

# UNITED STATES INTERNATIONAL TRADE COMMISSION

In the Matter of:  
QUARTZ SURFACE PRODUCTS FROM  
INDIA AND TURKEY

) Investigation Nos.:  
) 701-TA-624-625 and 731-TA-1450-1451  
) (PRELIMINARY)

Pages: 1 - 220  
Place: Washington, D.C.  
Date: Wednesday, May 29, 2019



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UNITED STATES OF AMERICA  
BEFORE THE  
INTERNATIONAL TRADE COMMISSION

IN THE MATTER OF: ) Investigation Nos.:  
QUARTZ SURFACE PRODUCTS FROM ) 701-TA-624-625 and  
INDIA AND TURKEY ) 731-TA-1450-1451  
) (PRELIMINARY)

Main Hearing Room (Room 101)  
U.S. International Trade  
Commission  
500 E Street, SW  
Washington, DC  
Wednesday, May 29, 2019

The meeting commenced pursuant to notice at 9:30  
a.m., before the Investigative Staff of the United States  
International Trade Commission, the Elizabeth Haines,  
presiding.

1 APPEARANCES:

2 Staff:

3 William R. Bishop, Supervisory Hearings and  
4 Information Officer

5 Tyrell T. Burch, Management Analyst

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7 Elizabeth Haines, Supervisory Investigator

8 Lawrence Jones, Investigator

9 Julie Duffy, Investigator

10 Gregory LaRocca, International Trade Analyst

11 Aimee Larsen, International Economist

12 Emily Kim, Accountant/Auditor

13 David Goldfine, Attorney/Advisor

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1 APPEARANCES:

2 Opening Remarks:

3 In Support of Imposition (Luke Meisner, Schagrin Associates)

4 In Opposition to Imposition (Jonathan T. Stoel, Hogan

5 Lovells US LLP)

6

7 In Support of the Imposition of Antidumping and

8 Countervailing Duty Orders:

9 Schagrin Associates

10 Washington, DC

11 on behalf of

12 Cambria Company LLC

13 Rebecca Shult, Executive Vice President and General

14 Counsel, Cambria Company LLC

15 Shannon Shindelar, Vice President and Senior

16 Controller, Cambria Company LLC

17 Roger Schagrin, Luke Meisner and Elizabeth Drake - Of

18 Counsel

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

3 Hogan Lovells US LLP

4 Washington, DC

5 on behalf of

6 M S International, Inc. ("MSI")

7 Arizona Tile LLC ("Arizona Tile")

8 Bedrosians Tile & Stone

9 Cimstone-AKG Yalitim ve Insaat Malz. San. Ve Tic. A.S.

10 Rupesh Shah, President, MSI

11 Bob Traxler, President Emeritus-Senior Advisor, Arizona  
12 Tile, LLC

13 Marisa Bedrosians Kusters, Owner and Legal Counsel,  
14 Bedrosians Tile & Stone

15 Jonathan T. Stoel, Jared R. Wessel and Nicholas W.  
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1 APPEARANCES (Continued):

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3 Washington, DC

4 on behalf of

5 Tabquartz, a division of Tab India Granites Pvt. Ltd.

6 Global Stones Private Limited

7 Baba Super Minerals Pvt. Ltd.

8 Pacific Quartz Surfaces LLP

9 Divyashakti Granites Limited

10 Federation of the Indian Quartz Industry

11 Emma K. Peterson, Trade Analyst, Morris, Manning &

12 Martin, LLP

13 Julie C. Mendoza - Of Counsel

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2 Harris Bricken McVay, LLP

3 Washington, DC

4 on behalf of

5 Absolute Stone

6 Bedrock Quartz

7 Stone Warehouse of Tampa

8 Universal Granite & Marble Inc.

9 Cosmos Marble and Granite

10 Reliance Granite and Marble, Corp.

11 OHM International

12 QuartzSource, LLC

13 Stone Showcase Inc.

14 Alan Jorgensen, Chief Executive Officer,

15 Bedrock Quartz Surfaces, LLC

16 Evan Kruger, Managing Member, Quartz Source, LLC

17 and Solidtops, LLC in Easton, MD

18 Vineet Malik, President, Stone Showcase

19 Ken Trinder, Chief Executive Officer, EOS Surfaces, LLC

20 William E. Perry - Of Counsel

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1 APPEARANCES (Continued):

2 Fox Rothschild LLP

3 Washington, DC

4 on behalf of

5 Wilsonart Engineered Surfaces LLC

6 Pokarna Engineered Stone Limited

7 Joe Thesing, General Counsel, Wilsonart Engineered

8 Surfaces LLC

9 Kelly Hobbs, Director of Product Management, Wilsonart

10 Engineered Surfaces LLC

11 Lizbeth R. Levinson, Ronald M. Wisla - Of Counsel

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13 Rebuttal/Closing Remarks:

14 In Support of Imposition (Elizabeth Drake, Schagrin

15 Associates)

16 In Opposition to Imposition (Jonathan T. Stoel, Hogan

17 Lovells US LLP; and Julie C. Mendoza, Morris, Manning &

18 Martin, LLP)

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9:30 a.m.

MS. HAINES: Good morning and welcome to the U.S. International Trade Commission's conference in connection with the preliminary phase of antidumping and countervailing duty Investigation No. 701-TA-624-625 and 731-TA-1450-1451 concerning Quartz Surface Products from India and Turkey.

My name is Elizabeth Haines, I'm the Supervisory Investigator and I am presiding at this conference. Among those present from the Commission Staff, from my far right Lawrence Jones the Investigator, Julie Duffy Investigator, David Goldfine Attorney Advisor, Amy Larson Economist, Emily Kim Accountant Auditor, Greg LaRocca Industry Analyst.

I understand that parties are aware of the time allocations. Any questions regarding the time allocations should be addressed with the Secretary. I would remind speakers not to refer in their remarks to business proprietary information and to speak directly into the microphones.

We also ask that you state your name and affiliation for the record before beginning your presentation or answering questions for the benefit of the court reporter. All witnesses must be sworn in before presenting testimony. Are there any questions? Mr. Secretary, are there any preliminary matters?

1           MR. BISHOP: Madam Chairman, I would note that  
2 all witnesses for today's conference have been sworn in. I  
3 would also note that the Commission has 11 o'clock votes  
4 this morning so we will go ahead and recess the conference  
5 at approximately 10 minutes until 11, conduct the votes and  
6 then reconvene the conference to finish it out. There are  
7 no other preliminary matters.

8           MS. HAINES: Thank you, Mr. Secretary. Let us  
9 begin with opening remarks.

10           MR. BISHOP: Opening remarks on behalf of those  
11 in support of imposition will be given by Luke Meisner of  
12 Schagrin Associates. Mr. Meisner, you have five minutes.

13                    OPENING STATEMENT OF LUKE MEISNER

14           MR. MEISNER: Good morning Ms. Haines and members  
15 of the Commission Staff. My name is Luke Meisner from  
16 Schagrin Associates and I'm counsel to Cambria Company, LLC.  
17 Thank you for taking the time to hear from Cambria in these  
18 important cases this morning.

19                    Let me start by addressing the question that is  
20 on all of your minds; why are we here before you today with  
21 new cases against Quartz Surface Products from India and  
22 Turkey when we were in this very same hearing room three  
23 weeks ago seeking relief from Quartz Surface Products from  
24 China? Why did we file new cases against India and Turkey  
25 while the case against China is not yet complete?

1           The answer is quite simple. Before the  
2 Commission's investigations into China were even close to  
3 concluding it was clear that imports from India and Turkey  
4 had already caused material injury to the domestic quartz  
5 industry and were threatening to cause additional severe  
6 injury.

7           So I pose the question to you, why would Cambria  
8 wait to file new cases until the injury became so severe  
9 that the Domestic Industry was completely shut down and out  
10 of business and the thousands of workers that are employed  
11 in its plants totally out of a job?

12           To receive relief the statute requires a showing  
13 of material injury, not bankruptcy, total shutdown or total  
14 annihilation of the industry. As you will hear today, this  
15 requirement has been met. As you all well know this is not  
16 the first case where a Domestic Industry has brought cases  
17 against China and received some measure of relief only later  
18 to have to bring cases against additional countries.

19           This case is unique in some respects however in  
20 the speed at which dumped and subsidized imports from India  
21 and Turkey penetrated the U.S. Market after preliminary  
22 duties were imposed on Chinese Imports. While imports from  
23 India and Turkey had already increased from 2016 to 2017 and  
24 caused material injury they spiked in 2018 after preliminary  
25 duties were imposed on imports from China.

1           Thus, not only did Subject Imports cause material  
2 injury throughout the POI but they also prevented the  
3 Domestic Industry from fully benefitting from the relief  
4 that it received from imports from China. In particular,  
5 the records show that Subject Imports took market share from  
6 the Domestic Industry and they did so by underselling the  
7 domestic like product with the average unit value of Subject  
8 Imports absolutely plunging over the Period of  
9 Investigation.

10           This had a deep, negative impact on the Domestic  
11 Industry. It has not been able to keep pace with the growth  
12 in demand in the U.S. Market. it has lost market share, cut  
13 production, shed employees and seen its profitability  
14 continue to fall and as the witnesses will testify today,  
15 Cambria has had many of its independent distributors abandon  
16 domestically produced quartz to instead sell Subject  
17 Imports.

18           To staunch this wound, Cambria has opened and  
19 built up its own distribution centers or DCs across the  
20 country but operating these DCs has come at a further cost  
21 to Cambria's profitability. Domestic Producers other than  
22 Cambria have also suffered material injury.

23           Just by way of example, earlier this month Caesar  
24 Stone announced that it was shutting down half of its  
25 production facility in Georgia and laying off over 100

1 workers due to declining revenues for its overall U.S.  
2 operations.

3           Despite the fact that preliminary antidumping and  
4 countervailing duties have been placed on Chinese Imports  
5 since September 2018 and despite the fact that imports from  
6 China have declined since that time which is now over eight  
7 months ago, Cambria and the Domestic Industry have still not  
8 seen improvements in their operations and profitability.

9           This is material injury that has already taken  
10 place. The evidence shows that the Domestic Industry is  
11 also threatened with additional injury. In both India and  
12 Turkey Foreign Producers are rapidly ramping up production  
13 capacity that is specifically targeted at the United States.  
14 They are often using Chinese equipment and relying on the  
15 expertise of Foreign Chinese Producers to start these new  
16 factories and they're able to start these new factories in  
17 record time, sometimes as little as five months.

18           At the same time there are new entrants to the  
19 Domestic Industry, such as Mohawk and U.S.A. Quartz that are  
20 just trying to get off the ground. The threat could not be  
21 much graver than this at a time when the industry is so  
22 vulnerable. The Domestic Industry may be on the verge of  
23 obtaining final relief from unfairly traded imports from  
24 China, it is now faced with an equally grave threat from  
25 unfairly traded imports from India and Turkey.

1           That is why we are compelled to act to save this  
2 U.S. Industry and are here before you today and respectfully  
3 request that you take the important step of reaching  
4 preliminary, affirmative findings in these investigations.  
5 Thank you.

6           MR. BISHOP: Thank you, Mr. Meisner. Opening  
7 remarks on behalf of opposition to imposition will be given  
8 by Jonathan T. Stoel of Hogan Lovells. Mr. Stoel, you have  
9 five minutes.

10           OPENING STATEMENT OF JONATHAN T. STOEL

11           MR. STOEL: Good morning, Director Haines and  
12 Commission Staff. It is nice to see all of you once again.  
13 We know how busy you are and appreciate very much your hard  
14 work. I know that over the past year the Commission has  
15 become expert on the quartz market and industry.

16           Before you hear Petitioners testimony this  
17 morning I thought it would be helpful to start this  
18 conference by reviewing what these investigations of imports  
19 from India and Turkey are not about and then to address what  
20 they are about.

21           First, what is this case not about? This is not  
22 a case about a Domestic Industry suffering material injury.  
23 The record evidence demonstrates the Domestic Industry's  
24 production, shipments, sales, and profits all increased over  
25 the Commission's Period of Investigation. Moreover, the

1 Domestic Industry has not suffered from price depression or  
2 price suppression.

3 On the contrary, the Domestic Industry and  
4 Cambria in particular have been able continuously and  
5 regularly to raise prices over the POI. This is also not a  
6 case involving a significant volume of imports from India  
7 and Turkey. Import volumes from both countries are very  
8 small over the POI and only increased in 2018 as Mr. Meisner  
9 just admitted, as non-Subject Imports from China exited the  
10 U.S. Market.

11 This is particularly striking in light of the  
12 very substantial growth in U.S. apparent consumption.  
13 Moreover, the Petitioner has not even alleged, let me  
14 repeat, has not even alleged material injury due to Subject  
15 Imports from Turkey. Additionally, this is not a case from  
16 which there is a threat of material injury.

17 U.S. demand for quartz is skyrocketing. U.S. lab  
18 producers have significantly expanded their production  
19 operations to take advantage of this demand growth.  
20 Dal-Tile and USA Quartz have opened new production  
21 facilities, LG has developed a new product line and just  
22 last Thursday Spectrum Quartz announced an investment of  
23 more than 20 million dollars for development of a new quartz  
24 slab manufacturing plant in South Carolina.

25 This plant, 360,000 square feet will generate 150

1 new American jobs. Future imports from India and Turkey,  
2 even if they are able to increase moderately thus do not  
3 threaten the industry's positive momentum.

4 Second, what is this case about? This is the  
5 second AD/CVD case filed by a single producer of luxury  
6 quartz. Cambria unilaterally prosecuted its case against  
7 China and Cambria is yet again the sole Petitioner in these  
8 investigations.

9 Moreover, Cambria was able to muster a handful of  
10 purported supporters before the Commission but many of these  
11 companies failed to answer your questionnaires. They are  
12 not here today. This case is about the growing U.S. Market  
13 for quartz and the success of the U.S. Industry.

14 Importantly, Cambria's petitions included  
15 fabricator manufacturers in the U.S. Domestic Industry.  
16 Fabricators generally oppose Cambria and its petitions. In  
17 fact, just last Friday, 270 fabricators, 270, submitted  
18 declarations to the U.S. Department of Commerce asking that  
19 these investigations be terminated.

20 We will submit these declarations for your record  
21 and urge that you consider them carefully as you consider  
22 the Petitioner's request for relief. This case is about a  
23 Petitioner whose CEO claimed to the Commission that Cambria  
24 had been unable to raise its prices in "recent years".

25 But Cambria's own written briefs contradicted Mr.

1 Davis' testimony and he is not here today to answer your  
2 questions. This case is about a Petitioner who was asked to  
3 provide SKU specific data because Commissioner Kearns  
4 doubted Cambria's claim that it competes in the mass market.  
5 But Cambria unilaterally decided that providing their SKU  
6 data "would not be useful to the Commission."

7 This is a case in which the role of non-Subject  
8 Imports is important. Imports from China were six times the  
9 volume of imports from India and Turkey in 2018. Moreover,  
10 non- Subject Imports from Spain and Israel were  
11 substantially larger than imports from India and Turkey over  
12 the POI. The Commission must examine whether any alleged  
13 material injury can be blamed on imports from India and  
14 Turkey when other imports played a much more significant  
15 role in the U.S. Market.

16 Finally, this is a case in which a unique  
17 Petitioner, Cambria, which is able to command very high  
18 prices in the U.S. luxury market for quartz. An Oscar  
19 advertisement costs upwards of 2 million dollars. In March  
20 2018, Cambria paid that to air this ad featuring Collin  
21 Ferrell, and titled "A legend in every design" to emphasize  
22 the unique characteristics and tastes of its product.

23 In sum, we respectfully request that these  
24 investigations be terminated. There is no evidence of  
25 material injury or threat of material injury. Thank you.

1                   MR. BISHOP: Thank you, Mr. Stoel. Would the  
2 panel in support of the Imposition of Antidumping and  
3 Countervailing Duty Orders please come forward and be  
4 seated. Madam Chairman, this Panel has 60 minutes for their  
5 direct testimony.

6                   STATEMENT OF LUKE MEISNER

7                   MR. MEISNER: Thank you for your patience as we  
8 set up our presentation. Ms. Haines and members of the  
9 Commission Staff, we are going to begin our presentation  
10 with a brief PowerPoint slide show before we move to the  
11 witness testimony. Again for the record this is Luke Meisner  
12 from Schagrin Associates.

13                   Some preliminary issues regarding the domestic  
14 like product and the Domestic Industry. First, we believe  
15 there is one domestic like product that is coaxed into it  
16 with the scope, no one has seriously contested this in the  
17 China Investigations and we believe that no one will contest  
18 in these investigations and in any event the record shows  
19 that there is one single domestic like product.

