In the Matter of: POLYETHYLENE TEREPTHALATE (PET) RESIN FROM CANADA, CHINA, INDIA, AND OMAN ) Investigation Nos.: 701-TA-531-533 AND 731-TA-1270-1273 ) (FINAL)

Pages: 1 - 257
Place: Washington, D.C.
Date: Tuesday, March 1, 2016

Ace-Federal Reporters, Inc.
Stenotype Reporters
1625 1 Street, NW
Suite 790
Washington, D.C. 20006
202-347-3700
Nationwide Coverage
www.acefederal.com
THE UNITED STATES

INTERNATIONAL TRADE COMMISSION

IN THE MATTER OF: ) Investigation Nos.:

POLYETHYLENE TEREPHTHALATE (PET) ) 701-TA-531-533 AND
RESIN FROM CANADA, CHINA, INDIA, ) 731-TA-1270-1273
AND OMAN ) (FINAL)

Main Hearing Room (Room 101)
U.S. International Trade Commission
500 E Street, SW
Washington, DC

Tuesday, March 1, 2016

The meeting commenced pursuant to notice at 10:31 a.m., before the Commissioners of the United States International Trade Commission, the Honorable Meredith M. Broadbent, Chairman, presiding.
APPEARANCES:

On behalf of the International Trade Commission:

Commissioners:

Chairman Meredith M. Broadbent (presiding)
Vice Chairman Dean A. Pinkert
Commissioner Irving A. Williamson
Commissioner David S. Johanson
Commissioner Rhonda K. Schmidtlein

Staff:

Bill Bishop, Supervisory Hearings and Information Officer
Sharon Bellamy, Program Support Specialist
Joanna Lo, Investigator
Jennifer Catalano, International Trade Analyst
John Benedetto, Economist
Mary Klir, Accountant/Auditor
Michael Haldenstein, Attorney/Advisor
Elizabeth Haines, Supervisory Investigator
APPEARANCES:

Opening Remarks:
Petitioners (Paul C. Rosenthal, Kelley Drye & Warren LLP)
Respondents (Matthew M. Nolan, Arent Fox LLP)

In Support of the Imposition of Antidumping and
Countervailing Duty Orders:
Kelley Drye & Warren
Washington, DC
on behalf of
DAK Americas, LLC
M&G Chemicals
Nan Ya Plastics
(collectively "Petitioners")
Jon McNaull, Vice President and General Manager, PET
Resins, DAK Americas, LLC
Mark Adlam, North America Commercial Manager, M&G
Chemicals
John Freeman, Assistant Director of Sales, Nan Ya
Plastics Corporation, America
John Cullen, Director of PET Resin Sales and Marketing,
DAK Americas
Gina Beck, Economic Consultant, Georgetown Economic
Services, LLC
In Support of the Imposition of Antidumping and Countervailing Duty Orders (continued):

Paul C. Rosenthal, Kathleen W. Cannon, Grace W. Kim, Brooke Ringle and David C. Smith - Of Counsel

In Opposition to the Imposition of Antidumping and Countervailing Duty Orders:

Arent Fox LLP
Washington, DC
on behalf of
Reliance Industries, Ltd. ("Reliance")

Anil Rajvanshi, Senior Executive Vice President, Reliance

Rajinish Jayaswal, General Manager, Reliance

Matthew M. Nolan and Nancy A. Noonan - Of Counsel

Alston & Bird
Washington, DC
on behalf of
Premium Waters, Inc. ("Premium")

Bernie Zarda, Senior Vice President, Supply Chain, Premium

Jonathan Fee and Chunlian Yang - Of Counsel
In Opposition to the Imposition of Antidumping and Countervailing Duty Orders (continued):

Curtis, Mallet-Prevost, Colt & Mosle LLP
Washington, DC

on behalf of

OCTAL SAOC-FZC ("Octal")

Joe Barenberg, Chief Operating Officer, OCTAL Inc. Daniel L. Porter, James P. Durling and Matthew P. McCullough - Of Counsel

Rebuttal/Closing Remarks:

Petitioners (Paul C. Rosenthal, Kelley Drye & Warren LLP)
Respondents (Matthew M. Nolan, Arent Fox LLP and James P. Durling, Curtis, Mallet-Prevost, Colt & Mosle LLP)
<table>
<thead>
<tr>
<th>I N D E X</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Remarks:</td>
<td></td>
</tr>
<tr>
<td>Petitioners (Paul C. Rosenthal, Kelley Drye &amp; Warren LLP)</td>
<td>9</td>
</tr>
<tr>
<td>Respondents (Matthew M. Nolan, Arent Fox LLP)</td>
<td>13</td>
</tr>
<tr>
<td>Paul C. Rosenthal, Kelley Drye &amp; Warren LLP</td>
<td>17</td>
</tr>
<tr>
<td>Jon McNaull, Vice President and General Manager, PET Resins, DAK Americas, LLC</td>
<td>25</td>
</tr>
<tr>
<td>John Freeman, Assistant Director of Sales, Nan Ya Plastics Corporation, America</td>
<td>30</td>
</tr>
<tr>
<td>Mark Adlam, North America Commercial Manager, M&amp;G Chemicals</td>
<td>36</td>
</tr>
<tr>
<td>John Cullen, Director of PET Resin Sales and Marketing, DAK Americas</td>
<td>40</td>
</tr>
<tr>
<td>Kathleen W. Cannon - Of Counsel</td>
<td>45</td>
</tr>
<tr>
<td>Matthew M. Nolan - Of Counsel</td>
<td>131</td>
</tr>
</tbody>
</table>
INDEX

Joe Barenberg, Chief Operating Officer, OCTAL Inc. 136
Anil Rajvanshi, Senior Executive Vice President, Reliance 148
Bernie Zarda, Senior Vice President, Supply Chain, Premium 157
Jonathan Fee - Of Counsel 160
Rebuttal/Closing Remarks:
Petitioners (Kathleen W. Cannon, Kelley Drye & Warren LLP) 241
Petitioners (Paul C. Rosenthal, Kelley Drye & Warren LLP) 243
Respondents (James P. Durling, Curtis, Mallet-Prevost, Colt & Mosle LLP) 249
Respondents (Matthew M. Nolan, Arent Fox LLP) 253
MR. BISHOP: Will the room please come to order?

CHAIRMAN BROADBENT: Good morning. On behalf of the U.S. International Trade Commission, I welcome you to this hearing on Investigation No. 731-531 to 533 and 731-1270 to 1273, involving PET resin from Canada, China, India and Oman. The purpose of these investigations to determine whether an industry in the United States is materially injured by reason of imports from Canada, China, India and Oman that are sold by less than fair value, or by reason of imports that are subsidized by the governments of China, India and Oman.

Documents concerning this hearing are available at the public distribution table. Please give all prepared testimony to the Secretary and do not place it on the public distribution table. All witnesses must be sworn in by the Secretary before presenting testimony.

I understand that parties are aware of the time allocations, but if you have any questions about time, please ask the Secretary. Speakers are reminded not to refer to business proprietary information in their remarks or in answers to questions.

If you will be submitting documents that contain information you wish classified as business confidential,
you're requested to comply with Commission Rule 201.6. Finally, I would like to request that all witnesses and counsel state your name for the record before delivering testimony and responding to Commissioner questions. This helps the court reporter to know who is speaking at any given point.

Mr. Secretary, are there any preliminary matters?

MR. BISHOP: No, Madam Chairman.

CHAIRMAN BROADBENT: Very well. Let's proceed with opening remarks.

MR. BISHOP: Opening remarks on behalf of Petitioners will be given by Paul C. Rosenthal, Kelley, Drye and Warren.

CHAIRMAN BROADBENT: Welcome Mr. Rosenthal. You may begin when you're ready.

OPENING REMARKS BY PAUL C. ROSENTHAL

MR. ROSENTHAL: Good morning Madam Chairman and members of the Commission. I'm Paul Rosenthal of Kelley, Drye and Warren, appearing on behalf of the Petitioners. This case involves a product that is somewhat familiar, PET resin, the plastic that goes into water bottles and soda bottles and other similar products. You can see some of the examples on the table in front of you.

Even more familiar than the products themselves
is the injury caused to domestic producers by dumped and
subsidized imports that have aggressively attacked the U.S.
market. Our witnesses this morning will focus their
testimony primarily on the statutory factors that the
Commission must base its determination on, volume, price and
impact.

Regarding volume, you will hear and the record
of the Commission will show that imports increased
significantly during the 2012 and 2014 time frame. While
U.S. demand was growing modestly during this period, the
surging imports vastly exceeded the small increase in
demand. Subject imports displaced U.S. producers' shipments
on an almost one to one basis.

Now Respondents attempt to ignore this very
crucial fact, and instead try to blame the domestic
industry's injury on non-subject imports. Yet as the record
shows, non-subject imports gained only a tiny fraction of
share from domestic producers, as subject imports' market
share jumped significantly.

Similarly regarding price, the record shows the
primacy of price in purchasing decisions in this high volume
business. Producers, purchasers and importers all report
how price is one of the principle drivers of who gets the
business. The information on underselling confirms that the
subject imports undersold the domestic industry in the vast
The underselling information confirms that subject imports gained market share at the expense of the domestic industry for one reason only, price. Our witnesses and other record information explain how offers of low prices from subject imports have caused domestic producers to lower their prices to maintain production volumes in this very capital-intensive industry, an industry that has to run at high capacity utilization rates in order to be profitable.

The result of lower volumes unfortunately has been lower capacity utilization, and constant pressure to lower prices to meet subject import competition. The result has also been shown in the rapidly declining financial condition of the domestic producers.

Indeed, the domestic industry's financial condition has declined to an unsustainable level because of subject imports. As you will hear, it is only the filing of these cases in 2015 that caused some easing of the import pressure, with declining import volumes and a slight improvement in the industry's financial condition.

Still, low import pricing remains a problem and the industry remains in a precarious position. Faced with overwhelming evidence on adverse volume and price effects of subject imports, Respondents raise the usual arguments about
cumulation and lack of competition and those arguments have no support in the record.

Our witnesses will make that very clear and the record makes that very clear. Respondents also repeat arguments that were raised in another PET resin case decided over ten years go, which involved many different facts, not the least of which was a different group of respondents.

Of course, Respondents ignore aspects of the earlier case that contradicts their arguments today. Lacking information that directly addresses the volume, price and impact, Respondents demonstrate an unerring instinct for the vascular, as they argue about non-subject imports from Mexico which will soon be displaced by new U.S. production.

Whatever the Respondents want to say about the past, there's no ignoring the threat of injury posed by the subject imports. The foreign producers have large amounts of unused capacity. They are export-oriented, incredibly so, and the data support that statement.

The United States is one of the top one or two targets for their exports, and they're increasingly being shut out of other markets because other countries have found those imports to be injurious to their own domestic producers. So there's no place else for them to go with their large excess capacity.
I'm confident when this testimony is complete, when the record is complete the Commission will be convinced that it should render an affirmative determination in all these investigations. Thank you.

MR. BISHOP: Opening remarks on behalf of Respondents will be given by Matthew M. Nolan, Arent Fox.

CHAIRMAN BROADBENT: Welcome Mr. Nolan.

OPENING REMARKS BY MATTHEW M. NOLAN

MR. NOLAN: Good morning Madam Chairman Broadbent, Vice Chairman Pinkert, members of the Commission and staff. If I squint a little bit this morning, it's because the one thing I forgot to do was bring my reading glasses with me, but fortunately this is in big type, so I think can get through it.

Of course, my name is Matthew Nolan with Arent Fox. On behalf of the responding companies and in particular our client Reliance Industries for India and the countries before you today, thank you for the opportunity to be heard. This case presents several unusual factors for the Commission to consider.

First, as we discussed in the preliminary phase, the entire U.S. industry consists of four foreign multi-national entities, three of whom brought this case. Now we realize that concentration, industry concentration and competitiveness is not necessarily in the immediate
purview of the Commission. But this is an important
condition of competition that needs to be considered in this
case.

All are large foreign-based multinationals with
significant foreign operations. They have the ability to
source PET from operations abroad and indeed have done so
significantly during the POI. There is no doubt that they
control the U.S. market, and there is no doubt that they
account for a more than significant share of the world
market. They control pricing.

They claim injury from subject countries, and
yet they have maintained high capacity utilization rates and
have undertaken major expansion projects during the POI, not
the least of which is the $1 billion, one million metric ton
plant in Corpus Christi, Texas, which I just read is being
expanded even more.

They have increased imports from their
affiliates in Mexico and then more recently Taiwan. If the
U.S. industry had decided not to produce or had decided to
produce in the U.S. instead of buying from their Mexican and
 Taiwanese operations, what would their capacity utilization
actually have been? Much higher than is being recorded
before you.

The U.S. industry claims that low import prices
are driving prices down, and yet the quarterly pricing data
that the staff has collected indicates that subject imports
over-sold U.S. producers more often than not during the POI,
with no sustained pattern of underselling.

There are quite simply no observable price
effects due to subject imports. Instead, falling raw
material costs are the key to any decline in prices in PET,
which after all is manufactured from base petrochemicals
that are part of a petrochemical and refinery process, crude
oil and natural gas.

The facts demonstrate that the domestic
producers in this industry absolutely dominate the market.
They enjoy significant advantage over most of the subject
imports. For example, rail transportation and long-term
contracts with Tier 1 customers. In particular, rail is a
demand and requirement for Tier 1 customers and most imports
do not offer that option.

The exceptions are Canada, which is subject, and
Mexico, which the Petitioners have affiliations with, which
is non-subject, who both ship by rail and consequently are
the largest importers into this market. That is a
significant fact. Subject imports other than Canada do not
compete on these grounds. They do not have the option of
direct rail shipment.

Subject imports have not adversely affected U.S.
producers. Subject imports have been present in this market
for a long, long time. And what of Canada and China? They are not here today, and no doubt Petitioners are going to complain to the Commission that you should apply some form of adverse inferences as a result.

Of course that then begs the question why aren't Canada and China appearing today? China has a habit of diving out of these things in the final when they're not happy, but Canada is our closest neighbor and the largest single importer of subject merchandise.

Why are they not here? They were here at the preliminary. One would think Canada has a lot to lose by not appearing here today. But if the Commission is to make any type of inference by the non-appearance of Canada and China, we urge you not to carry that inference over to India and Oman, who here today, have presented testimony, have filed briefs and are fully ready to answer all of your questions.

Thank you for your time. We appreciate the opportunity to be here and we look forward to our main presentation.

MR. BISHOP: Would the panel in support of the imposition of anti-dumping and countervailing duties please come forward and be seated. Madam Chairman, our witnesses on this panel have been sworn in.

(Pause.)
CHAIRMAN BROADBENT: I want to welcome the panel to the ITC, and you may begin when you're ready.

STATEMENT OF PAUL ROSENTHAL

MR. ROSENTHAL: Thank you, Madam Chairman. For the record, I'm Paul Rosenthal again. This morning I will start with an overview of the case, to be followed then by the testimony of the industry witnesses and then my partner Kathleen Cannon will conclude with a discussion of the legal issues in these cases.

The Commissioners and others under APO will have confidential versions of these public slides, so I'm not going to differentiate when I go through this testimony. You'll see from this first slide how the imports increased over the period 2012 to 2014. Imports started at significant levels at the beginning of the period and increased rapidly.

It's worth noting that the subject imports represent the vast majority of total imports. As a result of the increase in subject imports, their market share also increased quite significantly. At the same time, the U.S. market share dropped, the producers' market share dropped and you can see from this chart right here that the increased market share of the subject imports displaced U.S. producers by almost the identical amount.

This chart is worth looking at. As we all know,
having done these cases for a long time, when you've got
this perfect X you should probably stop talking, but I have
more slides. But again, subject imports displaced U.S.
production, U.S. producers' market share on an almost one
for one basis, and the foreign producers have no explanation
for this, other than price. That's the only way it can be
explained.

I will ask you once again too to take a look at
this slide worth studying. This shows that non-subject
imports, despite the claims of Respondents, were not the
problem. The tiny sliver down at the bottom of this chart
shows that the gain in market share by non-subject imports
over the period of investigation were microscopic.

Slide 7 shows what happened to import volumes
after these cases were filed about a year ago. They
deprecated significantly. I noticed some conversation because
we looked at the transcript from your hearing on PET resin,
where the Respondents came up with some claim that the
import declines in the last year had something to do with
the GSP proceedings.

That's ridiculous. You can see when the decline
started, well after anything involving GSP took place. We
have more data on that if you want to ask questions later.
Of course, what this shows you, as you consider the volume
decline over the 2014-2015 interim periods, is the effect of
the petition filing in this case and the subsequent activities by the agencies, and it corroborates the importance of price in these cases, because they declined, the volumes declined when the importers were facing increased duties to offset the unfair trade practices of the foreign producers.

Next slide is confidential, but and I want to refer -- well discuss it with the Commissioners who have it in front of you and the staff. You can see, before we leave the topic of subject import volumes, that while U.S. demand was growing slowly, the subject imports surged into the United States.

That surge was totally unrelated to demand. It wasn't as if there were some unmet needs, unfulfilled applications that the U.S. producers couldn't fulfill. This is a total surge unrelated to any demand needs in the United States. Ms. Cannon will discuss some of the Respondents' claim about transportation and market segmentation shortly, but it's fair to say that the foreign producers and importers are able to pump product into this market regardless of their alleged obstacles, and regardless of the competition by domestic producer which they kindly but unjustifiably aggrandize.

Slide 9 actually highlights the prominency of price in purchasing decisions, and we give you some quotes
here. I'm not going to read all these to you. They're all from your record, but it's important to note that the all the respondent purchasers say that price is very important in purchasing decisions, and that the vast majority of those responding found differences other than price either sometimes or never significant in sales of PET resin from any source.

Slide 10 is confidential, but again, here are some quotes, excerpts from experts who follow this industry, and while I can't read these out loud, they make it very, very clear that they understand, as people in the industry understand, that low import prices are used by both large and small purchasers to leverage lower prices by domestic producers.

So even when the U.S. producers are not giving a volume because of the low-priced imports, they are forced to lower their prices in order to get the sale in the first instance.

Slide 11 summarizes the record on the issue of underselling, and it's amazing how Mr. Nolan in his five minute opening managed to get so many facts wrong. Among the facts wrong was the facts on underselling. If you look at the complete record, you will see that underselling is rampant, and the vast majority of comparisons, the foreign producers, the subject producers undersold the domestic
industry.

That holds the same whether you're looking at Slide 11 or Slide 12, which happens to deal with direct import price comparisons. You might -- let's see. We've had some discussions in the past in other cases about the value of looking at direct import pricing.

As this case shows, there are a lot of purchasers, large purchasers with buying power and are sophisticated and that are able to import directly and they have, and this is another case in which you ought to be looking at these direct imports for comparison purposes. Not surprisingly, the margins of underselling are larger there than through distributors.

Slide 13 shows the quarterly price declines for the U.S. prices, and it involves all products throughout the Period of Investigation. You might note that even after the filing of these cases, as import volumes receded, low-priced subject imports were still present in the market and affecting price negotiations, as the information in our prehearing brief indicates.

Slide 14. Throughout the proceeding, the Respondents have claimed that the decline in U.S. prices are the result of declines in raw material costs, mainly due to declining petroleum costs. As Slide 14 demonstrates, however, domestic industry prices have declined much more
than the decline in raw material costs or overall cost
declines. These price declines have been driven by
aggressive pricing by subject imports.

Slide 15 summarizes the performance indicators,
I'd say the so-called trade indicators, and you can see that
all of the indicia of injury are met for the capacity,
production, shipment volumes, shipment value AUV,
production, related workers and hourly workers. The
confidential version of this chart shows you the actual
dimensions of those declines, but as you can see, the arrows
are all pointing downward, very bad news for this industry.

The next slide has a similar summary of the
decreases in the financial indicators for the industry. You
ought to take another minute to take a look at these,
because the volume, value, AUVs, gross income, every way you
look at income, every way you look at the financial analysis
is dismal for this industry.

There are steep declines for this industry, and
by the way, Mr. Nolan tries to paint this industry as big,
multinational companies that control this industry. He's
made some allusion to some anti-competitive conduct. But if
these are people acting in anti-competitive way, they're
doing a terrible job of keeping their profits up.

So they're either the worse conspirators in the
world or something else is going on, and I think that
something else is the subject imports.

You can see on Slide 17 that there's more detail on the financial performance of the industry, or I should probably refer to this as lack of performance, because from relatively low profits to start, they've now managed to get to losses over the Period of Investigation.

Even with a slight improvement in the financial condition of the industry following the case filings in 2015, the industry remains in an injurious and unsustainable condition. Page 18, I'm sorry Slide 18 begins a few slides dealing with the question of threat, and you'll see that the graphic indication that the capacity of the subject producers far exceeds U.S. demand, and Slide 19 in a similar vein shows that just the excess capacity of foreign producers is enough to supply a large portion of U.S. demand.

By the way, the excess demand slide, is that not just an interesting statistic? If you look at how the foreign producers, the subject imports like to use their excess demand, is the target of the United States market. The U.S. is either the number one or number two target for the subject producers. They may claim we've got all these other places to go in Asia or elsewhere, but it's the U.S. where they prefer to go and where they have been going.

Slide 21 will explain to you that this is just
not because they don't have a lot exported or are not export
oriented generally. This is a confidential slide. But you
can see what proportion of their shipments really are used
for export, and you can also see from this slide in the last
column to the right how they project even more reliance on
exports going forward.

I know we're moving quickly, but I hope you'll
take your time to read this slide during the course of this
proceeding and the rest of this case.

You can see from the public Slide 22 that there
are a lot of countries out there who have been hurt by the
subject imports, particularly imports from China and India,
who have a representative here today. Those countries have
said we are not going to allow the unfairly-traded imports
from the subject producers to continue to injure our
industry and have closed their markets.

It's important for us to consider this because
it means that the export opportunities for the subject
importers are fewer and all this does is make it more
important for their production to be headed to the U.S.
market.

So to just summarize the threat real quickly
before I turn it over to Ms. Cannon, the producers are
heavily export-oriented. They have diminishing
opportunities for their exports. They regard the United
States as one of the top one or two destinations for their exports, and they have plenty of excess capacity to send here if there are not affirmative final determinations in all these investigations.

So not only is the U.S. industry suffering present material injury by reason of subject imports, the subject imports also represent an imminent threat of further material injury to the domestic industry. I'll conclude my testimony now and turn it over to Mr. McNaull to begin with the first of the industry testimonies.

STATEMENT OF JON McNAULL

MR. McNAULL: Good morning. My name is Jon McNaull. I'm the Vice President of the PET resin business for DAK Americas. I've been with DAK Americas for almost 25 years. I started in the polyester stable fiber business before moving to the resin business in 2012. My responsibilities have included working as an engineer in the manufacturing operation as well as working in technical marketing, sales, and supply chain management.

In my current position, I'm responsible for the sale, manufacture and financial operations of DAK Americas PET resin business. Today, I'm here today -- I'm appearing here today because my company and the domestic PET resin industry as a whole are in a tenuous position, due to the surge of unfairly low-priced imports of PET resin from
Canada, China, India and Oman.

We are continuously faced with low-priced offers by subject imports during our customer negotiations. We have lost and continue to lose numerous sales as well as revenue as a result of unbelievably low prices offered from each of the subject countries.

Over the 2012 to 2014 period, imports from these four countries have surged into the U.S. at unprecedented rate. By selling at dumped and subsidized prices, the imports have undercut our prices, causing us to reduce prices to unprofitable levels. We provided numerous examples of lost sales and lost revenue from each of the subject countries for the Commission's record.

These low-priced quotes are very real and have resulted in our declining sales volume during the Period of Investigation. Although we have seen some improvement in the prices offered by subject imports after the case was filed, we are still faced with low-priced offers from the subject countries.

The underselling by subject countries was the most extreme in 2014, based on my experience in the market. In one contract negotiation, DAK lost over half of a substantial volume of sales to a major customer due to low-priced imports from Oman.

For the other half of the volume, we had to
lower our price significantly to meet the import price in
order to keep that part of the sale. The depressed prices
we have suffered due to subject imports are directly hurting
our bottom line. From 2012 to 2014, we watched our
financial position erode and our market share plummet as
subject imports penetrated this market.

    Only after these trade cases were filed did
subject imports begin to back off, allowing us to regain
some sales and see some improvement in our bottom line. But
even that improvement is insufficient, leaving us still with
minimal profits and with the subject imports still present
in the market, hoping to surge to prior levels if trade
remedies are not imposed.

    As Mr. Cullen can attest, when he and I meet
with customers, they make clear to us that we must be
competitive with the low import prices to keep their
business. Our customers are very sophisticated and they
present details and comparative offers they have received so
that we know prices we have to compete with to get business.

    Customers will say things like if you don't
adjust your price to beat the import price, you will lose
our business. When confronted with these low-priced offers,
we either have to lower our price or we have to let go of
the business. It's hard for me to imagine that DAK would
ever have faced PET resin import prices that are so low.
Although we can adjust to many factors, we cannot remain in business when we're forced to compete with companies that price below cost and are willing to undercut our prices however low we reduce them.

And let me be clear, that price is a driving force in purchasing decisions when comparing our product to subject imports. We are not losing business to subject countries for reasons of quality or an inability to supply product. DAK has been able to meet all its customer supply needs during this Period of Investigation.

Subject import increases were not due to any shortage of supply of PET resin in the U.S. market. In fact, we would have liked to sell more product than we have but for the import competition. The capital-intensive nature of the PET resin industry makes it important that producers maintain high operating rates to maximize efficiencies.

If we cannot run our lines at optimal efficiency levels, significant costs are incurred and production curtailments or shutdowns are often the only alternative. The increased volumes of subject imports leading to reduced production and shipments of U.S. producers have not only cost us market share but have also affected our production efficiencies.

The effects of subject import competition have
been severe. DAK Americas was forced to shutter its facility in Cape Fear, North Carolina in 2013, costing 600 workers their jobs and reducing our production operations. I understand Respondents have argued that our Cape Fear facility was closed because it was obsolete and built in 1961. That is wrong. The Cape Fear PET resin facility, built in 2007 and contained state of the art technology, but we were forced to close it just six years later.

Respondents are also wrong that imports have nothing to do with facility closure or layoffs, as we will document in our post-hearing brief. I should add that our Cape Fear facility used the melt to resin technology that Omanian producer Octal has claimed is a superior process that yields a superior product.

DAK's Cape Fear facility was the world's first melt to resin plant using the same technology that Octal uses today. If this technology truly yielded a superior product, we should have been able to sell more of the product and earn a premium on those sales.

Instead, we were forced to shutter this plant in part due to the unfair competition from the subject imports. The problems our industry has suffered cannot be blamed on anything but unfair traded imports. We have seen increasing demand trends, but subject imports have captured those demand increases at our expense.
Even while demand increased, domestic shipments declined as we lost significant sales to unfair imports. If customers can buy PET resin from subject countries at below-cost prices, why agree to our prices?

I would also like to comment on my observation during a trip I took to China. Capital deployment by China is aimless and reckless compared to what is required by the PET resin market. As a result, these Chinese companies are operating at extremely low capacity utilization rates and are desperate to export their over-supply and to sell PET resin at any price to resolve their business problems.

Our industry is bearing the brunt of those reckless investments. We simply cannot survive as a company or as an industry when we must suffer continuous financial erosion and cede market share to unfairly traded imports.

Thank you very much.

STATEMENT OF JOHN FREEMAN

MR. FREEMAN: Good morning. My name is John Freeman and I am assistant director of Sales for Nan Ya Plastics Corporation America. Nan Ya is a U.S. producer of PET resin and one of the petitioners in this case. I have worked at Nan Ya for over 17 years, and have spent over half of that time in PET sales. Nan Ya has been manufacturing PET resin in Lake City, South Carolina since 1995.

Today, I would like to describe briefly the
subject product and production process, understanding the product is important to address some of the issues that have been raised in this investigation. The bottom line is that Nan Ya and other domestic producers compete directly with unfairly priced imports from Canada, China, India and Oman, across all end uses and throughout the United States, because those imports are exactly the same as our U.S. product.

PET resin is a polyester, polymer resin that is sold in the form of small, white, lightweight chips or pellets. I brought some samples for you to examine. The PET resin that is the focus of this case has an intrinsic viscosity or IV of 0.70 or more, but not more than 0.88 deciliters per gram.

IV is a measure of the PET resin's molecular weight, and reflects the material's melting points, crystallinity and tensile strength. The industry uses the IV to establish the right grade of PET resin for a particular application. But there is also significant overlap in the IV ranges that work best for particular end uses.

PET resin chips are melted to form a wide range of consumer and industrial products. The main uses for packaging grade PET resin include beverage bottles for carbonated soft drinks, water and other beverages, clam
shell containers for products you'll find in the deli or produce section of your grocery store, like fruits, cakes, pies and salads, and for peanut butter, jams and dressings. I brought some examples of these as well.

PET resin goes into packaging for household, chemical, personal care, automotive, pharmaceutical and other consumer products requiring sterile and stable packaging. It is also used for strapping on large bulk substances such as lumber and in the production of rugs and carpet. As noted, these different end uses may require PET resin with different IVs, but all fall within a fairly narrow range that is encompassed by this case.

PET resin used for all these applications has the same basic physical characteristics. PET resin is sold to both distributors and to end users who melt the resin and mold it into a finished bottle packaging shape. Increasingly, we are seeing large brand owners buying PET resin that either have their own conversion operations or they'll send our product to their converters.

Regardless of the customer, we experience direct competition with subject imports. Respondents have presented a couple of arguments about the product and its production that are not consistent with my experience in the market. First, Respondents claim that hot-fill versus cold-fill bottling applications differentiate sales and
I disagree. Such a distinction does not really fit with the technical or commercial reality of the PET resin industry. All PET resin is made from the same two primary inputs, purified terphalic acid or PTA and monoethylene glycol or MEG, which are subject to the same manufacturing processes to create PET resin.

The IV ranges for hot-fill and cold-fill end uses also overlap considerably. Nan Ya's PET resin is sold for both hot-fill and cold-fill end uses, and those sales are not divided by customer. We sell to bottling customers who run conversion process for both hot- and cold-fill end uses, and the supply qualification process is the same regardless of the application. We also compete in the U.S. market with PET resin from the subject countries for both hot-fill and cold-fill uses.

Another issue Respondents raise relates to the production process, and whether one type of process is superior to another. Nan Ya, like many other domestic and foreign PET resin producers, utilizes the solid state polymerization process to produce its product. Once PTA and MEG are processed into amorphous PET, the chips are crystallized in the solid-stating process.

We remove impurities, increase the product's IV and cool the PT resin chips and store them for delivery.
Some PET resin producers use a melt to resin or MTR technology instead of the solid state polymerization process to manufacture their product. Omani producer Octal has claimed that their process is more efficient and produces a better PET resin product. That is simply not true.

The two types of manufacturing processes produce the same quality PET resin products that are entirely interchangeable. We have never lost a sale of our product because of a preference for a PET resin produced with the MTR technology. Nor do customers distinguish products based on the manufacturing process.

Notably products made from the MTR technology do not garner a price premium in the market, showing there is no perceived product superiority resulting from this process. The PET resin production process, regardless of which type of technology is used, is capital-intensive and expensive. It requires sophisticated equipment and controls.

