).

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).

denier), number of filaments, number of plies, finish (luster), cross section, color, dye method, texturing method, or packing method (such as spindles, tubes, or beams).

Excluded from the scope of the investigation is bulk continuous filament yarn that: (a) is polyester synthetic multifilament yarn; (b) has denier size ranges of 900 and above; (c) has turns per meter of 40 and above; and (d) has a maximum shrinkage of 2.5 percent.

The merchandise subject to this investigation is properly classified under subheadings 5402.33.3000 and 5402.33.6000 of the Harmonized Tariff Schedule of the United States (HTSUS). Merchandise subject to this investigation may also enter under HTSUS subheading 5402.52.00. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise is dispositive.¹⁸

PTY is manufactured using polyethylene terephthalate (“PET”), which can be derived directly from chemical inputs or manufactured from already formed chips or flakes. PET flakes or chips can be made from virgin chemical inputs or from recycled PET material. The PTY is then melted at a high temperature to form a syrup-like solution, which is then extruded through the tiny holes of a metal container called a spinneret. The extruded PET filaments are referred to as partially oriented yarns, the primary input for PTY.¹⁹

PTY is made wholly of polyester and is comprised of continuous filaments that have a textured surface. It is often used in the manufacturing of fabrics that people regularly touch, such as apparel, home textiles and furnishing, and bedding and automotive seating. Fabric incorporating PTY is also used in industries including medical supplies and devices, industrial materials, and general automotive. PTY is characterized by its denier, filament count, luster, and other variants associated with the texturing or dyeing process.²⁰

¹⁸ *Polyester Textured Yarn From India: Final Determination of Sales at Less Than Fair Value*, 84 Fed. Reg. 63843 (Dep’t Commerce Nov. 19, 2019); *Polyester Textured Yarn From the People’s Republic of China: Final Affirmative Countervailing Duty Determination and Final Affirmative Determination of Critical Circumstances*, 84 Fed. Reg. 63845 (Dep’t Commerce Nov. 19, 2019); *Polyester Textured Yarn From India: Final Affirmative Countervailing Duty Determination*, 84 Fed. Reg. 63848 (Dep’t Commerce Nov. 19, 2019); *Polyester Textured Yarn From the People’s Republic of China: Final Determination of Sales at Less Than Fair Value, and Final Affirmative Determination of Critical Circumstances*, 84 Fed. Reg. 63850 (Dep’t Commerce Nov. 19, 2019).

¹⁹ CR/PR at I-9 to I-10.

²⁰ CR/PR at I-9.

C. Arguments of the Parties

Petitioners' Arguments. Petitioners contend that the Commission should define a single domestic like product coextensive with the scope of these investigations.²¹ Petitioners state that the record of the final phase investigations contains no new information that would warrant the Commission reaching a different conclusion concerning the definition of the domestic like product than it reached in the preliminary determinations.²²

Respondents' Arguments. Respondents do not challenge petitioners' proposed definition of the domestic like product, and did not address the issue in their briefs.

D. Domestic Like Product Analysis

Based on the record, we define a single like product consisting of all PTY, coextensive with the scope of the investigations.

In the preliminary determinations, the Commission defined a single domestic like product consisting of PTY, coextensive with the scope of the investigations.²³ The Commission found that all PTY shares the same physical characteristics, as all PTY is made of polyester, comprised of continuous filaments, and has a textured surface. The Commission also found that the domestic like product and subject merchandise overlap in their end uses and customers.

The Commission found that these key characteristics of PTY distinguish it from other products, including other kinds of polyester fibers and non-textured yarn, which would not be suitable for the same end uses as PTY. Further, the Commission found that, notwithstanding different levels of integration among U.S. producers, all used similar production processes for PTY and produced PTY on equipment largely dedicated for that purpose. In addition, the Commission found that producers and customers perceive PTY to be a unique product that is not interchangeable with other products, such as polyester fibers and non-textured yarn, that lack its key characteristics. Although the Commission acknowledged that there may be some variations in PTY products, it found that the record did not indicate that there were clear

²¹ Petitioners' Prehearing Br. at 4.

²² Petitioners' Prehearing Br. at 4.

²³ *Polyester Textured Yarn from China and India*, Inv. Nos. 701-TA-612-613 and 731-TA-1429-1430 (Preliminary), USITC Pub. 4858 at 13 (Dec. 2018) ("Preliminary Determinations").

dividing lines among these types of PTY.²⁴ Consequently, the Commission defined a single domestic like product consisting of PTY, coextensive with the scope of the investigations.²⁵

The record in the final phase of these investigations contains no new information concerning the characteristics and uses of PTY,²⁶ and no party has argued for a definition of the domestic like product different from that adopted in the preliminary phase. Accordingly, we define a single domestic like product that is coextensive with the scope of the investigations.

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.”²⁷ In defining the domestic industry, the Commission’s general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

We must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to section 771(4)(B) of the Tariff Act. This provision allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.²⁸ Exclusion of such a producer is within the Commission’s discretion based upon the facts presented in each investigation.²⁹

²⁴ Preliminary Determinations, USITC Pub. 4858 at 13.

²⁵ Preliminary Determinations, USITC Pub. 4858 at 13.

²⁶ See generally CR/PR at I-8 – 11.

²⁷ 19 U.S.C. § 1677(4)(A).

²⁸ 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).

²⁹ The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a domestic producer pursuant to the related parties provision 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

The record indicates that five domestic producers of PTY fall within the scope of the related parties provision. Four domestic producers (***) directly imported subject merchandise during the January 2016 through June 2019 period of investigation (“POI”).³⁰ ***, the parent company of a domestic producer ***, exported subject merchandise to the United States from India during the POI.³¹

Petitioners argue that the Commission should not exclude any domestic producer from the domestic industry pursuant to the related parties provision because those firms’ principal interest is in domestic production rather than importation.³² Respondents submitted no arguments on the definition of the domestic industry.

We provide an analysis below of whether appropriate circumstances exist to exclude any of the U.S. producers from the domestic industry.

***. *** accounted for *** percent of U.S. production in 2018.³³ It imported *** pounds of subject merchandise in 2016, *** pounds in 2017, *** pounds in 2018, *** pounds in January-June (“interim”) 2018, and *** pounds in interim 2019.³⁴ *** ratio of its subject imports to domestic production was *** percent in 2016, *** percent in 2017, *** percent in 2018, *** percent in interim 2018, and *** percent in interim 2019.³⁵ *** stated that it imported subject merchandise ***.³⁶ *** the petitions.³⁷ Its operating income ratio was *** than the average for all domestic producers in 2016 and 2017 and *** than the average throughout the remainder of the POI.³⁸ On balance, the record indicates that the firm’s principal interest appears to be in domestic production. In light of the foregoing, we find that

(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.

³⁰ CR/PR at Table III-11.

³¹ CR/PR at Table III-2; *** Foreign Producers Questionnaire, EDIS Doc. 686933. While petitioner *** is affiliated with a producer of PTY in China, the record does not indicate that this producer either imported or exported subject merchandise. CR/PR at Table III-2; *see* *** Producer Questionnaire, EDIS Doc. 617188, Responses to Questions I-6-7. Hence *** does not satisfy the statutory definition for a related party.

³² Petitioners’ Prehearing Br. at 7-9.

³³ CR/PR at Table III-1.

³⁴ CR/PR at Table III-11.

³⁵ CR/PR at Table III-11.

³⁶ CR/PR at Table III-11.

³⁷ CR/PR at Table III-1. *Compare Polyester Textured Yarn from India and the People’s Republic of China* (Confidential Antidumping and Countervailing Duty Petitions), EDIS Doc. 659211 (Oct. 18, 2018) Ex. Gen-2 at 2.

³⁸ CR/PR at Table VI-5.

appropriate circumstances do not exist to exclude *** from the domestic industry under the related parties provision.

***. *** accounted for *** percent of domestic production in 2018, making it the *** U.S. producer of PTY, by quantity.³⁹ *** subject merchandise in 2016, but it imported *** pounds of subject merchandise in 2017, *** pounds in 2018, and *** pounds in interim 2018.⁴⁰ These imports were the equivalent of *** percent of its U.S. production in each respective year.⁴¹ *** the petitions.⁴² It stated that it imports subject merchandise for *** reasons.⁴³ *** operating income ratio was *** than the average of for all producers in 2016 and interim 2019 and *** than the average in 2017, 2018, and interim 2018.⁴⁴ Given that *** U.S. production of PTY was substantially larger than the quantity of its importation of subject imports, we find that the firm's principal interest appears to be in domestic production. In light of the foregoing, we find that appropriate circumstances do not exist to exclude it from the domestic industry under the related parties provision.

***. *** accounted for *** percent of U.S. production in 2018.⁴⁵ It imported *** pounds of subject merchandise in 2018, *** pounds in interim 2018, and *** pounds in interim 2019.⁴⁶ *** ratio of its subject imports to domestic production was *** percent in 2018, *** percent in interim 2018, and *** percent in interim 2019.⁴⁷ *** stated that *** was the reason it imported subject merchandise.⁴⁸ *** the petitions.⁴⁹ *** did not provide complete information regarding the company's financial indicators.⁵⁰ On balance, the record indicates that the firm's principal interest appears to be in domestic production. In light of the foregoing, we find that appropriate circumstances do not exist to exclude *** from the domestic industry under the related parties provision.

³⁹ CR/PR at Table III-1.

⁴⁰ CR/PR at Table III-11. ***. *Id.*

⁴¹ CR/PR at Table III-11.

⁴² CR/PR at Table III-1.

⁴³ CR/PR at Table III-11.

⁴⁴ CR/PR at Table VI-5.

⁴⁵ CR/PR at Table III-1.

⁴⁶ CR/PR at Table III-11. The firm did not import subject merchandise in 2016 or 2017. *Id.*

⁴⁷ CR/PR at Table III-11.

⁴⁸ CR/PR at Table III-11.

⁴⁹ CR/PR at Table III-1.

⁵⁰ CR/PR at Table VI-5, note. *** was unable to allocate SG&A to its internal consumption of PTY, resulting in static ratios and zero gross, operating, and net profits.

***. *** accounted for *** percent of U.S. production in 2018.⁵¹ The ratio of the exports of subject merchandise to the United States by *** parent company's, ***, to *** domestic production was *** percent in 2016, and *** percent in 2017.⁵² *** the petition with regard to China and *** the petition with regard to India.⁵³ *** did not submit usable financial data in its questionnaire,⁵⁴ and in light of its small share of U.S. production, we find that its exclusion would not skew the domestic industry's data. On balance, given *** small share of U.S. production during the POI, ***, the record supports finding that *** principal interest is not in domestic production. In addition, *** did not claim that ***, and no party submits that the exclusion of *** data will mask injury to the domestic industry caused by subject imports.⁵⁵ We consequently find that appropriate circumstances exist to exclude *** from the domestic industry as a related party.⁵⁶

⁵¹ CR/PR at Tables III-1 and III-3. *** accounted for *** percent of domestic production in 2016 and *** percent of domestic production in 2017. CR/PR at Table III-4.

⁵² CR/PR at Table III-4; *** Foreign Producer Questionnaire, EDIS Doc. 686933 at 11. *** parent company exported *** pounds of subject merchandise to the United States in 2016 and *** pounds of subject merchandise in 2017. ***. *** Foreign Producer Questionnaire, EDIS Doc. 686933 at 12.

⁵³ CR/PR at Table III-1.

⁵⁴ CR/PR at III-1, n.2.

⁵⁵ CR/PR at Table III-3; see Petitioners' Prehearing Br. at 7-9.

⁵⁶ Chairman Johanson and Commissioner Schmidlein find that appropriate circumstances do not exist to exclude *** from the domestic industry as a related party. A shift in focus from domestic production toward foreign production does not by itself justify excluding a company from the domestic industry, even if the relevant entities' ***. The purpose of the related party exclusion provision is to "exclude from the industry headcount domestic producers substantially benefitting from their relationships with foreign exporters." *USEC, Inc. v. United States*, 132 F. Supp. 23d 1, 12 (Ct. Int'l Trade 2001); *accord Wooden Bedroom Furniture from China*, Inv. No. 731-TA-1058 (Review), USITC Pub. 4203, at 8 n.38 (Dec. 2010). Potential benefit to a domestic producer from its foreign-company affiliation is not a concern where the domestic producer has been ***. We also note that *** did not itself import; rather, ***.

Under these circumstances, excluding *** would "skew domestic industry data" by *** *Large Residential Washers*, *supra*, USITC Pub. 4378, at 13. It also would create an anomalous situation in which the more subject merchandise a foreign parent company exported to the United States, the less likely that *** or any other reductions in operations or performance at its domestic subsidiary would count as injury to the domestic industry.

Commissioner Kearns agrees with the general principle that a shift in focus away from domestic production and toward foreign production by a parent company of a domestic firm does not alone justify exclusion of a domestic firm under the related parties provision. However, based on the facts of this case, he finds that appropriate circumstances exist to exclude *** from the domestic industry.

***. *** was the *** domestic producer in 2017, accounting for *** percent of domestic production of PTY during that year.⁵⁷ It imported *** pounds of subject merchandise in 2016, *** pounds in 2017, and ***.⁵⁸ These imports were equivalent to *** percent of its U.S. production of PTY in 2016 and *** percent in 2017. *** operating income to net sales ratio was *** than the industry average in 2016 and 2017, *** than the industry average in 2018 and interim 2018, and *** than the industry average in interim 2019.⁵⁹ ***, explained that it imported subject merchandise ***.⁶⁰ Given that *** U.S. production of PTY was substantially larger than the quantity of its importation of subject imports, the record indicates that, on balance, the firm's principal interest appears to be in domestic production, we find that appropriate circumstances do not exist to exclude *** from the domestic industry under the related parties provision.

Accordingly, we define the domestic industry to include all U.S. producers of PTY other than ***.⁶¹

IV. Cumulation⁶²

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

⁵⁷ CR/PR at Table III-1.

⁵⁸ CR/PR at Table III-11.

⁵⁹ CR/PR at Table VI-5.

⁶⁰ CR/PR at Tables III-1 and III-11.

⁶¹ As noted above, Chairman Johanson and Commissioner Schmidlein define the domestic industry to include all domestic producers of PTY.

⁶² 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 generally be deemed negligible. 19 U.S.C. §§ 1671b(a), 1673b(a), 1677(24)(A)(i), 1677(24)(B). The exceptions to the general provisions on negligibility are not applicable in these investigations.

Subject imports from China and India exceed the statutory negligibility threshold. Subject imports from China accounted for 36.6 percent and subject imports from India accounted for 18.6 percent of total imports of PTY by quantity, respectively, for the 12-month period (October 2017 through September 2018) preceding the filing of the petitions. CR/PR at Table IV-7. Thus, we find that subject imports from China and India are not negligible.

imports compete with each other and with the domestic like product, the Commission generally has considered four factors:

- (1) the degree of fungibility between subject imports from different countries and between subject imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;
- (2) the presence of sales or offers to sell in the same geographic markets of subject imports from different countries and the domestic like product;
- (3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and
- (4) whether the subject imports are simultaneously present in the market.⁶³

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.⁶⁴ Only a “reasonable overlap” of competition is required.⁶⁵

A. Arguments of the Parties

Petitioners. Petitioners request that the Commission cumulate subject imports from China and India as it did in its preliminary determinations. Petitioners argue that PTY from domestic and both subject sources is highly interchangeable, as reported by the majority of market participants.⁶⁶ Petitioners also observe that most purchasers reported that subject imports from India were comparable to both domestic like product and subject imports from

⁶³ See *Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan*, Inv. Nos. 731-TA-278-280 (Final), USITC Pub. 1845 (May 1986), *aff’d*, *Fundicao Tupy, S.A. v. United States*, 678 F. Supp. 898 (Ct. Int’l Trade), *aff’d*, 859 F.2d 915 (Fed. Cir. 1988).

⁶⁴ See, e.g., *Wieland Werke, AG v. United States*, 718 F. Supp. 50 (Ct. Int’l Trade 1989).

⁶⁵ The Statement of Administrative Action (SAA) to the Uruguay Round Agreements Act (URAA), expressly states that “the new section will not affect current Commission practice under which the statutory requirement is satisfied if there is a reasonable overlap of competition.” H.R. Rep. No. 103-316, Vol. I at 848 (1994) (*citing Fundicao Tupy, S.A. v. United States*, 678 F. Supp. at 902); see *Goss Graphic Sys., Inc. v. United States*, 33 F. Supp. 2d 1082, 1087 (Ct. Int’l Trade 1998) (“cumulation does not require two products to be highly fungible”); *Wieland Werke, AG*, 718 F. Supp. at 52 (“Completely overlapping markets are not required.”).

⁶⁶ Petitioners’ Prehearing Br. at 11

China in quality, and that purchasers reported shifting from domestic like product to subject imports from India and China due to price.⁶⁷

Petitioners dispute Reliance's assertion that there is no actual competition between subject imports from China and India.⁶⁸ Petitioners assert that there were sales of all four pricing products for the domestic like product and subject imports from China and India during the POI.⁶⁹ U.S. shipments of PTY from India were comprised of all denier ranges, as were subject imports from China and the domestic product.⁷⁰ Additionally, the vast majority of PTY shipments during the POI from all sources were made of virgin PET material.⁷¹

Petitioners also assert that there is an overlap in channels of distribution because *** shipments of domestic products and imports from each subject country went to end users, and that the vast majority of those end user shipments from all sources went to ***.⁷² With respect to geographic overlap, Petitioners claim that subject imports from China and India compete with each other and with the domestic like product throughout the United States.⁷³ They further assert that the domestic like product as well as subject imports from both China and India were present in the U.S. market throughout the POI.⁷⁴

Respondents. Reliance was the sole respondent to brief the issue of cumulation. Reliance contends that the Commission should not cumulate subject imports from India because they are not fungible with subject imports from China or the domestic like product.⁷⁵ Reliance argues that subject imports from India have a different denier range than the majority of imports from China, do not meaningfully compete in the automotive industry, and *** in the market segment for PTY made from recycled PET material, where the domestic industry is predominant.⁷⁶ Reliance also argues there is insufficient presence of subject imports from India in the West geographic market, where the domestic like product and subject imports from China are both sold.⁷⁷

⁶⁷ Petitioners' Posthearing Br. at 4.

⁶⁸ Petitioners' Posthearing Br. at 2-3.

⁶⁹ Petitioners' Prehearing Br. at 12.

⁷⁰ Petitioners' Posthearing Br. at 3. Petitioners observe that most subject imports from India during the POI ***. *Id.*; see also CR/PR at Tables III-7 and IV-3.

⁷¹ Petitioners' Posthearing Br. at 4.

⁷² Petitioners' Posthearing Br. at 3-4, 13.

⁷³ Petitioners' Prehearing Br. at 12-13.

⁷⁴ Petitioners' Prehearing Br. at 13-14.

⁷⁵ Reliance's Prehearing Br. at 4.

⁷⁶ Reliance's Prehearing Br. at 4-6; Reliance's Posthearing Br. at 27-28.

⁷⁷ Reliance's Prehearing Br. at 5.

B. Analysis and Conclusion

The statutory threshold for cumulation is satisfied in these investigations because petitioners filed the antidumping and countervailing duty petitions with respect to both subject countries on the same day, October 18, 2018.⁷⁸ As discussed below, we find a reasonable overlap of competition between the domestic like product and subject imports from each subject country and between subject imports from China and India.

Fungibility. Most U.S. producers reported in all comparisons between the domestic like product, subject imports from China, and subject imports from India that products are always interchangeable, whereas most importers and purchasers reported that products were either frequently or sometimes interchangeable.⁷⁹ A majority of purchasers found the domestic like product and subject imports from China to be comparable with respect to 10 of 17 specific purchasing factors, while a majority of purchasers found domestic like product and subject imports from India to be comparable with respect to 11 of 17 purchasing factors.⁸⁰ Purchasers most frequently reported four non-price factors to be very important: availability, product consistency, quality meets industry standards, and reliability of supply.⁸¹ Focusing on these four non-price factors, majorities or pluralities of purchasers found products from domestic and individual subject sources, or from different subject sources, to be comparable in every comparison but one.⁸²

Reliance's argument that subject imports from India do not substantially compete in the market for lower denier products is not supported by the record: U.S. producers and U.S. importers of PTY from both subject sources reported U.S. shipments of PTY in all denier ranges.⁸³ For 2018, importers reported that subject imports from India comprised a minimum

⁷⁸ CR/PR at I-1. None of the statutory exceptions to cumulation apply.

⁷⁹ CR/PR at Table II-11.

⁸⁰ CR/PR at Table II-10.

⁸¹ CR/PR at Table II-8.

⁸² CR/PR at Table II-10. A majority of purchasers rated the domestic like product as superior to subject imports from India for reliability of supply. *Id.*

Indeed, the record indicates actual competition between domestic and imported products. As explained in more detail below in the discussion of price effects, there was head-to-head competition during the POI between lower priced subject imports from China and India and the domestic like product that caused the domestic industry to lose sales. CR/PR at Table V-10.

⁸³ CR/PR at Tables III-7 and IV-3. Petitioners also provided evidence of selling PTY in market segments with higher deniers otherwise dominated by subject imports from India (*e.g.*, mattress ticking). *See, e.g.*, Hearing Tr. at 28 (Freeman), 95 (Freeman), 98 (Rosenthal). Petitioners also provided evidence of their difficulty selling higher denier product in the face of competition from subject imports. *See, e.g.*, Petitioners' Posthearing Br. at Ex. 6 attachment 1A.

of *** percent of imports in each of the four denier ranges.⁸⁴ Similarly, Reliance's argument that the absence of subject imports from India in U.S. shipments for PTY derived from recycled PET material demonstrates a lack of overlap is not supported, given that the overwhelming majority of PTY shipments from domestic and both subject sources was made from virgin PET material.⁸⁵

Channels of Distribution. During the period of investigation, most shipments of the domestic like product (at least *** percent for each year or interim period), subject imports from China (at least *** percent for each year or interim period), and subject imports from India (at least *** percent for each year or interim period), were to textile manufacturers.⁸⁶ While subject imports from India were present in limited quantities in the automotive sector, they were competing head-to-head with the domestic like product and subject imports from China in textiles, the predominant channel of distribution in the U.S. PTY market.⁸⁷

Geographic Overlap. During the POI, the domestic like product was sold in all regions of the contiguous United States. Subject imports from China were sold in the Northeast, Midwest, Southeast, and Pacific Coast regions, and subject imports from India were sold in the Northeast, Southeast, and Pacific Coast regions.⁸⁸

Simultaneous Presence in Market. The domestic like product was present in the U.S. market throughout the POI.⁸⁹ Subject imports from both China and India entered the United States during every month of the POI.⁹⁰

⁸⁴ CR/PR at Table IV-3. We do not agree with Reliance's arguments that the questionnaires were deficient in that they did not seek more narrow ranges of deniers or request sales volumes within each denier range. Hearing Tr. at 126, 138-39; Reliance's Posthearing Br. at 27-28. Reliance did not provide comments on the draft questionnaires when it had an opportunity to do so. See 19 C.F.R. §§ 207.20(b), 207.63(b).

⁸⁵ CR/PR at Tables III-9 and IV-5. In 2018, PTY manufactured from virgin PET material constituted *** U.S. shipments of subject imports from India, *** percent of U.S. shipments of subject imports from China,⁸⁵ and *** percent of U.S. producers' 2018 PTY shipments. *Id.*

⁸⁶ CR/PR at Table II-2.

⁸⁷ CR/PR at Table II-2.

⁸⁸ CR/PR at Table II-3. The argument that subject imports from India "{lack} the same presence" in the West region as the domestic like product and subject imports from China does not rebut the fundamental basis of this factor, *i.e.*, presence. Furthermore, the argument made by Reliance infers without basis that Customs entry districts are coextensive with the geographic market where sales or offers to sell are present. *Cf. Prestressed Concrete Steel Wire Strand from Brazil, India, Korea, Mexico, and Thailand*, Inv. Nos. 701-TA-432 and 731-TA-1024-1028 (Preliminary), USITC Pub. 3589 (Mar. 2003) at 11 n.58 ("the district of entry does not necessarily dictate the ultimate destination for the product").

⁸⁹ See generally CR/PR at Tables V-3 – V-6.

⁹⁰ CR/PR at Table IV-12.

Conclusion. The record supports a finding that subject imports from each subject country are fungible with the domestic like product and with each other, inasmuch as purchasers generally found the domestic like product, subject imports from China, and subject imports from India interchangeable and comparable to each other in the factors most important to purchasing decisions. The record indicates common channels of distribution in that most shipments from domestic and each subject source went to textile manufacturers. The record further indicates that imports from each subject country and the domestic like product are sold in overlapping geographic markets and have been simultaneously present in the U.S. market. Reliance’s arguments that there is a lack of overlap between subject imports from India and the domestic like product or subject imports from China due to purported differences in denier ranges, use of recycled as opposed to virgin PET material, or channels of distribution are unsupported by the record. Similarly, Reliance’s argument that the relatively small volume of subject imports from India sold to automotive textile manufacturers is so insignificant as to render a channel of distribution “not utilized” by subject imports from India⁹¹ disregards the fact that there were some sales of subject imports from India in that channel as well as the fact that most shipments from domestic and both subject sources went to other textile manufacturers. In light of the foregoing, we find that there is a reasonable overlap of competition between the domestic like product and imports from each subject country and between imports from each subject country. Therefore, we analyze subject imports from China and India on a cumulated basis.

V. Material Injury by Reason of Subject Imports

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 dumped and subsidized imports of PTY from China and India.

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.⁹² In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic

⁹¹ Reliance’s Prehearing Br. at 5-6.

⁹² 19 U.S.C. §§ 1671d(b), 1673d(b).

like product, but only in the context of U.S. production operations.⁹³ The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.”⁹⁴ 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.⁹⁵ 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.”⁹⁶

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,⁹⁷ 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.⁹⁸ 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.⁹⁹

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

⁹³ 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).

⁹⁴ 19 U.S.C. § 1677(7)(A).

⁹⁵ 19 U.S.C. § 1677(7)(C)(iii).

⁹⁶ 19 U.S.C. § 1677(7)(C)(iii).

⁹⁷ 19 U.S.C. §§ 1671d(b), 1673d(b).

⁹⁸ *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’d*, 944 F. Supp. 943, 951 (Ct. Int’l Trade 1996).

⁹⁹ 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).

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 inflating an otherwise tangential cause of injury into one that satisfies the statutory material injury threshold.¹⁰⁰ In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.¹⁰¹ 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.¹⁰² It is clear that the existence of injury caused by other factors does not compel a negative determination.¹⁰³

¹⁰⁰ 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.

¹⁰¹ 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.”); *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.”).

¹⁰² S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

¹⁰³ *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.”).

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.”¹⁰⁴ The Commission ensures that it has “evidence in the record” to “show that the harm occurred ‘by reason of’ the LTFV imports,” and that it is “not attributing injury from other sources to the subject imports.”¹⁰⁵ The Federal Circuit has examined and affirmed various Commission methodologies and has disavowed “rigid adherence to a specific formula.”¹⁰⁶

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.¹⁰⁷ Congress has delegated this factual finding to the Commission because of the agency’s institutional expertise in resolving injury issues.¹⁰⁸

B. Conditions of Competition and the Business Cycle

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

1. Captive Production

The domestic industry captively consumes a portion of its production of PTY in the manufacture of downstream articles. We therefore consider the applicability of the statutory

¹⁰⁴ *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 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*.

¹⁰⁵ *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.

¹⁰⁶ *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.”).

¹⁰⁷ We provide in our discussion below a full analysis of other factors alleged to have caused any material injury experienced by the domestic industry.

¹⁰⁸ *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.”).

captive production provision, and whether we are required to focus our analysis primarily on the merchant market when assessing market share and the factors affecting the financial performance of the domestic industry.¹⁰⁹

Petitioners' Arguments. Petitioners maintain that the criteria for applying the captive production provision are satisfied, and therefore, the Commission should focus primarily on the merchant market in analyzing the market share and financial performance of the domestic industry.¹¹⁰

Respondents' Arguments. STR Respondents argue that the captive production provision is not met because the percentage of internal consumption does not constitute a significant portion of the market, as required by the threshold criterion.¹¹¹ In particular, they argue that even if the Commission finds that this requirement is met, the second statutory criterion is not because PTY constitutes a variable share of the cost in a wide variety of final end use products in which fabric manufactured from PTY is used.¹¹²

Threshold Criterion. The captive production provision can be applied only if, as a threshold matter, significant production of the domestic like product is internally transferred and significant production is sold in the merchant market. In these investigations, internal consumption accounted for *** percent of the domestic industry's U.S. shipments of PTY in 2016, *** percent in 2017, *** percent in 2018, *** percent in interim 2018, and *** percent

¹⁰⁹ The captive production provision, 19 U.S.C. § 1677(7)(C)(iv), as amended by the Trade Preferences Extension Act of 2015, provides:

(iv) CAPTIVE PRODUCTION – If domestic producers internally transfer significant production of the domestic like product for the production of a downstream article and sell significant production of the domestic like product in the merchant market, and the Commission finds that—
(I) the domestic like product produced that is internally transferred for processing into that downstream article does not enter the merchant market for the domestic like product, and
(II) the domestic like product is the predominant material input in the production of that downstream article.

The SAA indicates that where a domestic like product is transferred internally for the production of another article coming within the definition of the domestic like product, such transfers do not constitute internal transfers for the production of a “downstream article” for purposes of the captive production provision. SAA at 853.

The Trade Preferences Extension Act of 2015 eliminated what had been the third statutory criterion of the captive production provision. Pub. L. 114-27, § 503(c).

¹¹⁰ Petitioners' Prehearing Br. at 15-16; Petitioners' Posthearing Br. at Ex. 1 at 7 and Ex. 4 at 11.

¹¹¹ STR Prehearing Br. at 31-32; STR Respondents' Posthearing Br. at 1-2, Ex. 1 at 23-24.

¹¹² STR Prehearing Br. at 33-34; STR Respondents' Posthearing Br. at 2, Ex. 1 at 25-27.

in interim 2019.¹¹³ Commercial U.S. shipments accounted for *** percent of the domestic industry's total U.S. shipments in 2016, *** percent in 2017, *** percent in 2018, *** percent in interim 2018, and *** percent in interim 2019.¹¹⁴ We find that both internal consumption and merchant market sales constitute significant portions of the domestic industry's production, and therefore the threshold criterion for applying the captive production provision is met.

First Statutory Criterion. The first criterion examines whether the domestic like product produced that is internally transferred for processing into downstream articles is instead sold on the merchant market.¹¹⁵ No domestic producers in these investigations reported diverting PTY that was to be internally consumed to the merchant market.¹¹⁶ We therefore find that the first statutory criterion is satisfied.

Second Statutory Criterion. In applying the second statutory criterion, the Commission generally considers whether the domestic like product is the predominant material input into a downstream product by referring to its share of the raw material cost of the downstream product, but has also construed "predominant" material input to mean the main or strongest element, and not necessarily a majority, of the inputs by value.¹¹⁷ In these investigations, the Commission requested estimates of the share of the cost of final end use products in which PTY is used. Reported costs included garment/apparel (at least 50 percent), yarn (at least 50

¹¹³ Derived from CR/PR at Table III-6, ***'s Producer Questionnaire Response at 13. Internal consumption was *** pounds in 2016, *** pounds in 2017, *** pounds in 2018, *** pounds in interim 2018, and *** pounds in interim 2019. The domestic industry's U.S. shipments of PTY were *** pounds in 2016, *** pounds in 2017, *** pounds in 2019, *** pounds in interim 2018, and *** pounds in interim 2019. Derived from CR/PR at Table III-6, ***'s Producer Questionnaire Response at 13. This data may be understated because the Commission received no questionnaire response from ***.

¹¹⁴ Derived from CR/PR at Table III-6, ***'s Producer Questionnaire Response at 13. Commercial U.S. shipments accounted for *** pounds in 2016, *** pounds in 2017, *** pounds in 2018, *** pounds in interim 2018, and *** pounds in interim 2019. *Id.*

¹¹⁵ See, e.g., *Hot-Rolled Steel Products from Argentina and South Africa*, Inv. Nos. 701-TA-404, 731-TA-898, 905 (Final), USITC Pub. 3446 at 15-16 (Aug. 2001); *Certain Cold-Rolled Steel Products from Argentina, Brazil, China, Indonesia, Japan, Russia, Slovakia, South Africa, Taiwan, Turkey and Venezuela*, Inv. Nos. 701-TA-393 and 731-TA-829-40 (Final) (Remand), USITC Pub. 3691 at 2 & n.19 (May 2004).

¹¹⁶ CR/PR at III-18.

¹¹⁷ See generally, e.g., *Polyethylene Terephthalate Film, Sheet and Strip from Brazil, China, Thailand, and the United Arab Emirates*, Inv. Nos. 731-TA-1131-1134 (Final), USITC Pub. 4040 at 17 n.103 (Oct. 2008); *Polyethylene Terephthalate Film, Sheet, and Strip from India and Taiwan*, Inv. Nos. 701-TA-415 and 731-TA-933-934 (Final), USITC Pub. 3518 at 11 & n.51 (June 2002). The Commission has construed "predominant" material input to mean the main or strongest element, and not necessarily a majority, of the inputs by value. See *Polyvinyl Alcohol from Germany and Japan*, Inv. Nos. 731-TA-1015-16 (Final), USITC Pub. 3604 at 15 n.69 (June 2003).

percent), and *** (at least 54 percent).¹¹⁸ We acknowledge that PTY does not constitute a majority of the cost of every downstream product in which it is used, and there are a wide variety of reported cost shares due to the wide range of possible final end uses.¹¹⁹

Notwithstanding this, PTY is the predominant material input cost in several downstream products, particularly the fabric produced by most purchasers of PTY.¹²⁰ On balance, we find that this criterion is satisfied in these investigations.¹²¹

Conclusion. We conclude that all criteria for application of the captive production provision are satisfied in these investigations and, accordingly, we focus primarily on the merchant market in analyzing the market share and financial performance of the domestic industry. We also have considered the market as a whole and the captive portion of the market.

2. Demand Considerations

U.S. demand for PTY depends on demand for downstream products.¹²² Apparent U.S. consumption of PTY, in both the merchant market and the overall market, was relatively stable during the POI, with a nominal decline of *** percent in the merchant market from 2016 to 2018. By quantity, apparent U.S. consumption of PTY in the merchant market decreased irregularly from *** pounds in 2016 to *** pounds in 2018; it was *** pounds in interim 2019, which was *** percent lower than *** pounds in interim 2018.¹²³

¹¹⁸ CR/PR at II-8 – II-9. We also note that the major application for polyester fiber, a broader category that includes the domestic like product, is the production of fabric. ***.

¹¹⁹ See CR/PR at II-9.

¹²⁰ Petitioners estimate that PTY comprises approximately *** percent or more of the raw material input for the woven or knitted fabric used in downstream products. Petitioners' Posthearing Br. Ex. 1 at 7, Ex. 4, para. 11. Petitioners contend this remains true even if based on the percent of total costs (as opposed to percentage of material costs) accounted for by PTY. Petitioners' Posthearing Br. Ex. 1 at 7.

¹²¹ See *Carbon and Certain Alloy Steel Wire Rod from Belarus, Russia, and the United Arab Emirates*, Inv. Nos. 731-TA-1349, 1352, and 1357 (Final), USITC Pub. 4752 at 26-27 (Jan. 2018) (finding second statutory criterion satisfied when reporting domestic producers indicated that wire rod accounted for the majority of the finished cost of a number of downstream products).

¹²² CR/PR at II-1, II-8 – II-9.

¹²³ CR/PR at Table IV-15. Apparent U.S. consumption in the overall market was *** percent lower in 2018 than in 2016 and was *** percent lower in interim 2019 than in interim 2018. Apparent consumption in the overall market was *** pounds in 2016, *** pounds in 2017, *** pounds in 2018, *** pounds in interim 2018, and *** pounds in interim 2019. CR/PR at Table IV-13.

3. Supply Considerations

The domestic industry was the largest supplier of PTY to the U.S. market during the POI, although its share of apparent U.S. consumption in the merchant market decreased from *** percent in 2016 to *** percent in 2017 and *** percent in 2018.^{124 125} The domestic industry's market share in the merchant market was lower in interim 2018 at *** percent than in interim 2019 at *** percent.¹²⁶

There were seven producers in the domestic industry during the POI, two of which captively consumed PTY to produce downstream articles.¹²⁷ Petitioner Unifi accounted for the largest share of domestic production – *** percent in 2018.¹²⁸ Overall, the domestic industry's capacity remained generally stable during the POI.¹²⁹ Domestic industry capacity was higher than apparent U.S. consumption in the overall market from 2016 to 2018,¹³⁰ and the petitioners maintain that the domestic industry was capable of producing the entire range of PTY products that were imported into the United States from the subject countries.¹³¹

¹²⁴ Derived from CR/PR at Table III-6, ***'s Producer Questionnaire Response at 8. The domestic industry's share of apparent U.S. consumption in the overall market increased from *** percent in 2016 to *** percent in 2017, before decreasing to *** percent in 2018. *Id.*

Excluded domestic producer *** accounted for *** percent of apparent U.S. consumption in both the merchant market and the overall market in 2016, *** percent of apparent U.S. consumption in both the merchant market and overall market in 2017, and *** percent of apparent U.S. consumption in both the merchant market and overall market during the remainder of the POI. *Id.*

¹²⁵ As noted above, Chairman Johanson and Commissioner Schmidlein define the domestic industry to include all domestic producers of PTY.

¹²⁶ Derived from CR/PR at Table III-6, ***'s Producer Questionnaire Response at 8. The domestic industry's market share in the overall market was lower in interim 2018 at *** percent than in interim 2019 at *** percent. *Id.*

¹²⁷ CR/PR at Table III-1, VI-1. ***, which we have excluded from the domestic industry, ceased production of PTY in September 2017. It contends that it was ***. CR/PR at Table III-3.

¹²⁸ CR/PR at Table III-1.

¹²⁹ Derived from CR/PR at Table III-5, ***'s Producer Questionnaire Response at 8. The domestic industry's capacity was generally stable at *** pounds from 2016 to 2018 and *** pounds in interim 2018 and interim 2019. *Id.*

¹³⁰ Derived from CR/PR at Table III-6, ***'s Producer Questionnaire Response at 8. Apparent U.S. consumption was *** pounds in 2016, *** pounds in 2017, and *** pounds in 2018. CR/PR at Table IV-14.

¹³¹ Petitioners' Prehearing Br. at 19. We note that market participants reported only isolated instances of supply constraints and that these applied to imports from both subject countries as well as to individual domestic producers. CR/PR at II-7 – II-8.