20                   In addition, we believe the record shows that the  
21 Domestic Industry should not include fabricators of Quartz  
22 Surface Products. Fabricators do not engage in sufficient  
23 production-related activities of the intermediate product  
24 slabs to be considered part of the Domestic Industry.

25                   All of the criteria examined by the Commission

1 support this conclusion, including the level of capital  
2 investments, expertise, value added, employment and the  
3 parts sourced in the United States versus imports and so for  
4 these reasons we believe that a fabricator should not be  
5 part of the Domestic Industry.

6 An important point here is that fabricators in  
7 addition to cutting quartz surface products also cut  
8 granite, marble and other stone products, thus under the  
9 importers logic that has been advanced in this investigation  
10 and in the China investigations, fabricators would be not  
11 only part of the domestic quartz industry they would be part  
12 of the domestic granite industry, the domestic marble  
13 industry, the domestic solid surface industry, the domestic  
14 laminate industry; any stone or engineered product that can  
15 be cut for use in countertops the fabricators would under  
16 their logic be part of that industry and we don't believe  
17 that's an appropriate conclusion to reach.

18 In addition, a lot of the equipment used by  
19 fabricators to cut stone products can also be used to cut  
20 wood and metal. It is not even specific to stone. On the  
21 other hand, the production equipment used by Cambria and  
22 other Domestic Producers of quartz is specific to quartz  
23 surface products. It can only be used to make quartz  
24 surface products.

25 Another important point is that the fabricators

1 that are opposed to the Petitions are often importers  
2 themselves or are related to importers and rely on imports  
3 as part of their business operations. They themselves see  
4 their businesses as part of an industry of importers of  
5 quartz products, not part of the industry that manufactures  
6 domestic quartz.

7           There is an update on the issue of negligibility.  
8 In our Petitions, which were filed on May 8th the imports of  
9 Turkey were negligible but set to immediately exceed the 3  
10 percent negligibility threshold at that time. Because at  
11 the time we filed the petition imports from Turkey were  
12 negligible we were not able to allege under the statute that  
13 they had caused material injury at that point in time.

14           However, with the most recent data, Turkish  
15 imports are no longer negligible and we are certainly,  
16 specifically alleging that not only Indian imports but also  
17 Turkish imports have caused material injury to the Domestic  
18 Industry. So the important takeaway here is that Turkish  
19 imports should now be considered not only for threat  
20 purposes but also for purposes of material injury and  
21 they're eligible for cumulation with Indian imports when  
22 assessing the material injury.

23           Touching briefly on cumulation, quartz surface  
24 products from India and Turkey and the domestic like product  
25 are fungible with each other, are present in the same

1 channels of distribution, are sold all over the United  
2 States and were present together throughout the POI. Thus,  
3 Indian and Turkish imports should be cumulated for purposes  
4 of evaluating material injury.

5 Turning to the factors considered by the  
6 Commission in its material injury analysis and looking at  
7 the volume of Subject Imports cumulatively Subject Imports  
8 as you can see from this chart, grew significantly from 2016  
9 to 2017, that's actually a double digit percentage growth  
10 between those two years. But Subject Imports really spiked  
11 in 2018 after relief in the form of preliminary duties was  
12 imposed on Chinese Imports.

13 And looking at this on a more granular level by  
14 turning to the monthly import data for 2018 you can see that  
15 much of the spike from Subject Imports in India and Turkey  
16 came at the second half of 2018. This graph, which depicts  
17 the monthly imports, shows that after increasing for many  
18 years, Chinese Imports fell off a cliff after preliminary  
19 duties were imposed in September 2018 and they continued to  
20 decline after preliminary antidumping duties were imposed in  
21 November 2018.

22 This was precisely the time that imports from  
23 India and Turkey spiked. These imports were able to  
24 penetrate the U.S. Market because of their low prices.  
25 Based on Cambria's confidential data we know that Subject

1 Imports were underselling the domestic like product.

2 As shown in this graph on price not only were the  
3 Subject Imports underselling the domestic like product but  
4 the average unit value of Subject Imports declined over the  
5 Period of Investigation. Again, you can see that the  
6 sharpest decline in unit value took place between 2017 and  
7 2018 as dumped and subsidized imports from India and Turkey  
8 rushed to fill the void left by China.

9 This situation has certainly had a negative  
10 impact on the Domestic Industry. Domestic market share has  
11 declined and this decline has come as a result of Subject  
12 Imports rushing into the market. Domestic production has  
13 been curtailed. Cambria has reduced its weekly operations  
14 schedule and Caesar Stone just this month shut down half of  
15 its plant in Georgia.

16 Prices have also been depressed and suppressed.  
17 In a time of booming demand you'd expect prices to rise  
18 significantly. That has not happened, and it has not  
19 happened despite a cost-price squeeze experienced by the  
20 Domestic Industry over the POI.

21 Net income and operating margins have also  
22 declined. This is in part due to the fact that the Domestic  
23 Industry had to spend more on selling, general and  
24 administrative expenses to preserve its market share. Every  
25 sale that is made the Domestic Industry has to fight even

1 harder for. This has negatively impacted its profitability  
2 as well.

3 Employment has also declined. Cambria has seen  
4 declines in its production related workers and still has not  
5 hired many of the workers that it laid off back into its  
6 plant despite receiving eight months of relief from imports  
7 from China, and just this month Caesar Stone laid off  
8 production related workers in its plant in Georgia.

9 Not only does the record evidence show material  
10 injury that has already taken place to the Domestic  
11 Industry, it also shows a huge looming threat from imports  
12 from India and Turkey. As soon as preliminary relief was  
13 imposed on Chinese Imports we began seeing mounting evidence  
14 of Chinese Producers rushing to partner with Indian  
15 companies to establish plants in India and we saw signs of  
16 the importers that previously were relying heavily on  
17 Chinese Imports rushing to fill ships full of Quartz Surface  
18 Products from India and Turkey to bring to this market.

19 But we were not alone in observing this trend.  
20 Pokarna, one of the largest established quartz producers in  
21 India has seen the same thing. In its February 2019  
22 earnings call, Pokarna's leadership stated that it was  
23 seeing a mushrooming of quartz manufacturers in India and  
24 that these new quartz manufacturers were using Chinese  
25 equipment.

1           Up on this slide deck you can see we have an  
2           example of an announcement from one of India's newest quartz  
3           producers, specific industries that markets its products  
4           under the Taanj brand. What is particularly alarming about  
5           this announcement is that it took only 5 months for Pacific  
6           Industries to establish its new plant in India. You'll  
7           notice that it announced the opening of its new plant in  
8           April of 2019, that's just five months after the  
9           preliminary antidumping duties were imposed on imports from  
10          China.

11           Finally, you'll see that Pacific Industries  
12          states that it was able to establish this plant in such  
13          record time with the assistance of Chinese expertise. The  
14          threat that is faced by the Domestic Industry is coming not  
15          only from India, it is also coming from Turkey where you see  
16          similar trends. Indeed, in January 2019 the huge Korean  
17          conglomerate Lotte acquired the Turkish producer  
18          Belenco. Lotte stated it was making additional facility  
19          investments in Turkey as part of plans to target the U.S.  
20          Market.

21           So in summary, all of the record evidence shows  
22          that the Subject Imports from India and Turkey have already  
23          caused material injury to the Domestic Industry and they  
24          pose a grave threat of additional injury in the absence of  
25          relief. That concludes our slide presentation and we will

1 now have testimony from Rebecca Shult who is the Executive  
2 Vice President and General Counsel for Cambria.

3 STATEMENT OF REBECCA SHULT

4 MS. SHULT: Good morning, Ms. Haines, and members  
5 of the Commission staff. My name is Rebecca Shult and I am  
6 General Counsel at Cambria.

7 I appreciate very much having the opportunity to  
8 testify today regarding the negative impact that imports  
9 from India and Turkey are having on our company.

10 Cambria first opened its production facility in  
11 Le Sueur, Minnesota, in January 2001. We currently employ  
12 almost 1,000 workers in Minnesota, including over 600 people  
13 at our production facility in Le Sueur, and we have another  
14 1,000 employees across the United States involved in  
15 fabrication, sales, and other roles.

16 All of us at Cambria take great pride in being  
17 part of a family-owned domestic producer of quartz surface  
18 products. In fact, our first two employees were our CEO  
19 Marty Davis, and our CFO Jim Ward, who have previously had  
20 the opportunity to testify before the staff and the  
21 Commissioners regarding imports from China.

22 Since the Commission and the staff are now  
23 familiar with quartz surface products and Cambria, I would  
24 like to focus my remarks today on the impact that imports  
25 from India and Turkey have had on the market, how our

1 products get to customers, how this has changed due to the  
2 pressures from unfairly traded imports, and how unfairly  
3 traded imports have injured our company.

4           Since the early 2000s, demand for quartz surface  
5 products has grown steadily, and Cambria has played a key  
6 role in that growth. Over time, we grew from having one  
7 line to now having five production lines at our single  
8 manufacturing location which consists now of approximately  
9 one million square feet.

10           We drove demand for quartz by investing in  
11 innovation, bringing new designs in quartz to the market,  
12 and educating customers about the benefits of quartz over  
13 other surfaces such as granite.

14           After Cambria enjoyed a period of considerable  
15 success, the company suffered major setbacks in recent years  
16 as a result of unfairly traded imports of quartz surface  
17 product. As you are well aware, Cambria as forced last year  
18 to bring trade cases against dumped and subsidized imports  
19 from China. But at the same time that Cambria has been  
20 injured by imports from China, imports from India and Turkey  
21 have also battered our company, and these imports and the  
22 resulting damage is accelerating, and significantly so  
23 since we filed cases against China.

24           We had hoped that the imposition of duties on  
25 Chinese products would lead fabricators and other consumers

1 to purchase more quartz surface products from domestic  
2 producers. Unfortunately, many importers and fabricators  
3 quickly switched from Chinese products to unfairly traded  
4 imports from India and Turkey.

5 This rapid switching accelerated the injury that  
6 was already being caused by imports from India and turkey.  
7 The surge in imports from India and Turkey since 2016, and  
8 especially since we filed our Petitions on Chinese Imports  
9 last April, has had a negative impact on Cambria's  
10 performance.

11 With the continued growth in demand for quartz  
12 surfaces in the U.S. market over the last several years, we  
13 anticipated strong growth for our business. By 2017,  
14 Cambria's sales started to flatten out, and this had a  
15 direct impact on our manufacturing plant.

16 In mid-2017, Cambria reduced the operating time  
17 on our five production lines from five days a week to four  
18 and five days a week. Unfortunately, this reduction has  
19 also meant that our workforce was reduced by approximately  
20 200 employees.

21 We thought that we could begin to rehire these  
22 employees once preliminary relief was provided against  
23 imports from China, but because of the rapid surge in  
24 imports from India and Turkey and continued high levels of  
25 inventory of unfairly traded imports in the market, we are

1 still operating at a reduced schedule and have not been able  
2 to rehire the employees we lost.

3 In terms of Cambria's financial performance, our  
4 operating costs have spiked because now it is harder to make  
5 each sale in the face of competition from the extremely  
6 low-priced imports from India and Turkey. In prior years,  
7 Cambria had partnerships with many companies that would  
8 fabricate and distribute Cambria products. Since the  
9 arrival of unfairly traded imports, however, Cambria's  
10 partners are constantly telling us about the sales they are  
11 losing to imports and the pricing pressure they face daily  
12 from low-priced imports.

13 As a result of this pressure from low-priced  
14 imports from India and Turkey, they started to promote  
15 imports over Cambria. They lost sales of Cambria product  
16 and we lost sales. They stopped featuring Cambria on their  
17 shelves.

18 We lost that shelf space and we knew it was  
19 because our partners were having to promote these low-priced  
20 imports. As a result, Cambria had to adapt to a business  
21 model with more of its own distribution centers. We call  
22 them DC's. At the beginning of 2015, Cambria had only a few  
23 DC's from which it sold slabs to fabricators, in addition to  
24 selling slabs from our headquarters in Minnesota.

25 But today there are now 16 Cambria-owned and

1 operated DC's in the U.S., in addition to our distribution  
2 from Minnesota. Under this model, Cambria was able to  
3 reduce the prices that fabricator and installer customers  
4 would have to pay to get Cambria product by more than \$3.50  
5 per square feet. We did this by absorbing more of the bulk  
6 rate and warehousing expenses.

7 Customers were then able to purchase slabs  
8 directly from Cambria at its DC's at a lower price than they  
9 were previously able to through independent distributors,  
10 and Cambria took on the distribution responsibilities and  
11 expenses so that its product could continue to compete in  
12 the market, albeit at a lower price point.

13 Today Cambria has well over 4,500 fabricator  
14 customers who purchase slabs from Cambria and fabricate and  
15 sell product to the end customer. Our products are also  
16 sold in big box stores like Cosco and through Home Depot  
17 Interiors.

18 Through Cambria's vast distribution network with  
19 literally thousands of fabricators, our products are  
20 available to all customers throughout the United States,  
21 including home owners, commercial customers, and builder  
22 customers. There is not a single segment of the market, or  
23 a single individual end users for whose business Cambria  
24 does not compete.

25 Our leadership, business strategy, marketing, and

1 sales force are all focused on making every single sale that  
2 we are able to make through free and fair competition in the  
3 marketplace.

4 We welcome the opportunity to compete side by  
5 side fairly traded products, but when we compete with dumped  
6 and subsidized imports the imports often win on the basis of  
7 price alone. The only solution we see to this problem is to  
8 receive relief from unfairly traded imports from Turkey and  
9 India so that we can compete on a level playing field.

10 Imports have also had a huge impact on the level  
11 of investment and further capitalization of our business.  
12 When we first started operations, we had one production  
13 line. We expanded over the years to meet increasing demand  
14 to the point where we now have five production lines, and we  
15 can accommodate up to 12 at our campus in Le Sueur.

16 In 2016 when our company was still seeing good  
17 returns on our investments, we began discussions to purchase  
18 two additional production lines. We spent significant time  
19 and money to obtain permits, on engineering plans, the  
20 development of production plans, and a variety of other  
21 activities that go into making an expansion of this nature  
22 happen.

23 But by early 2017, as unfairly traded imports  
24 surged, we cancelled our plans to expand our production  
25 capacity. Imports from India and Turkey have already

1 injured Cambria. We know that they also threaten to cause  
2 much further damage. While already large, the Indian and  
3 Turkish quartz industries immediately began ramping up their  
4 production capacity after they learned about the  
5 possibility of tariffs on Chinese product.

6 We now fear that we will never have an  
7 opportunity to compete fairly, as all of the Chinese  
8 supplies that should exit the marketplace will simply be  
9 replaced by dumped and subsidized product from India and  
10 Turkey.

11 Cambria is committed to the growth of our  
12 company, and we believe that we can continue to grow in a  
13 market where there is fair trade on a level playing field  
14 with free and open markets, but Cambria cannot compete in a  
15 market that is being dominated by dumped and subsidized  
16 imports.

17 That is why we are here today, to ask that you  
18 find that domestic producers of quartz surface products have  
19 been injured by the massive increase of unfairly traded  
20 imports from India and Turkey into the United States'  
21 market. Thank you.

22 MR. MEISNER: Thank you, Ms. Shult. Our next  
23 witness this morning will be Shannon Shindelar, who is a  
24 Vice President and the Senior Comptroller at Cambria.

25 STATEMENT OF SHANNON SHINDELAR

1 MS. SHINDELAR: Good morning, Ms. Haines, and  
2 members of the Commission staff. My name is Shannon  
3 Shindelar. I am Vice President and Senior Comptroller for  
4 Cambria. As a Senior Comptroller, I am responsible for  
5 managing the company's finances, including financial  
6 planning, reporting, and analysis of financial trends and  
7 results.

8 The focus of my testimony today is how unfairly  
9 traded imports from India and Turkey have had a negative  
10 impact on Cambria's operations and financial performance.  
11 The last decade has seen a large growth in demand for quartz  
12 surface products. In prior years, Cambria's production and  
13 sales volumes grew in a manner that was consistent with this  
14 growth in demand.

15 For example, in previous years we experienced  
16 double-digit growth in our sales, along with the market.  
17 But our growth began slowing to a halt in 2017 as unfairly  
18 traded imports began taking away our share of the market.

19 This included dumped and subsidized imports from  
20 India and Turkey. This trend of flattened growth has  
21 continued into 2019. I want to emphasize that Cambria has  
22 had ample excess capacity at our production facility to  
23 produce more quartz products to serve the growing market.  
24 The production capacity that we reported to the Commission  
25 takes into account the time required to make different

1 designs, the down time required to clean a line when  
2 switching designs, and modifications that we have made to  
3 our equipment.