Additionally, breaks in production, given the nature of the chemical processes, are extremely disruptive. PET resin producers aim for continuous, high volume manufacturing and high capacity utilization to maintain efficiencies. Unfair imports have injured Nan Ya's ability to maintain necessary production levels.

PET resin is a highly price sensitive product.
Margins are extremely tight. So pricing pressures from imports of even a penny or two per pound less than our prices have a significant impact on our bottom line. Across our sales and to all end uses, the lower prices offered by foreign producers in all four subject countries have had and continue to have a very damaging effect on our ability to obtain or retain business.

We have lost sales despite price reductions, simply because we cannot compete with the prices the subject foreign producers are offering. We have lost significant revenue and profits as a result. Recently, we have heard rumors that a domestic producer may be acquiring Canadian producer Selenis.

From our vantage point, it doesn't matter who owns Selenis. Nan Ya remains very concerned about imports from Canada because we compete head to head with those imports for sales in the U.S. market. Imports from Canada have significantly undercut Nan Ya's prices over the past few years, and I fully expect that they will continue to do so without the discipline of a dumping order.

All the lost business and price reductions caused by subject imports have had a direct and harmful effect on Nan Ya's financial position. Nan Ya has also experienced major declines in production since 2012 and reductions in our PET resin workforce.
Without relief against unfair imports from the subject countries, where producers have huge capacity and room to grow, Nan Ya and the other U.S. producers face ongoing and substantial business losses. If the Commission does not impose orders, we cannot remain competitive in the PET resin market. Thank you very much.

STATEMENT OF MARK ADLAM

MR. ADLAM: Good morning Madam Chairman and members of the Commission. My name is Mark Adlam, and I am the North America Commercial Manager of M&G Polymers USA. I've been involved in the production and sales of PET resin at M&G for the past 15 years, and I've worked in the PET industry for over 20 years. It is a pleasure to appear before you today.

M&G produces PET resin at our facility located in Apple Grove, West Virginia, where we have two production lines. We manufacture and offer the full range of PET grades suitable for a wide array of end use applications, including soda and water bottles and other containers.

In addition, as we reported to the Commission, M&G is currently constructing a new vertically integrated PTA-PET plant in Corpus Christi, Texas, which is scheduled to open during the third quarter of 2016. Notably, this investment project was first announced back in 2011, before subject imports began to wreak havoc in the U.S. market.
The new state-of-the-art facility is being built to increase efficiencies and to supply the increasing demand from our U.S. customers. We saw early on that U.S. demand would be growing in the future, and it was important to our company to keep up with that growth, rather than cede the growth to unfairly traded imports.

When a decision is made to expand capacity, it must be done on a large scale, because it is both inefficient and impractical to add incrementally. Importantly, a significant portion of the new capacity will be used to displace M&G's current imports from Mexico, and to increase our exports to other markets such as to Europe or South America.

You may hear today that imports from Mexico play a key factor in this case. But let me tell you, imports from Mexico are not the problem. Although M&G has imported from PET resin from our affiliate company in Mexico, M&G Polymeras Mexico to supplement our U.S. production, our imports have been sold in the U.S. market prices at or above the prices at which we sell PT resin from our West Virginia facility.

These imports from Mexico have not been priced at lower levels to gain market share at the expense of the U.S. production as is true of the subject imports. Indeed, the prehearing report demonstrates that imports from Mexico
have generally been priced higher than subject imports
during the Period of Investigation.

Further and in contrast to the Respondents' claim, M&G will no longer import PET resin from Mexico once
our facility in Texas is up and running, as it simply would
not make economic sense to do so. As a result, we expect
import volumes from Mexico to be very minimal in the near future.

We note that Indian producer Reliance, one of the largest companies in the world, has made a number of allegations concerning our Corpus Christi operations. But Reliance has mischaracterized the facts. There is no joint venture and there is no joint manufacturing arrangement between M&G and DAK.

M&G is the sole owner of the Corpus Christi plant. DAK will merely be an arms-length purchaser of PET resin from M&G. This purchase agreement has been completed vetted by our antitrust attorneys, and they have advised us that this agreement is pro-competitive, not anti-competitive.

In contrast to the fairly traded imports from Mexico, large volumes of unfairly priced imports from Canada, China, India and Oman have surged into the U.S. market over the past few years, and have captured an increasing share of the U.S. market. These market share
gains occurred solely by consistently underselling our
prices.

M&G has experienced significant underselling
from the subject producers by substantial margins throughout
the period of the investigation, and we have provided
documentation of numerous instances of lost sales and lost
revenues to the Commission.

The only we have been able to compete with
subject imports is by drastically reducing our prices, often
to levels that have been below our cost of production. You
can see the impact this has had on our financial performance
in our questionnaire response. As a result of the
competition with low-priced subject imports, you will see
that our sales volumes have declined, our prices have
plummeted, employment has decreased and our financial
performance has deteriorated.

All of these declining trends are tied directly
to the presence of low-priced subject imports in our market.
As we have detailed in our prehearing brief, each of the
subject countries maintain significant excess capacity well
above their home market demand, and additional capacity is
projected to come on stream in the near future.

Each of the subject industries is heavily export
oriented. In addition, most subject producers face import
barriers in other major markets such as the EU, Argentina,
Malaysia, South Africa and Turkey, making the U.S. market even more attractive. M&G and other U.S. producers can compete fairly with any producer in the world, but we should not be required to compete for sales our home market with dumped and subsidized imports.

Despite substantial investments in our facilities, we simply cannot compete with the irrationally low prices of these subject imports. The sales that M&G has managed to retain has been the result of us reducing our prices by more than our raw material costs to compete with the low prices of the subject imports. This has caused a cost price squeeze and a dismal financial performance for my company.

In summary, if dumped and subsidized imports continue to flood the U.S. market at the low price levels we have seen in the recent years, there is no doubt our company will continue to lose sales and market share to subject imports. While we recognize that there is a place for imports in the market, they must be fairly traded.

We are confident that if import relief is provided to our industry, M&G can effectively compete again and achieve a healthy return on our investment. Thank you very much for your attention.

STATEMENT OF JOHN CULLEN

MR. CULLEN: Good morning. I am John Cullen,
1 Director of PET Resin Sales and Marketing at DAK Americas.
2 I have served in my current position since 2012 and have
3 been with DAK Americas for 16 years. Today, I will discuss
4 some of the conditions of competition we face in the U.S.
5 PET Resin Market. I will also describe some of the changes
6 that have occurred since the Commission conducting its prior
7 PET Resin investigation in 2005.

8 The first competitive factor is demand. Demand
9 for PET Resin in the United States has increased in recent
10 years at a modest pace. PET Resin is used in a variety of
11 end uses as discussed by Mr. Freeman. Demand for these end
12 uses drives demand for PET Resin. In recent years demand
13 for certain end uses like bottle for carbonated beverages
14 has declined while demand for other end uses such as water
15 bottles, beverage cups and salad trays has increased leading
16 to an overall increase in demand for PET Resin. The
17 lightweight and recyclable nature of PET resin products make
18 them a popular choice in packaging over other materials such
19 as glass and aluminum. The industry projects that the
20 demand for PET Resin will remain steady and continue to show
21 modest growth in the future. In terms of supply, the U.S.
22 Market is currently supplied by four U.S. Producers along
23 with imports from a number of countries. Domestic capacity
24 to produce PET Resin is now larger than it was ten years
25 ago. Domestic Producers are able to supply demand for PET
Resin in the United States. The Domestic Industry has available capacity through the last three years. Nor have there been any supply shortages over the past three years. In fact, we would like to increase sales to our customers further but have been prevented from doing so due to the unfairly low prices offered by the Subject Countries.

Another important competitive condition is the high degree of substitutability of PET Resin regardless of source. PET Resin produced in the United States is fully interchangeable with PET Resin produced in the Subject Countries. As a result, we operate in a highly price-sensitive market with price driving purchasing decisions and where lower prices at just a penny a pound can have a profound effect on our sales and profitability.

The low prices offered by the Subject Importers have allowed them to increase their penetration of our market, forcing us to cut our prices to maintain sales or lose sales and customer accounts to Imports. A factor on which the Commission focused extensively in the 2005 case was the effect of changing raw material costs on U.S. Producer prices due to customer contracts that did not take raw material cost fluctuations into account.

Fortunately, the industry has changed its pricing approach in the intervening decade. Our contracts with customers now take into account raw material costs through
mechanisms that can be adjusted on a monthly basis. Over
the past three years, raw material costs have fluctuated and
the new pricing contracts have allowed our prices to change
as well. So we are not locked into contractual obligations
to sell at a price independent of cost changes. This change
is important to the PET Resin industry and differentiates
the current case from the 2005 case.

The Domestic Industry is not, however, insulated
from the effects of import pricing. We have to negotiate
with our customers for the overall price of the product.
Subject Imports regularly undercut our prices, causing us to
reduce our prices to try to keep the sale. Even when
contracts are involved, customers come back to us during the
renewal period to seek a lower price, which could implicate
a much greater volume of PET Resin than that quoted import
was to supply.

Another condition of competition I want to
mention this morning is the increasing nature of direct
imports by PET Resin purchasers. Most of the purchases of
PET resin are very large companies that have eliminated the
middleman and directly source PET Resin either from U.S. or
Foreign Producers. This level of competition should not be
ignored and is extremely injurious to our operations.

Next, there is the hot-fill issue, or non-issue I
should say. The foreign producers suggest that the market
is segmented into hot-fill and cold-fill components and that
certain imports don't compete for hot-fill end uses but that
is not accurate. That competes with Subject Imports for
sales of PET Resin to both hot-fill and cold-fill end uses
and we compete on price.

As Mr. Freeman has stated, PET Resin IB ranges
for hot-fill and cold-fill end uses overlaps significantly.
Once qualified, Foreign Producers have the ability to sell
to all end uses including hot-fill applications and there
are non quality characteristics that would compel hot-fill
converters to prefer Domestic PET Resin over imports.
Consequently, it is simply inaccurate to suggest that
imports do not compete across all end uses.

The Domestic Industry also competes with imports
in all end uses throughout all geographic areas of the United
States. There is no geographic portion of the U.S. PET
Resin market that is served exclusively by imports or
exclusively by the Domestic Industry. We compete head to
head with imports every day and every reach into the United
States.

Finally, I would like to address the Foreign
Producers that U.S. Producers have an advantage to shipping
PET Resins to customers by rail or that imports can't
compete for sales to customers that require shipment by
rail. The fact is, that competes with Subject Imports in
every geographic region in the United States. Delivery by rail does not preclude import competition and various import sources also take advantage of shipments by rail. Customers make purchasing decisions on the basis of price regardless of the delivery method. Customers that can only accept rail shipments are a small part of the market. Thank you for your attention.

STATEMENT OF KATHLEEN CANNON

MS. CANNON:  Good morning. For the record, I am Kathleen Cannon and I will conclude our testimony by addressing a few legal issues. Let me start with cumulation. Our brief details the record support for finding that each of the factors the Commission traditionally considers to show a reasonable overlap in competition is met here.

As you see in this slide, in terms of fungibility, the large majority of U.S. Producers, Importers and Purchasers reported that PET Resin from all sources is always or frequently interchangeable. Purchasers further reported that PET Resin from the United States and from each of the four Subject Countries had been offered to them in all of their firms end uses showing sales overlap. These and other record facts led the Commission Staff to conclude that there is a moderate to high degree of substitutability between U.S. PET Resin and PET Resin from each of the
Subject Countries.

These facts disprove Respondents contentions that there is a lack in overlap in sales to the same end uses between the Subject Imports and the U.S. Product. Respondents have focused in particular on the alleged difference between PET Resin sold for hot-fill versus cold-fill applications. They claim that Subject Imports don't compete for sales for hot-fill uses. Even if that contention were true, there would still be a reasonable overlap of competition in sales for cold fill application and other end uses that the respondents do not contest. But there is also evidence of Subject Producers' sales for hot-fill uses.

Subject Producers in every target country advertise that they have PET Resin for sale to hot-fill applications as shown in Exhibit 5 to our brief. Further, Respondents raised the same issue in the 2005 trade case and the Commission rejected it there. The Commission found that competition for sales to hot-fill end uses was not impeded for Subject Imports because it was possible for the Foreign Producers to manufacture all grades of PET Resin. Here, the record shows not only the capability but actual offers of sales of the hot-fill product by the Foreign Producers.

Finally, OCTAL argues that its production process makes a higher-quality product but as you heard our
witnesses attest, that technology is also used in the United States and the PET resin produced using either process is interchangeable. In sum, none of the arguments Respondents raised regarding the lack of substitutability or fungibility has merit and this criterion is met.

In terms of geographic overlap, while respondents presented extensive arguments about a lack of geographic overlap preliminarily, those arguments are not borne out by the record. As this slide shows, Subject Imports from each source overlapped geographically throughout the United States. This chart does not show a lack of geographic overlap or isolation of certain import sources or the U.S. Producers in a specific region. Further, most responding purchasers report that the U.S. Product and imports from each target country were available in their geographic region. So the geographic overlap factor is satisfied here as well.

I would add that Respondents' somewhat related argument about transportation methods and transportation by rail in particular somehow limit competition between the U.S. Product and the Subject Imports is unfounded. They cite statistics as the various percentages of the U.S. versus imported product that were shipped by rail but different modes of transportation don't preclude competition. Please focus on this fact because Mr. Nolan
also when he was discussing rail transport this morning
alluded to this particular issue.

The question is not which mode of transportation
you use but what do the customers require. Even though
there was a mischaracterization in one of the briefs, it
said the customer, a high percentage of the customers
actually require rail -- that's not true. It's just the way
the product happens to be shipped. There is not evidence
showing there are significant customers that require rail
delivery. A very important distinction. In fact, the
purchasers reported when you asked them about this issue
that PET Resin from both the U.S. and the Subject Countries
was comparable in terms of availability and in terms of
transportation costs.

With respect to distribution channels, both the
U.S. Product and the Subject Imports are sold to the same
channel to end users. Further, both U.S. and Subject Import
sources largely targeted even the same end uses, the soda
bottlers or the water bottlers. So this factor is met as
well.

And finally, imports from each Subject Country
and the United States were simultaneously present in the
U.S. Market in every year and even in every month the staff
examined. These factors collectively show more than a
reasonable overlap in competition to support cumulation.
Despite the strong evidence, Indian Producer Reliance urges the Commission not to cumulate imports because it has cooperated in this final stage of the case and other Subject Producers specifically those in China and Canada have not. There is no exception to the statutory cumulation mandate based on diversion degrees of cooperation where, as here, the statutory criteria supporting cumulation are met. In fact, even where this cumulation is discretionary the Commission has rejected this argument. In a recent case last year involving cut-to-length plate in a Sunset Review, the Commission decided that it should cumulate imports notwithstanding divergent degrees of cooperation. A failure to cumulate imports when the statutory criteria are met would penalize the Domestic Industry that is cooperating in the case. Decumulating imports on this basis on the other hand would reward respondents because certain respondents refuse to cooperate. That outcome is inconsistent with law and harmful to the cooperating U.S. Industry as well as providing a perverse incentive to Foreign Producers to be selectively uncooperative. Respondents' final attempt to cast dispersions on the U.S. Industry's actions in an apparently desperate effort to block cumulation of imports is erroneous and unwarranted as we will address further in our brief.

A second important issue here is Direct Imports.
It is crucial that the Commission recognize and analyze the price-related injury that imports sold directly to end-users caused U.S. Producers. As Mr. Cullen testified, many U.S. Purchasers are now buying PET Resin directly from the Foreign Producers, bypassing the middle man and obtaining very low prices for these imports at the Domestic Industry's expense. The Commission has gathered pricing data on direct imports in this case but has not compared those prices in its report to U.S. Prices.

A large part of the volume of sales by Subject Imports of PET Resin is through this direct import channel. As the Commission recognized in examining these direct import prices in the Sugar Case, where significant volumes were also sold through the direct import channel, a failure to account for underselling in direct import transactions would ignore significant underselling by imports and we urge you to analyze the direct import prices here as well for that reason.

The third legal issue I will address is causal nexus. As you saw on the slides that Mr. Rosenthal presented and heard our witnesses describe, the Domestic PET Resin Industry has lost market share directly to Subject Imports and has experienced significant underselling and resultant price depression by reason of Subject Imports and has consequently suffered serious erosion of its trade and
financial performance including the idling of facilities and layoff of workers.

This injury correlates with the increasing volumes and adverse price effects of Subject Imports within the legal framework that the Commission has adopted and the courts have approved. The slight uptick in the industry's condition once the volume of Subject Imports dropped due to the case-filing in 2015 is further confirmation of the causal nexus between the Subject Import behavior and the U.S. Industry's performance.

Other factors that are often identified as cause of the industry's problems cannot be cited here as the cause of the PET Resin Industry's injury. Demand for PET Resin has increased over the past three years which should have led the Domestic Industry's shipments to increase and allowed for healthy prices but the opposite occurred. Demand cannot be blamed for the Industry's injury.

While Respondents have tried to point to raw material costs as the explanation for price and profit declines, the Commission Staff's variance analysis shows that U.S. prices fell to a greater degree than cost so declining costs also cannot be blamed for the Industry's poor financial results. Respondents then cite non-Subject Imports as the cause of the problem, but as the chart Mr. Rosenthal presented shows, the Industry's lost market share
is directly to Subject Imports not to non-Subject Imports. Respondents site imports from Mexico in particular but pricing data the Commission gathered shows that imports from Mexico are priced higher than Subject Imports and generally higher than the U.S. Product as well so imports from Mexico are not the cause of the Industry's price declines and financial injury.

The final legal issue I would like to mention is critical circumstances as discussed in our brief, the statutory factors supporting a finding of critical circumstances as to India are met here. As you see in this last slide, once the Petition was filed, the volume of imports from India surged to a level well above what it had been prior to the filing of the Petition. So this compares five months before the Petition was filed in March of 2015 to the next five months. Based on these official import statistics as opposed to the erroneous data on which Premium Waters relies, the imports from India jumped from roughly 20 million pounds in the months preceding the Petition filing to over 33 million pounds in the five months after the Petition was filed but before the preliminary duties could be imposed.

That's an increase of 67.7 percent, a massive surge by any measure. The behavior of the imports by India here is precisely the type of behavior the Critical
Circumstances Provision was designed to address and we urge you to reach an affirmative finding on that issue here as well. Thank you for your attention. That concludes my statement.

MR. ROSENTHAL: That concludes our direct testimony. We will be glad to answer questions. I just should add that also available to answer questions in addition to the witnesses you have heard are our colleagues: Gina Beck from Georgetown Economic Services, David Smith, Grace Kim and Brooke Ringel from Kelley, Drye and Warren in the 2nd row.

CHAIRMAN BROADBENT: Okay. I want to thank all the witnesses for coming today. I will begin the questions. I think I'll try Mr. McNaul, if you wouldn't mind. Once of the biggest, if not the biggest economic stories of the past year has been the massive decline in oil prices. I read today in the Wall Street Journal that natural gas prices have fallen to a seventeen year low. If your prices are explicitly linked to raw material prices, how would we not expect a substantial decline in PET Resin prices over the POI?

MR. MCNAULL: Madam Chairman. You would expect, basically the way we manage our business is we manage the price we get for PET versus the costs we pay for raw
materials so any decline in crude oil price globally will impact the cost of raw materials. The prices will move commensurate with that and our objective is to manage the spread between our sales price and the raw material cost in any given period.

CHAIRMAN BROADBENT: There's a chart on page 25 of OCTAL's prehearing brief showing a strong correlation between PET Resin prices and raw material prices. Are you comfortable with that chart?

MR. MCNAULL: I've not analyzed that chart per say. I'm a little ignorant of exactly what trend it's showing. I wouldn't be surprised if there is a strong correlation between the cost of raw materials and the price of PET.

CHAIRMAN BROADBENT: Okay.

MR. ROSENTHAL: Chairman Broadbent, we readily concede there is a correlation. The key in this case, and also that the petroleum costs have been going down. The key in this case is that prices have been going down faster than costs. That is not explained by anything that OCTAL has presented. Our concern has been now that the Commission knows that the industry is able to pass through increases in cost and must pass through declines in cost that you think in the area or the time there is declining costs they should be making more money, but they are making less and that's
because prices are falling.

Prices of the finished good, the PET resin is falling faster than the petroleum or the raw material cost and that is the key to this case. That is the key to finding properly injury because of the pricing pressures by imports on the PET product.

MS. BECK: Madam Chairman, if I could just add table 5 of our prehearing brief gives comparison of what the declines in unit/net sales prices are compared to not only unit/raw material prices but costs and I think it is very indicative of how the price has dropped at a much faster pace than raw materials over the entire 2012 to 2014 period. So even though there are contracts how the price mechanism that takes into account raw materials but what it doesn't take into account is something they can't control which is the low import-pricing.

CHAIRMAN BROADBENT: Is there anything in the Staff Report that would illustrate that?

MS. BECK: Yes. The variance analysis is very supportive of that as well and also the table that we drew the information from for Table 5 of our Prehearing Brief is in the Prehearing Report at Section 6-3 and 6-5.

MR. ROSENTHAL: It's fair to say that all of this information comes from your prehearing staff report.

CHAIRMAN BROADBENT: Okay. Let's see, maybe Mr.
Freeman. Can you discuss whether you think the trend
towards light-weighting of bottles is counteracting any
increased production of bottles in the United States in
terms of growth and demand for PET Resin.

MR. FREEMAN: Right. The light-weighting is
where you are removing the PET from the actual product. The
bottle actually has less PET content. In my experience, the
majority of the light-weighting in the Industry occurred
prior to 2012. That's why you still see demand growth in
the 2012-2014 period. It still exists today. There are
still applications, bottles that can light-weight but it's
not a major issue at present day as it has been in the past.

MR. CULLEN: John Cullen from DAK. Can I just
add that unit growth of the packages that our customers make
out of the PET that we provide is up significantly versus
the actual consumption of PET so we've seen good growth from
the downstream customers, the consumers prefer PET so it's a
very good, vigorous market. There is still some
light-weighting that goes on that modifies the growth rate
for PET Resin.

MR. ADLAM: Mark Adlam from M&G. I would also
add that over the investigation period the market was
significantly up. There was growth in the market and some
of that can actually be driven by lightweighting. The cost
of the package comes down because of lightweighting that
causes increased demand and we actually can end up selling
more and I think over the investigation period and even
today we are seeing some good growth in our market.

CHAIRMAN BROADBENT: Are there new uses for this
product that are growing significantly?

MR. ADLAM: Mark Adlam again from M&G. Yes,
there are some new uses. You'd be quite surprised at the
range of products that PET is in, anything from movie film
to carpet fiber. In the last few years carpet fiber has
been growing pretty strongly. Probably our biggest grower
is still water bottles. That's growing at quite a good
rate.

CHAIRMAN BROADBENT: Yes, Mr. McNaull?

MR. MCNAULL: Yes, this is John McNaull. For
example, you see on the center table here that clamshell
packaging? You see a lot of this in grocery stores for
packaging of food and dry goods. That's growing very
rapidly outpacing a lot of the container growth. Mark
mentioned carpet is also an area where the growth is pretty
dramatic compared to similar product in beverages. But I
also wanted to mention in the case of consumer product
companies that are making these beverages you see on the
table here, when you compare plastic, particularly PET to
aluminum and glass as alternatives for consumer product
companies they prefer PET and PET is outgrowing those
materials also from a packaging perspective. So the overall growth rate is steady, it's modest. It's in the 2-3 percent range but it's steady and very consistent and we expect it to continue to be.

CHAIRMAN BROADBENT: Why did the growth in carpet uses...

MR. MCNAULL: This is John McNaull. From a carpet perspective for the carpet producer it's a route to low-cost manufacturing. They are able to use PET as a raw material compared to nylon polyethylenes which is more efficient in terms of raw material and the inherent manufacturing process is more efficient than manufacturing with those polymers as well. So the carpet manufacturer is able to make a high-quality product at very low cost. They prefer PET and it's growing at a much more rapid rate than the other polymer alternatives.

CHAIRMAN BROADBENT: Okay. What are the recycling issues around this product? It seems to me there are concerns about a lot of clamshells ending up in landfills and so forth. How do you guys discuss that?

MR. MCNAULL: This is John McNaull again. I happen to be an executive chair of NAPCOR which is a recycling organization for the industry and I think the biggest challenge for recycling is collection of the material. We have people who are willing to invest in
reclamation. We have people who are willing to invest, companies willing to invest in converting recycled PET into consumer products but the biggest challenge we face is the U.S. System of collection and its inability to deliver the supply stock needed to grow that industry. It's more of a policy issue for the country than it is private sector's willingness to invest or options to invest to grow consumption of our PET material.

Polyester inherently from a recycling standpoint is very robust. I mean, it can be recycled readily and there are many processes to do that.

CHAIRMAN BROADBENT: But is it true you can't reuse it in a food or a medical use, you have to use it in something different? MR. MCNAULL: No, again, John McNaul. You can collect any of those polyester materials and there are processes that are certified from a food safety perspective that allow you to put it into any of those products again.

CHAIRMAN BROADBENT: Ms. Beck from Georgetown. Should we actually be looking at a comparison of your costs versus market prices or should we be looking at a comparison of raw material price indices versus market prices?

MS. BECK: Could you repeat the question?

CHAIRMAN BROADBENT: Sure, should we actually be looking at a comparison of cost versus market prices or
should we be looking at a comparison of raw material price indices versus market prices?

MS. BECK: I think the actual cost as presented in the Staff Report are very indicative in using either the raw material costs or the total costs. I think also I know that Respondents were trying to push the issue of whether it was that raw material costs were causing the price declines and even requested that the raw material data was broken out by both MEG and PTA and even that information. So if you want to know the level of the individual raw materials it still shows that price decline was greater than the decline of raw materials.

CHAIRMAN BROADBENT: Vice Chairman Pinkert.

VICE CHAIRMAN PINKERT: Thank you Madam Chairman and I thank all of you for being here today to help us to understand these issues. I want to pick up with that issue that is reflected on confidential slide 14 which is a discussion of the sales values versus the raw material costs on a unit basis. What I see there is I see some evidence that the absolute amounts were different in the way that you are talking about, but when you described it, Mr. Rosenthal, you said that the prices are falling faster than the raw material costs. What I want to ask you is to take a look either now or for the post-hearing at whether the percentage changes are different or whether it's just the absolute
amounts that are different in the way that you said?

MR. ROSENTHAL: We'll do that and I understand
the distinction you're talking about and I may have
misspoken about that. The most important point, however, is
that one would expect in a time of declining costs that a
producer would be able to make more money. Their inputs are
costing them less. Something has happened in this industry
that has prevented that from being the case.

Instead of making more money, they're making less
money and again, you compare the price -- whether it's
percentage or over time -- the price has dropped much lower
than the cost of the goods sold or the raw material and the
question then is why? Our answer, and one that has not been
contradicted, there has been no explanation by Respondents
as to why price is dropping more than raw material costs.
Our answer and the only answer that this record allows you
to reach is because of the Subject Import pricing.

VICE CHAIRMAN PINKERT: Thank you, very much.

Now does M&G's construction of a large new
production facility in Corpus Christi indicate the domestic
industry's confidence in the U.S. market going forward?

MR. ADLAM: To a degree, yes. This is Mark Adlam
from M&G. As we've stated, I think we're confident that
there will be steady growth in the U.S. market. And that
was a large part in our decision to make the investment in
But I would say that, you know, the investment decision was made back in 2011 before the Subject Imports were really surging, and we are concerned about our investment. I mean, it's a big investment we're making, and when we see these prices coming in it makes it a very difficult situation for our company.

VICE CHAIRMAN PINKERT: Thank you. Now either here or in the post-hearing, it there anybody on this panel who is aware of any motivations that may have contributed to Canadian producer Selenis's strategic decision not to cooperate? That's the phrasing that you used at page 7 in your brief.

MR. ROSENTHAL: We will supply whatever information we have in our post-hearing brief. I do note, however, that there was a submission made by Selenis's counsel on Friday, served on all parties and on the Commission, which will provide some--as good a background as any, but we will give you what we have to supplement that.

VICE CHAIRMAN PINKERT: Thank you, very much.

MR. ROSENTHAL: I will add one thing. From a domestic petitioner's point of view, and if you saw the data that were submitted by the Canadian Producers in the prelim, you understand why we would like to see that for the final; and that we've been very clear about that.
VICE CHAIRMAN PINKERT: Thank you.

Now is a supplier's ability to supply PET resin in bulk versus supersacks, a competitive factor in making sales to U.S. purchasers?

MR. ADLAM: This is Mark Adlam from M&G. To my knowledge, most producers are able to produce resin in either bulk or package. And the customers can take the material in either. So different customers have different preferences, but by and large both can be used to supply the market.

Importers, by the way, can use sea bulk so they can also deliver into sea bulk, and there's a lot of trans shipping that goes on between supersacks, trans shipping it into bulk trucks. So really it's a very interchangeable type of process and suppliers have that capability.

MR. CULLEN: Mr. Pinkert, John Cullen from DAK. I'll add that most of our customers have been smart enough to add the capability to unload sea bulks, bags, boxes, whatever the Subject Imports are available in, so that they can take advantage of the low price.

So if they couldn't unload those types of packaging modes, they couldn't use that material. So they've made the investment so that they can take advantage, and there is no distinction between receiving rail cars, bulk trucks, or any other method.
MR. McNAULL: This is Jon McNaull, DAK Americas. We send every transportation mode to every region of the country. And ultimately when we negotiate a price it is on a delivered basis.

So, you know, whatever the situation is at a particular account, if we're competing with Subject Imports we will have to negotiate the outcome of price on a delivered basis, independent of what the mode is.

MR. FREEMAN: John Freeman, Nan Ya Plastics. We have the ability to bag our resin, or deliver in bulk, and we see the imports as stated in all three delivery mechanisms. We have not--we have not lost a sale due to a preference of how the PET is delivered.

VICE CHAIRMAN PINKERT: Thank you. Now is the decline in the domestic industry's net sales during the period mainly attributable to declining export shipments?

MR. ROSENTHAL: We'll let the companies answer individually as they can, and there are some issues there, but collectively I don't know if Ms. Beck wants to add something as a whole, because I think--I don't think every company is an exporter here.

MR. BECK: I think the one point that can be made publicly is that in looking at the overall volume of exports, as compared to the volume of U.S. shipments, it's much--the U.S. shipments is far, far greater than exports.
So although there may have been some decline in U.S.--excuse me, in exports, it was not to the level when you're looking at in comparison of what the total market encompasses, which is U.S. shipments.

MR. McNAULL: This is Jon McNaul, DAK Americas. We've seen two things happen. We had a significant export business. The same countries that are dumping products here in the U.S. are also competing very vigorously in some of our export markets. And we export--we in the past exported primarily to Central and South America.

And as these countries came in with very unreasonably low prices, we had to cut back significantly the export of PET into those regions.

At the same time, we saw domestic market share, which you've seen in some of the data that Paul has shared here, you see that we've lost share also inside the United States as well for these Subject countries. And their pricing practices have put us in a position where we've not been able to retain all the market share that we've had in the past.