Cumulated subject imports' share of apparent U.S. consumption in the merchant market increased from *** percent in 2016 to *** percent in 2017, and *** percent in 2018;¹³² their share in the merchant market was higher in interim 2018 at *** percent than in interim 2019 at *** percent.¹³³ Cumulated subject imports' share of apparent U.S. consumption in the merchant market was higher than nonsubject imports' share in 2017, 2018, and interim 2018.¹³⁴

Nonsubject imports' share of apparent U.S. consumption in the merchant market declined irregularly over the POI. Nonsubject imports' share was *** percent in 2016, *** percent in 2017, and *** percent in 2018.¹³⁵ Nonsubject imports' market share in the merchant market was lower in interim 2018 at *** percent than in interim 2019 at *** percent.¹³⁶ The largest source of nonsubject imports during the POI was Mexico, which accounted for *** percent of nonsubject imports in 2016, *** percent in 2017, *** percent in 2018, *** percent in interim 2018, and *** percent in interim 2019.^{137 138}

¹³² Derived from CR/PR at Table III-6, ***'s Producer Questionnaire Response at 8. In the overall market, cumulated subject imports' share of apparent U.S. consumption increased from *** percent in 2016 to *** percent in 2017 and *** percent in 2018. *Id.*

¹³³ Derived from CR/PR at Table III-6, ***'s Producer Questionnaire Response at 8. Cumulated subject imports' share in the overall market was higher in interim 2018 at *** percent than in interim 2019 at *** percent. *Id.*

¹³⁴ Derived from CR/PR at Table III-6, ***'s Producer Questionnaire Response at 8. Cumulated subject imports similarly had a higher share of apparent U.S. consumption in the overall market than nonsubject imports in 2017, 2018, and interim 2018. *Id.*

¹³⁵ Derived from CR/PR at Table III-6, ***'s Producer Questionnaire Response at 8. Nonsubject imports share of apparent U.S. consumption in the overall market declined irregularly over the POI and was *** percent in 2016 to *** percent in 2017 and *** percent in 2018. *Id.*

¹³⁶ Derived from CR/PR at Table IV-15, ***'s Producer Questionnaire Response at 8. Nonsubject imports' market share in the overall market was lower in interim 2018, at *** percent, than in interim 2019, at *** percent. *Id.*

¹³⁷ Derived from CR/PR at Table IV-2.

¹³⁸ Derived from CR/PR at Table IV-16, ***'s Producer Questionnaire Response at 8. Nonsubject imports from Mexico accounted for *** percent of apparent U.S. consumption in the merchant market in 2016, *** percent in 2017, *** percent in 2018, *** percent in interim 2018, and *** percent in interim 2019; they accounted for *** percent of apparent U.S. consumption in the overall market in 2016, *** percent in 2017, *** percent in 2018, *** percent in interim 2018, and *** percent in interim 2019. Derived from CR/PR at Table IV-14, ***'s Producer Questionnaire Response at 8.

4. Substitutability and Other Conditions

The record indicates that there is a moderate degree of substitutability between domestically produced PTY and cumulated subject imports from China and India.¹³⁹ We acknowledge that a portion of the market governed by Buy America(n) programs such as the Berry Amendment requires use of the domestic like product.¹⁴⁰ In addition, access to preference programs under U.S. free trade agreements requires or encourages use of regional content.¹⁴¹ These content requirements and preferences serve to reduce the substitutability of the domestic like product and the subject imports.¹⁴² Nevertheless, the record shows the programs cited by the parties during these investigations affect only a minority of all purchases, and do not insulate U.S. producers from price competition from Chinese and Indian subject merchandise in most of the market.¹⁴³ Moreover, few purchasers responded that the free trade agreement regional content requirements were a very important consideration in purchasing decisions.¹⁴⁴ PTY made from recycled as opposed to virgin PET material may also serve to limit the substitutability of the domestic like product and subject imports with respect to downstream customers who have preferences for recycled content, but it similarly accounts for a relatively small share of U.S. shipments of both subject imports and domestic products.¹⁴⁵ As discussed in section IV.B. above, the domestic like product and cumulated subject imports overlap in denier ranges, both are produced predominantly from virgin PET material, and most purchasers found the subject imports and the domestic like product to be interchangeable and

¹³⁹ CR/PR at II-10.

¹⁴⁰ See CR/PR at II-15 – II-17; see also STR Respondents’ Prehearing Br. at 3, 5-6, 8, 10; Reliance’s Prehearing Br. at 17-18. The relevant agreements include the North American Free Trade Agreement (NAFTA) and the Central America - Dominican Republic Free Trade Agreement (CAFTA-DR).

¹⁴¹ CR/PR at II-15 – II-17.

¹⁴² See CR at II-10.

¹⁴³ CR at II-15. The parties agree that domestic and regional content requirements affect only approximately *** percent of the overall market. STR Respondents’ Prehearing Br. at 3; Reliance’s Prehearing Br. at 17-18; Petitioners’ Prehearing Br. at 23; Hearing Tr. at 45.

¹⁴⁴ CR/PR at Table II-8. 19 of 25 purchasers reported that regional content requirements were only somewhat or not an important purchasing factor. *Id.* Only six purchasers reported regional content requirements to be a very important factor, while ten reported it to be only somewhat important, and nine reported it to be not important. *Id.* In addition, most purchasers reported that they and their customers only sometimes or never make purchasing decisions based on country of origin. CR/PR at Table II-6.

¹⁴⁵ CR/PR at Tables III-9, IV-5. In 2018, domestic producers shipped *** pounds of PTY made from virgin materials and *** pounds of PTY made from recycled inputs, and U.S. importers shipped *** pounds of PTY made from virgin PET material and *** pounds of PTY made from recycled PET material from subject sources. *Id.*

comparable, including with respect to the four most important non-price purchasing factors, *i.e.*, availability, product consistency, quality meets industry standards, and reliability of supply.

Price is an important factor in making purchasing decisions. Price was the second-most frequently reported important purchasing factor by 23 of 25 reporting purchasers, following only quality.¹⁴⁶ As discussed in section IV.B. above, majorities or pluralities of purchasers found products from domestic and individual subject sources, or from different subject sources, to be comparable in every comparison of these non-price factors, except that that a majority of purchasers rated the domestic like product superior to subject imports from India in terms of reliability of supply.¹⁴⁷

Raw material costs accounted for a substantial portion of the domestic industry's cost of goods sold ("COGS").¹⁴⁸ The cost of virgin PET resin, the main input for PTY, increased during the POI, notwithstanding a decline after September 2018.¹⁴⁹ In the merchant market, raw material costs made up *** percent of the domestic industry's COGS in 2018.¹⁵⁰

Subject imports from China were subject to additional duties pursuant to section 301 of the Trade Act of 1974¹⁵¹ ("section 301 tariffs") during the latter portion of the POI. Section 301 tariffs were initially imposed on September 24, 2018, at a rate of 10 percent *ad valorem* before increasing to 25 percent *ad valorem* on May 10, 2019.¹⁵²

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."¹⁵³

Cumulated subject imports had a significant and increasing presence in the U.S. market during the POI. Cumulated subject import volume increased by 24.7 percent in the merchant

¹⁴⁶ CR/PR at Table II-8. Other very important purchasing factors included availability, product consistency, and reliability of supply. *Id.* at Tables II-7 – II-8.

¹⁴⁷ CR/PR at Table II-10.

¹⁴⁸ CR/PR at V-1.

¹⁴⁹ CR/PR at V-1, Figure V-1. PET resin prices increased by *** percent between January 2016 and June 2019. *Id.*

¹⁵⁰ CR/PR at Table VI-3; ***'s Producer Questionnaire Response at 8. In the overall market, raw material costs made up *** percent of COGS in 2018. CR/PR at Table VI-1.

¹⁵¹ 19 U.S.C. § 2411.

¹⁵² CR/PR at I-8.

¹⁵³ 19 U.S.C. § 1677(7)(C)(i).

market from 2016 to 2018, from 62.6 million pounds in 2016 to 68.9 million pounds in 2017 and to 78.1 million pounds in 2018.¹⁵⁴

In the merchant market, cumulated subject import market share increased from *** percent in 2016 to *** percent in 2017 and *** percent in 2018.¹⁵⁵ This *** percentage points of market share gain came mainly at the expense of the domestic industry, which lost *** percentage points of market share during the same period.¹⁵⁶

In light of the foregoing, we find that the volume and the increase in volume of cumulated subject imports were significant both absolutely and relative to consumption.

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

¹⁵⁴ CR/PR at Table IV-2. Cumulated subject import volume was lower in interim 2019 (22.4 million pounds) than in interim 2018 (41.7 million pounds). *Id.* We find that both the imposition of section 301 tariffs on subject imports from China and the pendency of the investigation had some effect on cumulated subject import volumes in interim 2019. Although most domestic producers reported that the section 301 investigation and tariffs had no impact on supply from China, most importers and purchasers reported that they had reduced supply. CR/PR at Table II-1. Furthermore, monthly data indicate that subject import volume from both countries began to show notable declines during interim 2019, and the declines in monthly subject import volume from India cannot be attributed to section 301 tariffs. CR/PR at Table IV-12. Because we have found that the pendency of the investigations has had some effect on interim 2019 data, we have reduced the weight we accord that data in our analysis. See 19 U.S.C. § 1677(7)(I).

¹⁵⁵ Derived from CR/PR at Table IV-16 and *** Producer Questionnaire Response. The market share of cumulated subject imports in the merchant market was *** percent in interim 2018 and lower, at *** percent, during interim 2019. *Id.* In the overall market, cumulated subject import market share rose from *** percent in 2016 to *** percent in 2017 and to *** percent in 2018; it was higher in interim 2018 at *** percent than in interim 2019 at *** percent. Derived from CR/PR at Table IV-14 and *** Producer Questionnaire Response.

¹⁵⁶ Derived from CR/PR at Table IV-15, ***'s Producer Questionnaire Response at 11. In the overall market, cumulated subject imports gained *** percentage points of market share from 2016 to 2018, while the domestic industry lost *** percentage points. Derived from CR/PR at Table IV-14, ***'s Producer Questionnaire Response at 11.

(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.¹⁵⁷

As discussed above, the record indicates there is a moderate degree of substitutability among subject imports and the domestic like product and that price is an important consideration to purchasing decisions.

In the final phase of these investigations, the Commission collected quarterly weighted average sales price data for four PTY products shipped to unrelated U.S. customers between January 2016 and June 2019.¹⁵⁸ Four U.S. producers and 13 importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.¹⁵⁹ Pricing data reported by these firms accounted for approximately 25.1 percent of U.S. producers' U.S. shipments of PTY, 32.8 percent of U.S. shipments of subject imports from China, and 15.5 percent of U.S. shipments of subject imports from India in 2018.¹⁶⁰

The quarterly pricing data from 2016 to 2018 show that cumulated subject imports undersold the domestic like product in all 93 instances (involving *** pounds of subject imports) at underselling margins that ranged from 4.8 percent to 55.6 percent.¹⁶¹ The available

¹⁵⁷ 19 U.S.C. § 1677(7)(C)(ii).

¹⁵⁸ The pricing products are: (1) single ply, 150 denier, 34 to 48 filaments, semi-dull natural luster, round polyester textured yarn; (2) single ply, 70 denier, 34 to 48 filaments, semi-dull natural luster, round polyester textured yarn; (3) single ply, 70 denier, 68 to 72 filaments, semi-dull natural luster, round polyester textured yarn; and (4) single ply, 300 denier, 68 to 72 filaments, semi-dull natural luster, round polyester textured yarn. CR/PR at V-4.

As discussed above, Reliance challenges the pricing product definitions, see Hearing Tr. at 126, 138-39, but failed to present alternative definitions for the Commission's consideration. Because the Commission defined the pricing products based on information received from the parties in comments on the draft questionnaires, we find that the pricing product data provide an appropriate basis for our underselling analysis.

¹⁵⁹ CR/PR at V-5. Excluded domestic producer *** did not submit pricing data. See CR/PR at V-5 n.12.

¹⁶⁰ CR/PR at V-5.

¹⁶¹ Derived from CR/PR at Tables V-3 – V-6. As discussed above, we are giving principal weight to data for the period from 2016 to 2018. The quarterly pricing data for the full POI, including the interim period, show that cumulated subject imports undersold the domestic like product in 106 of 109 instances (involving 33.7 million pounds of subject imports) at underselling margins that ranged from 2.4 percent to 55.6 percent. Cumulated subject imports oversold the domestic industry's price in the remaining three price comparisons (involving *** pounds) by overselling margins that ranged from *** percent to *** percent. *Id.*

direct purchase cost data likewise show that subject imports were generally lower priced than prices of the domestic like product, often by substantial margins.^{162 163}

Further, purchaser questionnaire responses confirm that the underselling by subject imports caused the domestic industry to lose sales. Specifically, 17 of 23 purchasers reported that they had purchased lower priced subject imports from China and/or India rather than the domestic like product. Fifteen of these purchasers reported that subject import prices were lower than U.S. produced product, and 12 reported that price was a primary reason for the decision to purchase subject imports rather than the domestic like product.¹⁶⁴ The lost sales volume accounted for *** pounds.¹⁶⁵

Based on the pervasive underselling of the domestic like product by cumulated subject imports, evidence of confirmed lost sales, and the importance of price in purchasing decisions, we find the underselling by subject imports to be significant. This significant underselling enabled lower priced cumulated subject imports to increase in volume and take market share from the domestic industry from 2016 to 2018.¹⁶⁶

¹⁶² In addition to the pricing data, the Commission requested that importers provide purchase cost data (*i.e.*, landed duty-paid values and quantities for imports of PTY for firms' internal use, repackaging, or retail sale). *** importers provided usable purchase cost data for two of the pricing products. One importer also reported price data for *** in one quarter. CR/PR at V-14. Purchase cost data reported by these importers accounted for approximately *** percent of U.S. shipments of subject imports from China and *** percent of U.S. shipments of subject imports from India in 2018. CR/PR at V-5. Purchase cost data show that cumulated subject imports were priced lower than the domestic like product in 32 out of 36 available comparisons involving *** pounds. The domestic product was priced higher in the remaining 4 instances, involving *** pounds. CR/PR at Tables V-7 – V-8. In response to the questionnaires, one importer reported additional costs of importing totaling *** percent beyond the landed duty paid value, and five importers reported saving between three and sixteen percent by importing rather than purchasing from a U.S. importer. *Id.* CR/PR at Tables V-7 – V-9. Almost all responding importers reported directly importing for price reasons. CR/PR at V-14.

¹⁶³ Commissioner Schmidlein would afford the additional costs of importation referenced in the preceding footnote limited weight. Such costs could also apply to purchases sourced from the domestic industry but such costs were not requested from domestic producers and, therefore, could not be considered when evaluating the domestic industry's prices. Consequently, she finds the "additional costs of importing" obtained from importers to be of limited value in assessing the relative prices of subject imports and the domestic like product. *See Vertical Metal File Cabinets from China*, Inv. Nos. 701-TA-623 and 731-TA-1449 (Final), USITC Pub. 4995 (Dec. 2019) at 20 n.93.

¹⁶⁴ CR/PR at V-22.

¹⁶⁵ CR/PR at Table V-12.

¹⁶⁶ Cumulated subject imports increased from 62.6 million pounds in 2016 to 78.1 million pounds in 2018. CR/PR at Table IV-2. They gained *** percentage points of market share in the merchant market and *** percentage points in the overall market, both of which came mainly at the expense of the domestic industry. Derived from CR/PR at Tables IV-14 – V-15, ***'s Producer Questionnaire Response at 11.

We have also examined price trends for the domestic like product and cumulated subject imports. Between the first quarter of 2016 and the fourth quarter of 2018, prices increased for three of four domestically produced and three of four cumulated subject import pricing products.¹⁶⁷

Although prices for the domestic like product generally increased from 2016 to 2018, the increases were not commensurate with rising costs. As previously indicated, demand was generally stable from 2016 to 2018. However, raw material costs generally rose during this time,¹⁶⁸ as did the domestic industry's unit COGS.¹⁶⁹ Yet, unit COGS of raw materials increased to a greater extent than average unit sales values.¹⁷⁰ As a consequence, in the merchant market the domestic industry's COGS to net sales ratio deteriorated from *** percent in 2016 to *** percent in 2017 and to *** percent in 2018.¹⁷¹ We find that competition from significant and increasing quantities of lower priced cumulated subject imports prevented the domestic industry from increasing prices commensurate with rising costs from 2016 to 2018.¹⁷²

We find that significant underselling enabled cumulated subject imports to take sales and market share from the domestic industry. We further find that lower priced cumulated

¹⁶⁷ CR/PR at Tables IV-3 – V-6. For one pricing product from India with no fourth quarter 2018 pricing observations, we compared first quarter 2016 prices with third quarter 2018 prices. For the full POI, prices increased for three of four domestically produced pricing products, three of four pricing products from China, and three of four pricing products from India. CR/PR at Table V-9.

¹⁶⁸ See CR/PR at Figure V-1.

¹⁶⁹ This was true in both the merchant market and the overall market. See CR/PR at Tables VI-1 and VI-3.

¹⁷⁰ CR/PR at Tables VI-1 and IV-3.

¹⁷¹ CR/PR at Table VI-3. In the merchant market, the domestic industry's COGS to net sales ratio was *** percent in interim 2018 and higher, *** percent, in interim 2019. *Id.* In the overall market, the domestic industry's COGS to net sales ratio deteriorated from *** percent in 2016 to *** percent in 2017 and to *** percent in 2018. CR/PR at Table VI-1. In the overall market, the domestic industry's COGS to net sales ratio was 90.3 percent in interim 2018 and 93.4 percent in interim 2019. *Id.*

¹⁷² We are not persuaded by STR Respondents' argument that the price of the finished downstream product prevented increases of the prices for PTY to the exclusion of the pressure that subject imports had on U.S. prices. STR Respondents' Prehearing Br. at 19. In particular, we note that STR Respondents did not substantiate their arguments in this regard. STR Respondents' Posthearing Br. at Ex. 1. Moreover, the petitioners provided evidence that they attempted to institute larger price increases and were unsuccessful because of subject import competition. See Petitioners' Posthearing Br. Ex. 4, para. 15 (Sworn declaration from Unifi's Chief Operating Officer, Thomas H. Caudle, stating that Unifi made multiple attempts to raise prices to cover rising costs and that customers rejected these price increase proposals based on Chinese and Indian lower prices in the U.S. market); Hearing Tr. at 21 (Caudle) (received "push-back from customers" on attempted price increases). See also CR/PR at Table V-14 (showing that *** purchasers reported that U.S. producers reduced prices to compete with subject imports).

subject imports prevented price increases for the domestic like product, which otherwise would have occurred to a significant degree. We accordingly conclude that the subject imports had significant adverse price effects.

E. Impact of the Subject Imports¹⁷³

Section 771(7)(C)(iii) of the Tariff Act provides that examining the impact of subject imports, the Commission “shall evaluate all relevant economic factors which have a bearing on the state of the industry.”¹⁷⁴ 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 (“R&D”), 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.”¹⁷⁵

Most of the domestic industry’s performance indicators declined from 2016 to 2018, notwithstanding that apparent U.S. consumption was generally stable during this period.¹⁷⁶

¹⁷³ 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 of sales at less than fair value Commerce found dumping margins of 76.07 to 77.15 percent for imports from China. *Polyester Textured Yarn From the People's Republic of China: Final Determination of Sales at Less Than Fair Value, and Final Affirmative Determination of Critical Circumstances*, 84 Fed. Reg. 63850, 63852 (Dep’t Commerce Nov. 19, 2019). Commerce found dumping margins of 65.39 to 66.47 percent adjusted for export offsets. *Id.* In its final determination of sales at less than fair value Commerce found dumping margins of 17.62 to 47.51 percent for imports from India. *Polyester Textured Yarn From India: Final Determination of Sales at Less Than Fair Value*, 84 Fed. Reg. 63843, 63844 (Dep’t Commerce Nov. 19, 2019). Commerce found dumping margins of 13.14 to 43.38 percent adjusted for export offsets. *Id.* We take into account in our analysis the fact that Commerce has made final findings that subject producers in China and India are selling subject imports in the United States at less than fair value. In addition to this consideration, our impact analysis has considered 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.

¹⁷⁴ 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.”).

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

¹⁷⁶ As discussed above, we accord reduced weight to post-petition data, so our analysis focuses on the years 2016 through 2018.

Production decreased from *** pounds in 2016 to *** pounds in 2017, and *** pounds in 2018.¹⁷⁷ The domestic industry's commercial U.S. shipments in the merchant market decreased from *** pounds in 2016 to *** pounds in 2017, and to *** pounds in 2018.¹⁷⁸ Its capacity remained generally stable throughout the POI,¹⁷⁹ but capacity utilization decreased from *** percent in 2016 to *** percent in 2017, and to *** percent in 2018.¹⁸⁰ The domestic industry's ratio of end-of-period inventories to U.S. commercial shipments was *** percent in 2016, *** percent in 2017, and *** percent in 2018.¹⁸¹ The domestic industry's share of apparent U.S. consumption in the merchant market fell from *** percent in 2016 to *** percent in 2017 and *** percent in 2018.¹⁸²

¹⁷⁷ Derived from CR/PR at Table III-4, ***'s Producer Questionnaire Response at 13. The domestic industry's production was higher in interim 2018 at *** pounds than in interim 2019 at *** pounds. *Id.*

¹⁷⁸ Derived from CR/PR at Table III-6, ***'s Producer Questionnaire Response at 13. The domestic industry's commercial U.S. shipments in the merchant market were *** pounds in interim 2018 and lower, at *** pounds, in interim 2019. *Id.* The domestic industry's shipments in the overall market were *** pounds in 2016, *** pounds in 2017, *** pounds in 2018, *** pounds in interim 2018, and *** pounds in interim 2019. *Id.* Internal consumption increased from *** pounds in 2016 to *** pounds in 2017, then declined to *** pounds in 2018 and was lower in interim 2019 (*** pounds) than interim 2018 (*** pounds). CR/PR at Table III-6. The domestic industry's export shipments declined from *** pounds in 2016 to *** pounds in 2017 and *** pounds in 2018 and were lower in interim 2019 (*** pounds) than interim 2018 (*** pounds). Derived from CR/PR at Table III-6, ***'s Producer Questionnaire Response at 13.

¹⁷⁹ Capacity varied between *** pounds between 2016 and 2018. CR/PR at Table III-5, ***'s Producer Questionnaire Response at 13. Capacity was *** pounds in both interim 2018 and interim 2019. *Id.*

¹⁸⁰ Derived from CR/PR at Table III-5, ***'s Producer Questionnaire Response at 13. The domestic industry's capacity utilization in interim 2018 was *** percent and lower, *** percent, in interim 2019. *Id.*

¹⁸¹ Derived from CR/PR at Table III-10, ***'s Producer Questionnaire Response at 13. The domestic industry's ratio of end-of-period inventories to U.S. commercial shipments was *** percent in interim 2018 and *** percent in interim 2019. *Id.* The domestic industry's ratio of end-of-period inventories to total shipments was *** percent in 2016, *** percent in 2017, *** percent in 2018, *** percent in interim 2018, and *** percent in interim 2019. Derived from CR/PR at Table VII-4, ***'s Producer Questionnaire Response at 13.

¹⁸² Derived from CR/PR at Table IV-15, ***'s Producer Questionnaire Response at 11. The domestic industry's market share in the merchant market was lower in interim 2018 at *** percent than in interim 2019 at *** percent. *See id.* The domestic industry's share of the overall market was *** percent in 2016, *** percent in 2017, *** percent in 2018, *** percent in interim 2018, and *** percent in interim 2019. Derived from CR/PR at Table IV-14, ***'s Producer Questionnaire Response at 11.

Most employment-related indicators for the domestic industry increased slightly from 2016 to 2018. The number of production-related workers (“PRWs”),¹⁸³ total wages paid,¹⁸⁴ and total hours worked¹⁸⁵ fluctuated between years but increased slightly overall from 2016 to 2018. Productivity decreased from *** pounds per hour in 2016 to *** pounds per hour in 2017 to *** pounds per hour in 2018.¹⁸⁶ Unit labor costs increased from *** in 2016 to *** in 2017 and to *** in 2018.¹⁸⁷

The domestic industry’s financial indicators in the merchant market generally declined from 2016 to 2018. Net sales revenues,¹⁸⁸ gross profit,¹⁸⁹ operating income,¹⁹⁰ and net

¹⁸³ Derived from CR/PR at Table III-12, ***’s Producer Questionnaire Response at 18. The domestic industry’s PRWs were *** in 2016, *** in 2017, *** in 2018, *** in interim 2018, and *** in interim 2019. Derived from CR/PR at Table III-12, ***’s Producer Questionnaire Response at 18.

¹⁸⁴ Derived from CR/PR at Table III-12, ***’s Producer Questionnaire Response at 18. The domestic industry’s wages paid were *** in 2016, *** in 2017, *** in 2018, *** in interim 2018, and *** in interim 2019. Derived from CR/PR at Table III-12, ***’s Producer Questionnaire Response at 18.

¹⁸⁵ Derived from CR/PR at Table III-12, ***’s Producer Questionnaire Response at 18. The domestic industry’s hours worked were *** hours in 2016 and 2017, *** hours in 2018, *** hours in interim 2018, and *** hours in interim 2019. Derived from CR/PR at Table III-12, ***’s Producer Questionnaire Response at 18.

¹⁸⁶ Derived from CR/PR at Table III-12, ***’s Producer Questionnaire Response. The domestic industry’s productivity in pounds per hour was *** pounds per hour in interim 2018 and lower, *** pounds per hour, in interim 2019. Derived from CR/PR at Table III-12, ***’s Producer Questionnaire Response.

¹⁸⁷ CR/PR at Table III-12. The domestic industry’s unit labor costs were *** in interim 2018 and higher, at ***, in interim 2019. CR/PR at Table III-12.

¹⁸⁸ CR/PR at Table VI-3. The domestic industry’s net sales revenues in the merchant market declined from *** in 2016 to *** in 2017 and *** in 2018. Its net sales revenues in the merchant market were higher in interim 2018 at *** than in interim 2019 at ***. *See id.* In the overall market, the domestic industry’s net sales revenues declined from *** in 2016 to *** in 2017 and *** in 2018. Its net sales revenues in the overall market were higher in interim 2018 at *** than in interim 2019 at ***. CR/PR at Table VI-1. The value of the domestic industry’s internal consumption and transfers to related firms was *** in 2016, *** in 2017, *** in 2018, *** in interim 2018 and *** in interim 2019. Calculated from CR/PR at Table VI-1.

¹⁸⁹ CR/PR at Table VI-3. The domestic industry’s gross profit in the merchant market declined from *** in 2016 to *** in 2017, and to *** in 2018. Its gross profit in the merchant market was higher in interim 2018 at *** than in interim 2019 at ***. *See id.* In the overall market, the domestic industry’s gross profit declined from *** in 2016 to *** in 2017 and to *** in 2018. Its gross profit in the overall market was higher in interim 2018 at *** than in interim 2019 at ***. CR/PR at Table VI-1. We observe that only one of the two captive producers provided profit-and-loss data. CR/PR at Table VI-5 note.

¹⁹⁰ CR/PR at Table VI-3. The domestic industry’s operating income in the merchant market decreased from *** in 2016 to *** in 2017 and to *** in 2018. Its operating income in the merchant market was higher in interim 2018 at *** than in interim 2019 at ***. *See id.* In the overall market, the domestic industry’s operating income decreased from *** in 2016 to *** in 2017 and to *** in 2018. Its

income¹⁹¹ all declined from 2016 to 2018. Operating income as a share of net sales also declined from 2016 to 2018.¹⁹²

Domestic producers' capital expenditures fluctuated widely, rising from *** in 2016 to a period peak of *** in 2017 before declining in 2018 to ***, which was above the 2016 level.¹⁹³ Total R&D expenses fluctuated within a narrow range from 2016 to 2018.¹⁹⁴ The value of the domestic industry's net assets increased from 2016 to 2018.¹⁹⁵

As discussed above, significant and increasing volumes of lower priced cumulated subject imports entered the U.S. market and caused the domestic industry to lose sales and market share. As a result, the domestic industry's output and revenues were less than they would have been otherwise. Moreover, price-suppressing effects of the cumulated subject imports prevented the domestic industry's prices from increasing commensurate with rising costs, further reducing revenues from what they would have been otherwise. As a result of subject imports, the domestic industry suffered declines in financial performance from 2016 to 2018. We accordingly find that the cumulated subject imports had a significant impact on the domestic industry.

We have also considered factors other than the cumulated subject imports to ensure that we are not attributing any material injury caused by other such factors to subject imports. Nonsubject imports' share of apparent U.S. consumption in the merchant market decreased from *** percent in 2016 to *** percent in 2017, before increasing to *** percent in 2018,

operating income in the overall market was higher in interim 2018 at *** than in interim 2019 at ***. CR/PR at Table VI-1.

¹⁹¹ CR/PR at Table VI-3. The domestic industry's net income in the merchant market decreased from *** in 2016 to *** in 2017 and to *** in 2018. Its net income in the merchant market was higher in interim 2018 (***) than in interim 2019 (***). *See id.* The domestic industry's net income in the overall market decreased from *** in 2016 to *** in 2017 and to *** in 2018. Its net income in the overall market was higher in interim 2018 at *** than in interim 2019 at ***. CR/PR at Table VI-1.

¹⁹² CR/PR at Table VI-3. The domestic industry's operating income as a share of net sales in the merchant market decreased from *** percent in 2016 to *** percent in 2017 and to *** percent in 2018. Its operating income as a share of net sales in the merchant market was higher in interim 2018 at *** percent than in interim 2019 at *** percent. *See id.* The domestic industry's operating income as a share of net sales in the overall market decreased from *** percent in 2016 to *** percent in 2017 and to *** percent in 2018. Its operating income as a share of net sales in the overall market was higher in interim 2018 at *** percent than in interim 2019 at *** percent. CR/PR at Table VI-1.

¹⁹³ CR/PR at Table VI-7. Capital expenses in interim 2019 (***) were lower than in interim 2018 (***). *Id.*

¹⁹⁴ Annual R&D expenses varied between *** and *** between 2016 and 2018. They were *** in interim 2018 and higher, at *** in interim 2019. CR/PR at Table VI-7.

¹⁹⁵ CR/PR at Table VI-9. The domestic producers' total net assets were *** dollars in 2016, *** in 2017, and *** in 2018. *Id.*

which was still below the 2016 level.¹⁹⁶ Although the volume and market penetration of nonsubject imports from Mexico, the largest source of nonsubject imports during the POI (accounting for a volume equal to approximately half of the market share held by cumulated subject imports during that time), increased from 2016 to 2018, the market share of those nonsubject imports increased by less than the cumulated subject imports.¹⁹⁷ Additionally, the pricing data show that nonsubject imports from Mexico were consistently priced higher than subject imports in most comparisons.¹⁹⁸ Accordingly, nonsubject imports do not explain the domestic industry's declines in market share from 2016 to 2018, nor do they explain the adverse price effects experienced by the domestic industry.

We acknowledge that subject imports are not able to compete with the domestic like product on Buy America(n) procurements and for sales where regional content is required to qualify for preference programs, but the record indicates that Buy America(n) and U.S. free trade agreement preference programs do not apply to the bulk of PTY purchases in the U.S. market.¹⁹⁹ More importantly, these preference programs did not prevent cumulated subject imports from making significant volume and market share gains during the period of investigation, or taking sales from the domestic industry in head-to-head competition. Accordingly, we do not agree with the argument that these programs insulated the domestic industry from direct competition with subject imports, or from adverse effects of the low-priced subject imports.²⁰⁰

¹⁹⁶ Derived from CR/PR at Table IV-15, ***'s Producer Questionnaire Response at 8. Nonsubject imports' market share in the merchant market was higher in interim 2019 at *** percent than in interim 2018 at *** percent. *See id.* Nonsubject imports' market share in the overall market decreased from *** percent in 2016 to *** percent in 2017, before increasing to *** percent in 2018, which was below the 2016 level. Derived from CR/PR at Table IV-14, ***'s Producer Questionnaire Response at 8. Nonsubject imports' market share in the overall market was higher in interim 2019 at *** percent than in interim 2018 at *** percent. Nonsubject imports' interim 2019 gains in market share were not at the expense of the domestic industry's market share, which was also higher in interim 2019 than in interim 2018. *See id.*

¹⁹⁷ Derived from CR/PR at Tables IV-14, IV-16, *** Producer Questionnaire Response.

¹⁹⁸ CR/PR at D-3, Figures D-1 – D-4, Table D-5. Cumulated subject imports were priced higher than nonsubject imports from Mexico in *** out of *** comparisons. CR/PR at Table D-5.

¹⁹⁹ Petitioners' Prehearing Br. at 5, 23-24; Petitioners' Posthearing Br. at 6; STR Respondents' Prehearing Br. at 3, 5-6, 8, 10; Reliance's Prehearing Br. at 17-18.

²⁰⁰ *See Carbon and Certain Alloy Steel Wire Rod from Belarus, Russia, and the United Arab Emirates*, Inv. Nos. 731-TA-1349, 1352, and 1357 (Final), USITC Pub. 4752 at 26 (Jan. 2018) and *Steel Concrete Reinforcing Bar from Japan and Turkey*, Inv. Nos. 701-TA-564 and 731-TA-1338 and 1340 (Final), USITC Pub. 4705 at 13, 17 (July 2017) (finding that the domestic industry is not insulated from direct competition with subject imports where preference programs apply to a relatively small share of

We acknowledge that apparent U.S. consumption declined nominally from 2016 to 2018. Nevertheless, the declines in apparent U.S. consumption do not explain the far larger declines in the domestic industry's output during this period,²⁰¹ nor do they explain the domestic industry's loss of market share to the cumulated subject imports.

We have also examined the role of raw material costs in these investigations. As discussed above, we find that competition from low priced subject imports prevented the domestic industry from increasing prices commensurate with rising raw material costs.²⁰²

Accordingly, we determine that the domestic industry is materially injured by reason of cumulated subject imports from China and India.

VI. Critical Circumstances

A. Legal Standards and Party Arguments

In its final antidumping and countervailing duty determinations concerning PTY from China, Commerce found that critical circumstances exist with respect to all subject producers and exporters in that country.²⁰³ Because we have determined that the domestic industry is materially injured by reason of subject imports from China, we must further determine “whether the imports subject to the affirmative {Commerce critical circumstances} determination ... are likely to undermine seriously the remedial effect of the antidumping {and/or countervailing duty} order{s} to be issued.”²⁰⁴ The SAA indicates that the Commission is to determine “whether, by massively increasing imports prior to the effective date of relief,

purchases in the U.S. market and where these preferences do not prevent subject imports from making significant gains in volume and market share).

²⁰¹ While apparent U.S. consumption fell by *** percent from 2016 to 2018, production fell by *** percent, commercial U.S. shipments by *** percent, and total U.S. shipments by *** percent. Derived from CR/PR at Tables III-4, III-6, and *** Producer Questionnaire Response.

²⁰² With regard to Respondents' arguments concerning ***'s individual performance and alleged poor management and decision making, we note, as an initial matter, that the statute directs the Commission to examine the domestic industry “as a whole.” 19 U.S.C. § 1677(4)(A); *see Celanese Chemicals Ltd. v. United States*, 31 CIT 279, 296-98 (2007); *Committee for Fair Coke Trade v. United States*, Slip Op. 04-68 at 42-43 (Ct. Int'l Trade June 10, 2004). Moreover, the domestic industry's increasing ratio of COGS to net sales and declines in financial performance from 2016 to 2018 were not experienced only by ***. *See* CR/PR at Table VI-5.

²⁰³ *Polyester Textured Yarn From the People's Republic of China: Final Affirmative Countervailing Duty Determination and Final Affirmative Determination of Critical Circumstances*, 84 Fed. Reg. 63845 (Dep't Commerce Nov. 19, 2019); *Polyester Textured Yarn From the People's Republic of China: Final Determination of Sales at Less Than Fair Value, and Final Affirmative Determination of Critical Circumstances*, 84 Fed. Reg. 63850 (Dep't Commerce Nov. 19, 2019).

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

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.”²⁰⁵ 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}.”²⁰⁶ 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 the affirmative Commerce critical circumstances determination for a period 90 days prior to the suspension of liquidation.

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.²⁰⁷

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 circumstances determination.²⁰⁸

Petitioners argue that the Commission should make affirmative critical circumstances determinations with respect to subject imports from China.²⁰⁹ Petitioners contend that the Commission should depart from its normal practice of comparing imports in the six-month period preceding and succeeding the filing of the petition and instead rely on a three-month

²⁰⁵ SAA at 877.

²⁰⁶ *ICC Industries, Inc. v United States*, 812 F.2d 694, 700 (Fed. Cir. 1987), *quoting* H.R. Rep. No. 96-317 at 63 (1979), *aff'd*, 632 F. Supp. 36 (Ct. Int'l Trade 1986). *See* 19 U.S.C. §§ 1671b(e)(2), 1673b(e)(2).

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

²⁰⁸ *See Lined Paper School Supplies from China, India, and Indonesia*, Inv. Nos. 701-TA-442-43, 731-TA-1095-97, USITC Pub. 3884 at 46-48 (Sept. 2006); *Carbazole Violet Pigment from China and India*, Inv. Nos. 701-TA-437 and 731-TA-1060-61 (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).

²⁰⁹ Petitioners' Prehearing Br. at 55.

comparison period.²¹⁰ Specifically, they argue that imports of PTY from China surged into the U.S. market following the filing of the petition with the expectation that Commerce's preliminary countervailing duty determinations and imposition of cash deposits were scheduled for January 2019; however, due to the partial U.S. federal government shutdown between December 22, 2018 and January 25, 2019, Commerce did not publish a notice extending the deadline for those determinations until February, which was the end of the surge.²¹¹ Petitioners maintain that, using a three-month comparison period, official import statistics demonstrate a 26.7 percent surge in subject imports from China.²¹²

Respondents argue that the evidence in the record does not support affirmative finding of critical circumstances because the volume of subject imports and inventories of subject imports have not increased in such magnitude as to seriously undermine the remedial effect of an order.²¹³ They argue that the Commission should use the typical six-month period of comparison to determine critical circumstances because Commerce's preliminary determination does not fall within the six-month post-petition period.²¹⁴

B. Analysis

We first consider the appropriate period for comparison of pre-petition and post-petition levels of the imports subject to the affirmative critical circumstances finding. 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 months after a petition was filed.²¹⁵ That situation does not apply to these investigations.²¹⁶ Thus, we compare the volume

²¹⁰ Petitioners' Prehearing Br. at 56-57.

²¹¹ Petitioners' Prehearing Br. at 57-58.

²¹² Petitioners' Prehearing Br. at 58; Petitioners' Posthearing Br. at 13-14.

²¹³ STR Respondents' Prehearing Br. at 45-46; EDPA's Prehearing Br. at 6-7.

²¹⁴ STR Respondents' Posthearing Br. at 11-12; STR Respondents' Posthearing Br., Ex. 1 at 51-54.

²¹⁵ 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 reduction of subject import volume in sixth month).

²¹⁶ Commerce's initial preliminary determination finding critical circumstances in the countervailing duty investigation was issued on May 3, 2019, which was more than six months after the filing of the petitions. *Polyester Textured Yarn From the People's Republic of China: Preliminary*

of subject imports during the six months prior to the filing of the petitions in these investigations (May 2018 to October 2018) with the volume of subject imports six months after the petitions were filed (November 2018 to April 2019) for purposes of our critical circumstances analysis in these investigations.²¹⁷

Subject imports from China were 28.8 percent lower in the post-petition period than the pre-petition period.²¹⁸ Available data indicate that U.S. importers' end-of-period inventories of subject imports from China were *** pounds in June 2019, which were lower than inventories in either June 2018 or December 2018.²¹⁹ Consequently, the record indicates that both subject import volume and inventory levels fell in the post-petition period.