4 Even taking all of these factors into account,  
5 Cambria has had significant excess production capacity to  
6 serve growing demand in the market. The reason we have not  
7 grown is simple: The flood of unfairly traded imports,  
8 including from India and Turkey, into the U.S. market.

9 In fact, rather than growing we are no longer  
10 operating all of our lines for seven days a week. As Ms.  
11 Shult mentioned, midway through 2017, due to the reduced  
12 orders, we reduced our plant schedules from seven days a  
13 week to five days a week. We reduced--as a result of this  
14 production reduction, we have had to lay off 200 of our  
15 employees.

16 Our bottom line has also been negatively impacted  
17 by the reduction in our plant's operations. The equipment  
18 and facility used to produce quartz surface products require  
19 a large capital investment, and therefore a large portion of  
20 our overhead is fixed. In fact, we have made over \$400  
21 million in capital investments at our facility in Le Sueur.

22 The reduction of two days of our weekly  
23 operations at our plant means we have fixed overhead that  
24 directly impacts our bottom line in a negative way.

25 Everyone in our company had high hopes that when

1 Chinese imports began exiting the market in September of  
2 last year after duties were imposed, we could rehire our  
3 employees and return to seven-day-a-week operations. That  
4 is not what has happened.

5 While eight months have passed since duties were  
6 imposed on Chinese products, we still have not seen any  
7 significant growth in Cambria's production and sales.  
8 Indian and Turkish imports had already been injuring us for  
9 years, and now the extremely low prices of Indian and  
10 Turkish imports have even robbed us of the opportunity to  
11 take advantage of growth opportunities in the U.S. market  
12 now that we have preliminary relief from Chinese imports.

13 Indian and Turkish imports have also prevented us  
14 from making additional investments in our company. In 2016,  
15 based on our performance and growth trends that we observed  
16 at that time, we believed that Cambria would continue down a  
17 path of growth that would require adding more capacity at  
18 our production facility. We began the process of investing  
19 in two new production lines and other equipment. This  
20 investment would have involved over \$150 million in capital  
21 expenditures, and resulted in Cambria hiring over 200 new  
22 employees.

23 Unfortunately, with unfairly traded imports  
24 pouring into our market, including imports from India and  
25 Turkey, we had to cancel our plans for the two new

1 production lines. It no longer made sense to make such  
2 large investment to expand production capacity.

3 We had also expected to be able to take a fresh  
4 look at our expansion plans after receiving relief from  
5 imports from China, but here we are now eight months after  
6 preliminary relief took effect, and we still haven't dusted  
7 off those plans. It still makes no sense to expand  
8 production capacity when we still have so much unused  
9 capacity at our plant in Le Sueur, Minnesota.

10 The reason for this is the flood of imports from  
11 India and Turkey. The injury caused by Indian and Turkish  
12 imports is not just measured in lost opportunity. You can  
13 also see the injury in our bottom-line results.

14 As Ms. Shult discussed, many of our Cambria  
15 independent distributor partners have walked away from their  
16 relationship with Cambria to sell unfairly traded imports,  
17 including imports from India and Turkey.

18 To make sure consumers have access to our  
19 products, we have opened many new Cambria-owned distribution  
20 centers across the United States. These DC's allow us to  
21 have reliable routes to market where we know our products  
22 will be featured in a way that they have a chance to  
23 compete. The DC's also allow our products to be sold at  
24 lower prices to end consumers, but these DC's also entail  
25 substantial operational costs.

1           It costs us approximately \$7.50 per square foot  
2           to sell our product from a Cambria-owned distribution center  
3           than it does from our own plants in Minnesota. And these  
4           operational costs have led to steep declines in our  
5           operating income and net income.

6           Because of price pressure and suppression by  
7           imports, we cannot cover that additional \$7.50 per square  
8           foot expense. Because sales from our DC's are made at a  
9           more advanced level of trade than sales from our plant, the  
10          prices we charge for sales from our DC's are higher than the  
11          prices we charge for sales from our plant. As a greater  
12          portion of our total sales are made through DC's, this makes  
13          our overall average reported price appear to increase over  
14          time. However, I have to emphasize that the difference  
15          between our plant price and our DC price is not enough to  
16          cover all of our additional freight costs and our cost to  
17          operate the DC's, which is about \$7.50 per square foot.

18          This is one important way that unfairly traded  
19          imports are directly impacting our bottom-line  
20          profitability. And although it appears that the revenues  
21          per square feet are increasing, the reality is that we are  
22          making less money per square foot under this model because  
23          we are having to pay for the Cambria-owned Distribution  
24          Centers.

25          This model does provide benefits to our many

1 fabricator customers in that they can now purchase slabs  
2 directly from Cambria for about \$3.50 per square foot less  
3 than what they were previously from our Cambria Independent  
4 Distribution partners.

5 So the prices seen by fabricators in the market  
6 are actually lower. Again, our increasing reliance on DC's  
7 is a response to distributors walking away from Cambria to  
8 sell low-priced unfairly traded imports, including imports  
9 from India and Turkey.

10 There is so much hanging in the balance with  
11 these new trade cases. Cambria has had significant capital  
12 investments to produce quartz surface products here in the  
13 United States. We have made significant investments in  
14 research and development and innovation. And we have made  
15 significant investments in our workers in Minnesota and our  
16 employees around the United States.

17 All of these investments, and the livelihoods of  
18 our many employees and the families that they support are  
19 all being placed at risk by unfairly traded imports from  
20 India and Turkey. That is why I am here, to ask that you  
21 provide Cambria and the other domestic producers of quartz  
22 surface products in the United States much needed relief.

23 Thank you.

24 MR. MEISNER: Thank you, Ms. Shindelar. That  
25 concludes our affirmative presentation, and we would welcome

1 any questions that you may have at this time.

2 MS. HAINES: Thank you very much for the helpful  
3 testimony, a little bit of deja vu. Okay, we will turn to  
4 -- Ms. Duffy will start.

5 MS. DUFFY: Hi. Thank you all for being here  
6 today. I really appreciate your testimony and seeing some  
7 familiar faces. I just want to start with more of a  
8 housekeeping question.

9 Following our first APO release, do you have any  
10 concerns about our importer coverage? Are we missing any  
11 RT importers?

12 MR. MEISNER: At this time we don't have any  
13 serious concerns with import coverage. We're still  
14 compiling all of the data, to be frank, and we'll continue  
15 to look at that issue and let you know if we have any  
16 concerns in our postconference brief.

17 MS. DUFFY: Thank you. I was hoping that you  
18 could talk about the Turkish and Indian quartz surface  
19 products and how that compares to Cambria's quartz and other  
20 U.S.-produced quartz.

21 MS. SHULT: Absolutely. It's the same thing.  
22 So the Turkish and Indian imports are simply replacing the  
23 Chinese sourcing for the private label brands such as the  
24 Que Premium Natural Quartz product from MSI, or Della Terra  
25 from Arizona Tile. So they look the same. They are the

1 same. The Turkish and Indian imports copy Cambria's looks  
2 just like the Chinese product did. So they're competing in  
3 all parts of the market in all parts of the United States,  
4 in every segment, commercial, residential, builder.  
5 They're the same thing. They're everywhere just like  
6 Cambria is available everywhere.

7 MS. DUFFY: Thank you. And can you also talk  
8 about U.S.-produced quartz, how it differs among U.S.  
9 producers, specifically CaesarStone and the two new U.S.  
10 producers? Does that product differ in any way, or is the  
11 production process different in any way, to your knowledge?

12 MS. SHULT: The products, again, are the same  
13 between domestic producers. They may have slight variations  
14 in what designs they offer. Cambria offers over 160  
15 designs, so we cover all of the market. We have every color  
16 available in the design pallet. But they're the same  
17 product, made by the same production manufacturing  
18 processes, the same types of employees, the same types of  
19 plants, in the same market, in the same parts of the  
20 country, in the same segments.

21 MS. DUFFY: Thank you. And in our questionnaire  
22 we break out a question based on the look of the quartz. So  
23 based on design and thickness. Can you talk about trends  
24 within design and how those are growing within demand?

25 MS. SHULT: Perhaps one place to look for that

1 data would be in the questionnaire responses on those  
2 pricing products. So I would refer the staff to that. I  
3 don't know if that satisfies your question, or if you have  
4 additional information you're looking for.

5 MS. DUFFY: Specifically I was looking within  
6 thickness. I would assume that a thicker--a thicker like 3  
7 centimeter would be more expensive, but that's not  
8 necessarily the case. I was wondering if you could  
9 elaborate on that.

10 MS. SHULT: Yes. Three-centimeter quartz is  
11 generally more common and more popular to be sold in the  
12 United States. And again I think you'll be able to see that  
13 in the questionnaire responses from Cambria, and likely from  
14 other producers and importers. The cost to produce 3 cm  
15 quartz is not 50 percent more than it is to produce 2 cm  
16 quartz, because a lot of the cost is in the process itself  
17 to manufacture. So it's not as simple as a 50 percent  
18 increase in price, and so you'll see that, again, in the  
19 pricing data.

20 MS. DUFFY: Thank you. Those are all my  
21 questions for now.

22 MR. HAINES: Mr. Jones?

23 MR. JONES: Good morning. Larry Jones. Thank  
24 you for coming, by the way. I'll just start with, as far as  
25 the domestic industry, what would you say as far as the

1 domestic industry having the sufficient capacity to satisfy  
2 the U.S. market? More specifically, in lieu of the two new  
3 U.S. producers that have come online, and also with the  
4 announcement last week of Spectrum coming online, they're  
5 going to be building a plant, it seems like there's a lot  
6 more competition now comparatively to two years ago when the  
7 alleged injury started to occur.

8 So going forward, it seems as though imports, as  
9 you're saying, are injuring you guys, or Cambria, but these  
10 new plants, it seems like there may be more competition  
11 within the U.S.

12 MR. SCHAGRIN: Good morning. Roger Schagrin of  
13 Schagrin Associates on behalf of Petitioner Cambria. So  
14 it's a good point, Mr. Jones. You would expect, given basic  
15 economics, that first the absolutely burgeoning demand  
16 market would attract new investment, and it has, in the  
17 quartz surface products.

18 You would expect during a time when that demand  
19 was growing so fast that the existing producers would be  
20 operating at full capacity utilization. In fact, here we  
21 had, starting in mid-2017, Cambria reducing its capacity  
22 utilization.

23 We have, as recently as the past several weeks,  
24 CaesarStone, a new entrant in the market in I believe 2016,  
25 announcing that it is cutting half of its U.S. capacity. I

1 think we'll deal confidentially in the post-hearing brief,  
2 because, you know, once people get Respondents' lawyers  
3 involved all of a sudden data can change radically. So I  
4 think we'll deal with that confidentially in our  
5 post-hearing.

6 But I think what's amazing about this industry  
7 coming up to the present time is with demand increasing 25,  
8 30, 35, 40 percent a year, simple economics would tell you  
9 that every U.S. producer would be operating flat out.  
10 Cambria should have been operating 7 days a week, 24 hours a  
11 day, and producing everything they could. But that wasn't  
12 the case because of unfairly traded imports.

13 For these new U.S. producers, you would expect  
14 they'll have a ramp up period, and then if demand continues  
15 and fair trade is restored to the marketplace that they  
16 would be able to operate profitably at high capacity  
17 utilization rates.

18 But if you have unfairly traded products  
19 continuing to pour in to take the increase in demand, then  
20 some of these existing plants, or new plants, simply won't  
21 be able to operate. And no one is a better example of that  
22 than CaesarStone. I mean, massive investment, and two lines  
23 just operating, you know, for two years, and then one of the  
24 two lines shut down in the midst of burgeoning demand? And  
25 yet the Respondents would say, oh, CaesarStone is an

1 example of a company doing just great. Like what planet can  
2 you possibly land from and say a company two years after--a  
3 company that's been in the business for 30 years, it's not  
4 like they don't know what they're doing, that shut down one  
5 of their two production lines--which are very expensive--  
6 within two years of starting them up?

7 No, that's just the poster child for the injury  
8 being caused by unfairly traded imports. And it's striking  
9 to me in this case just how commoditized these products are  
10 becoming. I mean, whether it's the QUE premium, or the  
11 Della Terra, I mean the importers have established brands  
12 just like Cambria tried. They may not have hired actors to  
13 promote their brands. I don't know what they spend on  
14 promoting their brands. They've obviously always had really  
15 cheap unfairly traded sources for those brands, but they  
16 literally can just take--I don't know if they mark them this  
17 way--they just take Chinese product and it's Della Terra, or  
18 two P, Indian product, Turkish product, it just doesn't  
19 matter.

20 And so for the consumer looking at a quartz  
21 surface product, if this is \$10 a square foot, and this is  
22 \$5 a square foot, and they look the same, they don't care  
23 where it comes from.

24 So I think the jury is out. I thought about  
25 these cases when I was talking to Mr. Meisner, you know,

1 with these new entrants coming on, whether these would  
2 almost become retardation type case. I know the Commission  
3 has had so few retardation cases, but in the midst of an  
4 absolutely booming demand in the U.S., there's a real  
5 question whether a burgeoning U.S. industry's ability to  
6 grow is going to be retarded by these unfairly traded  
7 imports. I hope that answered your question.

8 MR. JONES: Thank you. What would your  
9 customers say regarding that? More specifically, if the  
10 4,500 fabrica--

11 MR. BISHOP: Larry, could you start over,  
12 please? Don't hold down your microphone button, please.

13 MR. JONES: More specifically, what would your  
14 customers say about this, the 4,500 fabricators?

15 MS. SHULT: I'm sorry? About "this"? Can I ask  
16 what you're referring to? About the trade cases?

17 MR. JONES: Well you mentioned in the beginning  
18 of the opening remark, the presentation, there were 4,500  
19 fabricator customers, and what would they say about all  
20 this? How would they react to you guys' demand in the  
21 market? Basically what I'm getting at is, how would they  
22 say there's not enough that Cambria can supply the demand in  
23 the market, or the domestic industry could?

24 MR. SCHAGRIN: This is Roger SchagrIn again. So I  
25 think that the fact that Cambria through its distribution

1 centers and its distribution network is aware of having  
2 4,500 different companies that fabricate, one, illustrates  
3 just how many fabricators there are. And Mr. Stoel says,  
4 wow, we got a letter to the Commerce Department with 260  
5 fabricators, you at the Commission just end these cases  
6 maybe by noon. I mean, boy, if there's a letter from two  
7 of them, would you continue this morning? We shouldn't even  
8 have an afternoon session. It's like there's probably 10 or  
9 15,000 fabricators. You know, I'm not a statistician or  
10 even an economist, but, come on, 260 out of 15,000? Really,  
11 who cares? Not that I want to denigrate any of them. I  
12 don't see their red shirts today, by the way, not great  
13 marketing. If you're going to do a China case, pick a  
14 different color, not red shirts. We don't want them waving  
15 Mao's little red books.

16 (Laughter.)

17 MR. SCHAGRIN: You know, lawyers are horrible at  
18 marketing. Maybe the bigger the firm, the worst at  
19 marketing. But anyway--and Rebecca is a lawyer, and she  
20 probably knows better than her own company, and I don't  
21 think the lawyers get involved in marketing, and I'd be the  
22 last person to tell our clients anything about marketing.

23 I think, though, to your point, Mr. Jones, the  
24 key is that with the available domestic capacity, and the  
25 continuing growth in domestic capacity, fabricators should

1 be able to have the option of fabricating domestic product,  
2 as well as import product. And they shouldn't decide, or  
3 have the opportunity to decide, to fabricate unfairly traded  
4 import product because it's so much cheaper than domestic  
5 product. I think that's the whole purpose of the trade  
6 laws. And I think, you know, if economics works, then we  
7 will see continued growth in domestic capacity and  
8 production.

9 We would differ with Mr. Stoel's introduction.  
10 We don't see over this POI, in spite of a massive increase  
11 in demand, increasing domestic production in shipments and  
12 profitability. I mean that was in his opening. I guess  
13 we're working with different data sources, but we are not  
14 seeing a extremely healthy U.S. industry in the data as he  
15 referenced in his opening, whereas we should be because  
16 demand is absolutely booming.

17 MR. JONES: Thank you. As far as moving on to  
18 imports, a shift in imports took place from late 2018 into  
19 early 2019. This is based on official import statistics.  
20 Slab imports from China decreased by about 75 percent.  
21 That's a conservative estimate and slab imports from India  
22 increased by over 300 percent, both conservative estimates.

23 Seeing as though this shift was based on the  
24 orders for the China investigations going into effect for  
25 the preliminary orders and the Indian producers will filling

1 the gap and the demand that seemingly the U.S. slab  
2 producers couldn't fill at the time, so my question is was  
3 this injury that's being alleged by Indian imports, imports  
4 from India and Turkey, is this self-imposed?