MR. ADLAM: This is Mark Adlam from M&G. Our plant is in West Virginia, and we're pretty far from the Coast. So we've never had an export strategy, and any losses that we've had are more directly related to these Subject Imports.
VICE CHAIRMAN PINKERT: Alright, my last question this round is whether the panelists believe that switching over to Subject Imports may be a reasonable choice for some purchasers who need to maintain alternative sources of supply?

MR. McNAULL: This is Jon McNaull, DAK Americas. I mean we have more than adequate capacities. We have an industry that's investing in capacity to meet the needs of the domestic consumer. So there's really no reason from a supply perspective that this industry won't do an excellent job of supplying the material needed for customers.

For us, I mean it's just an issue of competing fairly from a price perspective. And if we are in a marketplace environment where people can compete fairly, then we'll invest and we'll make the supply product needed available.

MR. FREEMAN: John Freeman, Nan Ya Plastics. Our domestic industry has already been characterized today as four large domestic producers. So there are options domestically versus having limited sources.

So the reason that we feel that we lose of course the business to the imports is more due to the pricing behaviors that damage our industry from the Subject Imports.

There are multiple options domestically available to customers.
MR. ADLAM: This is Mark Adlam from M&G. I would almost say the reverse is true from your question. I mean one of our best defenses from M&G's perspective is the domestic supplier is our reliability of supply. And, frankly, the supply reliability from Subject Imports is not as good.

They've got a long way to bring their product, and other things. So one of our strongest defenses is to say we have a better supplier approach, and that's believed by a lot of customers. But still it can get overwhelmed with the very low prices that are being offered.

MR. ROSENTHAL: One last point, Commissioner Pinkert. Nothing in this case prevents the purchasers from having an alternate supply option, either from a different member of the domestic industry, or nonsubject imports. Or, how about this as an idea: Buying Subject Imports at fair prices?

If the pricing weren't dumped or subsidized, we wouldn't be here. And there would be no problem whatsoever. We're not saying you can't buy it now; just pay a fair price.

VICE CHAIRMAN PINKERT: Thank you.

CHAIRMAN BROADBENT: Commissioner Williamson?

COMMISSIONER WILLIAMSON: Thank you, Madam Chairman. I too want to express appreciations to all the
68

witnesses for coming today.

Commissioner Pinkert already addressed the--asked
questions on the transport issue, and this is just a few
questions on the margin of that.

Mr. Cullen, you mentioned that most of the
industry I guess, or many of your customers have already
made an investment so that they could receive shipments
either by rail, or in bulk, or by truck. I was wondering,
were those investments primarily made before the Period of
Investigation? Or is this something that's been going on
during this Period of Investigation?

MR. CULLEN: I would say that we saw, let's say,
increased activity in terms of investment in unloading of
overseas containers during the Period of Investigation. And
I'll go as far as to say that some of the importers
subsidized the investment in order to facilitate getting
those assets in place to make it easier for their customers
to use their preferred method of transportation--not the
customer's preferred method, but their preferred method.

So I'd say the answer is: Much more activity
between 2012 and 2014.

COMMISSIONER WILLIAMSON: Okay. Thank you.

MR. McNAULL: John McNaull, a follow up to that.

Our customers are very sophisticated. I know John Cullen
and I have experienced at least two instances where
customers would make investments to bring this capability so that Subject Import threat would be credible. And then they compel the lower price from us, and then we continue to supply.

So they've often used this as a tactic to put us in a position where we're absolutely forced to meet a subject importer's pricing.

COMMISSIONER WILLIAMSON: Okay. In general is there some advantage of--does rail offer certain advantages to producers versus say truck transport?

MR. McNAULL: Jon McNaull. It's structurally dependent. For example, if DAK has a customer that's very close by, one mode may be more efficient than another. If we have a customer that's a very long distance away, it could be that rail is the advantage. So it depends on which of our manufacturing facilities we're shipping from, and which of our customer locations we're shipping to.

We use all transportation modes to deliver, depending on the situation we're in. And you have to evaluate that situation literally lane by lane in terms of where you're delivering PET.

COMMISSIONER WILLIAMSON: Okay.

MR. ADLAM: This is Mark Adlam from M&G. Just to supplement, I would say somewhere around 400 miles rail tends to be more efficient than trucking directly. But it
does depend on individual locations and where we're shipping
from. But it can offer some efficiencies, for sure.

COMMISSIONER WILLIAMSON: Does this also--is there
a comparable situation in terms of imports? I mean, when it
comes into the port in how far they have to ship to the
destination? In other words, if some of this--and obviously
some of the imports are packed in a way to be intermodal and
going straight there in a container or not?

MR. McNAULL: This is Jon McNaull. I mean,
absolutely. It's just dependent on how far it has to be
delivered and what the options are for logistics. And
again, I'm sure they're in a very similar situation where
they have to evaluate each of those deliveries to see what
the most efficient mode would be. And they are capable of
accessing the same modes of the delivery as we are.

COMMISSIONER WILLIAMSON: Okay. And they could do
it on an intermodal basis so that you--

MR. McNAULL: Jon McNaull. I mean they can--for
example, they can bring an ocean container with sacks. They
can dump those sacks into a rail car. And then they can
form a contract with the railroad to deliver in rail cars.

They can take supersacks, put them in a bulk
truck. Or they can send those sacks directly. So they're
able to distribute product in the same way that domestic
producers would be.
MR. CULLEN: And John Cullen from DAK. Just to add, the subject importers can deliver their material to ports all around the United States--the coastal ports, the inland ports. We've seen activity in all different parts of the country. So they can use the global logistics to deliver their products in all geographic regions, including ones that they might suggest they don't, which is the Midwest.

So every day we see transactions coming into the ports along the Great Lakes from Subject Import countries.

MR. ROSENTHAL: Paul Rosenthal. Just to supplement, Commissioner Williamson, if you go back to the slides from Ms. Cannon's presentation, a slide taken directly from the staff report, it shows that the Subject Imports are in every region. It doesn't show every mode of transportation, but they get their sales to whatever region, whatever customer is necessary, and through whatever means necessary.

You don't gain market share that rapidly if you don't know how to transport your product.

COMMISSIONER WILLIAMSON: Okay. Thank you for those answers. The Staff Report notes that the Commission did not receive any questionnaires from purchasers that described themselves as distributors.

What kind of firms are distributors? And how
significant are they in the market?

MR. ADLAM: This is Mark Adlam from M&G. Most of our customers in PET are fairly large in size, and so the role of a distributor is somewhat limited. They do exist. There are a couple of them, but by and large the role of distributors in the PET industry are pretty small.

COMMISSIONER WILLIAMSON: Okay. Thank you.

The Staff Report notes at page 5-2 that some market participants report that the U.S. industry is vulnerable because it's highly dependent on raw material from a single supplier, PP. How do you respond to these assertions?

Mr. Freeman?

MR. FREEMAN: John Freeman, Nan Ya Plastics. Yes, PTA is one of our important chemicals into our process as we described. Nan Ya Plastics is the only I guess 100 percent merchant purchaser of PTA today. So the other companies in the industry have their own, or are developing, or are building their own plant to product PTA.

MR. CULLEN: Well--John Cullen, DAK. I would add that PTA is available in the U.S. from three different producers, one of which is BP. There are other producers that are in Canada and Mexico, which can ship PTA into the United States under the Free Trade Agreement so there are no penalties in terms of duties to access PTA from non-BP
sources.

MR. ADLAM: This is Mark Adlam from M&G. We don't buy any PTA from BP. So we manage to source our product very comfortably from other sources. So BP doesn't have any monopoly control whatsoever on the U.S. market with PTA.

MR. FREEMAN: John Freeman, Nan Ya Plastics. We are a customer of BP. And when BP did have their issue and Cooper River Plant, Charleston, South Carolina, in Q-4 2014, we did continue to meet our customers' orders, and we met all of our demands.

At that point we did import some PTA for our operation.

COMMISSIONER WILLIAMSON: Okay. Good. Thank you for--

MR. McNAULL: Jon McNaull, I'm sorry, briefly--

COMMISSIONER WILLIAMSON: That's okay. Go ahead.

MR. McNAULL: We manufacture some of our own PTA, and we purchase from multiple sources within the region.

COMMISSIONER WILLIAMSON: Okay. Thank you. For M&G, we're already discussed your Corpus Christi plant, but I was wondering if you could go into more detail about the time line and when you're going to ramp up in terms of production and employment at the plant.

MR. ADLAM: This is Mark Adlam. Yeah, we've
already started the hiring process. We were interviewing extensively over the last few weeks. The plant is scheduled to come up on line in Q-3 of 2016. There's actually two parts of the plant. The second part will probably start up in 2017.

But, yeah, everything is moving for Q-3 of 2016.

COMMISSIONER WILLIAMSON: Okay. And will the PTA and PET resin production units commence production at the same time? If you want to, you can--

MR. ADLAM: That's what I was hinting at. The PET part of the plant will start up in Q-3 of this year. The PTA may be a little longer, towards the beginning of 2017.

COMMISSIONER WILLIAMSON: Okay. Thank you. You mentioned that the decision to build the plant was in 2011. I was wondering, was there some--you know, sometimes people decide to build something and then they stop. Was there any point sort of after the Period of Investigation you may have decided, well, maybe we won't do this after all?

MR. ADLAM: I think once you're actually committed, you know, there really is no stopping. I mean, there's a huge amount of work that goes involved. I mean, it's a huge decision for our company. I mean, I know we've been represented as a multi-national company. We're actually a family company, family-owned company. This is the single biggest investment decision that has been taken
in the company's history.

    It was through an awful lot of thought. So I'm sure there was, amongst the family some indecision making such a huge commitment to the U.S. market. But once you have started on this road, I mean you can't just pull out. I mean you've already sunk, you know, literally hundreds of millions of dollars.

    We're very heavily invested in this project, and we will see it through, for sure.

COMMISSIONER WILLIAMSON: Okay. Thank you for those answers.

CHAIRMAN BROADBENT: Commissioner Johanson?

COMMISSIONER JOHANSON: Thank you, Chairman Broadbent. I would like to thank all of you for appearing here today.

You all say at page 53 of your brief that the causal connection between Subject Imports and the condition of the domestic industry is unassailable. But in the first two years of the Period of Investigation, the trends in the domestic industry's production, capacity utilization, employment of labor, average unit value, unit COGs--cost of goods sold--and capital expenditures are not moving in a way that would be expected given the trends in Subject Import volume and Subject market share.

    If the causal link is very strong, shouldn't we
see a clear causation in every year of the Period of
Investigation?

MR. ROSENTHAL: Paul Rosenthal. No. The answer
is no. We have to start with the fundamentals of this
industry. You're not going to see it with respect to import
volumes all the time. Again, big capacity--excuse me, big
investment, capital investment, and a requirement in this
industry, the goal is to run these plants 24/7, if you can.
You don't want to shut these down.

And this is, not even like a steel plant which
you want to run at high capacity, too, given the capital
investment. These are high capital investment operations,
and you want to run them 24/7.

When you're faced with Subject Imports who are
pricing below you, the first thing you're going to do is to
suspend your sales. And so you may not see an increase in
market share that great in the first year or two, if you
decide to say we're not going to give up our production
because we want to keep our operations running as highly
efficiently as we can. Instead, what we're going to do is
reduce our prices and have our financial results decline.

Now as you can see, over time, over the course of
this, at some point they said we can't accept certain
prices. We'd rather give up that sale, give up that volume,
and not have a loss-inducing sale in that instance.
And so what I'm saying--and this goes on every day. This is why in these cases it's very important not to look at this as some kind of linear operation. Every day these guys are saying do I make this sale at a lower price? Or do I give it up and accept this loss in revenue?

And that's why you cannot see a steady progression on volume as the sine qua non of injury. I would like to have the industry witnesses expand, if they will.

MS. CANNON: Well, Commissioner Johanson, if I could just supplement for a minute, I'm a little constrained by the confidentiality of the data to actually discuss the specifics, but I would beg to differ in terms of the premise. Because I am seeing pretty steady declining trends of the domestic industry's performance from 2012 to 2013 as the Subject Imports go up. It may be a matter of degree, but you're seeing as the imports started to penetrate this market the financial performance of the industry deteriorate. You're seeing under selling. You're seeing the domestic industry's market share in shipments tail off, and some of the beginning variables that you would expect to see, and then it worsens considerably in 2014.

And then, conversely, in 2015 when the import behavior backs off a bit, when the volumes start going down because we filed this case, we start turning up a bit. So I
think the correlations actually work pretty closely. And we can give more specifics on the actual numbers in the brief, but just looking at the Staff Report I'd say there is a relatively good correlation over the entire period.

COMMISSIONER JOHANSON: Alright, thank you. Any clarification would be appreciated.

Mr. Adlam?

MR. ADLAM: Yes, this is Mark Adlam from M&G. I think Paul gave a good description of how our business can be. It's a tough business to be in. We invest a lot of capital, as you can tell from the Corpus Christi project, but also the assets that we also have on the ground are highly capital intensive.

And basically to, you know, just break even you have to keep a very high utilization rate just to keep that capital turning over. So basically, you know, in a day-to-day basis that translates to people coming to you saying, you know, who are your customers? Are you going to keep selling this? And you need to be at this lower price? Or are you going to give up business?

If you give up the business, you start hurting the utilization number. If you match the price, you hurt that number as well. So you're kind of in a very difficult dilemma, and we make those decisions individually on a
day-by-day basis. And it's very hard to translate the
day-to-day back into the macro of how does that impact your
overall business results.

And, you know, whether or not you take the
business at a lower margin, or whether you let the business
go, either way hurts you. So it's like a steady decline
each way, and that's what we've really been seeing between
2012 and 2014. And, true, in 2015 things got a little
better, but most of that I attribute to this case. I mean,
basically the imports backed off and gave us a little bit
more opportunity.

MR. McNaul: This is Jon McNaul, DAK Americas.
I think structurally it takes time, right? Subject Imports
come in. They put some egregiously low prices on the table.
And then things like we described earlier: people make
investments in logistics.

You have a folio of sales. It takes time for it
to turn over. So the full impact takes time for itself to
kind of structurally and systemically work its way into the
final results. It takes multiple quarters. It doesn't
happen immediately.

So you wouldn't expect to see competitive
behavior change at the beginning of the period, and
necessarily see the full impact of that change during that
initial period.
COMMISSIONER JOHANSON: Alright. Thank you for your responses.

On pages 18 to 19 of OCTAL's prehearing brief, global demand is described as very strong. The coming addition of U.S. capacity certainly would seem to be consistent with strong U.S. as well as global demand.

Do you all agree? And if you could focus on the global demand part, as I understand Commissioner Pinkert has already touched somewhat on the U.S.; demand.

MR. ADLAM: I think the overall--this is Mark Adlam from M&G--I think the overall demand for PET globally is somewhere around 20 million tons. So I don't know if you described that as strong or not.

I think the thing you have to look at, too, is what is the overall global capacity for PET. And that is actually 30 million tons. So we have 20 million tons of global demand, and 30 million tons of global capacity. So I think we're in a global, very much in a global over-supply situation.

The market situation in the U.S. is much more balanced than that overall global picture, which makes it an even more attractive target for these importers to look at, because the balance is better here than it is in the rest of the world.

COMMISSIONER JOHANSON: I'm sorry, Mr. Adlam?
What do you mean by "balance"?

MR. ADLAM: The balance between supply and demand.

COMMISSIONER JOHANSON: Okay. Thanks.

MR. McNAULL: Jon McNaull. I agree with Mark's comments. I think globally PET consumption is growing, 4 or 5 percent year over year. And in the United States it's growing closer to 2 to 3. In terms of balances, globally the capacity utilization globally is probably in the mid-60s. And capacity utilization in the United States is in the low to mid-80s. And I think that's Mark's comment about the balance.

We have a better match between the demand and the production in terms of the way we utilize the assets we've invested in.

COMMISSIONER JOHANSON: Will capacity utilization in the U.S. get lower as the big plant in Corpus Christi opens up?

MR. McNAULL: U.S. market is roughly 3-1/2 million tons, growing 3 percent per year. So this market organically is growing 100-120,000 tons a year. So that capacity expansion should be absorbed in 7 to 8 years on paper.

And then, you know, basically the capacity is going to be needed for the long term to supply the customer base. So from that perspective, it's I think welcomed by
the customers as a source of supply.

MR. ADLAM: This is Mark Adlam from M&G as well.

I mean one of the difficulties when you come to make an investment in PET is that you can't just make the investment equal to the incremental demand that the market needs for the next one, or two, or three years.

If you do that, basically you don't build an efficient plant. So you have to build a world-efficient plant, which means the PET capacity comes on in slugs. And, you know, while we would love to have built just the incremental capacity that was needed, you know, what we took was a decision to make the most efficient capacity that was in the right direction in terms of what the market needed, as well.

And, you know, we believe it was a sensible decision, given those two kind of factors that you have to balance.

MR. ROSENTHAL: I would add, too, based on Mr. Adlam's testimony earlier, that one way to address that and make sure that there is not too much excess capacity, is to do what they've announced: stop importing from Mexico, and also use that as an export platform.

And I'd like to add one more thing, because Respondents have made an argument here that I don't think is well founded. Yes, demand in the U.S. is growing.
Respondents complain, or they argue there's something wrong when DAK or somebody else closes a facility which really could compete against fairly traded imports, and then suggest that somehow the domestic industry shouldn't make the investment to supply its own market over time.

I think it makes perfect sense for the domestic industry to invest in a growing market and not have that investment undermined, or to suggest that only Subject Imports are appropriate to fulfill the increased demand in the marketplace.

COMMISSIONER JOHANSON: Alright. Thanks for your responses. My time has expired.

CHAIRMAN BROADBENT: Commissioner Schmidtlein?

COMMISSIONER SCHMIDTLEIN: Thank you. Good morning, and thank you to all the witnesses for appearing here today.

So I want to start with a question that I think is best for the lawyers. And that is on this issue of adverse inferences.

Ms. Cannon, I know you talked about that in your opening, or in your direct, if you will. Can you spell out more specifically what that would look like in an opinion here in terms of exactly what are you asking the Commission to do?

Because I thought I understood you to say that we
shouldn't decumulate China and Canada from the other two countries. So are you saying that we just assume the ultimate conclusion adversely based on those two, and that's how the opinion would go? Can you just explain a little more how you would suggest that the Commission address that?

MS. CANNON: Thank you, Commissioner Schmidtlein.

I think that you have various options there. Certainly within the gambit of the statute, the adverse inference provision would allow you to automatically issue a negative decision, I believe, against Canada and China—-or an affirmative decision, ruling adversely to them, a decision in our favor, because they haven't cooperated here.

And then you would move on from that and decide as to the other two countries based on a more fulsome analysis that would ascribe whatever the best information you had at your disposal, which is typically what the commission does.

So as a first step, to say these people haven't shown up and cooperated. This is basically the say the Commerce Department approaches this task. Somebody doesn't show up, so you lose. You get the highest margin we have available on the record that the Petitioners have alleged and that we can, you know, document.

So to the extent that we've given information that is more than documented here of injury and significant
volume of imports, and the price effects that you've heard
our witnesses testify to, I believe the Commission could
simply accept that and stop there for countries that don't
cooperate at all. And then move on to the second part of
the analysis.

And alternatively, the Commission could decide to
do the more comprehensive analysis it normally does, but
take adverse inferences as to information that isn't
supplied to you and say when this information hasn't been
submitted, then let's look, rather than taking for example
here the limited information that just a handful of Chinese
producers gave you and saying that's our best information,
looking at more comprehensively information we have given
you and that's available that shows how massive the Chinese
industry is.

So I think at a minimum you would be looking at
that type of information. And where there's a question of
what's their utilization like, and one of their
questionnaire responses says, for example--and this isn't
APO so I don't remember--said something like, oh, we're at
maximum capacity utilization, you wouldn't assume that. You
might have referred instead to testimony of Mr. McNaull who
just said globally you're looking at more like 60 percent
capacity utilization. So making those judgment calls I
think is part of it.
But then the last point I would make—and this is I think really critical—even if you are not in the adverse inference land, at a bare minimum here it is critical that the Commission use the information that is available to it that was provided to you preliminarily from the Canadian and Chinese producers on all aspects of the case, pricing information, sales information, all the information, and not ignore that information simply because they haven't shown up at this point, to the extent that going that route of ignoring information would help the Respondent's cause.

So I think there's sort of a series of analysis that could be done from sort of the most extreme to a more balanced approach, if you will, but to not even use information that's available to you in a way that hurts the domestic industry because people are not cooperating is really the part I was focusing on in my testimony today.

COMMISSIONER SCHMIDTLEIN: Okay. I guess in general the Commission usually sort of builds the record our self, right, based on information that we are able to gather, based on information provided by the parties, the petitioners, and you don't really need to draw an adverse inference if you're just analyzing the record as it's been presented.

Now maybe using the information from the prelim if they didn't participate now, and so forth. So I guess
it's maybe a big part of your argument and I just wondered
how--because otherwise don't you really get into penalizing
the countries that have come forward and participated who
don't control whether or not these other countries also
participate?

I mean, you know, if we're just going to assume
the case away and cumulates--

MS. CANNON: Right. No, I understand your
question. And obviously we're asking and urging you, and my
testimony today did mention adverse inferences because we
are urging you primarily to cumulate and use the information
that we've pointed to in the brief first and foremost, which
is from them, as the basis of your analysis, which I don't
even think gets into the adverse elements of it.

COMMISSIONER SCHMIDTLEIN: Right.

MS. CANNON: We are not abandoning the adverse
point, which we've raised many times in other cases. I
think, as I said, it's a series of analyses.

You have cases before the Commission where
there's one country that doesn't show up. And even then the
Commission hasn't used adverse inferences where it penalizes
nobody, for example.

So, you know, it's not always a matter of
balancing it, I think, when we've made this presentation in
the past, which we started there and said when you've got
nobody else that's harmed, and they haven't shown up, can't you make more adverse inferences?

So that's been the starting point. But in a case like this, at a minimum I think using the information that is more comprehensive to do an analysis of companies that are not cooperating is not even adverse. It's just the more comprehensive information available to you.

COMMISSIONER SCHMIDTLEIN: Okay.

MR. ROSENTHAL: If I might?

COMMISSIONER SCHMIDTLEIN: Sure.

MR. ROSENTHAL: Just to supplement that, I think one of our--we certainly understand the lack of desire on your part to penalize folks who are participating, and I don't think we were suggesting that if two countries don't show up you automatically make an adverse inference against all four.

But we are a little bit concerned that even in cases, as Ms. Cannon has described, when there's information on the record about a country or those producers who haven't shown up, you simply rely on what's presented by them at some stage and don't even go to what you've got in the record to rely on. If you don't use everything in the record for some reason--and I think Ms. Cannon is urging a more fulsome approach: Rely on everything there, even though it might not have been submitted in your questionnaires.
And that is probably ultimately what I want to come to, which is: There's a lot information in the record that is not from questionnaires, and sometimes you don't want to deviate from questionnaire responses, and we want you to go far beyond that.

When we submit information about Chinese capacity and the 30 companies who haven't come in to participate, we want you to look at that and rely on that, as opposed to the one or two who have supplied you with information.

One last point here, and I don't want to take all your time, but you have a representative here from Reliance. As described, a very large global company. But in terms of this product and this market, they are a very, very small player. And the two major producers who refused to cooperate at the Commerce side of the case and therefore got adverse tax available there, aren't represented here.

You're going to hear testimony from them from Reliance, and it makes it sound like they're the industry and you should rely on everything they've got, and we're saying no, no, no, don't forget all those other people who are not cooperating and not providing the information.

COMMISSIONER SCHMIDTLEIN: Well I think that's sort of the follow up, of doesn't it get more tricky when you've got not the entire--you know, you've got all the small players on the other side participating, but not the
bulk of the industry, and then what do you do?

MR. ROSENTHAL: Yes, it does.

COMMISSIONER SCHMIDTLEIN: And build the record
and look at whatever we have to analyze the case, rather
than just assuming, you know, some fact adversely without
any basis in what data we have. I mean, maybe this is a
legal distinction, but--

MS. CANNON: Well, no, actually I think the point
is fair only because in the past there have been situations
where I think we've said you should use adverse inferences,
and probably use that word mistakenly, because what we were
really asking the Commission to do was simply not--

COMMISSIONER SCHMIDTLEIN: Draw a conclusion,
yeah.

MS. CANNON: --the questionnaire responses and
look more broadly at all of the data that's available on the
record.

COMMISSIONER SCHMIDTLEIN: Okay. Alright, so I
don't have much time left but I do have a question about the
direct imports and the table in your brief on page 38.

I wonder if you could explain a little bit more.
I mean, I know you have a footnote and it's bracketed, so
maybe you have to do this in post-hearing, about where you
get these numbers, and the number of quarters. Because
obviously when you look in the pricing data, and I can see
that you've included other things, it's not just--it looks like preliminary information that was provided.

So where do you get those numbers? And then the second question is in how you categorize these different, you know, the number of quarters that were undersold, and the number of quarters that were oversold. Does that include the costs that we asked the direct importers to estimate that would be in addition to the purchase costs numbers.

So when you conclude like, oh, there's X number of quarters underselling, did you based that on a comparison that included that estimate of the additional costs?

MS. BECK: The data in Table 4 is based on the actual purchase costs that were reported by the importer, and the questionnaire without any adjustments to it.

COMMISSIONER SCHMIDTLEIN: No adjustments--

MS. BECK: Correct.

COMMISSIONER SCHMIDTLEIN: Have you done that?

Have you run those numbers?

MS. BECK: We're happy to present that as well, because that will still show instances of underselling--

COMMISSIONER SCHMIDTLEIN: Okay.

MR. BECK: --to back up to your question about exactly what information was used, just to say generally certain information was used in the staff report that may
not have included all of the preliminary information that was on the record. And we're working with the staff to make sure that what we used was useable. Because in what we present we want to make sure that it is the best information--

COMMISSIONER SCHMIDTLEIN: Okay--

MS. BECK: --even if only the examples used in the staff report, in the prehearing staff report were used, it still shows a majority of underselling. There isn't an exact table in the staff report that compares the U.S. prices to the direct import prices. We're happy to put that in even as another table for our post-hearing brief.

But even that shows a vast, vast majority of overselling compared to underselling. The other element is the volume--excuse me, of underselling. And the other important point is just using the information in the staff report for the direct import comparison, if you look at for certain products the volume for the direct imports compared to the selling price it's a much greater volume for the direct imports.

So on so many levels we want to make sure that--

COMMISSIONER SCHMIDTLEIN: Just based on the staff report?

MS. BECK: Just what's in the staff report. So we can also do a comparison in our post-hearing brief. But
just even using the data in the staff report for the direct import comparison--

COMMISSIONER SCHMIDTLEIN: Because it looked like, I mean there was one country that played in that area, you know, in the staff report, but it looked like they were also sending a lot through importers, to me. But you can line it up.

MS. BECK: Right. So we're happy to. But again we're working with staff so that for the post-hearing brief the information is as accurate. But again just using the bare minimum of the direct import data, it still shows and supports our conclusions.

COMMISSIONER SCHMIDTLEIN: Okay. Alright, thank you. Sorry.

CHAIRMAN BROADBENT: Okay. Mr. Adlam and Mr. McNaull, why is DAK entering into a purchase agreement with M&G for PET resin produced in Corpus Christi?

MR. MCNAULL: This is Jon McNaull, DAK Americas. I think the opposition is going to describe the arrangement in a nonfactual and a way that's not the truth, which we take great offense with, by the way, due to the integrity of our company.

This is simply a PET purchasing agreement. It allows DAK Americas to get a quantity of PET that we need to continue to support our customers and maintain our share of
the market in the industry. And it was a very efficient way to have that supply of PET.

And again, it's simply a supply agreement, or a purchasing agreement, and nothing more.

MR. ADLAM: This is Mark Adlam from M&G. From our perspective, it obviously is an arms' length sales agreement. And, you know, we would do it--I think Commissioner Johanson was asking questions about why such a big plant, and this type of thing.

For us, this offsets the risk by knowing we have a customer to take some volume from us. That offsets some of the risk.

MR. McNAULL: And Paul reminded me, I've been a little bit distracted by the accusations made against our company, so I haven't been totally objective, and I forgot the other motivation is the fact that, you know, spending a billion dollars in capital independently to build such a facility, given the kind of conditions that we're in and the financial results we've had as a result of the subject imports and the pressure they're putting on the market and their unfair trading activities makes it difficult to lay out a billion dollars to build such a facility alone.

CHAIRMAN BROADBENT: Okay. Mr. Rosenthal, looking at your confidential chart number 15, and I'm not asking you to go into specifics, but to what extent are some of these
trends related to the industry's export shipments over the POI?

MR. ROSENTHAL: There has been a decline in export shipments as indicated earlier in the testimony, and the reasons for that were also indicated. But as Mr. McNaull and others have pointed out, the major reason for the declines has to do with the shift in market share that you saw earlier on the table, that X, where this industry lost a significant amount of market share overall directly to the Subject Imports.

So that's where the majority of the volume loss took place. And also the pricing pressure on the imports where the domestic shipment AUV, for example, were directly affected by that.

MS. BECK: And, Madam Chairman, if you look at the summary table, and you just look at the percentages and you compare the percentages of the exports decline compared to the U.S. shipment decline, it may show that the export decline is larger. However, if you look on an absolute basis, you will see that the volume is so high for the decline in the U.S. shipments on an absolute volume basis as compared to what it is on a--for the exports.

MR. ROSENTHAL: I appreciate that. That's a very good point. We're not talking about percentages on the load basis. We're talking about absolute volumes.
CHAIRMAN BROADBENT: Okay. I know we've been talking a bit about the investment in Corpus Christi, but oftentimes, very often we're told that an industry's inability to invest in itself, or take advantage of increasing demand, is a sign of vulnerability. So would you agree that the kind of Green field investment in Corpus Christi demonstrates a lack of vulnerability for the U.S. industry?

MR. ADLAM: No. Absolutely not. I mean we made this investment decision back in 2011 when things were better than they are, or were, or have been since. And, you know, I don't think it shows any sign of strength. It's been a very tough investment decision for my company. It's one we need to make to support the growth in the market. We want that volume because we're a domestic producer. We don't want to cede the volume to unfairly traded imports.

On the other side, it's do-or-die, basically, from our perspective. It absolutely does not represent strength from our perspective.

MR. McNAULL: Jon McNaull. The only thing I would say is I think anyone who is subject to these type of competitive practices is going to be in a situation they didn't expect to be in. And not vulnerable, per se, but certainly having results that you didn't expect.
MR. ROSENTHAL: Paul Rosenthal. I just wanted to supplement on what basis. I know we're looking at, and you're looking at the domestic industry as a whole. The investment that we're talking about at Corpus Christi is made by M&G, which is the smallest player in the domestic market, who has the least amount of capacity to supply demand. And their decision made in 2011 was, we want to be a bigger player and to supply demand that we expect to be growing, and use that to displace our imports from Mexico.

All rational decisions, and all based on this notion that the U.S. market would continue to grow. But it's a one-company decision. Just as DAK may have made decisions to say, hold on, we know there's another big facility coming onstream, and because these come on in big slugs it doesn't make sense for us to invest our own billion dollars in this. The market is not going to support that. And the best thing to do in the short term until the market grows enough is to buy some of that product and save the billion dollars and maybe if the market supports it we'll make our own investment later on.