Given the decrease in import volume in the post-petition periods and the lower inventories in June 2019, we find that subject imports from China subject to Commerce's affirmative critical circumstances determinations would not undermine seriously the remedial effect of the countervailing or antidumping duty orders. Consequently, and in the absence of any other circumstances indicating that the remedial effect of the countervailing or antidumping duty orders would seriously be undermined, we make negative critical circumstances determinations with regard to subject imports in these investigations of PTY from China.

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 PTY from China and India that are sold in the United States at less than fair value and subsidized by the governments of China and India. We

Affirmative Countervailing Duty Determination, and Alignment of Final Determination With Final Antidumping Duty Determination, 84 Fed. Reg. 19040 (Dep't Commerce May 3, 2019).

²¹⁷ We note that our ultimate finding would have been the same even if we had used a three-month comparison period, as Petitioners advocate. *See Refillable Stainless Kegs from China and Germany*, Inv. Nos. 701-TA-610 and 731-TA-1425-1426 (Final), USITC Pub. 5002 (Dec. 2019) at 8-9 n.29. In addition, notwithstanding the fact the U.S. government was partially shut down, we are not persuaded by petitioners' argument about using a three-month comparison period, as it appears to primarily rely on the fact that the highest surge in import from China was in December 2018, which coincided with the scheduled increase in section 301 tariffs. CR/PR at I-8. We also observe that petitioners submitted a request to Commerce to postpone the preliminary countervailing duty determinations on December 10, 2018, prior to the government shutdown. *Polyester Textured Yarn From India and the People's Republic of China: Postponement of Preliminary Determinations in the Countervailing Duty Investigations*, 84 Fed. Reg. 1062, 1063 (Dep't Commerce Feb. 1, 2019).

²¹⁸ CR/PR at Table IV-6.

²¹⁹ CR/PR at Table VII-7.

also determine that critical circumstances do not exist with respect to subject imports from China covered by 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 Unifi Manufacturing, Inc., Greensboro, North Carolina; and Nan Ya Plastics Corp. America, Lake City, South Carolina, on October 18, 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 polyester textured yarn from China and India.¹ The following tabulation provides information relating to the background of these investigations.^{2 3}

Effective date	Action
October 18, 2018	Petitions filed with Commerce and the Commission; institution of Commission investigations (83 FR 53899, October 25, 2018)
November 7, 2018	Commerce’s notices of initiation of AD (83 FR 58223, November 19, 2018) and CVD (83 FR 58232, November 19, 2018) investigations for China and India
December 3, 2018	Commission’s preliminary determinations (83 FR 63532, December 10, 2018)
May 3, 2019	Commerce’s preliminary India CVD (84 FR 19036) and China CVD (FR 19040) determinations
June 12, 2019	Commerce’s amended preliminary India CVD determination (84 FR 27240)
July 1, 2019	Commerce’s preliminary China LTFV (84 FR 31297) and India LTFV (84 FR 31301) determinations; scheduling of final phase of Commission investigations (84 FR 36619, July 29, 2019)
November 13, 2019	Commission’s hearing
November 19, 2019	Commerce’s final China LTFV (84 FR 63850) and India LTFV (84 FR 63843) and China CVD (84 FR 63845) and India CVD (84 FR 63848) determinations
December 12, 2019	Commission’s vote

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 appearing at the hearing is presented in appendix B of this report.

Effective date	Action
January 3, 2020	Commission's views

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--⁴

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

⁴ Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

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.

Organization of report

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

Polyester textured yarn is generally used in weaving and knitting of synthetic fabrics, which are ultimately manufactured into numerous products such as socks/hosiery and apparel, footwear, home textiles and furnishings, bedding, medical supplies and devices, industrial materials, and automotive seating and upholstery.⁶ The leading U.S. producer of polyester textured yarn is ***, while leading producers of polyester textured yarn outside the United States include *** of China and *** of India.⁷ The leading U.S. importer of polyester textured yarn from both China and India is ***. Leading importers of polyester textured yarn from nonsubject countries (primarily Mexico, Indonesia, Malaysia, Taiwan, and Thailand) include *** and ***.

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

⁶ Petition, Volume I, p. 6.

⁷ Petition, Volume I, pp. 24-25.

U.S. purchasers of polyester textured yarn are typically end users that produce textiles for clothing, furnishings, automotive, or industrial uses. Leading purchasers include *** which produce textiles for consumer and automotive users.

Apparent U.S. consumption of polyester textured yarn totaled approximately *** pounds (***) in 2018. Currently, eight firms are known to produce polyester textured yarn in the United States. U.S. producers' U.S. shipments of polyester textured yarn totaled *** pounds (***) in 2018, and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from subject sources totaled 78.1 million pounds (\$78.1 million) in 2018 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from nonsubject sources totaled 65.6 million pounds (\$78.8 million) in 2018 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value.

Summary data and data sources

A summary of data collected in these investigations is presented in appendix C, table C-1. Except as noted, U.S. industry data are based on questionnaire responses of eight firms that accounted for *** percent of total U.S. production of polyester textured yarn and 100 percent of U.S. production of polyester textured yarn sold in the merchant market during 2018. U.S. imports are based on Commerce's official import statistics under statistical reporting numbers 5402.33.3000 and 5402.33.6000 and the questionnaire responses of 29 U.S. importers of polyester textured yarn that are believed to have accounted for 82.6 percent of total U.S. imports,⁸ 73.0 percent of total subject imports, and 94.1 percent of nonsubject U.S. imports during 2018.

Previous and related investigations

Polyester textured yarn has not been the subject of prior countervailing or antidumping duty investigations in the United States.

⁸ The importer questionnaire responding companies are believed to have accounted for 63.1 percent of U.S. imports from China and 92.2 percent of U.S. imports from India.

Nature and extent of subsidies and sales at LTFV

Subsidies

On November 19, 2019, Commerce published notices in the *Federal Register* of its final determinations of countervailable subsidies for producers and exporters of polyester textured yarn from China⁹ and India.¹⁰ Tables I-1 and I-2 present Commerce's final findings of countervailable subsidy rates for polyester textured yarn in China and India.

Table I-1

Polyester textured yarn: Commerce's final subsidy determination with respect to imports from China

Entity	Final countervailable subsidy rate (percent)
Fujian Billion Polymerization Fiber Technology Industrial Co., Ltd.	32.18
Suzhou Shenghong Fiber Co., Ltd.	473.09
Suzhou Shenghong Garmant Development Co.	472.51
All others	32.18

Source: 84 FR 63845, November 19, 2019.

⁹ *Polyester Textured Yarn From the People's Republic of China: Final Affirmative Countervailing Duty Determination and Final Affirmative Determination of Critical Circumstances*, 84 FR 63845, November 19, 2019. A full description of the programs found by Commerce to be countervailable can be found in the Appendix of the Issues and Decision Memorandum issued with Commerce's final countervailing duty determination.

¹⁰ *Polyester Textured Yarn From India: Final Affirmative Countervailing Duty Determination*, 84 FR 63848, November 19, 2019. A full description of the programs found by Commerce to be countervailable can be found in the Appendix of the Issues and Decision Memorandum issued with Commerce's final countervailing duty determination.

Table I-2

Polyester textured yarn: Commerce's final subsidy determination with respect to imports from India

Entity	Final countervailable subsidy rate (percent)
JBF Industries Limited	21.83
Reliance Industries Limited	4.29
All others	4.65

Source: 84 FR 63848, November 19, 2019.

Sales at LTFV

On November 19, 2019, Commerce published notices in the *Federal Register* of its final determinations of sales at LTFV with respect to imports from China¹¹ and India.¹² Tables I-3 and I-4 present Commerce's final dumping margins with respect to imports of polyester textured yarn from China and India.

¹¹ *Polyester Textured Yarn From the People's Republic of China: Final Determination of Sales at Less Than Fair Value, and Final Affirmative Determination of Critical Circumstances*, 84 FR 63850, November 19, 2019.

¹² *Polyester Textured Yarn From India: Final Determination of Sales at Less Than Fair Value*, 84 FR 63843, November 19, 2019.

Table I-3

Polyester textured yarn: Commerce's final weighted-average LTFV margins with respect to imports from China

Exporter	Producer	Final dumping margin (percent)
Jiangsu Hengli Chemical Fiber Co., Ltd.	Jiangsu Hengli Chemical Fiber Co., Ltd.	76.07
China-wide Entity		77.15

Note: The China-wide entity includes: (1) The single entity comprising Fujian Billion Polymerization Fiber Technology Industrial Co., Ltd. and its affiliate Fujian Baikai Textile Chemical Fiber Co., Ltd.; (2) Suzhou Shenghong Fiber Co., Ltd.; (3) Fujian Zhengqi Hi-tech Fiber Technology Co., Ltd.; (4) Chori (China) Co., Ltd.; (5) Jinjiang Jinfu Chemical Fiber and Polymer Co., Ltd.; (6) Jiangsu Guowang High-Technique Fiber Co., Ltd.; and (7) Pujiang Fairy Home Textile Co., Ltd. In addition, 33 companies named in the Petition did not respond to Commerce's request for quantity and value information and two companies that submitted quantity and value data did not submit separate rate applications. Those companies are also part of the China-wide entity and are identified in Commerce's Preliminary Decision Memorandum.

Source: 84 FR 63850, November 19, 2019.

Table I-4

Polyester textured yarn: Commerce's final weighted-average LTFV margins with respect to imports from India

Exporter/producer	Final dumping margin (percent)
JBF Industries Limited	47.51
Reliance Industries Limited	17.62
All others	17.62

Source: 84 FR 63843, November 19, 2019.

The subject merchandise

Commerce's scope

In the current proceeding, Commerce has defined the scope as follows:¹³

The merchandise covered by these investigations, polyester textured yarn, is synthetic multifilament yarn that is manufactured from polyester (polyethylene terephthalate). Polyester textured yarn is produced through a texturing process, which imparts special properties to the filaments of the yarn, including stretch, bulk, strength, moisture absorption, insulation, and the appearance of a natural fiber. This scope includes all forms of polyester textured yarn, regardless of surface texture or appearance, yarn density and thickness (as measured in denier), number of filaments, number of plies, finish (luster), cross section, color, dye

¹³ *Polyester Textured Yarn From the People's Republic of China: Final Affirmative Countervailing Duty Determination and Final Affirmative Determination of Critical Circumstances*, 84 FR 63845, November 19, 2019.

method, texturing method, or packing method (such as spindles, tubes, or beams).

Excluded from the scope of the investigations is bulk continuous filament yarn that: (a) Is polyester synthetic multifilament yarn; (b) has denier size ranges of 900 and above; (c) has turns per meter of 40 and above; and (d) has a maximum shrinkage of 2.5 percent.

The merchandise subject to these investigations is properly classified under subheadings 5402.33.3000 and 5402.33.6000 of the Harmonized Tariff Schedule of the United States (HTSUS). Merchandise subject to this investigation may also enter under HTSUS subheading 5402.52.00. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise is dispositive.

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 provided for in the following subheadings of the Harmonized Tariff Schedule of the United States (“HTS”) 5402.33.30 (single yarn) and 5402.33.60 (multiple (folded) or cabled yarn). The 2019 general rate of duty is 8.8 percent ad valorem for HTS subheading 5402.33.30 and 8.0 percent ad valorem for HTS subheading 5402.33.60.¹⁴ 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

Products of China under both of these subheadings were assessed an additional duty of 10 percent ad valorem under heading 9903.88.03 beginning September 24, 2018. This rate was initially set to increase to 25 percent ad valorem on January 1, 2019; however, this increase was delayed and became effective on May 10, 2019.¹⁵ Products of China under both 5402.33.30 and 5402.33.60 are currently subject to the 25 percent ad valorem duties.

¹⁴ These HTS headings are duty free for NAFTA and CAFTA-DR countries.

¹⁵ 83 FR 33608, July 17, 2018; 83 FR 47974, September 21, 2018; and 84 FR 20459, May 9, 2019.

The product

Description and applications

The products covered by these investigations are polyester textured yarn. Polyester textured yarn is made wholly of polyester and is comprised of continuous filaments that have a textured surface.¹⁶ The scope of these investigations specifically excludes yarns of other manmade fibers such as nylon, polypropylene, or polyethylene. The texturing process of polyester textured yarn imparts physical characteristics such as bulk, and makes it feel soft to the touch.¹⁷

As such, polyester textured yarn is oftentimes used in the manufacturing of fabrics that people regularly touch, like apparel, home textiles and furnishing, bedding, and automotive seating.¹⁸ Polyester textured yarn is also applied in industries including medical supplies and devices, industrial materials, and general automotive.

Polyester textured yarn is characterized by its denier,¹⁹ filament count, luster,²⁰ and other variants associated with the texturing or dyeing process. The petitioners state that customers generally request polyester textured yarn with denier between 50 and 400; however, polyester textured yarn can be manufactured in denier outside this range to specifications requested by the customer.²¹

Manufacturing processes

Polyester textured yarn is manufactured using polyethylene terephthalate (PET), which can be derived directly from chemical inputs or it can be manufactured from already-formed chips or flakes. If the yarns are formed from chemical inputs, monoethylene glycol (MEG) and purified terephthalic acid (PTA) react (called polymerization) to produce the PET. Polyester textured yarn manufacturers can also purchase PET chips or flakes which are subsequently

¹⁶ Conference Transcript, p. 8 (Rosenthal).

¹⁷ Conference Transcript, p. 19 (Cole).

¹⁸ Ibid.

¹⁹ Denier is the weight in grams of 9,000 meters of yarn or filament. In general, the lower the denier, the finer the yarn. Hoechst Celanese, Dictionary of Fiber & Textile Technology, p. 42, 1990.

²⁰ Luster refers to the quality of shining with reflected lights. Luster is frequently referenced on a scale of bright to dull. According to the petitioners, polyester textured yarn is most commonly semi-dull or bright. Other lusters include super bright, full-dull, cationic dyeable, and trilobal bright. Hoechst Celanese, Dictionary of Fiber & Textile Technology, p. 42, 1990.

²¹ Hearing Transcript, p. 25 (Cole).

melted and used to produce polyester textured yarn. PET flakes or chips can be made from virgin chemical inputs (MEG and PTA) or from recycled materials.²² The PET is then melted at a high temperature to form a syrup-like solution, and extruded through the tiny holes of a metal container called a spinneret. The extruded PET filaments cool upon leaving the spinneret and are subsequently collected and wound around a cylinder. At this point in the manufacturing process, the extruded filaments are referred to as partially oriented yarns (POY—also known as partially drawn yarns, or PDY), the primary input for polyester textured yarn.²³

Polyester textured yarn is further processed through drawing and texturing. The polyester textured yarn is stretched over heated rolls until they are thinner and longer. This drawing process optimizes the orientation of the molecules in the fiber and increases resilience, strength, and tenacity. It also creates a softer hand feel.²⁴ Texturing introduces permanent distortions to the yarn through a set of rotating friction disks, gears, belts, air jets, spindles, or related devices.^{25 ***.}²⁶

Firms have differing levels of polyester textured yarn production integration.²⁷ Some firms purchase PET chips or flakes and perform the extrusion, drawing, and texturing. Others purchase POY to draw and texture the yarn. When a company purchases POY from a fiber producer to draw and texture the yarn, it is known as a throwster.²⁸

After texturing, the yarn passes into a secondary heater tub. The yarn then passes over a break detector and lubrication rollers (which apply a light oil to aid in the later processing of the yarn by the purchases), and is wound onto a cardboard or plastic tube.²⁹ Multiple strands of

²² Repreve. <https://repreve.com/discover>, accessed October 8, 2019.

²³ Conference Transcript, p. 17 (Cole).

²⁴ Conference Transcript, p. 18 (Cole).

²⁵ Ibid.

²⁶ ***.

²⁷ Petitioner Nan Ya Plastics manufactures the PET chip, POY, and polyester textured yarn. Nan Ya Plastics also manufactures MEG, one chemical input needed to produce the PET. The company purchases PTA, a second chemical input used for the initial polymerization process. Conference Transcript, p. 28 (Freeman).

²⁸ ***.

²⁹ Hearing Transcript, p. 20 (Cole).

finished polyester textured yarn may also be wound onto a beam tube, which can then be placed directly on a loom for weaving by the downstream textile manufacturing customer. The yarn is then taken for testing and/or inspection, and packed for shipment.

Polyester textured yarn can be dyed through two distinct dyeing processes. Solution dyeing—also known as dope dying—occurs when highly concentrated colored chips are combined with non-colored PET chips or flakes and melted and mixed together in the extruder to produce “solution dyed” fiber. Package dyeing occurs at the end of the polyester textured yarn production process by immersing an entire spool or spindle of polyester textured yarn in a dye bath.³⁰ The petitioners estimate ***.³¹

Domestic like product issues

No issues with respect to domestic like product have been raised in these investigations. The petitioners propose a single domestic like product definition of polyester textured yarn, corresponding to the scope of the investigations.³² In the preliminary and final phases, respondents agree with the petitioners’ definition of the domestic like product.³³

³⁰ Hearing Transcript, p. 18 (Cole).

³¹ ***. Petitioners Unifi and Nan Ya Plastics, postconference brief, pp. 64 and 109.

³² Petition, Volume I, p. 12

³³ Conference transcript. p. 107. Respondents did not address this issue further in their post conference brief, during the final phase hearing, or in their post-hearing briefs.

Part II: Conditions of competition in the U.S. market

U.S. market characteristics

The domestic polyester textured yarn market is served by multiple U.S. producers, subject importers, and nonsubject importers. Apparent U.S. consumption of polyester textured yarn decreased by *** percent from 2016 to 2018, from approximately *** pounds in 2016 to *** pounds in 2018. Apparent U.S. consumption was *** percent lower during January-June 2019 than in January-June 2018.

Polyester textured yarn is a textile used mainly in fabrics. It is created when polyester partially oriented yarn is textured through one of several processes, including heating, drawing, twisting, crimping, or air drawing. Partially oriented yarn is produced from polyester chips or flakes or directly from polyethylene terephthalate. Almost all polyester textured yarn is sold to purchasers who weave or knit the yarn into synthetic fabrics. These fabrics are ultimately manufactured into products such as socks/hosiery and apparel, home textiles and furnishings, bedding, medical supplies and devices, industrial materials, and automotive seating upholstery.¹ All reported U.S. production facilities for polyester textured yarn are located in North or South Carolina. Most importers and purchasers are also headquartered in the Southeast.

Polyester textured yarn is produced in a variety of filaments, finishes (lusters), colors, and deniers. Denier is a unit of measurement of the linear mass density (in terms of grams of weight per 9000 meters of length) or thickness of the polyester textured yarn. Polyester textured yarn commonly ranges from 20 to 400 denier, and is sold on the basis of the number of filaments, or strands of individual fibers, it contains. Finishes or “lusters” of polyester textured yarn also vary, with available lusters that included semi-dull, full-dull, bright, cationic dyeable, and “trilobal bright.” Numerous colors of polyester textured yarn can be produced, either through solution (or “dope”) dye or packaged dye.²

Impacts of the Section 301 investigation and duties

U.S. producers, importers, and purchasers were asked a series of questions related to the U.S. application of duties on polyester textured yarn from China pursuant to the U.S. Trade Representative’s (USTR) investigation of Chinese trade practices under Section 301 of the Trade Act of 1974. First, firms were asked whether the duties had an impact on their business and/or

¹ Petition pp. 5-6.

² Petition p. 6.

the polyester textured yarn market as a whole. Most U.S. producers (4 of 6) reported that the Section 301 investigation and duties had no impact on their firm or in the market. In contrast, most importers (19 of 23) and most purchasers (13 of 18) reported that the Section 301 investigation and duties had an impact on their firm and the market. As shown in table II-1, most responding U.S. producers reported that the 301 investigation and duties have had no impact on demand, supply from China, supply from other countries, prices, or raw material costs. In contrast, most (or a plurality) of importers and purchasers reported that demand was unchanged, supply from China decreased, supply from other countries increased, prices increased or were unchanged, and raw material costs were unchanged.

Table II-1

Polyester textured yarn: U.S. producers', importers', and purchasers' responses regarding the perceived impact of the 301 investigation and duties

Item	Number of firms reporting			
	Increased	No change	Decreased	Fluctuated
Impact on demand				
U.S. producers	---	3	---	---
Importers	1	14	5	4
Purchasers	4	8	2	1
Impact on supply from China				
U.S. producers	---	2	1	---
Importers	---	3	18	3
Purchasers	---	2	11	1
Impact on supply from other sources				
U.S. producers	1	2	---	---
Importers	15	4	3	2
Purchasers	9	2	3	1
Impact on price				
U.S. producers	1	2	---	---
Importers	8	10	2	3
Purchasers	8	4	---	4
Impact on raw material costs				
U.S. producers	---	3	---	---
Importers	4	9	4	5
Purchasers	4	7	---	2

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

Changes resulting from the 301 investigation and duties reported by the importers and purchaser included: 1) difficulty producing downstream product (inability to produce *** which require yarn not produced by U.S. producers and having no qualified supplier); 2) higher price of yarn in the United States (making it more difficult for U.S. purchasers to compete on price with imports of the downstream products they produce); 3) supply chain disruptions, (the cost and time required to qualify new sources); 4) shift to purchasing or producing U.S. product;

5) closure of import business; and 6) abnormally high shipments from China in late 2018 because importers and purchaser tried to order before the duties were imposed.

U.S. purchasers

The Commission received 25 usable questionnaire responses from firms that had purchased polyester textured yarn during January 2016-June 2019.³ One of 25 responding purchasers is a distributor, 10 are textile manufacturers for automotive use, 21 are textile manufactures for other uses, and 3 responded “other” (one each reported manufacturing fabric, hosiery and woven fabric, and apparel). Most responding U.S. purchasers are headquartered in North Carolina and South Carolina and the remainder are headquartered mainly in the Southeast and Northeast.⁴ Large purchasers of polyester textured yarn include, in order of reported quantity purchased, ***. Each of these firms reported purchasing and/or importing over *** pounds of polyester textured yarn between 2016 and 2018.

Channels of distribution

U.S. producers and importers sold polyester textured yarn mainly to textile manufacturers other than automotive firms, as shown in table II-2. Almost all other sales are to automotive textile end users. U.S. producers and importers from *** also reported selling small quantities of yarn (less than *** percent of their U.S. commercial shipments) to distributors.

Respondents claim that automotive end uses require “extended certification” of the supplier with “extremely strict certification requirements.”⁵ Respondents state that purchase orders include “exact specifications for the yarn” and specify the manufacturer.⁶ In addition, respondents claim that reliable and consistent supply chains are required and the timing of

³ Of the 25 responding purchasers, 22 purchased the domestic polyester textured yarn, 11 purchased imports or imported the subject merchandise from China, 9 purchased imports or imported the subject merchandise from India, 15 purchased imports or imported polyester textured yarn from other sources, and 9 reported purchases from unknown sources.

⁴ The exceptions were one purchaser reported that was headquartered in *** and one that was headquartered in ***.

⁵ Hearing transcript, p. 122 (Wada). Petitioners agree that product sold to the automotive sector has “extra quality control measures.” Hearing transcript, p. 99 (Cole).

⁶ Hearing transcript, p. 123 (Wada).

supply for this industry is based on the needs of the auto industry.⁷ Respondents state that Indian companies chose not to enter the automotive market because of its strict specifications⁸ and very strict time lines⁹ (table II-2). In contrast, the share of Chinese imports that went into the automotive channel increased steadily between 2016 and 2018 and was higher in January-June 2019 than in January-June 2018.

Table II-2

Polyester textured yarn: U.S. producers' and importers' U.S. commercial shipments, by sources and channels of distribution, 2016-18, January to June 2018, and January to June 2019

Item	Period				
	Calendar year			January-June	
	2016	2017	2018	2018	2019
Share of reported shipments (percent)					
U.S. producers' U.S. commercial shipments of polyester textured yarn:					
Distributors	***	***	***	***	***
Automotive textile manufacturers	***	***	***	***	***
Other textile manufacturers	***	***	***	***	***
U.S. importers' U.S. commercial shipments of polyester textured yarn from China:					
Distributors	***	***	***	***	***
Automotive textile manufacturers	***	***	***	***	***
Other textile manufacturers	***	***	***	***	***
U.S. importers' U.S. commercial shipments of polyester textured yarn from India:					
Distributors	***	***	***	***	***
Automotive textile manufacturers	***	***	***	***	***
Other textile manufacturers	***	***	***	***	***
U.S. importers' U.S. commercial shipments of polyester textured yarn from all other countries:					
Distributors	***	***	***	***	***
Automotive textile manufacturers	***	***	***	***	***
Other textile manufacturers	***	***	***	***	***

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

Geographic distribution

U.S. producers reported selling polyester textured yarn to all regions in the United States and all responding producers reported selling to the Southeast region (table II-3). Importers reported selling Chinese and Indian polyester textured yarn mainly in the Southeast

⁷ Hearing transcript, pp. 123-124 (Wada).

⁸ Hearing transcript, p. 127 (Toubia).

⁹ Hearing transcript, p. 133 (Bhatnagar).

and Northeast regions, with all 14 responding importers reporting selling product they imported from China in the Southeast and 9 of 11 responding importers reporting selling product they imported from India in the Southeast. For U.S. producers, 21.4 percent of their sales were within 100 miles of their production facilities, 67.9 percent were between 101 and 1,000 miles, and 10.7 percent were over 1,000 miles. Importers sold 18.5 percent within 100 miles of their U.S. points of shipment, 74.5 percent between 101 and 1,000 miles, and 7.0 percent over 1,000 miles.

Table II-3
Polyester textured yarn: Geographic market areas in the United States served by U.S. producers and importers

Region	U.S. producers	Importers: China	Importers: India
Northeast	5	6	7
Midwest	4	2	---
Southeast	6	14	9
Central Southwest	3	---	---
Mountain	1	---	---
Pacific Coast	4	3	3
Other	2	---	---
All regions (except Other)	1	---	---
Reporting firms	6	14	11

Note: 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-4 provides a summary of the supply factors regarding polyester textured yarn from U.S. producers and from subject countries. No Chinese producers responded to the questionnaire. Petitioners, however, estimated Chinese capacity in 2018 to be much larger than (***) U.S. capacity.¹⁰ Reported Indian capacity is larger than (***) U.S. capacity and a relatively small share of Indian reported shipments go to the United States.

¹⁰ Petitioners prehearing brief, Exhibit 4.

Table II-4**Polyester textured yarn: Supply factors that affect the ability to increase shipments to the U.S. market**

Country	Capacity (million pounds)		Capacity utilization (percent)		Ratio of inventories to total shipments (percent)		Shipments by market, 2018 (percent)		Able to shift to alternate products
	2016	2018	2016	2018	2016	2018	Home market shipments	Exports to non-U.S. markets	No. of firms reporting "yes"
United States	***	***	***	***	***	***	***	***	3 of 8
China	---	---	---	---	---	---	---	---	0 of 0
India	***	***	***	***	***	***	***	***	1 of 5

Note.—Responding U.S. producers accounted for more than 75 percent of U.S. production of polyester textured yarn in 2018. No responses to the Commission questionnaire were received from Chinese producers/exporters of polyester textured yarn. Responding foreign producer/exporter firms accounted for less than half of U.S. imports of polyester textured yarn from India during 2018. For additional data on the number of responding firms and their share of U.S. production and of U.S. imports from each subject country, please refer to Part I, "Summary Data and Data Sources."

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

Domestic production

Based on available information, U.S. producers of polyester textured yarn have the ability to respond to changes in demand with moderate changes in the quantity of shipments of U.S.-produced polyester textured yarn to the U.S. market. The main contributing factor to this degree of responsiveness of supply is the availability of unused capacity. Factors mitigating responsiveness of supply include limited inventories, and limited ability to shift shipments from alternate markets.

Both capacity and production declined but production declined more than capacity, leading to a decline in capacity utilization. Most of U.S. producers' exports were to NAFTA or CAFTA-DR markets.¹¹ Other products that producers reportedly can produce on the same equipment as polyester textured yarn are ***. Factors affecting U.S. producers' ability to shift production include equipment to texturize nylon requires more humidity and temperature control than is required for texturizing polyester.

¹¹ CAFTA-DR includes Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Dominican Republic.

Subject imports from China

The Commission received no questionnaire responses from Chinese producers. Petitioners estimate that Chinese polyester textured yarn capacity was *** pounds in 2018 up from *** pounds in 2016 and that Chinese polyester textured yarn capacity utilization was *** percent during 2016-18.¹²

If these estimates are correct, then Chinese producers have the ability to respond to changes in demand with large changes in the quantity of shipments polyester textured yarn to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the estimated large overall capacity, the estimated availability of unused capacity, and the estimated consistent growth in capacity.

Subject imports from India

Based on available information, producers of polyester textured yarn from India have the ability to respond to changes in demand with small-to-moderate changes in the quantity of shipments of polyester textured yarn to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the ability to shift shipments from alternate markets, and some ability to shift production to or from alternate products. Factors mitigating responsiveness of supply include limited availability of unused capacity and inventories, and limited ability to shift production to or from alternate products.

Both capacity and production declined between 2016 and 2018 as capacity utilization decreased. Major export markets outside the United States include Turkey and Brazil. Other products that responding foreign producers reportedly can produce on the same equipment as polyester textured yarn includes nylon textured yarn.

Imports from nonsubject sources

Nonsubject imports accounted for 45.7 percent of total U.S. imports in 2018. The largest sources of nonsubject imports during 2018 were Mexico, Malaysia, and Indonesia. These countries accounted for 74.6 percent of nonsubject imports in 2018.

Supply constraints

None of the 6 responding U.S. producers, 3 of 27 responding importers and 3 of 24 responding purchasers reported that they had experienced supply constraints since January 1, 2016. Importers reported supply constraints including: the importer no longer imported some

¹² Petitioners prehearing brief, Exhibit 4.

products because of the duties; the importer was unable to find a suitable replacement for one product it had purchased from China; Unifi was oversold and had the same turn-around time as Asia (4-5 weeks); and the *** has been unable to launch new products because of increased cost of imported product caused by the AD/CVD duties. Purchasers reported constraints including: late shipments and delivery of less quantity than expected; supplier stopped offering a specific yarn from India because of tariffs; and product was unable to meet process and quality requirements.

New suppliers

Seven of 25 purchasers indicated that new suppliers entered the U.S. market since January 1, 2016. Purchasers cited CS America (a U.S. producer), Prime Syntex (India), Century (Vietnam), and Utexa (Honduras).

U.S. demand

Based on available information, the overall demand for polyester textured yarn is likely to experience small changes in response to changes in price. The main contributing factor is the lack of substitute products. This degree of demand responsiveness may be mitigated by the moderate-to-large cost share of polyester textured yarn in most of its end-use products.

Respondents claim that the increased price of polyester textured yarn will increase the cost and price of U.S. produced textiles. This they claim will increase the competitiveness of imported textiles that can be made from less expensive polyester textured yarn available in other countries and result in less domestic textile production and lower the amount of polyester textured yarn purchased in the United States.¹³

End uses and cost share

U.S. demand for polyester textured yarn depends on the demand for U.S.-produced polyester fabric in which polyester textured yarn is used. Reported end uses include fabrics used in the apparel and garment sector, the automotive sector, home and office furnishing sectors, and industrial sector.

Firms estimated that polyester textured yarn accounted for a wide range of shares of the cost of the end-use products in which it is used. In part, this reflects the range of different uses even within each type of end use. Reported cost shares for the following end uses included:

¹³ Hearing transcript, pp. 145-148 (Smith).

- Automotive, 7 to 75 percent;
- ***, *** to *** percent;
- Furniture upholstery/mattresses/rugs, 5 to 75 percent;
- Garments/apparel, 50 to 80 percent;
- Industrial fabrics/uses, 3 to 50 percent;
- Knit fabric, 9 to 64 percent;
- ***, *** to *** percent;
- ***, *** to *** percent;
- ***, *** to *** percent;
- Wipes, 18 to 45 percent;
- Yarn/thread, 50 to 75 percent;
- ***, *** to *** percent; and
- Various fabrics 5 to 95 percent.

Business cycles

One of 7 responding U.S. producers, 9 of 29 importers, and 6 of 24 purchasers indicated that the market was subject to business cycles or distinctive conditions of competition. Business cycles reported included: government contracts, raw material prices, demand and supply cycles, preference programs for U.S. product, retail inventories, slow demand around Christmas, and freezes, which can cause shortages of ethylene glycol used to produce the polyester. Distinctive conditions of competition included replacement of nylon with less expensive polyester textured yarn, entrance of new low cost manufacturers, trade agreements, decreased manufacture in the United States, and oil prices influence the cost of polyester.

Demand trends

There was no consensus on how U.S. demand for polyester textured yarn had changed since January 1, 2016 (table II-5). Most importers and purchasers reported that automotive/industrial demand had either increased or fluctuated, while most producers reported it was unchanged or had fluctuated. Most U.S. producers reported consumer/clothing demand had increase or fluctuated, while most importers reported consumer/clothing demand had fluctuated or was unchanged. Four purchasers reported no change in consumer/clothing demand, while three purchasers each reported it had increased, decreased, or fluctuated. A plurality of responding U.S. producers, importers and purchasers reported that demand for polyester textured yarn outside the United States had fluctuated.

Table II-5**Polyester textured yarn: Firms' responses regarding U.S. demand and demand outside the United States**

Item	Increase	No change	Decrease	Fluctuate
Automotive/industrial demand in the United States				
U.S. producers	1	2	1	2
Importers	6	5	3	6
Purchasers	6	4	1	5
Consumer/clothing demand in the United States				
U.S. producers	2	1	1	2
Importers	3	5	2	8
Purchasers	3	4	3	3
Demand outside the United States				
U.S. producers	2	---	---	3
Importers	5	2	2	9
Purchasers	2	2	---	4

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

Substitute products

All five responding U.S. producers, 23 of 26 responding importers, and 23 of 25 responding purchasers reported that there are no substitutes for polyester textured yarn. Substitutes reported included spun polyester yarn, textured nylon, polypropylene, and cotton.

Respondents claim that there are a number of substitute products in the market, including "spun yarn," "mixed yarn," and yarns made from cotton, viscous and other materials.¹⁴ Respondents assert that the use of these substitutes, however, depends on the application.¹⁵

Substitutability issues

The degree of substitution between domestic and imported polyester textured yarn depends upon such factors as relative prices, quality (e.g., grade standards, defect rates, etc.), conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, reliability of supply, product services, etc.), and requirements for country of origin (Buy American, NAFTA, and CAFTA). Based on available data, staff believes that there is a moderate degree of substitutability between domestically produced polyester textured yarn and polyester textured yarn imported from subject sources. This substitutability will differ by end uses with many end uses able to substitute easily between domestically produced and imported product but in other more specialized end uses substitution may be more limited.

¹⁴ Hearing transcript, p. 130 (Toubia).

¹⁵ Hearing transcript, pp. 148-149 (Bhatnagar).

Many purchasers purchased both imported and domestically produced polyester yarn. Purchasers reported quality as well as price as among the most important purchasing factors, and typically did not report source or origin as an important purchasing factor.

Lead times

Polyester textured yarn is both produced-to-order and sourced through inventories. U.S. producers reported that 65.8 percent of their commercial shipments were produced-to-order, with lead times averaging 36.9 days. The remaining 34.2 percent of their commercial shipments came from inventories, with lead times averaging 3.6 days. Subject U.S. importers reported that 42.8 percent of their commercial shipments were sourced through U.S. inventories, with lead times averaging 7.3 days, 39.1 percent of commercial shipments were produced-to-order, with lead times averaging 89.6 days, and 18.1 percent were from foreign inventories with lead times averaging 74.8 days.

Knowledge of country sources

Twenty-four of 25 responding purchasers indicated they had marketing/pricing knowledge of domestic product, 13 of product from China, 12 of product from India, and 14 of product from nonsubject countries.

As shown in table II-6, purchaser responses were mixed for purchases based on producer, with most at least sometimes basing purchases on the producer. Most purchasers either sometimes or never base their purchase decision on country of origin. In contrast, at least half the purchasers' customers never make purchasing decisions based on the producer or country of origin. Of the seven purchasers that reported that they always make decisions based on the manufacturer, firms cited the need for domestic product for government purchases, product branded as made in USA, and a combination of price, quality, and capacity.

Table II-6

Polyester textured yarn: Purchasing decisions based on producer and country of origin

Purchaser/customer decision	Always	Usually	Sometimes	Never
Purchaser makes decision based on producer	7	5	7	5
Purchaser's customers make decision based on producer	---	2	6	13
Purchaser makes decision based on country	4	3	10	7
Purchaser's customers make decision based on country	1	2	7	10

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

Factors affecting purchasing decisions

The most often cited top three factors firms consider in their purchasing decisions for polyester textured yarn were quality (24 firms), price (23 firms), and availability (13 firms) (table II-7). Quality was the most frequently cited first-most important factor (cited by 11 firms), followed by price (10 firms); quality was also the most frequently reported second-most important factor (11 firms); and availability was the most frequently reported third-most important factor (9 firms).

Table II-7
Polyester textured yarn: Ranking of factors used in purchasing decisions as reported by U.S. purchasers, by factor

Factor	First	Second	Third	Total
Quality	11	11	2	24
Price/cost	10	8	6	23
Availability/continuity of supply	1	3	9	13
Delivery/on time delivery/supply	---	2	3	5
Country of origin/domestic	1	---	1	2
Credit	---	---	3	3
Other	2	1	1	NA

Note: Other factors include ability to meet technical specifications and “competitive advantage” for first factor, product range for second factor, and service/technical support and capacity for third factors.

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

Purchasers were asked to report the factors they considered when determining quality. Factors listed included: performance of yarn (performance in knitting, weaving, or other application); performance of the fabric made from the yarn (in lab test and meets customer specifications); physical characteristics of the yarn (bulk, stretch, recovery, shrinkage, torque, dye-ability, tenancy, and luster); consistency of the yarn between batches; lack of defects; cleanliness of yarn (oil content and particles); packaging; and its ability to meet industry standards.

The majority of purchasers (13 of 25) reported that they usually purchase the lowest-priced product,¹⁶ two reported always purchasing at the lowest-priced product, seven sometimes purchased at the lowest-priced product, and four reported that they never purchased the lowest-priced polyester textured yarn.

¹⁶ Purchaser *** reported it buys the lowest priced product both “usually” and “sometimes.”

Importance of specified purchase factors

Purchasers were asked to rate the importance of 17 factors in their purchasing decisions (table II-8). The factors rated as very important by more than half of responding purchasers were availability and product consistency (25 firms each), price and reliability of supply (23 each), quality meets industry standards, (22), delivery time (19), technical support and services (15), and U.S. transportation costs (13).

More purchasers rated four factors not important than rated these factors very important. These factors include: recycled PET content (12 purchasers reported the factor was not important), regional content requirements under NAFTA/CAFTA-DR (9), product range (8), and discounts offered (7).