5 Or is this one that has been going on for years  
6 because just the decrease over the last six months from late  
7 2018 into early 2019 that shift just basically happened as  
8 75 percent of Chinese Imports decreased and then 300 percent  
9 increase in imports from India?

10 MR. MEISNER: This is Luke Meisner. I think a  
11 couple of things, it's a great question. First of all, the  
12 statute doesn't require that the Domestic Industry have  
13 sufficient capacity to satisfy all of demand in the U.S.  
14 Market and the Commission has recognized all of this in  
15 numerous prior cases. That's the first point.

16 The second case is, the Domestic Industry as it  
17 existed in 2018 and into early 2019 had excess capacity so  
18 did it deserve to get every single sale that was previously  
19 being supplied by Chinese Imports? No, but it should have  
20 had the chance to compete on a level playing field to make  
21 additional sales and that did not happen.

22 As the Commission has recognized there is more  
23 than adequate supply in the market to satisfy U.S. demand.  
24 There is no reason for importers and customers to have to  
25 turn to unfairly traded sources of Quartz Surface Products

1 to satisfy that demand. There is Cambria, Caesar Stone, LG  
2 -- new entrants into the marketplace other fairly traded  
3 sources of imports.

4 To answer your question directly, no this is not  
5 a self-imposed injury. The expectation and the hope of  
6 Cambria and others in the Domestic Industry was that once  
7 relief was imposed on Chinese Imports that consumers would  
8 turn to the Domestic Product and fairly traded sources and  
9 that did not happen.

10 MS. DRAKE: This is Elizabeth Drake and I just  
11 might add, it wasn't that the Domestic Industry was unable  
12 to supply, obviously they had excess capacity, they had  
13 growing inventories, etc. It's that they weren't able to  
14 supply it at a ten-dollar square foot unfairly traded,  
15 dumped and subsidized price.

16 So yes, customers wanted to continue to have  
17 access to the unfairly traded prices of the imports but that  
18 had nothing to do with the lack of supply from Domestic  
19 Producers and those prices merely reflect the unfair trade  
20 practices that the law permits Domestic Industry to seek  
21 relief from.

22 MR. JONES: Thank you. Moving on to non-Subject  
23 Imports, looking at official import statistics again, when  
24 we take a look at official import stats for 2017 and 2018,  
25 more specifically Israel and Spain, when combined, and China

1 is excluded, when we look at these two countries, Spain and  
2 Israel counted for 53 percent of non-Subject Imports in 2017  
3 and approximately 46 percent of non-Subject Imports in 2018.

4 Why are the two largest sources of non-Subject  
5 Imports not been discussed as much as the two countries  
6 India and Turkey and then they are combined they account for  
7 less than half of the volume that comes in from Spain and  
8 Israel. More specifically, do the U.S. Companies or  
9 affiliates with Spain and Israel, do they support these  
10 petitions and have there been some type of agreement to  
11 eliminate all other sources of imports?

12 MS. DRAKE: The Commission did an excellent job  
13 which Mr. Jones I know that you were intimately involved in  
14 collecting pricing data for the other non-Subject Import  
15 sources such as Israel and Spain in the China investigation  
16 and I think the difference in price, you will see there,  
17 explains why those imports are not a focus of concern of the  
18 Domestic Industry because they are believed to be fairly  
19 traded.

20 They are not deeply underselling Domestic  
21 Producers to the same extent that Subject Imports from China  
22 and now Subject Imports from India and Turkey are  
23 underselling at the Domestic Industry. That's the only  
24 reason we wouldn't recommend to our client to target imports  
25 that they don't see as a source of injury and do so.

1                   MR. JONES: Thank you. Looking at other  
2 non-Subject Countries, more specifically Vietnam, Vietnam as  
3 far as official import stats more imports were brought in  
4 from Vietnam than from Turkey throughout the POI so why  
5 weren't they included.

6                   MR. MEISNER: You know, as we evaluate cases and  
7 evaluate unfair trade we look at all sources of imports but  
8 it was decided that it was not appropriate to take action  
9 against Vietnam at this time.

10                  MR. SCHAGRIN: Mr. Jones, Roger Schagrin, I think  
11 issues such as negligibility were being assessed, I think  
12 you will see that over the past several months that in  
13 contrast to imports from Turkey continuing to increase each  
14 month and year over year by massive amounts that in fact  
15 imports from Vietnam were not increasing in the same  
16 patterns as the increase in imports from Turkey. That would  
17 have an effect on the data and on negligibility issues.

18                  MR. MEISNER: This is Luke Meisner. Let me  
19 follow up. I want to address directly one of the questions  
20 you pose. There is definitely, certainly no agreement  
21 between Cambria and any of the other Domestic Producers to  
22 try to shut out supply from all sources other than Spain and  
23 Israel I think you mentioned as well as domestic sources.

24                  MR. JONES: Thank you. As far as the trends,  
25 looking at the trends, right now when we are looking at the

1 official stats, I'm looking at more specifically Vietnam,  
2 Portugal and Brazil, they have not reached a negligibility  
3 threshold yet but their imports are all trending upwards so  
4 at the time of the filing of this Petition Turkey had not  
5 yet reached the negligibility threshold and these three  
6 countries, they're trending much in the same way the  
7 Turkish imports are. So is there a reason why that you guys  
8 haven't looked at these yet or is this something that you  
9 guys are looking at further down the line?

10 MR. SCHAGRIN: I don't think it's appropriate for  
11 us, Mr. Jones. I think this is a question that should be  
12 asked of the Respondents as to whether the producers in  
13 those countries have the capability of accepting Chinese  
14 machinery and having the connections to U.S. Importers so  
15 that they can ramp up so quickly.

16 I mean, to me, the examples are just amazing.  
17 You had testimony from LG here in the China case and they  
18 talked about trying to add another line at their plant and I  
19 think Mr. Davis told you well they were adding that line.  
20 They ordered it -- every U.S. Producer uses the same Italian  
21 supplier of this machinery and they had ordered it after the  
22 China case was filed.

23 The China case was filed in April, evidently they  
24 placed their order in May. We are already essentially in  
25 June, that seems to have flown right by and that new line

1       isn't close to starting yet. So you're talking about well  
2       over twelve months from the time the order was placed and  
3       yet we're seeing evidence that new production lines are  
4       starting up in Turkey and India within six months. Totally  
5       new.

6                 Greenfield. The U.S. example was adding a line  
7       to an existing facility. So I think as always and obviously  
8       the Commission has seen this in the steel industry  
9       unfortunately quite a bit, I think the U.S. Industry is  
10       always going to maintain its legal rights to bring cases  
11       again in the future against imports that its research shows  
12       are unfairly traded either through government subsidies or  
13       sales of less than fair value and the imports increase by  
14       volume or market share and undersell and cause price  
15       suppression and depression in a way that materially injures  
16       the U.S. Industry.

17                In our business, one doesn't want to make  
18       predictions in the future. One thing I've always learned in  
19       steel products and as I stated in the China hearing, I'm  
20       just amazed at how Quartz Surface Products is becoming like  
21       a steel product is that importers will never sell Domestic  
22       Product. Importers are importers. Whether they are steel  
23       importers, the Fericos, Meribinis, Mitsubishis, etc, etc.  
24       Importers are importers.

25                Users decide whether to use or distributors to

1 distribute import or Domestic Product. So you would expect  
2 the importers here today to try to keep finding imports, to  
3 keep filling the supply chains to keep making lots of money  
4 so they can drive Rolls Royces, pay Hogan Lovells. You  
5 know, they're not going to turn around and buy from Cambria.  
6 It's just not going to happen because they're importers.

7 MR. JONES: Thank you, Mr. Schagrin. Following  
8 up on what Ms. Schindelar stated, you mentioned that Turkish  
9 Imports have been injuring the Domestic Industry, more  
10 specifically Cambria for years prior to the Petitions. In  
11 what way prior to the last say twelve months was Cambria  
12 being injured by Turkish Imports?

13 MS. SHINDELAR: What I would say is that Cambria  
14 has been injured by all imports and so here today speaking  
15 to the Turkish and Indian imports unfairly it started with  
16 China as we have filed and brought forth previously however  
17 now we are seeing and continue to see the transition to  
18 Turkish and Indian imports take over the market and rise.

19 MS. DRAKE: Elizabeth Drake. I would just add  
20 that I believe I was referring to the POI overall, that even  
21 from 2016 to 2017 before the Petitions were filed you'd had  
22 a 17 percent increase in cumulated imports from India and  
23 Turkey and in most cases that would be a large increase.

24 It's only that it was followed by more than  
25 doubling the year after in 2018 that it appears small on the

1 graph but even before the China petitions were filed we saw  
2 an increase and we saw very low unit values from both India  
3 and Turkey.

4 MR. JONES: Thank you. As far as what you were  
5 saying though previously what I was wondering about was more  
6 specifically Turkey just because such low volume came in  
7 2016 and somewhat in 2017 comparatively it's about one  
8 percent, one and a half percent based on official import  
9 stats and it trended upward slightly and also including  
10 India in that, I was wondering okay so India basically was  
11 about 4.8 percent based on official import stats that's how  
12 much of the market they were. Then they went down  
13 to about 4.6 percent in 2017 and then they went up obviously  
14 in 2018 so based on what you're saying, that's why I was  
15 wondering about the years prior. What way were India and  
16 Turkish imports affecting you guys? When obviously the  
17 bigger picture is Chinese Imports, they're well over  
18 anywhere between 50 and 66 percent based on official import  
19 stats again, every year when these are comparatively, I  
20 wouldn't say a minuscule amount but one-tenth to one-eighth  
21 at most at any given year, combined.

22 MS. SHULT: So while the volume of Turkish  
23 Imports were certainly lower at the beginning of the POI  
24 they were still injuring Cambria because of their very low  
25 prices. They were still being dumped and unfairly

1       subsidized.

2                       Part of why the percentage looks low right is  
3       because they're thwarted by the huge imports from China at  
4       that time, right? so the problem from Turkey is certainly  
5       getting worse, the problem from India is certainly getting  
6       worse since we received preliminary relief from the duties  
7       on Chinese Imports but the presence of Turkish and Indian  
8       imports to unfairly low prices, going back even to the  
9       beginning of the POI was a problem that's just gotten much  
10      worse over time.

11                      MR. MEISNER: This is Luke Meisner. I will just  
12      add one brief point of this. We do think Turkish as Ms.  
13      Shult was just mentioning, the low prices and the increase  
14      in volume is significant in its own right but as the  
15      Commission knows, when imports come in and the way that they  
16      have from India and Turkey the proper way to look at imports  
17      is on a cumulative basis.

18                      All of the factors for cumulation have been met  
19      as we discussed earlier in our presentation and so the  
20      correct way to look at imports from Turkey is not on an  
21      individual basis but cumulated together with imports from  
22      India and you can see on a cumulated basis they've certainly  
23      had a dramatic impact on the Domestic Industry.

24                      MR. JONES: Thank you. I don't have any other  
25      questions right now.

1 MS. HAINES: Mr. Goldfine?

2 MR. GOLDFINE: Good morning. Thank you all for  
3 coming this morning. Most of my questions, or some of my  
4 questions are for counsel but some of them are also for some  
5 of the industry witnesses so on Domestic Industry I  
6 understand you're arguing that the fabricators should not be  
7 included in the industry? That's correct?

8 So shouldn't, since these votes are ten days  
9 apart, we will have to see what happens in the China final  
10 but shouldn't we be following what the Commission does in  
11 that investigation?

12 MR. SCHAGRIN: This is Roger Schagrin. Sure, Mr.  
13 Goldfine. I think that's perfectly appropriate and I would  
14 point out, because we don't know what the Commission will do  
15 in the final as to China where the vote I believe is  
16 scheduled for June 11th, we do know in the preliminary phase  
17 in the China case the Commission has decided the fabricators  
18 were not part of the Domestic Industry.

19 So as far as we know, and the Commission  
20 obviously is always gathering record information and hearing  
21 legal and factual arguments from counsel as to these issues  
22 but the only decisions made thus far in Quartz Surface  
23 Products by the Commission is that fabricators were not part  
24 of the Domestic Industry.

25 I would assume that whatever decision the

1 Commission makes in the final in the China case in the  
2 Domestic Industry membership will probably carry over to the  
3 prelim in this case.

4 MR. GOLDFINE: Okay, thank you for that. Part of  
5 the relatedly I know you put up a slide earlier on  
6 fabricators but part of the issue here is we didn't mail the  
7 fabricators, I don't know if we have any questionnaires from  
8 fabricators so to what extent there is any information on  
9 the record in this preliminary investigation from  
10 fabricators I don't know. I just raised that as something  
11 for you to --

12 MR. MEISNER: I guess a couple things to say to  
13 that and I guess others have comments as well. The first  
14 thing I would say is the questionnaire that was issued by  
15 the Commission, it appears not to request information  
16 specific to fabricators.

17 It's more like the questionnaire that was issued  
18 at the preliminary stage of the China investigations. The  
19 data, the questions appear to ask for questions regarding  
20 integrated slab producers and don't have a separate breakout  
21 for fabrication operation and certainly not for independent  
22 fabrication operations.

23 So I believe that the Commission at this point  
24 will not have data from fabricators based on the  
25 questionnaires that were issued and we have not sent

1 questionnaires to any fabricators. I want to say now we  
2 represent Cambria which is an integrated producer. Cambria  
3 has its own fabrication operations and we have always  
4 reported Cambria's own fabrication operations affiliated  
5 fabrication operations as part of Cambria's data where  
6 appropriate.

7 While there are 4500 plus fabricator customers of  
8 Cambria we don't have contacts with all of them. We don't  
9 represent them and we are here on behalf of Cambria.

10 MS. DRAKE: I mean, I would just add there was  
11 information on the preliminary phase of the China  
12 Investigation about the extent of fabrication activities  
13 compared to the extent of slab production activities that we  
14 put on. We can put that on again based on Cambria's own  
15 experience both as a slab producer and as a fabricator.

16 There was information put on by the other parties  
17 about the extent of their own fabrication operations so just  
18 because there aren't questionnaire responses from  
19 fabricators doesn't mean the Commission won't have  
20 sufficient information to be able to make a preliminary  
21 decision about whether or not to include them in the  
22 Domestic Industry.

23 MR. SCHAGRIN: Mr. Goldfine. This is Roger  
24 Schagrin. What's also a --

25 MR. GOLDFINE: You agree the record is pretty

1 limited on --

2 MS. DRAKE: You will get post-conference briefs  
3 on Monday and hopefully it will be more fulsome.

4 MR. SCHAGRIN: Mr. Goldfine, Roger Schagrin. One  
5 thing that is unusual about this case is that while the  
6 Respondents argue that people who fabricate quartz should be  
7 considered part of the quartz industry. The data, just  
8 categorizing it in the final, in the China case is that  
9 based on the responses you got the fabricators fabrication  
10 of quartz was a minority of what they fabricated because at  
11 the same time you can look at the names of the people who  
12 are testifying this afternoon.

13 Most of them have granite, marble or tile in  
14 their names instead of quartz. So if you walk into a  
15 fabricator here in suburban Washington, the same fabricator  
16 will show you in their showroom, they will cut you granite,  
17 marble, quartz surface products. The same fabricators can  
18 cut you floor tiles on the same machinery and unlike the  
19 investments made in quartz surface products where Cambria  
20 made 400 million dollars of new investments just to make  
21 quartz surface, very, very few fabricators made new  
22 investments.

23 One of the fabricators said "oh -- because I've  
24 got thirty fabrication locations. You know, I've got 15  
25 million dollars of cutting equipment". Yes you might have

1 had 15 million dollars of cutting equipment 15 years ago  
2 when you were using it to cut granite.

3 So very few people have added new fabrication  
4 equipment specifically for quartz surface product, mostly  
5 they are using equipment previously installed in their  
6 fabrication shop to cut granite and they are now just  
7 cutting quartz instead of granite.

8 MR. GOLDFINE: One last point before we break,  
9 the only way I raised that. I wasn't inviting more  
10 submissions, it was just to indicate that it makes it  
11 reasonable, I think, which Mr. Schagrín agreed with, to  
12 let's see what happens in the final where there is a much  
13 more full record on this issue. That's all.

14 MS. HAINES: Okay. We will break as Mr.  
15 Secretary had indicated.

16 MR. BISHOP: We stand in recess until after the  
17 vote. Thank you.

18 (Whereupon a brief recess was taken to reconvene  
19 this same day at 11:15 a.m.)

20 MR. BISHOP: This conference will now come back  
21 to order. We will resume questionings with Mr. Goldfine.

22 MR. GOLDFINE: This is for post-conference, but  
23 if you wanna give a sneak peak, any related parties' issues?  
24 I mean are there gonna be any, are you seeking to exclude  
25 any domestic producers?