But again, I know you want to look at an investment on behalf of the industry as a whole, but you have to look at this one company which has a, I want to say one of the smallest domestic presences as making their decision as to what they're going to do to be a player in
the U.S.; market.

CHAIRMAN BROADBENT: Okay.

For Mr. Adlam, when you make deliveries under contract are you required under those contracts to provide materials from the United States, specifically? Or can you supplement with imports from Mexico as you see fit?

MR. ADLAM: We supply from both locations. So we don't specify normally in our contracts for a particular location, as supply from either.

CHAIRMAN BROADBENT: Okay. And the purchasers don't have a preference, particularly?

MR. ADLAM: We usually deliver from what makes the best logistics sense for us. Our West Virginia plant is very, very well located for the strongest demand in the U.S. market. It's in a great location. And so, you know, we try to supply from Apple Grove whenever we can, because freight costs are lower.

CHAIRMAN BROADBENT: Okay I guess this kind of raises the question: Do suppliers have advantages based on their geographic location?

MR. ADLAM: I think typically in the domestic market you tend to see sort of one price nationally. It's not like there's regional pricing or anything else on that. But clearly if you're closer to a customer, you know, you can deliver a little bit cheaper than you can further away.
So you can sometimes see that as a trend, the closer to one of our domestic plants tends to be where you see the supplier. But there's no set rule. We supply all over the U.S., you know, West Coast, East Coast, North, South. We're everywhere and, you know, there's no particular rule about being close.

CHAIRMAN BROADBENT: But wouldn't you say there are areas where imports are more—it's more cost-effective to supply with imports than domestic?

MR. ADLAM: When you say "cost effective," that's kind of a—you know, it doesn't make sense to me from, you know, the basic argument. We have customers in every single region. I think from their perspective they do have some lower costs of delivery. So, you know, if they're close to the Coast they have lower costs of delivery. That does help them out.

But we see them in all geographic regions of the U.S., as well. So it may be more prevalent towards the Coast, but they're in all locations.

CHAIRMAN BROADBENT: How do you all respond to the statements that U.S. producer's capacity is older and less efficient than the new plants that are built outside the U.S. within the last five years?

MR. McNAULL: DAK Americas, we bought Eastman Chemicals and Tegrex Technology, which is unique. It's a
melt-to-resin technology. It's recent in its investment. It's efficient. It's productive. So I think you could completely debunk that theory, right? It's probably a globally leading technology both in scale and the inherent technology itself. So I don't think that argument holds any water.

  MR. FREEMAN: John Freeman, Nan Ya Plastics. In my testimony, we compared the two technologies, the solid stating and the NTR. We employ the solid stating, but we do study, you know, competitive alternatives. But it is our opinion that there's not a competitive advantage versus the solid stating for the melt-to-resin.

  MR. McNAULL: Jon McNaull, DAK Americas. We run traditional PET technologies in the one I mentioned earlier, and it's our opinion that traditional PET technology can be very competitive compared to melted resin technologies. And again we employ both, and we use both commercially in our assets. So I think North America has very competitive technologies, and I think all of the industry here is capable of having assets that are in fact globally competitive.

  MR. ADLAM: Mark Adlam from M&G. We are obviously building in Corpus Christi, which will be a state-of-the-art facility. It will be a very low-cost facility. There's no question. That doesn't mean we've ignored our other
facilities, and we've made substantial investments in our Apple Grove, West Virginia plant to modernize it as it goes on.

And we believe that plant to be a very efficient plant. And there's no reason for obsolescence because there's a new plant going up, that's for sure.

MR. ROSENTHAL: I know your red light is on, Commissioner Broadbent, but I just want to add one thing because I'm always interested in this argument by respondents arguing that their plants are more efficient than domestic plants.

As a legal matter, I would say that's irrelevant. So what? If you're so efficient, why can't you get your product here without dumping it? And if you're so efficient, why can't you sell here without being subsidized? So this is not a question of a 201 case where the domestic industry may need relief to be able to invest to get more efficient. This is a question--it's a nice academic thing of who's better and who isn't, but in the antidumping law, like in tort law, you take your victim as you find him. Even if they're the most inefficient industry in the world, you may not like to reward them for their inefficiency and give them import relief, but as a practical matter if they were being injured by imports that are unfair, it doesn't matter how efficient they are compared to
their foreign competitors. That's the law.

    CHAIRMAN BROADBENT: Okay. Vice Chairman

    VICE CHAIRMAN PINKERT: Thank you. I recognize
that you have made a presentation about underselling and
characterize the evidence as showing substantial
underselling. But hypothetically speaking, let's say that
we found a mix of underselling and overselling in this case.

    You have highly price-sensitive product. You
have a highly interchangeable product. Would it be
necessary for us to find predominant underselling in order
to find that there was injury by reason of the pricing and
competition from these imports?

    MR. ROSENTHAL: Commissioner Pinkert, the answer
is no, it would not be necessary and I appreciate the
question because I think sometimes we hear on the
petitioners' side, and sometimes Commissioners overemphasize
this notion of having a predominant amount of underselling
and overselling when you have a very highly price-sensitive
product.

    I have to say, whenever we have, like, a 100% of
product undersold or some hypothetical thing, what's going
on? There must be something wrong with the data when you
have a very competitive market, because sometimes, as you
hear, you get the price and you have to lower your price to
compete against imports. You have to undersell them.

And so it's not surprising to have a mixed pattern of underselling or overselling. You've seen that in many, many cases, the courts have upheld the Commission when you've made an affirmative determination, even though there is a mixed pattern of underselling and overselling. So even if we had less underselling than we do in this record, you'd be perfectly justified to make an affirmative determination because it is a competitive situation and one day you may oversell, one day you may undersell and that is a very expected thing when you've got this kind of industry.

MS. CANNON: Commissioner Pinkert, if I could supplement. I agree with your proposal that we certainly don't need predominant underselling and we can provide some case cites where the Commission has recognized and other cases that have a similar price-sensitive product that didn't have predominant underselling, that there still could be adverse price effects.

But I would add that the other critical variable here, separate and apart from the underselling table, is that X slide that we showed you, where we showed the market share shift. The market share shift is pretty indicative of where most of the underselling is going on. If the imports weren't predominantly at the lower prices, it wouldn't be getting the gains that you are seeing in that chart.
So you have anecdotal examples. They're not complete, they're not comprehensive here for all the countries. But when you look at the overall macro data for the industry, you see a pretty significant shift in a price-sensitive industry, and I think that's very indicative of the price effects and who's grabbing sales at the expense of who in this market with the imports versus the U.S. industry.

VICE CHAIRMAN PINKERT: Thank you. Now, given again the price-sensitive nature here and the high degree of interchangeability, does that create concerns with respect to the role of nonsubject imports potentially replacing the impact of the subject imports. You're smiling, Mr. Rosenthal, you knew it was coming, so please go ahead.

MR. ROSENTHAL: Do I have to keep reading that footnote? I'm going to let Ms. Cannon answer that question. But I will just say, Number One, the biggest nonsubject import talked about today by the respondents interviewed is Mexico, whose pricing is at much higher levels than the subject imports and so, the answer is we don't have to worry about them.

And there's none other than are present in the marketplace that represent the same threat and to our knowledge, are engaging the same behavior. That's not to say that there may not be some sources out there that aren't
capable, but we don't see them right now. I'll let Ms.
Cannon go ahead.

MS. CANNON: Happy to opine on the legal issues,
although I'm sure that we've briefed those enough to have
you be quite aware of our views on that subject. With
respect to these specific facts, though, to the extent that
you're looking at a replacement benefit test a la
Bratsk-Mittal, I would say a couple of things.

First, there's a question about how fungible a
product is, whether it's really a commodity product in the
nature of those court case holdings. And there's some
testimony by respondents preliminarily that it was not, that
there were these differences.

Number Two, part of the Bratsk-Mittal test, as
you know, is whether the other imports are at the same price
levels. And the main other import source here, Mexico, is
not. And many of the other ones are not, so the pricing
factor, if you will, is not met here.

But there's a third variable here that's not one
you normally see, and that is that the major source of
nonsubject imports that could be coming in to replace is
specifically -- you've heard testimony -- will not be coming
in any longer, because of the M&G facility. And that itself
is a very strong variable showing a lack of replacement, and
in fact, the opposite -- imports are trading from the market
that could be ones that you might be looking at as a substitute product.

VICE CHAIRMAN PINKERT: Thank you. Now, turning to your critical circumstances' discussion, I know you're asking for the five-month benchmark, and obviously, that's something that we would have to take a look at. But how does the magnitude of the surge that you're alleging compare with the magnitudes of the surges in cases where at least some Commissioners have made affirmative critical circumstances' finding?

MS. CANNON: Well, the cases are so limited that it's kind of hard, frankly, for me to use those as a benchmark and I guess I would submit that the surge that we have here is a 67.7% surge. 70% is an awfully big surge. Look at the Commerce Department in critical circumstances. Their benchmark is 15%. They see a 15% increase; they think they've got a surge. Now, obviously you're not constrained to follow the Commerce Department exactly on this issue, but I would submit that 70% surge under any circumstances is awfully big and I would encourage you to look beyond the few past cases where the Commission has reached affirmative findings.

Because those are so limited that they really aren't, I think very indicative of what the Commission should be considering based on the statute, based on the
intent of Congress in this area, 70% surges are awfully big
and if you track that monthly and I don't -- do we have that
monthly chart available here? No.

Okay, if you track the imports, you see a very
strong correlation between their behavior when we filed the
case, how they came flooding in, and then once the orders
went into effect, how they dropped off. So you see behavior
that's exactly what this provision was designed to prevent.
Coming racing in, and then stopping as soon as the
provisional duties are imposed.

VICE CHAIRMAN PINKERT: Thank you. Just to
clarify, I try to be careful in my question to not reference
when the Commission as a whole has made an affirmative
finding, but to take a look at cases where, perhaps some
Commissioners have taken a different view.

MR. ROSENTHAL: We will definitely do that in a
posthearing brief. Thank you.

VICE CHAIRMAN PINKERT: Thank you. And then
also, how sensitive is that number that you've come up with,
67% to the choice of the period that you're advocating?

MS. CANNON: We put this chart together so you
could kind of get a sense of what we were looking at over
the period. Now, this doesn't go back to the 2014 period.
But I think that we've seen cases where people have played
around with what months you pick, and the reason for doing
that.

I think here the months that we picked, which were March, when the case was filed, April, May, June and July, are reasonable because we had a CBD case that was filed and the prelim duties were going on in August. So you wouldn't put August in your period reasonably, because, obviously that's when you got to stop, before those provisional duties hit.

And we started with the month that the petition was filed, so it seems to me without doing much thought about what other months you might pick, that's going to be the most representative period, from petition filing to right up to the month before the preliminary duties were imposed and that's why we selected that period here.

MR. ROSENTHAL: Commissioner Pinkert, if you don't mind this interjection, because I'm pretty sure the Indian respondents are not going to want to pull up this chart, so while it's up, just note -- I know that we've made arguments that the decline in imports has something to do with GSP proceedings. And we know the GSP went away in 2013.

You can see what their imports were doing in the first half of this year, until the relief began, and so I just want you to note this for, if and when they make that argument about GSP somehow being the reason why imports are
going to be a decline.

VICE CHAIRMAN PINKERT: Thank you very much.

CHAIRMAN BROADBENT: Commissioner Williamson.

COMMISSIONER WILLIAMSON: Okay, thank you. Just two questions. U.S. prices for all four pricing products declined by over 25% from the first quarter to the last quarter of the POI. The quantity of imports we reported by importers differs substantially between the different pricing products.

If subject imports were a key factor putting downward pressure on prices, wouldn't we expect to see variations in the trends between the products, based on differing prices and quantities in subject imports? Knowing there are some products where the imports were, you know, much more important than others, so I'm asking, why is it that the pricing products also declined by the same amount?

MS. CANNON: Commissioner Williamson, let me start with that. I think part of the answer to your question is the data is not completely indicative of where the competition is occurring.

This is the data that's been provided to you on those pricing products. It doesn't mean that you don't have data from a number of companies that we wish you would have data from, and when that data's missing, you're seeing that our prices are falling there. You're just not seeing what
their volumes and prices are.

As our witnesses have attested, and they can certainly elaborate, they see import competition in all of those pricing products. That's why we selected and provided those to you and they're feeling the pressure from imports on all of them, so even though you may have smaller volumes in some of those products and in others, based on who reported data to you, it isn't indicative of the fact that imports aren't in those market areas because they see them everywhere.

COMMISSIONER WILLIAMSON: Do they see them to the same degree in all of those market areas? And wouldn't that affect the price change.

MR. ADLAM: This is Mark Adlam from M&G. I would say that it doesn't necessarily matter the quantity of imports that come in. It's the price that they're actually being quoted at. Because, you know, we're not necessarily asked to change our price on the quantity, so sometimes even a very small quantity can be used to leverage a large amount of our pounds to reduce the price.

And, you know, we're asked to meet offers then - - you know, we're often asked to meet prices on larger quantities as well, and so even a small amount of import resin can create the same effect as a large amount of import resin on the pricing.
COMMISSIONER WILLIAMSON: Okay. Thank you. If there's anything further that you have posthearing to illustrate that, that would be helpful. And this last ---

MS. CANNON: I'm sorry. We'd be happy to do that. I just wanted to add that the offers, especially in the hot-filled product, which I know is an area where respondents have focused, is something we have some information on, we can add in posthearing.

COMMISSIONER WILLIAMSON: Okay. Thank you. And this last one will probably be best posthearing. It deals with the relationship of PET resin and raw material costs, which we've already discussed, but if you look particularly at Octal's brief, Pages 21 to 27, it's includes a data analysis that concludes that moving them U.S. prices of PET resin and the industry's raw material cost are highly correlated. And so I wanted you to respond to that specific analysis. Because they're quite detailed there.

MS. CANNON: We'll be happy to do that.

COMMISSIONER WILLIAMSON: Good. Thank you. With that, I have no further questions. I want to thank the witnesses for their testimony.

CHAIRMAN BROADBENT: Commissioner Johanson.

COMMISSIONER JOHANSON: Thank you, Chairman Broadbent. I'd like to discuss your assertion that the one and one reason only for approved financials in interim 2013
is the imposition of preliminary trade relief. And I apologize, but I don't have the page number for that. But I did read it.

Is it possible that low raw material prices played a part in this?

MR. MCNAULL: Again, I don't believe that is a correct conclusion to reach, based on the information we have on the record, because what the information shows is that the prices for the finished product, the PET resin, are still lower than the raw material cost, and there is a spread between those two.

You would think, as I said, the lower raw material cost would lead to higher profit for the industry, when the opposite has been the case. So that's why we put in that statement that the only thing we can ascribe to the lower profit is lower prices caused by the subject imports.

In any other industry, if you didn't have this dynamic, -- if you were in the airline industries and you had lower jet fuel prices, you'd be making billions of dollars. That's exactly what's happened. And there isn't a drop in your fares. You can keep your fares up and your petroleum costs go down, you make a lot of money.

Here, their petroleum-based costs went down a lot, but their prices for the product they're selling went down even more. And then the question is, why did their
prices proceed to go down? The only explanation is the import pricing that they've been facing.

COMMISSIONER JOHANSON: Okay, I'd like to get back to the Cape Fear plant, which has discussed, I believe, some today. Respondents note in their prehearing brief that the Cape Fear plant had been opened in 1961. But was that plant making PET back in 1961?

MR. CULLEN: This is John Walt --

COMMISSIONER JOHANSON: Did that product even exist?

MR. MCNAULL: No, it did not. DuPont started that facility basically as a textile fiber facility and there was no PET production at all. At that plant, or for the most part, anywhere else in the United States at that point.

COMMISSIONER JOHANSON: When did PET come into existence? And do you know when it began to be produced in Cape Fear?

MR. CULLEN: PET was first used in a commercial sense to make packages in the late 1970s, so prior to that, if anybody's old enough, you got everything in glass and in the late 1970s, DuPont and others developed PET grades of polyester, so that you could make bottles out of them obviously, with the advantage of unbreakability and lightweight.
The plant at Cape Fear made PTA and polyester fiber from 1961 until 2013. The PET plant was built there in 2007, and operated until September of 2013.

COMMISSIONER JOHANSON: So it was a pretty modern plant, then?

MR. CULLEN: It was the same technology that's in Oman.

COMMISSIONER JOHANSON: Okay.

MR. CULLEN: So just before their plant was built.

COMMISSIONER JOHANSON: Okay. Thanks for your clarification there. And in considering cumulation for threat purposes, Reliance discusses trends in Indian home market and the capacity utilization in India. I'd appreciate it if you all could discuss Reliance's discussion of this issue and if you can't do it here, if you could please address it in the posthearing brief.

MS. CANNON: We'll be happy to expand upon it in the posthearing brief, but I would just say that they're reaching for anything that they can come up with as far as I can tell to try to differentiate themselves and get out of being cumulated when the factors clearly show that with respect to all the factors that I went through in my affirmative testimony, they're met for cumulation, fungibility, geographic overlap, the channels of
distribution and the simultaneous presence, and the other
factors that the Commission has often looked at in a threat
context are met as well, which tend to be trends.

The trends of the imports. Are they the same?
Yes. The imports trends from India are exactly the same as
other countries. Their volumes have gone up. Their prices
have gone down. So, you know, to start coming up with other
types of factors, anybody could come up with something to
try to differentiate their product or their country, but
those are not typically factors that the Commission has
considered as appropriate to analyze when exercising its
discretion to cumulate in a threat context. And we can
expand upon that further, Commissioner Johanson.

COMMISSIONER JOHANSON: That would be helpful.
Thank you, Ms. Cannon. And Mr. McNaull, I think this
question is probably, maybe appropriate for you to answer.
The ITC recently held a hearing regarding polyethylene
retail carrier bags, and one factor that kept coming up was
an issue involving demand trends.

And that is a movement to reduce the use of
plastic bags, and it's my understanding, from what I've
read, and I can't recall exactly where, but there has been a
similar case provided regarding water bottles, people saying
these are causing pollution or litter.

Are you all under pressure, regulatorily to
reduce the use of PET?

MR. MCNAULL: No, I mean, we as an industry are advocates of recycling. As I mentioned earlier, I'm on the NAPCOR organization --

COMMISSIONER JOHANSON: Right, that's why I thought you'd be appropriate here.

MR. MCNAULL: Yeah, exactly. So, I mean, again, we have a solution as an industry to constructively place PET that's been used by consumers in the past and we would encourage an outcome that would collect more material and make it available for investment and conversion back into PET.

We'd like to see that as the outcome, because we like to resolve any social or governmental concerns around PET as waste, and that's we take a position in recycling that's favorable towards it, and encourages more of it.

COMMISSIONER JOHANSON: And I ask that once again. Due to demand trends, and also involving demand trends, I see that you have a small water bottle there and y'all have them in your desks as well. They're very small these days. I mean, you can -- I'm amazed they don't fall apart when I pick them up. Has that not reduced the amount of PET used? And once again, looking towards the future as far as demand goes, is there an effort to try to make bottles smaller or even smaller for other products that,
say, like that orange juice sitting there in that can?

MR. MCNAULL: I share your observation there. They're a bit flimsy. I'd like to see them use a little more PET and be a little more substantial, frankly. Particularly if we're going to recycle them.

John Cullen mentioned it earlier -- the growth of water consumption on a unit basis is very high. And companies are lightweighting bottles, which is offsetting some of that growth, But net of both effects, there's still a pretty robust growth for PET water bottles.

COMMISSIONER JOHANSON: And when you say lightweight, you just mean, making them thinner?

MR. MCNAULL: I mean for example, this particular water bottle probably has 8 grams of polyester in it, so polyester as a packaging is extremely efficient. I mean you've see the unit price of polyester. You can make this bottle with only 8 grams of polyester. So it's a very efficient way to get water to the consumer that's safe, that's sanitary and consumers are buying into that, and therefore the unit sales of these bottles, as a category is nearly 10%.

COMMISSIONER JOHANSON: Okay, and I apologize for bringing up lightweighting again. I thought for some reason that was something to do with the manufacturing process?
MR. MCNAULL: No, I mean, again --

COMMISSIONER JOHANSON: It's just the --

MR. MCNAULL: The lightweighting --

COMMISSIONER JOHANSON: -- the material?

MR. MCNAULL: -- is a term is our customers
deciding how much material to put --

COMMISSIONER JOHANSON: Okay.

MR. MCNAULL: -- from an engineering perspective
in this bottle. So when we say lightweighting, if this
bottle is 10 grams in the past, is 8 today, the phenomenon
of lightweighting is the idea of taking that amount of
material out to make the package.

COMMISSIONER JOHANSON: All right, and I have
another issue involving demand, which kind of falls along
the same lines. In another case before the Commission, that
involving lightweight thermal paper from China and Germany,
there was quite a bit of discussion about BPA content of the
paper, and I hear a lot about BPA these days. I was really
surprised reading through the briefs, and also the staff
report. I don't think I saw that mentioned once. Is that
impacting the sales of these products.

MR. ADLAM: The reason you didn't read it is
there's no BPA in our product.

COMMISSIONER JOHANSON: Oh, is that right?

MR. ADLAM: Not at all. Never has been.
COMMISSIONER JOHANSON: Okay. Huh.

MR. ADLAM: Yeah. It's actually something that can be found in polycarbonate. It can also be found on the linings of cans, but it's absolutely not in PET, and never has been. Now sometimes you may read some misinformed articles, which might sometimes --

COMMISSIONER JOHANSON: I think I've read some of those.

MR. ADLAM: Yeah, you might have seen, sometimes they write the article and you read the article, and then they have a picture of a PET water bottle when really they should have a picture of a polycarbonate, so one of those big jugs that you might see in the office. They should have had that picture, but you know, the graphic guy wasn't really paying attention to the articles, so they will put a picture of a PET water bottle, and then in that situation, we have an industry organization called PETRA.

We will write them a letter to say, you know, this is factually incorrect. There is no BPA in PET. And usually we get a favorable response, but unfortunately in the minds of the readers, they still remember the picture and so, we often get that confusion with what you're asking about, for sure.

COMMISSIONER JOHANSON: I thought there was some increased demand for glass products, packaging glass and
part duty concerns about BPA?

MR. ADLAM: Maybe in certain areas, but we also can say it's also a reason for buying more of our product, because there is no BPA and we say it's a positive thing. We're not in the business of trashing other plastics, because I mean we're aware of, you know, there's often a lot of concerns, which are sometimes founded, but many times are not founded about other plastics as well. And so we don't, in the business of promoting our plastic over another one, but in reality, BPA is something that we don't have and we're proud of that fact.

COMMISSIONER JOHANSON: All right, thanks for your responses. My time has expired.

CHAIRMAN BROADBENT: Commissioner Schmidtlein.

COMMISSIONER SCHMIDTLEIN: Alright, thank you. I just had a couple of questions, but I wanted to follow up and ask, do you expect these bottles to become thinner? Just out of curiosity? Because the retail carrier bags are --

MR. CULLEN: I hope not.

COMMISSIONER SCHMIDTLEIN: -- super thin. They do not hold my groceries anymore.

MR. CULLEN: There's probably a limitation. It's getting to the point where there's just enough material to actually the content and stand up straight when it's
full. And I will also defer to the premium -- person who
can attest, because they're the ones that make the bottle,
so he can tell you where the future lies.

COMMISSIONER SCHMIDTLEIN: Yeah, okay. All
right.

MR. ADLAM: Back before the time period of
investigation, there was actually a regulatory change or it
was a change to the net finish of the bottle, and at that
point, it was very possible to take out quite a lot of
weight --

COMMISSIONER SCHMIDTLEIN: I see.

MR. ADLAM: -- by changing the neck finish and
many people in the industry took advantage of changing that
neck finish to also make adjustments in the design of their
bottles, to take out a little bit more weight, but you know,
as you were testifying to, we're at the point now where
things get squeezed out of bottles rather quickly instead of
staying in them and that type of thing, so I think most of
the bang for the buck has already been had on taking the
lightweighting out. And we've seen some moderate growth
since that period.

COMMISSIONER SCHMIDTLEIN: Okay. All right.

Thank you. So I had a couple questions about pricing. One
is, is there a way that price information is known
throughout the market? Is this just word of mouth, is there
a trade publication that tracks this, or --

MR. ADLAM: There are several publications that track the historic pricing in the industry. So there's a sense of historic pricing can be looked at.

COMMISSIONER SCHMIDTLEIN: And what is that, on a yearly basis? Or how timely is it?

MR. ADLAM: It's usually published on a monthly basis, so there's a number of publications that publish at least references on pricing on a monthly basis.

COMMISSIONER SCHMIDTLEIN: And they are serving producers, purchasers for that information? Is that how they get it?

MR. ADLAM: Well, that's one of the mysteries of the industry, I guess, is how do they get that pricing and how does that work? We certainly don't talk to them about prices. We only talk to our customers, so we're never sure how they get the prices, but nonetheless they publish on a monthly basis, reference type numbers.

COMMISSIONER SCHMIDTLEIN: And do you all find that reliable? Is it relatively accurate or are they wildly off?

MR. ADLAM: I wouldn't say -- I wouldn't characterize in either of those two things. I wouldn't say they're wildly off, and I wouldn't say they're accurate. So it's somewhere in between, really, I guess.

MR. CULLEN: I was just going to add that, for most of us here, sales people, and the best source of information is our customers. They have access to all the producers, all the suppliers. They get quotes from everybody and for us, we will see them, sit with them. They will share that information. Very rarely electronically or in any kind of hard copy, but they do share information and if we're in their office, they might show us something on their computer or they might strategically leave something on their desk so we understand what the competitive nature of their particular count is, so that's a very typical way for information to be shared.

COMMISSIONER SCHMIDTLEIN: Okay.

MR. MCNAULL: The other comment, too, is these consultants also will render their opinion on the pricing of the raw materials of PTA and MAG for manufacturing polyester.

COMMISSIONER SCHMIDTLEIN: And who are the consultants?

MR. MCNAULL: There's a number of them. We could provide a list, I guess, in posthearing brief.

COMMISSIONER SCHMIDTLEIN: So producers consult with outside consultants on what they think the prices of
raw materials is going to do? Is that what you --

MR. MCNAULL: No, I said they will give their opinion on what they think the prices of raw materials are for a given period. The consultants, independent of the producers.

COMMISSIONER SCHMIDTLEIN: To give their opinion to who?

MR. FREEMAN: Some consultants will have a newsletter.

COMMISSIONER SCHMIDTLEIN: I see. Okay.

MR. FREEMON: Some sort of publication that they'll issue on a monthly basis. Sometimes it'll be an estimate, and then they'll revise that price a month later, but there's several, there's not just one that employed us.

COMMISSIONER SCHMIDTLEIN: I see. Okay.

MR. ROSENTHAL: In our prehearing brief and in the preliminary, we provided excerpts from some of these consultant reports that are published monthly and they're subscriptions that members of the industry all take.

COMMISSIONER SCHMIDTLEIN: Okay. And in terms of the other industry representatives in your negotiations with customers where you're learning about the other prices, is that also done mostly verbally or do you exchange any information like that through e-mail or other types of documents that you could provide to corroborate your
assertions that you're facing this competition and
purchasers are using it to drive down your prices?

    MR. ADLAM: The vast majority of discussions are
just that. They're discussions. We rarely receive things
in writing, although we often will ask for that. It's not
something that is readily offered to us.

    COMMISSIONER SCHMIDTLEIN: Okay. And the same
answer, I assume, from Mr. Freeman, Mr. McNaull?

    MR. FREEMAN: Plastics, yes. I mean I would
agree the vast majority is verbal, yes.

    MR. MCNAULL: I mean, again, and John Cullen
mentioned it a few minutes ago, it's discussions with and
interactions with customers primarily that gives you the
context of what you're dealing with competitively.

    MR. MCNAULL: And again, to reiterate, they do
show us documents. They just generally don't allow us to
have a copy of it to use, perhaps --

    COMMISSIONER SCHMIDTLEIN: Right. And in terms
of prices across segments of the market, do people who are
buying PET resin for bottles, pay a similar price if you're
making carpet out of it? Do these prices generally -- are
they generally the same or do they at least track in terms
of movement?

    MR. CULLEN: The answer is generally yes,
there's a narrow range of prices across the different
markets and, like I say, more specifically associated with the customers' ability to negotiate versus a specific market, so a very knowledgeable customer who has access to lots of competitive price information may be a better buyer than some other people in the same market, but again, I think we probably have provided evidence that the price range across markets is very narrow, and that's been my experience for the last ten years.

COMMISSIONER SCHMIDTLEIN: Okay. All right. Anybody else like to add anything to that? Mr. McNaull?

MR. MCNAULL: The other thing I would mention, too, is you might have a buyer that buys across the market segments. You might have a buyer that buys heat-set resin at the same time they buy water-grade resin, the same time they buy resin for CSD.

COMMISSIONER SCHMIDTLEIN: How often does that happen? Is that typical? Or is that more the exception?

MR. MCNAULL: I would defer to Mr. Cullen, maybe to give you a sense of how frequent that is.

MR. CULLEN: The largest buyers from a percentage or volume are people that buy all products across the three of the four categories that we talked about. They buy hot-fill, cold-fill and they buy -- so when they ask their suppliers to provide prices, they ask for a price on all the different products, and again, generally speaking,
those prices are very similar for all the products. There's no differentiation between grade or segment.

COMMISSIONER SCHMIDTLEIN: Okay, Mr. Freeman?

MR. FREEMAN: Just to emphasize, we see the imports products from the subject countries in all of these different entities, so that also leads to the fact that it's basically very narrow pricing across the different entities.

COMMISSIONER SCHMIDTLEIN: One other question I had, sort of related to this, is the -- how prices are modified in the contracts, and I don't know if you want to address this in posthearing, but, and I think I read it's on a monthly basis. It can be done -- is this a -- is there a one-to-one relationship. Again, you can address this in posthearing. Is there a one-to-one relationship between the cost of raw materials and how a price would be adjusted in a contract?

MR. ADLAM: I can address a little bit. I think we've said before, and I'll re-emphasize it again. I mean it's like a pass-through of the costs of the raw materials, so you know, when that goes up, that can be helpful because it's an automatic pass-through, so we're not left in the same situation as we had back in 2005 when we couldn't pass through price increases, but on the other way, is when the prices come down, it's just a straight pass-through, so there's no advantage to us when the price comes down, so I
know some of the questions were asked, shouldn't that be an
advantage if the oil price comes down, which might be
logical, except with passing through all of that advantage
to our customers through our pricing mechanism. It is like
a one-to-one.

MR. CULLEN: Just to add, the reason we do that,
is because of the competitive nature of the business. So we
go to bed at night dreaming of holding onto those savings,
right? But it doesn't usually happen, because if we don't
pass through, the subject imports will pass through, our
domestic competitors will pass through, so it is very
typical for cost reductions to be passed to the buyer.

COMMISSIONER SCHMIDTLEIN: And I guess that's
true for all of the producers, for the record.

MR. FREEMAN: Yes, I agree.

COMMISSIONER SCHMIDTLEIN: Mr. McNaull? I see
you shaking your head.