Table II-8

Polyester textured yarn: Importance of purchase factors, as reported by U.S. purchasers, by factor

Factor	Very important	Somewhat important	Not important
Availability	25	---	---
Delivery terms	12	10	3
Delivery time	19	6	---
Discounts offered	6	10	7
Minimum quantity requirements	10	9	6
Packaging	12	8	5
Payment terms	9	13	3
Price	23	2	---
Product consistency	25	---	---
Product range	4	13	8
Quality meets industry standards	22	2	1
Quality exceeds industry standards	11	8	6
Recycled PET content	5	7	12
Regional content requirements under NAFTA/CAFTA-DR	6	10	9
Reliability of supply	23	2	---
Technical support/service	15	9	1
U.S. transportation costs	13	9	3

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

Supplier certification

Nineteen of 25 responding purchasers require their suppliers to become certified or qualified to sell polyester textured yarn to their firm. Purchasers reported that the time to qualify a new supplier ranged from 10 to 365 days, and most reported that qualification took 90 or more days. Three purchasers reported that a domestic or foreign supplier had failed in its attempt to qualify polyester textured yarn or had lost its approved status since 2016. Two purchasers reported foreign producers in Taiwan or Indonesia were not qualified because of contamination (particle count or oil content) and one reported that U.S., Mexican, and Indonesian producers did not meet customer quality requirements.

Respondents report that both the polyester textured yarn and the firm that produces the yarn must be qualified in automotive applications and that the automobile producers determine the product and producers of the polyester textured yarn that can be used by suppliers.¹⁷ Of the 10 purchasers reporting that they were automobile end users, 9 required certification. The time automotive purchasers required for certification ranging from 10 to 365 days and averaged 130 days for the eight firms that reported the days.¹⁸

Changes in purchasing patterns

Purchasers were asked about changes in their purchasing patterns from different sources since January 1, 2016 (table II-9). Ten purchasers reported increased purchases for U.S. producers. Six of these reported increased purchases from U.S. producers were the result of increasing demand, and others reported purchases of U.S. produced product because of an increase in government purchases, value added products, increased use of recycled PET, and price. Firms reported reduced purchases from U.S. producers because of price, lower demand and quality problems. Firms reported increased purchases from China because of increased demand and quality reasons, and decreased demand from China because of price, trade uncertainty, and lower demand. One purchaser reported increased purchases of product from India because of price, and three purchasers reported decreased purchases from India because of threats of the antidumping investigation, price, or decreased demand.

Table II-9
Polyester textured yarn: Changes in purchase patterns from U.S., subject, and nonsubject countries

Source of purchases	Did not purchase	Decreased	Increased	Constant	Fluctuated
United States	1	4	10	3	6
China	8	3	6	1	2
India	12	3	1	1	2
Other	4	5	4	3	3

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

Eight of 24 responding purchasers reported that they had changed suppliers since January 1, 2016. Specifically, firms dropped or reduced purchases from (Chinese producers) Hengli and Toray because of tariffs; from Reliance because of price/value; and from Toray

¹⁷ Hearing transcript, pp. 122-123 (Wada).

¹⁸ Ten of the 15 firms that were not automotive end users report that they required certification and 8 reported certification time which ranged from 10 to 350 days and averaged 146 days.

because of quality.¹⁹ Firms added or increased purchases from Nanya (Taiwan) because of quality; from Hengli because of price and quality; from Tifico (Indonesia) and a manufacturer in Thailand because of tariffs on Chinese products; and Deca Global (an importer/distributor) and CS Carolina (U.S. producer) because of price/value. Seven of 25 purchasers reported new suppliers, including CS Carolina (United States), Utexa (Honduras), Prime Cintex (importer of Malaysian product), Prime Syntex (India), and Century (Vietnam).

Importance of purchasing domestic product including NAFTA and CAFTA-DR compliance

Thirteen of 24 purchasers reported that at least 90 percent of their purchases did not have a domestic requirement (overall there was no domestic requirement for 63.8 percent of reported purchases). Ten reported that domestic product was required by law (for 1 to 45 percent of their purchases, representing 6.3 percent of all purchases). Nine reported domestic product was required based on U.S. origin for trade programs (for 1 to 65 percent of their purchases, representing 24.6 percent of all purchases). Six reported it was required by their customers (for 1 to 98 percent of their purchases, representing 4.7 percent of all purchases). One reported other preferences for domestic product (for *** percent of its purchases, representing 0.5 percent of all purchases).

Petitioners claim that the Berry amendment and free trade agreements such as NAFTA and CAFTA-DR do not insulate U.S. producers from price competition from Chinese and Indian product. Petitioners claimed that purchasers expect prices for U.S. produced to be similar the price of imports for their purchases under the Berry amendment and for NAFTA and CAFTA-DR requirements.²⁰ Petitioners state that they do not necessarily know if the product they are selling will be used in the NAFTA or CAFTA-DR applications, however, by the end of a year, the producer must provide certification of the country or origin for use in these programs.²¹ Petitioners claim that purchasers in NAFTA and CAFTA-DR countries may decide to purchase Indian or Chinese polyester textured yarn rather than U.S. produced polyester textured yarn if the price of the Indian or Chinese product is low enough.²²

Respondents claim that U.S. producers are protected from competition from India and China in the clothing sector because of the NAFTA and CAFTA-DR requirements. Respondents

¹⁹ Other reasons purchasers reduced purchases from various source included loss of programs and ***.

²⁰ Hearing transcript, pp. 20-22, 43, 49-50 (Caudle, Cannon, Caudle, and Freeman).

²¹ Hearing transcript, p 63 (Freeman).

²² Hearing transcript, p. 20 (Caudle).

assert “goods from China {or India} will never be a substitute for any garments that are made under these programs.”²³ This is because the cost of the duties will be larger than the savings from purchasing less expensive polyester textured yarn from China or India.²⁴ Respondents claim that “typical duty rates ranged 14.9 percent to 32 percent” for garments not covered by NAFTA or CAFTA-DR.²⁵ Respondents assert that U.S. producers would know if sales to longstanding customers were to the NAFTA or CAFTA-DR market.²⁶ Respondents state that the increased share of Mexican imports of polyester textured yarn since January 2016 is particularly important because this product (unlike the Chinese and Indian imports) can be used in the place of U.S. produced polyester textured yarn under NAFTA.²⁷ Respondents claim that CAFTA-DR countries depend on U.S. produced yarn because “yarn production is energy intensive {and} electricity in CAFTA-DR countries is extremely expensive.”²⁸

NAFTA and CAFTA-DR preferences are important for apparel. The share of U.S. imports of apparel from both CAFTA-DR and NAFTA countries imported under the free trade agreements was relatively unchanged between 2016 and 2018, increasing slightly from 80.6 percent in 2016 to 81.0 percent in 2018.²⁹ There is no evidence of a shift in apparel towards using yarn from outside the countries covered by these agreements between 2016 and 2018. On the other hand, Chinese polyester textured yarn accounts for a growing share of all imports into CAFTA (excluding Dominican Republic)³⁰ and NAFTA countries (Mexico and Canada) between 2016 and 2018.³¹ Imports of polyester textured yarn between NAFTA countries

²³ Hearing transcript, p. 132, 152 (Bhatnagar, Smith).

²⁴ Hearing transcript, p. 132, 152 (Bhatnagar, Smith).

²⁵ STR respondents’ posthearing brief, Exhibit 1, p. 5.

²⁶ Hearing transcript, p. 152 (Smith).

²⁷ STR respondents’ posthearing brief, Exhibit 1, pp. 10-12.

²⁸ STR respondents’ posthearing brief, Exhibit 1, p. 13

²⁹ Some apparel from these countries may not use polyester textured yarn and polyester textured yarn is used in many end uses other than apparel. However, apparel must use only yarn from approved country sources in order to be covered under the provisions of these preferences. (This includes a small share of yarn from outside sources if no NAFTA or CAFTA-DR source is available).

<https://otexa.trade.gov/fta/catv1.htm>, and <http://otexa.trade.gov/fta-archive/2016-2018/catv1.htm>, retrieved November 14, 2019

³⁰ These data were not available for the Dominican Republic.

³¹ Chinese imports of HTS 5402.33 into CAFTA (excluding Dominican Republic) increased from 4.2 percent of all imports of HTS 5402.33 under in 2016 to 7.3 percent of all imports in 2018, Indian imports of HTS 5402.33 were unchanged at 2.0 percent of all imports of HTS 5402.33. Chinese imports of HTS 5402.33 increased from 35.5 percent of all imports of HTS 5402.33 into Canada and Mexico in 2016 to 40.6 percent in 2018 while Indian imports of HTS 5402.33 increased from 15.5 percent of all imports of

decreased from 21.7 in 2016 to 21.1 percent in 2018 and imports between CAFTA countries (excluding Dominican Republic) declined from 87.6 percent of imports in 2016 to 81.7 percent in 2018.³²

Comparisons of domestic products, subject imports, and nonsubject imports

Purchasers were asked a number of questions comparing polyester textured yarn produced in the United States, subject countries, and nonsubject countries. First, purchasers were asked for a country-by-country comparison on the same 17 factors, for which they were asked to rate the importance (table II-10). Most purchasers reported that U.S. and Chinese polyester textured yarn were comparable on 10 factors, a plurality reported U.S. product was superior on delivery time, minimum quantity requirements, payment terms, recycled PET content, regional content requirement, and technical support/services. Most responding purchasers reported product from China was superior on price. Responses were mixed for product range, with 6 firms reporting U.S. and Chinese product was comparable, 5 reporting U.S. product was superior, and 4 reporting that Chinese product was superior. Most purchasers reported that U.S. and Indian product was comparable for 11 factors. A majority reported that U.S. product was superior on delivery time, regional content, reliability of supply, and technical support. A majority reported product from India was superior on price. Responses were mixed for minimum quantity requirement and payment terms, for which the most common responses were the products were comparable and/or U.S. product was superior.

HTS 5402.33 into Canada and Mexico in 2016 to 15.9 percent in 2018.

<https://connect.ihs.com/gta/standardreports>, retrieved November 18, 2019.

³² Imports under HTS 5402.33. <https://connect.ihs.com/gta/standardreports>, retrieved November 18, 2019.

Table II-10

Polyester textured yarn: Purchasers' comparisons between U.S.-produced and imported product

Factor	U.S. vs. China			U.S. vs. India			China vs. India		
	S	C	I	S	C	I	S	C	I
Availability	2	10	3	3	6	2	2	5	---
Delivery terms	7	8	---	4	7	---	2	5	---
Delivery time	11	3	---	7	4	---	2	5	---
Discounts offered	---	7	6	---	4	2	---	5	---
Minimum quantity requirements	7	6	2	4	5	2	---	7	---
Packaging	5	9	---	4	6	1	1	6	---
Payment terms	9	4	---	5	5	1	1	4	1
Price	---	3	12	---	2	8	3	4	---
Product consistency	5	10	---	3	8	---	3	3	1
Product range	5	6	4	3	7	1	1	6	---
Quality meets industry standards	5	9	1	4	7	---	2	4	1
Quality exceeds industry standards	4	10	1	4	6	---	2	4	1
Recycled PET content	5	3	---	2	3	---	---	3	---
Regional content requirements under NAFTA/CAFTA-DR	12	---	---	6	1	1	---	4	1
Reliability of supply	6	8	---	5	4	---	2	4	---
Technical support/service	9	4	---	5	3	1	1	5	---
U.S. transportation costs	6	8	---	2	7	1	---	7	---
Factor	U.S. vs. nonsubject			China vs. nonsubject			India vs. nonsubject		
	S	C	I	S	C	I	S	C	I
Availability	4	11	1	2	6	---	1	4	---
Delivery terms	7	9	---	---	6	2	---	5	---
Delivery time	10	5	1	---	6	2	---	4	1
Discounts offered	---	11	1	1	6	---	---	5	---
Minimum quantity requirements	6	10	---	---	8	---	---	5	---
Packaging	3	13	---	---	8	---	---	5	---
Payment terms	5	10	---	---	5	2	---	4	---
Price	---	3	13	3	5	---	1	4	---
Product consistency	3	13	---	---	8	---	---	4	1
Product range	4	10	2	3	5	---	1	4	---
Quality meets industry standards	4	12	---	1	6	---	---	3	2
Quality exceeds industry standards	4	11	---	1	7	---	---	3	2
Recycled PET content	4	5	---	---	4	---	---	2	---
Regional content requirements under NAFTA/CAFTA-DR	8	3	---	---	3	3	---	1	2
Reliability of supply	4	10	---	---	7	---	---	4	---
Technical support/service	7	7	---	---	6	2	---	3	2
U.S. transportation costs	7	8	---	---	4	4	---	2	3

Note: 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.

Most purchasers reported that U.S. and nonsubject polyester textured yarn were comparable on 13 factors. A plurality reported U.S. product was superior on delivery time and regional content. A majority reported U.S. product was inferior on price. Responses were mixed for technical support/service, with seven each reporting U.S. product was superior and U.S. and nonsubject were comparable. Seven purchasers compared polyester textured yarn from China with that from India, a majority of these reported that these products were comparable for all factors other than product consistency. For product consistency three purchasers each reported China was superior and China and India were comparable. Eight purchasers compared Chinese product with nonsubject product, with most reporting they were comparable for all factors except regional content and U.S. transportation costs. For regional content and U.S. transportation costs half the firms responding reported that product was comparable and half reported that Chinese product was inferior. Five purchasers compared Indian product with product from nonsubject countries with most reporting they were comparable for all factors except regional content and U.S. transportation costs. Most responding purchasers reported nonsubject countries were superior for regional content and U.S. transportation costs.

Comparison of U.S.-produced and imported polyester textured yarn

In order to determine whether U.S.-produced polyester textured yarn can generally be used in the same applications as imports from China and India, 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-11, most U.S. producers reported that product from all country pairs is always interchangeable. Most importers and purchasers, in contrast, reported that product from all country pairs is either frequently or sometimes interchangeable. Reasons firms reported for lower levels of interchangeability included: low quality yarn from India; China and India do not produce custom color solution dyed yarn while the U.S. and Mexico do; the range of colors in U.S. produced yarn is limited; Chinese product quality is more inconsistent than U.S. and Mexican product; U.S. producers do not produce heavier denier yarn suitable for some end uses, so this heavy denier product is imported from India or China; differences in performance; oils used in China do not wash off the yarn making it unusable for some end uses; U.S. and imported yarn dye differently; Berry requirements limit interchangeability; dope dyed yarn differs between the U.S., China and India; and difference in torque.

Respondents state that polyester textured yarn from India differs from the yarn U.S. producers are currently producing and yarn from China.³³ Importer Reliance reported that its imported polyester textured yarn is used only in home textiles (including mattresses) and industrial applications.³⁴ Respondents argue that Indian product tends not to be used in the automotive sector (because of supply chain and quality requirements) or in the clothing sector (because of NAFTA and CAFTA-DR requirements).³⁵

Table II-11
Polyester textured yarn: Interchangeability between polyester textured yarn 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	4	1	1	---	8	6	8	2	2	5	7	---
U.S. vs. India	4	1	1	---	6	4	6	2	1	7	5	1
Subject countries comparisons:												
China vs. India	5	1	---	---	7	7	3	---	4	2	4	---
Nonsubject countries comparisons:												
U.S. vs. Mexico	4	1	1	---	5	4	5	1	5	6	5	1
U.S. vs. Other	3	1	1	---	7	7	6	1	1	7	6	1
China vs. Mexico	4	1	1	---	3	4	6	1	1	1	8	1
China vs. Other	4	1	---	---	6	7	4	1	2	2	4	1
India vs. Mexico	4	1	1	---	3	4	3	2	1	4	5	1
India vs. Other	4	1	---	---	4	5	3	1	1	4	2	1
Mexico vs. Other	3	1	1	---	3	5	5	1	2	3	5	1

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

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

As can be seen from table II-12, 16 of 25 responding purchasers reported that domestically produced product always met minimum quality specifications. Five of 13 responding purchasers reported that polyester textured yarn imported from China always met minimum quality specifications. Two of 13 responding purchasers reported that polyester textured yarn imported from India always met minimum quality specifications.

³³ Hearing transcript, p. 128 (Toubia).

³⁴ Hearing transcript, p. 132 (Bhatnagar).

³⁵ Hearing transcript, pp. 132-133, 144 (Bhatnagar, Wada).

Table II-12**Polyester textured yarn: Ability to meet minimum quality specifications, by source**

Source	Always	Usually	Sometimes	Rarely or never
United States	16	8	1	---
China	5	7	1	---
India	2	7	2	2
Nonsubject sources	7	9	1	---

Note: Purchasers were asked how often domestically produced or imported polyester textured yarn 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 polyester textured yarn from the United States, subject, or nonsubject countries. As seen in table II-13, most producers reported that there were never significant differences other than price between polyester textured yarn from any country pair. Most importers reported that there were frequently or sometimes significant differences other than price between all country pairs. Most purchasers reported that there were always or frequently significant differences other than price for all but two country pairs, U.S. vs. Mexico, for which most purchasers reported that there were sometimes or never significant differences other than price, and between India and Mexico for which most of the purchasers reported there either were frequently or never significant differences other than price. Significant differences other than price reported included: China has great quality, nice packaging, steady supply, and innovative products; India has great technical support; China and other countries have greater lead times and risk than U.S. producers unless they have U.S. warehouses; U.S. color range is more limited than China, India, and other countries; domestically produced yarns do not meet firms' specifications; U.S. product is not available (** brand in unavailable in the United States); nomenclature and test methods vary between countries; and Indonesia is purchased for special characteristics.

Table II-13

Polyester textured yarn: Significance of differences other than price between polyester textured yarn 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	1	1	---	4	7	9	5	3	8	5	1	1
U.S. vs. India	1	1	---	4	5	5	5	2	4	4	2	2
Subject countries comparisons:												
China vs. India	1	---	---	5	3	3	8	3	3	3	1	3
Nonsubject countries comparisons:												
U.S. vs. Mexico	1	---	1	4	3	4	6	3	3	5	2	7
U.S. vs. Other	---	1	---	4	6	6	5	3	5	5	5	1
China vs. Mexico	1	---	1	4	1	4	7	2	4	4	1	3
China vs. Other	---	---	---	5	2	4	7	4	4	3	1	2
India vs. Mexico	1	---	1	4	1	3	7	2	2	3	2	3
India vs. Other	---	---	---	5	1	3	5	3	3	2	1	2
Mexico vs. Other	---	---	1	4	1	5	5	2	3	4	3	1

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

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

Elasticity estimates

This section discusses elasticity estimates; parties were encouraged to comment on these estimates. None did so.

U.S. supply elasticity

The domestic supply elasticity³⁶ for polyester textured yarn measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of polyester textured yarn. 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 polyester textured yarn. Analysis of these factors above indicates that the U.S. industry has the ability to moderately increase or decrease shipments to the U.S. market; an estimate in the range of 3 to 6 is suggested.

³⁶ A supply function is not defined in the case of a non-competitive market.

U.S. demand elasticity

The U.S. demand elasticity for polyester textured yarn measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of polyester textured yarn. 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 polyester textured yarn in the production of any downstream products. Based on the available information, the aggregate demand for polyester textured yarn is likely to be moderately elastic; a range of -1 to -2 is suggested.

Substitution elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.³⁷ Product differentiation, in turn, depends upon such factors as quality (e.g., chemistry, appearance, availability of specific denier, cleanness, 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 polyester textured yarn and imported polyester textured yarn is likely to be in the range of 2.5 to 4. Substitutability is reduced because some deniers or other specifications of yarns are not available from both U.S. and Indian or Chinese producers. Also imports from China and India cannot be used in *** percent of end uses reported by the purchasers because these had Buy American, NAFTA, and CAFTA-DR requirements.

³⁷ 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 eight firms that accounted for *** percent of U.S. production of total market polyester textured yarn and 100 percent of U.S. production of merchant market polyester textured yarn.¹

U.S. producers

The Commission issued a U.S. producer questionnaire to nine firms based on information contained in the petition. Eight firms provided usable data on their productive operations: Aquafil O'Mara (formerly O'Mara Incorporated) ("Aquafil"); CS America, Inc. ("CS America"); Milliken & Company ("Milliken"); Nan Ya Plastics Corporation, America ("Nan Ya"); Sage Automotive Interiors ("Sage"); Sapona Manufacturing Inc. ("Sapona"); Sarlaflex LLC ("Sarlaflex"); and Unifi Manufacturing, Inc. ("Unifi").² Staff believes that these responses represent *** percent of U.S. production of total market polyester textured yarn and 100 percent of U.S. production of merchant market polyester textured yarn.

Table III-1 lists the responding U.S. producers of polyester textured yarn, their positions on the petition, production locations, and shares of total production.

¹ ***.

² *** submitted a questionnaire that had usable trade data, but not usable financial data. As such, data from this firm are presented in Part III, but not in Part VI.

Table III-1

Polyester textured yarn: U.S. producers of polyester textured yarn, their positions on the petition, production locations, and shares of reported production, 2018

Firm	Position on petition	Production location(s)	Share of production (percent)
Aquafil	***	Rutherford College, NC	***
CS America	***	Burlington, NC	***
Milliken	***	Williamston, SC	***
Nan Ya	Petitioner	Lake City, SC	***
Sage	***	Greenville, SC	***
Sapona	***	Cedar Falls, NC	***
Sarlaflex	***	Walterboro, SC	***
Unifi	Petitioner	Yadkinville, NC Madison, NC	***
Total			***

Note: ***

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

Table III-2 presents information on U.S. producers' ownership, related and/or affiliated importers/exporters and producers.

Table III-2

Polyester textured yarn: U.S. producers' ownership, related and/or affiliated firms, 2018

Item / Firm	Firm Name	Affiliated/Ownership
Ownership:		
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
Related importers/exporters:		
***	***	***
***	***	***
Related producers:		
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***

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

As indicated in table III-2, two U.S. producers (***) are related to foreign producers of the subject merchandise. In addition, as discussed in greater detail below, four U.S. producers (***) directly import the subject merchandise and ***.

Table III-3 presents U.S. producers' reported changes in operations since January 1, 2016.

Table III-3

Polyester textured yarn: U.S. producers' reported changes in operations, since January 1, 2016

Item / Firm	Reported changes in operations
Plant closings:	
***	***
Expansions:	
***	***
Consolidations:	
***	***
Prolonged shutdowns or curtailments:	
***	***
***	***
Other:	
***	***

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

U.S. production, capacity, and capacity utilization

Table III-4 and figure III-1 present U.S. producers' production, capacity, and capacity utilization. Capacity decreased by *** percent between 2016 and 2018. *** capacity decreased by *** percent, *** capacity decreased by *** percent, and Sarlaflex ceased operations during the period. *** capacity increased by *** percent between 2016 and 2018. The remaining responding U.S. producers' capacities did not change during the period. U.S. production decreased by *** percent between 2016 and 2018 and was *** percent lower in interim 2018 than interim 2019. *** reported a *** and *** reported that it was ***. *** reported increased production between 2016 and 2018, while *** reported decreased production between 2016 and 2018. Three companies reported *** as production constraints. Companies also reported the following additional production constraints: ***, ***, ***, ***, and ***

Table III-4
Polyester textured yarn: U.S. producers' production, capacity, and capacity utilization, 2016-2018,
January-June 2018, and January-June 2019

Item	Calendar year			January to June	
	2016	2017	2018	2018	2019
	Capacity (1,000 pounds)				
Aquafil	***	***	***	***	***
CS America	***	***	***	***	***
Milliken	***	***	***	***	***
Nan Ya	***	***	***	***	***
Sage	***	***	***	***	***
Sapona	***	***	***	***	***
Sarlaflex	***	***	***	***	***
Unifi	***	***	***	***	***
Total capacity	***	***	***	***	***
	Production (1,000 pounds)				
Aquafil	***	***	***	***	***
CS America	***	***	***	***	***
Milliken	***	***	***	***	***
Nan Ya	***	***	***	***	***
Sage	***	***	***	***	***
Sapona	***	***	***	***	***
Sarlaflex	***	***	***	***	***
Unifi	***	***	***	***	***
Total production	***	***	***	***	***
	Capacity utilization (percent)				
Aquafil	***	***	***	***	***
CS America	***	***	***	***	***
Milliken	***	***	***	***	***
Nan Ya	***	***	***	***	***
Sage	***	***	***	***	***
Sapona	***	***	***	***	***
Sarlaflex	***	***	***	***	***
Unifi	***	***	***	***	***
Average capacity utilization	***	***	***	***	***

Footnotes continued on next page.

Note: Total capacity and production data are understated, as one U.S. producer did not submit a questionnaire response. This company did provide estimated capacity and production figures for 2018. These data are not incorporated into the table. ***. See EDIS document 690367.

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

Figure III-1

Polyester textured yarn: U.S. producers' production, capacity, and capacity utilization, 2016-2018, January-June 2018, and January-June 2019

* * * * *

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

Alternative products

As shown in table III-5, the majority (***) percent) of the product produced during 2018 by U.S. producers was polyester textured yarn. Three firms *** reported producing alternative products such as *** during 2018. *** do not produce out of scope products on the same machinery as polyester textured yarn. Overall production decreased by *** percent between 2016 and 2018 and was *** percent lower in interim 2019 than interim 2018.

Table III-5

Polyester textured yarn: U.S. producers' overall plant capacity and production on the same equipment as subject production, 2016-2018, January-June 2018, and January-June 2019

Item	Calendar year			January to June	
	2016	2017	2018	2018	2019
	Quantity (1,000 pounds)				
Overall capacity	***	***	***	***	***
Production:					
Polyester textured yarn	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	***	***	***	***	***
	Ratios and shares (percent)				
Overall capacity utilization	***	***	***	***	***
Share of production:					
Polyester textured yarn	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	100.0	100.0	100.0	100.0	100.0

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

U.S. producers' U.S. shipments and exports

Table III-6 presents U.S. producers' U.S. shipments, export shipments, and total shipments. Commercial U.S. shipments ranged from *** to *** percent of total shipments between 2016 and 2018. Internal consumption's share of total shipments increased from *** percent in 2016 to *** percent in 2018, while export shipments' share decreased from *** percent in 2016 to *** percent in 2018.

Total shipments decreased between 2016 and 2018 *** percent by quantity and *** percent by value. Commercial U.S. shipments declined *** percent by quantity and *** percent by value between 2016 and 2018. Export shipments also declined *** percent by quantity and *** percent by value between 2016 and 2018. Internal consumption increased *** percent by quantity and *** percent by value between 2016 and 2018.

Commercial shipments average unit values increased between 2016 and 2018 from *** per pound to *** per pound.

*** responding U.S. producers reported exporting polyester textured yarn to North American Free Trade Agreement (NAFTA) or Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) markets. *** responding U.S. producers reported exports to other markets outside Central America, Canada, or Mexico.

Table III-6

Polyester textured yarn: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2016-2018, January-June 2018, and January-June 2019

Item	Calendar year			January to June	
	2016	2017	2018	2018	2019
	Quantity (1,000 pounds)				
Commercial U.S. shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
U.S. shipments	***	***	***	***	***
Export shipments to NAFTA or CAFTA-DR markets	***	***	***	***	***
Export shipments to all other markets	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
	Value (1,000 dollars)				
Commercial U.S. shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
U.S. shipments	***	***	***	***	***
Export shipments to NAFTA or CAFTA-DR markets	***	***	***	***	***
Export shipments to all other markets	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
	Unit value (dollars per pound)				
Commercial U.S. shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
U.S. shipments	***	***	***	***	***
Export shipments to NAFTA or CAFTA-DR markets	***	***	***	***	***
Export shipments to all other markets	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
	Share of quantity (percent)				
Commercial U.S. shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
U.S. shipments	***	***	***	***	***
Export shipments to NAFTA or CAFTA-DR markets	***	***	***	***	***
Export shipments to all other markets	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	100.0	100.0	100.0	100.0	100.0
	Share of value (percent)				
Commercial U.S. shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
U.S. shipments	***	***	***	***	***
Export shipments to NAFTA or CAFTA-DR markets	***	***	***	***	***
Export shipments to all other markets	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	100.0	100.0	100.0	100.0	100.0

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

Table III-7 and figure III-2 show U.S. producers' polyester textured yarn shipments in 2018 by denier count. In terms of U.S. producers' total commercial shipments, *** percent were 101-250 denier, *** percent were 0-100 denier, *** percent were 251-400 denier, and *** percent of 2018 shipments were 401 or greater denier. Polyester textured yarn with denier sizes of 401 or greater had the highest average unit value for total shipments at *** as compared to an average unit value of *** for polyester textured yarn with 101-250 denier.

Table III-7
Polyester textured yarn: U.S. producers' shipments, by denier, 2018

Item	Quantity (1,000 pounds)	Value (1,000 dollars)	Unit Value (dollars per pound)	Share of quantity	Share of value
U.S. shipments.-- 0-100 denier	***	***	***	***	***
101-250 denier	***	***	***	***	***
251-400 denier	***	***	***	***	***
401 or greater denier	***	***	***	***	***
All denier sizes	***	***	***	100.0	100.0
Export shipments.-- 0-100 denier	***	***	***	***	***
101-250 denier	***	***	***	***	***
251-400 denier	***	***	***	***	***
401 or greater denier	***	***	***	***	***
All denier sizes	***	***	***	100.0	100.0
Total shipments.-- 0-100 denier	***	***	***	***	***
101-250 denier	***	***	***	***	***
251-400 denier	***	***	***	***	***
401 or greater denier	***	***	***	***	***
All denier sizes	***	***	***	100.0	100.0

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

Figure III-2
Polyester textured yarn: U.S. producers' shipments by denier, 2018

* * * * *

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

Table III-8 and figure III-3 show U.S. producers' polyester textured yarn shipments in 2018 by finish. The majority of U.S. producers' 2018 shipments (***) were shipments of semi-dull polyester textured yarn. U.S. shipments of semi-dull polyester textured yarn was *** percent of total quantity of U.S. shipments and *** percent of exports. Less common finishes (full-dull, bright, and other) had a large range of average unit values per pound for total shipments (between **).

Table III-8

Polyester textured yarn: U.S. producers' shipments, by finish, 2018

Item	Quantity (1,000 pounds)	Value (1,000 dollars)	Unit Value (dollars per pound)	Share of quantity	Share of value
U.S. shipments.--					
Full-dull	***	***	***	***	***
Semi-dull	***	***	***	***	***
Bright	***	***	***	***	***
Other	***	***	***	***	***
All finishes	***	***	***	100.0	100.0
Export shipments.--					
Full-dull	***	***	***	***	***
Semi-dull	***	***	***	***	***
Bright	***	***	***	***	***
Other	***	***	***	***	***
All finishes	***	***	***	100.0	100.0
Total shipments.--					
Full-dull	***	***	***	***	***
Semi-dull	***	***	***	***	***
Bright	***	***	***	***	***
Other	***	***	***	***	***
All finishes	***	***	***	100.0	100.0

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.

Figure III-3

Polyester textured yarn: U.S. producers' shipments by finish, 2018

* * * * *

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

Table III-9 and figure III-4 show the breakdown of U.S. producers' 2018 polyester textured yarn shipments by the recycled content of PET material. Shipments produced with zero post-consumer recycled PET material (virgin PET) constituted *** percent of U.S. producers' 2018 polyester textured yarn shipments as opposed to *** percent of U.S. producers' 2018 polyester textured yarn shipments which were made with some or all post-consumer recycled PET material.

Table III-9
Polyester textured yarn: U.S. producers' shipments, by recycled PET material, 2018

Item	Quantity (1,000 pounds)	Value (1,000 dollars)	Unit Value (dollars per pound)	Share of quantity	Share of value
U.S. shipments.-- Virgin PET	***	***	***	***	***
Recycled PET	***	***	***	***	***
All material content	***	***	***	100.0	100.0

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

Figure III-4
Polyester textured yarn: Share of U.S. producers' shipments, by PET material, 2018

* * * * *

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

U.S. producers' inventories

Table III-10 presents U.S. producers' end-of-period inventories and the ratio of these inventories to U.S. producers' production, U.S. shipments, and total shipments. U.S. producers' end-of-period inventories decreased from 2016 to 2018 by *** percent and were *** percent lower in interim 2019 than in interim 2018. The ratio of inventories to U.S. shipments decreased between 2016 and 2018, from *** percent to *** percent. The ratio of inventories to total shipments also decreased between 2016 and 2018 from *** percent to *** percent.

Table III-10

Polyester textured yarn: U.S. producers' inventories, 2016-2018, January-June 2018, and January-June 2019

Item	Calendar year			January to June	
	2016	2017	2018	2018	2019
	Quantity (1,000 pounds)				
U.S. producers' end-of-period inventories	***	***	***	***	***
	Ratio (percent)				
Ratio of inventories to-- U.S. production	***	***	***	***	***
U.S. shipments	***	***	***	***	***
Total shipments	***	***	***	***	***

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

U.S. producers' imports and purchases

U.S. producers' imports and purchases of polyester textured yarn are presented in table III-11. Four U.S. producers imported polyester textured yarn. *** imported between *** and *** pounds annually from 2016 to 2018, amounting to between *** percent and *** percent of its U.S. production. *** imported between *** and *** pounds annually from 2016 to 2018, amounting to less than *** percent of its U.S. production. *** imported between *** and *** pounds annually from 2016 to 2018, amounting to between *** percent and *** percent of its U.S. production. Lastly, *** imported between *** and *** pounds annually from 2016 to 2018, amounting to between *** percent and *** percent of its U.S. production. This data is presented in Part V.

Table III-11

Polyester textured yarn: U.S. producers' imports, 2016-18, January to June 2018, and January to June 2019

* * * * *

Table continued on next page.

Table III-11--Continued

Polyester textured yarn: U.S. producers' imports, 2016-18, January to June 2018, and January to June 2019

* * * * *

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

Note -- ***

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

U.S. employment, wages, and productivity

Table III-12 shows U.S. producers' employment-related data. The number of production and related workers reported by responding firms decreased by *** percent between 2016 and 2018. *** number of production and related workers decreased, by *** percent, respectively. *** ceased operations during the period resulting in a decrease of *** percent of production and related workers (***). *** number of production and related workers increased between 2016 and 2018, by *** percent, respectively, while *** number of production and related workers was unchanged during the period. The number of production and related workers was *** percent lower in interim 2019 than in interim 2018.

The number of hours worked also decreased between 2016 and 2018 by *** percent, but was *** percent higher in interim 2019 than interim 2018. *** number of hours worked decreased, by *** percent, respectively. *** number of hours worked increased between 2016 and 2018, by *** percent, respectively.

Wages paid as reported by responding firms were virtually unchanged between 2016 and 2018 while hourly wages increased by *** percent between 2016 and 2018. Wages paid were *** percent lower in interim 2019 than interim 2018, while hourly wages were *** percent lower in interim 2019 than in interim 2018. Productivity as measured in pounds per hour decreased by *** percent between 2016 and 2018 and was *** percent lower in interim 2019 than interim 2018. Unit labor costs increased by *** percent between 2016 and 2018.

Table III-12

Polyester textured yarn: U.S. producers' employment related data, 2016-18, January to June 2018, and January to June 2019

Item	Calendar year			January to June	
	2016	2017	2018	2018	2019
Production and related workers (PRWs) (number)	***	***	***	***	***
Total hours worked (1,000 hours)	***	***	***	***	***
Hours worked per PRW	***	***	***	***	***
Wages paid (\$1,000)	***	***	***	***	***
Hourly wages (dollars per hour)	***	***	***	***	***
Productivity (pounds per hour)	***	***	***	***	***
Unit labor costs (dollars per pound)	***	***	***	***	***

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

Captive consumption

Section 771(7)(C)(iv) of the Act states that—³

If domestic producers internally transfer significant production of the domestic like product for the production of a downstream article and sell significant production of the domestic like product in the merchant market, and the Commission finds that—

- (I) the domestic like product produced that is internally transferred for processing into that downstream article does not enter the merchant market for the domestic like product,*
- (II) the domestic like product is the predominant material input in the production of that downstream article, and*

then the Commission, in determining market share and the factors affecting financial performance . . . , shall focus primarily on the merchant market for the domestic like product.

Transfers and sales

As reported in table III-6 above, internal consumption between 2016 and 2018 accounted for between *** and *** percent of U.S. producers' total shipments of polyester textured yarn. This percentage may be understated, however, because one U.S. producer that ***.

First statutory criterion in captive consumption

The first requirement for application of the captive consumption provision is that the domestic like product that is internally transferred for processing into that downstream article not enter the merchant market for the domestic like product. Two U.S. producers reported internal consumption of polyester textured yarn for the production of ***. No U.S. producer, however, reported diverting polyester textured yarn intended for internal consumption to the merchant market.

Second statutory criterion in captive consumption

The second criterion of the captive consumption provision concerns whether the domestic like product is the predominant material input in the production of the downstream

³ Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

article that is captively produced. With respect to the downstream articles resulting from captive production, polyester textured yarn reportedly comprises *** percent of the finished cost of downstream fabric products made of polyester textured yarn.⁴

⁴ Petitioners' postconference brief, Exhibit 7, paragraph 14.

Part IV: U.S. imports, apparent U.S. consumption, and market shares

U.S. importers

The Commission issued importer questionnaires to 62 firms believed to be importers of subject polyester textured yarn, as well as to all U.S. producers of polyester textured yarn.¹ Usable questionnaire responses were received from 29 companies,² representing 63.1 percent of U.S. imports from China, 92.2 percent of U.S. imports from India, 94.1 percent of U.S. imports from nonsubject sources, and 82.6 percent of total U.S. imports under HTS statistical reporting numbers 5402.33.3000 and 5402.33.6000 in 2018.

Table IV-1 lists all responding U.S. importers of polyester textured yarn from China and India as well as Mexico³ and other sources, their locations, and their shares of U.S. imports, in 2018. *** was the largest importer of polyester textured yarn from subject and all sources, accounting for *** percent of subject imports, and *** percent of all imports, in 2018. *** was the largest importer of polyester textured yarn from nonsubject sources, accounting for *** percent of nonsubject source imports in 2018.

¹ The Commission issued questionnaires to those firms identified in the petition, along with firms that, based on a review of data provided by U.S. Customs and Border Protection (“Customs”), may have accounted for more than one percent of total imports under HTS subheading 5402.33.3000 and 5402.33.6000 in 2018.

² Nine firms also certified that they had not imported polyester textured yarn from any source since January 1, 2016. These nine firms are not included in the dataset.

³ Data was collected on imports from Mexico as it was argued to be an important nonsubject country.