1                   MR. MEISNER: We can address that in  
2 post-conference as it may involve some confidential data.

3                   MR. GOLDFINE: Okay, appreciate that. On  
4 negligibility, I understand you're now -- well, first of  
5 all, are you relying on official import statistics or  
6 questionnaire data for negligibility?

7                   MR. MEISNER: We've been relying on official  
8 import statistics.

9                   MR. GOLDFINE: Okay. And I understand your  
10 argument now is that both India and Turkey are  
11 non-negligible for present injury. They're both  
12 non-negligible for present injury, correct?

13                   MR. MEISNER: That's correct.

14                   MR. GOLDFINE: Individually? On an individual  
15 basis?

16                   MR. MEISNER: Individually, non-negligible.

17                   MR. GOLDFINE: Okay. I know in your petition,  
18 you know, you sort of acknowledged at the time that Turkey  
19 was negligible for present, but now you've had a chance to  
20 look at different data, or revised data, what changed in the  
21 data, just so I understand? Was it a different time period?  
22 I know there you were looking at July 2018 to February '19.  
23 Is it, just so--I know it was very close, it was, whatever,  
24 it was 2.9-something--and now it's over 3.

25                   MR. MEISNER: Yeah, that's right. So when we

1 filed the petitions on May 8th, it was the day before the  
2 next release of import data from Census. And, as a matter  
3 of fact, the following day we got March 2019 data from  
4 Census available to us, so when we filed the petitions,  
5 import from Turkey constituted 2.995% of total imports of  
6 quartz surface products based on publicly available import  
7 statistics.

8           Once March 2019 is added to the data mix, and we  
9 then rely on the most recent twelve-month period for which  
10 data are available, which is appropriate under the  
11 Commission's practice and the statute, the percentage of  
12 imports coming into the country from Turkey rises to about,  
13 I wanna say, 3.5 or 3.6%, which exceeds the 3% negligibility  
14 threshold.

15           MR. SCHAGRIN: And Mr. Goldfine, this is Roger  
16 Schagrin. We think it's pretty well established by  
17 Commission precedent and the fact you recently had a case on  
18 acetone from Saudi Arabia, in which it was just the opposite  
19 of the time of the filing, imports were above the 3% and  
20 then the Commission and the public and the petitioners and  
21 the respondents got another month of data before the  
22 Commission's preliminary and that evidently, the additional  
23 month of public import information pushed it below  
24 negligibility, and the Commission relied on the most recent  
25 twelve months prior to its preliminary determination.

1           So we think it's well-established Commission  
2 precedent, including a case decided just within the past  
3 sixty days and that you should follow that precedent, and as  
4 was mentioned, they're now at 3.5, so they're way above 3.

5           MR. GOLDFINE: Okay, I understand. To the extent  
6 you have any other, you know, authority for that, that's the  
7 twelve-month period we should be using, that would be  
8 helpful to lay that out.

9           And, so if we find, from your argument, that  
10 they're both non-negligible for present, we wouldn't need to  
11 reach threat then, is that your argument?

12          MR. SCHAGRIN: Correct. Because you're gonna  
13 make a preliminary affirmative material injury  
14 determination, so you won't have to look at the threat  
15 factors.

16          MR. GOLDFINE: Okay. And, sir, are you not, are  
17 you not arguing anymore that Turkey's non-negligible for  
18 threats since they're non-negligible for present?

19          MR. MEISNER: Right, that's correct. They're  
20 non-negligible for both purposes, of material injury and  
21 threat.

22          MR. GOLDFINE: Okay. And on cumulation, so  
23 you're arguing that both should be cumulated, Turkey and  
24 India, for present injury, correct?

25          MR. MEISNER: Correct.

1           MR. GOLDFINE: Okay. And I know you've waffed  
2 because, you know, the petition was treating Turkey as a  
3 threat, cumulated. I know now, since you're arguing  
4 present, if you could address in your post-conference brief,  
5 the cumulation analysis, to walk through that with them  
6 both, cumulated for present, that would be helpful.

7           MR. MEISNER: We'll be happy to do that.

8           MR. GOLDFINE: Okay. And then, just for the  
9 industry, for Ms. Shindelar, and you could probably speak  
10 best to this, or maybe Ms. Shult, but there were some -- and  
11 this is a bit related to what Mr. Jones was asking about --  
12 and then I'll have a question for the counsel on it, too.

13           But you talked about, you know, India and Turkey,  
14 I think at one point you talked about two production lines  
15 being cancelled. And I heard something about India and  
16 Turkey, and then later on, I heard something about all  
17 imports, so just so I have it right, so I'm understanding  
18 it, was that shut down caused by all imports? And if so,  
19 how much of it -- was Turkey and India causing more of it  
20 than China? Or was China causing that more than India and  
21 Turkey? Can you be a little bit more specific?

22           MS. SHULT: Yeah. First of all, it wasn't all  
23 imports. It was all unfairly-traded imports have affected  
24 our business. So, in terms of the plans to postpone our  
25 proposed expansion to Line 6 and 7 at the plant, we have

1       been looking at doing that, but have made a lot of  
2       investment toward those efforts.  Because, you know, adding  
3       two lines is a big deal.

4               So, we were well underway, but by 2017, imports  
5       of unfairly-traded product, especially from China, made it  
6       so that we could not move forward.  So, Chinese imports, of  
7       course, really pushed us forward to make that decision, but  
8       then when we saw the surge from India and Turkey, and  
9       existence of India and Turkey imports are all in the market,  
10      that confirmed that we made the right decision by  
11      postponing.

12             And now that the problem of Indian and Turkish  
13      imports have increased, it's meant that we're also not able  
14      to pick back up those plans and move forward with our plans  
15      to go forward with Line 6 and 7.  We'd hoped, of course,  
16      that once we got relief from the China case in the  
17      preliminary phase, we'd be able to pick those plants back up  
18      and move forward, but we simply haven't gotten the relief  
19      that we need, and Turkish and Indian imports have made that  
20      circumstance.

21             MR. GOLDFINE:  But did I understand what you were  
22      saying, that the decision to cancel was made based on China?  
23      Not on Turkey and India?

24             MS. SHULT:  I'd say it was all unfairly-traded  
25      imports, but predominantly China, because the volume from

1 China was the highest at that time.

2 MR. GOLDFINE: Okay.

3 MS. SHULT: But because of the injury from India  
4 and Turkey, we have not been able to pick those plants back  
5 up, as we had intended to, so that we could move forward  
6 with those plants to expand.

7 MR. GOLDFINE: Okay. And --

8 MR. SCHAGRIN: And Mr. Goldfine, this is Roger  
9 Schagrin. And the same type of analysis that Ms. Shult was  
10 going through applies to the reduction in operating days per  
11 week, so they certainly went from seven to five days  
12 primarily because of imports from China, but with the  
13 expectation that once initial relief was granted, that they  
14 would be able to resume seven day a week production, rehire  
15 production workers who had been laid off.

16 But the combination of--and we're not gonna sit  
17 here and say we didn't make arguments a few weeks ago about  
18 the effect of the massive overhang of the surge of imports  
19 after the filing in China--combined with the big surge from  
20 India and Turkey here have prevented them from increasing  
21 their operating rates at the plant.

22 And it's being compounded -- one of the issues in  
23 the China case, and you know, as I saw everybody taking the  
24 oath over there, I was reminded of the fact that, in the  
25 final hearing in the China case, after we presented evidence

1 of numerous e-mails that importers were gonna use the gap  
2 period, which was only created by the thirty-eight-day  
3 government shutdown when you all weren't getting paid, and  
4 so it's the first time in my thirty-eight years of  
5 practicing that we've ever had a gap period, because we  
6 never had a shutdown.

7 The prior shutdown was before the law was changed  
8 in the Uruguay Round Agreements Act. And they all said in  
9 an answer to Commissioner Schmidlein, "We don't know what  
10 the petitioners are talking about. We're not importing  
11 anything during the gap period." Well, now we just have  
12 about three days of data, and we already have about a  
13 million square feet of imports in three of four days of  
14 getting data for the gap period.

15 So if it's none of them, or obviously all the  
16 major importers, then it must be all the tiny importers in  
17 the country, because the really smart lawyers, what they've  
18 done with bills of entry, is they've made sure it still  
19 shows who the foreign supplier is, but all the U.S. importer  
20 information has been X-ed out and we only get consignee.  
21 But we'll also include all that information through Monday  
22 in our post-conference brief.

23 So, it's -- no one could ever imagine that you'd  
24 have 300% preliminary dumping duties and you'd still have  
25 the additional hammering effect of millions of square feet

1 coming in. Because you had a government shutdown, which  
2 allowed importers to, you know, essentially airmail in, or  
3 ship stuff in, and have it sitting in ports waiting for the  
4 gap period to start. It, to me, it's just shocking, what's  
5 going on.

6 MR. GOLDFINE: All I'll say, it might be helpful  
7 in your briefs, if -- because it's a three-year POI and  
8 there's been, I think, was this production line decision,  
9 was that in 2017 that was decided?

10 MS. SHULT: Yes, that's correct.

11 MR. GOLDFINE: In the middle of the POI, yeah.

12 MS. SHULT: Yes.

13 MR. GOLDFINE: So, to the extent, you know, if  
14 you're saying, "Did the injury happen in 2016? Did it  
15 happen in 2017? Did it happen in 2018? From Turkey and  
16 India versus China?" If you could lay that out, because  
17 it's a little confusing, at least to me, you know, what  
18 year, who was injuring who and in what year and which was --  
19 so, that would be helpful, I would say. That's all. That's  
20 not really a question, it's just really more of a comment.

21 And, that's all I have.

22 MS. DRAKE: Could I just make one small point on  
23 that last point. Elizabeth Drake. Certainly, we'll be  
24 happy to provide more details post-conference, but, you  
25 know, of course, there can be multiple sources of injury,

1 and that doesn't mean that causation standard isn't met.  
2 Under the law, anything that's more than a tangential or  
3 minimal cause of injury is cognizable as a cause of  
4 material injury.

5 And the Commission isn't required to quantify or  
6 weigh or say, "Okay, China was responsible for 80%, and  
7 India and Turkey were responsible for 20%." So we'd be  
8 happy to provide more details. But we think we meet the  
9 material injury and causation standards without having to  
10 quantify what each source of injury was at each point during  
11 the POI. But we'll be happy to add more post-conference.

12 MR. GOLDFINE: Okay, thank you.

13 MS. HAINES: Okay, thank you. Ms. Larsen.

14 MS. LARSEN: Good morning, Aimee Larsen, Office  
15 of Economics. I wanna thank you for your testimony earlier.  
16 My first question is with regards to this booming demand.  
17 It's a two-part question. Can you describe briefly the  
18 shift that has taken place in recent years between the  
19 natural stone products and quartz surface products? And is  
20 the success of quartz surface products coming at the expense  
21 of the more traditional natural stone products?

22 MS. SHULT: So, quartz surface products have  
23 performance benefits over quarried stone such as granite or  
24 marble. Because of the way that quartz surface products are  
25 created and produced, they are nonporous. And so that means

1 they don't stain, they don't scratch, they don't need to be  
2 sealed like quarried stone, like a marble or granite need to  
3 be.

4 So Cambria's played a big role in educating end  
5 users--homeowners, people who own commercial buildings, home  
6 builders--about these benefits of quartz surface producers  
7 over quarried stone, and have done a lot of work to explain  
8 to people why they should purchase quartz surface products.  
9 And now that effort has been copied by the importers of  
10 unfairly-traded goods, those who resell those products, and  
11 they're using what we did to educate consumers to kind of  
12 ride on our coattails.

13 So, are quartz surface products taking share from  
14 granite or marble? Likely, yes, because we're seeing the  
15 demand growing. But that's because quartz surface products  
16 have those superior performance benefits. Additionally,  
17 Cambria invested heavily in innovative designs in research  
18 and development to bring new designs in quartz surface  
19 products to market.

20 And as a result of the education and these new  
21 designs that have more aesthetic appeal, which the importers  
22 and producers from China and India and Turkey have now  
23 copied, more and more people are choosing quartz surface  
24 products over natural stone, or quarried stone, rather.

25 MS. LARSEN: Thank you. And then, do you agree

1 that the prices for granite impacts the prices for quartz  
2 surface products?

3 MR. MEISNER: This is Luke Meisner. I think they  
4 are separate product. Obviously, because they are  
5 substitutable in the same application, there is some kind of  
6 supply-and-demand effects between the two. But, that being  
7 said, they are separate products.

8 And in fact, you know, I got a call randomly out  
9 of the blue, a couple of weeks ago from a large commercial  
10 builder on the West Coast, you know, had gotten my contact  
11 information from the USITC website and had some questions  
12 about the case. And I was able to answer as best as I  
13 could. And, you know, I happened to ask him, "You know,  
14 we've heard from the respondents that if these cases move  
15 from preliminary to a final, and final relief is imposed on  
16 quartz surface products from China, you know, everyone's  
17 gonna move back to granite, is that true?"

18 And he said, "Absolutely not. No, I build large  
19 multi-unit condos here out in California, and we're gonna  
20 stay with quartz, because you can imagine, if you're  
21 building a 150-unit apartment building, then," what he said  
22 is, you know, "After two or three years, you have the first  
23 set of tenants leave, and then you've got a new set of  
24 tenants. With granite, that granite slab is gonna be  
25 chipped, it's gonna have scratches on it. It's gonna look

1 terrible, whereas the quartz surface product has a much  
2 longer useful life, and will still look pretty much the same  
3 after two or three years that it did when you first  
4 installed it."

5           And so, for these reasons, while there may be  
6 some minor shifting at the margin, quartz surface products  
7 have won the market from consumers and residences and  
8 commercial applications because of their superior  
9 performance over natural stones like granite and marble.  
10 And so I think, you know, while there may be some interplay  
11 between them, it's a separate product and it has its own  
12 market, and people seek out quartz surface products for very  
13 specific reasons.

14           MR. SCHAGRIN: And Ms. Larsen, this is Roger, and  
15 put in your economist terms--I hesitate to go there--we  
16 would say that, at this point in the market cycle, there's  
17 now a very low elasticity of substitution between granite  
18 and quartz surface products, and that's because the mass  
19 market, even the individual homeowner market, when you find  
20 out that your granite is going to look poor after two or  
21 three years because it's porous, it's gonna be stained.

22           And you find out that your quartz surface product  
23 is gonna look the same for the next fifteen or twenty years,  
24 I don't think it matters, the prices of the granite or the  
25 quartz surface. The quartz surface, unless you decided for

1 an aesthetic reason, not a use, that you really want a  
2 natural stone, everyone--and that's why demand is just, you  
3 know, burgeoning--is always gonna pick the quartz surface  
4 product because you don't have to worry about it  
5 scratching, staining.

6 And granite, you know, within twenty-four months,  
7 you know, no matter how beautiful a piece of granite you get  
8 to begin with, if you have children, it's just gonna look  
9 horrible. You know, everything that gets spilled on it,  
10 within, like, ten seconds, bam, it starts staining. So, you  
11 know, and that's why people are investing in quartz.

12 However, since it's already replaced granite so  
13 much the question is, can demand really keep growing 30, 35,  
14 40% a year forever? The answer has to be no. It's just a  
15 Law of Big Numbers, statistics tell us that. It can't keep  
16 growing by these kinds of percentages as the demand gets  
17 bigger and bigger forever into the future.

18 When it's gonna slow down? I don't know who's  
19 ready to predict, but it's got to slow at some point. It  
20 just has to, the Law of Big Numbers, means it has to.

21 MS. LARSEN: I don't wanna belittle this, but  
22 just one more thing -- you don't think the substitute of  
23 granite in certain segments is more price-sensitive than  
24 others? Like a home builder or a multi-family, when they're  
25 like in their bottom dollar, they're not looking at multiple

1 products in selling. They're just installing for the love  
2 of a single product, is that what you're saying?

3 MS. SHULT: Certainly some customers choose to  
4 purchase granite, but when a customer knows about quartz and  
5 wants quartz, they'll buy a quartz surface product.

6 MS. LARSEN: Even as a homebuyer, when they're  
7 looking at the prices of the different product, they don't  
8 care -- you're saying then, they're not looking at prices,  
9 they're going after more of these performance  
10 characteristics that you've listed?

11 MS. SHULT: That's correct.

12 MS. LARSEN: Okay. And then, just a follow-up  
13 question. You mentioned that the fabricators are also  
14 cutting quartz or cutting granite or cutting multiple  
15 different types of stone, so as the market is shifting, then  
16 they're now more heavily invested in the quartz product  
17 segment of the industry, is that correct, too?