MR. MCNAULL: Yes, John Cullen and I are on the
same team, so yes, I agree.

COMMISSIONER SCHMIDTLEIN: Okay.

MR. CULLEN: I do whatever he says.

COMMISSIONER SCHMIDTLEIN: Alright, thank you
very much. I don't have any other questions.

CHAIRMAN BROADBENT: I just had one other
question. Are there any price adjusting mechanisms within
your raw material supply contracts?

MR. ROSENTHAL: Chairman Broadbent, just to clarify. So you're asking whether the contract with the suppliers of raw materials such as BP, whether there are adjustments in pricing based on overall petroleum prices, for example? Or --

CHAIRMAN BROADBENT: Just any kind of mechanism that's in the contract.

MR. ROSENTHAL: I wanted to make sure everyone understood.

MR. ADLAM: Yes. I mean basically there are sort of monthly pass-throughs for the formulas in a lot of raw material contracts. So yes, I would say the answer is yes.

CHAIRMAN BROADBENT: So how would that be -- how would they say that in the contract?

MR. ADLAM: For example, PTA, which is one of our big raw materials that we've talked a lot about, is made from paraxylene, which is the next molecule up the chain, if you like, back towards the oil well. And so you may have a formula that relates to the monthly price of paraxylene, that would get you the PTA price.

CHAIRMAN BROADBENT: Okay. All right. Let's see if the Commissioners have no more questions. Does the staff have any questions of this panel?
MS. HAINES: Elizabeth Haines. Staff has no
question.

CHAIRMAN BROADBENT: Okay. Do the respondents
have any questions? No. Okay. All right. In that case,
it's time for our lunch break. We will return here at ten
minutes after 2:00. The hearing room is not secure, so
please don't leave your confidential business information
out. And I want to thank you again to all the witnesses for
coming today.

(Whereupon a lunch recess was taken to reconvene
at 2:10 p.m.)
MR. BISHOP: Will the room please come to order.

CHAIRMAN BROADBENT: Mr. Secretary, are there any preliminary matters for the afternoon session?

MR. BISHOP: Madam Chairman, I would note that the panel in opposition to the imposition of Antidumping and Countervailing Duties have been seated. All witnesses on this panel have been sworn in.

CHAIRMAN BROADBENT: Thank you, Mr. Secretary.

I want to welcome the afternoon panel to the ITC, and would like to again remind all witnesses to speak clearly into the microphones, and state your name for the record for the benefit of our Court Reporter.

You may begin when you're ready.

STATEMENT OF MATTHEW M. NOLAN

MR. NOLAN: Alright, thank you, Madam Chairman, Vice Chairman Pinkert, Members of the Commission. Again, it's Matt Nolan. Welcome back from lunch. Hopefully you got your coffee, because we'll be probably needing it in some polystyrene cups as something to keep you going this afternoon.

I'm going to start us off for just a couple of minutes to talk about the product. Just so that everybody is clear, and you probably are already clear on this but we can't help but talk about it a little bit, and then I'm
going to turn it over to the witnesses because you want to
hear from them not from the lawyers too much.

So first item. What is PET? PET is one of
several different plastic resins. There are a whole host of
different codes. (A slide presentation follows:)

The first slide up on the screen indicates that
PET is number one. It's the number one on the hit parade.
But it's followed by things like high-density polyethylene,
low-density polyethylene, polypropylene, polystyrene, et
cetera, et cetera. So there's lots of different kinds of
plastics.

These are representations, and I think the
Petitioners this morning talked about this a little bit.
Low-density polyethylene tends to be more opaque products.
The heavier stuff, then we get into the EPA issues with
these large water containers, containers used for detergents
and things like that.

Then you have your polystyrene, which everybody
knows if you buy a hot lunch at Jack's Fresh, or whatever,
you come back with a hot polystyrene container. And of
course at the end of the scale here is PET, which is used in
a host of different things. And we always associate it with
water or carbonated beverages like Coca-Cola, et cetera.

This is the product when it comes out in chip
form there are different manufacturing--I think OCTAL has a
different process that they're going to go into in a little bit. But this is a typical process with these cylindrical shaped pieces that come out of the PET chip process.

They can be colored, obviously, and then you can make all sorts of different fancy things from the colors.

But the basic building blocks of polyethylene terephthalate, or monoethylene glycol, and terephalic acid, MEG and PTA. Both of those are petrochemicals.

Here is a representation of what Reliance likes to call the polyester tree chain. You can see on the one side the intermediate products--PTA and MEG. And those intermediates go into a whole host of different polyester products, PET among them. But you also have tetra darn, filament yarn, staple fibers, fiber fill, et cetera, et cetera.

It's a complicated process and product, so I just want to make sure you guys are grounded in the different permutations of this so we don't get confused, because I was.

Here are just the types of PET. There are three different groupings. There's a fiber-grade PET. There's a film-grade PET. And then there's a bottle-grade PET. And all we are talking about here is the bottle-grade PET.

Now you can use the same facilities to make all three, but we're only talking about the bottle-grade at the
This (indicating) is a quick representation of the world change in demand for PET. There was a discussion this morning that demand for PET in the world is not growing all that fast--at least not as quickly as one would think. This is from PCI. This is the world change in PET demand over the last seven or eight years, and it's growing quite quickly relative to other plastics.

This is a representation of the evolution of PET plastics. You will note from the slide that we started it in the 1970s, as the Petitioners discussed this morning, with basic carbonated beverages. We moved into juice bottles, water bottles, et cetera, during the 1980s.

And it has expanded ever since into ever more different kinds of applications. And as those applications that expanded, so have the number and types of customers that buy this product. It is not simply Coke and Pepsi anymore.

There are a number of smaller companies, a lot of different types of companies, much more regionalized companies that buy this product. And those companies ask for some degree of diversity of supply source because they are concerned that there is too much concentration.

`If one plant goes down like the BP plant, the PTA plant did, it will cause a disruption. And so
alternative sources of supply are sought in this business. Those tend to be imports. And I would also note that with all of this additional information that comes out with these applications, customers have gotten a lot more sophisticated about it.

Everybody gets daily or weekly price reports on PTA, MEG, and PET prices around the world. You get it from ISIS. You get it from Platts. When I was at verification with Reliance, we had to produce weekly pricing reports so that we could compare the published prices with what they were paying for internal raw material prices. It's readily available and most people in the business get it.

This (indicating) is again a representation of the different products you can make with it beyond just bottles. Carpeting, clothing, insulation, et cetera, et cetera. I won't belabor that.

Here's (indicating) a listing of the products in your pricing series that the staff collected. Bottles are at the top, and you have the carbonated beverages in the middle. Hot fill, which tends to be juices and things that have hot liquids going in that need to be sanitized or protected. So any kind of tomato juices, things like that, will enter a bottle hot and then be sealed and cooled down. That's why it's "hot fill."

The one that's a little less obvious is
strapping. Strapping is an alternative to say metal
strapping. You can use that to hold pallets together. You
can use it, also the sheeting for some types of applications
for protecting products and things like that.

So, again, there's no end to the uses. They keep
growing and growing with different things. But these are
the ones that you focused on in the pricing series.

Finally, I would like to just mention—oh, we
want to go back to that. I'll leave it at that and then
turn it over to the OCTAL witness and talk about other
things later. Thanks.

STATEMENT OF JOE BARENBERG

MR. BARENBERG: Good afternoon. First of all,
thank you for having us here today. I appreciate the
opportunity to speak to you.

My name is Joe Barenberg. I am the Chief
Operating Officer of OCTAL, Inc., which is OCTAL-Oman's U.S.
marketing organization, OCTAL-Oman being the only PET resin
producer in Oman.

Let me begin my testimony with an introduction to
OCTAL. OCTAL was established to meet the growing demand for
PET sheet and resin. OCTAL's factory in Oman was first
built in 2006, with production capacity expanded in 2012.

OCTAL manufactures and sells only two products:
PET resin and PET sheet. PET resin being of course the
merchandise under consideration in this investigation.

    PET sheet is a separate product that is not
within the scope of the investigation, and OCTAL does not
produce any PDT film, which is a much thinner product of
course even than sheet.

    These two products, PET resin and PET sheet are
manufactured in a single facility in Salalah, Oman, which is
a southern town in the Sultanate, not far from the border
with Yemen. All the production of the merchandise under
consideration takes place at this one facility.

    OCTAL-Oman itself doesn't produce any other
products. You heard earlier this morning Petitioners and
their counsel repeatedly emphasizing that U.S. imports from
targeted countries have increased over the past three years,
suggesting that there is something inherently damaging about
this increase, when in fact there is nothing damaging at all
inherently here.

    Today I am going to explain the reasons behind
the increase in PET resin imports produced by us in Oman.
Very simply, OCTAL was able to increase sales to the U.S.
market because OCTAL was able to offer a next-generation
resin product based on a world scale new technology that
provided enhanced attributes only available in limited
volumes by other suppliers, including the Petitioners.

    The first key attribute is that OCTAL's PET resin
sold from 2012 to 2014 is produced using the absolute
state-of-the-art technology at that time, with specific
benefits to the end user.

This is important because this innovative
technology provided significant advantages over older
established PET resin-making technology.

Over the past 10 years in particular, PET
manufacturing technologies have advanced in various areas
and continue to do so. The two most important for OCTAL
included the production of the melt-to-resin about which
you've heard quite a bit this morning, and its ability to
function without solid-state polycondensation or SSP
technology.

And, two, our incorporation of a chip
manufacturing technology that allows for spherical shaped
chips, and we'll get into that a little bit later.

MTR is an important development in PET resin
making because it allows for faster processing of the raw
materials with less energy, with less capital, especially
capital per installed ton of capacity, and that's a very
important number. When installed at world scale, the result
is a lower cost but with a very high quality finished
product.

The process eliminates several steps, avoiding
potential degradation of the polymer due to heat and
residence time. This can be seen graphically in two pages, and I do think this was included in the package that you have. I just want to point out these two. There's really only one takeaway.

They're not there, so you have to read all the words. But the whole point is that there's a certain number of steps, and this being the old technology, and this being the MTR technology. You can see how many steps have been removed in the process. And it's just to illustrate that point, that it was a leap in technology that allowed for a great simplification in the manufacturing process.

So MTR compresses what was a four-reactor process into two essentially, and allows for developing the targeted intrinsic viscosity, which you heard about earlier today, which is the—called IV, which is the spec that's very important to bottle makers and others who use the resin. And they do that in the melt phase, as opposed to finishing the resin in the solid state phase— that is, in the pellet.

Compared to conventional SSP technology, MTR offers several advantages. One, as I said, it saves equipment costs due to a simpler configuration. It has operating cost reductions through the use of latent heat and other technical advantages. And it allows significant reduction in the overall converting costs.

Additionally, and very importantly, it is a
technology that delivers a lower overall carbon footprint. And this enhances PET status as one of the most sustainable and recyclable packaging materials.

So equally important is our incorporation of technology to produce a different type of pellet. OCTAL's state-of-the-art facility production utilizes an underwater pelletization process. Essentially, in such a process the liquid melt is flowing through cutters under water. And, once cut, the spheres form through the surface tension as they float through the water, and the water is gradually removed and the pellet is allowed to cool.

It turns out that the spherical PET chips deliver tangible benefits to the customers over the more common cylindrical shaped chips. First, the perfect sphere provides better air flow around the PET chip to reduce drying time and the amount of energy required to dry the chip, which is very important right before the chip is processed through injection molding or some other process.

Second, the chips in this shape allow the customer to enjoy faster remelt time in their process, which reduces their cost.

And third, it generates less dust. So when you have these chips that have corners on them and they get airveyed through vents or there are tiny pieces that chip off and dust does accumulate.
And finally, the chip enhances what we call the bulk flow of the resin during conveyance either from vessel to vessel in a customer's facility, or from a vessel to the process. And our customers have given us specific positive feedback on all of these performance attributes. They are things that do matter to them. These advantages from OCTAL's resin manufacturing process are an important condition of competition because the overwhelming majority of the U.S. pet resin production through 2012 and 2014 was based on conventional SSP technology, rather than the newer MTR.

In short, it has been OCTAL's use of innovative technologies that has allowed us to increase our sales to the U.S. market over that time period. And this should not be a surprise to the Petitioners.

Indeed, one of the Petitioners, M&G, made this point explicit in its November 2013 global offering. M&G stated, quote, "Unlike the typical commodity chemical industry where products manufactured by all suppliers have the same formulation and are fungible, product innovation is very important to this industry"--that is, the PET resin industry. And this describes OCTAL's participation in the U.S. market to a tee.

While our PET resin allowed us to gain access--some access to the U.S. market from 2012 to 2014, I can tell
you from a real-world experience that our future success has
definite constraints. I have two very important points to
make.

First, we are no longer the new kid on the block.
We are no longer all alone in having the latest technology.
Other suppliers have started to adopt newer technologies,
some ostensibly improved since our investment.

The other reason for our limited ability to
increase our presence in the U.S. is structural. Namely,
the vast expanse of the U.S. combined with particular
customer needs.

Specifically, in the U.S. market there are two
critical logistical facts. Many U.S. PET large resin
customers, contrary to what you have heard this morning, are
not located close enough to a port, and will not receive
significant quantities of resin via any mode of delivery
other than rail.

These rail customers have established their
entire production operation around receiving PET by rain,
often using the rail cars as standing inventory, and simply
cannot receive the product in any other form.

However, the logistics in the U.S. market are
such that it is not feasible to arrange delivery of PET by
rail car from our ports of entry. And so OCTAL is
effectively excluded from all customers that require this
type of service.

Given that these customers are the larger tier one customers, this means OCTAL is excluded from supplying a significant fraction of the U.S. market.

The next topic I'd like to discuss is an important dynamic of selling PET resin. Namely, the fact that most U.S. selling prices are tied to a formula pricing mechanism that is based on changes in prices of the two primary raw materials about which you've heard a fair bit this morning, PTA and M&G.

It is my view that there are two critical aspects of this reality for your understanding of this market. First is that the raw material pricing is indeed the primary driver of PET resin pricing. If raw material prices decrease, PET resin prices decrease as well.

This is a fact. Supply constraints are set up--supply contracts are set up to reflect this. This is important because it is therefore very difficult if not impossible to claim that import pricing caused U.S. market prices to go down. Rather, all suppliers in the U.S. market must follow the demands of the customers which require PET resin pricing to change with the changes in raw material pricing.

The other important point about this pricing dynamic is how it affects profitability. Because PET resin
prices are literally tied to changes in raw material prices, the PET resin prices must change immediately. Indeed, we have several U.S. customers for which we did not invoice until after the end of the month for shipments made during that month. The reason for this is that the customer demands that our PET resin prices in March, for example, reflect the latest changes in raw material prices—namely, what happened in March.

So why is this important? This is important because we are required to adjust our prices immediately even though our costs have not yet been adjusted. Simply put, in a market of declining raw material prices the PET resin shipped to the customer in March was made with raw materials purchased in February or even January when the raw material prices were higher.

Or, stated differently, by definition when raw material prices are falling, the formula pricing may require—required by many U.S. customers requires that PET resin suppliers absorb the price difference until their actual costs can reflect the benefit of the falling raw material prices.

This fact exists for every single PET resin producer. I respectfully request that you take this into account when examining the profitability of resin producers.

The final comment I'd like to make is about OCTAL
as a company. My understanding is that the Petitioners have argued that any foreign supplier with excess capacity will definitely seek to increase its U.S. shipments in the future, absent antidumping or countervailing duties.

I can tell you categorically that this is not true with OCTAL. I respectfully submit that our own data proves this point. As you can see from OCTAL's Foreign Producer Questionnaire response, during 2015 we had quite a bit of excess capacity to produce PET resin.

However, contrary to the insinuation of Petitioners' arguments, we did not simply pump out resin and ship it regardless of price. In fact, compared to 2014, in 2015 the volume of our shipments to all other markets in which we have no trade barriers actually decreased significantly.

That is, even though we had plenty of excess capacity, we did not increase PET resin production or shipments. Indeed, it is for this very reason that we have recently decided to migrate significant resign production to sheet production, reducing our effective resin capacity.

At our Salalah, Oman, facility, we operate a total of four what we call complexes. In Pearl, which is a combinations of two reactors, called Pearl I and Pearl II, they produce only PET bottle resin. In Sapphire, we have Sapphire I and II, we can produce either PET sheets or PET
resin.

It is important that you know that we actually closed PET resin production in 2015 in Pearl. Specifically for several months we shut down our production lines across both Pearl reactors. This information about closing down production during 2015 was provided in our questionnaire response as well.

Temporarily closing down production lines rather than producing and shipping regardless of market conditions is who we are. It is part and parcel to our business model. We are not about capturing market share for the sake of capturing market share.

Our objective, rather, is to do the best job we can at earning a return that is sustainable and acceptable to our investors. And so, if it is not profitable to ship, we will not ship. Given current and anticipated PET resin market conditions, including the expected start up of the huge PET resin production facility later this year in Corpus Christi, Texas, and the fact that the PET sheet business is a more attractive long-term opportunity, we have decided to increase our proprietary sheet-making capacity using our Pearl resin lines.

Again, such plans reflect our business model. Contrary to Petitioners' insinuation, we have not in the past and we will not in the future reduce ourselves to
producing and shipping PET resin simply to fill capacity.
This is not who we are, and it is not what we do.

OCTAL is a company committed to PET as a leading polymer for what we refer to as clear, rigid packaging. We are also a company that takes seriously its responsibility to investors. We are continuously assessing our business to ensure that our approach to investment, operations, and the market reflects this.

I want to make one final note about available capacity in Oman. I saw that the Petitioners' prehearing brief asserted that we, OCTAL, might have another PET resin competitor in Oman in the near term, specifically Petitioners cited a press article that there would be a new PET resin production facility in Oman built by Oman Oil, in conjunction with LG International.

Petitioners attempted to portray an impression that this new PET resin facility would be built soon and therefore there would be even more capacity in Oman available to export to the United States. I am here to tell you that this impression is absolutely wrong.

Needless to say, OCTAL-Oman has been following this project since it was initiated in 2006, and officially announced in 2012. Given OCTAL's potential as a major off taker of the project's PTA capacity, it is understandable why we would follow it so closely.
I can tell you with certainty that this new PET resin production capacity will not be built any time in the foreseeable future. It is common knowledge that the purported PET project has been shelved and there have been recent reports about any project milestones having been started, or restarted, or having been completed, including financial closure, EPC bid package, et cetera.

And I can tell you categorically that the financing has disappeared for this project at this time, and so the production facility will not be built in the foreseeable future.

Again, thank you for your attention.

MR. NOLAN: This is Matt Nolan again. I'm just going to introduce Anil Rajvanshi, our Senior Executive with Reliance Industries.

STATEMENT OF ANIL RAJVANSHI

MR. RAJVANSHI: Good afternoon, Madam Chairman, Vice Chairman, and members of the Commission. My name is Anil Rajvanshi. I am Senior Executive Vice President of Reliance Industries Limited.

I have been working in the petrol industry for over 18 years. I appreciate this opportunity to provide you with our views about the petrol industry and market.

Madam, I want to start by assuring you that India is a responsible exporter. We have been a reliable presence
in the U.S. market for over 10 years. We are not the only
supplier, but one of the large investors in the U.S., having
invested close to $5 billion in the shale gas.

We are a known reliable producer in certain
narrow sectors of the U.S. market. As Petitioners have
said, we are a large company but we are a very small share
of exports to U.S.

Our export levels are modest by any standard, and
in no way can be considered as harming the U.S. industry.
In fact, Indian imports were lower in 2014 than before the
financial crisis.

We are quite concerned with the actions of the
U.S.; industry in this present case. At one point of time,
they accused Reliance of not reporting all U.S. sales of
PET, only to concede later that the product shipped was not
PET.

DAK has also failed to disclose that it has a
commercial agreement with my company for selling PET in
North and South America.

DAK has also not correctly used the data which
was given to them, or which was provided to them as a
partner by taking them to our plant, by giving them the
information which has been misused.

The U.S. producers are all huge foreign-owned
multinationals with operations in multiple countries. There
is no doubt that they control the U.S. and indeed North
American market and have aggressively sought to remove any
form of foreign competition that they do not own or control.

Interesting to note here that one-third of the
PET imports come from Mexico. And it is DAK and M&G.
There are subsidies in Mexico which exports to U.S. They
don't have any injury. They haven't claimed any injury from
the one-third of the total imports coming from Mexico,
because they own those plants.

They bought out other U.S. producers and are
affiliated with Mexican producers. Indeed, it is our view
that this case is in part about protecting Mexico, as the
Petitioners principal outside U.S.

M&G is creating demand for the new one billion
plant they are building in Corpus Christi. We do not
believe that free market and open competition are enhanced
when two of the largest producers which the Petitioners have
and can work to cooperate to build the largest single source
of PET in the United States, exclude other producers and
essentially control the market.

It is difficult to believe that the Petitioners
claim that North America is on record by saying that they
wasted $350 million in the M&G Corpus Christi plant with the
exclusive right or exclusive share of 400,000 tons out of 1
million tons.
And they still call it, it's not a joint venture?

So DAK is principal investor in M&G's Corpus Christi plant, and they invested over $350 million to control around 40 to 50 percent of the production share.

This was taken in 2011. But if you see the actual capital which has been invested later on in 2013 and 2014, and it is difficult to believe that a company whose revenue is going down, whose sales have gone down, whose profits have gone down, and are investing this kind of money.

Indeed, we are so concerned with the concentration of control that our company has registered a complaint with the Federal Trade Commission. We agree with the concept of free and fair trade, but we will not be bullied by the companies like DAK and M&G.

What is talking about the customers? Imagine what happens to the consumers. It is incumbent upon the Commission also to look into the common interest. And we cannot help but ask how is it possible that the domestic industry who controls at least 50 percent of the United States market could be injured by a country like India which accounts for perhaps one percent of the exports.

And the number gets even smaller if you include the domestic industries affiliated production from Mexico and Taiwan. Indeed, the material Petitioners bring in from
Mexico alone is many times larger than India shipment
effects.

We understand, however, that the Commission must
care itself with whether India imports in Europe or just
domestic industry.

First I can assure you the United States has
always been a relatively minor market for Reliance and other
Indian exporters. We have sought to provide a high quality
production in these sectors and are known as a small, stable
supplier to the United States.

I also know that demand is increasing in the
United States, as well, though at a slower growth rate as
compared to India and certain other countries.

There has also been mention about the increased
capacity that Reliance has put in. I would like to inform
the members here that the per capita consumption of India of
PET is not even a kilogram. It's half a kilo. Whereas, the
United States consumes 9 kg per capita. So you can imagine
how much is the good where we are leading to.

We mentioned about these water bottles on each
table. If 1.2 billion people of India wanted to have a
bottle of water, we don't have PET resin in India. Such is
the growth, and such is the prospect of growth.

Second, we are a disadvantage to U.S. producers
and some other subject countries in a number of ways. For
example, the U.S. and Canadian producers, and even the
Mexico producers, are able to deliver product by rail which
we are not able to do so.

We are limited in our ability to sell to
customers who require rail delivery. We also do not compete
with U.S. product for hot-fill applications, which is about
17 percent of the domestic producers production of subject
product. Essentially we concentrate in the bottle market.
We price our product in line with the market and try not to
underprice.

I have read the public version of the staff
report and was not surprised to find that we oversold U.S.
products, we oversold in U.S. production 18 quarters of the
Petitions quarters. And only undersold U.S. production 10
quarters.

How it is called injury is yet to be seen. That
does not sound like price undercutting. As I've said, yes,
we increase our capacity and we are proud of our new plant
in the Hage, which is meant to cater to the younger
population of India.

India has been growing consistently at a growth
rate of between 5 to 7 percent, and that is creating demand
in India. Demand of PET in India is extremely strong and
expect to remain as strong for at least the next five years,
because we have to grow from half kg to at least 5 kg, if
not 9 kg like the United States.

In my testimony at the preliminary conference I admitted--I identified a number of key features for India which is driving consumption of PET resin, which is expected to continue to grow by 20 percent a year in the next 5 years.

I will briefly recap that information now. India has one of the fastest growing GDPs in the world. It is expected to increase almost 7 percent per year from 2015-16 onwards. Our younger, and more prosperous, and growing middle class consumes more PET bottles, more PET products for all types, including carbonated beverages for which we project huge growth.

Packaged water is becoming more common and there is increased demand for packaged water. Further, Reliance and other Indian producers are also serving several regional markets. We call them PET resin deficient markets. These include the rest of South Asia, Africa, and South America.

Demand is also increasing rapidly in those markets due to the economic growth and other reasons. We already have a history of supplying PET resin into those markets, and we fully expect to continue to grow our exports to those markets. And we have shown this to the investigators who had come there for a site verification.

It seems that the real competition for the U.S.
producers is Mexico, where they ship more PET resin into the
U.S. market in 2014 than three years' worth of shipment from
India.

I would like to say that U.S. producers suffer
due to high cost of production. If you see, about 15 years
back the average per capita wage per annum in China, India,
and Vietnam was $500. Today it has gone up to $8,300 in
China. It has gone to $1,300 in Vietnam. India is still
remaining at $1,000 or lower than that. As compared to U.S.
with its $50,000.

Raw material like PET, if you see the history in
the last five years, take out any leading journal like
Platt's, ICIS, PCI, or CME, you will find that the PET sold
in U.S. markets or the North American market at $100, or 10
percent more than what it is sold in Asia.

Thus, I would say that the efficiency of
production, the old plants, old technology, is the basic
reason for the injury to the domestic industry.

Now as M&G CEO has put in their paper on January
2016, they say that we decided to increase our investment in
order to make it more efficient, more efficient production
at Corpus Christi. As far as the capacity utilization is
concerned, I would like to read these three lines from the
CEO's statement of M&G.

This is not the first time that M&G chemical
facility exceeds its planned capacity. It already happened in Altimer, Mexico, and Swabi, Brazil. We have the current capacity increase well in excess of 13 percent of the initial design capacity. So the capacity utilization is not an issue.

With such a high capacity utilization, selling the entire product into the U.S. market, or the other market, they are not able to export for the reasons as I mentioned about the high cost of production. You need to be competitive to sell in the international market.

Antidumping is a fair trade mechanism, but it cannot be used for eliminating the competition, or it cannot be used if it is not in the interest, in the community interest.

In conclusion, I would like to say that India is a very minor player in the U.S. PET resin market, with very little overlap in competition between imports from India and other countries, as well as from the products produced by the large multinational producers.

Again, thank you for allowing me to present our views on this. Thank you.

MR. FEE: Good afternoon Madame Chair and members of the Commission and staff. My name is Jon Fee I am with the Alston and Bird law firm and I represent Premium Waters. Allow me to introduce Bernie Zarda, Premium Waters
Vice-President to offer his testimony this afternoon.

STATEMENT OF BERNIE ZARDA

MR. ZARDA: Thank you. I am appearing today in opposition of the Petitions. My company particularly objects to the affirmative critical circumstances determination as to India. Such a determination would punish my company and other importers for an alleged massive surge in imports and an alleged stockpiling of India PET resin that in fact did not occur.

Premium Waters is a privately owned U.S. company. We are a bottled water company, we are the only buyers of PET resin in the room. We operate production and distribution facilities in 8 states and we employ 850 U.S. workers.

We sell bottled water to retail outlets throughout the United States and under our brand names and our customer's private labels. We buy PET resin from U.S. and foreign suppliers for use in production of the molded clear plastic bottles that we use to package our products. Our suppliers include the above Petitioners and Respondents in these investigations.

We purchase substantial quantities of PET resin but by no means are we among the largest in the U.S. We place orders for PET resin to meet our expected production needs. We choose among reliable domestic and foreign
suppliers according to quality, delivery, price, payment terms and previous experience with those suppliers.

We believe the reasons for our sourcing decisions are consistent with those considered by other members of our industry. Premium Waters generally supports the position that the imposition of anti-dumping or countervailing duties is unjustified and unnecessary but the purpose of appearing today is to express my company's opposition to the finding of critical circumstances as to imports from India.

Shortly after the Commerce Department's preliminary determination Premium Waters was notified by CBP that it had to pay countervailing duties on PET resin that it previously imported from India. We promptly complied and we made the required payment. I had some explaining to do at corporation that we made the payment.

Premium Waters understands the purpose of retroactive applications of these duties is to prevent people from circumventing the intent of the law by increasing imports and stockpiling affected goods before the Commerce Department imposes provisional measures.

Premium Waters did no such thing. We paid retroactive duties on India PET that we ordered in the normal course of our business before we found out about the Petitions. In other words, we did not increase purchases or stockpile India PET resin during the critical circumstance
period.

After the Petitions we purchased PET resin from other sources for reasons unrelated to circumvention. As always our reasons were quality, delivery, price, payment and our previous experience with our suppliers. We also believe that other importers did not increase purchases or inventories of India PET resin during the relevant period. We base our belief on publically available data that our council retrieved from the U.S. ITC website and included in our pre-briefing -- pre-hearing brief excuse me.

The data compares U.S. imports from India for 6 months before and after the Petition. Imports in dollars slightly decreased from 13 million to 12 million. In kilos these imports slightly increased from 11 million kilos to 13 million kilos. But I think it's important to note in the beverage industry our busy season is the period that we are comparing to so the fourth quarter and the first quarters are much smaller demand for us in bottled water sales than they are in the second and third quarter.

And while we are not privy to the sourcing decisions of other importers we think this national data merely reflect the fulfillment of orders like ours placed in the ordinary course of business before anyone knew about the Petitions and placements of orders for reasons unrelated to circumvention.
Neither my company -- company's importations, or the national data indicate that there were massive imports that would seriously undermine the effect of orders in the India PET resin investigations. Premium Waters respectfully requests that the Commission take a negative critical circumstance determination as to PET resin from India.

I would be pleased to answer questions. My company and I will also promptly provide any answers after these proceedings to any questions I am unable to answer today. Thank you for your consideration to my comments,

thank you.

STATEMENT OF JONATHAN FEE

MR. FEE: I would like to add a comment or two if I may, sorry. I'm Jon Fee I would like to add a comment or two about critical circumstances in India. I was startled this morning by Petitioner's public slide 26 and Petitioner's testimony indicating a 67.7% increase in the post-petition period. Our pre-hearing brief indicates that yes there was an increase but only an increase of 15.6%.

You would think that we were talking about products from different planets. The difference even though we relied on the same data is a matter of methodology. In steel wire hangers from Vietnam and more recently in tetrafluoroethane from China the Commission stated that it's normal practice is to compare 6 months before the Petition
to 6 months after the Petition with the earlier period
including the month in which the Petition was filed.

We followed the Commission's practice in
compiling the data in our pre-hearing brief. The
Petitioners did not. They selected 5 month periods and they
put the month during which the Petition was filed in the
later period rather than the earlier as the Commission
prefers.

We followed Commission practice for better or
worse and we think we developed more reliable and objective
data about pre-petition and post-petition imports from
India. Moreover as Mr. Zarda pointed out plastic bottles
are seasonable. People drink more bottled water and cold
beverages in warm weather than they do in cold.

Any increase measured by either methodology is
correlative with this seasonality not with circumvention of
the order. I would add, finally, that in certain folding
metal tables and chairs from China the Commission considered
market share as well as an additional factor considered in
circumvention -- I mean in critical circumstances
consideration.