Table IV-1
Polyester textured yarn: U.S. importers, their headquarters, and share of total imports by source, 2018

Firm	Headquarters	Share of imports by source (percent)						
		China	India	Subject sources	Mexico	All other sources	Nonsubject sources	All import sources
Akra	Monterrey, NL	***	***	***	***	***	***	***
Aladdin	Calhoun, GA	***	***	***	***	***	***	***
Altex	Costa Mesa, CA	***	***	***	***	***	***	***
Ashfar	Edison, NJ	***	***	***	***	***	***	***
Barnet	Spartanburg, SC	***	***	***	***	***	***	***
Bekaert	Winston-Salem, NC	***	***	***	***	***	***	***
Chori	Jersey City, NJ	***	***	***	***	***	***	***
Cosmic	Maitland, FL	***	***	***	***	***	***	***
CS America, Inc.	Corona, CA	***	***	***	***	***	***	***
Culp	High Point, NC	***	***	***	***	***	***	***
Deca	Memphis, TN	***	***	***	***	***	***	***
DeSales	Burlington, NC	***	***	***	***	***	***	***
EDPA	New York, NY	***	***	***	***	***	***	***
Fils Promptex	Dorval, QC	***	***	***	***	***	***	***
J&E	Pawleys Island, SC	***	***	***	***	***	***	***
Kctex	Charlotte, NC	***	***	***	***	***	***	***
Lava	York, SC	***	***	***	***	***	***	***
Lear	Southfield, MI	***	***	***	***	***	***	***
Milliken	Spartanburg, SC	***	***	***	***	***	***	***
Raytex Industries	Woodbury, NY	***	***	***	***	***	***	***
RSM	Charlotte, NC	***	***	***	***	***	***	***
Sage	Greenville, SC	***	***	***	***	***	***	***
Seiren	Morganton, NC	***	***	***	***	***	***	***
Shawmut	Burlington, NC	***	***	***	***	***	***	***
Simatex	Spartanburg, SC	***	***	***	***	***	***	***
Style Fashion	Cazzano S.Andrea (Bg), IT	***	***	***	***	***	***	***
Toray	New York, NY	***	***	***	***	***	***	***
Unifi	Greensboro, NC	***	***	***	***	***	***	***
YKK	Macon, GA	***	***	***	***	***	***	***
Total		100.0	100.0	100.0	100.0	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: Compiled from data submitted in response to Commission questionnaires.

U.S. imports

Table IV-2 and Figure IV-1 presents data for U.S. imports of polyester textured yarn from China, India, Mexico, and all other sources. Imports from subject sources increased in quantity

by 24.7 percent between 2016 and 2018 but were 46.3 percent lower in interim 2019 than interim 2018, while imports from nonsubject sources decreased in quantity by 8.1 percent from 2016 to 2018 and were 20.1 percent higher in interim 2019 than interim 2018. Imports from all sources increased in quantity by 7.3 percent from 2016 to 2018, but were 16.4 percent lower in interim 2019 than interim 2018.

Average unit values from subject sources increased between 2016 and 2018 by 16.0 percent. Average unit values for nonsubject sources also increased during this same period, by 9.4 percent. The difference between average unit values from subject and nonsubject sources decreased over the 2016-2018 period - average unit values from nonsubject sources were 27.9 percent higher than subject sources in 2016 but were only 20.0 percent higher than subject sources in 2018. Average unit values for imports from India were seven to twelve cents lower than imports from China between 2016 and 2018.

Imports from subject sources surpassed nonsubject imports as a share of quantity in 2017 and remained higher in 2018 at 54.3 percent of all imports. Imports from subject sources by value, however, were lower than that of nonsubject sources in all time periods, except interim 2018. Imports from China as a share of total imports increased by 7.3 percentage points between 2016 and 2018, while imports from India as a share of total imports increased by 0.3 percentage points during the same period.

The ratio of subject sources to U.S. production increased by *** percentage points from 2016 to 2018, while the ratio of nonsubject imports to U.S. production remained at *** during this period.

Table IV-2**Polyester textured yarn: U.S. imports by source, 2016-2018, January to June 2018, and January to June 2019**

Item	Calendar year			January to June	
	2016	2017	2018	2018	2019
	Quantity (1,000 pounds)				
U.S. imports from.--					
China	38,247	42,621	51,542	28,101	8,466
India	24,365	26,239	26,564	13,594	13,917
Subject sources	62,612	68,860	78,106	41,695	22,383
Mexico	24,714	26,239	30,568	15,115	16,281
All other sources	46,692	35,543	35,074	18,965	24,655
Nonsubject sources	71,406	61,782	65,642	34,080	40,936
All import sources	134,018	130,642	143,748	75,775	63,319
	Value (1,000 dollars)				
U.S. imports from.--					
China	33,881	40,472	53,640	27,650	9,656
India	20,088	22,192	24,482	12,590	12,692
Subject sources	53,969	62,664	78,123	40,240	22,348
Mexico	27,011	29,830	36,624	17,217	20,872
All other sources	51,385	39,980	42,195	22,107	28,712
Nonsubject sources	78,396	69,809	78,820	39,324	49,583
All import sources	132,365	132,474	156,942	79,564	71,932
	Unit value (dollars per pound)				
U.S. imports from.--					
China	0.89	0.95	1.04	0.98	1.14
India	0.82	0.85	0.92	0.93	0.91
Subject sources	0.86	0.91	1.00	0.97	1.00
Mexico	1.09	1.14	1.20	1.14	1.28
All other sources	1.10	1.12	1.20	1.17	1.16
Nonsubject sources	1.10	1.13	1.20	1.15	1.21
All import sources	0.99	1.01	1.09	1.05	1.14

Table continued on next page.

Table IV-2--Continued

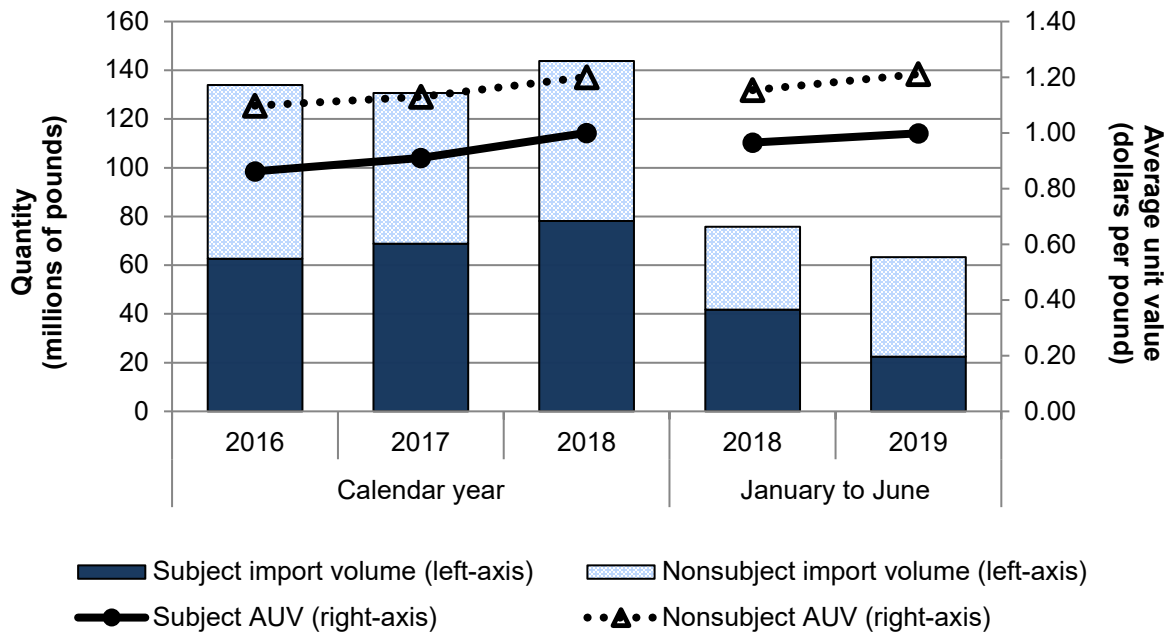
Polyester textured yarn: U.S. imports, by source, 2016-18, January to June 2018, and January to June 2019

Item	Calendar year			January to June	
	2016	2017	2018	2018	2019
	Share of quantity (percent)				
U.S. imports from.--					
China	28.5	32.6	35.9	37.1	13.4
India	18.2	20.1	18.5	17.9	22.0
Subject sources	46.7	52.7	54.3	55.0	35.3
Mexico	18.4	20.1	21.3	19.9	25.7
All other sources	34.8	27.2	24.4	25.0	38.9
Nonsubject sources	53.3	47.3	45.7	45.0	64.7
All import sources	100.0	100.0	100.0	100.0	100.0
	Share of value (percent)				
U.S. imports from.--					
China	25.6	30.6	34.2	34.8	13.4
India	15.2	16.8	15.6	15.8	17.6
Subject sources	40.8	47.3	49.8	50.6	31.1
Mexico	20.4	22.5	23.3	21.6	29.0
All other sources	38.8	30.2	26.9	27.8	39.9
Nonsubject sources	59.2	52.7	50.2	49.4	68.9
All import sources	100.0	100.0	100.0	100.0	100.0
	Ratio to U.S. production				
U.S. imports from.--					
China	***	***	***	***	***
India	***	***	***	***	***
Subject sources	***	***	***	***	***
Mexico	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***

Source: Compiled from official U.S. import statistics using HTS statistical reporting numbers 5402.33.3000 and 5402.33.6000, accessed August 15, 2019.

Figure IV-1

Polyester textured yarn: U.S. import volumes and prices, 2016-18, January to June 2018, and January to June 2019



Source: Compiled from official U.S. import statistics using HTS statistical reporting numbers 5402.33.3000 and 5402.33.6000, accessed August 15, 2019.

Table IV-3 and figure IV-2 present U.S. importers' U.S. shipments by denier count in 2018. The majority of U.S. importers' shipments from China in 2018 were for yarns with denier counts of between 0 and 100 (** percent), whereas a plurality of U.S. importers' shipments from India were for yarn with denier counts of between 101 and 250 (** percent). When looking at U.S. importers' U.S. shipments from all other sources in 2018, the plurality of shipments were also for yarns with denier counts of between 101 and 250 (** percent).

Table IV-3
Polyester textured yarn: U.S. importers' U.S. shipments, by denier, 2018

Item	Quantity (1,000 pounds)	Value (1,000 dollars)	Unit Value (dollars per pound)	Share of quantity	Share of value
U.S. shipments from China.-- 0-100 denier	***	***	***	***	***
101-250 denier	***	***	***	***	***
251-400 denier	***	***	***	***	***
401 or greater denier	***	***	***	***	***
All denier sizes	***	***	***	***	***
U.S. shipments from India.-- 0-100 denier	***	***	***	***	***
101-250 denier	***	***	***	***	***
251-400 denier	***	***	***	***	***
401 or greater denier	***	***	***	***	***
All denier sizes	***	***	***	***	***
U.S. shipments from subject sources.-- 0-100 denier	***	***	***	***	***
101-250 denier	***	***	***	***	***
251-400 denier	***	***	***	***	***
401 or greater denier	***	***	***	***	***
All denier sizes	***	***	***	***	***
U.S. shipments Mexico.-- 0-100 denier	***	***	***	***	***
101-250 denier	***	***	***	***	***
251-400 denier	***	***	***	***	***
401 or greater denier	***	***	***	***	***
All denier sizes	***	***	***	***	***
U.S. shipments from all other sources.-- 0-100 denier	***	***	***	***	***
101-250 denier	***	***	***	***	***
251-400 denier	***	***	***	***	***
401 or greater denier	***	***	***	***	***
All denier sizes	***	***	***	***	***
U.S. shipments nonsubject sources.-- 0-100 denier	***	***	***	***	***
101-250 denier	***	***	***	***	***
251-400 denier	***	***	***	***	***
401 or greater denier	***	***	***	***	***
All denier sizes	***	***	***	***	***
U.S. shipments all sources.-- 0-100 denier	***	***	***	***	***
101-250 denier	***	***	***	***	***
251-400 denier	***	***	***	***	***
401 or greater denier	***	***	***	***	***
All denier sizes	***	***	***	***	***

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

Figure IV-2
Polyester textured yarn: U.S. importers' U.S. shipments, by denier, 2018

* * * * *

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

Table IV-4 and figure IV-3 presents U.S. importers' U.S. shipments by finish in 2018. The majority of U.S. importers' U.S. shipments from both subject and nonsubject sources in 2018 were yarns with semi-dull finishes (**% percent from subject sources and **% percent from nonsubject sources).

Table IV-4

Polyester textured yarn: U.S. importers' U.S. shipments, by finish, 2018

Item	Quantity (1,000 pounds)	Value (1,000 dollars)	Unit Value (dollars per pound)	Share of quantity	Share of value
U.S. shipments from China.--					
Full-dull	***	***	***	***	***
Semi-dull	***	***	***	***	***
Bright	***	***	***	***	***
Other	***	***	***	***	***
All finishes	***	***	***	100.0	100.0
U.S. shipments from India.--					
Full-dull	***	***	***	***	***
Semi-dull	***	***	***	***	***
Bright	***	***	***	***	***
Other	***	***	***	***	***
All finishes	***	***	***	100.0	100.0
U.S. shipments from subject sources.--					
Full-dull	***	***	***	***	***
Semi-dull	***	***	***	***	***
Bright	***	***	***	***	***
Other	***	***	***	***	***
All finishes	***	***	***	100.0	100.0
U.S. shipments from Mexico.--					
Full-dull	***	***	***	***	***
Semi-dull	***	***	***	***	***
Bright	***	***	***	***	***
Other	***	***	***	***	***
All finishes	***	***	***	100.0	100.0
U.S. shipments from all other sources.--					
Full-dull	***	***	***	***	***
Semi-dull	***	***	***	***	***
Bright	***	***	***	***	***
Other	***	***	***	***	***
All finishes	***	***	***	100.0	100.0
U.S. shipments from nonsubject sources.--					
Full-dull	***	***	***	***	***
Semi-dull	***	***	***	***	***
Bright	***	***	***	***	***
Other	***	***	***	***	***
All finishes	***	***	***	100.0	100.0
U.S. shipments from all sources.--					
Full-dull	***	***	***	***	***
Semi-dull	***	***	***	***	***
Bright	***	***	***	***	***
Other	***	***	***	***	***
All finishes	***	***	***	100.0	100.0

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

Figure IV-3
Polyester textured yarn: U.S. Importers' U.S. shipments, by finish, 2018

* * * * *

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

Table IV-5 and figure IV-4 presents U.S. importers' U.S. shipments by recycled PET material in 2018. Overall, *** percent of U.S. importers' U.S. polyester textured yarn shipments were produced with zero post-consumer recycled PET material (virgin PET). All of the reported U.S. importers' U.S. shipments from India (100 percent) were reported to have been produced using virgin PET as compared to *** percent U.S. importers' U.S. shipments from China.

Table IV-5**Polyester textured yarn: U.S. importers' U.S. shipments, by recycled PET material, 2018**

Item	Quantity (1,000 pounds)	Value (1,000 dollars)	Unit Value (dollars per pound)	Share of quantity	Share of value
U.S. shipments from China.-- Virgin PET	***	***	***	***	***
Recycled PET	***	***	***	***	***
All material content	***	***	***	***	***
U.S. shipments from India.-- Virgin PET	***	***	***	***	***
Recycled PET	***	***	***	***	***
All material content	***	***	***	100.0	100.0
U.S. shipments from subject sources.-- Virgin PET	***	***	***	***	***
Recycled PET	***	***	***	***	***
All material content	***	***	***	100.0	100.0
U.S. shipments from Mexico.- - Virgin PET	***	***	***	***	***
Recycled PET	***	***	***	***	***
All material content	***	***	***	100.0	100.0
U.S. shipments all other sources.-- Virgin PET	***	***	***	***	***
Recycled PET	***	***	***	***	***
All material content	***	***	***	100.0	100.0
U.S. shipments nonsubject sources.-- Virgin PET	***	***	***	***	***
Recycled PET	***	***	***	***	***
All material content	***	***	***	***	***
U.S. shipments all sources.-- Virgin PET	***	***	***	***	***
Recycled PET	***	***	***	***	***
All material content	***	***	***	100.0	100.0

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.

Figure IV-4

Polyester textured yarn: U.S. importers' U.S. shipments from subject sources, by recycled PET, 2018

* * * * *

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

Critical circumstances

On November 19, 2019, Commerce issued its final determination that “critical circumstances” exist with regard to imports from China of polyester textured yarn in both the antidumping and countervailing duty determinations.⁴ In this investigation, if both Commerce and the Commission make affirmative final critical circumstances determinations, certain subject imports may be subject to countervailing duties retroactive by 90 days from April 1, 2019, the effective date of Commerce’s preliminary affirmative countervailing duty

⁴ 84 FR 63850, November 19, 2019 referenced in app. A. When petitioners file timely allegations of critical circumstances, Commerce examines whether there is a reasonable basis to believe or suspect that (1) either there is a history of dumping and material injury by reason of dumped imports in the United States or elsewhere of the subject merchandise, or the person by whom, or for whose account, the merchandise was imported knew or should have known that the exporter was selling the subject merchandise at LTFV and that there was likely to be material injury by reason of such sales; and (2) there have been massive imports of the subject merchandise over a relatively short period.

determination, and antidumping duties retroactive by 90 days from July 1, 2019, the effective date of Commerce’s preliminary affirmative LTFV determination. Table IV-6 presents this data.

Table IV-6
Polyester textured yarn: U.S. imports from China subject to Commerce’s affirmative critical circumstances determinations, May 2018 through April 2019

Period	Monthly U.S. imports (1,000 pounds)	Outwardly cumulative quantity (1,000 pounds)	Percentage change from comparable period (percent)
2018.--			
May	5,334	23,770	
June	4,950	18,436	
July	4,504	13,485	
August	3,477	8,981	
September	3,339	5,504	
October	2,165	2,165	
Petition file date: October 18, 2018			
November	2,841	2,841	31.2
December	7,115	9,956	80.9
2019.--			
January	1,422	11,378	26.7
February	1,860	13,238	(1.8)
March	1,971	15,209	(17.5)
April	1,709	16,918	(28.8)

Source: Compiled from official U.S. import statistics using HTS statistical reporting numbers 5402.33.3000 and 5402.33.6000, accessed August 15, 2019.

Negligibility

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.⁵ 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

⁵ 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)).

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.⁶ As presented in Table IV-7, Imports from China accounted for 36.6 percent of total imports of polyester textured yarn by quantity during October 2017 through September 2018, and imports from India accounted for 18.6 percent of total imports of polyester textured yarn during the period.

Table IV-7
Polyester textured yarn: U.S. imports in the twelve month period preceding the filing of the petition, October 2017 through September 2018

Item	October 2017 through September 2018	
	Quantity (1,000 pounds)	Share quantity (percent)
U.S. imports from.--		
China	50,841	36.6
India	25,818	18.6
Subject sources	76,658	55.1
Mexico	29,313	21.1
All other sources	33,120	23.8
Nonsubject sources	62,433	44.9
All import sources	139,091	100.0

Source: Compiled from official U.S. import statistics using HTS statistical reporting numbers 5402.33.3000 and 5402.33.6000, accessed August 15, 2019.

Cumulation considerations

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

Fungibility

Table IV-8 and figure IV-5 present data collected on U.S. shipments by denier size in 2018. U.S. producers' shipments and subject imports from China and India were present in all

⁶ Section 771 (24) of the Act (19 U.S.C § 1677(24)).

size ranges presented in the questionnaire. Polyester textured yarn with denier counts of 101 to 250 was the most common range for U.S. shipments from U.S. producers and subject imports from India and nonsubject sources. Polyester textured yarn with denier counts from 0 to 100 was the most common range for U.S. shipments of subject imports from China. The largest number of U.S. shipments of subject imports from Mexico were denier counts of 401 and higher.

Table IV-8

Polyester textured yarn: U.S. producers' and U.S. importers' U.S. shipments, by denier, 2018

Item	U.S. shipments				
	0-100 denier	101-250 denier	251-400 denier	401 and greater denier	All denier sizes
	Quantity (1,000 pounds)				
U.S. producers	***	***	***	***	***
U.S. importers.-- China	***	***	***	***	***
India	***	***	***	***	***
Subject sources	***	***	***	***	***
Mexico	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
Combined producers and importers	***	***	***	***	***
	Share across (percent)				
U.S. producers	***	***	***	***	100.0
U.S. importers.-- China	***	***	***	***	100.0
India	***	***	***	***	100.0
Subject sources	***	***	***	***	100.0
Mexico	***	***	***	***	100.0
All other sources	***	***	***	***	100.0
Nonsubject sources	***	***	***	***	100.0
All import sources	***	***	***	***	100.0
Combined producers and importers	***	***	***	***	100.0
	Share down (percent)				
U.S. producers	***	***	***	***	***
U.S. importers.-- China	***	***	***	***	***
India	***	***	***	***	***
Subject sources	***	***	***	***	***
Mexico	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
Combined producers and importers	100.0	100.0	100.0	100.0	100.0

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

Figure IV-5

Polyester textured yarn: U.S. producers' and U.S. importers' U.S. shipments, by denier, 2018

* * * * *

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

Table IV-9 and figure IV-6 present data collected on U.S. shipments by finish in 2018. The *** of U.S. shipments from each subject source, nonsubject sources, and U.S. producers had *** finishes. Other finishes reported by U.S. producers included ***, while U.S. importers reported *** finishes.

Table IV-9

Polyester textured yarn: U.S. producers' and U.S. importers' U.S. shipments, by finish, 2018

Item	U.S. shipments				
	Full-dull	Semi-dull	Bright	Other	All finishes
	Quantity (1,000 pounds)				
U.S. producers	***	***	***	***	***
U.S. importers.-- China	***	***	***	***	***
India	***	***	***	***	***
Subject sources	***	***	***	***	***
Mexico	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
U.S. producers + U.S. importers	***	***	***	***	***
	Share across (percent)				
U.S. producers	***	***	***	***	100.0
U.S. importers.-- China	***	***	***	***	100.0
India	***	***	***	***	100.0
Subject sources	***	***	***	***	100.0
Mexico	***	***	***	***	100.0
All other sources	***	***	***	***	100.0
Nonsubject sources	***	***	***	***	100.0
All import sources	***	***	***	***	100.0
U.S. producers + U.S. importers	***	***	***	***	100.0
	Share down (percent)				
U.S. producers	***	***	***	***	***
U.S. importers.-- China	***	***	***	***	***
India	***	***	***	***	***
Subject sources	***	***	***	***	***
Mexico	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
U.S. producers + U.S. importers	100.0	100.0	100.0	100.0	100.0

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

Figure IV-6
Polyester textured yarn: U.S. producers' and U.S. importers' U.S. shipments, by finish, 2018

* * * * *

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

Table IV-10 and figure IV-7 present data collected on U.S. shipments by recycled PET content in 2018. Shipments produced with some or all post-consumer recycled PET material (recycled PET) constituted *** percent of U.S. producers' 2018 U.S. polyester textured yarn shipments, *** percent of subject imports from China, and *** percent of subject imports from India. Shipments produced with zero post-consumer recycled PET material (virgin PET) constituted *** percent of U.S. producers' 2018 U.S. shipments, *** percent of subject imports from China, and *** percent of subject imports from India.

Table IV-10

Polyester textured yarn: U.S. producers' and U.S. importers' U.S. shipments, by recycled PET material content, 2018

Item	U.S. shipments		
	Virgin PET	Recycled PET	All material
	Quantity (1,000 pounds)		
U.S. producers	***	***	***
U.S. importers.-- China	***	***	***
India	***	***	***
Subject sources	***	***	***
Mexico	***	***	***
All other sources	***	***	***
Nonsubject sources	***	***	***
All import sources	***	***	***
U.S. producers + U.S. importers	***	***	***
	Share across (percent)		
U.S. producers	***	***	100.0
U.S. importers.-- China	***	***	100.0
India	***	***	100.0
Subject sources	***	***	100.0
Mexico	***	***	100.0
All other sources	***	***	100.0
Nonsubject sources	***	***	100.0
All import sources	***	***	100.0
U.S. producers + U.S. importers	***	***	100.0
	Share down (percent)		
U.S. producers	***	***	***
U.S. importers.-- China	***	***	***
India	***	***	***
Subject sources	***	***	***
Mexico	***	***	***
All other sources	***	***	***
Nonsubject sources	***	***	***
All import sources	***	***	***
U.S. producers + U.S. importers	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: Compiled from data submitted in response to Commission questionnaires.

Figure IV-7
Polyester textured yarn: U.S. producers' and U.S. importers' U.S. shipments, by PET material content, 2018

* * * * *

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

Geographical markets

Table IV-11 presents U.S. imports by border of entry in 2018.⁷ The East U.S. customs district was the entrance location for 97.7 percent of polyester textured yarn imports from India and 65.9 of polyester textured yarn imports from China in 2018. Imports from nonsubject sources entered most commonly through the South (50.8 percent) and East (44.8 percent) U.S. customs districts in 2018.

⁷ The “East” border of entry includes the following Customs entry districts: Baltimore, MD; Boston, MA; Buffalo, NY; Charleston, SC; Charlotte, NC; New York, NY; Norfolk, VA; Ogdensburg, NY; Philadelphia, PA; Portland, ME; San Juan, PR; Savannah, GA; St. Albans, VT; and Washington, DC. The “North” border of entry includes the following Customs entry districts: Chicago, IL; Cleveland, OH; Detroit, MI; Duluth, MN; Great Falls, MT; Minneapolis, MN; Pembina, ND; and St. Louis, MO. The “South” border of entry includes the following Customs entry districts: Dallas-Fort Worth, TX; El Paso, TX; Houston-Galveston, TX; Laredo, TX; Miami, FL; Mobile, AL; New Orleans, LA; and Tampa, FL. The “West” border of entry includes the following Customs entry districts: Anchorage, AK; Columbia-Snake, OR; Honolulu, HI; Los Angeles, CA; Nogales, AZ; San Diego, CA; San Francisco, CA; and Seattle, WA.

Table IV-11**Polyester textured yarn: U.S. imports, by border of entry, 2018**

Item	Border of entry				
	East	North	South	West	All borders
	Quantity (1,000 pounds)				
U.S. imports from.--					
China	33,983	60	165	17,334	51,542
India	25,944	52	89	481	26,564
Subject sources	59,926	112	254	17,815	78,106
Mexico	169	---	30,399	---	30,568
All other sources	29,225	117	2,929	2,802	35,074
Nonsubject sources	29,395	117	33,328	2,802	65,642
All import sources	89,321	229	33,582	20,617	143,748
	Share across (percent)				
U.S. imports from.--					
China	65.9	0.1	0.3	33.6	100.0
India	97.7	0.2	0.3	1.8	100.0
Subject sources	76.7	0.1	0.3	22.8	100.0
Mexico	0.6	---	99.4	---	100.0
All other sources	83.3	0.3	8.4	8.0	100.0
Nonsubject sources	44.8	0.2	50.8	4.3	100.0
All import sources	62.1	0.2	23.4	14.3	100.0
	Share down (percent)				
U.S. imports from.--					
China	38.0	26.2	0.5	84.1	35.9
India	29.0	22.6	0.3	2.3	18.5
Subject sources	67.1	48.8	0.8	86.4	54.3
Mexico	0.2	---	90.5	---	21.3
All other sources	32.7	51.2	8.7	13.6	24.4
Nonsubject sources	32.9	51.2	99.2	13.6	45.7
All import sources	100.0	100.0	100.0	100.0	100.0

Source: Compiled from official U.S. import statistics using HTS statistical reporting numbers 5402.33.3000 and 5402.33.6000, accessed August 15, 2019.

Presence in the market

Table IV-12, figure IV-8, and figure IV-9 present monthly U.S. imports from January 2016 through June 2019. These data show that imports of polyester textured yarn from China, India, and nonsubject sources were present in the U.S. market in every month from January 2016 through June 2019.

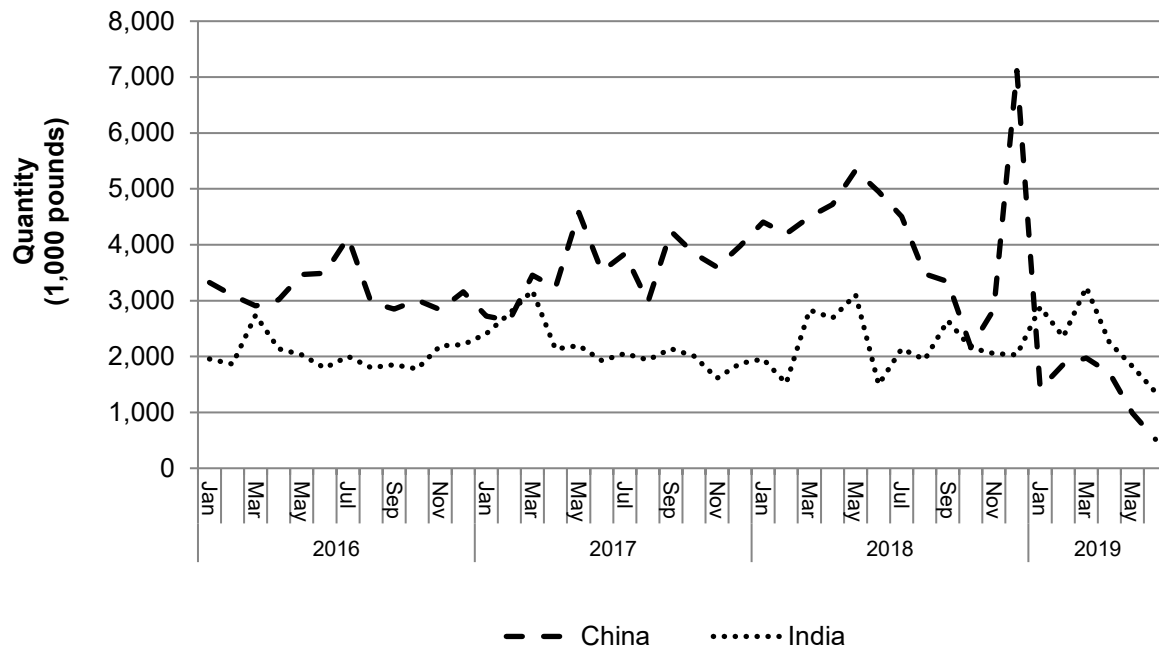
Table IV-12**Polyester textured yarn: U.S. imports, by month, January 2016 through June 2019**

U.S. imports	China	India	Subject sources	Mexico	All other sources	Nonsubject sources	All import sources
Quantity (1,000 pounds)							
2016.--							
January	3,325	1,954	5,279	2,981	4,355	7,337	12,615
February	3,093	1,865	4,959	1,688	3,561	5,250	10,208
March	2,903	2,738	5,640	1,434	4,894	6,327	11,968
April	3,016	2,140	5,156	2,253	3,983	6,237	11,393
May	3,469	2,030	5,500	2,683	3,980	6,663	12,163
June	3,489	1,797	5,286	1,747	4,031	5,778	11,065
July	4,131	2,001	6,133	2,311	3,900	6,210	12,343
August	2,966	1,803	4,769	2,097	4,089	6,186	10,955
September	2,848	1,855	4,703	1,878	3,626	5,504	10,207
October	3,011	1,776	4,787	1,766	4,221	5,986	10,773
November	2,838	2,192	5,030	2,252	3,248	5,500	10,531
December	3,157	2,214	5,371	1,624	2,803	4,427	9,797
2017.--							
January	2,723	2,407	5,130	2,363	3,570	5,934	11,063
February	2,639	2,768	5,408	2,078	2,771	4,848	10,256
March	3,453	3,183	6,636	2,403	3,478	5,881	12,517
April	3,230	2,135	5,365	1,950	3,040	4,990	10,355
May	4,579	2,197	6,776	2,364	3,647	6,011	12,787
June	3,524	1,927	5,451	1,841	3,581	5,422	10,874
July	3,840	2,052	5,892	2,356	3,569	5,925	11,818
August	2,974	1,937	4,911	2,338	2,704	5,042	9,954
September	4,237	2,138	6,376	2,295	2,234	4,529	10,905
October	3,847	2,009	5,856	2,095	2,560	4,655	10,511
November	3,597	1,613	5,210	2,034	2,394	4,428	9,638
December	3,976	1,873	5,849	2,121	1,995	4,116	9,965
2018.--							
January	4,404	1,955	6,359	2,484	3,182	5,666	12,025
February	4,193	1,519	5,712	2,600	3,327	5,928	11,640
March	4,495	2,830	7,326	2,577	3,313	5,890	13,216
April	4,723	2,686	7,410	2,348	3,363	5,711	13,121
May	5,334	3,108	8,443	2,799	3,129	5,928	14,371
June	4,950	1,496	6,446	2,307	2,649	4,957	11,403
July	4,504	2,139	6,644	2,742	2,427	5,169	11,813
August	3,477	1,946	5,422	2,837	2,237	5,075	10,497
September	3,339	2,643	5,982	2,369	2,542	4,911	10,893
October	2,165	2,156	4,321	2,700	3,015	5,715	10,036
November	2,841	2,055	4,896	2,489	2,862	5,351	10,247
December	7,115	2,031	9,146	2,317	3,025	5,342	14,488
2019.--							
January	1,422	2,884	4,306	2,913	4,469	7,382	11,688
February	1,860	2,353	4,213	3,199	3,512	6,711	10,924
March	1,971	3,240	5,210	2,828	3,073	5,901	11,112
April	1,709	2,253	3,962	2,404	4,164	6,568	10,531
May	986	1,824	2,810	2,215	4,731	6,947	9,757
June	518	1,363	1,881	2,720	4,707	7,428	9,309

Source: Compiled from official U.S. import statistics using HTS statistical reporting numbers 5402.33.3000 and 5402.33.6000, accessed August 15, 2019.

Figure IV-8

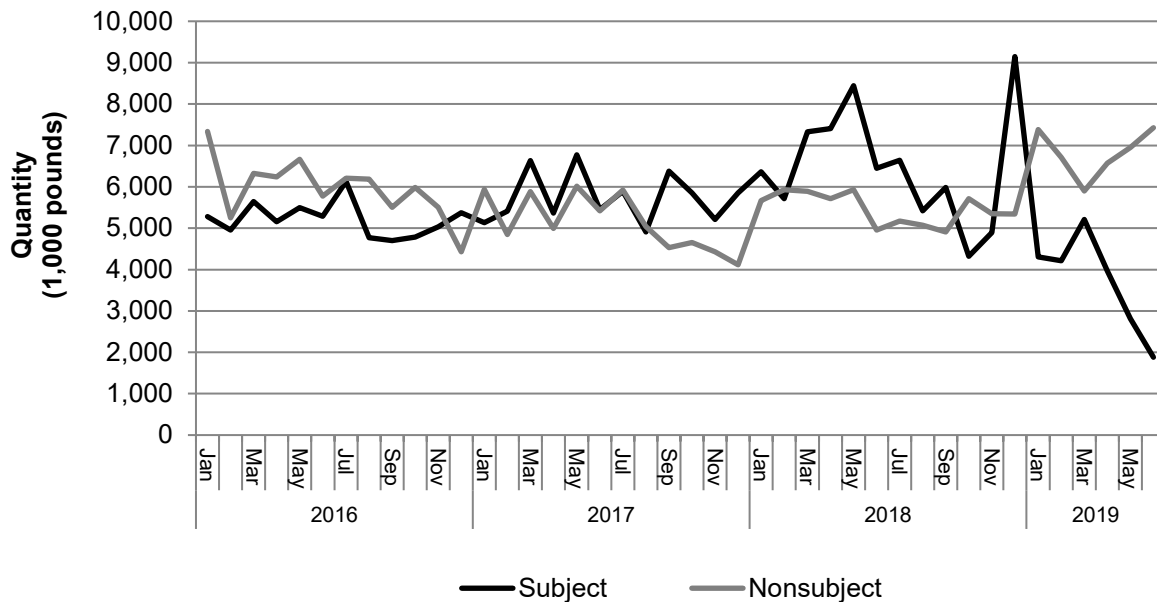
Polyester textured yarn: Monthly U.S. imports, by individual subject source, January 2016 to June 2019



Source: Compiled from official U.S. import statistics using HTS statistical reporting numbers 5402.33.3000 and 5402.33.6000, accessed August 15, 2019.

Figure IV-9

Polyester textured yarn: Monthly U.S. imports, by subject and nonsubject sources, January 2016 to June 2019



Source: Compiled from official U.S. import statistics using HTS statistical reporting numbers 5402.33.3000 and 5402.33.6000, accessed August 15, 2019.

Apparent U.S. consumption

Table IV-13 presents data on apparent U.S. consumption for polyester textured yarn. Apparent total market U.S. consumption decreased in quantity by *** percent between 2016 and 2018 but increased in value by *** percent during that period. Total market U.S. consumption was lower in interim 2019 than interim 2018 in both quantity and value, by *** and *** percent, respectively.

Table IV-13

Polyester textured yarn: Apparent U.S. consumption, total market, 2016-18, January to June 2018, and January to June 2019

Item	Calendar year			January to June	
	2016	2017	2018	2018	2019
	Quantity (1,000 pounds)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from.--					
China	38,247	42,621	51,542	28,101	8,466
India	24,365	26,239	26,564	13,594	13,917
Subject sources	62,612	68,860	78,106	41,695	22,383
Mexico	24,714	26,239	30,568	15,115	16,281
All other sources	46,692	35,543	35,074	18,965	24,655
Nonsubject sources	71,406	61,782	65,642	34,080	40,936
All import sources	134,018	130,642	143,748	75,775	63,319
Apparent U.S. consumption	***	***	***	***	***
	Value (1,000 dollars)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from.--					
China	33,881	40,472	53,640	27,650	9,656
India	20,088	22,192	24,482	12,590	12,692
Subject sources	53,969	62,664	78,123	40,240	22,348
Mexico	27,011	29,830	36,624	17,217	20,872
All other sources	51,385	39,980	42,195	22,107	28,712
Nonsubject sources	78,396	69,809	78,820	39,324	49,583
All import sources	132,365	132,474	156,942	79,564	71,932
Apparent U.S. consumption	***	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires and from official U.S. import statistics using HTS statistical reporting numbers 5402.33.3000 and 5402.33.6000, accessed August 15, 2019.

U.S. market shares

Market shares in the total U.S. market are presented in table IV-14 and figure IV-8. Total market share of U.S. producers' U.S. shipments decreased between 2016 and 2018 from *** percent to *** percent by quantity and from *** percent to *** percent by value during that period. U.S. producers' U.S. shipments total market share was *** percentage points higher in interim 2019 than interim 2018 as a share of quantity and unchanged as a share of value during the period.

U.S. shipments of imports from China and India gained share in the overall market during the 2016-2018 period, in quantity, by *** and *** percentage points, respectively. U.S. shipments of imports from nonsubject sources lost share in the overall market during this same period, in quantity, by *** percentage points. By value, U.S. shipments of imports from subject

sources gained share in the overall market during the 2016-2018 period, by *** percentage points, while U.S. shipments of imports from nonsubject sources lost share in the overall market during this same period, by *** percentage points.

Table IV-14

Polyester textured yarn: Market shares, total market, 2016-18, January to June 2018, and January to June 2019

Item	Calendar year			January to June	
	2016	2017	2018	2018	2019
	Quantity (1,000 pounds)				
Apparent U.S. consumption	***	***	***	***	***
	Share of quantity (percent)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from.-- China	***	***	***	***	***
India	***	***	***	***	***
Subject sources	***	***	***	***	***
Mexico	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Value (1,000 dollars)				
Apparent U.S. consumption	***	***	***	***	***
	Share of value (percent)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from.-- China	***	***	***	***	***
India	***	***	***	***	***
Subject sources	***	***	***	***	***
Mexico	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***

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

Figure IV-8

Polyester textured yarn: Apparent U.S. consumption total, 2016-18, January to June 2018, and January to June 2019

* * * * *

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

Apparent Merchant Market U.S. Consumption

Table IV-15 presents data on apparent U.S. consumption in the merchant market for polyester textured yarn. Apparent U.S. consumption in the merchant market decreased in quantity between 2016 and 2018 by *** percent but increased in value by *** percent during the time period. U.S. consumption in the merchant market was lower in interim 2019 than interim 2018 in quantity by *** percent and in value by *** percent.