18 MS. SHULT: That's right. So, back in 2000 when  
19 quartz was a much smaller part of the market, these  
20 fabricators sold more granite, marble, other quarried stone.  
21 But as quartz grew in the market and demand for quartz from  
22 end users like homeowners or builders or commercial projects  
23 grew, the percentage of the work done by the fabricators to  
24 cut quartz, compared to other surfaces, grew. But you'll  
25 see from the names of a lot of the fabricator businesses,

1 they were originally set up to cut marble and granite, and  
2 then quartz became an addition to their product offering.

3 MS. LARSEN: Okay, thank you. With the majority  
4 of quartz surface products being sold from inventory, how  
5 quickly can suppliers respond to a change in consumer  
6 preference?

7 MS. SHULT: If you mean by consumer preference to  
8 purchase domestically-supplied quartz surface products?

9 MS. LARSEN: I was actually thinking more of  
10 design trends. Like, how do you keep the pulse on what  
11 consumers are gonna want?

12 MS. SHULT: So at Cambria, you know, we have a  
13 team of folks who study that question, and are constantly  
14 working on new innovation. So we bring out new designs on a  
15 frequent basis. And that's why we have as many designs as  
16 we do. If that answers your question?

17 We're certainly forward-thinking in that area and  
18 highly innovative, and what we see is that importers of  
19 unfairly-traded products are just getting faster and faster  
20 at copying us. So what used to take them some time to get  
21 up-to-speed and copy us with, they're now able to do much  
22 more quickly. And so that's been interesting to watch as  
23 well.

24 MS. LARSEN: Thank you.

25 MR. MEISNER: And this is Luke Meisner. You

1 know, I don't think there's been any tightness in supply  
2 from the domestic industry in supplying the designs or  
3 colors, whatever you wanna call them, that are being  
4 demanded by consumers.

5 I mean, some of you have had the opportunity to  
6 visit Cambria's plant, and you see they have a very  
7 elaborate inventory system, which has changed recently,  
8 where instead of storing slabs vertically, they storing them  
9 horizontally, which allows them to keep even greater amount  
10 of inventory and they manage their inventory very  
11 efficiently, and if they see they're running out of a  
12 particular color or design, then they're able to produce  
13 that to make sure they have sufficient inventory.

14 So there's no, you know, there's no tightness in  
15 supply. There's been no inability for Cambria or the other  
16 domestic producers that are out there, to supply the  
17 specific designs that are being demanded by consumers,  
18 whether that's the marble or the white or the neutrals or  
19 whatever is popular.

20 MS. LARSEN: Great. That leads well into my next  
21 question. In the China investigations, there's a lot of  
22 talk about the Lexus Partnership program. But from my  
23 questionnaire responses, it appears that there might be  
24 another level or a type of exclusive arrangement. Does  
25 Cambria have different types of relationships outside of

1       that Lexus Partnership program?

2                   MS. SHULT: We have a few distributors who are  
3       not Lexus Partners who manage certain markets and how  
4       Cambria product is distributed there. The number of those  
5       have also gone down over the time period, and we can discuss  
6       that more in our post-conference briefing.

7                   MS. LARSEN: Thank you, that'd be very helpful to  
8       kind of understand what benefits they receive as part of  
9       that arrangement. And then the numbers going down would be  
10      really helpful.

11                  MS. SHULT: Certainly.

12                  MR. LARSEN: Do you agree that Cambria is the  
13      highest-price participant in this market, and if so, what  
14      factors have allowed Cambria to sell its product at such a  
15      premium? And this might be better in the post-conference  
16      brief.

17                  MR. SCHAGRIN: We'll address that further in our  
18      post-conference, but I think the data is clear that Cambria,  
19      who was able to grow their U.S. market and their share of  
20      the U.S. market for approximately fifteen years after their  
21      startup, that starting at about 2017, Cambria was no longer  
22      able to continue to expand its presence in the U.S. market  
23      and, in fact, has seen its share of the U.S. market decline  
24      in each of the time periods since then.

25                  Not because of a lack of capacity, because they

1       could back up the number of days that they operated, even  
2       though they've increased productivity, which just means that  
3       they could've been increasing production even more if they  
4       could operate seven days a week. They were unable to add  
5       additional production lines as they had done previously  
6       during their history of continuously expanding, so even  
7       though they're a well-recognized name, clearly the impact  
8       of ever-larger volumes of lower-priced imports taking a  
9       higher share of the U.S. market, has negatively impacted  
10      Cambria's ability to keep growing its U.S. market share, and  
11      in fact, it has found its U.S. market share contracting.

12                MS. LARSEN: So I rephrase my question, make sure  
13      it's clear for your post-conference brief. I'm looking at  
14      the prices, in particular, the pricing products, and if you  
15      could address the variations that we see, even within the  
16      U.S. producers' data, that'd be very helpful. And why there  
17      might be a difference.

18                MR. SCHAGRIN: That's confidential, so we'll just  
19      have to do it in our post-conference.

20                MR. MEISNER: Yeah, we'll do it in the  
21      post-conference, but you know, part of the explanation may  
22      be, and we'll look at it after having analyzed all the  
23      confidential data, but again, you have to remember that as  
24      we've progressed through time, throughout the POI, Cambria  
25      has relied more and more on its distributions centers, or

1 DCs, and these are at a more advanced level of trade.

2 Sales to the DCs are a more advanced level of  
3 trade, so they also involve internal freight, as well as  
4 warehousing expenses, and I don't believe those kinds of  
5 costs are being incurred and reported by the other domestic  
6 producers that I believe, for the most part, are  
7 reporting--and not even having seen their questionnaire  
8 responses, frankly--they're reporting sales from their  
9 plant.

10 Whereas much of Cambria's sales are being  
11 reported from its DCs, and so you've got a more advanced  
12 level of trade that may be impacting that price difference  
13 as well.

14 MS. LARSEN: Although the questionnaire requests  
15 you to provide the data FOB plant, doesn't it?

16 MR. MEISNER: That's true, but it also requires  
17 you to report the first sale to an unaffiliated customer,  
18 and that's how Cambria has reported its data.

19 MS. LARSEN: Okay. That was my follow-up  
20 question was, if you knew of other U.S. producers use that  
21 similar DC method or approach, it sounds like you're unsure  
22 if LG or Daltile, any other U.S. producers do that.

23 MS. SHULT: We'll respond to that again in our  
24 post-hearing brief.

25 MS. LARSEN: Okay. And then, does it cost more

1 for the domestic industry to deliver quartz surface products  
2 to some regions of the United States than other regions? Or  
3 does this distribution center kind of mitigate some of those  
4 internal U.S. transportation costs?

5 MS. SHINDELAR: Yeah, I would say that the  
6 distribution centers does help alleviate that, you know,  
7 which is why we've gone around and put them throughout the  
8 United States. And so that's part of the incurred costs to  
9 get it to those distribution centers.

10 Whereas we had previously independent  
11 distributors out in the market. They since have gone to  
12 unfairly-traded imports, and as a result, we've moved out  
13 into the market into those DC locations in order to offer  
14 that product to those end customers anywhere in the market.

15 MS. LARSEN: Thank you. Ms. Drake, you had  
16 mentioned in a response to Mr. Jones' question that the  
17 nonspecific pricing from Spain and Israel that we have in  
18 the China investigation, are fairly priced. And maybe I'm  
19 misunderstanding what you're saying, but do you believe that  
20 those price trends and margins of those nonspecific pricing  
21 represent fairly-traded products?

22 MS. DRAKE: So I believe they certainly are  
23 higher than what we have seen for Chinese product. And  
24 we've seen some Indian product that's even lower than  
25 Chinese product, at least based on public average unit

1 values. We haven't a dumping analysis or subsidy analysis  
2 on Israel or Spain, but certainly those price levels so not  
3 appear to be injurious the way that the price levels from  
4 the imports that we are focused on, where we have found  
5 dumping and subsidization. So, compared to the other  
6 imports prices, they certainly are less of a concern.

7 MS. LARSEN: Okay, thank you. That's all my  
8 questions, thank you very much.

9 MS. HAINES: Okay, Ms. Kim.

10 MS. KIM: Good morning. Thank you for everyone  
11 for being here today. And I usually review proprietary  
12 information; therefore, you know, I have questions that  
13 cannot be asked in the public. But I have one request.  
14 Please provide a list of items that are included in other  
15 factory costs, and make sure the other factory costs were  
16 incurred during the production process. So I already have  
17 the verification on Cambria, but each case stands alone, so  
18 I need this information for this case. And I also am  
19 requesting information from other U.S. producers. So, if  
20 possible, send it to me, send me the data via e-mail.

21 MR. MEISNER: We'll be glad to do that.

22 MS. HAINES: Okay. Mr. LaRocca.

23 MR. LAROCCA: Greg LaRocca, Office of Industries.  
24 I don't have any questions.

25 MS. HAINES: Any other follow-up questions?

1       Nope?  Okay, Mr. Jones.

2                       MR. JONES:  Lawrence Jones, Office of  
3       Investigations.  I have two follow-up questions and they're  
4       somewhat similar to my previous questions, but this one was  
5       somewhat touched on.

6                       But, to what extent is there interindustry  
7       competition among the five domestic producers?  And does  
8       this competition with the new two U.S. producers impact your  
9       performance currently and how do you anticipate that this  
10      will impact your industry's performance going forward?

11                      MR. SCHAGRIN:  We'll address it further in the  
12      post-conference.  But first, it's assumed that the  
13      interindustry competition is all fair.  Both the two new  
14      U.S. entrants are subject to the same environmental permits  
15      and environmental costs and would presumably be billing  
16      inputs on the same basis that Cambria would.  They wouldn't  
17      be getting supplied quartz powder from Chinese  
18      government-owned mines, etcetera, which is one of the  
19      subsidies that was found in the China case.

20                      And then, usually whenever you have additional  
21      interindustry competition, you would have some impact on the  
22      present producers except where you have demand growing 30 or  
23      40% a year.  So I mean, if you put it in context, is the  
24      production thus far--and I would suspect it's pretty small,  
25      because there's lead times as you bring these plants on,

1 from the new Mohawk plant or USA Quartz--how much is their  
2 production compared to the changes in growth in demand?

3 And I would posit that the growth in demand is  
4 continuing to far outstrip any new U.S. production coming on  
5 the market, which is why I would suspect that they would  
6 have very little impact on the U.S. market as compared to  
7 the impact of the imports from China, India or Turkey. Ms.  
8 Shult?

9 MS. SHULT: But certainly, Mr. Jones, to the  
10 extent your question was asking about existing domestic  
11 producers such as LG and Caesarstone, Cambria competes with  
12 them all the time for all types of projects in all parts of  
13 the market, and we can provide some more information on that  
14 to show you that in the post-hearing brief.

15 MR. MEISNER: And I'll just add something as  
16 well. I think Mr. Schagrin touched on this, and we usually  
17 don't get into much of the specifics of the subsidies that  
18 are being provided to and received by the foreign producers  
19 here at the Commission. We get into that a lot more at the  
20 Department of Commerce.

21 But just so you can get a flavor of exactly why  
22 it's unfair for Cambria and the other domestic producers to  
23 have to compete with these foreign producers, I mean, we  
24 know the largest, or at least one of the largest producers  
25 in India, which is Pokarna, they're operating a special

1 economic zone in India. It's a special zone that's outside  
2 the customs territory of India, so they get all their inputs  
3 at special pricing without paying ordinary duties. They're  
4 showered with all sorts of subsidies by the Indian  
5 government.

6           You know, that is in our petitions which were  
7 filed with the Commission, so you can look at that. And  
8 there's a reason that these special economic zones are set  
9 up. And there's a reason they're set up outside the customs  
10 territory of India. It's because the Indian government is  
11 specifically promoting the exportation of products made in  
12 special economic zones to markets like the United States.  
13 And it's the same thing in Turkey.

14           We understand that the largest producers in  
15 Turkey are operating in OIZs, which are similar to the  
16 Indian special economic zones. You know, they're showered  
17 by the Turkish government with subsidies. In terms of the  
18 inputs, the kind of taxation they have to pay, and so, you  
19 know, as Cambria said countless times, they welcome  
20 competition. Competition is good when it's fair and based  
21 on free trade. But it's just unfair to expect the domestic  
22 industry to compete with producers that are operating under  
23 these kinds of conditions.

24           MR. JONES: Thank you. And the reason I bring  
25 this up about interindustry competition is two-fold, first

1 being, obviously you're the only domestic producer that's  
2 here today. That's not to say that there's other domestic  
3 producers that do not, of the five, that other four, that do  
4 not support the petitions, but they're not here obviously.

5           And then the other one is the dataset, if this  
6 goes to a final phase, the dataset is gonna look a lot  
7 different than it does for now. Because the most recent  
8 data we have, with the inclusion of the two new U.S.  
9 producers, there's gonna be more reliable data or more data  
10 that we're gonna have to go off of for that.

11           And also, with the inclusion of glass slabs into  
12 these investigations, there's potential producers, or there  
13 are producers that are gonna be included within the domestic  
14 industry, so we're potentially looking at almost a complete  
15 different dataset if this were to go to a final phase.

16           And I guess my question would be, you know, how  
17 would you anticipate injury, or the domestic industry injury  
18 being caused when the dataset's gonna show that two new  
19 producers came online, another one increased production and  
20 slab producers that stole a big -- there's still a lot we  
21 don't know about that. And you can address that in the  
22 post-conference briefs.

23           MR. MEISNER: We can do that in the  
24 post-conference brief, but you know, just briefly, I'll  
25 preview some of the things we'll say. Take CaesarStone, for

1 example, and there's a lot of weird things going on with  
2 Caesarstone, and I can't talk about all of them because it  
3 involves confidential data. But you're right. You'll get a  
4 more fuller dataset, and then once we move to the final  
5 phase of these investigations.

6 And you think about what's happened with  
7 CaesarStone in the period after what you're currently  
8 considering the period of investigation, which is through  
9 the end of 2018, it was not until this month really that  
10 Caesarstone basically has collapsed, because it has not been  
11 able to operate in the conditions in the U.S. market with so  
12 many unfairly-traded imports coming here.

13 And we think that the record you have before you  
14 already shows material injury and threat. But in the final  
15 phase, once additional data's collected, we're pretty  
16 confident you're gonna continue to see injury.

17 MR. SCHAGRIN: Mr. Jones, this is Roger Schagrin.  
18 Based on my experience, injury doesn't pick favorites.  
19 Unfairly-traded imports sold at significant underselling in  
20 a market that's a very commoditized product, is going to  
21 hurt any U.S. market participant, unless the U.S. market  
22 participant has decided also to become a major importer.  
23 And then of course, you don't know.

24 I mean, are they not getting hurt because they're  
25 also major importer? Or, are they really better at what

1 they're doing? And you can argue both sides of that. And  
2 we just had that argument, in fact, in the China case, and  
3 we'll see what the Commission decides about that.

4 We would say, without any question, that two new  
5 U.S. entrants into the quartz surface product industry will  
6 be suffering injury by reason of these imports. It is going  
7 to make their ramping-up of production more difficult. It's  
8 gonna make their pricing levels to try to achieve profitable  
9 prices and returns on their investment more difficult.

10 I would also add as to the glass product, which  
11 you mentioned, as it being different. We understand that  
12 there's probably just one U.S. producer of that product that  
13 falls into our scope. And we don't think that their  
14 inclusion is gonna have any significant impact on the  
15 industry data, because it's pretty small as compared to the  
16 size of the other kinds of quartz surfaces.

17 But that, because of the importation of the glass  
18 surface products, which look very similar to the quartz  
19 surface products, that they would also be suffering injury  
20 because of these imports. And we're gonna be very happy to  
21 go through all of these issues with you in the final phases  
22 investigation.

23 MS. SHULT: And, Mr. Jones, if I may, to the  
24 extent your question is why is Cambria here alone as a sole  
25 petitioner, I think it's important to note that TREND Group

1 also supports the petitions, which is another domestic  
2 producer that was identified. And then we've got some new  
3 entrants to the market, several of which have been importers  
4 to date, so we'll see how they do, now that they're  
5 producing domestically. And LG, of course, we know from a  
6 few weeks ago, is an importer as well.

7 So that's kind of where things stand. As to  
8 CaesarStone, as a public company, that's had to announce  
9 shutting down of half their production facility in Georgia.  
10 It's understandable, perhaps why they can't publicly support  
11 the case. And so to the other new entrant, USA Quartz, we  
12 do anticipate having their support as well in time.

13 MR. JONES: Thank you. I don't have any other  
14 questions.

15 MS. HAINES: Okay, thank you very much for  
16 providing the testimony. It's always very helpful. I think  
17 we will take a break, a thirty-minute break till 12:30  
18 before the next panel. Okay, thank you.

19 (Whereupon a lunch recess was taken, to reconvene  
20 this same day at 12:30 p.m.)