In that case, despite a significant increase in
imports from China, China only accounted for a very small
percentage of U.S. imports and domestic consumption and as
the witness from Reliance indicated only a few minutes ago
the same is true of India. India only accounts for a very
small percentage of U.S. imports and U.S. consumption and in
those circumstances an affirmative determination as to
critical circumstances is just unwarranted, thank you that
concludes my comments.

MR. NOLAN: Alright this is Matt Nolan again. I
just realized when I was doing the other slides that I think
a couple of slides got taken out of the deck but they are in
your handout versions. One of the ones that I wanted to
make sure that you took a look at was this picture. This is
the production manufacturing process for making PET. This
is also the same process that is used to make about a
hundred other different products.

You start from the bottom of the chart, you start
with oil and gas. You move up the chart in the middle you
will see NAPTHA. From NAPTHA you go up through the cracker
where you go right to PX. PX is paraxylene. When you make
paraxylene you go up and that then is made into PTA, the
principle ingredient in PET.

The other principle ingredient is NEG which
should go through the NAPTHA, up through the cracker, go
left, go to ethylene and over ethylene oxide and then right
and you are at MEG. Those are the two products that go into
making resin and the resin that we are making is PET in this
case although the other resins are also poly-stapled fibers
and what is POI? Polyester yarn, so that's important to understand.

I only put that in there because this illustrates quite cleanly that this is a product made from oil and natural gas or petrol chemical products and the main driver for price decreases in our theory is the declining raw material cost.

The price of oil in January of 2014 was about $110.00 a barrel. By the end of the year it was $55.00 -- it had gone down 50%. And that price went down to $30.00 as we know it now. There was a very steep decline in raw material prices and that very steep decline accounts for the price differentials that we see in the market so we want to make sure that you understand that.

The other point that I wanted to make is this is a picture of a petrol chemical plant this is actually one of the Indian plants, the Zera plant and the thing that is circled is actually the PET chem plant. Just to illustrate to you that this is one of the number of products that Reliance makes but also that the Petitioners make at the same facilities which is an important consideration.

Now a quick couple of items while we have time in the PET market -- first here is an indication of the concentration level in the PET market for U.S. production. In 2010 we had a large number of producers. There was
Eastman, you had Invista, you had Wellman, you had a number of different producers well who is left at the end of this game -- DAK is almost half the market. Indorama is a sizeable share and M&G as you heard wants to get a bigger share.

What we have is a very significant increase in the industry concentration that is taking place and as I said before while we understand that it is -- that industry concentration is not within the purview of the Commission as a specific factor to consider because you have dealt with this before, to us it's an indication of the conditions of competition.

This is not an industry that is vulnerable to import competition, these are very large corporations, foreign-based multi-nationals with operations all over the world and are very sophisticated in how they plan and execute strategies and in fact they just -- the decision to build a 1 billion dollar plant was not something that wasn't taken lightly, they have the cash and the capital to do it.

And notwithstanding the fact that they say that the two parties are completely independent of each other, DAK and M&G have cooperated in the building of this plant from the start. There was a technology transfer agreement, there was an investment agreement and there is a supply agreement, there are three different things going on here,
this isn't just a simply supply operation. M&G and DAK are cooperating in a very material way in the building and concentration of this industry in the United States, we believe that is significant.

Here's a quick snapshot of our producers. DAK America is a subsidiary of Mexican company. M&G is an Italian company, Nan a is a Taiwanese company and Durama is an Indonesian company. Together these four producers account for 100% of U.S. production and over 80% of the U.S. market and if you add their foreign supply sources that number goes up significantly.

There is no doubt that they control the market and therefore control pricing in the market. Here is a concept that we talked about about the K Fear plant. Much has been talked about that this morning about the tech plant being relatively newer. The K Fear plant was initially commissioned in 1961 and it was closed and if you read the actual press reports that were issued by the company when they closed that plant they quoted the inefficient old operation as the rationale for closing it.

Now the PET production facilities may have been somewhat newer but they closed that plant because it was old, outmoded and was being replaced with much more efficient new capacity. This is an indication of increase of capacity just for DAK where they closed one plant, K Fear
in the purple and managed to acquire or build a significant amount of additional capacity, mostly acquired from other sources.

But of course that capacity is now being supplemented with the Corpus Christi plant. It is hard for me to believe that their increases in capacity and their desire to concentrate the industry isn't part of a broader strategy to control the North American market and this is an indicator of that.

Very quickly on imports we talked a little about India and Arman together are a very small percentage of the overall market, particularly in relation to for example Mexico. If you look at Indian imports they have been in this market for a long, long time and they were higher in the past than they are now so there is a question mark in my mind about why there is a sudden surge from India going on here when in fact they have always been present in this market.

Overall if you look at the parties that are missing I purposely did not include Canada and China in this slide. I will admit, those are the two largest subject import sources in this investigation and as Commissioner Schmidtlein had indicated in her question and answer they are not here, what are we supposed to do with that. I am sure you are going to ask us about that in due course.
Finally I wanted to give you another illustration -- this is the historical pattern for Indian imports coming into the United States going back to 2005. I could have gone back further but this seemed to be far enough. You will see a pattern of ups and downs and in fact it really never reached the highest point that it could have simply because Indian PET capacity is running at a pretty high clip and they don't have the ability to ship more into the U.S. market.

There is the concept of a new plant that the Petitioners have regaled us with in Dahej but that plant will be occupied very quickly with increasing demand from India. This is the chart that shows the relative consumption patterns in various parts of the world for PET. As Anil had indicated in his testimony, the U.S. is way up here, India is way down here. India is rapidly moving up the curve this direction as are a number of these other countries down here.

This is where India's primary markets are. And this is where the growth is going to come, this is where you would expect double digit growth rates. When you build a PET plant you don't build it and have the demand sitting there waiting -- you build it and the demand comes into the plant over time. You can never time that perfectly because if you wait until the demand is already there, somebody else
will have built the plant so you want to be ahead of demand
and let demand come and build consumption into that plant.

So it is not unusual in this environment for
plants to start and then gradually ramp up to 100% right, it
doesn't -- you can't build a million dollar or billion
dollar plant and expect it to be 100% utilized from the day
you started, it doesn't work that way unless of course you
knock all of the competition out of the market. So some of
the growth drivers for the Indian market, disposable income
is going up, population and GDP growth is very high -- over
7% a year, food and lifestyle habits, there is a growing
middle class, all of these things indicate that demand for
PET in India will go up. These are the projections in India
for the growth drivers.

As Anil said if every person, every one of the
1.2 billion residents of India were actually to drink one
bottle of water a day, India does not have the capacity to
produce it with everything that they have got going on now.
That's how quickly the demand curve could go up for them or
will go up.

And this quickly finally is a picture of a new
type of bagging that they are trying to put under
development to improve their logistics and I would just note
on the concept of the logistics issue there was a lot about
yes we could ship intermodally, yes we could ship by rail,
this is not demand, there are other ways you can ship this
product but think of this from an economic standpoint.

The U.S. industry has invested in infrastructure
for rail shipments. They can put stuff in a railhead right
at their factory and they run it right to the customer on
the rail. They have built an entire infrastructure
including railcars to do exactly that. It is the most
streamline way of shipping the product, that's great.
That's a competitive advantage for them.

A product coming in from overseas has to come in
by ship, it has to unload from the ship, it goes on to a
truck, it goes from the truck to the railhead, from the
railhead it goes back onto a truck and then goes to the
customer. Tell me which way is a more competitive, less
costly form of transportation, that is the essence of the
advantage that we are talking about and thank you. Does
anybody else have anything to say? Alright we will take
questions, thank you very much.

CHAIRMAN BROADBENT: Okay this afternoon I want
to thank all of the witnesses for coming today and I think
we will begin the questioning this afternoon with Vice
Chairman Pinkert.

VICE CHAIRMAN PINKERT: Thank you Madame Chairman
and I thank all of you for coming a short ways and long ways
to get here. I want to begin where Mr. Nolan left off,
talking about the advantages that domestic producers may
have and I am wondering why more shipments of subject
imports are not made by rail.

There was a reference in the testimony to
logistics but I would like to understand better what's going
on here. Do importers lack complete access to rail or is
there something else going on?

MR. BARENBERG: Hi this is Joe Barenberg with
OCTAL. I would be happy to go into that. You know
accessing rail transport, as you know rail is a very fixed
asset. Rails are where they are and a railcar is a big
piece of equipment, it is big, it is expensive and the way
you access that equipment is much different than if you went
say and if you had -- if you have a moving van and you are
moving from Maryland to Idaho you call up, you get a truck.

Trucks are available they come, they run your
route, they go on and do something else for somebody else.
Railcars are much, much different. First of all to have
access to a railcar you have to commit to that piece of
equipment so we are talking 5 and 10 year leases, you can
get them for shorter but it is very expensive. So if you
want to have cost effective access to this piece of
equipment you have to make significant commitments to it,
both financially and with respect to time.

And so if you are going to use this equipment you
have to know that whatever you are going to use it for is
going to be there for quite some time or that you have some
sort of flexibility which is not often the case. So as was
mentioned in the morning session there was an acceptance
that you know after 400 miles give or take, let's just use
that number for the sake of argument, rail really starts to
deliver the kind of economic benefits that you need to be a
competitive supplier.

So if you take our situation for instance, when
we come into a port, let's say along the east coast, a lot
of our stuff comes in via Newark, New Jersey, you know 400
miles doesn't get you very far, it just doesn't get you very
far. So unless we have large tier 1 customers with
long-term contracts for us to commit to that kind of a
financial obligation over that period of time is just -- is
just not a responsible thing to do. Our customers are not
going to tell us don't worry we will make good for as long
as you need to use that railcar.

And switching them around and moving them around
is not a practical or economic way to go about business.

MR. NOLAN: This is Matt Nolan I would add that
it makes a whole lot more sense to invest in that degree of
expensive infrastructure when you are shipping 5 million
pounds a year in the U.S. market which is the U.S. size.
You know we are talking very sizable quantities. I keep
harping on this, they control the mass part of the market. There are so many aspects of this that are important. When you have that much of the market it makes economic sense to invest in railcars, to invest in the facilities, to ship it the most efficient way.

When you are an importer that is more on the fringes the economics of that investment don't make sense and so you are stuck with a higher cost of transportation which is it a competitive disadvantage which you cannot get around and that's the essence of the distinction we are trying to draw here.

MR. BARENBERG: If I might add one more comment during the subject period and as you probably know it was a very, very big time for the tight oil, tight gas business and that business consumed for years the capacity of the United States to even manufacture railcars and the price and the ability to get these cars was also extremely difficult. The prices were very high and just to get access to one to have for your use and in numbers one -- the lead time was significant and two -- it was just difficult.

Railcars are absolutely consumed you know from soup to nuts across the country.

VICE CHAIRMAN PINKERT: Okay now you have emphasized the economics of using the railcars but do the purchasers express a preference for shipment by railcar?
MR. BARENBERG: I'll take that again, yeah absolutely. You know when I mentioned in my statement that you know that one of the big points of appeal for using railcars is that they hold you know, 70 - 70 plus tons of resin at a time and the cost and the efficiency -- and it's a very good mode of transport, it's a very good mode of delivery, it is very efficient and it enhances the customer's ability to move that kind of resin in and out of their operation with the least amount of cost and it also allows them should they want to make some changes in their production -- they have agreements where they are allowed to part these things for a period of time agreed to in whatever contracts that they have got.

So is there a strong preference on the part of large scale producers I would say absolutely there is a strong preference and in some cases it is physically not possible for -- and we have been told this time and time again that if you cannot bring it in a railcar either we can't take anything from you or the amount we can give you isn't going to be interesting to you at all.

VICE CHAIRMAN PINKERT: Mr. Nolan do you have anything to add to them?

MR. NOLAN: No I think our witness did a great job.

VICE CHAIRMAN PINKERT: Okay and are the subject
producers not able to manufacture certain grades or types of
PET resin?

    MR. BARENBERG: Yeah well we are not involved in
the hot-filled market. We primarily make the standard
carbonated soft drink grades and just two or three grades,
that's what we are involved in. We have not developed the
hot-filled grade at this time.

    MR. NOLAN: Anil you can correct me if I am wrong
but Reliance does make hot-filled but they don't ship it to
the United States, at least Reliance does not and that's
just a business decision.

    MR. RAJVANSKI: Anil from Reliance. Actually
manufacturing different grade is not a problem. Anybody --
because the manufacturing process remains the same, it may
increase or decrease the -- a little bit with the intrinsic
velocity but it is not a problem because the process remains
the same.

    The only thing is like hot-filled juice may have
different characteristics and different specifications as
compared to the cold-filled or added. All of the new
applications coming in the PET there is a large pressure of
bearing capacity in the PET bottles which is being created
to bottle the beer inside the PET bottle which is a new --
like in India we already started packaging the liquor, the
alcoholic drinks in the PET bottle.
But still that pressure technique to contain that beer pressure is still being worked on, but any kind of grade can be produced by any producer, it depends on this thing, if you want to be the normal bottling business or the hot-filled business, that depends on the business it is in, thank you.

VICE CHAIRMAN PINKERT: Thank you now is operating income a better metric for measuring impact on the domestic industry in this case than operating income margin given the shifts in market share that we were talking about in the earlier panel?

MR. BARENBERG: Joe Barenberg interesting question, I want to make sure that I understand the question. Did you say operating income like an ebitda above any depreciation?

VICE CHAIRMAN PINKERT: What I am talking about is in other words the amount of profit rather than the profit expresses a ratio over sales.

MR. BARENBERG: I see, I see -- okay so kind of an aggregate gross number, absolute number versus like a percent margin, I got you. Well it's an interesting -- it's a very interesting question and I'm not sure I would have an absolute number either way but I would tell you that you are going to have to take into account at some point -- for instance we talked about the Cape Fear facility that had
been shut down.

You have to take into account a lot of factors when you look at why is a facility competitive and why is it not competitive so you have on the one hand you can dig deep and say look on a variable cost basis you know -- and like the MTR we like it a lot. I mean let's be honest we are not a new company any more we always say we are but we are really not that new anymore.

But when we got it I mean MTR was the leading technology in terms of variable cost and so that's great and we structured our company in such a way that we said look on a variable cost basis we are going to leverage that advantage by not staffing up and creating huge amounts of overhead and other extraneous costs that don't add value to the customer and I think when you look at any asset that is in the industry you have to take these types of things into account because some of these facilities are older, they do more than one thing, they have certain support staff and infrastructure that if you were to build it from scratch as M&G is doing in Corpus Christi you wouldn't put it in, you wouldn't configure this.

So your variable cost may not -- I'm sorry your margin and as you said percent margin on variable cost may not be a very good indication of the competitiveness of that particular facility and you would have to look at what is
allocated to this facility as an overhead charge to see if it can even support all of the things that it has to support.

So I am sure that that is being taken into account at Corpus Christi which is why I have no doubt it is going to be a highly, highly competitive facility.

MR. DURLING: This is Jim Durling but just to underscore whether you are looking at the amount of the operating income or the percentage of operating income what we would say is it is important to take into account the condition of competition that costs were falling and that as you heard in the morning testimony, or the afternoon testimony simply looking at the dollars or the percentage in that period of time is misleading in a situation when the costs are declining because it is not taking into account the difference between sales prices at the new lower price and cost inventory that has been accumulated at the higher price.

So unlike some cases where raw material costs may have been fluctuating only slightly in which case kind of the traditional approach of looking year by year would in fact be a reasonable approach in this case because of the magnitude of the cost declines we think it is necessary for the Commission to kind of step back and just understand that and look at the numbers from that perspective.
VICE CHAIRMAN PINKERT: Thank you. For the post-hearing if you could respond to the argument that the prices fell by more than the costs of raw materials I think that would be helpful, thank you.

CHAIRMAN BROADBENT: Commissioner Williamson?

COMMISSIONER WILLIAMSON: Okay I would like to express our appreciation to the panelists for coming today and presenting especially those of you who have traveled from a long way, coming and presenting your testimony today.

Mr. Barenberg I was very impressed you talked about the technical advantages of your product and yet when I was looking at the staff report, this is table 2-8 comparing products from Oman with U.S. -- I see no reflection of any indication that purchasers considered it to be a superior product from the things that you are describing.

So I was wondering what is the basis -- or what documentary evidence that this does make a different to purchasers?

MR. BARENBERG: What I would go back to is that when we went to market with the resin, when we took share too -- because when we bought this technology keep in mind a little bit about what I call was and is you know, our call is a company that these other gentlemen and I started as an idea and when we took a chance on NTR technology you know it was a serial number 002 in the world and we were basically
betting the farm that this thing was going to deliver the
goods and deliver the value to the customer.

So when we went to market with the customers we
went with the message that we would -- these are the things
we figured or experienced and we wanted to measure them with
you and so as customers took delivery of resin we actually
spent time with them in their own facilities talking about
energy consumption, talking about re-heat properties,
talking about all of these types of things and it goes to
cumulation et cetera.

COMMISSIONER WILLIAMSON: Question when did you
start doing -- when did you come to market in the U.S.?

MR. BARENBERG: Well a lot of this type of
activity was starting in you know mid to late 2009 and on
from there.

COMMISSIONER WILLIAMSON: The purchaser
questionnaires don't reflect at least -- you haven't
convinced the purchaser or else they don't seem to say
anything that indicates that your product is superior in
these things and so that's my question. What's the
document, what's the evidence to support that -- that it
makes a difference to the purchasers and if you want to do
it post-hearing that's find.

MR. DURLING: We'll happily provide documentation
post-hearing but it is a real phenomenon but what I think
is important to understand is that your questionnaire is
going out to all of the purchasers and you are asking kind
of generic questions and this particular question is kind of
like a check the box right?

And so you are seeing a lot of data which is
people just kind of checking the box. You may be getting
check the box for Oman whether they were actually purchasing
any product from Octal or not. So we will give you the
actual documentation to show that at a granular level
customers value these physical differences and then you will
have two sources of information but I would submit that
specific documentation from customers confirming yes your
product performed in a way that's different than others
would be the more probative evidence on this point.

COMMISSIONER WILLIAMSON: And then you might
suggest why it is not reflected I mean because these are
pretty specific questions, okay that's fine, but
post-hearing I would appreciate that. The other question
that -- another question I had is the shipping by rail
averse to shipping by surface and does any of your -- when
your product comes in does it come in containers?

MR. BARENBERG: Yes it does, it's in containers
and within the container you have super sacks approximately
1 ton per super sack.

COMMISSIONER WILLIAMSON: Okay and what -- I take
the bus to New York every Friday night and I go past the Newark Airport and I look over there to see the port facilities and I see the railcars and the double stacks. So Matt, since you built the port in Newark, and I used to work at the Port Authority in New York/New Jersey which is why these things are interesting -- why is it that you can't use that -- those facilities to ship by rail?

MR. BARENBERG: Okay yeah and there's nothing that would stop us from actually taking our container and putting it on a flat bed of a trailer shipping it anywhere, that wouldn't be an issue. The difference here is that when the service to these customers occurs by rail there are very specific railcars that are bulk chemical, bulk resin railcars so they are not like what you see with the containers, they are actually the ones that you see they are kind of -- they have grade in them or whatever so they are very specifically manufactured for this purpose and you don't have the ability to grab the next train out so to speak, you have to have your car, the one you have leased or have access to available and then have it filled and then move it out.

COMMISSIONER WILLIAMSON: Okay.

MR. PORTER: And Commissioner if I could just ask, a little more fine point on this -- again when we speak quite honestly like when we are all I try to do the 5 minute
opening with trying to condense and idea to a phrase and of course we don't ship by rail, others do is a nice sound bite but as you correctly are identifying that's you know we need to get a little bit more specific.

And what Mr. Barenberg is saying is it is not just rail, it is the rail cars that are designed to feed into the customer's manufacturing complex -- and that's what they can't get access to. So we are not talking about just rail in general, it's the rail cars that the customer has built infrastructure you heard it this morning -- a lot of infrastructure building is capacity to make it the most efficient to go from the U.S. producer's plant in a special rail car to the customer's plant where they have special equipment to take it from the rail car into the manufacturing complex.

COMMISSIONER WILLIAMSON: Mr. Cullen this morning said that during the period of investigation a number of purchasers had invested in new capital so that they can receive the product a number of different ways, do you disagree with that or you don't --

MR. PORTER: Again the information that Mr. Cullen has from OCTAL sales people is that they are being told by the tier 1 customers if you can't put into these special rail cars then I can't take the large volume. And maybe I can take a small volume but I can't take the
majority of the volume that we consume because we need it in those specialized rail cars.

COMMISSIONER WILLIAMSON: Okay post-hearing if you can take a look at table 4-6 on the Oman shipments and the ways that they go and address the numbers, the numbers I am seeing there and the ratios what I am seeing there with your argument that you can't compete by rail. And there is also I guess another category other ways, other modes and I was kind of curious what those are. When you talk about rail, truck, there are shipments by other modes too.

MR. BARENBERG: You can ship in a super sack which is about a one yard cube of resin in a bag on a pallet typically, that's one mode. The other mode is you can ship by what's called a bulk sea-bulk container which is a container that --

COMMISSIONER WILLIAMSON: But the super sack has to go in a truck or something to get there.

MR. BARENBERG: It goes in a container and then if you want to ship it on from there then you have to put it in a truck and then ship it to the customer. On a sea-bulk container that is typically transferred as a container. Sea-bulk meaning the container has a liner in it, it is just a bladder full of pellets and then that is shipped onward to the customer typically on a truck or it could be railed nearby but you are going to have to deliver it on a truck
because it can't be handled off a rail. You have to tip them, you have to tip them up to pour it out and it is only 20 tons at a time versus 70 tons at a time for a rail car.

And then you have got the rail car which we discussed which is 70 tons at a time and it comes over a grate at the customer, opens up the doors and the grain falls -- oh I'm sorry the resin falls down into the receiving vessel.

COMMISSIONER WILLIAMSON: Okay post-hearing you could address those categories.

MR. PORTER: Commissioner I am now seeing the number that you and we will address that the best I can because this is BPI and what I will do is I will ask OCTAL for a comprehensive sort of for identification of the transport mode for their shipments and then we will provide that.

COMMISSIONER WILLIAMSON: Okay because this seems to be a point that you have been making. Another question -- this is about pricing data for imports from Canada -- do you agree with Petitioner's argument that the Commission should use prices reported by Salinas in the preliminary phase? If you want to think about it --

MR. PORTER: We're going to address in our post-hearing the issue of why there is not information in the final proceedings from Canada. This issue has been
addressed in the BPI submissions and we intend to set forth
in a sworn affidavit by counsel the underlying factual
information that led to the statements in our brief and I
think that will address your question.

COMMISSIONER WILLIAMSON: Okay thank you and it
seems my time has expired so thank you.

CHAIRMAN BROADBENT: Commissioner Johanson?

COMMISSIONER JOHANSON: Thank you Chairman

Broadbent and also thanks to all of you for appearing here
today. Could you all please comment on the argument of the
Petitioners that the reason for improvements in the
condition of the domestic industry in the interim 2015 is
due to the imposition of preliminary trade relief and
moreover what role do raw material prices play here?

MR. BARENBERG: Well I will tell you this. The
raw materials are obviously a major factor I will address
that. Raw materials have been on quite a move over a
significant amount of time given the large numbers in the
petroleum market which we are all quite aware of. And you
know as these prices decrease -- as I have stated earlier
there is a lead time when you order your raw materials and
when you consume them and for us it is probably a little bit
longer than for the domestic guys but I don't think it's
that much longer -- we have got 30 to 45 days.

But the value of these raw materials has changed
substantially in that time period and what happens is that your price that has in the raw materials market that has declined usually that's announced a few days before the end of the month. Very often the first of the next month is when that triggers the price for the resin to the customer. So if the price of the raws went down let's say 2 cents a pound and the price of the resins to the customer would move in a commensurate amount but the raw materials that you are consuming on your site are going to be at least 2 or more cents a pound more expensive than what your pricing reflects to your customer.

And therefore you are going to have margin compression at that time and as I stated earlier until such time as it becomes a stable atmosphere for raw material pricing, you are going to see that margin compression then it goes to reason that in an upward ticking market for raw materials you will enjoy the opposite effect but that wasn't the case during this time period.

MR. NOLAN: This is Matt Nolan, I would just add that the steepest decline in raw material prices occurred in 2014 and 2015 oil prices and raw material prices continued to decline but not at the rate at which they were in 2014. So you basically have a curve that's going like this right. It starts to level off and because it is starting to level off the impact of that decline is not nearly as pronounced
and allows the U.S. industry to catch up essentially. And if oil prices are -- when oil prices start to go up you will see the opposite effect occur and their profitability will go quite nicely I would think as a result of that because the margins will be affected just as the raw material prices go up, their margins are going to go up again.

I do not subscribe to the idea that the start of the case itself, I mean obviously there was a contributing factor to it, the buyers get scared and of course they are going to be shy from buying material from producers that are under investigation but I would point to the return of non-subject imports in the immediate aftermath of the retreat of subject imports as an indicator, particularly coming from Taiwan which had extremely low unit values and we will get further into that.

But clearly the Petitioner's own foreign operations were quick to grab market share back.

MR. PORTER: Commissioner Johanson if you don't mind I would like to use your question to answer a question asked by Commissioner Pinkert at the very end. Commissioner Pinkert asked to respond to the argument by Petitioners that prices fell faster than the raw material prices and kind of anticipating that we went back to our sort of data people over lunch and they reported that the data that the
Commission has as compiled show that subject import pricing from India and Oman completely consistent with the sort of declining raw -- the published raws prices.

And I would like to take this opportunity to make a very important sort of distinction okay because quite honestly I think Petitioners, whether intentionally or not, were sort of confusing two very different concepts okay. One concept is are prices going down faster than the indices -- the raw material price indices from which the change in pricing is being developed okay and since -- I did a lot of work on the Commerce Department side and a lot of work with how OCTAL has to price its product with customers and I can tell you there's a very you know, process by you look at the change according to the indices as we heard today there are a couple of different indices.

You see the change in raw material prices and then you calculate the PET resin price according to the change in the indices. So one is how did the indices change compared to price but then the other is did prices fall faster than the individual producers cost of raw materials and that is where you get into two things connected to take into account.

First you know your own individual cost of materials may or may not follow the indices and second they may have higher raw material costs than others and if you
look at our brief we quoted a respected trade periodical --
there's a colorful quote that said the pink elephant in the
room is why are PET prices in the United States 14% higher
than the rest of the world.

So you need to take that into account as well.
What we are saying is that the raw -- the changes in the raw
material prices as reported by the indices are in line with
the decline in the actual subject import pricing as seen in
your pricing product data.

COMMISSIONER JOHANSON: Thank you I do indeed
recall the pink elephant part that was very colorful. Thank
you for your responses there. Looking at page 71 of
Petitioner's pre-hearing brief and also is demonstrated in
the staff report, I note how many third country measures are
in place on this product.

What is it about this industry that has so many
countries seeking to protect their own domestic industry
from imports?

MR. PORTER: If I can -- there are no measures
against Oman.

MR. NOLAN: With respect to India I would only
comment that there are a number of small older plants that
domestic countries would like to protect at some level and
those are what are doing and the types -- we are not talking
major consuming countries here we are talking relatively
small markets if I remember correctly like South Africa so they are not major.

And a company like Reliance ships to dozens -- 20 -- 30 different countries not any one of which is you know, a significant chunk of their overall business.

COMMISSIONER JOHANSON: Is this due to over-capacity around the world? Largely with regard to China who is not here?

MR. NOLAN: Anil do you want to say anything about the Chinese capacity?

MR. RAJVANSHI: China has some plus capacity that is because there is a lot of BPA and this number would just come down. That is important outpost because the BPA is 85% of the PET because the combination is 85% of BPA and 35% of MG, mix any polyester including the PET.

China having invested large amounts in the PET so they have to invest further in the downstream. So they have invested in the downstream like in polyester and PET to consume the BPA which has been produced at.

COMMISSIONER JOHANSON: Alright anything else?

MR. NOLAN: No I think there is a distinction and China is -- I would draw a distinction between China and countries like India and their circumstance.

COMMISSIONER JOHANSON: I understand I didn't mean to put you on the spot. Regarding the formulas that
are used by purchasers to index PET resin prices to raw
material prices which you all have discussed this afternoon,
can you elaborate on the type of situation in which the
formulas might cause PET prices to fall faster than raw
material prices for a certain period of time?

MR. BARENBERG:  Well I think in general it is
based on a change.  I mean I think more and more people are
selecting the region in which the business is being
conducted.  I think that if somebody were to make an
assumption about other regions and selecting indices from
other regions which I think is highly unlikely then you
would just this 14% that was just mentioned could get
factored in but I do not think that that is the case today,
I can't speak for the Petitioners.

However I can certainly speak for us and we will
try to match the region raw materials with the pricing in
the region so that it is competitive and that makes sense to
everybody.

COMMISSIONER JOHANSON:  Did you want to add
something Mr. Porter?

MR. PORTER:  I guess you are asking if in fact it
is true that PET resin pricing fell faster than the
published indices --

COMMISSIONER JOHANSON:  It can fall faster or did
fall faster.
MR. PORTER: If it is true then obviously there is something else, something else going on and you know I think the Commission sort of looks at this a lot, there are factors affecting pricing other than just sort of import competition and one of the biggest things that I would say would be sort of intra-industry competition, DAK, M&G, you know all competing and that may be a contributing factor as well.

COMMISSIONER JOHANSON: Alright thanks for your responses my time has expired.

CHAIRMAN BROADBENT: Commissioner Schmidtlein?

COMMISSIONER SCHMIDTLEIN: Thank you good afternoon. So as Mr. Nolan predicted I wanted to come back to this question about not necessarily adverse inferences specifically but more what should we do about the fact that Canada and China did not participate in the final? So I know that you just responded that you want to put something on the record which I presume goes to why Canada didn't respond but what should we do about the record? Do we just leave it blank, do we cumulate what do you think we should do?

MR. PORTER: Commissioner a question understood. I -- it is our view that why someone did not show up is important.

COMMISSIONER SCHMIDTLEIN: It is important.
MR. PORTER: Well it is our view that if the law is going to be kind of applied consistently there is only one facts available provision applied both the Commerce Department and the International Trade Commission and the question that is asked is why don't you have the information, okay. If it is the case that a particular party sort of is responsible for not -- for the reason for the absence of the information then under the law the Commission is allowed to take adverse inferences against the party who caused the information not to be on the record. Now how do you do that.

COMMISSIONER SCHMIDLEIN: Is that correct under the law? So it doesn't matter if it is the party's information you are saying if there is a third party who is responsible for it then we would take an adverse inference against that third party?

MR. PORTER: We are saying that's the natural conclusion you would get from many, many paths in this Commerce Department applications of facts available and that in fact is the basis of the law right. I mean you -- both the Commerce Department and the Commission want factual information to do their job, okay.

Most often okay when and quite honestly we have this situation for China, okay there is no other information except China did not participate -- well you are allowed
under the law if you want to say well we are going to assume
that they didn't give the information because the
information was harmful to their position in the case,
otherwise they would have given you the information, okay.