Table IV-15

Polyester textured yarn: Apparent U.S. consumption, merchant market, 2016-18, January to June 2018, and January to June 2019

Item	Calendar year			January to June	
	2016	2017	2018	2018	2019
	Quantity (1,000 pounds)				
U.S. producers' commercial U.S. shipments	***	***	***	***	***
U.S. imports from.--					
China	38,247	42,621	51,542	28,101	8,466
India	24,365	26,239	26,564	13,594	13,917
Subject sources	62,612	68,860	78,106	41,695	22,383
Mexico	24,714	26,239	30,568	15,115	16,281
All other sources	46,692	35,543	35,074	18,965	24,655
Nonsubject sources	71,406	61,782	65,642	34,080	40,936
All import sources	134,018	130,642	143,748	75,775	63,319
Apparent U.S. consumption	***	***	***	***	***
	Value (1,000 dollars)				
U.S. producers' commercial U.S. shipments	***	***	***	***	***
U.S. imports from.--					
China	33,881	40,472	53,640	27,650	9,656
India	20,088	22,192	24,482	12,590	12,692
Subject sources	53,969	62,664	78,123	40,240	22,348
Mexico	27,011	29,830	36,624	17,217	20,872
All other sources	51,385	39,980	42,195	22,107	28,712
Nonsubject sources	78,396	69,809	78,820	39,324	49,583
All import sources	132,365	132,474	156,942	79,564	71,932
Apparent U.S. consumption	***	***	***	***	***

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

Merchant Market U.S. Market Shares

Table IV-16 and figure IV-9 present data on market shares in the merchant market. Merchant market share of U.S. producers' U.S. shipments decreased in both quantity and value between 2016 and 2018 (by *** and *** percentage points, respectively). U.S. producers' U.S. merchant market shipments share, however, was higher in interim 2019 than interim 2018 in terms of both quantity and value (*** and *** percentage points, respectively).

U.S. imports from China and India gained merchant market share during the 2016-2018 period by quantity (by *** and *** percentage points, respectively) and by value (by *** and *** percentage points, respectively). U.S. shipments of imports from nonsubject sources lost merchant market share during this same period by both quantity and value (by *** and *** percentage points, respectively). U.S. shipments of imports from subject sources gained

merchant market share by both quantity and value during the 2016-2018 period (by *** and *** percentage points, respectively).

Table IV-16

Polyester textured yarn: Market shares, merchant market, 2016-18, January to June 2018, and January to June 2019

Item	Calendar year			January to June	
	2016	2017	2018	2018	2019
	Quantity (1,000 pounds)				
Apparent U.S. consumption	***	***	***	***	***
	Share of quantity (percent)				
U.S. producers' commercial U.S. shipments	***	***	***	***	***
U.S. imports from.-- China	***	***	***	***	***
India	***	***	***	***	***
Subject sources	***	***	***	***	***
Mexico	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Value (1,000 dollars)				
Apparent U.S. consumption	***	***	***	***	***
	Share of value (percent)				
U.S. producers' commercial U.S. shipments	***	***	***	***	***
U.S. imports from.-- China	***	***	***	***	***
India	***	***	***	***	***
Subject sources	***	***	***	***	***
Mexico	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***

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

Figure IV-9

Polyester textured yarn: Apparent U.S. consumption, merchant, 2016-18, January to June 2018, and January to June 2019

* * * * *

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

Part V: Pricing data

Factors affecting prices

Raw material costs

The main input for polyester textured yarn is polyethylene terephthalate (PET) resin.¹ Some producers of polyester textured yarn purchase partially-oriented yarn, while some purchase PET resin, and some produce PET resin.² The PET resin may be either virgin or recycled.³ Petitioners state that ***.⁴ The main components required to produce PET resin are monoethylene glycol (“MEG”) and polyethylene terephthalic acid (“PTA”). Raw material costs were *** percent of the cost of goods sold in 2018. The price of PET resin increased by *** percent from January 2016 to August 2018 and then fell from September 2018 to June 2019. PET resin prices increased by *** percent between January 2016 and June 2019 (figure V-1).

Figure V-1

PET resin prices: * price of PET resin, by month, January 2016-June 2019**

* * * * *

Source: *** provided by the petitioners.

¹ Conference transcript, p. 17 (Cole).

² Conference transcript, pp. 21-22, 38-39, 61 (Freeman, Caudle).

³ Petitioners’ postconference brief, p. 4.

⁴ Petitioners’ postconference brief, Answers to Staff Questions, p. 2.

Five of six responding U.S. producers reported that the prices of the raw materials used to produce polyester textured yarn increased since January 2016. All but one importer reported raw material costs increased (14) or fluctuated (13).⁵ Three U.S. producers provided details, and all three reporting that raw material cost increased but they had difficulty recovering these costs.

Transportation costs to the U.S. market

Transportation costs for polyester textured yarn shipped from subject countries to the United States averaged 6.7 percent for China and 4.9 percent for India during 2018. These estimates were derived from official import data and represent the transportation and other charges on imports.⁶

U.S. inland transportation costs

Three of 6 responding U.S. producers and 14 of 18 importers reported that they typically arrange transportation to their customers. Most U.S. producers reported that their U.S. inland transportation costs ranged from 1 to 4 percent, while most importers reported costs of 1 to 5 percent.

Importers of polyester textured yarn from China and India for their own use were also requested to estimate U.S. inland transportation costs from the port of importation to the point of use. Seven of the eight responding importers reported that their U.S. inland transportation costs from China for such imports were between 1 and 5 percent of the total cost. All three responding importers reported that their U.S. inland transportation costs from India for such imports were between 2 and 5 percent of the total cost.

Pricing practices

Pricing methods

As presented in table V-1, U.S. producers and importers sell primarily on a transaction-by-transaction negotiations and/or contracts.⁷ Yan Na stated that it had price lists that it used

⁵ In addition, one importer reported the price of raw materials had not changed.

⁶ The estimated transportation costs were obtained by subtracting the customs value from the c.i.f. value of the imports for 2018 and then dividing by the customs value based on the HTS subheadings 5402.33.30 and 5402.33.60.

⁷ Two importers reported their prices changed based on raw material costs, and one of these also reported using a price list.

in price negotiations.⁸ In contrast, Unifi stated that it normally does not “have price lists,” but provides price quotes on programs, and purchasers use these quotes and prices from competing suppliers to negotiate prices.⁹ Petitioners agree that these practices are typical for the domestic industry.¹⁰

Table V-1

Polyester textured yarn: U.S. producers’ and importers’ reported price setting methods, by number of responding firms

Method	U.S. producers	Importers
Transaction-by-transaction	6	14
Contract	3	5
Set price list	---	1
Other	---	2
Responding firms	6	19

Note: 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.

In 2018, most U.S. producers’ sales were spot sales, while most importers’ sales were under short-term contracts (table V-2).

Table V-2

Polyester textured yarn: U.S. producers’ and importers’ shares of U.S. commercial shipments by type of sale, 2018

Type of sale	U.S. producers	Importers
Long-term contracts	***	***
Annual contracts	***	***
Short-term contracts	***	***
Spot sales	***	***

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

U.S. producers and importers that used contracts were asked to report their contract provisions. For short-term contracts, most responding U.S. producers (3 of 4) reported that prices were not renegotiated during the contract period, that contracts fixed price (3 of 4), and half (2 of 4) reported that prices were indexed to raw materials. For short-term contracts, most responding importers (9 of 11) reported that prices were not renegotiated during the contract period, the contracts fix both price and quantity (all 11), and prices were not indexed to raw materials (9 of 10).¹¹

⁸ Hearing transcript pp. 108-109 (Freeman).

⁹ Hearing transcript pp. 109-110 (Caudle).

¹⁰ Hearing transcript p. 110 (Freeman, Caudle).

¹¹ ***.

One purchaser reported that it purchases product daily, 9 purchase weekly, 10 purchase monthly, and 3 reported quarterly. Twenty-one of 25 responding purchasers reported that their purchasing frequency had not changed since 2016. Most (16 of 24) purchasers contact 1 to 3 suppliers before making a purchase.

Sales terms and discounts

Most U.S. responding producers (5 of 6) and importers (10 of 18) typically quote prices on an f.o.b. basis. Half the responding producers (3 of 6) reported that they offered quantity discounts. The remaining 3 reported they had no specific discount policy. Most importers (16 of 18) reported they had no discount policy, with the remaining 2 offering quantity discounts.

Price leadership

Twelve purchasers reported one or more price leaders. Price leaders listed by more than one purchaser include U.S. producers Unifi (identified by 5 purchasers) and Nan Ya (3), as well as Akra, an importer of Mexican product (2). Purchasers were asked what made these firms price leaders in the polyester textured yarn market. The responding purchasers stated that these price leaders announced price changes, dictated direction of price, were major suppliers, priced below U.S. prices, and negotiated or set prices based on raw material costs.

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 polyester textured yarn products shipped to unrelated U.S. customers during January 2016-June 2019.

Product 1.--Single ply, 150 denier, 34 to 48 filaments, semi-dull natural luster, round polyester textured yarn.

Product 2.--Single ply, 70 denier, 34 to 48 filaments, semi-dull natural luster, round polyester textured yarn.

Product 3.--Single ply, 70 denier, 68 to 72 filaments, semi-dull natural luster, round polyester textured yarn.

Product 4.--Single ply, 300 denier, 68 to 72 filaments, semi-dull natural luster, round polyester textured yarn.

Four U.S. producers¹² and 13 importers¹³ provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.¹⁴ Pricing data reported by these firms accounted for approximately 25.1 percent of U.S. producers' U.S. shipments of polyester textured yarn, 32.8 percent of U.S. shipments of subject imports from China,¹⁵ and 15.5 percent of U.S. shipments of subject imports from India in 2018. In addition to price data, the Commission also requested that importers provide landed duty-paid values and quantities for imports of polyester textured yarn for firms' internal use, repackaging, or retail sale. *** importers¹⁶ provided usable purchase cost data for products 1-2.¹⁷ Purchase cost data reported by these importers accounted for approximately *** percent of U.S. shipments of subject imports from China and *** percent of U.S. shipments of subject imports from India in 2018.

Price data for products 1-4 are presented in tables V-3 to V-6 and figures V-2 to V-5. Nonsubject country prices are presented in Appendix D.

¹² ***.

¹³ ***.

¹⁴ 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.

¹⁵ One importer (***) reported that ***.

¹⁶ ***.

¹⁷ One importer (***) reported purchase cost data for ***. These data are not provided in a table or a figure for ***, but are included only in table V-9.

Table V-3

Polyester textured yarn: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarter, January 2016-June 2019

Period	United States		China			India		
	Price (per pound)	Quantity (1,000 pounds)	Price (per pound)	Quantity (1,000 pounds)	Margin (percent)	Price (per pound)	Quantity (1,000 pounds)	Margin (percent)
2016:								
Jan.-Mar.	***	***	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***	***	***
July-Sept.	***	***	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***	***	***
2017:								
Jan.-Mar.	***	***	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***	***	***
July-Sept.	***	***	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***	***	***
2018:								
Jan.-Mar.	***	***	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***	***	***
July-Sept.	***	***	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***	***	***
2019:								
Jan.-Mar.	***	***	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***	***	***

Note: Product 1: Single ply, 150 denier, 34 to 48 filaments, semi-dull natural luster, round polyester textured yarn.

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

Table V-4

Polyester textured yarn: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarter, January 2016-June 2019

Period	United States		China			India		
	Price (per pound)	Quantity (1,000 pounds)	Price (per pound)	Quantity (1,000 pounds)	Margin (percent)	Price (per pound)	Quantity (1,000 pounds)	Margin (percent)
2016:								
Jan.-Mar.	***	***	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***	***	***
July-Sept.	***	***	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***	***	***
2017:								
Jan.-Mar.	***	***	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***	***	***
July-Sept.	***	***	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***	***	***
2018:								
Jan.-Mar.	***	***	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***	***	***
July-Sept.	***	***	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***	***	***
2019:								
Jan.-Mar.	***	***	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***	***	***

Note: Product 2: Single ply, 70 denier, 34 to 48 filaments, semi-dull natural luster, round polyester textured yarn.

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

Table V-5

Polyester textured yarn: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarter, January 2016-June 2019

Period	United States		China			India		
	Price (per pound)	Quantity (1,000 pounds)	Price (per pound)	Quantity (1,000 pounds)	Margin (percent)	Price (per pound)	Quantity (1,000 pounds)	Margin (percent)
2016:								
Jan.-Mar.	***	***	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***	***	***
July-Sept.	***	***	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***	***	***
2017:								
Jan.-Mar.	***	***	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***	***	***
July-Sept.	***	***	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***	***	***
2018:								
Jan.-Mar.	***	***	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***	***	***
July-Sept.	***	***	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***	***	***
2019:								
Jan.-Mar.	***	***	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***	***	***

Note: Product 3: Single ply, 70 denier, 68 to 72 filaments, semi-dull natural luster, round polyester textured yarn.

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

Table V-6

Polyester textured yarn: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by quarter, January 2016-June 2019

Period	United States		China			India		
	Price (per pound)	Quantity (1,000 pounds)	Price (per pound)	Quantity (1,000 pounds)	Margin (percent)	Price (per pound)	Quantity (1,000 pounds)	Margin (percent)
2016:								
Jan.-Mar.	***	***	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***	***	***
July-Sept.	***	***	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***	***	***
2017:								
Jan.-Mar.	***	***	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***	***	***
July-Sept.	***	***	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***	***	***
2018:								
Jan.-Mar.	***	***	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***	***	***
July-Sept.	***	***	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***	***	***
2019:								
Jan.-Mar.	***	***	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***	***	***

Note: Product 4: Single ply, 300 denier, 68 to 72 filaments, semi-dull natural luster, round polyester textured yarn.

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

Figure V-2

Polyester textured yarn: Weighted-average prices and quantities of domestic and imported product 1, by quarter, January 2016-June 2019

* * * * *

Product 1: Single ply, 150 denier, 34 to 48 filaments, semi-dull natural luster, round polyester textured yarn.

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

Figure V-3

Polyester textured yarn: Weighted-average prices and quantities of domestic and imported product 2, by quarter, January 2016-June 2019

* * * * *

Product 2: Single ply, 70 denier, 34 to 48 filaments, semi-dull natural luster, round polyester textured yarn.

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

Figure V-4

Polyester textured yarn: Weighted-average prices and quantities of domestic and imported product 3, by quarter, January 2016-June 2019

* * * * *

Product 3: Single ply, 70 denier, 68 to 72 filaments, semi-dull natural luster, round polyester textured yarn.

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

Figure V-5

Polyester textured yarn: Weighted-average prices and quantities of domestic and imported product 4, by quarter, January 2016-June 2019

* * * * *

Product 4: Single ply, 300 denier, 68 to 72 filaments, semi-dull natural luster, round polyester textured yarn.

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

Import purchase cost data for products 1 and 2 were reported by six importers and accounted for *** percent of imports for internal consumption from China and *** percent of imports for internal consumption from India in 2018.¹⁸

Importers reporting import purchase cost data were asked to provide additional information on costs beyond landed-duty paid costs incurred from importing polyester textured yarn themselves. One importer (***) reported that there were logistical or supply chain costs of *** percent, warehousing/inventory carrying costs of *** percent, and insurance costs of *** percent).¹⁹

Eleven importers²⁰ identified benefits from importing directly polyester textured yarn instead of purchasing from U.S. producers or importers. Almost all of these reported that the price or cost was one of the reasons for importing. Purchasers gave a number of reasons other than price for purchasing imports including: the need to compete with imported downstream product on price (import prices were necessary for the purchaser to compete on price with imported fabrics and therefore maintain its U.S. production of fabric U.S. producers are not selling at the international price level); quality (only Chinese yarn meets the quality requirements for some fabrics); to have additional qualified sources; and the availability of ***.

Five importers estimated that they saved between 3 and 16 percent of landed duty-paid value by importing themselves rather than purchasing from a U.S. importer. One importer reported that the margin saved has fallen because of the Section 301 tariffs on Chinese-origin products. One reported that U.S. prices change quarterly based on indexes, but Chinese prices do not.

Landed duty paid purchase cost data for imports from China and India for products 1 and 2 are presented in tables V-7 to V-8 and figures V-6 and V-7.

¹⁸ One importer also reported price data for *** in one quarter.

¹⁹ Five of the six importers that reported purchase cost data did not provide estimates of these additional costs.

²⁰ Importers that did not import the specific pricing products nonetheless provided reasons they imported for themselves.

Table V-7

Polyester textured yarn: Purchase costs. Weighted-average f.o.b. prices of domestic product 1 sold to end users and landed duty-paid costs and quantities of imported product 1, by quarter, January 2016-June 2019

Period	United States		China (cost)		India (cost)	
	Price (dollars per pounds)	Quantity (pounds)	LDP (dollars per pound)	Quantity (pounds)	Cost (dollars per pound)	Quantity (pounds)
2016:						
Jan.-Mar.	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***
July-Sept.	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***
2017:						
Jan.-Mar.	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***
July-Sept.	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***
2018:						
Jan.-Mar.	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***
July-Sept.	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***
2019:						
Jan.-Mar.	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***

Note: Product 1: Single ply, 150 denier, 34 to 48 filaments, semi-dull natural luster, round polyester textured yarn.

Note: U.S. f.o.b. price data is the same as the data for prices to end users presented in table V-3 and figure V-2.

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

Table V-8

Polyester textured yarn: Purchase costs. Weighted-average f.o.b. prices of domestic product 2 sold to end users and landed duty-paid costs and quantities of imported product 2, by quarter, January 2016- June 2019

Period	United States		China (cost)		India (cost)	
	Price (dollars per pounds)	Quantity (pounds)	LDP (dollars per pound)	Quantity (pounds)	Cost (dollars per pound)	Quantity (pounds)
2016:						
Jan.-Mar.	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***
July-Sept.	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***
2017:						
Jan.-Mar.	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***
July-Sept.	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***
2018:						
Jan.-Mar.	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***
July-Sept.	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***
2019:						
Jan.-Mar.	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***

Note: Product 2: Single ply, 70 denier, 34 to 48 filaments, semi-dull natural luster, round polyester textured yarn.

Note: U.S. f.o.b. price data is the same as the data for prices to end users presented in table V-4 and figure V-3.

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

Figure V-6

Polyester textured yarn: Weighted-average prices and quantities of domestic and landed duty-paid costs and quantity of imported product 1, by quarter, January 2016-June 2019

* * * * *

Product 1: Single ply, 150 denier, 34 to 48 filaments, semi-dull natural luster, round polyester textured yarn.

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

Figure V-7

Polyester textured yarn: Weighted-average prices and quantities of domestic and landed duty-paid costs and quantity imported product 2, by quarter, January 2016-June 2019

* * * * *

Product 2: Single ply, 70 denier, 34 to 48 filaments, semi-dull natural luster, round polyester textured yarn.

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

Price trends

Most prices increased during January 2016-June 2019. Table V-9 summarizes the price trends, by country and by product. As shown in the table, domestic price increases ranged from 1.8 to 5.2 percent and decreased for product 3 by *** percent during January 2016-June 2019, while import price increases ranged from 9.8 to 39.5 percent. Prices decreased only for imported product 2 from *** to *** percent.

Table V-9

Polyester textured yarn: Summary of weighted-average f.o.b. prices for products 1-4 from the United States, China, and India

Item	Number of quarters	Low price (per pound)	High price (per pound)	Change in price (percent)
Product 1				
United States	***	***	***	***
China	14	***	***	***
India	14	***	***	***
China purchase cost data	14	***	***	***
India purchase cost data	12	***	***	***
Product 2				
United States	***	***	***	***
China	14	***	***	***
India	14	***	***	***
China purchase cost data	9	***	***	***
Product 3				
United States	***	***	***	***
China	14	***	***	***
India	14	***	***	***
Product 4				
United States	14	***	***	***
China	14	***	***	***
India	11	***	***	***
China purchase cost data	1	***	***	***

Note: Percentage change from the first quarter of 2016 to the second quarter of 2019.

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

Price comparisons

As shown in table V-10, prices for product imported from China were below those for U.S.-produced product in 53 of 56 instances (25.3 million pounds); margins of underselling ranged from 4.8 to 49.3 percent. In the remaining three instances (*** pounds), prices for product from China were between *** and *** percent above prices for the domestic product. Prices for product imported from India were below those for U.S.-produced product in all 53 instances (8.4 million pounds); margins of underselling ranged from 2.4 to 55.6 percent.

Table V-10

Polyester textured yarn: Instances of underselling/overselling and the range and average of margins, by country, January 2016-June 2019

Source	Underselling				
	Number of quarters	Quantity (1,000 pounds)	Average margin (percent)	Margin range (percent)	
				Min	Max
Product 1	26	***	***	***	***
Product 2	28	***	***	***	***
Product 3	28	***	***	***	***
Product 4	24	***	***	***	***
Total	106	33,703	26.0	2.4	55.6
China	53	25,319	23.4	4.8	49.3
India	53	8,384	28.6	2.4	55.6
Total	106	33,703	26.0	2.4	55.6
Source	(Overselling)				
	Number of quarters	Quantity (1,000 pounds)	Average margin (percent)	Margin range (percent)	
				Min	Max
Product 1	2	***	***	***	***
Product 2	---	***	***	***	***
Product 3	---	***	***	***	***
Product 4	1	***	***	***	***
Total	3	***	***	***	***
China	3	***	***	***	***
India	---	***	***	***	***
Total	3	***	***	***	***

Note: These data include only quarters in which there is a comparison between the U.S. and subject product.

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

Lost sales and lost revenue

In the preliminary phase of the investigations, the Commission requested that U.S. producers of polyester textured yarn report purchasers with which they experienced instances of lost sales or revenue during January 2015-September 2018 due to competition from imports of polyester textured yarn from China. Two U.S. producers submitted lost sales allegations but no lost revenue allegations. The two responding U.S. producers identified 34 firms with which they lost sales. All 34 allegations reported China as a source of competition, and 17 reported that India was also a source of competition. Staff contacted 30 purchasers and received responses from six purchasers. Responding purchasers reported purchasing and/or importing 162.8 million pounds of polyester textured yarn during January 2015-September 2018

Staff contacted 64 purchasers and received responses from 25 purchasers.²¹ Responding purchasers reported purchasing 264 million pounds of polyester textured yarn during January 2016-December 2018 (table V-11).

[illegible]

Note: 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.

²¹ Four purchasers submitted lost sales lost revenue survey responses in the preliminary phase, but did not submit purchaser questionnaire responses in the final phase of these investigations.

Of the 23 responding purchasers, 17 reported that, since 2016, they had purchased imported polyester textured yarn from China and/or India instead of U.S.-produced product (11 purchasers reported they had purchased product from China and 10 that they had purchased product from India). Fifteen of these purchasers reported that subject import prices were lower than U.S.-produced product, and 12 of these purchasers reported that price was a primary reason for the decision to purchase imported product rather than U.S.-produced product. Ten reported that product from China was lower-priced than U.S. produced product and seven of these reported that prices was a primary reason for the decision to purchase imported product from China rather than U.S.-produced product. Nine purchasers reported that product from India was lower-priced than U.S. produced product, and all nine of these reported that price was a primary reason the decision to purchase imported product from India rather than U.S.-produced product. Eleven purchasers estimated the quantity of polyester textured yarn from China and India/or purchased instead of domestic product; quantities ranged from *** to *** pounds (tables V-12 and V-13). Purchasers identified quality, process requirements, specialty product, and qualification as non-price reasons for purchasing imported rather than U.S.-produced product.

Of the 25 responding purchasers, 3 reported that U.S. producers had reduced prices in order to compete with lower-priced imports from China and India, 15 reported that they did not know (tables V-14 and V-15). The reported estimated price reductions ranged from *** percent for competition from China. Purchasers reported that no price reductions resulted from competition with polyester textured yarn from India.

Polyester textured yarn: Purchasers' responses to purchasing subject imports instead of domestic product

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

Polyester textured yarn: Purchasers' responses to purchasing subject imports instead of domestic product by subject country

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

Polyester textured yarn: Purchasers' responses to U.S. producer price reductions

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

Table V-15**Polyester textured yarn: Purchasers' responses to U.S. producer price reductions by subject country**

	Count of purchasers reporting U.S. producers reduced prices	Simple average of estimated U.S. price reduction (percent)	Range of estimated U.S. price reductions (percent)
China	3	***	***
India	---	---	---
Total	3	***	***

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

In responding to the purchaser questionnaire, some purchasers provided additional information on purchases and market dynamics. One purchaser (***) reported it was too small for the U.S. producers to “care if they sell us anything.” U.S. producers, therefore, offer it higher prices than they offer other purchasers.

Part VI: Financial experience of U.S. producers

Background

Seven U.S. producers provided usable financial data for their total and merchant market operations on polyester textured yarn: Aquafil, CS America, Milliken, Nan Ya, Sage, Sapona, and Unifi.^{1 2} Commercial sales represent the substantial majority (***) percent) of total polyester textured yarn revenue in 2018. The remaining revenue (***) percent) reflects internal consumption reported by ***.^{3 4} *** reported *** transfers to related firms in ***. ***

¹ *** submitted an incomplete U.S. producer questionnaire with no financial data and is therefore not included in the U.S. industry's financial results. ***. The firm's total capacity of polyester textured yarn in 2016 and 2017 was *** pounds, with total shipments of \$*** in 2016 and \$*** in 2017. ***'s U.S. producer questionnaire, II-2, II-3a, and II-7.

² Financial results were reported on the basis of generally accepted accounting principles (GAAP) by all companies. ***, U.S. producers reported their annual financial results for calendar year periods. With the exception of ***, each of the firms reported U.S. commercial shipments and exports (presented in Part III of this report) that were the same as their merchant market sales. Very small differences between the data reported in the trade and financial sections of the Commission's questionnaire are due to rounding for the seven firms that provided usable trade and financial data.

Commission staff conducted a verification of Unifi's U.S. producer questionnaire response. ***. ***. Staff verification report, Unifi, November 25, 2019.

³ ***, emails to USITC staff, October 1, 2019 and October 17, 2019.

⁴ *** email message to USITC staff, October 10, 2019 and *** U.S. producer questionnaire, II-17. Given the same cost multiplier provided by *** for all periods, the trend analysis on a unit basis for *** is the same for all periods.

***. *** reported purchasing inputs from related suppliers at fair market value. Differences in average unit values of sales and costs are largely attributable to differences in product mix and level of vertical integration among producers.⁵

Operations on polyester textured yarn

Figure VI-1 shows the share of net sales quantity in 2018 of responding U.S. producers in the overall market (commercial sales, internal consumption, and transfers).⁶ Table VI-1 presents polyester textured yarn financial results for the overall market and table VI-2 presents corresponding changes in average values per-pound. Table VI-3 presents polyester textured yarn financial results specific to the merchant market (commercial sales only) and table VI-4 presents corresponding changes in average values per-pound. Table VI-5 presents selected company-specific financial information on both overall and merchant market operations. Figure VI-2 shows the share of net sales quantity by type of PET content (virgin or recycled) in the overall market by company, table VI-6 presents the operating results by type of PET content in the overall market, and appendix E presents the financial results by type of PET content for the overall market.

The petitioners in this proceeding, Nan Ya and Unifi, both reported the *** related to the production of polyester textured yarn during the period examined with Unifi also reporting related workforce reductions.⁷ ***.⁸ Aquafil became a U.S. producer by acquiring O'Mara for \$40.5 million in

⁵ The discussion of average unit values for overall market mostly mirror those of the merchant market. ***. *** emails to USITC staff, October 17, 2019, *** email to USITC staff, October 10, 2019, and *** email to USITC staff, November 25, 2019.

⁶ Overall market, also referred to as “total market,” includes commercial sales (U.S. and export shipments), internal consumption, and transfers to related firms.

⁷ ***'s U.S. producer questionnaires, II-2.

⁸ ***'s U.S. producer questionnaire, II-2.

May 2019.⁹ *** did not report specific operational disruptions since January 1, 2016.¹⁰

Figure VI-1

Polyester textured yarn: U.S. producers' share of net sales (overall operations), by quantity, 2018

* * * * *

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

⁹ *Aquafil's webpage*, <https://www.aquafil.com/newsmedia/aquafil-strengthens-its-position-in-the-usa-acquired-omara-incorporated-for-usd-40-5-million/>, retrieved September 26, 2019, *Innovation in Textiles*, <https://www.innovationintextiles.com/aquafil-acquires-omara-for-us405-million/> retrieved September 26, 2019, and ***'s U.S. producer questionnaire, II-2.

¹⁰ ***'s U.S. producer questionnaires, II-2.

Table VI-1

Polyester textured yarn: Results of overall operations of U.S. producers, 2016-18, January to June 2018, and January to June 2019

Item	Fiscal year			January to June	
	2016	2017	2018	2018	2019
	Quantity (1,000 pounds)				
Commercial sales	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
Total net sales	***	***	***	***	***
	Value (1,000 dollars)				
Commercial sales	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
Total net sales	***	***	***	***	***
Cost of goods sold.-- Internally-produced PET resin	***	***	***	***	***
Purchased POY	***	***	***	***	***
Other material inputs	***	***	***	***	***
Raw material costs	***	***	***	***	***
Direct labor	***	***	***	***	***
Other factory costs	***	***	***	***	***
Average COGS	***	***	***	***	***
Gross profit	***	***	***	***	***
SG&A expense	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***
Interest expense	***	***	***	***	***
All other expenses	***	***	***	***	***
All other income	***	***	***	***	***
Net income or (loss)	***	***	***	***	***
Depreciation/amortization	***	***	***	***	***
Cash flow	***	***	***	***	***
	Ratio to net sales (percent)				
Cost of goods sold.-- Internally-produced PET resin	***	***	***	***	***
Purchased POY	***	***	***	***	***
Other material inputs	***	***	***	***	***
Raw material costs	***	***	***	***	***
Direct labor	***	***	***	***	***
Other factory costs	***	***	***	***	***
Average COGS	***	***	***	***	***
Gross profit	***	***	***	***	***
SG&A expense	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***
Net income or (loss)	***	***	***	***	***

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Table VI-1—Continued

Polyester textured yarn: Results of overall operations of U.S. producers, 2016-18, January to June 2018, and January to June 2019

Item	Fiscal year			January to June	
	2016	2017	2018	2018	2019
	Ratio to total COGS (percent)				
Cost of goods sold.-- Internally-produced PET resin	***	***	***	***	***
Purchased POY	***	***	***	***	***
Other material inputs	***	***	***	***	***
Raw material costs	***	***	***	***	***
Direct labor	***	***	***	***	***
Other factory costs	***	***	***	***	***
Average COGS	***	***	***	***	***
	Unit value (dollars per pound)				
Commercial sales	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
Total net sales	***	***	***	***	***
Cost of goods sold.-- Internally-produced PET resin	***	***	***	***	***
Purchased POY	***	***	***	***	***
Other material inputs	***	***	***	***	***
Raw material costs	***	***	***	***	***
Direct labor	***	***	***	***	***
Other factory costs	***	***	***	***	***
Average COGS	***	***	***	***	***
Gross profit	***	***	***	***	***
SG&A expense	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***
Net income or (loss)	***	***	***	***	***
	Number of firms reporting				
Operating losses	***	***	***	***	***
Net losses	***	***	***	***	***
Data	***	***	***	***	***

Note: ***.

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

Table VI-2

Polyester textured yarn: Changes in AUVs, overall operations, between fiscal years and between partial year periods

Item	Between fiscal years			Between partial year period
	2016-18	2016-17	2017-18	2018-19
	Change in AUVs (dollars per pound)			
Commercial sales	▲ ***	▲ ***	▲ ***	▲ ***
Internal consumption	▲ ***	▲ ***	▲ ***	▲ ***
Transfers to related firms	***	***	▼ ***	▲ ***
Total net sales	▲ ***	▲ ***	▲ ***	▲ ***
Cost of goods sold.--				
Internally-produced PET resin	▲ ***	▲ ***	▲ ***	▼ ***
Purchased POY	▲ ***	▲ ***	▲ ***	▲ ***
Other material inputs	▲ ***	▲ ***	▲ ***	▲ ***
Raw material cost	▲ ***	▲ ***	▲ ***	▲ ***
Direct labor	▲ ***	▲ ***	▲ ***	▲ ***
Other factory costs	▼ ***	▲ ***	▼ ***	▲ ***
Average COGS	▲ ***	▲ ***	▲ ***	▲ ***
Gross profit	▼ ***	▼ ***	▼ ***	▼ ***
SG&A expense	▲ ***	▲ ***	▲ ***	▼ ***
Operating income or (loss)	▼ ***	▼ ***	▼ ***	▼ ***
Net income or (loss)	▼ ***	▼ ***	▼ ***	▼ ***

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

Table VI-3

Polyester textured yarn: Results of merchant market operations of U.S. producers, 2016-18, January to June 2018, and January to June 2019

Item	Fiscal year			January to June	
	2016	2017	2018	2018	2019
	Quantity (1,000 pounds)				
Commercial sales	***	***	***	***	***
	Value (1,000 dollars)				
Commercial sales	***	***	***	***	***
Cost of goods sold.-- Internally-produced PET resin	***	***	***	***	***
Purchased POY	***	***	***	***	***
Other material inputs	***	***	***	***	***
Raw material costs	***	***	***	***	***
Direct labor	***	***	***	***	***
Other factory costs	***	***	***	***	***
Average COGS	***	***	***	***	***
Gross profit	***	***	***	***	***
SG&A expense	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***
Interest expense	***	***	***	***	***
All other expenses	***	***	***	***	***
All other income	***	***	***	***	***
Net income or (loss)	***	***	***	***	***
Depreciation/amortization	***	***	***	***	***
Cash flow	***	***	***	***	***
	Ratio to net sales (percent)				
Cost of goods sold.-- Internally-produced PET resin	***	***	***	***	***
Purchased POY	***	***	***	***	***
Other material inputs	***	***	***	***	***
Raw material costs	***	***	***	***	***
Direct labor	***	***	***	***	***
Other factory costs	***	***	***	***	***
Average COGS	***	***	***	***	***
Gross profit	***	***	***	***	***
SG&A expense	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***
Net income or (loss)	***	***	***	***	***

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Table VI-3—Continued

Polyester textured yarn: Results of merchant market operations of U.S. producers, 2016-18, January to June 2018, and January to June 2019

Item	Fiscal year			January to June	
	2016	2017	2018	2018	2019
	Ratio to total COGS (percent)				
Cost of goods sold.-- Internally-produced PET resin	***	***	***	***	***
Purchased POY	***	***	***	***	***
Other material inputs	***	***	***	***	***
Raw material costs	***	***	***	***	***
Direct labor	***	***	***	***	***
Other factory costs	***	***	***	***	***
Average COGS	100.0	100.0	100.0	100.0	100.0
	Unit value (dollars per pound)				
Commercial sales	***	***	***	***	***
Cost of goods sold.-- Internally-produced PET resin	***	***	***	***	***
Purchased POY	***	***	***	***	***
Other material inputs	***	***	***	***	***
Raw material costs	***	***	***	***	***
Direct labor	***	***	***	***	***
Other factory costs	***	***	***	***	***
Average COGS	***	***	***	***	***
Gross profit	***	***	***	***	***
SG&A expense	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***
Net income or (loss)	***	***	***	***	***
	Number of firms reporting				
Operating losses	***	***	***	***	***
Net losses	***	***	***	***	***
Data	***	***	***	***	***

Note: Shares and ratios shown as "0.00" represent values greater than zero, but less than "0.005" percent.

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

Table VI-4

Polyester textured yarn: Changes in AUVs, merchant market operations, between fiscal years and between partial year periods

Item	Between fiscal years			Between partial year period
	2016-18	2016-17	2017-18	2018-19
	Change in AUVs (dollars per pound)			
Commercial sales	▲ ***	▲ ***	▲ ***	▲ ***
Cost of goods sold.-- Internally-produced PET resin	▲ ***	▲ ***	▲ ***	▼ ***
Purchased POY	▲ ***	▲ ***	▲ ***	▲ ***
Other material inputs	▲ ***	▲ ***	▲ ***	▲ ***
Raw material costs	▲ ***	▲ ***	▲ ***	▲ ***
Direct labor	▲ ***	▲ ***	▲ ***	▲ ***
Other factory costs	▼ ***	▲ ***	▼ ***	▲ ***
Average COGS	▲ ***	▲ ***	▲ ***	▲ ***
Gross profit	▼ ***	▼ ***	▼ ***	▼ ***
SG&A expense	▲ ***	▲ ***	▲ ***	▼ ***
Operating income or (loss)	▼ ***	▼ ***	▼ ***	▼ ***
Net income or (loss)	▼ ***	▼ ***	▼ ***	▼ ***

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

Table VI-5

Polyester textured yarn: Results of overall and merchant market operations of U.S. producers, by company, 2016-18, January to June 2018, and January to June 2019

Item	Transaction type	Fiscal year			January to June	
		2016	2017	2018	2018	2019
		Total net sales (1,000 pounds)				
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***		***	***	***	***	***
***	IC	***	***	***	***	***
***	IC	***	***	***	***	***
***	TXR	***	***	***	***	***
Total market		***	***	***	***	***
		Total net sales value (1,000 dollars)				
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***		***	***	***	***	***
***	IC	***	***	***	***	***
***	IC	***	***	***	***	***
***	TXR	***	***	***	***	***
Total market		***	***	***	***	***
		Cost of goods sold (1,000 dollars)				
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***		***	***	***	***	***
***	IC	***	***	***	***	***
***	IC	***	***	***	***	***
***	TXR	***	***	***	***	***
Total market		***	***	***	***	***

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Table VI-5—Continued

Polyester textured yarn: Results of overall and merchant market operations of U.S. producers, by company, 2016-18, January to June 2018, and January to June 2019

Item	Transaction type	Fiscal year			January to June	
		2016	2017	2018	2018	2019
		Gross profit or (loss) (1,000 dollars)				
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***		***	***	***	***	***
***	IC	***	***	***	***	***
***	IC	***	***	***	***	***
***	TXR	***	***	***	***	***
Total market		***	***	***	***	***
		SG&A expenses (1,000 dollars)				
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***		***	***	***	***	***
***	IC	***	***	***	***	***
***	IC	***	***	***	***	***
***	TXR	***	***	***	***	***
Total market		***	***	***	***	***
		Operating income or (loss) (1,000 dollars)				
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***		***	***	***	***	***
***	IC	***	***	***	***	***
***	IC	***	***	***	***	***
***	TXR	***	***	***	***	***
Total market		***	***	***	***	***

Table continued on next page.