21  
22  
23  
24  
25

1                   A F T E R N O O N   S E S S I O N

2                   MR. BURCH: Will the room please come to  
3 order?

4                   MS. HAINES: Mr. Secretary, are there any  
5 matters?

6                   MR. BURCH: Madam Chairman, I would like to  
7 note that this panel in opposition to the imposition of  
8 anti-dumping and countervailing duty orders all have been  
9 sworn in and are seated, and they have 60 minutes for their  
10 direct testimony. We will also ask all the witnesses on  
11 this panel to please announce your name and speak clearly  
12 into the microphone for the benefit of the court reporter.  
13 There are no other preliminary matters.

14                   MS. HAINES: Okay, thank you. You may begin.

15                   STATEMENT OF JULIE MENDOZA

16                   MS. MENDOZA: Good afternoon. For the record,  
17 my name is Julie Mendoza with the law firm of Morris,  
18 Manning and Martin, representing the Indian respondents.  
19 But I'm also going to do just a brief intro for our  
20 presentation.

21                   I think we'd like to start this conference  
22 where we left off in the hearing in the case involving  
23 China. Fortunately, the Commission has much more  
24 information at this preliminary stage than it usually does,  
25 and Respondents don't need to rely on earnings reports and

1 other forms of demonstration, because we actually have a  
2 public hearing at which the Cambria was quite  
3 straightforward in a number of things that they testified  
4 to.

5           So I think there's a deep understanding of  
6 this industry, and I think there's a deep understanding of  
7 the dynamics that go on in this industry, and so therefore  
8 it's quite rare. It's not -- as you know, it's not a usual  
9 thing to have this quick in time one investigation being  
10 completed and another being started.

11           So I would say that unlike most cases, you  
12 have a very full understanding of the market, of the  
13 conditions in the market, of the U.S. producers, and you  
14 actually in this case also have almost complete coverage of  
15 the Turkish and Indian imports. So you have a very complete  
16 record, and I would say a full record, and therefore there  
17 are no unknown factors, no missing data that you need to  
18 make your decision, so there's no reason to go forward with  
19 this case and it would be appropriate to simply find that  
20 there's no material injury or threat thereof, as there's no  
21 purpose in continuing this investigation.

22           As Mr. Jones observed, it is even likely that  
23 by the time of the final determination, the record would be  
24 even more favorable in terms of the domestic industry's  
25 performance. Therefore, we urge the Commission not to go to

1 the final stage and to terminate this investigation  
2 immediately.

3 I think with this second filing, Petitioners'  
4 motives are quite clear. They want to eliminate all  
5 competition from imports. Even the smallest supplier must  
6 be squashed the moment it establishes any presence in the  
7 U.S. market. It is irrelevant to Cambria that there's a  
8 large structural deficit in the U.S. market, in fact they  
9 wouldn't even discuss it today, that is being served by  
10 imports, as Mr. Dougan established in the Chinese hearing.

11 And as Mr. Davis of Cambria testified in the  
12 Chinese hearing, he is unconcerned with the fact that  
13 hundreds of fabricators, who also consider themselves  
14 members of the domestic industry, will be put out of  
15 business. Fortunately, despite the rhetoric in Washington,  
16 D.C. these days about driving imports out of the market by  
17 any means possible, we have a statute that governs this  
18 proceeding, a statute that does not prevent competition.

19 It only allows action to restrict imports if  
20 the data on the record demonstrates material injury or  
21 threat thereof. There is not any indication of material  
22 injury or threat on this record. In fact, what is happening  
23 is the same thing that has happened in the past ten years in  
24 the U.S. market, with imports serving the structural deficit  
25 for quartz surface products.

1                   Now that China has exited the market,  
2                   virtually disappearing in the first quarter of 2019. Turkey  
3                   and India have filled a very small part of that market  
4                   deficit, in the still growing demand in the quartz market.  
5                   Imports from India and Turkey are small, and despite the  
6                   recent increases in volumes of imports from these sources,  
7                   they remain about one-sixth the size of imports from China  
8                   in 2018. Spain and Israel are both strikingly larger.

9                   And as imports from China further decline,  
10                  imports from various sources will continue to enter in order  
11                  to serve those segments of the market that are under-served  
12                  by domestic production. This is a structural feature of  
13                  this market that imports serve a substantial part of it.  
14                  Let's look at the facts in this case and in this  
15                  investigation. Subject imports are very small, and even  
16                  with Indian capacity increases, there is no possibility that  
17                  they will eminently increase to materially injurious levels.

18                  As we said in the hearing in the China  
19                  investigation, the limited competition in the market between  
20                  Cambria and imports, and that is however defined or  
21                  explained, it is a fact that is evidenced by the large price  
22                  differential maintained by domestic producers over an  
23                  extended period of time. That is also true in this  
24                  investigation.

25                  The domestic industry's increasing prices and

1 the growing sales and investments in capacity by the  
2 domestic industry are also true in this investigation.  
3 Let's not get caught up in trying to define or draw lines  
4 around segments. It's simply not necessary or even useful,  
5 because the data itself, the data speaks for itself. High  
6 end consumers, whether commercial or residential entities,  
7 are simply willing to pay more for Cambria-branded product,  
8 and they have done so for years.

9 It is probably enough here today to build on  
10 the discussion we had in the hearing in China investigation.  
11 Just simply say that the luxury consumer products are not  
12 sold on volume, but rather are sold on the basis of their  
13 value. That value is not defined solely by utilitarian  
14 considerations. I would note here that Mr. Schagrin seemed  
15 to be a little confused about whether it was granite or  
16 marble or quartz or exactly he was comparing.

17 But putting that aside, paying more for the  
18 product is not detrimental to Cambria's image. To the  
19 contrary, exclusiveness of the brand is built by being more  
20 expensive. But even putting aside these considerations,  
21 which explain the data, the data speaks for itself. Did  
22 India and Turkey gain some market share as China began to  
23 decline? Yes, they did. But the absolute increase in  
24 volumes is small relative to the high level of apparent  
25 consumption figures in this market, and the market share

1 increase is tiny.

2 Of course, according to Cambria, injurious  
3 imports of five million square feet in 2017 caused them  
4 injury. Now who injured who and when has been very  
5 confusing after the testimony this morning. But the fact of  
6 the matter is if they think that 5,000 tons -- I'm sorry,  
7 steel -- five million square feet was sufficient to cause  
8 them injury in 2017, we have to look pretty carefully at  
9 their claims. I will leave the remaining discussion of  
10 Turkey to the representatives of Turkey. But is Cambria  
11 kidding? Really that amount of imports is threatening them  
12 with material injury? Oh no, no, no. Now I guess it's  
13 materially injuring them.

14 I think that just confirms the absurdity of  
15 the case against India as well as Turkey. Despite Cambria's  
16 testimony and dire warnings, U.S. producers produced at  
17 record levels. They continued to increase shipments, both  
18 commercially and internally, and prices remained at high  
19 levels. Investments was consistently very strong, and we  
20 heard today that they've introduced a number of new models  
21 because they have design experts who will enable them to  
22 react quickly to market trends.

23 Gross and operating profits were strong and  
24 stable. COGS as a percentage of sales were stable, as were  
25 average sales values. Where is that evidence? Where in

1 that evidence is there evidence of material injury? When a  
2 small level of imports are viewed in light of the fact that  
3 Cambria and other domestic producers have carved out a  
4 market where they are able to compete and charge high prices  
5 and increase sales as premier vendors in the market.

6 It makes sense that imports are competing  
7 against each other for the part of the market that's not  
8 being served. Of course, there is some overlap in  
9 competition, because markets don't perform in an all or  
10 nothing manner, or follow hard and fast rules. But if there  
11 were ever a case in which the data establishes market  
12 differentiation between domestically produced products and  
13 subject imports, this is it.

14 We have tried to point out some flaws in  
15 Cambria's strategy, which had some moderating influence on  
16 its strong growth and profitability. It's abundantly  
17 obvious from the public record from the hearing in the China  
18 case that Cambria has carefully remodeled its distribution  
19 network, by moving up to a more advanced level of trade  
20 beyond the fabricators.

21 Cambria cut off its distributors and replaced  
22 them with their own networks. In theory, this is quite a  
23 positive development for Cambria as part of its brand  
24 management. Luxury brands seek to set up independent  
25 retailers to market directly to their customers. Whether or

1 not they are good at this distribution I will leave to the  
2 industry experts here today. But the Commission should look  
3 very carefully at Cambria's selling expenses for full year  
4 2018.

5 One very important consideration that we did  
6 not get much chance to talk about during the China hearing  
7 is the United States is not alone in its increasing  
8 fascination with quartz material as a counter top. European  
9 trends are ahead of the U.S. market, and there is growth  
10 there. We saw in the data that also there's increased  
11 demand in India, which is also being served.

12 Let me just conclude by saying that while we  
13 can't fully discuss it here, there are some interesting  
14 elements in Cambria's full year financial data that we would  
15 encourage the Commission to look at very carefully. We  
16 can't talk about that more now. I'd also encourage Mr.  
17 Schagrin, in light of his testimony, to look carefully at  
18 the performance of all the members of the domestic industry,  
19 which he characterized as failing or having severe problems.

20 So finally I'd just like to say that I'm  
21 expecting that there will be a number of fabricators who are  
22 going to put a sign up in their retail facility, which will  
23 read: "Cambria testified under oath that its products are  
24 identical to imported quartz." With that, I leave you.

25 Thank you.

1 MS. LEVINSON: Thank you, Julie. I'm Liz  
2 Levinson. I'm a partner with the law firm of Fox  
3 Rothschild. I'm here with my colleague, Ron Wisla. Ron and  
4 I represent two clients. The first is Wilsonart Engineered  
5 Surfaces, which is an importer of quartz surface products,  
6 and we also represent Pokarna Engineered Surfaces, which is  
7 the largest exporter from India of quartz surface products.

8 I have two witnesses here today to present to  
9 you from Wilsonart. They've traveled from Austin, Texas.  
10 First will be Kelly Hobbs, who is the Director of Product  
11 Management at Wilsonart, and to his left is Joe Thesing.  
12 Joe Thesing is the Vice President and General Counsel at  
13 Wilsonart. He will not have a direct statement, but he is  
14 available to respond to questions. With that, I'll turn the  
15 mic over to Kelly.

16 STATEMENT OF KELLY HOBBS

17 MR. HOBBS: Thank you, Liz. Good afternoon to  
18 the Commission and staff, and I thank you for this  
19 opportunity to appear before you. As she said, my name is  
20 Kelly Hobbs and I am a Director of Product Management at  
21 Wilsonart Engineered Surfaces. I've been employed for 22  
22 years in the marketing, sales and product development of  
23 counter tops and for the last five years with Wilsonart  
24 specifically in the quartz industry.

25 Wilsonart, which is headquartered in Austin,

1 Texas, sells engineered surfaces used as building materials  
2 for counter tops and other decorative surfaces.

3 Specifically, Wilsonart manufactures and distributes  
4 laminates and sources and distributes quartz slabs,  
5 prefabricated quartz, acrylic resin solid surfaces and  
6 certain other engineered surface products. Wilsonart  
7 products are used in the office, education, health care,  
8 residential, hospitality and retail markets.

9 Our company began importing quartz surface  
10 products from India in 2015. Prior to 2015, our company was  
11 a regional distributor for Cambria. We carried the Cambria  
12 brand in Texas, Phoenix, New York City among other  
13 locations. We are therefore very familiar with the Cambria  
14 brand and its marketing techniques.

15 Unfortunately, as a regional distributor for Cambria, we  
16 encountered many of the company's weaknesses especially with  
17 its customer service regime, which we viewed as deficient.  
18 Wilsonart has a proud 70 year tradition of customer service,  
19 which was jeopardized by Cambria's manufacturing delays,  
20 poor customer service and lack of warranty support.

21 Therefore, Wilsonart as the distributor was  
22 forced to stock large volumes of quartz slab inventory at  
23 considerable expense to Wilsonart, to ensure that our  
24 customers received prompt and reliable service, and to  
25 protect the Wilsonart brand reputation.

1                   In 2015, in response to increasing demand for  
2 quartz, Wilsonart made a strategic decision to enter the  
3 quartz market on a large scale. Rather than acting as a  
4 regional distributor for Cambria's product, Wilsonart  
5 decided to launch and sell its own brand of quartz. We  
6 devoted considerable time, effort, research and negotiation  
7 to finding a manufacturer that would support us in our new  
8 endeavor, by producing quartz under a contract  
9 manufacturing or private label agreement.

10                   We approached Cambria as well as other  
11 manufacturers around the world to find manufacturing sources  
12 from suppliers that would share our vision, be reliable and  
13 offer products that would allow us to be successful. We  
14 seriously considered a partnership with Cambria, and believe  
15 to this day that the deal we were offering Cambria would  
16 have benefitted both companies enormously by combining  
17 Cambria's ample excess capacity, manufacturing and design  
18 capabilities with Wilsonart's commercial platform.

19                   Cambria ultimately did not share our vision,  
20 and turned down our offer. As a result, as of December  
21 31st, 2014, Cambria terminated its distributorship agreement  
22 with Wilsonart, and Wilsonart launched its new brand with  
23 production from Prokarna, the only producer in India using  
24 the patented Bretonstone technology and equipment. Since  
25 2015, we have entered a trusted and long-term supplier

1 relationship with Pokarna. Pokarna has a state-of-the-art  
2 slat manufacturing and fabrication facility, and a fully  
3 equipped Center for Research, Development and Product  
4 Innovation.

5 Pokarna does contract manufacturing for  
6 reputed quartz brands in the United States, in addition to  
7 distributing its own brand Quantra in select U.S. locations.  
8 Wilsonart also established a similar supply agreement with  
9 Compaq, a Bretonstone quartz manufacturer in Portugal.

10 The Wilsonart quartz brand products compete in  
11 a different segment of the market than Cambria brand quartz.  
12 As other witnesses have stated, the Cambria brand is  
13 ultra-high end, and Cambria has developed a range of designs  
14 that include patterns, structures and decorative features  
15 that foreign manufacturers have not been offering.

16 Cambria offers a luxury product, with a  
17 correspondingly high price that is marketed to and meets the  
18 trends and tastes of the luxury residential customers and  
19 other luxury applications. Most customers, especially in  
20 the commercial, construction and remodeling segment, do not  
21 require the luxury design features that the Cambria  
22 portfolio offers.

23 Wilsonart's design portfolio is targeted  
24 towards the mid-range. Our business strategy is focused on  
25 securing specification business, where we call on architects

1 and design firms to promote our quartz to the commercial  
2 sector. The commercial sector includes national accounts  
3 such as major hospitality and restaurant chains, retail  
4 stores and office buildings. In contrast, Cambria primarily  
5 promotes its brand directly to a luxury residential  
6 clientele.

7           Wilsonarts' design portfolio is also suited  
8 for construction and remodeling of mainstream residential  
9 properties like single family and condominium. Although  
10 available data indicates a general increase in imports from  
11 India during the past 12 months, the volumes of such imports  
12 are minuscule in comparison to the volumes from China that  
13 the Commission reviewed recently.

14           During the past 12 months, Wilsonarts' imports  
15 of Indian-made quartz surface products made using the  
16 bretonstone technology from Pokarna, have reflected  
17 continuing growth in demand for Wilsonart-branded quartz.  
18 This demand has been created by Wilsonart's investment in  
19 marketing and promotion, and development of designs that  
20 meet popular trends and tastes.

21           Cambria complained this morning that the U.S.  
22 quartz manufacturers have been injured by imports of quartz  
23 slabs from India. Yet as the Commission staff is aware of  
24 in the China case, several U.S. producers have invested  
25 recently in new lines in response to the increasing demand

1 in the U.S. market. U.S. Hauses testified recently that it  
2 added a second line of quartz that become operational in  
3 2016, and which contains significant enhancements, including  
4 a better vein machine, multiple robotic arms and patent  
5 pending design technology.

6 In fact, LG Houses has been so successful in  
7 the U.S. market that it is now adding a third line, which  
8 should be operational by the end of this year. Other U.S.  
9 producers are sharing in this incredible growing market.  
10 CaesarStone built two Bretonstone quartz manufacturing lines  
11 in May of 2015, at a total cost of over \$100 million.

12 In addition, two new U.S. producers commenced  
13 production within the last year. Dow Tile, a division of  
14 Mohawk, opened a new facility in Tennessee, and USA Quartz  
15 opened a facility in Jacksonville, Florida. As was  
16 mentioned earlier, just last week Spectrum Quartz announced  
17 that it will begin producing quartz surfaces in South  
18 Carolina by the end of the year. The industry is growing,  
19 not suffering material injury. That concludes my remarks.  
20 I'll be happy to respond to questions.