We're taking that concept and we are saying if
the reason that the information is not there is because of a
party in the case then you have the authority and the
ability to say well we are going to sort of punish which is
really facts available, adverse facts available, punish the
party who caused the information to be absent from the
record and that's the legal argument that we made in both
the Reliance brief and the OCTAL brief with respect to
Canada.

COMMISSIONER SCHMIDTLEIN: So do you have an
objection to using the prelim data for China?

MR. PORTER: We do not have an objection to using
the prelim data for China.

COMMISSIONER SCHMIDTLEIN: Do you think the
Commission's legally precluded from using the prelim data
for Canada?

MR. PORTER: It will be our position when you see
the sort of factual information that you will see in the
post-hearing brief as to why the Canada information wasn't
provided. Our argument is yes, you would have at least --
put it this way -- those of us that have been dealing with
the Commission a long time hate to say the Commission is required to do anything, but we'd say that you at least have the discretion to say "I can take into account and I can actually apply adverse inferences to sort of the information".

We are discussing today about going one step further, "well, what does that mean?" and we would say that in this situation if it's going to be shown that the reason the information is not there is because of another party and that party did that in order to compel cumulation then our response is then you shouldn't cumulate Canada with Oman and India who did show up. So that's how that's going to fall out.

MR. DURLING: Commissioner Schmidtlein, Jim Durling. Just to clarify that at the end of the day the Commission has the discretion to either consider or not consider any information it has on its record. Out point is if you have information it goes to the question of why is the information better? Why isn't it more complete? Why isn't it more reason? When you're looking at the information that you have and you're deciding what weight to give to that information, what inferences to draw from that information, it is well within the Commission's discretion to take into account, okay, if it's not exactly what we needed or asked for, why is that? So it's really less do
you consider it or not consider it but in what way do you view it. That's really the point we are trying to develop.

MR. NOLAN: I would concur with my colleagues. I don't have a lot to add other than this puts you all in a bit of a sticky situation depending on kind of how it evolves because you know, we're talking about protecting the integrity of the proceedings here and is this really, truly a properly fully-vetted, fully information laden environment and does the Commission have the information at its fingertips that it needs to make a complete decision. If it doesn't why doesn't it and if the reason it doesn't has some less than savory components to it then what do you do about that?

I would say to you, just for the sake of making sure that you're compelling people to come when they should as much as possible you ought to think carefully about whether you decumulate some of these parties because what else, what is your other remedy? Other than to say you got into this with the Petitioners this morning. Well, do we just evaluate the data that we have?

You're almost forced into that situation because that's all you've got, right. You either ignore the data that's there or you take the data that's there. How are you going to interpret that data knowing that the reason why you don't have complete data is not necessarily what you would
want to see from responding parties?

MS. NOONAN: Commissioner, Nancy Noonan. If I may add perhaps a clean solution to Canada would be to not cross-cumulate. It's my understanding that the Commission is currently doing a Section 129 Consistency Determination which is stemming from WTO Dispute Settlement Body decision where I believe the U.S. has agreed to stop cross cumulating imports where only antidumping allegations were made as to one country and antidumping and countervailing duty allegations were made to the other. This is the hot-rolled steel products from India case, so that could be another option for the Commission to at least separate Canada from everyone else.

Then, just generally speaking on the issue of cumulation of course under both the material injury cumulation standard and threat standard what the Commission is looking at is whether the imports compete with each other and with the Domestic-like Products in the U.S. Market. So again, could the Commission maybe take an adverse inference as to whether there is the competition there against the countries that are fully participating. Again, it might be a path for the Commission to consider.

COMMISSIONER SCHMIDTLEIN: And if the Commission does look at the prelim data for Canada and China what does that do to you all's case in the price effects?
MR. PORTER: We'll take a look at that, quite honestly because we didn't have sort of full information we sort of if you will, we did most of our analysis looking on of course India and Oman because that was we had complete data, final data with pricing and so forth. We will look at China and Canada in that regard.

MR. DURLING: This is Jim Durling. The one thing that we can say now and we can say publicly is that where you to take Canada out of the mix it would dramatically affect the volume analysis because Canada, it's been stated publicly and you can discern this from the publically available data, Canada was very, very large relative to the other Subject Imports so the volume case is very different. I mean, we start with the Domestic Industry that collectively controls most of the market anyway. The volume effects here are smaller than many of the cases that you see and you take Canada out of the mix and the already small volume of effects become even smaller than they are.

COMMISSIONER SCHMIDTLEIN: Alright. So before my time is up, do you have any objection to the Commission looking at the direct import data and if you do what's the problem with that data in your view?

MR. NOLAN: I think that's something we're going to want to look at in the post-conference and address. I'm not prepared right now to talk about it.
COMMISSIONER SCHMIDTLEIN: Alright. Well since my time is up I will save my following questions for the next round.

CHAIRMAN BROADBENT: Thank you. Okay. Let's see. Mr. Nolan or Mr. Porter, so as I understand it, what is your response to Petitioner's slide No. Five that perfect X that they had up there, as referred to by Mr. Rosenthal? He thought that this is a pretty strong point in their favor. Do you think that the industry's loss of market share is a particular weakness in your case?

MR. NOLAN: There's lies, damn lies and statistics. You know X marks the spot. That's what I got out of that slide. You could have a slide that goes from one to two and it's going to look like this and if it's one thousand to one thousand and one but you only have the metric for one little piece you can manipulate it. I don't put much stock in a chart like that because it doesn't really represent the actual trends that occurred in the market. You need to look at what's going on in the imports rather than a miscellaneous slide. Jim?

MR. DURLING: I would agree with that point. I guess the other two points we would emphasize is that you should always be skeptical of a graphic that isn't showing you the scale so that you can evaluate the scale and kind of where it's starting and where it's not starting. The other
is, what time periods are being compared. The perfect X looks nice when you compare 2012 to 2014 but the perfect X isn't a very good explanation of the shift from 2013 to 2014, right.

And so under the logic of "oh, well what inference do you draw from the perfect X" you really need to look at not just the change over the entire period but what's happening from year to year and is it telling you a consistent story? Because when you break down the shifts from year to year, you will see a different pattern and a different relative role of Subject and non-Subject Imports so absent the ability to go into the actual specific numbers I guess that's where we are for the public hearing.

MS. NOONAN: This is Nancy Noonan, if I may. From public data again to Mr. Durling's point about what exactly are the years that they are covering here, if you look at the import volume coming in from Mexico, the change from 2013 to 2014 shows a tremendous increase which would certainly should be taken into consideration too.

CHAIRMAN BROADBENT: Okay, I would like some advice on how to consider public price data for raw materials. Should we be more focused on the price of MEP or should we be more focused on the price of PTA when trying to get a sense of whether U.S. prices should have fallen to the extent that they did?
MR. RAJVANSHI: It's a PTA which is the main raw material because if you make one unit of PET 1kg, you need 850 grams of PTA and 350 grams of MEG to make 1kg of PET. So predominantly the main raw material is PTA, not MEG.

CHAIRMAN BROADBENT: Okay.

MR. BARENBERG: But there are certainly times then it is quite common to factor in these raw materials, both of them into the impact of the final product and because the ratio is quite well understood it's a very simple process.

MR. PORTER: Can I add, Commissioner? If you happen to have a, if you could look at Exhibit 4 to our prehearing brief and this is a PDF we got from the OCTAL kind of research department and this is how they get the data. If you look at the very last line, it's the "Major RAWS" and that's the acronym. That is a combine of PTA and MEG and there's a specific formula and quite honestly the ITC Staff called the other day and we went over it. It was buried in the record so we showed them where in the record it was so basically you take the PTA price times it by I think it's 8.6 or something, then you take the MEG price, you times it by something, add something and you get this RAWS price.

It's the RAWS price that we use to sort of do the comparison of the industry's raw material and the PET Resin
because this is what the Industry uses in the ordinary

course of business. So I would submit that, actually the

Industry itself is giving you the combined PTA and MEG

pricing you don't really need if you don't want to, just try
to decide which is more important because you have the
combined right here in front of you.

    CHAIRMAN BROADBENT: Mr. Barenberg, are price

adjusting mechanisms based on publically available price for

raw materials or are they based on something linked to your

inherent costs?

    MR. BARENBERG: We use strictly published data.

    CHAIRMAN BROADBENT: Okay. This is for Mr. Zarda

from Premium Waters. Does Premium Waters sign contracts in

which raw material cost adjusting mechanisms are part of the

price paid? What data is used in the material

cost-adjusting mechanism?

    MR. ZARDA: We used, this is Bernie Zarda. We

used formula pricing on domestic purchase up until probably

about a year, year and a half ago and since then we've been

buying more spot market. So in that we will negotiate a

price and a quantity and we will firm up that price until

that quantity is used up and then negotiate a new price.

I'd say in our case we've not used a formula for probably

eighteen months.

    CHAIRMAN BROADBENT: Okay. Mr. Rajvanski,
looking at the slide that you have called "PET Per Capita Consumption" doesn't this indicate that the U.S. Market is among the most attractive in the world given our high per capita consumption of PET Resins? I take your point that India and other markets have strong growth potential but still the U.S. remains a pretty attractive market I would say.

MR. RAJVANSHI: I would say, interesting question. It's like, I will just give you an example. There was a shoemaking company in England. They sent their two salesman to Africa. The one gives a report "No potential because nobody wears shoes". The other one gives "Tremendous potential because nobody wears shoes". So what is happening is we have to look at the market because it is really deficient but in India's own market still too deficient we just haven't any consumption.

As you know we have been talking about logistics and material by rail or trucks and all that, the first priority is always to supply within the country because you can supply rail and you can supply by truck transport. The main priority is always the domestic market rather than the exports.

CHAIRMAN BROADBENT: But how to U.S. prices compare with other global prices such as the EU prices and Asian prices?
MR. RAJVANSHI: U.S. prices are normally, we exported it's always higher as compared to third country prices. Because here the Domestic Industry gets a better delta as compared to the other markets. Predominantly as I mentioned early exporting PTA costs high in the U.S. and North America.

CHAIRMAN BROADBENT: Why is that?

MR. RAJVANSHI: I really don't know. It's a fact that one has to look into but maybe because of the higher cost that I was pointing out. There is a higher cost of labor but in PTA plant you don't need so much of labor but historically we see it lasts many years. You pick up any leading journal whether it's Platt, CMIA or PCIA or Technon or anything, every time you see that every month or even on a fortnightly basis. The price quoted in North America is always 10% higher than Asia. Maybe the delta is higher, it's 10% higher due to the higher conversion costs, the plants are old, the plants are not efficient with the technology is in an evolving pattern. Every year the technology evolves.

So this PTA plant or BB I think is 1975. It is something like forty years old plant. So efficiency in the older plant is not comparable to the new plant.

CHAIRMAN BROADBENT: Okay, but just playing devil's advocate, but the raw material cost of the petroleum
and the natural gas is so much lower here than in Asia.

MR. RAJVANSHI: You see, crude oil price or petroleum price is one factor but then you have, and anyone will factor in, you have one in the fixed cost, one in the variable costs. Your variable costs will be raw material but your fixed costs will remain there and variable costs also one factor is paraxylene. In PTA, when we make the PTA, the paraxylene is usually only 2/3, 67%. The rest is other chemicals and catalysts. So those prices may not be you know falling in line with the crude prices. Those are static.

So 67% of that paraxylene which is directly from ethylene and -- may affect your prices, raw material price but the remaining 33% is 34% is a static price. We don't have a lot of variation. Then it depends also on how much is your fixed cost and then what kind of delta, what kind of margins you are keeping. So that basically affects

CHAIRMAN BROADBENT: Okay, yes.

MR. PORTER: Commissioner Broadbent, thirty seconds if I may. Just to, the question you just asked "why" is white honestly a very interesting question that the industry itself is scratching its head about. Hence the colloquy I had with Commission Johanson about a noted expert which again we put it in our brief that it's the pink elephant in the room. Why are PTA costs 14% higher in North
America than anywhere else? Essentially the industry is saying that makes no sense but yet it exists. In some sense what I'm saying is you ask a very good question. I'm not sure there is a ready answer that we can give.

CHAIRMAN BROADBENT: Okay. Vice Chairman Pinkert.

VICE CHAIRMAN PINKERT: Thank you. Given that Mexico is not Subject, what should we do or how should we factor into our analysis the affiliation between the U.S. Producers and Mexican Producers?

MR. NOLAN: This is Matt Nolan and I'll start us off. I'm sure Dan will have a few things to say as well. It is my view that because the U.S. Industry essentially treats Mexican production as an adjunct to its U.S. Production that you ought to treat it as part of the U.S. Industry, as part of the Domestic Production.

What we have going on here, without getting into too much detail is a U.S. Industry that basically is controlled by or has control over the production coming from Mexico. We also have some information that was put out this morning that a Domestic Producer may be in the process of acquiring the Canadian production. Which means the entire North American Network could theoretically be under control of one of four parties, right.
As it stands now Mexican production is viewed by the Petitioners' own admission as a supplemental source of supply. If they did not have those plants operating in Mexico would they have been producing it in the United States? Why wouldn't they? They chose not to produce it in the United States but produce it in Mexico. Would it be because there's a price advantage in Mexico or a cost advantage in Mexico? I don't know. I actually don't really care.

The fact of the matter is that they've chosen to self source their material from Mexico and I view that as an adjunct to U.S. Supply by their own admission and therefore you should treat it as an equivalent part of the U.S. production and capacity utilization numbers.

MR. PORTER: This is Dan Porter. Let me offer similar I guess vein, just a little different take. I believe, no disrespect to the passion of my colleague Commissioner Pinkert that you're kind of troubled actually writing a decision saying we're going to treat imports from Mexico as part of U.S. Production. I sense that.

VICE CHAIRMAN PINKERT: You can assume it as a hypothetical.

MR. PORTER: Okay, but so what we're trying to do is what do you do with this admittedly somewhat unusual fact that the entire imports from Mexico are controlled by
Petitioners and so what I do want to pick up is that it's how you view the data that you have so in ordinary course as Mr. Nolan said, the Commissioners say "look at my low capacity utilization but for those Subject Imports I could have sold more".

Well Mr. Nolan is correctly identifying well you've got to say some of that's your own fault because you're choosing to bring in imports where if M&G that's production of DAK America or vice versa so you do have to sort of look at data that you have that is low capacity utilization where your normal reaction is to say "oh but for the Subject Imports the capacity utilization would have been higher". Here you could say well "no, I actually have to kind of inch it up a little bit higher because it's their own fault that they're not using a full U.S. Production."

So again, it's how you interpret the data but to me the overarching point is a subject Mr. Nolan mentioned which is control and dominance gets to vulnerability. Okay, so we're saying is it a hypothetical? At what point, Commissioner Pinkert are you going to say well they have so much control of the U.S. Market maybe they don't need the U.S. Government to give them extra relief here. You know, is it 75%, it is 85, is it 90?

I would like to think at some point the Commission will say you know these guys are actually fine.
They control a sufficient quantity of the U.S. Market that we are not so sure that they need relief regardless from the little mixed underselling here and there. That's what I think that we're overarching, our overarching point is about the Mexican supply.

MR. NOLAN: And if you go back to your traditional analysis, at the very least what is the role of non-Subjects in this case? And I would say there is a much more significant role of non-Subjects that you need to consider in your analysis. How do you consider it? There are traditional factor analysis you could look at. There's the Bratsk analysis.

There are all these other things you can consider but I think it's a significant condition of competition factor. I think it's a significant replacement factor. I'm not buying the concept "well we price it higher than other product." They're self-contained. They're business units, right? The Mexican production is part of the U.S. fabric and so how do you view that? So it has to come in the analysis someplace and I guess the struggle you all it's worth the appropriate place. At the very least it's in non-Subjects and we would argue it goes further than that.

VICE CHAIRMAN PINKERT: Thank you, now I'm not trying to put words in your mouth but I'm just trying to understand what the argument is about the Mexican production
and one thought is that you might be saying that the
shipments from Mexico maybe more vulnerable to Subject
Import competition than the U.S. Domestic shipments and
therefore we shouldn't be as concerned about the impact of
the Subject Imports given that circumstance. Is that what
you're saying.

MR. PORTER: This is Dan Porter. I would like to
say that's not all we're saying. Because you're the
Commissioner, I agree with you at least I agree with what I
believe is the premise of your point that it's not the
purpose of the law to essentially favor non-Subject Imports.
Okay and I think that is at least at some level part of the
consideration. If in fact you looked at all the analysis
and you said; just as you say "well, gee the Subject Imports
are really harming the imports from Mexico" I'm sorry, we
win. Under the law, we win because you're required to
define that the Domestic Production has been harmed by
Subject Imports.

So if you in fact find that Subject Imports only
harmed imports from Mexico, the case is over so I think that
is one part of it. I don't think that's the only part but I
do agree with you that is one consideration.

VICE CHAIRMAN PINKERT: Thank you, now turning to
issues related to cumulation in the context of a threat
determination, if you take a look at divertible capacity
country by country and divide that by the capacity plus end-of-period inventories. Are there differences in the degree to which divertible capacity is dominant in that ratio from country to country?

MR. PORTER: I'm sorry Commissioner, I don't have that data right before me. I know what you're saying but I don't have it right before me. I can't comment on that particular ratio especially with respect to the inventories. I do just want to make a comment though that the meaning of excess capacity and trying to reiterate Mr. Barenberg's testimony that just because there is excess capacity doesn't mean the company is actually going to use it and I think the Commission has often said you know the excess capacity by itself doesn't mean a propensity to ship to the United States.

That's something that Mr. Barenberg felt very strongly about and wanted to come here and say "that's not who we are. That's not what we do" and so we want to make that point.

MR. NOLAN: We would only comment that we believe there are distinctions with India.

VICE CHAIRMAN PINKERT: I appreciate those answers. Let me just give you a one definition of divertible capacity that I think is useful. That would be excess capacity plus end of period inventories plus total
exports and then if you divide that by capacity plus the end
of period inventories you get some sort of measure of how
capacity could be used. I understand your point but you get
some sort of measure of how it could be used within a
particular industry and given the fact that there was some
discussion in the briefs about capacity and whether some
countries were more able to divert capacity than others I
thought it would be useful to take a look at those numbers
for the post-hearing.

MR. NOLAN: We will do so.

VICE CHAIRMAN PINKERT: Thank you very much.

CHAIRMAN BROADBENT: Commissioner Williamson.

COMMISSIONER WILLIAMSON: Thank you. Mr. Zarda,
you had made the point about that your imports were really
seasonal. I guess tied to the should we say "drinking
season" or no? So there is a water drinking season in the
U.S. and so I was wondering whether or not you had data, I
could look at data from prior years to show that the pattern
of imports in 2015 were similar?

MR. ZARDA: That might be a little deceptive but
we could probably provide that information but when we buy
imports there generally is about a 45-day lag time from the
moment we purchase the product to the moment that the
product actually arrives at our facilities to be converted.
So our buying patterns don't necessarily match up with our
using pattern all the time so it's because there's a lag in foreign material.

So if I go from domestic material, I'm buying it on a daily basis or a weekly basis for use in my facilities. When I'm buying foreign material I'm actually buying ahead 45 days sometimes 60 days.

COMMISSIONER WILLIAMSON: We're getting into this argument over critical circumstances, if you did the pattern of your purchases 2014/2013 same as you did in 2015, I think you're making the argument that we shouldn't consider filing the Petition a reason for the surge, that this is a known pattern. I'm just trying to get some evidence from your purchasing patterns that might shed some light on this question, if the data is available.

MR. ZARDA: We know when we're made every purchase and we can probably discern when all of those were delivered to our locations. I will say that we are very careful and I want to make sure I make this point correctly but we are very careful because Resin is 50% of our raw material cost and you can look at a bottle of water and there's not much cost in the contents. It's in the package and so we're very keen on the cost of our raw materials so when we see an opportunity to buy and in a rising market we may buy ahead and stockpile Resin so a purchase might be made in February that we won't plan to use until June just
because we think it's the proper time to buy so that we can
reduce our cost the most.

COMMISSIONER WILLIAMSON: Okay and those factors
might make that, what I'm asking for not meaningful.

MR. ZAYDA: It could. I mean I could give you
more general terms on, we could give you a list of our
purchases when they're made.

COMMISSIONER WILLIAMSON: Is there anything
post-hearing that can help us deal with this that would be
helpful but I realize there are a lot of factors going
there.

This has nothing to do with this case, really,
but Mr. Barenberg you talked about all of the technological
improvements, are you ever going to be able to make these
thin bottles as they get thinner and thinner, less noisy?

MR. BARENBERG: That is a very interesting
comment because you know there was a major product change in
the market for potato chip bags and there was a bio-based
PET-like substrate it was made out of and there were so many
complaints by the consumer, a la what you are saying here
that it was actually swapped out. In terms of PET, if we
can dream that one up you'll be the first to know.

COMMISSIONER WILLIAMSON: Thank you.

MR. ZARDA: If you don't mind, I'll comment on
that. We just went through a pretty lengthy consumer
preference test with Wal-Mart on bottle design and they were
very interested in bottles that made "crinkle noises" is
what they called it. I've never seen a test with crinkle
but that's what we did. Really, a lot of the engineering
that goes into bottles is for the side rigidity and top-load
of the bottle and so horizontal rings typically give you
better side load, vertical lines give you better top-load so
there's a lot of engineering that goes into it but the more
ribbing you put in it the more crinkling you actually create
so it is a topic. You're on the cutting edge.

COMMISSIONER WILLIAMSON: Okay. I'm not using
any more of my time for that topic. This is under
distributors of PET Resin. The Staff Report notes that the
Commission did not receive any purchaser questionnaires from
purchasers that describe themselves as distributors. What
kind of firms are distributors and how significant are they
in this market? That's the question I asked this morning
too.

MR. BARENBERG: Sure, you know I think the
similar question was asked in the morning and I think my
answer will be similar in that very large, highly
sophisticated users are typically direct sales and they know
what they want. They have very specific needs and they have
the capability to handle shipments in larger volumes, such
as railcars. Distributor does serve a need in certain parts
of the market where two things could be true. One, the size
of each delivery is actually reasonably small or two, the
creditworthiness of a customer may not be suitable for let's
say our company to take that risk and they are able to
provide some kind of a financial buffer between us and an
end-user.

COMMISSIONER WILLIAMSON: Are they significant
players in the market at all?

MR. BARENBERG: Excuse me?

COMMISSIONER WILLIAMSON: Are they significant?

MR. BARENBERG: I think they do have a
significant presence in the market for sure but again I
think it's sequestered to customers that have the profile
that I'm describing.

COMMISSIONER WILLIAMSON: Okay, thank you. This
is a question of cost data on direct imports. How should
the Commission evaluate the data it has collected for the
four pricing products on the cost of PET Resin reported
directly by end users. Are these data relevant for an
analysis of underselling? If you want to do this
post-hearing you can.

MR. PORTER: Commissioner, I would like to take
an opportunity to do it post-hearing because it requires a
little bit more thought than I can do right now. I think
it's getting late.
COMMISSIONER WILLIAMSON: Okay. I can understand that. This is a question on the decline in the industry's financial performance. Does the decline in the Industry's financial performance, the data collected by the Commission appears to indicate that Industry's financial performance declined in 2012 and 2014. In a market with growing demand what would explain this decline other than the rising volume and market share of Subject Imports. Don't repeat all your arguments but

MR. DURLING: In a nutshell, we think it has more to do with the timing of raw material price declines than the role of Subject Imports and we can develop that at the post-hearing brief.

COMMISSIONER WILLIAMSON: Thank you. Those are all the questions I have for now.

CHAIRMAN BROADBENT: Commissioner Johanson.

COMMISSIONER JOHANSON: Thank you, Chairman Broadbent. On page 24 of Reliance's brief, Reliance states that eleven of fourteen responding purchasers said that they did not shift purchases from U.S. Purchasers to imports. What can we conclude from that? Can we conclude that most of the increase of Subject Import volume came from increased purchases by the same purchasers?

MR. NOLAN: I'd have to go back and look at that again.
COMMISSIONER JOHANSON: That's on page 24.

MR. NOLAN: So this is the imports during 2013/2014 or?

COMMISSIONER JOHANSON: Let me take a look here. I looked at this last night, sorry. I'm sorry, that's on page 24. Did I give you the right number?

MR. NOLAN: Right. Okay, I'm looking at it now. So most purchased really specific -- . They did not switch to Canadian prior to '14, did not switch in '13 -- . I think the answer is there is a great deal of stability in the market. I think that came right, that's almost a quotation right out of the Staff Report if I'm not mistaken. That's an indication that a large number of purchasers are not interested in switching over their supply sources or at least not switching most of it.

I think the larger driver from our perspective has been just expanding the number of sources' options available for supply. If you only have four suppliers and one of them is absolutely the largest single supplier in the market you kind of want to make sure you have some alternatives lined up in case something happens to that source of supply. India has been a long-term supplier to the U.S. Market. It's been there for a long time. It can handle a certain volume but you'll notice it never kind of breaks a ceiling here and so it's an alternative.
MR. PORTER: Permission to talk?

COMMISSIONER JOHANSON: Go ahead Mr. Porter.

MR. PORTER: I think that is taken directly from the Staff Report and the Commission Staff asked that question for a very simple reason. It goes at kind of at least one core of the case. Did the pricing or did the presence of Subject Imports cause purchasers to switch, to stop buying U.S. Produced and switch to Subject Imports, so they simply asked purchasers "did you switch". It appears from the statement that most did not. So that's one piece of information that you have.

To me, you tie that with, and I can't do publicly, but you tie it with the loss/sale, loss/revenue analysis done by the Commission Staff and I think you start to see a bit of a, at least a bit of a pattern that we do think is significant and that we did comment in the brief. Really, the issue is -- is there substantial evidence that Subject Imports, the presence of Subject Imports, the pricing of Subject Imports caused U.S. Producers to lose sales? Look at our brief, we analyze the information compiled by the Commission Staff and we said we think that answer is clear.

COMMISSIONER JOHANSON: Alright. Thanks for your responses. I'm going to jump around here a little bit now, jump into the whole issue of Mexico which I know you all had
addressed some today but I had a particular question. On page 33, note 33 of the Petitioner's brief they state that Mexico is not included in these investigations because among other reasons imports from Mexico were priced higher than Subject Imports. Would you all like to address that issue and if you can't do it now, if you do that during the post-hearing. Also, you might want to discuss during the post-hearing whether that was true for all Subject Countries throughout the Period of Investigation.

MR. PORTER: We will look at that data and address it. We gave quite a long response in general about the, if you will, the significance of the imports from Mexico and as Commissioner Pinkert pointed out the affiliation with the U.S. Producers. We would sort of reiterate that but we will look at your specific question and address that.

COMMISSIONER JOHANSON: Okay.

MR. DURLING: Just to underscore, the affiliation means these are transfer prices. They are being set by the Petitioners themselves and it would be a truly unusual case for the Petitioners to bring an action against prices that they themselves had set but we can go into more detail about the other countries post-hearing.

MR. NOLAN: I would also just like to just one last piece of this puzzle. You know, we talked about the
advantages of rail shipment. There's only two other parties that cans ship by rail, Mexico and Canada.

COMMISSIONER JOHANSON: Right. Okay, thanks for your responses there. I had a general question dealing with the way these products are treated. Are there any widely broadcast standards for these products such as ISO or ASTM Standards?

MR. BARENBERG: Generally what happens is that the number one attribute of the product when it is sold is intrinsic viscosity and so there are standard tests that are used to determine the as they call it IV of a particular resin and then you have other attributes of the product that are typically contained in a data sheet like color and things such as that. Each of those types of tests where it's determined what type of color or whatever it is, there are broadly accepted test methods used in the Industry, yes.

COMMISSIONER JOHANSON: Okay. Well thank you all for your questions today. That concludes my questions.

CHAIRMAN BROADBENT: Commissioner Schmidtlein.

COMMISSIONER SCHMIDTLEIN: Alright. I just want to go back very quickly on an answer that someone just gave to Commission Johanson about the Mexican Imports being transfer prices and being set by the U.S. Affiliate and so my question is are the buyers in the United States controlled by the U.S. Company or are those buyers at arm's
length? So I mean literally are you saying these are intercompany transfers or they are just like intercompany transfers?

MR. DURLING: I stand corrected. I was using it in the looser sense, as a corporate policy and the presumably the, at a corporate level a U.S. Company that's the subsidiary of a U.S. based company. The pricing from Mexican production and U.S. Production are going to be coordinated in whatever way best serves kind of the broader corporate interests. So it's not transfer price in that narrow sense.

COMMISSIONER SCHMIDTLEIN: But the buyers are at arm's length here in the United States.

MR. DURLING: I would caution, one cautionary note. No, I'm just saying that the price levels being set by the corporate entity and

MR. PORTER: I'm sorry, I'm not sure if the record has this information. I will defer to the Commission Staff. We don't know whether this is going into the U.S. Producers' inventory. If it's going to the U.S. Producers' inventory then it is a transfer price by definition.

COMMISSIONER SCHMIDTLEIN: Correct. Do you have evidence of that?

MR. PORTER: No. So then I think Mr. Durling's comment is appropriate.
COMMISSIONER SCHMIDTLEIN: But do you have
evidence of that?

MR. PORTER: No, I don't. I simply don't know.
I'm asking. I'm sort of asking the question.

COMMISSIONER SCHMIDTLEIN: Well I was asking
because you all were the ones asserting that it was a
transfer price and it wouldn't really be a transfer price
unless it was not at arm's length but you are not saying
you've provided evidence of that.

MR. PORTER: Sorry. It was an assumption that
and we actually stand corrected that it was an assumption
that we were making that the imports were coming into the
U.S. inventory, U.S. warehouses of U.S. Producers and then
shipping out to their customers. You heard this morning
that there's no difference, the customers don't know where
it's coming from so presumably the U.S. Producer is
controlling, if you will, the shipment to the U.S.
Customers. It's not going directly from Mexico. I said
presumably.

COMMISSIONER SCHMIDTLEIN: But that's still not
answering the question about whether the price is at arm's
length with that buyer. Right? I mean

MR. NOLAN: Right. I take your point. There is
a sort of a corollary to that which is a twist and that is
to the extent and the U.S. Producers do buy a lot of their
PTA from their affiliate in Mexico. That is a transfer price. That cost is a transfer price cost which in our brief we ask the Commission to try to discount that and go back to the supplement or the appendix E data which takes out and looks at actual costs so I think when you are looking at this, be careful about that because there is going to be a potential issue. I'm not going to say there, but there's this potential issue transfer pricing between actual costs and we actually had this big issue with the Commerce Department who asked us to trace back to the price of crude oil in determining the actual cost of making that for the dumping determination.

COMMISSIONER SCHMIDTLEIN: I understand that.

Alright. So the question I want to, the remaining question I had has to do with pricing across market segments and so this is probably best answered by one of the industry witnesses. Which is, can you tell me in your review how are prices impacted across segments? So does the price to a bottler affect the price to a distributor or in your view are these things isolated or insulated I should say from one another?

MR. BARENBERG: There is a broad, you know, let's just say a large user pricing that's in the market and these are actually what a lot of these indices are based on. In fact, some of them are called large user price indexes.
COMMISSIONER SCHMIDTLEIN: So it includes different segments?