Table VI-5—Continued

Polyester textured yarn: Results of overall and merchant market operations of U.S. producers, by company, 2016-18, January to June 2018, and January to June 2019

Item	Transaction type	Fiscal year			January to June	
		2016	2017	2018	2018	2019
		Net income or (loss) (1,000 dollars)				
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***		***	***	***	***	***
***	IC	***	***	***	***	***
***	IC	***	***	***	***	***
***	TXR	***	***	***	***	***
Total market		***	***	***	***	***
		COGS to net sales ratio (percent)				
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***		***	***	***	***	***
***	IC	***	***	***	***	***
***	IC	***	***	***	***	***
Total market		***	***	***	***	***
		Gross profit or (loss) to net sales ratio (percent)				
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***		***	***	***	***	***
***	IC	***	***	***	***	***
***	IC	***	***	***	***	***
Total market		***	***	***	***	***

Table continued on next page.

Table VI-5—Continued

Polyester textured yarn: Results of overall and merchant market operations of U.S. producers, by company, 2016-18, January to June 2018, and January to June 2019

Item	Transaction type	Fiscal year			January to June	
		2016	2017	2018	2018	2019
		SG&A expenses to net sales ratio (percent)				
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***		***	***	***	***	***
***	IC	***	***	***	***	***
***	IC	***	***	***	***	***
Total market		***	***	***	***	***
		Operating profit or (loss) to net sales ratio (percent)				
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***		***	***	***	***	***
***	IC	***	***	***	***	***
***	IC	***	***	***	***	***
Total market		***	***	***	***	***
		Net income or (loss) to net sales ratio (percent)				
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***		***	***	***	***	***
***	IC	***	***	***	***	***
***	IC	***	***	***	***	***
Total market		***	***	***	***	***

Table continued on next page.

Table VI-5—Continued

Polyester textured yarn: Results of overall and merchant market operations of U.S. producers, by company, 2016-18, January to June 2018, and January to June 2019

Item	Transaction type	Fiscal year			January to June	
		2016	2017	2018	2018	2019
		Unit net sales value (dollars per pound)				
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***		***	***	***	***	***
***	IC	***	***	***	***	***
***	IC	***	***	***	***	***
Total market		***	***	***	***	***
		Unit raw material costs (dollars per pound)				
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***		***	***	***	***	***
***	IC	***	***	***	***	***
***	IC	***	***	***	***	***
Total market		***	***	***	***	***
		Unit direct labor (dollars per pound)				
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***		***	***	***	***	***
***	IC	***	***	***	***	***
***	IC	***	***	***	***	***
Total market		***	***	***	***	***

Table continued on next page.

Table VI-5—Continued

Polyester textured yarn: Results of overall and merchant market operations of U.S. producers, by company, 2016-18, January to June 2018, and January to June 2019

Item	Transaction type	Fiscal year			January to June	
		2016	2017	2018	2018	2019
		Unit other factory costs (dollars per pound)				
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***		***	***	***	***	***
***	IC	***	***	***	***	***
***	IC	***	***	***	***	***
Total market		***	***	***	***	***
		Unit COGS (dollars per pound)				
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***	CS	***	***	***	***	***
***		***	***	***	***	***
***	IC	***	***	***	***	***
***	IC	***	***	***	***	***
Total market		***	***	***	***	***

Note: The transaction types presented are commercial sales ("CS"), transfers to related firms ("TXR"), and internal consumption ("IC").

Note: ***.

Note: *** used the same revenue and cost estimates in all periods and was unable to allocate SG&A to its internal consumption of polyester textured yarn, resulting in static ratios and zero gross, operating, and net profits (see footnotes 4 and 5 on pages VI-1 and VI-2).

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

Figure VI-2
Polyester textured yarn: U.S. producers' share of net sales by PET content (overall operations), 2018

* * * * *

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

Table VI-6
Polyester textured yarn: Operating results by PET content of overall operations by U.S. producers, 2016-18, January to June 2018, and January to June 2019

Item	Fiscal year			January to June	
	2016	2017	2018	2018	2019
	Unit values (dollars per pound)				
Operating profit or (loss).-- Virgin	***	***	***	***	***
Recycled	***	***	***	***	***
Total	***	***	***	***	***
	Ratio to net sales (percent)				
Operating profit or (loss).-- Virgin	***	***	***	***	***
Recycled	***	***	***	***	***
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.

Net sales

Total net sales includes commercial sales, internal consumption, and transfers to related firms. Tables VI-1 and VI-3 show that polyester textured yarn sales volume and value for both categories of operations (overall and merchant markets) declined throughout 2016 to 2018, and were lower in January-June 2019 (“interim 2019”) than in January-June 2018 (“interim 2018”).¹¹ *** total sales volume and value declined throughout the period, reflecting declines in both U.S. commercial sales and exports.¹² While aggregated commercial sales volume and value declined throughout the period, on a company-specific basis the pattern varied from 2016-17 and from 2017-18.¹³ Most producers reported lower interim 2019 sales volume and value than in interim 2018 ***.

Average sales value per-pound for both categories of operations (commercial sales only and overall) increased each year from 2016 to 2018 and was higher in interim 2019 than in

¹¹ ***. Table VI-5 shows that *** increased in 2017, declined somewhat in 2018, and was lower in interim 2019 than in inteirm 2018. ***. ***.***, emails to USITC staff, October 1 and 17, 2019 and October 17, 2019 and ***’s U.S. producer questionnaire, III-9a.

¹² ***. *** email to USITC staff, November 1, 2019.

¹³ *** reported the largest percentage increase of commercial sales volume and value from 2016 to 2018. ***. ***, emails to USITC staff, November 14, 2018 and October 1, 2019.

interim 2018. On a company-specific basis, all but *** reported increases in average unit values of polyester textured yarn from 2016 to 2018.¹⁴ Table VI-5 shows that *** reported the highest commercial sales value per-pound throughout the period and *** reported the lowest commercial sales value per-pound.¹⁵

U.S. producers also provided net sales volume and value information based on virgin or recycled PET content in their polyester textured yarn operations.¹⁶ As shown in appendix E, polyester textured yarn made with all virgin PET content accounted for over *** percent of all polyester textured yarn sold in all five periods.¹⁷ Polyester textured yarn with any recycled PET content had higher average unit values than polyester textured yarn made with only virgin PET in all five periods for which data was collected. As presented in figure VI-2, the vast majority of polyester textured yarn with any recycled content ***

¹⁴ ***.

¹⁵ Variations in unit values for commercial sales may be attributable to product mix among producers, e.g. ***. *** email to USITC staff, October 22, 2019.

¹⁶ The Commission requested U.S. producers to break out financial operations by the type of PET raw material content used in their polyester textured yarn production. The distinction was made between using 100 percent virgin PET raw material or any percent of recycled PET raw material content. The percentage of recycled content reported by producers ranged from one percent *** to 100 percent ***. With the exception of ***, U.S. producers' sales of polyester textured yarn with some recycled PET was a hybrid polyester textured yarn that included mostly virgin PET content mixed a small amount of recycled PET ***. One producer, ***, stated that the percentage of recycled content is determined by its customers, with one customer *** requiring *** percent recycled content. Other customers have requested more recycled content, but when ***. U.S. producer questionnaires, part III and staff telephone interview with ***.

¹⁷ Polyester textured yarn sold with any recycled content was a small part of total polyester textured yarn sales, ***. U.S. producers generally reported no shortage of supply for obtaining raw materials with recycled PET content from 2016 to June 2019, but one producer *** noted that the future supply of recycled PET content may be more expensive and more difficult to obtain given companies such as Coca-Cola pledging to use recycled PET in its bottles. ***, email to USITC staff, October 10, 2019; ***, emails to USITC staff, November 14, 2018, October 1, 2019, and October 17, 2019; Staff telephone interview with ***.

Cost of goods sold and gross profit or (loss)

For overall operations, raw material cost as a share of total cost of goods sold (COGS) ranged from *** percent to *** percent. For the merchant market, raw material cost shares were somewhat higher, ranging from *** percent to *** percent of total COGS.

Company-specific raw material costs per pound vary depending on the level of vertical integration and the form of primary inputs used to produce polyester textured yarn. As the only vertically integrated producer that uses MEG (monoethylene glycol) and PTA (purified terephthalic acid) feedstock as the raw materials for polyester textured yarn, *** average raw materials costs per pound, ranging from \$*** to \$***.¹⁹ Unifi purchases and recycles plastic bottles and post-industrial polyester waste to produce partially oriented yarn (“POY”) and also purchases POY for the production of the subject product.²⁰ *** reported that their

¹⁸ Unifi reported that ***. *** email to USITC staff, November 1, 2019. Unifi *** markets itself as a “sustainable” fiber producer. *** August 27, 2019 and *Unifi’s webpage*, <http://www.unifi.com>, retrieved October 17, 2019.

¹⁹ ***. ***’s U.S. producer questionnaire, III-7 and III-9b.

²⁰ ***.

primary raw material cost reflects purchased POY.²¹ While U.S. producers vary in terms of the level of material input integration, the production of polyester textured yarn was generally described as capital intensive with a corresponding incentive to maintain high capacity utilization.²²

Table VI-5 shows that U.S. producers reported a range of average raw material costs with all five merchant market-only producers reporting increasing average raw material costs from 2016 to 2018. The two producers *** that internally consume polyester textured yarn for downstream production reported lower or static average raw material costs. Average per-pound raw material costs were either higher or the same in interim 2019 compared to interim 2018 for all seven producers.

For both categories of operations, the share of total COGS accounted for by direct labor remained within a relatively narrow range. For overall operations, direct labor ranged from *** percent to *** percent. For the merchant market, direct labor accounted for a marginally smaller share, ranging from *** percent to *** percent of total COGS. Four producers reported increasing direct labor costs per-pound from 2016 to 2018.²³ *** reported the highest per-pound direct labor cost of any producer, at \$*** for all three full-year periods, and reported higher direct labor costs per-pound in interim 2019 than in interim 2018.²⁴ *** reported the lowest direct labor cost of \$*** per-pound in 2016, increasing to \$*** in 2017, and then to \$*** per-pound in 2018; and its direct labor costs per-pound was lower in interim 2019 than in interim 2018.²⁵ Aggregated, average direct labor costs per-pound were higher in interim 2019 than in interim 2018 in both overall and merchant markets.

²¹ *** also reported other raw materials in addition to purchased POY, but in much smaller amounts relative to purchased POY. *** email to USITC staff, October 22, 2019.

²² Conference transcript, p. 21 (Cole) and p. 23 (Freeman).

²³ Two producers *** reported the same direct labor costs per-pound from 2016 to 2018. Only one producer, ***, reported a decline in direct labor costs per-pound from 2016 to 2018 ***. In interim 2019, ***, ***, email to USITC staff, October 7, 2019.

²⁴ ***, emails to USITC staff, October 1, 2019.

²⁵ ***, email to USITC staff, October 1, 2019.

For overall operations, other factory costs as a share of total COGS ranged from *** percent to *** percent. For the merchant market, other factory costs shares were similar, ranging from *** percent to *** percent of total COGS. *** other factory costs per-pound, with its other factory costs per-pound declining from 2016 to 2018. ***'s other factory costs per-pound was higher in interim 2019 than in interim 2018. *** reported the largest variation of other factory costs per-pound, ***. *** reported minimal variability in their other factory costs per-pound for all five reporting periods.

For both overall operations and the merchant market, average COGS increased each year from 2016 to 2018, and reached its highest level in interim 2019. Tables VI-1 and VI-3 show that for both categories of operation, the pattern of increasing average COGS primarily reflects changes in corresponding average raw material costs; i.e., while average direct labor costs increased slightly and other factory costs decreased slightly during the period, the impact on average COGS was less pronounced.

Table VI-5 shows that company-specific average COGS fluctuated, with most U.S. producers reporting higher average COGS from 2016 to 2018; *** reported slightly lower average COGS from 2016 to 2018. Company-specific differences in the directional pattern of average COGS broadly reflect variations in both average raw material costs and conversion costs (combined direct labor and other factory costs). *** U.S. producers reported higher or the same average COGS in interim 2019 than in interim 2018; *** reported lower average COGS in interim 2019 than in interim 2018 and *** reported no change.²⁶

While remaining positive, gross profit for both overall and merchant market operations declined on an absolute basis and as a ratio to sales from 2016 to 2018 and was lower in interim 2019 than in interim 2018. In contrast, *** reported consistent improvements in gross profit margins each year.

As shown in appendix E, U.S. producers' average COGS using virgin or recycled PET content increased from 2016 to 2018 and both types of PET content had higher average COGS in interim 2019 than in interim 2018. For all five periods, the average COGS per-pound of

²⁶ ***.

polyester textured yarn sold with recycled PET *** while the COGS per-pound of polyester textured yarn sold with all virgin PET content ***. Polyester textured yarn sold with any recycled PET content is more expensive than polyester textured yarn sold with only virgin PET content largely due to increased raw materials conversion costs for recycling plastic bottles and the positive market perception of polyester textured yarn with recycled contents.²⁷ Reflecting the higher raw materials costs for recycled PET, COGS for polyester textured yarn with recycled content was higher than polyester textured yarn with virgin PET in all five periods. Polyester textured yarn sold with any recycled PET has a higher profit margin than polyester textured yarn sold with only virgin PET content throughout the period.

Selling, general, and administrative expenses and operating income or (loss)

For both overall and merchant market operations, total SG&A expenses fluctuated, increasing from 2016 to 2017 before declining to the lowest annual levels in 2018, and were lower in interim 2019 than in interim 2018.²⁸ SG&A expenses ratios for both overall and merchant market operations fluctuated narrowly from 2016 to 2018 as well as between the comparable interim periods. The pattern of declining operating results primarily reflects the factors impacting financial results at the gross level (i.e., reduced sales volume and declining gross profit ratios), ***.

On a company-specific basis (see table VI-5), U.S. producers reported a relatively wide range of SG&A expense ratios (total SG&A expenses divided by total revenue). ***, reported increasing SG&A expense ratios throughout the period.

As shown in table VI-5, U.S. producers reported a mix of higher and lower operating profits from 2016 to 2018. The operating loss for merchant market sales and the lower operating results for overall operations largely reflect ***

²⁷ U.S. producers reported purchasing POY made from recycled PET from ***. ***, email to USITC staff, October 17, 2019 and ***, email to USITC staff, October 10, 2019, and ***, email to USITC staff, October 1, 2019.

²⁸ ***. *** email to USITC staff, November 1, 2019.

***. ***'s operating profit was higher in interim 2019 than in interim 2018. The other U.S. producers reported a mix of higher and lower operating results in interim 2019 than in interim 2018.

As presented in table VI-6 and appendix E, polyester textured yarn with recycled PET content *** per-pound than polyester textured yarn with only virgin PET for all five reporting periods examined, but note that polyester textured yarn with any recycled PET content is ***. *** operating profit margin for polyester textured yarn with recycled PET content was ***. Although *** operating profits for polyester textured yarn with recycled PET content ***, it *** polyester textured yarn with virgin content which *** operating margin in 2018. As shown in table VI-6 and appendix E, the industry's operating profit margins for both virgin and recycled polyester textured yarn declined from 2016 and 2018 and were lower in interim 2019 than in interim 2018.

Other expenses and net income or (loss)

As presented in table VI-1, total interest expense increased from 2016 to 2018 and was higher in interim 2019 than in interim 2018. Four U.S. producers reported interest expense with *** accounting for the majority from 2016 to 2018 and in interim 2019. Two producers *** reported other income and *** was the only producer to report other expenses during the period examined.²⁹

While the absolute difference between operating and net profits narrowed and widened in conjunction with changes in total interest expense and net other income and expenses, the U.S. industry's operating and net profits followed the same directional trend throughout the period, with *** accounting for the majority of the industry trend.

²⁹ ***. ***, email to USITC staff, October 7, 2019.

Variance analysis

A variance analysis is most useful for products that do not have substantial changes in product mix over the period investigated and the methodology is most sensitive at the plant or firm level, rather than the aggregated industry level. Because of the wide variation in product mix and unit values between firms in this proceeding, a variance analysis is not presented.

Capital expenditures and research and development expenses

Table VI-7 presents capital expenditures and research and development (“R&D”) expenses by firm. Table VI-8 provides the firms’ narrative responses regarding the nature and focus of their capital expenditures and R&D expenses. Total capital expenditures fluctuated widely, starting with the lowest in 2016, peaking in 2017 before declining in 2018; capital expenditures were lower in interim 2019 than in interim 2018. *** accounted for the majority of the increase in capital expenditures in 2017 and 2018, explaining expenses as ***.³⁰ *** was the only responding producer that reported declining capital expenditures from 2016 to 2018. *** did not report capital expenditures during the period.

Total R&D expenses fluctuated slightly during the period, increasing in 2017 from their lowest level in 2016, and then declined from 2017 to 2018; R&D expenses were higher in interim 2019 than in interim 2018. *** accounted for virtually all of total R&D expenses over the period. *** did not report R&D expenses during the period.

³⁰ ***.

Table VI-7

Polyester textured yarn: Capital expenditures and R&D expenses of U.S. producers, 2016-18, January to June 2018, and January to June 2019

Item	Fiscal year			January to June	
	2016	2017	2018	2018	2019
	Capital expenditures (1,000 dollars)				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Total capital expenditures	***	***	***	***	***
	R&D expenses (1,000 dollars)				
	2016	2017	2018	2018	2019
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Total R&D expenses	***	***	***	***	***

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

Table VI-8

Polyester textured yarn: Firms' narrative responses relating to capital expenditures and R&D expenses since January 1, 2016

Item / Firm	Narrative
Capital expenditures nature and focus	
***	***
***	***
***	***
***	***
***	***
R&D nature and focus	
***	***
***	***
***	***
***	***

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

Assets and return on assets

Table VI-9 presents data on the U.S. producers' total assets and their return on assets ("ROA").³¹ Because operating income declined while total assets increased overall, ROA was lower in each consecutive period. *** reported the largest increase from 2016 to 2018, attributable primarily to ***.³² *** and reported unusually high ROA of *** for 2017 and 2018.³³

³¹ The return on assets is calculated as operating income divided by total assets. With respect to a firm's overall operations, the total asset value reflects an aggregation of a number of assets which are generally not product specific. The ability of U.S. producers to assign total asset values to discrete product lines affects the meaningfulness of operating return on net assets. Thus, high-level allocations are generally required in order to report a total asset value for the subject product.

³² ***, email message to USITC staff, October 7, 2019.

³³ ***, emails to USITC staff, October 1, 2019, and October 17, 2019.

Table VI-9

Polyester textured yarn: U.S. producers' total assets and return on assets, 2016-18

Firm	Fiscal years		
	2016	2017	2018
	Total net assets (1,000 dollars)		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Total net assets	***	***	***
	Operating return on assets (percent)		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Average operating ROA	***	***	***

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

Capital and investment

The Commission requested U.S. producers of polyester textured yarn to describe any actual or potential negative effects of imports of polyester textured yarn from China and India on their firms' growth, investment, ability to raise capital, development and production efforts, or the scale of capital investments. Table VI-10 tabulates the responses of the responding U.S. producers on their polyester textured yarn operations. Table VI-11 presents the detailed narrative responses of U.S. producers regarding actual and anticipated negative effects of subject imports on their polyester textured yarn operations.

Table VI-10

Polyester textured yarn: Actual and anticipated negative effects of imports on investment and growth and development

Item	No	Yes
Negative effects on investment	2	5
Cancellation, postponement, or rejection of expansion projects		3
Denial or rejection of investment proposal		0
Reduction in the size of capital investments		1
Return on specific investments negatively impacted		1
Other		4
Negative effects on growth and development	4	3
Rejection of bank loans		0
Lowering of credit rating		0
Problem related to the issue of stocks or bonds		0
Ability to service debt		0
Other		3
Anticipated negative effects of imports	3	4

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

Table VI-11

Polyester textured yarn: Narratives relating to actual and anticipated negative effects of imports on investment and growth and development, since January 1, 2016

Item / Firm	Narrative
Cancellation, postponement, or rejection of expansion projects:	
***	***
***	***
Return on specific investments negatively impacted:	
***	***
Other negative effects on investments:	
***	***
***	***
***	***
Other effects on growth and development:	
***	***
***	***
***	***
Anticipated effects of imports:	
***	***
***	***
***	***
***	***

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

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 factors¹--

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

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

The industry in China

The Commission issued foreign producers' or exporters' questionnaires to 38 firms believed to produce and/or export polyester textured yarn from China.³ No responses to the Commission's questionnaire were received from these firms. Petitioners estimate that China's polyester textured yarn capacity in 2017 was *** and production was ***, for an estimated 2017 capacity utilization rate of *** percent.⁴

Exports

Table VII-1 presents exports of polyester textured yarn from China.⁵ According to GTA, the leading export markets for polyester textured yarn from China are Vietnam, Turkey, Pakistan, and Brazil. During 2018, the United States was the 13th largest export market for polyester textured yarn from China, accounting for 2.0 percent.

³ These firms were identified through a review of information submitted in the petition and contained in *** records.

⁴ Petitioners' postconference brief, Exhibit 16.

⁵ Global trade databases present data on six-digit HTS subheading 5402.33, which describes the article as: "synthetic filament yarn other than sewing thread, not put up for retail sale, textured yarn of polyester." Harmonized Tariff Schedule of the United States 2018.

Table VII-1
Synthetic Filament Yarn: China exports by destination market, 2016-18

Destination market	Calendar year		
	2016	2017	2018
	Quantity (1,000 pounds)		
United States	35,876	41,586	48,484
Vietnam	173,148	177,458	296,678
Turkey	146,814	198,274	228,164
Pakistan	313,761	229,092	224,803
Brazil	137,052	172,530	218,869
South Korea	139,156	138,145	147,501
Bangladesh	88,094	108,955	136,329
Egypt	91,648	141,830	135,036
Mexico	91,766	96,031	109,940
All other destination markets	648,127	677,187	822,743
Total China exports	1,865,442	1,981,088	2,368,547
	Value (1,000 dollars)		
United States	24,753	31,633	40,169
Vietnam	109,209	134,512	248,601
Turkey	94,558	139,460	175,456
Pakistan	171,451	143,822	161,755
Brazil	74,267	104,558	152,204
South Korea	105,241	112,103	130,281
Bangladesh	52,956	75,250	107,110
Egypt	49,573	87,700	95,224
Mexico	57,161	66,306	86,008
All other destination markets	429,398	494,856	659,647
Total China exports	1,168,568	1,390,199	1,856,455

Table continued on next page.

Table VII-1--Continued
Synthetic Filament Yarn: China exports by destination market, 2016-18

Destination market	Calendar year		
	2016	2017	2018
	Unit value (dollars per pound)		
United States	0.69	0.76	0.83
Vietnam	0.63	0.76	0.84
Turkey	0.64	0.70	0.77
Pakistan	0.55	0.63	0.72
Brazil	0.54	0.61	0.70
South Korea	0.76	0.81	0.88
Bangladesh	0.60	0.69	0.79
Egypt	0.54	0.62	0.71
Mexico	0.62	0.69	0.78
All other destination markets	0.66	0.73	0.80
Total China exports	0.63	0.70	0.78
	Share of quantity (percent)		
United States	1.9	2.1	2.0
Vietnam	9.3	9.0	12.5
Turkey	7.9	10.0	9.6
Pakistan	16.8	11.6	9.5
Brazil	7.3	8.7	9.2
South Korea	7.5	7.0	6.2
Bangladesh	4.7	5.5	5.8
Egypt	4.9	7.2	5.7
Mexico	4.9	4.8	4.6
All other destination markets	34.7	34.2	34.7
Total China exports	100.0	100.0	100.0

Source: Official exports statistics under HS subheading 5402.33 reported by various national statistical authorities in the Global Trade Atlas database, accessed August 21, 2019.

The industry in India

The Commission issued foreign producers' or exporters' questionnaires to 27 firms believed to produce and/or export polyester textured yarn from India.⁶ Usable responses to the Commission's questionnaire were received from five firms: Ascent Yarns Private Limited ("Ascent"); JBF Industries Limited ("JBF"), India; Reliance Industries Limited ("Reliance"); Sarla Performance Fibers Limited ("Sarla"); and Wellknown Polyesters Limited ("Wellknown"). These firms' exports to the United States accounted for approximately *** percent of U.S. imports

⁶ These firms were identified through a review of information submitted in the petition and contained in *** records.

of polyester textured yarn from India in 2018.⁷ According to estimates requested of the responding Indian producers, the production of polyester textured yarn in India reported in questionnaires accounts for approximately *** percent of overall production of polyester textured yarn in India.⁸ Table VII-2 presents information on the polyester textured yarn operations of the responding producers and exporters in India.

Table VII-2

Polyester textured yarn: Summary data on firms in India, 2018

Firm	Production (1,000 pounds)	Share of reported production (percent)	Exports to the United States (1,000 pounds)	Share of reported exports to the United States (percent)	Total shipments (1,000 pounds)	Share of firm's total shipments exported to the United States (percent)
Ascent	***	***	***	***	***	***
JBF	***	***	***	***	***	***
Reliance	***	***	***	***	***	***
Sarla	***	***	***	***	***	***
Wellknown	***	***	***	***	***	***
Total	***	100.0	***	100.0	***	***

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

Changes in operations

As presented in table VII-3 producers in India reported several operational and organizational changes since January 1, 2016.

⁷ This estimation was obtained by dividing the total number of exports to the United States in 2018 reported by responding firms by the total Indian exports of Synthetic Filament Yarn to the United States in 2018 according to the GTIS/GTA database. See tables VII-2 and VII-6.

⁸ Each responding firm was asked in the questionnaire to estimate the percentage of total production of polyester textured yarn in India that was accounted for by the firm's production in 2018. This total percentage estimation was calculated by adding up the estimations provided by each of the firms.

Table VII-3**Polyester textured yarn: Indian producers' reported changes in operations, since January 1, 2016**

Item / Firm	Reported changed in operations
Expansions:	
***	***
***	***
Revised labor agreements:	
***	***

Note: ***.

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

Operations on polyester textured yarn

Table VII-4 presents information on the polyester textured yarn operations of the responding producers and exporters in India. Responding Indian producers' polyester textured yarn capacity and production decreased between 2016 and 2018 (by *** percent and *** percent, respectively). The capacity utilization of the responding Indian producers also fell by *** percentage points between 2016 and 2018. The responding Indian producers' exports to the United States increased by *** percent during the time period.

Table VII-4

Polyester textured yarn: Data on industry in India, 2016-18, January to June 2018, and January to June 2019 and projection calendar years 2019 and 2020

Item	Actual experience					Projections	
	Calendar year			January to June		Calendar year	
	2016	2017	2018	2018	2019	2019	2020
	Quantity (1,000 pounds)						
Capacity	***	***	***	***	***	***	***
Production	***	***	***	***	***	***	***
End-of-period inventories	***	***	***	***	***	***	***
Shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***	***	***
Total home market shipments	***	***	***	***	***	***	***
Export shipments to:							
United States	***	***	***	***	***	***	***
Other NAFTA or CAFTA-DR markets	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***	***
	Ratios and shares (percent)						
Capacity utilization	***	***	***	***	***	***	***
Inventories/production	***	***	***	***	***	***	***
Inventories/total shipments	***	***	***	***	***	***	***
Share of shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***	***	***
Total home market shipments	***	***	***	***	***	***	***
Export shipments to:							
United States	***	***	***	***	***	***	***
Other NAFTA or CAFTA-DR markets	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***	***

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

Alternative products

Table VII-5 presents the overall capacity and production on the same equipment as in-scope production by Indian producers. Three of the five responding Indian firms produce other products on the same equipment and machinery used to produce polyester textured yarn. Approximately *** percent of total production on the same machinery consisted of out-of-scope products during 2018. These products included “nylon textured/twisted/dyed, polyester twisted, polyester covered yarn, nylon covered yarn, polyester high tenacity twisted yarn, nylon high tenacity twisted yarn, sewing threads in polyester and nylon, NIL, bottle grade chips,

textile grade chips, partially oriented yarn, NSY, and FDY”.⁹ Total production decreased by *** percent from 2016 to 2017, and decreased by *** percent from 2017 to 2018, for an overall decrease of *** percent from 2016 to 2018. Production in interim 2019 was *** percent lower than in interim 2018. Overall capacity utilization decreased by *** percentage points from 2016 to 2017, then decreased by *** percentage points from 2017 to 2018, for an overall decrease in capacity utilization between 2016 and 2018 of *** percentage points.

Table VII-5

Polyester textured yarn: Overall capacity and production on the same equipment as in-scope production by producers in India, 2016-18, January to June 2018, and January to June 2019

Item	Calendar year			January to June	
	2016	2017	2018	2018	2019
	Quantity (1,000 pounds)				
Overall capacity	***	***	***	***	***
Production:					
Polyester textured yarn	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	***	***	***	***	***
	Ratios and shares (percent)				
Overall capacity utilization	***	***	***	***	***
Share of production:					
Polyester textured yarn	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	100.0	100.0	100.0	100.0	100.0

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

Exports

Table VII-6 presents exports of polyester textured yarn from India.¹⁰ According to GTA, the leading export markets for polyester textured yarn from India are Brazil, Turkey, Bangladesh, and South Korea. During 2018, the United States was the 12th largest export market for polyester textured yarn from India, accounting for 1.9 percent.

⁹ NSY stands for non-sizing yarn. Sizing is a process that makes the yarn smoother and stronger to withstand the strain of weaving. This is done through the application of starch. FDY stands for fully drawn yarn, which is yarn made through a process similar to that which makes POY, or partially oriented yarn. The process allows for molecule orientation and crystallization.

¹⁰ Global trade databases present data on six-digit HTS subheading 5402.33, which describes the article as: “synthetic filament yarn other than sewing thread, not put up for retail sale, textured yarn of polyester.” Harmonized Tariff Schedule of the United States 2018.

Table VII-6

Synthetic Filament Yarn: India exports by destination market, 2016-18

Destination market	Calendar year		
	2016	2017	2018
	Quantity (1,000 pounds)		
United States	20,218	18,798	21,379
Brazil	253,435	299,106	275,123
Turkey	295,728	277,765	263,793
Bangladesh	92,058	74,766	78,224
South Korea	70,927	57,403	57,980
Peru	38,223	42,520	37,084
Egypt	30,746	38,700	31,637
Mexico	35,660	32,790	29,593
Vietnam	23,995	26,803	28,152
All other destination markets	356,515	321,340	321,807
Total India exports	1,217,506	1,189,992	1,144,773
	Value (1,000 dollars)		
United States	12,398	12,631	16,962
Brazil	138,892	186,266	196,605
Turkey	175,075	185,534	196,545
Bangladesh	53,761	51,045	60,246
South Korea	41,441	37,421	43,328
Peru	22,180	28,471	28,433
Egypt	17,646	25,707	24,860
Mexico	21,030	20,992	22,170
Vietnam	16,768	20,551	25,326
All other destination markets	214,688	218,175	251,007
Total India exports	713,880	786,793	865,482

Table continued on next page.

Table VII-6--Continued
Synthetic Filament Yarn: India exports by destination market, 2016-18

Destination market	Calendar year		
	2016	2017	2018
	Unit value (dollars per pound)		
United States	0.61	0.67	0.79
Brazil	0.55	0.62	0.71
Turkey	0.59	0.67	0.75
Bangladesh	0.58	0.68	0.77
South Korea	0.58	0.65	0.75
Peru	0.58	0.67	0.77
Egypt	0.57	0.66	0.79
Mexico	0.59	0.64	0.75
Vietnam	0.70	0.77	0.90
All other destination markets	0.60	0.68	0.78
Total India exports	0.59	0.66	0.76
	Share of quantity (percent)		
United States	1.7	1.6	1.9
Brazil	20.8	25.1	24.0
Turkey	24.3	23.3	23.0
Bangladesh	7.6	6.3	6.8
South Korea	5.8	4.8	5.1
Peru	3.1	3.6	3.2
Egypt	2.5	3.3	2.8
Mexico	2.9	2.8	2.6
Vietnam	2.0	2.3	2.5
All other destination markets	29.3	27.0	28.1
Total India exports	100.0	100.0	100.0

Source: Official exports statistics under HS subheading 5402.33 reported by various national statistical authorities in the Global Trade Atlas database, accessed August 21, 2019.

U.S. inventories of imported merchandise

Table VII-7 presents data on U.S. importers' reported inventories of polyester textured yarn. End-of-period inventories from China increased by *** percent between 2016 and 2018, and were *** percent lower in interim 2019 than interim 2018. End-of-period inventories from India decreased by *** percent between 2016 and 2018, and were *** percent lower in interim 2019 than interim 2018. End-of-period inventories for subject sources increased by *** percent between 2016 and 2018, while end-of-period inventories for nonsubject sources decreased by *** percent. Overall, inventories from all import sources declined by *** percent between 2016 and 2018, and were *** percent lower in interim 2019 than interim 2018.

The ratio of importers' inventories to U.S. shipments of subject imports ranged from *** to *** percent between 2016 and 2018, while the ratio of nonsubject import sources to the U.S. shipments ranged from *** to *** percent.

Table VII-7

Polyester textured yarn: U.S. importers' inventories, 2016-2018, January to June 2018, and January to June 2019

Item	Calendar year			January to June	
	2016	2017	2018	2018	2019
Inventories (1,000 pounds); Ratios (percent)					
Imports from China Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***
Imports from India Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***
Imports from subject sources Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***
Imports from Mexico Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***
Imports from all other sources Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***
Imports from nonsubject sources: Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***
Imports from all import sources: Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***

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

U.S. importers' outstanding orders

The Commission requested importers to indicate whether they imported or arranged for the importation of polyester textured yarn from China, India, Mexico, or other sources after June 30, 2019. Fourteen of the 29 importers indicated that they had arranged such imports. In total, importers indicated that they had arranged for *** pounds of total polyester textured yarn imports after June 30, 2019. Arranged imports from nonsubject sources constituted *** percent of total arranged imports for this time period. Conversely, arranged imports from subject sources constituted *** percent of total reported arranged imports (*** percent from China and *** percent from India). These data are presented in table VII-8.

Table VII-8
Polyester textured yarn: Arranged imports, July 2019 through June 2020

Item	Period				
	Jul-Sept 2019	Oct-Dec 2019	Jan-Mar 2020	Apr-Jun 2020	Total
	Quantity (1,000 pounds)				
Arranged U.S. imports from.--					
China	***	***	***	***	***
India	***	***	***	***	***
Subject sources	***	***	***	***	***
Mexico	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***

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

Antidumping or countervailing duty orders in third-country markets¹¹

According to petitioners, there are currently three countries with antidumping duty orders in place on polyester textured yarn from subject countries. Argentina, Pakistan, and Turkey have orders in place against polyester textured yarn import from China and Turkey has an order in place against polyester textured yarn imports from India. Argentina imposed the duty order on polyester textured yarn from China in 2010, which was extended after a sunset review in 2016. Argentina also imposed an antidumping order on imports of polyester yarn, including polyester textured yarn from India, but that order was revoked in a sunset review in 2017. Turkey's antidumping duty order on imports of polyester textured yarn from China was imposed in 2008 and extended after a sunset review in 2014 while the order on imports of

¹¹ Unless otherwise noted, information in this section is based on petitioners' postconference brief, exh. 19.

polyester textured yarn from India was imposed in 2000 and extended in 2012. Pakistan's order on polyester textured yarn from China was imposed in 2017.

Responding foreign firms were asked to describe any third country trade actions applicable to their firms' polyester textured yarn exports. Responding Indian firms confirmed that Turkey has a polyester textured yarn antidumping order in place that was extended for five years on September 8, 2018. A responding firm also reported that Argentina initiated an antidumping investigation for imports of polyester textured yarn from India on March 28, 2018.

Information on nonsubject countries

Table VII-9 presents exports of polyester textured yarn from Mexico.¹² Mexican exports of polyester textured yarn increased 8.2 percent by quantity and increased 8.5 percent by value during 2016–18. In 2018, 61.1 percent of Mexico's polyester textured yarn exports were to the United States.

¹²Global trade databases present data on six-digit HTS subheading 5402.33, which describes the article as: "synthetic filament yarn other than sewing thread, not put up for retail sale, textured yarn of polyester." Harmonized Tariff Schedule of the United States 2018.

Table VII-9
Synthetic Filament Yarn: Mexico exports by destination market, 2016-18

Destination market	Calendar year		
	2016	2017	2018
	Quantity (1,000 pounds)		
United States	27,636	26,222	30,413
Canada	5,966	4,793	4,195
Argentina	---	---	3,566
United Kingdom	5,538	5,453	3,182
Spain	2,049	2,744	2,598
El Salvador	1,406	1,573	2,066
Colombia	1,626	2,020	1,521
Egypt	252	105	534
Costa Rica	199	110	383
All other destination markets	1,334	1,070	1,341
Total Mexico exports	46,006	44,088	49,800
	Value (1,000 dollars)		
United States	32,455	30,090	36,223
Canada	6,303	4,948	4,569
Argentina	---	---	2,892
United Kingdom	7,257	7,200	4,417
Spain	1,970	3,024	3,372
El Salvador	1,423	1,572	2,095
Colombia	1,287	1,851	1,439
Egypt	101	41	247
Costa Rica	152	93	325
All other destination markets	1,271	906	1,056
Total Mexico exports	52,220	49,725	56,636

Table continued on next page.

Table VII-9--Continued
Synthetic Filament Yarn: Mexico exports by destination market, 2016-18

Destination market	Calendar year		
	2016	2017	2018
	Unit value (dollars per pound)		
United States	1.17	1.15	1.19
Canada	1.06	1.03	1.09
Argentina	---	---	0.81
United Kingdom	1.31	1.32	1.39
Spain	0.96	1.10	1.30
El Salvador	1.01	1.00	1.01
Colombia	0.79	0.92	0.95
Egypt	0.40	0.39	0.46
Costa Rica	0.77	0.85	0.85
All other destination markets	0.95	0.85	0.79
Total Mexico exports	1.14	1.13	1.14
	Share of quantity (percent)		
United States	60.1	59.5	61.1
Canada	13.0	10.9	8.4
Argentina	---	---	7.2
United Kingdom	12.0	12.4	6.4
Spain	4.5	6.2	5.2
El Salvador	3.1	3.6	4.1
Colombia	3.5	4.6	3.1
Egypt	0.5	0.2	1.1
Costa Rica	0.4	0.2	0.8
All other destination markets	2.9	2.4	2.7
Total Mexico exports	100.0	100.0	100.0

Source: Official exports statistics under HS subheading 5402.33 reported by various national statistical authorities in the Global Trade Atlas database, accessed August 21, 2019.

Table VII-10 presents global exports of polyester textured yarn.¹³ Global exports increased 6.5 percent by quantity and increased 27.4 percent by value during 2016–18. In 2018, the four leading country exporters (China, India, Taiwan, and Indonesia) accounted for 82.0 percent of the quantity and 73.8 of the value, respectively, of global exports of polyester textured yarn.

¹³ Global trade databases present data on six-digit HTS subheading 5402.33, which describes the article as: “synthetic filament yarn other than sewing thread, not put up for retail sale, textured yarn of polyester.” Harmonized Tariff Schedule of the United States 2018.

Table VII-10**Synthetic Filament Yarn: Global exports by exporter, 2016-18**

Exporter	Calendar year		
	2016	2017	2018
	Quantity (1,000 pounds)		
United States	63,264	79,319	66,045
China	1,865,442	1,981,088	2,368,547
India	1,217,506	1,189,992	1,144,773
Taiwan	299,875	291,907	301,108
Indonesia	195,481	220,801	188,162
Thailand	176,435	186,272	178,456
Malaysia	183,647	164,743	137,944
Turkey	39,598	45,134	65,612
Italy	54,432	56,727	53,908
Mexico	46,006	44,088	49,800
Belarus	48,814	46,551	46,561
All other exporters	394,233	393,007	278,664
Total	4,584,733	4,699,631	4,879,580
	Value (1,000 dollars)		
United States	119,081	143,498	124,379
China	1,168,568	1,390,199	1,856,455
India	713,880	786,793	865,482
Taiwan	262,184	276,695	326,205
Indonesia	133,531	161,755	160,097
Thailand	121,563	137,969	153,923
Malaysia	102,433	103,095	97,017
Turkey	52,860	60,807	86,081
Italy	108,649	111,846	117,079
Mexico	52,220	49,725	56,636
Belarus	39,027	40,780	42,534
All other exporters	537,651	599,109	461,022
Total	3,411,646	3,862,271	4,346,909

Table continued on next page.

Table VII-10--Continued
Synthetic Filament Yarn: Global exports by exporter, 2016-18

Exporter	Calendar year		
	2016	2017	2018
	Unit value (dollars per pound)		
United States	1.88	1.81	1.88
China	0.63	0.70	0.78
India	0.59	0.66	0.76
Taiwan	0.87	0.95	1.08
Indonesia	0.68	0.73	0.85
Thailand	0.69	0.74	0.86
Malaysia	0.56	0.63	0.70
Turkey	1.33	1.35	1.31
Italy	2.00	1.97	2.17
Mexico	1.14	1.13	1.14
Belarus	0.80	0.88	0.91
All other exporters	1.36	1.52	1.65
Total	0.74	0.82	0.89
	Share of quantity (percent)		
United States	1.4	1.7	1.4
China	40.7	42.2	48.5
India	26.6	25.3	23.5
Taiwan	6.5	6.2	6.2
Indonesia	4.3	4.7	3.9
Thailand	3.8	4.0	3.7
Malaysia	4.0	3.5	2.8
Turkey	0.9	1.0	1.3
Italy	1.2	1.2	1.1
Mexico	1.0	0.9	1.0
Belarus	1.1	1.0	1.0
All other exporters	8.6	8.4	5.7
Total	100.0	100.0	100.0

Source: Official exports statistics under HS subheading 5402.33 reported by various national statistical authorities in the Global Trade Atlas database, accessed November 26, 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 53899 October 25, 2018	<i>Polyester Textured Yarn From China and India; Institution of Antidumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations</i>	https://www.federalregister.gov/documents/2018/10/25/2018-23287/polyester-textured-yarn-from-china-and-india-institution-of-antidumping-and-countervailing-duty
83 FR 58223 November 19, 2018	<i>Polyester Textured Yarn From India and the People's Republic of China: Initiation of Less-Than-Fair-Value Investigations</i>	https://www.federalregister.gov/documents/2018/11/19/2018-24953/polyester-textured-yarn-from-india-and-the-peoples-republic-of-china-initiation-of
83 FR 58232 November 19, 2018	<i>Polyester Textured Yarn From India and the People's Republic of China: Initiation of Countervailing Duty Investigations</i>	https://www.federalregister.gov/documents/2018/11/19/2018-24952/polyester-textured-yarn-from-india-and-the-peoples-republic-of-china-initiation-of-countervailing
83 FR 63532 December 10, 2018	<i>Polyester Textured Yarn From China and India: Preliminary Determinations</i>	https://www.federalregister.gov/documents/2018/12/10/2018-26604/polyester-textured-yarn-from-china-and-india
84 FR 1062 February 1, 2019	<i>Polyester Textured Yarn From India and the People's Republic of China: Postponement of Preliminary Determinations in the Countervailing Duty Investigations</i>	https://www.federalregister.gov/documents/2019/02/01/2019-00751/polyester-textured-yarn-from-india-and-the-peoples-republic-of-china-postponement-of-preliminary

Citation	Title	Link
84 FR 16843 April 23, 2019	<i>Polyester Textured Yarn From India and the People's Republic of China: Postponement of Preliminary Determinations in the Less-Than-Fair-Value Investigations</i>	https://www.federalregister.gov/documents/2019/04/23/2019-08133/polyester-textured-yarn-from-india-and-the-peoples-republic-of-china-postponement-of-preliminary
84 FR 16840 April 23, 2019	<i>Polyester Textured Yarn From the People's Republic of China: Preliminary Affirmative Determinations of Critical Circumstances in the Antidumping and Countervailing Duty Investigations</i>	https://www.federalregister.gov/documents/2019/04/23/2019-08275/polyester-textured-yarn-from-the-peoples-republic-of-china-preliminary-affirmative-determinations-of
84 FR 19040 May 3, 2019	<i>Polyester Textured Yarn From the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination, and Alignment of Final Determination With Final Antidumping Duty Determination</i>	https://www.federalregister.gov/documents/2019/05/03/2019-09065/polyester-textured-yarn-from-the-peoples-republic-of-china-preliminary-affirmative-countervailing
84 FR 19036 May 3, 2019	<i>Polyester Textured Yarn From India: Preliminary Affirmative Countervailing Duty Determination, and Alignment of Final Determination With Final Antidumping Duty Determination</i>	https://www.federalregister.gov/documents/2019/05/03/2019-09080/polyester-textured-yarn-from-india-preliminary-affirmative-countervailing-duty-determination-and
84 FR 27240 June 12, 2019	<i>Polyester Textured Yarn From India: Amended Preliminary Determination of Countervailing Duty Determination</i>	https://www.federalregister.gov/documents/2019/06/12/2019-12404/polyester-textured-yarn-from-india-amended-preliminary-determination-of-countervailing-duty
84 FR 31301 July 1, 2019	<i>Polyester Textured Yarn From India: Preliminary Affirmative Determination of Sales at Less Than Fair Value and Postponement of Final Determination and Extension of Provisional Measures</i>	https://www.federalregister.gov/documents/2019/07/01/2019-13982/polyester-textured-yarn-from-india-preliminary-affirmative-determination-of-sales-at-less-than-fair

Citation	Title	Link
84 FR 31297 July 1, 2019	<i>Polyester Textured Yarn From the People's Republic of China: Preliminary Affirmative Determination of Sales at Less Than Fair Value, Postponement of Final Determination and Extension of Provisional Measures</i>	https://www.federalregister.gov/documents/2019/07/01/2019-13983/polyester-textured-yarn-from-the-peoples-republic-of-china-preliminary-affirmative-determination-of
84 FR 19040 July 1, 2019	<i>Polyester Textured Yarn From the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination, and Alignment of Final Determination With Final Antidumping Duty Determination</i>	https://www.federalregister.gov/documents/2019/05/03/2019-09065/polyester-textured-yarn-from-the-peoples-republic-of-china-preliminary-affirmative-countervailing
84 FR 19036 July 1, 2019	<i>Polyester Textured Yarn From India: Preliminary Affirmative Countervailing Duty Determination, and Alignment of Final Determination With Final Antidumping Duty Determination</i>	https://www.federalregister.gov/documents/2019/05/03/2019-09080/polyester-textured-yarn-from-india-preliminary-affirmative-countervailing-duty-determination-and
84 FR 36619 July 29, 2019	<i>Polyester Textured Yarn From China and India; Scheduling of the Final Phase of Countervailing Duty and Anti-Dumping Duty Investigations</i>	https://www.federalregister.gov/documents/2019/07/29/2019-16004/polyester-textured-yarn-from-china-and-india-scheduling-of-the-final-phase-of-countervailing-duty
84 FR 63848 November 19, 2019	<i>Polyester Textured Yarn From India: Final Affirmative Countervailing Duty Determination</i>	https://www.federalregister.gov/documents/2019/11/19/2019-25084/polyester-textured-yarn-from-india-final-affirmative-countervailing-duty-determination

Citation	Title	Link
84 FR 63845 November 19, 2019	<i>Polyester Textured Yarn From the People's Republic of China: Final Affirmative Countervailing Duty Determination and Final Affirmative Determination of Critical Circumstances</i>	https://www.federalregister.gov/documents/2019/11/19/2019-25041/polyester-textured-yarn-from-the-peoples-republic-of-china-final-affirmative-countervailing-duty
84 FR 63843 November 19, 2019	<i>Polyester Textured Yarn From India: Final Determination of Sales at Less Than Fair Value</i>	https://www.federalregister.gov/documents/2019/11/19/2019-25085/polyester-textured-yarn-from-india-final-determination-of-sales-at-less-than-fair-value
84 FR 63850 November 19, 2019	<i>Polyester Textured Yarn From the People's Republic of China: Final Determination of Sales at Less Than Fair Value, and Final Affirmative Determination of Critical Circumstances</i>	https://www.federalregister.gov/documents/2019/11/19/2019-25088/polyester-textured-yarn-from-the-peoples-republic-of-china-final-determination-of-sales-at-less-than

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: Polyester Textured Yarn from China and India
Inv. Nos.: 701-TA-612-613 and 731-TA-1429-1430 (Final)
Date and Time: November 13, 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.

OPENING REMARKS:

Petitioners (**Paul C. Rosenthal**, Kelly Drye & Warren LLP)
Respondents (**Kristen Smith**, Sandler, Travis, & Rosenberg, P.A.; and
Spencer Toubia, Crowell & Moring, LLP)

In Support of the Imposition of Antidumping and Countervailing Duty Orders:

Kelly Drye & Warren LLP
Washington, DC
on behalf of

Unifi Manufacturing, Inc.
Nan Ya Plastics Corporation, America

Thomas H. Caudle, Jr., President, Chief Operating Officer,
and Board of Directors Member, Unifi Manufacturing, Inc.

Tim Cole, Vice President of Manufacturing,
Unifi Manufacturing, Inc.

Jane L. Johnson, Manager, Government Relations,
Unifi Manufacturing, Inc.

John Freeman, Assistant Director, Sales, Nan Ya
Plastics Corporation. America

Paul Elliott, Senior Account Manager, Nan Ya
Plastics Corporation. America

**In Support of the Imposition of
Antidumping and Countervailing Duty Orders (continued):**

Michael T. Kerwin, Assistant Director, Georgetown
Economic Services LLC

Gina Beck, Senior Economic Consultant, Georgetown
Economic Services LLC

Paul C. Rosenthal)
Kathleen W. Cannon) – OF COUNSEL
Melissa M. Brewer)

**In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders:**

Sandler, Travis, & Rosenberg, P.A.
Washington, DC
on behalf of

Fils Promptex Yarns Inc.
Chori America Inc.
CS America, Inc.

Masayuki Wada, Synthetic Fiber & Automotive Interiors Dept.,
Chori America, Inc.

James Breeden, Economist, UNO International Trade Strategy

Kristen Smith)
) – OF COUNSEL
Sarah E. Yuskaitis)

Crowell & Moring, LLP
Washington, DC
on behalf of

Reliance Industries Limited

Sameer Bhatnagar, Vice President of Exports, Reliance Industries Limited

Daniel J. Cannistra)
) – OF COUNSEL
Spencer Toubia)

REBUTTAL/CLOSING REMARKS:

Petitioners (**Paul C. Rosenthal** and **Kathleen W. Cannon**, Kelly Drye & Warren LLP)
Respondents (**Kristen Smith**, Sandler, Travis, & Rosenberg, P.A.; and
Spencer Toubia, Crowell & Moring, LLP)

APPENDIX C
SUMMARY DATA

Table C-1: Product: Polyester textured yarn: Summary data concerning the U.S. total market, 2016-18, January to June 2018, and January to June 2019	C-3
Table C-2: Product: Summary data concerning the U.S. merchant market, 2016-18, January to June 2018, and January to June 2019	C-5

Total Market

Table C-1

Polyester textured yarn: Summary data concerning the U.S. total market, 2016-18, January to June 2018, and January to June 2019

(Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to June		Calendar year			Jan-Jun
	2016	2017	2018	2018	2019	2016-18	2016-17	2017-18	2018-19
U.S. consumption quantity:									
Amount.....	***	***	***	***	***	▼***	▼***	▲***	▼***
Producers' share (fn1).....	***	***	***	***	***	▼***	▲***	▼***	▲***
Importers' share (fn1):									
China.....	***	***	***	***	***	▲***	▲***	▲***	▼***
India.....	***	***	***	***	***	▲***	▲***	▼***	▲***
Subject sources.....	***	***	***	***	***	▲***	▲***	▲***	▼***
Mexico.....	***	***	***	***	***	▲***	▲***	▲***	▲***
All other sources.....	***	***	***	***	***	▼***	▼***	▼***	▲***
Nonsubject sources.....	***	***	***	***	***	▼***	▼***	▲***	▲***
All import sources.....	***	***	***	***	***	▲***	▼***	▲***	▼***
U.S. consumption value:									
Amount.....	***	***	***	***	***	▲***	▼***	▲***	▼***
Producers' share (fn1).....	***	***	***	***	***	▼***	▼***	▼***	▲***
Importers' share (fn1):									
China.....	***	***	***	***	***	▲***	▲***	▲***	▼***
India.....	***	***	***	***	***	▲***	▲***	▲***	▲***
Subject sources.....	***	***	***	***	***	▲***	▲***	▲***	▼***
Mexico.....	***	***	***	***	***	▲***	▲***	▲***	▲***
All other sources.....	***	***	***	***	***	▼***	▼***	▲***	▲***
Nonsubject sources.....	***	***	***	***	***	▼***	▼***	▲***	▲***
All import sources.....	***	***	***	***	***	▲***	▲***	▲***	▼***
U.S. imports from:									
China:									
Quantity.....	38,247	42,621	51,542	28,101	8,466	▲34.8	▲11.4	▲20.9	▼(69.9)
Value.....	33,881	40,472	53,640	27,650	9,656	▲58.3	▲19.5	▲32.5	▼(65.1)
Unit value.....	\$0.89	\$0.95	\$1.04	\$0.98	\$1.14	▲17.5	▲7.2	▲9.6	▲15.9
Ending inventory quantity.....	***	***	***	***	***	▲***	▲***	▲***	▼***
India									
Quantity.....	24,365	26,239	26,564	13,594	13,917	▲9.0	▲7.7	▲1.2	▲2.4
Value.....	20,088	22,192	24,482	12,590	12,692	▲21.9	▲10.5	▲10.3	▲0.8
Unit value.....	\$0.82	\$0.85	\$0.92	\$0.93	\$0.91	▲11.8	▲2.6	▲9.0	▼(1.5)
Ending inventory quantity.....	***	***	***	***	***	▼***	▼***	▼***	▼***
Subject sources:									
Quantity.....	62,612	68,860	78,106	41,695	22,383	▲24.7	▲10.0	▲13.4	▼(46.3)
Value.....	53,969	62,664	78,123	40,240	22,348	▲44.8	▲16.1	▲24.7	▼(44.5)
Unit value.....	\$0.86	\$0.91	\$1.00	\$0.97	\$1.00	▲16.0	▲5.6	▲9.9	▲3.5
Ending inventory quantity.....	***	***	***	***	***	▲***	▲***	▼***	▼***
Mexico									
Quantity.....	24,714	26,239	30,568	15,115	16,281	▲23.7	▲6.2	▲16.5	▲7.7
Value.....	27,011	29,830	36,624	17,217	20,872	▲35.6	▲10.4	▲22.8	▲21.2
Unit value.....	\$1.09	\$1.14	\$1.20	\$1.14	\$1.28	▲9.6	▲4.0	▲5.4	▲12.6
Ending inventory quantity.....	***	***	***	***	***	▲***	▲***	▲***	▲***
All other sources:									
Quantity.....	46,692	35,543	35,074	18,965	24,655	▼(24.9)	▼(23.9)	▼(1.3)	▲30.0
Value.....	51,385	39,980	42,195	22,107	28,712	▼(17.9)	▼(22.2)	▲5.5	▲29.9
Unit value.....	\$1.10	\$1.12	\$1.20	\$1.17	\$1.16	▲9.3	▲2.2	▲7.0	▼(0.1)
Ending inventory quantity.....	***	***	***	***	***	▼***	▼***	▼***	▲***
Nonsubject sources:									
Quantity.....	71,406	61,782	65,642	34,080	40,936	▼(8.1)	▼(13.5)	▲6.2	▲20.1
Value.....	78,396	69,809	78,820	39,324	49,583	▲0.5	▼(11.0)	▲12.9	▲26.1
Unit value.....	\$1.10	\$1.13	\$1.20	\$1.15	\$1.21	▲9.4	▲2.9	▲6.3	▲5.0
Ending inventory quantity.....	***	***	***	***	***	▼***	▼***	▼***	▲***
All import sources:									
Quantity.....	134,018	130,642	143,748	75,775	63,319	▲7.3	▼(2.5)	▲10.0	▼(16.4)
Value.....	132,365	132,474	156,942	79,564	71,932	▲18.6	▲0.1	▲18.5	▼(9.6)
Unit value.....	\$0.99	\$1.01	\$1.09	\$1.05	\$1.14	▲10.5	▲2.7	▲7.7	▲8.2
Ending inventory quantity.....	***	***	***	***	***	▼***	▼***	▼***	▼***

Table continued on next page.

Total Market

Table C-1--Continued

Polyester textured yarn: Summary data concerning the U.S. total market, 2016-18, January to June 2018, and January to June 2019

(Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year		2018	January to June		Calendar year		2017-18	Jan-Jun 2018-19
	2016	2017		2018	2019	2016-18	2016-17		
U.S. producers':									
Average capacity quantity.....	***	***	***	***	***	▼***	▼***	▼***	▼***
Production quantity.....	***	***	***	***	***	▼***	▼***	▼***	▼***
Capacity utilization (fn1).....	***	***	***	***	***	▼***	▼***	▲***	▼***
U.S. shipments:									
Quantity.....	***	***	***	***	***	▼***	▼***	▼***	▼***
Value.....	***	***	***	***	***	▼***	▼***	▼***	▼***
Unit value.....	***	***	***	***	***	▲***	▲***	▲***	▲***
Export shipments:									
Quantity.....	***	***	***	***	***	▼***	▼***	▼***	▼***
Value.....	***	***	***	***	***	▼***	▼***	▼***	▼***
Unit value.....	***	***	***	***	***	▲***	▲***	▲***	▲***
Ending inventory quantity.....	***	***	***	***	***	▼***	▼***	▼***	▼***
Inventories/total shipments (fn1).....	***	***	***	***	***	▼***	▼***	▼***	▼***
Production workers.....	***	***	***	***	***	▼***	***	▼***	▼***
Hours worked (1,000s).....	***	***	***	***	***	▼***	▼***	▲***	▲***
Wages paid (\$1,000).....	***	***	***	***	***	▼***	▼***	▲***	▼***
Hourly wages (dollars per hour).....	***	***	***	***	***	▲***	▲***	▼***	▼***
Productivity (pounds per hour).....	***	***	***	***	***	▼***	▲***	▼***	▼***
Unit labor costs.....	***	***	***	***	***	▲***	▲***	▲***	▲***
Net sales:									
Quantity.....	***	***	***	***	***	▼***	▼***	▼***	▼***
Value.....	***	***	***	***	***	▼***	▼***	▼***	▼***
Unit value.....	***	***	***	***	***	▲***	▲***	▲***	▲***
Cost of goods sold (COGS).....	***	***	***	***	***	▲***	▲***	▼***	▼***
Gross profit or (loss) (fn2).....	***	***	***	***	***	▼***	▼***	▼***	▼***
SG&A expenses.....	***	***	***	***	***	▼***	▲***	▼***	▼***
Operating income or (loss) (fn2).....	***	***	***	***	***	▼***	▼***	▼***	▼***
Net income or (loss) (fn2).....	***	***	***	***	***	▼***	▼***	▼***	▼***
Capital expenditures.....	***	***	***	***	***	▲***	▲***	▼***	▼***
Unit COGS (fn2).....	***	***	***	***	***	▲***	▲***	▲***	▲***
Unit SG&A expenses.....	***	***	***	***	***	▲***	▲***	▲***	▼***
Unit operating income or (loss) (fn2).....	***	***	***	***	***	▼***	▼***	▼***	▼***
Unit net income or (loss) (fn2).....	***	***	***	***	***	▼***	▼***	▼***	▼***
COGS/sales (fn1).....	***	***	***	***	***	▲***	▲***	▲***	▲***
Operating income or (loss)/sales (fn1).....	***	***	***	***	***	▼***	▼***	▼***	▼***
Net income or (loss)/sales (fn1).....	***	***	***	***	***	▼***	▼***	▼***	▼***

Note.--Shares and ratios shown as "0.0" percent represent non-zero values less than "0.05" percent (if positive) and greater than "(0.05)" percent (if negative). Zeroes, null values, and undefined calculations are suppressed and shown as "---". Period changes preceded by a "▲" represent an increase, while period changes preceded by a "▼" represent a decrease.

fn1.--Reported data are in percent and period changes are in percentage points.

fn2.--Percent changes only calculated when both comparison values represent profits; The directional change in profitability provided when one or both comparison values represent a loss.

Source: Compiled from data submitted in response to Commission questionnaires and from official U.S. import statistics using HTS statistical reporting numbers 5402.33.3000 and 5402.33.6000, accessed August 15, 2019.

Merchant Market

Table C-2

Polyester textured yarn: Summary data concerning the U.S. merchant market, 2016-18, January to June 2018, and January to June 2019

(Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year		2018	January to June		Calendar year		Jan-Jun	
	2016	2017		2018	2019	2016-18	2016-17		2017-18
U.S. consumption quantity:									
Amount.....	***	***	***	***	***	▼***	▼***	▲***	▼***
Producers' share (fn1).....	***	***	***	***	***	▼***	▼***	▼***	▲***
Importers' share (fn1):									
China.....	***	***	***	***	***	▲***	▲***	▲***	▼***
India.....	***	***	***	***	***	▲***	▲***	▼***	▲***
Subject sources.....	***	***	***	***	***	▲***	▲***	▲***	▼***
Mexico.....	***	***	***	***	***	▲***	▲***	▲***	▲***
All other sources.....	***	***	***	***	***	▼***	▼***	▼***	▲***
Nonsubject sources.....	***	***	***	***	***	▼***	▼***	▲***	▲***
All import sources.....	***	***	***	***	***	▲***	▲***	▲***	▼***
U.S. consumption value:									
Amount.....	***	***	***	***	***	▲***	▼***	▲***	▼***
Producers' share (fn1).....	***	***	***	***	***	▼***	▼***	▼***	▲***
Importers' share (fn1):									
China.....	***	***	***	***	***	▲***	▲***	▲***	▼***
India.....	***	***	***	***	***	▲***	▲***	▲***	▲***
Subject sources.....	***	***	***	***	***	▲***	▲***	▲***	▼***
Mexico.....	***	***	***	***	***	▲***	▲***	▲***	▲***
All other sources.....	***	***	***	***	***	▼***	▼***	▼***	▲***
Nonsubject sources.....	***	***	***	***	***	▼***	▼***	▲***	▲***
All import sources.....	***	***	***	***	***	▲***	▲***	▲***	▼***
U.S. imports from:									
China:									
Quantity.....	38,247	42,621	51,542	28,101	8,466	▲34.8	▲11.4	▲20.9	▼(69.9)
Value.....	33,881	40,472	53,640	27,650	9,656	▲58.3	▲19.5	▲32.5	▼(65.1)
Unit value.....	\$0.89	\$0.95	\$1.04	\$0.98	\$1.14	▲17.5	▲7.2	▲9.6	▲15.9
Ending inventory quantity.....	***	***	***	***	***	▲***	▲***	▲***	▼***
India									
Quantity.....	24,365	26,239	26,564	13,594	13,917	▲9.0	▲7.7	▲1.2	▲2.4
Value.....	20,088	22,192	24,482	12,590	12,692	▲21.9	▲10.5	▲10.3	▲0.8
Unit value.....	\$0.82	\$0.85	\$0.92	\$0.93	\$0.91	▲11.8	▲2.6	▲9.0	▼(1.5)
Ending inventory quantity.....	***	***	***	***	***	▼***	▼***	▼***	▼***
Subject sources:									
Quantity.....	62,612	68,860	78,106	41,695	22,383	▲24.7	▲10.0	▲13.4	▼(46.3)
Value.....	53,969	62,664	78,123	40,240	22,348	▲44.8	▲16.1	▲24.7	▼(44.5)
Unit value.....	\$0.86	\$0.91	\$1.00	\$0.97	\$1.00	▲16.0	▲5.6	▲9.9	▲3.5
Ending inventory quantity.....	***	***	***	***	***	▲***	▲***	▼***	▼***
Mexico									
Quantity.....	24,714	26,239	30,568	15,115	16,281	▲23.7	▲6.2	▲16.5	▲7.7
Value.....	27,011	29,830	36,624	17,217	20,872	▲35.6	▲10.4	▲22.8	▲21.2
Unit value.....	\$1.09	\$1.14	\$1.20	\$1.14	\$1.28	▲9.6	▲4.0	▲5.4	▲12.6
Ending inventory quantity.....	***	***	***	***	***	▲***	▲***	▲***	▲***
All other sources:									
Quantity.....	46,692	35,543	35,074	18,965	24,655	▼(24.9)	▼(23.9)	▼(1.3)	▲30.0
Value.....	51,385	39,980	42,195	22,107	28,712	▼(17.9)	▼(22.2)	▲5.5	▲29.9
Unit value.....	\$1.10	\$1.12	\$1.20	\$1.17	\$1.16	▲9.3	▲2.2	▲7.0	▼(0.1)
Ending inventory quantity.....	***	***	***	***	***	▼***	▼***	▼***	▲***
Nonsubject sources:									
Quantity.....	71,406	61,782	65,642	34,080	40,936	▼(8.1)	▼(13.5)	▲6.2	▲20.1
Value.....	78,396	69,809	78,820	39,324	49,583	▲0.5	▼(11.0)	▲12.9	▲26.1
Unit value.....	\$1.10	\$1.13	\$1.20	\$1.15	\$1.21	▲9.4	▲2.9	▲6.3	▲5.0
Ending inventory quantity.....	***	***	***	***	***	▼***	▼***	▼***	▲***
All import sources:									
Quantity.....	134,018	130,642	143,748	75,775	63,319	▲7.3	▼(2.5)	▲10.0	▼(16.4)
Value.....	132,365	132,474	156,942	79,564	71,932	▲18.6	▲0.1	▲18.5	▼(9.6)
Unit value.....	\$0.99	\$1.01	\$1.09	\$1.05	\$1.14	▲10.5	▲2.7	▲7.7	▲8.2
Ending inventory quantity.....	***	***	***	***	***	▼***	▼***	▼***	▼***

Table continued on next page.

Merchant Market

Table C-2--Continued

Polyester textured yarn: Summary data concerning the U.S. total market, 2016-18, January to June 2018, and January to June 2019

(Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year		2018	January to June		Calendar year		2017-18	Jan-Jun 2018-19
	2016	2017		2018	2019	2016-18	2016-17		
U.S. producers':									
Commercial U.S. shipments:									
Quantity.....	***	***	***	***	***	▼***	▼***	▼***	▼***
Value.....	***	***	***	***	***	▼***	▼***	▲***	▼***
Unit value.....	***	***	***	***	***	▲***	▲***	▲***	▲***
Commercial sales:									
Quantity.....	***	***	***	***	***	▼***	▼***	▼***	▼***
Value.....	***	***	***	***	***	▼***	▼***	▼***	▼***
Unit value.....	***	***	***	***	***	▲***	▲***	▲***	▲***
Cost of goods sold (COGS).....	***	***	***	***	***	▲***	▲***	▲***	▼***
Gross profit or (loss) (fn2).....	***	***	***	***	***	▼***	▼***	▼***	▼***
SG&A expenses.....	***	***	***	***	***	▼***	▲***	▼***	▼***
Operating income or (loss) (fn2).....	***	***	***	***	***	▼***	▼***	▼***	▼***
Net income or (loss) (fn2).....	***	***	***	***	***	▼***	▼***	▼***	▼***
Capital expenditures.....	***	***	***	***	***	▲***	▲***	▼***	▼***
Unit COGS (fn2).....	***	***	***	***	***	▲***	▲***	▲***	▲***
Unit SG&A expenses.....	***	***	***	***	***	▲***	▲***	▲***	▼***
Unit operating income or (loss) (fn2).....	***	***	***	***	***	▼***	▼***	▼***	▼***
Unit net income or (loss) (fn2).....	***	***	***	***	***	▼***	▼***	▼***	▼***
COGS/sales (fn1).....	***	***	***	***	***	▲***	▲***	▲***	▲***
Operating income or (loss)/sales (fn1).....	***	***	***	***	***	▼***	▼***	▼***	▼***
Net income or (loss)/sales (fn1).....	***	***	***	***	***	▼***	▼***	▼***	▼***

Note.--Shares and ratios shown as "0.0" percent represent non-zero values less than "0.05" percent (if positive) and greater than "(0.05)" percent (if negative). Zeroes, null values, and undefined calculations are suppressed and shown as "---". Period changes preceded by a "▲" represent an increase, while period changes preceded by a "▼" represent a decrease.

fn1.--Reported data are in percent and period changes are in percentage points.

fn2.--Percent changes only calculated when both comparison values represent profits; The directional change in profitability provided when one or both comparison values represent a loss.

Source: Compiled from data submitted in response to Commission questionnaires and from official U.S. import statistics using HTS statistical reporting numbers 5402.33.3000 and 5402.33.6000, accessed August 15, 2019.

APPENDIX D

MEXICO PRICE DATA

One importer reported price data for Mexico for products 1-4. Price data reported by this firm accounted for *** percent of U.S. commercial shipments from Mexico. These price items and accompanying data are comparable to those presented in tables V-3 to V-6. Price and quantity data for Mexico are shown in tables D-1 to D-4 and in figure D-1 to D-4 (with domestic and subject sources).

In comparing Mexico pricing data with U.S. producer pricing data, prices for product imported from Mexico were lower than prices for U.S.-produced product in 34 instances and higher in 9 instances. In comparing Mexico pricing data with subject country pricing data, prices for product imported from Mexico were lower than prices for product imported from China in 22 instances and higher in 21 instances and prices for product imported from Mexico were lower than product imported from India in 5 instances and higher in 35 instances. A summary of price differentials is presented in table D-5.

Table D-1

Polyester textured yarn: Weighted-average f.o.b. prices and quantities of imported product 1, by quarters, January 2016-June 2019

Period	United States		Mexico	
	Price (dollars per pound)	Quantity (1,000 pounds)	Price (dollars per pound)	Quantity (1,000 pounds)
2016:				
Jan.-Mar.	***	***	***	***
Apr.-June	***	***	***	***
July-Sept.	***	***	***	***
Oct.-Dec.	***	***	***	***
2017:				
Jan.-Mar.	***	***	***	***
Apr.-June	***	***	***	***
July-Sept.	***	***	***	***
Oct.-Dec.	***	***	***	***
2018:				
Jan.-Mar.	***	***	***	***
Apr.-June	***	***	***	***
July-Sept.	***	***	***	***
Oct.-Dec.	***	***	***	***
2019:				
Jan.-Mar.	***	***	***	***
Apr.-June	***	***	***	***

Note: Product 1: Single ply, 150 denier, 34 to 48 filaments, semi-dull natural luster, round polyester textured yarn.

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

Table D-2

Polyester textured yarn: Weighted-average f.o.b. prices and quantities of imported product 2, by quarters, January 2016-June 2019

Period	United States		Mexico	
	Price (dollars per pound)	Quantity (1,000 pounds)	Price (dollars per pound)	Quantity (1,000 pounds)
2016:				
Jan.-Mar.	***	***	***	***
Apr.-June	***	***	***	***
July-Sept.	***	***	***	***
Oct.-Dec.	***	***	***	***
2017:				
Jan.-Mar.	***	***	***	***
Apr.-June	***	***	***	***
July-Sept.	***	***	***	***
Oct.-Dec.	***	***	***	***
2018:				
Jan.-Mar.	***	***	***	***
Apr.-June	***	***	***	***
July-Sept.	***	***	***	***
Oct.-Dec.	***	***	***	***
2019:				
Jan.-Mar.	***	***	***	***
Apr.-June	***	***	***	***

Note: Product 2: Single ply, 70 denier, 34 to 48 filaments, semi-dull natural luster, round polyester textured yarn.

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

Table D-3

Polyester textured yarn: Weighted-average f.o.b. prices and quantities of imported product 3, by quarters, January 2016-June 2019

Period	United States		Mexico	
	Price (dollars per pound)	Quantity (1,000 pounds)	Price (dollars per pound)	Quantity (1,000 pounds)
2016:				
Jan.-Mar.	***	***	***	***
Apr.-June	***	***	***	***
July-Sept.	***	***	***	***
Oct.-Dec.	***	***	***	***
2017:				
Jan.-Mar.	***	***	***	***
Apr.-June	***	***	***	***
July-Sept.	***	***	***	***
Oct.-Dec.	***	***	***	***
2018:				
Jan.-Mar.	***	***	***	***
Apr.-June	***	***	***	***
July-Sept.	***	***	***	***
Oct.-Dec.	***	***	***	***
2019:				
Jan.-Mar.	***	***	***	***
Apr.-June	***	***	***	***

Note: Product 3: Single ply, 70 denier, 68 to 72 filaments, semi-dull natural luster, round polyester textured yarn.

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

Table D-4

Polyester textured yarn: Weighted-average f.o.b. prices and quantities of imported product 4, by quarters, January 2016-June 2019

Period	United States		Mexico	
	Price (dollars per pound)	Quantity (1,000 pounds)	Price (dollars per pound)	Quantity (1,000 pounds)
2016:				
Jan.-Mar.	***	***	***	***
Apr.-June	***	***	***	***
July-Sept.	***	***	***	***
Oct.-Dec.	***	***	***	***
2017:				
Jan.-Mar.	***	***	***	***
Apr.-June	***	***	***	***
July-Sept.	***	***	***	***
Oct.-Dec.	***	***	***	***
2018:				
Jan.-Mar.	***	***	***	***
Apr.-June	***	***	***	***
July-Sept.	***	***	***	***
Oct.-Dec.	***	***	***	***
2019:				
Jan.-Mar.	***	***	***	***
Apr.-June	***	***	***	***

Note: Product 4: Single ply, 300 denier, 68 to 72 filaments, semi-dull natural luster, round polyester textured yarn.

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

Figure D-1

Polyester textured yarn: Weighted-average f.o.b. prices and quantities of domestic and imported product 1, by quarters, January 2016-June 2019

* * * * *

Product 1: Single ply, 150 denier, 34 to 48 filaments, semi-dull natural luster, round polyester textured yarn.

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

Figure D-2

Polyester textured yarn: Weighted-average f.o.b. prices and quantities of domestic and imported product 2, by quarters, January 2016-June 2019

* * * * *

Product 2: Single ply, 70 denier, 34 to 48 filaments, semi-dull natural luster, round polyester textured yarn.

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

Figure D-3

Polyester textured yarn: Weighted-average f.o.b. prices and quantities of domestic and imported product 3, by quarters, January 2016-June 2019

* * * * *

Product 3: Single ply, 70 denier, 68 to 72 filaments, semi-dull natural luster, round polyester textured yarn.

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

Figure D-4

Polyester textured yarn: Weighted-average f.o.b. prices and quantities of domestic and imported product 4, by quarters, January 2016-June 2019

* * * * *

Product 4: Single ply, 300 denier, 68 to 72 filaments, semi-dull natural luster, round polyester textured yarn.

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

Table D-5

Polyester textured yarn: Summary of underselling/(overselling), by country, January 2016-June 2019

Comparison	Total number of comparisons	Mexico lower than the comparison source		Mexico higher than the comparison source	
		Number of quarters	Quantity (1,000 pounds)	Number of quarters	Quantity (1,000 pounds)
Nonsubject vs United States: Mexico vs. United States	***	***	***	***	***
Nonsubject vs subject countries: Mexico vs. China	***	***	***	***	***
Mexico vs. India	***	***	***	***	***

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

APPENDIX E

U.S. PRODUCERS' OVERALL OPERATIONS BY TYPE OF PET CONTENT (VIRGIN OR RECYCLED)

Table E-1

Polyester textured yarn: Results of overall operations by PET content type, 2016-18, January to June 2018, and January to June 2019¹

Item	Fiscal year			January to June	
	2016	2017	2018	2018	2019
	Quantity (1,000 pounds)				
Net sales.-- Virgin	***	***	***	***	***
Recycled	***	***	***	***	***
Total	***	***	***	***	***
	Share of quantity (percent)				
Net sales.-- Virgin	***	***	***	***	***
Recycled	***	***	***	***	***
Total	***	***	***	***	***
	Value (1,000 dollars)				
Net sales.-- Virgin	***	***	***	***	***
Recycled	***	***	***	***	***
Total	***	***	***	***	***
	Share of value (percent)				
Net sales.-- Virgin	***	***	***	***	***
Recycled	***	***	***	***	***
Total	***	***	***	***	***
	Value (1,000 dollars)				
COGS.-- Virgin	***	***	***	***	***
Recycled	***	***	***	***	***
Total	***	***	***	***	***
Gross profit or (loss).-- Virgin	***	***	***	***	***
Recycled	***	***	***	***	***
Total	***	***	***	***	***
SG&A expenses.-- Virgin	***	***	***	***	***
Recycled	***	***	***	***	***
Total	***	***	***	***	***
Operating profit or (loss).-- Virgin	***	***	***	***	***
Recycled	***	***	***	***	***
Total	***	***	***	***	***

Table continued on next page.

Table E-1—Continued

Polyester textured yarn: Results of overall operations by PET content type, 2016-18, January to June 2018, and January to June 2019

Item	Fiscal year			January to June	
	2016	2017	2018	2018	2019
	Unit values (dollars per pound)				
Net sales.--					
Virgin	***	***	***	***	***
Recycled	***	***	***	***	***
Total	***	***	***	***	***
COGS.--					
Virgin	***	***	***	***	***
Recycled	***	***	***	***	***
Total	***	***	***	***	***
Gross profit or (loss).--					
Virgin	***	***	***	***	***
Recycled	***	***	***	***	***
Total	***	***	***	***	***
SG&A expenses.--					
Virgin	***	***	***	***	***
Recycled	***	***	***	***	***
Total	***	***	***	***	***
Operating profit or (loss).--					
Virgin	***	***	***	***	***
Recycled	***	***	***	***	***
Total	***	***	***	***	***
	Ratio to net sales (percent)				
COGS.--					
Virgin	***	***	***	***	***
Recycled	***	***	***	***	***
Total	***	***	***	***	***
Gross profit or (loss).--					
Virgin	***	***	***	***	***
Recycled	***	***	***	***	***
Total	***	***	***	***	***
SG&A expenses.--					
Virgin	***	***	***	***	***
Recycled	***	***	***	***	***
Total	***	***	***	***	***
Operating profit or (loss).--					
Virgin	***	***	***	***	***
Recycled	***	***	***	***	***
Total	***	***	***	***	***

Footnotes continued on next page.

Note: The Commission requested U.S. producers to break out financial operations by the type of PET raw material content used in their PTY production. The distinction was made between using 100 percent virgin PET raw material or any percent of recycled PET raw material content. The percentage of recycled content reported by producers ranged from one percent *** to 100 percent ***.

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