MR. BARENBERG: It would include different segments but it's really the biggest driver of the ability of the user to negotiate is obviously volume and a large quantity of users will tend to have better pricing and different conditions. So in that sense, yes. It is more drive by that factor than any other. Then, obviously if you have a distributor who also must compete in that market, if he is competing in the same segments then obviously there is a cost to having that distribution in between the customer and the producer.

COMMISSIONER SCHMIDTLEIN: So I guess distributors sell to all of these different end users, bottlers, carpeting

MR. BARENBERG: They do. They do. I mean they have to provide value obviously in the market and in the view of the large sophisticated user he won't tolerate having somebody in between him and the producer but in cases where some people can get things that they value such as very frequent deliveries or different credit terms. In that case, the distributor can have value and would indeed fit in that equation.

COMMISSIONER SCHMIDTLEIN: Okay. And Mr. Rajvarshi? Do you agree with that or do you have a
different view?

MR. RAJVARSHI: I think I agree with that.

COMMISSIONER SCHMIDTLEIN: Okay. So if I understand correctly and Mr. Porter and Mr. Nolan you can correct me if I'm wrong, one of the arguments you are making is that there is attenuated competition and this is demonstrated by one thing, which is the channels of distribution, right?

MR. NOLAN: I'd say that that's a significant factor.

COMMISSIONER SCHMIDTLEIN: Significant factor.

MR. NOLAN: I would also say that imports and it's going to vary somewhat by particular country but not all imports are participating in all segments. So for example, Reliance doesn't really ship into the hot-fill sector. Now is it possible? Do they make hot-fill? Yes. Have they chosen not to ship to the U.S.? Yes, that's a business decision but what you're going to find is segmentation in what areas. They participate predominantly in the water bottle markets and actually if you look at the pricing series that's the most popular area but you won't see them in other sectors. So they are not going head to head

COMMISSIONER SCHMIDTLEIN: Okay, well let me ask you two questions. One is, if there is price effects across
segments then why is that relevant? In other words, the fact that India is participating in one sector of the bottle market but if there is price effects across these sectors so if you're driving down the price in that segment then why is it relevant that they are not actually directly participating in this other segment of the market?

MR. NOLAN: I guess that begs the question, does one segment automatically translate into a decrease into the other segment of the market? I would say that's not a correct assumption to make.

COMMISSIONER SCHMIDTLEIN: But that was the question I just asked Mr. Barenberg, do these products have price effects across segments and I understood his answer to be generally yes because these things are based on combined index. You can correct me if I'm wrong Mr. Barenberg, but is it your view that the prices aren't across segments? In other words so if, and can you let him answer with it? Let's let him answer without being coached, okay?

Do you think there are cross-cutting price effects across the different segments? I'm talking about bottlers, carpeting, sheeting, distributors, right. And I guess if you wanted to distinguish between hot-filled and cold-filled too.

MR. BARENBERG: Okay. I mean when the products do have different performance attributes. They will have
their own different prices. They may have different cost
structures and they cost slightly more or less to produce a
hot-filled resin versus a standard bottle resin, etc. Or if
you have to produce a very high IV resin for strapping or
something that requires it that will certainly have a
different cost structure than do some of the other resins.
So in that sense, yes indeed. I didn't quite get your
question before so I didn't

COMMISSIONER SCHMIDTLEIN: So just to put a fine
point on it, if the prices are being driven down in one
segment of the market that's heavily dominated by say one
imported product, do you think, is it your view that that
would affect another segment or not?

MR. BARENBERG: I would say not necessarily. I
really don't think so. There's a unique product that's
being used in a certain segment that is not really
applicable in another segment then I would tell you that
there is

COMMISSIONER SCHMIDTLEIN: But this is resin.
You're selling resin to a bottler. So if that price of that
resin is dropping for some reason, let's say India and
product two or product one is driving down the price because
they are selling resin very cheaply to bottlers, is that
going to effect a different segment of the market?

MR. BARENBERG: Well, I would say if a different
segment of the market is requiring a different specification
of resin, then I would say it's fairly isolated at that
point.

COMMISSIONER SCHMIDTLEIN: Okay.

MR. PORTER: Commissioner, I think, I very much
understand your question, it's a very good question but I
guess I would say that we need to just broaden it a little
bit and say there are a lot of things going on. For
example, I don't think we did it in our prehearing brief but
in our brief at the conference stage we did an analysis of
just what you are sort of talking about, looking at these
different segments and looking at pricing and seeing, are
there any sort of -- what can you tell from the pricing?

Well, there was one particular segment, I think
it was hot-fill that had very little at least off-shore
supply. They had no India, had no Oman and I'm pretty sure
it didn't have much China either. So we said it had no
offshore supply, so what were happening to prices? I
believe there was no discernible difference in the pricing.
Well, if there is no discernible difference in the pricing
then at least offshore imports can't be said to be causing
the decline. There are declines anyway and if the declines
are the same magnitude as happening elsewhere then at least
arguably something else is going on in the market causing
that price decline.
We said well we think yes it is. It's the rapidly declining raw material cost. So your question is definitely good but it just sort of highlights the difficulty of sort of saying can one thing be attributed to another then there are several different things going on affecting pricing.

COMMISSIONER SCHMIDTLEIN: Okay. I see my time is up. I do have a couple more questions but I will come back to them.

CHAIRMAN BROADBENT: Let's see. Mr. Zarda. To what extent do you have to rely on having multiple sources of supply.

MR. ZARDA: We have several different plants that use resin, actually six currently and a 7th one will be introduced about one year from now. So we have different suppliers in different regions because of logistics so if I have a plant that's near one of the domestic plants, that's a plant I generally try to work with because it's convenient and the freight costs are less. Generally the pricing is better. I think we generally have three to four different suppliers at any one time at our six plants.

CHAIRMAN BROADBENT: Okay. One point I was still trying to clarify, what is the primary upstream raw material used in PET resin. Is it natural gas or oil? I should know this, I just didn't
MR. BARENBERG: In PET resin directly the two raw materials, you have purified Terephthalate acid or the PTA and that is most of the weight of the polyester. Upstream from that the next level up you have paraxylene. Paraxylene is a liquid, it's an aromatic. It comes right off the refinery site stream typically so you have paraxylene plants so that takes you back before that right into the refinery. So you're talking in this case, the refining of oil.

CHAIRMAN BROADBENT: So it's for petroleum oil?

Okay. Alright. Got it. Mr. Zarda, again does your firm source directly from foreign exporters or do you only source from Domestic importers and producers? If you do source from foreign exporters, why? If not, why not? Are there any additional costs associated with doing your own importing other than ocean transport and duty costs?

MR. ZARDA: We do buy from both domestic suppliers and from foreign suppliers so we do both. There are some different costs associated but sometimes it's advantageous so if we get packaging in super-sacks which is typically from a foreign supplier, there is a cost associated with unloading those super-sacks that we don't have when we get product in bulk. But generally there could be an advantage too because we can warehouse super-sacks in our warehouse and accumulate inventory when we think the price is, when it's advantageous to us to accumulate resin
or increase our inventory levels.

Where it's very difficult to do that in bulk because you can, you're limited to what your silos can hold or a tanker truck that might be delivering to us. I don't really, we buy most of our product at either FOB the Port or FOB our plant. On imported material, all of our domestic material is delivered to our plant so it's priced delivered to our plant.

CHAIRMAN BROADBENT: Okay, but in your -- say again, when you're purchasing imports you're purchasing directly from the exporter or is there an importer involved?

MR. ZARDA: Sometimes we do it directly and sometimes we will use a broker. It kind of depends on, we use a lot of different avenues in search of the best price that we can find and sometimes different suppliers like to work with brokers and sometimes they are willing to work directly with us. Fortunately we've got a good reputation in the marketplace and we find some suppliers that don't mind working directly with use because we pay promptly and we are fair and a good company to work with.

CHAIRMAN BROADBENT: So if you are directly importing do you have any additional costs yourself that you wouldn't have if you bought from a broker.

MR. ZARDA: In the aggregate, no because all those costs are there whether we imported or not. We might
be responsible to pay some costs that generally a broker
might pay. They now become our costs. So we have to factor
that in. We have to be very careful that we understand all
the costs associated with bringing product in directly
versus we get a delivered price to our dock. All those
costs are included so when we buy direct, we have some extra
costs. Import fees, drage costs, other things that we might
have to pay for.

CHAIRMAN BROADBENT: Okay. Alright. Then this
would be for Mr. Porter and Mr. Nolan. If the Commission is
persuaded that there are no adverse price effects, what are
we supposed to do about the market share losses. Is this
sort of, we got to this earlier today but the market share
losses during the POI, while market share is not by itself
determinative of an affirmative determination it certainly
is an issue that can lead to an adverse impact finding. As
mentioned it was the case in rebar from Mexico where the
Commission did not find adverse price effects but found that
the underselling facilitated a shift in market share and
found adverse affects on that account.

MR. NOLAN: I will get started. I mean number
one, obviously a lack of adverse price effects is a pretty
compelling case for ditching the case at the end of the day
because there is no adverse price effects to the U.S.
Industry. The second part on the market share is look at
the relative size of the market share as it exists today and
again I'd hate to come back to the idea of whether Mexico
gets included in part of the U.S. market share for some
context of this analysis, but if you don't then you see some
variations in the import levels coming in from Mexico which
are not insignificant.

In particular, market share was pretty stable
early on in POI and towards the latter half when imports
from Mexico went up the most. There was some change. So,
how does that effect the aggregate analysis in this case. I
find the market analysis to be less compelling when the
market is so dominated by the Domestic Industry.

MR. DURLING: This is Jim Durling. I would just
add market share by itself, you need to look at the
magnitude of the market share loss. You need to see what,
if any, connection is there between the market share and
volume loss and financial performance of the industry. I
think what your variance tablet shows in this particular
case basically volume effects are not having a significant
impact on the financial performance of the industry. The
variance analysis shows that it's all about changes in price
most of which the overwhelming majority of which is
explained by changes in raw materials.

So really, based on the variance analysis we
really just have to help you understand the residual effect
on price not otherwise explained by the raw material, by
kind of the static raw material price change, right.
Because your variance analysis simply compares one year to
the next year and isn't taking into account the timing of
the raw material price declines which we talked about in
some of the earlier answers. So when you put all of that
together we would submit that the mere loss of a few points
of market share given everything else in this case would not
be enough to warrant an affirmative determination in this
case.

CHAIRMAN BROADBENT: Okay. Commissioner
Williamson? Okay. Commissioner Schmidtlein.

COMMISSIONER SCHMIDTLEIN: I just had a couple
more. If you could look at table 2-1, roman number 2-1 in
the Staff Report which is on page 2-4. Roman numeral 2-4.
So this is the Channels of Distribution table. My question
is as a factual matter, if either one of the witnesses could
talk about this a little bit right now but when you look at
the imports from India and the imports from Oman you see
that at least a percentage of their imports shifted pretty
dramatically in a couple different categories. Where you
know you went in terms of distributors and then you look at
what they were doing in the sheet packaging and scrapping.
I'm looking in India and even the difference in the interim
period between those two numbers. So I guess my first
question is can you talk about why those changed? So it's a pretty dramatic shift. If not, maybe you can do that in the post-hearing?

MR. PORTER: Should I do India first? Or Oman first?

COMMISSIONER SCHMIDTLEIN: Either one. India's fine. We were looking at that one. If it's too confidential we can do this in the post-hearing.

MR. PORTER: Let me give a general answer and it's just every once in a while, Commissioner the data itself is kind of not as robust as at sometimes it appears and for Oman, that's the situation. Just the way how the Commission collects the data and the unique manner in which OCTAL did its shipments. So what you're looking at here is by definition from the importer questionnaire responses, okay.

The trouble with taking sort of a lot of inferences from Oman is that OCTAL had kind of a different situation. They did not ship a hundred percent through OCTAL, Inc. They didn't. They had some direct shipments, okay, and that shifted a little bit over time. So simply the way in which they chose to sometimes they go through OCTAL Inc., sometimes they don't. That itself is distorting the Oman data.

So what we would like to do is to answer that
question but from OCTAL as a whole because you are, it's not
someone's fault, you start making the assumption that this
is Oman as a whole with respect to the distribution at least
the percentages when it's not because the fact of how they
shipped it and how the Commission collected the data created
this. So what we will provide for you is that table for
OCTAL as a whole and then you will be able to see whether in
fact there was this shift that you're seeing now.

COMMISSIONER SCHMIDTLEIN: So you think that's
going to show something significantly different than what we
are seeing here in terms of trends?

MR. PORTER: I'm saying that the, if you will,
the magnitude of the other shipments that's not there is
sufficiently large that I'm saying it possibly could so
that's why I'm hesitant to say this data means something
until I see all the data together. I would like permission
to give you all the data and then discuss what it means
rather than trying to look at what honestly is most likely
less than half a loaf here.

COMMISSIONER SCHMIDTLEIN: For Oman, okay.

MR. PORTER: This is just for Oman.

COMMISSIONER SCHMIDTLEIN: Okay. Does India
have any -- would you like to comment on, remember my second
question is if we can get to it is when you look at this
given the argument about the channels of distribution and
that there is attenuated competition because we are only
selling in this channel, but when you look at this chart and
you see India and Oman shifting pretty dramatically between
channels right?

When you look at India and you see in the interim
2015 the shift to sheet packaging and strapping from
distributors does that undercut your argument about
attenuated competition being based on you know channels of
distribution and that they seem to be changing year to year?

MR. NOLAN: I think the first point is we need to
go back because this was in the confidential version of the
staff report. I've been very circumspect about discussing
some of this with the clients, we are going to have to
figure out a way that we are going to brooch this topic and
I think the data is somewhat anomalous. I am not sure I am
trusting what I am seeing there from what I know of the
company and what we have been discussing with them in the
past.

I do think there has been some trend towards
using distributors more but there are limits to what you can
you know with intrinsic viscosity differences. There are
limits to what you can change applications for for some of
this.

COMMISSIONER SCHMIDTLEIN: I'm surprised to see
--
MR. NOLAN: I hear what you are saying. I

definitely hear what you are saying.

COMMISSIONER SCHMIDTLEIN: These are big shifts.

MR. NOLAN: And I hear what you are saying and I
guess what I am saying is I don't really trust it and we
need to dig into it a little bit.

COMMISSIONER SCHMIDTLEIN: Okay I don't have any
other questions thank you.

CHAIRMAN BROADBENT: Okay if the Commissioners
have no further questions does the staff have any questions
for this panel?

MS. HAINES: Elizabeth Haines, staff has no
questions.

CHAIRMAN BROADBENT: Okay and I understand the
Petitioners may have a question for this panel, Mr.
Rosenthal?

MR. ROSENTHAL: We do very quickly I have a
question for Mr. Nolan. You represent Reliance who based on
publically available data shipped about 345 tons of product
to the U.S. this last year which was a very small amount,
the two largest Indian producers, Dhunseri and JPW are not
here and they haven't filed pre-hearing briefs, should the
Commission make an adverse inference against the Indian
exporters based on the failure of the largest producer by
far not to be appearing here today?
MR. NOLAN: Dhunseri filed questionnaire responses unless I am mistaken. The other major producers filed questionnaire responses so the data is present in front of the Commission. Whether they choose to argue the case is one thing but they did provide data to the Commission so I think a) there's your first distinction. Second Reliance feels very strongly about this, it's not a significant market for them but they are a proud company shall I say and feel like they have been taken advantage of by certain relationships with some of the domestic producers and are here today to fight about it and I think the Federal Trade Commission complaint is another indicator of just how upset they are with the way things have been going on in certain parts of this industry.

So the fact that my client is more aggressively defending its position is its right. I don't think there is any lack of information on the record upon which the Commission to base a decision.

MR. ROSENTHAL: Thank you.

MR. NOLAN: Unlike Canada.

CHAIRMAN BROADBENT: Okay and in that case I would like to thank the panel for their testimony and I will dismiss you now. With that we will come to closing statements and those in support of the Petition have 7 minutes from direct and 5 for closing for a total of 12
minutes. And those in opposition have 4 minutes from direct
and 5 for closing for a total of 9 minutes. As is our
custom we will combine those and you do not need to take all
of your time.

We will start when you are all ready with those
in support of the Petition.

MS. CANNON: Thank you Chairman Broadbent I would
just like to -- this is Kathy Cannon on behalf of the
Petitioners. I would just like to briefly address the issue
of critical circumstances. Mr. Fee said that he was shocked
by our data and arguments on critical circumstances. I'm
not sure why, the data are official import statistics that
we relied on and they are the same data that we presented in
our brief but they are not the same data that Premium Waters
used as I believe he stated.

They used volume data from the ITC price
descriptors that were set forth in the staff report that
they themselves admit accounted for only about 13% of the
imports. We have used official census statistics. They
used data for months after the preliminary duties were
imposed and we used data that stopped right before they were
imposed for the reasons I gave earlier.

They say that the Commission used a 6 month data
and we were wrong to use 5 month data but the problem is if
you start in March when we started and you go up until when
provisional duties were imposed because there's a
countervailing duty case here that is only 5 months of data
you have to stop when we stop or else you are running into a
time period after provisional duties were imposed which kind
of defeats the purpose of the provision.

They also complained that we shouldn't have put
March in the post-petition period for critical circumstances
because it was the month the Petition was filed. We filed
early in the month so we included it but we also included it
frankly because the Commission tends to like to look at more
months and by putting it in the post-petition period that
allowed us to do a 5 month versus a 5 month spread but while
we were listening to the Respondents I pushed it back and
just did the calculation and if you did a 4 month versus 4
month spread so that you would again end the period before
provisional duties were imposed you would still get a very
massive surge this time of about 41% but a sizable surge
anyway.

And then the last thing that I wanted to say was
simply they mentioned the seasonality issue and I know
Commissioner Williamson asked about that. I didn't really
hear in their response them defending that that would
corroborate anything in the data and in fact our examination
of the 2014 data doesn't appear that it would be related to
that so we continue to believe the data support the massive
surge in imports that we just discussed and urge you to find critical circumstances, thank you.

MR. ROSENTHAL: Paul Rosenthal. Respondents have been obliquely suggesting that the Canadian Respondents Salinas didn't supply questionnaire responses to the ITC because they were encouraged not to either by Petitioners counsel or Petitioners. I can state publically that I am not aware of anyone on or on behalf of the Petitioners suggesting that questionnaire responses not be supplied by Salinas and we will supply more information about that in confidential affidavits in the post-hearing brief.

I also at this point want to correct a misstatement that we on behalf of Petitioners made earlier today concerning export volumes which have in fact exceeded the decline in U.S. shipments on an absolute basis. I think we stated the contrary earlier and I don't want to have a misimpression in the record, but the significance of that fact in your analysis is minimal.

The change in export shipments has nothing to do with the change in market share that you saw earlier today or anything having to do with the market share changes. The industry lost significant market share to imports and that's been a significant cause of the volume effects and injury suffered therefrom.

And in fact the U.S industry also suffered a
decline in the U.S. shipments even when demand rose notwithstanding the export shipment change so the U.S. industry still experienced declines in production if you adjust for the export shipments. And of course you can't ignore whatever hypotheticals you use, the actual price declines.

I know the Respondents are going to try to come up with some alternative theories to account for why the prices declined faster than costs. We haven't heard anything further yet. We have heard of pink elephants but so far no concrete evidence as to why that might be the case or why the industry is losing money at this time.

They have failed to want to of course make a connection between the declining prices, the increased market share and the losses suffered by the domestic industry. We will await their explanation about that in the post-hearing brief because we haven't heard it today.

I will also want to talk about Mr. Barenberg's testimony saying he didn't know anything more about a plant, another plant coming online and honestly we don't know anything more than we read the newspapers. We do have one more updated article from 2015 which talks about another plant coming on in Oman in 2018 we will supply that for the record.

Similarly speaking of what we read counsel for
the Respondents included in their pre-hearing brief an article quoting a DAK official about the shut-down at Cape Fear and that article didn't mention imports, they made a big deal out of that in their pre-hearing brief. The Respondents did not find or include a contemporaneous article in U.S. Manufacturing News which talks extensively about imports as a cause of the shut-down of that Cape Fear plant and the loss of the numerous jobs there.

We included that manufacturing technology news article in our preliminary briefs and will enclose another copy in the final. I do want to say also with respect to Cape Fear we talked about the technology and that the reason that discloses, not because it is a 1961 plant as we know were making PET resin bottles in 1961 PET resin wasn't even a product then.

I think I was drinking bottles made out of wood in 1961 so if you really focus on what happened here, a plant that had the same technology that OCTAL is claiming was world-class was effectively forced to go out of business and for six years in large part not entirely, in large part due to imports.

By the way that plant also produced polyester staple fiber, it wasn't simply a PET resin plant so I just want to make clear, everyone knows about that fact. There are a number a misstatements made by the Respondents here.
They are conflating M&G and DAK in many instances. DAK doesn't import PET resin from Mexico, M&G does.

DAK and M&G are vigorous competitors. Again, they continue to argue that somehow these U.S. producers are all working together to keep the imports out of the U.S. market and that can't be further from the truth. I will come back to that in one more second.

On the alleged superiority of the technology by OCTAL as you heard earlier that technology was used at the Cape Fear facility. Mr. Adlam has mentioned in the past that the M&G folks when they were looking at the plant in Corpus Christi actually considered using that technology and decided not to use it. They knew how to do it and they decided it wasn't any better than any other product and frankly as Mr. McNaull stated when DAK was using that they couldn't get a premium for that product which begs the question if this product is so great as OCTAL claims it to be, why are they not getting a premium for it?

Why are they selling it at low prices and undercutting U.S. producers?

One of the last things that I want to talk about is their theory because they don't have the facts here, they are theory and we haven't heard any references to any grassy knolls quite yet but if we went on a little bit longer we might get there, but the theory is that there is -- because
there is control of the U.S. market by these big 4 companies that are losing money by the way that they are not vulnerable to import competition or import injury.

First of all vulnerability is not a concept that really is relevant in virtual anti-dumping investigation under Title 7. Vulnerability is really a concept that you employ here at the Commission when talking about Sunset reviews and we have had a lot of discussions about vulnerable industries in Sunset reviews. What you really are looking at are imports coming in, unfairly traded, either dumped or subsidized and causing injury to the domestic industry.

Yes you are looking at the condition of the industry, you are looking at how well they are doing and what the future will bring but you are not doing a vulnerability analysis. What you are looking at really are the three factors that we have urged you to look at from the very beginning, the volume, the price and the impact and on this record you have very clear evidence of increased imports, you have very clear evidence of increased market share by the subject imports, you have very clear evidence of underselling and going to Commissioner Pinkert's point you don't have to show underselling in 100% of the incidents, mixed pattern is enough although we have more than a mixed pattern if you take a look at the record as a
whole.

You have evidence of falling prices, falling revenues and if you use your traditional variance reports rather than some pink elephant approach that is yet to be explained -- if you use your variance reports as you always do when you show that the prices are falling more than costs, there is something else going on and that something else can only be explained by imports.

The bottom line is seen in the profitability of this industry. It went from modest profit to losses and this is an industry that you heard where there is high capacity -- high capital needs, you need to make money here, year in and year out in order to be able to have the latest technology, in order to invest in the next plant, in order to supply the man that has projected the future.

And one of the things that is so disturbing about hearing Respondents today, I mean we hear in other cases, is the notion that you should not provide import relief if the industry is investing in the future because that shows that they are optimistic about it.

If you don't invest as a domestic industry then you get criticized because you are not doing that and you are not keeping up. So either way on the Respondent's theories you can win. Here under the facts we should win and we urge you to reach an affirmative determination in
this case, thank you.

    MR. DURLING: Thank you it's been a long day. I wanted to add a special thanks to Mr. Barenberg because he actually is a resident of Texas and by coming here today he gave up his right to vote in the Texas Primary today so I think he made more of a sacrifice than most of us did, just coming in to have kind of a regular day.

    I think when the Commission analyzes this industry it is important to keep everything in context. There are a lot of moving parts and the starting point of the context is the dominant concentrated nature of these U.S. producers, they are international companies with cross-border operations and they are vertically integrated.

    That becomes a very important point because as you are looking at this one little part of their operation right which is what you are doing pursuant to this case, yes you focus on their performance on PET resin but your evaluation of their performance on PET resin should be in the context of the company more generally, okay.

    And it is important to take that into account especially since so much of their case is based on the argument that oh basically we are losing money because imported PET resin drove down the prices now more about that a bit later.

    When you are looking at this record I think at
the end of the day you have to decide we'll wait to put on
different kinds of evidence but I think there's an important
distinction to be drawn between actions which provide more
concrete evidence for the Commission to consider than the
positions being taken by parties in the context of this
administrative litigation.

So what are the actions that the Commission has
before on this record? A major investment in a new state of
the art billion dollar facility -- now you heard this was a
decision made in 2011 and then after 2011 everything went to
hell in a hand basket and absent relief from the Commission
that basically the investment is going to be at risk and
terrible things are going to happen.

But if you look at your record, and if you look
at this aggregated financial performance of the various
domestic producers and we won't get into the details because
that's proprietary but if you look at the disaggregated
results -- so a decision in 2011 look at the disaggregated
results for 2012, 2013, 2014 and does that record support or
is it consistent with the story of a domestic industry or a
particular company saying oh we are being battered and
brutally crippled by these threatening imports?

You heard this morning that oh well projects
don't get cancelled that once you have made the decision the
decision is irrevocable. Well that's just not true projects
get cancelled all of the time. In fact you have a concrete example of that in this industry because the alleged second factory in Oman was a concept that was started and announced but was ultimately cancelled because the fundamental economics changed.

That didn't happen with this Corpus Christi plant, even in the fact of all of this import competition, even in the face of price levels that allegedly generate inadequate returns it's been full steam ahead and I submit that the actions of establishing the plant and continuing ahead with the plant investment is a very, very probative and compelling piece of evidence.

What other action do you have here? We have heard testimony about the likely acquisition by the Canadian producer by a U.S. company. Again if this were an industry facing all of these problems why would you be investing in acquiring other assets in the same industry?

Or you heard testimony this morning about additional investments in existing production assets in the United States. All of this investment, all of these acquisitions, all of this tangible action indicating that this industry is not worried about its future, this industry is quite bullish about its future and these are actions that are happening even in the fact of the modest presence of subject imports.
Now much of the testimony you heard this morning was about pricing. We have also heard a lot of testimony about the effect of raw materials on pricing. It's always complicated to disentangle a lot of things happening at the same time. Just doing the traditional analysis the raw material pricing explains the overwhelming portion of price declines and declines in operating performance over the period.

So most of what you are seeing can be explained by the raw material prices. Mr. Rosenthal would have you believe ah well there is something left and so the something left must be because of subject imports but there are lots of other factors at play here and we have talked about some of them today, we will develop in the post-hearing brief as well.

But the most important one is this notion it is not just the prices were declining, it's the prices were declining at an extremely sharp rate until they tapered off at the end of the period and that phenomina alone explains both the declines you are seeing in 2014 and the improvements that you are seeing in 2015.

So once you take into account the rate at which raw material prices are changing that in fact explains the missing piece of it. So in other words raw material price trends really do explain pretty much everything the
Commission has on this record.

Finally I want to come back to the alleged second factory in Oman. We had seen the same newspaper article that Mr. Rosenthal just quoted from query why would pulling newspapers articles in the first instance he didn't include that article as well, I suspect it was because that more recent article pushed the start date not in 2016 which is within the period of time you would normally look at for purposes of threat, but pushed it to 2018.

But that article that he was quoting from was almost a year ago and you have heard from Mr. Barenberg and we will try to find additional documentation of this fact to submit into the record that in fact that project is dead. It hasn't obtained any financing. It's not going to start in 2018 if it ever starts at all, it is just a project that is completely gone so we are left with one producer in Oman who has been here, is cooperating fully to the best of its ability and we submit that on this record it would be appropriate to decumulate the various subject import sources and make decisions about each foreign producer based on the circumstances related to that foreign producer, thank you.

MR. NOLAN: Alright I'm just going to follow-up very quickly on a couple of things. One India is a very small part of this equation. It's a minor producer or at least a minor participant in the U.S. market and as you have
seen from the direct testimony and our slides they have been here for a long, long time. There is no reason to suggest that they have suddenly decided to wake up some morning and let's flood the U.S. market. They are a long-term steady participant and they are an alternative supply source in a market that is dominated by very few producers where any purchased in their right mind will want some variety of supply sources if for no other reasons than for security and insurance.

With respect to the idea that these are fierce competitors -- their either are fierce competitors or they are not and maybe they are a little bit of both because if they are fierce competitors and they compete with each other for 85% plus of this market maybe they are competing with each other on price a little bit here, isn't that more likely?

And in the sense of building this M&G plant I am not denying the fact that M&G and DAK are not working together. One party -- DAK has put in 350 million dollars into this plant, they have a technology agreement, there's an off-take agreement for a guaranteed supply source -- that is not the indicator of two independent parties, they are working together to build a plant.

I'm not saying that that is wrong but it is an indication of further concentration in this market and an
indicator that they feel pretty bullish about this market.

Finally a comment on Canada just to close it out -- if the Canadian company is at risk, especially because of this proceeding and a U.S. company wants to buy it anyways then I have to ask why because the cost, the price and the value of this company would seem to be diminished with the prospect of being hit with a trade action and yet there seems to be an indication that a U.S. party may be in the process of buying the Canadian company.

All I can take from that is -- is that the U.S. industry wants to take control of the North American market. The market needs some alternative supply sources to those dominant forces and we view India as a restrained option to that supply that is not price suppressing or depressing,

thank you.

CHAIRMAN BROADBENT: Okay thank you. I would like to again express the Commission's appreciation to everyone that participated in this hearing today. Your closing statement, post-hearing briefs, statements responsive to the questions and requests of the Commission and corrections to the transcript must be filed by March 8, 2016.

Closing of the record and final release of data to the parties will be on March 24th. Final comments are due March 28, 2016 and with that this hearing is adjourned,
thank you.

(Whereupon the hearing was adjourned at 5:17 p.m.)
CERTIFICATE OF REPORTER

TITLE: In The Matter Of: Polyethylene Terephthalate (PET) Resin from Canada, China, India, And Oman

INVESTIGATION NOS.: 701-TA-531-533 AND 731-TA-1270-1273

HEARING DATE: 3-1-2016

LOCATION: Washington, D.C.

NATURE OF HEARING: Final

I hereby certify that the foregoing/attached transcript is a true, correct and complete record of the above-referenced proceeding(s) of the U.S. International Trade Commission.

DATE: 3-1-2016

SIGNED: Mark Jagan

Signature of the Contractor or the Authorized Contractor’s Representative

I hereby certify that I am not the Court Reporter and that I have proofread the above-referenced transcript of the proceedings of the U.S. International Trade Commission, against the aforementioned Court Reporter’s notes and recordings, for accuracy in transcription in the spelling, hyphenation, punctuation and speaker identification and did not make any changes of a substantive nature. The foregoing/attached transcript is a true, correct and complete transcription of the proceedings.

SIGNED: Gregory Johnson

Signature of Proofreader

I hereby certify that I reported the above-referenced proceedings of the U.S. International Trade Commission and caused to be prepared from my tapes and notes of the proceedings a true, correct and complete verbatim recording of the proceedings.

SIGNED: Gaynell Catherine

Signature of Court Reporter

Ace Federal Reporters, Inc.
202-347-3700