21 MR. PERRY: My name is William Perry from the  
22 law firm of Harris Bricken, and I'm here representing a  
23 number of importers in the case. I would like to ask Alan  
24 Jorgensen of Bedrock Quartz to speak first.

25 STATEMENT OF ALAN JORGENSEN

1                   MR. JORGENSEN: My name is Alan Jorgensen.  
2 I'm the CEO of Bedrock Quartz, currently employing 125. Our  
3 company is a fabricator. We also have imported. Throughout  
4 the Chinese quartz investigation, Cambria distorted the  
5 truth, which is relevant in this investigation. Cambria has  
6 no legitimate basis to bring this petition, nor did they for  
7 the China investigation. On behalf of an industry of which  
8 they are only a part, today they are here alone again.

9                   They do not represent 50 percent of the  
10 industry. The scope includes the downstream product of  
11 fabrication, and as such must include the fabricators. In  
12 the recent cabinet AD investigation, 16 large domestic  
13 cabinet companies combined as joint petitioners. Cambria is  
14 here alone.

15                   LG said the industry is not injured, and  
16 Cesarstone is neutral. Cambria has diminished and hidden  
17 fabricator standing evidence, through falsely claiming  
18 little added value, employment and investment. As shown in  
19 my Chinese quartz ITC statements, there is two to three  
20 times more added value in fabrication operations, along with  
21 high employment and investment.

22                   This evidence shows Cambria has distorted the  
23 truth regarding fabrication operations, and their rightful  
24 place within the industry. Cambria claims they were forced  
25 to rapidly add 16 new distribution centers because customers

1 left and switched to Chinese imports. The adding of these  
2 new DCs greatly increased SG&A expenses for Cambria, which  
3 they claim was caused by subject imports.

4 In my market state of Utah, Midwest Floor  
5 Coverings was a distributor of Cambria between 2008 and  
6 2016, covering Utah, Colorado and Idaho. After meeting  
7 sales targets every year, Cambria booted Midwest and added  
8 their own DC in Colorado, and gave the Utah and Idaho  
9 territories to Flowform, a former Cambria Lexis partner.

10 Cambria sales slumped during and after the  
11 transition in my market area. Many other cases, such as  
12 Lakeside, M&M and Boston Granite show that Cambria opted to  
13 stop selling their product, which induced sales drops.  
14 Cambria's claim of their customers running for the imports'  
15 exit is false.

16 Rather, Cambria has opened their own DCs to  
17 further support exclusivity and higher prices. Evidence  
18 shows that Cambria ceased selling to many of these  
19 companies, which contradicts their claims. Cambria's  
20 distribution costs are post-manufacturing, and as such  
21 should not be included, and their \$7.50 per foot claimed  
22 costs to distribute are double those of typical  
23 distribution.

24 Typical multi-family commercial apartment  
25 buildings have not been the purview of Cambria.

1 Multi-family projects started in laminate years ago, then  
2 went to granite and then quartz. It has -- the process has  
3 already started and will continue to go back to granite  
4 rather than shift to Cambria.

5 Multi-family loan guidelines have also changed  
6 in the last couple of years, requiring more cash from  
7 investors. Investors don't have excess money to invest in  
8 brand upgrades. There's no way there is enough remaining  
9 quartz supply with China, India and potentially the EU being  
10 made untenable. This will affect the construction industry,  
11 and push more business to granite.

12 Cambria has a history of distorting the truth.  
13 The arguments in this case show this.

14 MR. PERRY: Now I'd like to ask Vineet Malik  
15 from Stone Showcase to speak.

16 STATEMENT OF VINEET MALIK

17 MR. MALIK: My name is Vineet Malik, and I am  
18 president of Stone Showcase. I come here before this  
19 Commission again to fight this frivolous claim filed by the  
20 Petitioner. As we see, the Petitioner comes alone with no  
21 industry support. Cambria has fabricated a narrative that  
22 says they represent and encompass the entire U.S. industry.  
23 Quite frankly, this is a ridiculous claim.

24 However, across the aisle we who are in the  
25 industry, who comprise of importers, producers and

1 fabricators, are against this petition. We ask the  
2 Commission how a company of one can represent an industry of  
3 many. You would assume that every U.S. producer would jump  
4 on the Cambria bandwagon, as this would be an opportunity  
5 for them to stifle the flow of imported goods. However,  
6 none of them have. It makes you wonder why. I challenge  
7 Cambria to garner their support.

8           The Commission needs to consider that  
9 fabricators are inclusive to the industry. In the China  
10 case, these fabricators have demonstrated great value added,  
11 employment and tremendous capital investment. Our brief  
12 will contain testimonials from fabricators, seeking to be  
13 included in the industry and stating their opposition to  
14 this petition.

15           In Cambria's own admission, the industry has  
16 tens of thousands of fabricators. I challenge Cambria to  
17 garner their support. Cambria has tried to discredit the  
18 value of the fabricators by stating that they are merely one  
19 and two man shops with routers and saws. Cambria has misled  
20 the Commission to the true magnitude and complexity of these  
21 companies. Cambria tried to hide these facts from the  
22 Commission.

23           I agree with the Petitioner on free trade and  
24 fair trade. However, the Petitioner represents they have  
25 been under attack and the domestic industry is under threat,

1 and has injury due to subject imports. As crazy as this may  
2 sound, how does Cambria continue to raise price consistently  
3 if subject imports are hurting the domestic industry?

4           The two do not equate, nor do they tell a  
5 story of pricing pressure and threat or injury to the  
6 domestic industry. The Petitioner has put the fear in the  
7 Commission of threat with a surge of imports. However,  
8 domestic producers such as CesarStone have publicly stated  
9 that subject imports do not compete with their domestic  
10 products.

11           The truth is the Petitioner is attempting to  
12 monopolize the market, block competition, limit consumer  
13 choices, increase prices and further profit on the backs of  
14 the U.S. consumer. All of this at the expense and  
15 livelihood of many American workers. This is a company  
16 about itself and its own financial interest.

17           The Petitioner has attempted to make quartz  
18 products appear as all the same, with little to no  
19 difference between the subject imports. The fact is that  
20 Cambria itself states on their website "nothing compares to  
21 Cambria." In fact, many fabricators are afraid of speaking  
22 up against in fear of retaliation and the fear of not being  
23 able to sell their product.

24           Why you may ask? Because their products are  
25 indeed unique and different than the imported products. To

1 many fabricators, Cambria's product line offers the highest  
2 profit margin among all quartz products. With Cambria's  
3 mega-marketing budget, I challenge Cambria to publicly state  
4 that there is no difference between their product and the  
5 subject imports.

6 Cambria has expressed injury by claiming the  
7 fact that they needed to open up distribution centers in  
8 order to compete with subject imports, and thus added the  
9 cost for distribution attributes to material injury.

10 Cambria uses \$6 per square foot for distribution costs. As  
11 a distributor myself, I can tell you these costs are  
12 extremely exaggerated.

13 MR. PERRY: Now I'd like to ask Evan Kruger of  
14 Quartz Source to speak.

15 STATEMENT OF EVAN KRUGER

16 MR. KRUGER: My name is Evan Kruger, and I am  
17 Quartz Source and Import Company and Solidtops, a counter  
18 top fabricator company in Eastern Maryland. In 2009, while  
19 working with the U.S. Surfaces, I helped create a crushed  
20 glass slab product made of both glass and quartz sands, held  
21 together with polymeric binder, which we began to import  
22 into the U.S. in 2010. By 2011, U.S. Surfaces had a  
23 contract to display and sell the Geos branded crushed glass  
24 product in Home Depot, and within a few years had Geos  
25 displayed in all 1,200 Home Depots in the United States.

1                   Having Geos displayed in 1,200 Home Depots for  
2                   the past eight years has proved quartz glass or crushed  
3                   glass has had a significant presence in the U.S., long  
4                   before these trade investigations had begun. The words  
5                   "quartz glass" is a new made-up name Cambria has coined,  
6                   which creates confusion about the pre-existing product known  
7                   as crushed glass slabs.

8                   Cambria is trying to argue that quartz glass  
9                   was created to circumvent tariffs on imported quartz, but  
10                  crushed glass and quartz glass are synonymous, and they have  
11                  been imported and sold long before Cambria filed their  
12                  initial complaint in the China case, or in this India-Turkey  
13                  case.

14                  Quartz glass is not new and was not created to  
15                  circumvent any trade barriers or tariffs. Quartz glass has  
16                  had a significant presence in the U.S. for at least eight  
17                  years. Geos Surfaces has worked with a handful of Chinese  
18                  factories to make Geos quartz glass over the years.

19                  Petitioners submitted marketing pieces in the  
20                  China case, reporting that Chinese factories were claiming  
21                  they created a new quartz glass product to overcome the new  
22                  quartz tariffs. Some Chinese factories obviously were not  
23                  aware that EOS and others had already created this quartz  
24                  glass product nearly ten years earlier.

25                  Petitioner submitting evidence of these

1 marketing and promotional pronouncement claiming Chinese  
2 factories created this quartz glass product does not negate  
3 the fact that EOS has already established a significant  
4 presence for a geos crushed glass product at Home Depots  
5 across the U.S.

6 Now to establish standing to speak for an  
7 industry, a Petitioner must represent 50 percent or more of  
8 said industry. Moreover, pursuant to the statute, the ITC  
9 must find material injury and threat of material injury to  
10 the domestic industry as a whole.

11 By Cambria counsel's own admission in the  
12 China case final hearing, Mr. Schagrin admitted that there  
13 were tens of thousands of fabricators in the U.S. domestic  
14 industry. Yet I see Cambria alone as the sole petitioner in  
15 this case, and the unresolved Chinese case.

16 Cambria's case scope includes fabricated  
17 quartz slabs imported into the U.S. So logically  
18 fabrication and the U.S. fabricator-producers must be  
19 included in the domestic quartz industry. We know that  
20 Cambria produces raw materials in the form of slabs that  
21 must then be measured, cut, profiled, polished to complete  
22 the production process before becoming a saleable product.

23 The finished product of the quartz or glass  
24 slab is a counter top 90 percent of the time. A raw slab is  
25 not a counter top. Fabrication is an essential part of the

1 process, and fabricators are an essential part of the U.S.  
2 quartz industry. The Petitioner has not proved standing to  
3 represent the U.S. quartz industry, and now claims to  
4 represent the U.S. glass slab industry, a different  
5 pre-existing product they have never product, and for which  
6 no data has been collected.

7 With less than one half of one percent of data  
8 from the fabricator-producers in the previous China case,  
9 and only Cambria as the sole petitioner here today, with no  
10 fabricator or other producer support, just how is it Cambria  
11 can claim standing in this case? Without sufficient data,  
12 how can the ITC, historically known for even-handed  
13 statistical and data-driven decisions, make a sound  
14 determination in this or the yet to be determined China  
15 case?

16 MR. PERRY: Now I'd like to ask Ken Trinder of  
17 EOS Surfaces to speak.

18 STATEMENT OF KEN TRINDER

19 MR. TRINDER: Good afternoon. My name is Ken  
20 Trinder. I'm the CEO of EOS Surfaces, LLC of Norfolk,  
21 Virginia. Crushed glass slabs did not originate in 2018 to  
22 circumvent this anti-dumping and countervailing duty case.  
23 In 2009, my company began creating and designing  
24 agglomerated glass slabs for production in China, and then  
25 importing into the United States. By mid-2010, the slabs

1 began arriving in the U.S. under the brand name of Geos.

2 Our slabs consist predominantly of recycled  
3 crushed glass, with some crushed and finely pulverized  
4 silica in pigments all bound together with a polymeric  
5 resin. Included within our post-conference statement will  
6 be testing data and certification of recycled glass content  
7 performed in 2014 by Green Circle Testing Philadelphia,  
8 Pennsylvania.

9 Our route to market consisted of supplying  
10 wholesale distributor companies around the U.S. and through  
11 direct sales to fabricators producers. By 2011, we had our  
12 Geos crushed recycled glass slabs on display and being  
13 offered for retail sale in Home Depot. Attached to our  
14 statement in the post-conference brief will be our 2011  
15 contract with Home Depot.

16 By 2015, we were in all Home Depots in North  
17 America, including Canada, which is part of North America.  
18 Furthermore, at the time of our adoption by Home Depot, Home  
19 Depot had an exclusive agreement with a quartz supplier.  
20 Their launch of our product in their stores was not viewed  
21 and is not viewed now as a conflict with that exclusive  
22 supply agreement, because are not a quartz product.

23 Clearly, Cambria's claim that the origination  
24 of agglomerated glass slabs was in reaction to an attempt to  
25 circumvent the preliminary CVD and AD decision made in this

1 is false. As previously stated, glass agglomerated slabs  
2 have been produced, distributed and displayed nationwide  
3 since 2010.

4 I was firmly against Cambria's February 14th,  
5 2019 motion attempting to amend their original certain  
6 quartz surfaces from China complaint to include crushed  
7 glass slabs, and I firmly object to Cambria's petition in  
8 this case against glass slabs from India and Turkey.

9 I strongly object because Cambria has no  
10 standing in this matter, as they do not manufacture crushed  
11 glass slabs while other U.S. manufacturers do produce slabs  
12 domestically. I strongly object to Cambria's attempt to  
13 require certain very narrow design specifications and  
14 aesthetics, to have some glass slabs excluded.

15 I reserve the right to produce our glass slabs  
16 in any size, particle, color and aesthetic design now and in  
17 the future. Lastly, glass itself is fundamentally different  
18 from silica, silica and dioxide quartz in its molecular  
19 structure and in its performance. Glass agglomerated slabs  
20 are a distinctly different product than quartz slabs, and  
21 cannot reasonably be included in any motion associated with  
22 Cambria's certain quartz surface claims.

23 MR. STOEL: Good afternoon staff. Again for  
24 the record, my name is Jonathan Stoel of Hogan Lovells.  
25 Thank you again for your time and attention today. Before

1 turning it over to our witnesses, I just want to make three  
2 very quick points. Number one, I want you to listen to the  
3 witnesses carefully this afternoon as they talk about  
4 shortages. This is a market in dire need of quartz supply.

5 It is shocking to me to hear from Cambria and  
6 its lawyers this morning that there is some excess supply in  
7 the market. The reality is that this is a market here in  
8 the United States that desperately needs quartz. So I urge  
9 you to listen to the witnesses this afternoon as they talk  
10 about that.

11 The second thing is distribution centers. Mr.  
12 Russell and others this afternoon are going to talk to you  
13 about Cambria's claims around injury distribution centers.  
14 This case, after all the year that we've been spending,  
15 ultimately apparently comes down to whether Cambria's  
16 distribution centers have been injured. We don't think  
17 that's a basis for material injury, and I think the record  
18 before you not only in this case but certainly also in the  
19 China case, demonstrates that Cambria's election to open up  
20 distribution centers, basically to cut off its nose to  
21 spite its face, in other words, stabbing its own partners by  
22 breaking contracts with them in order to increase its own  
23 profits, that's not material injury by reason of subject  
24 imports, from China, from Turkey, from India, from anyone,  
25 and certainly not from the very, very small amounts of

1 subject imports that are the subject of this proceeding.

2 And lastly a word about fabricators. You  
3 heard a lot of insults this morning from fabricators, and  
4 maybe we should have chosen -- I'll give Ryder some credit.  
5 Maybe we should have chosen a purple shirt or something else  
6 that showed bleeding. But the bottom line is that 11,000  
7 fabricator workers signed declarations that we submitted to  
8 Commerce just last Friday. 270 fabricators signed  
9 declarations saying they oppose Cambria and that they oppose  
10 these petitions.

11 Obviously, we know that the Commission has to  
12 decide whether fabricators are part of the domestic  
13 industry. That's for the Commissioners to decide. These  
14 are Americans. These are very important production  
15 manufacturing workers. They deserve your respect, they  
16 deserve your attention. As you've heard from the witnesses  
17 today, and you've heard throughout this case and the China  
18 case as well, they've been denied an opportunity by Cambria.

19 Cambria elected to include fabricated products  
20 in the scope and the domestic like product. You should not  
21 let them out of this case simply because now they're saying  
22 that fabricators, small and medium size American companies,  
23 shouldn't qualify as domestic producers. You hear too much  
24 from the lawyers, so I'll stop there. I'd like to turn it  
25 over to Mr. Traxler of Arizona Tile. He'll be our first

1 fact witness.

2 STATEMENT OF ALAN TRAXLER

3 MR. TRAXLER: Thank you Jonathan, thank you  
4 staff. I appreciate the opportunity to testify in front of  
5 you today. My name is Rob Traxler. I am the president  
6 emeritus of Arizona Tile. I have been with the company for  
7 39 years. Arizona Tile was founded by John Huarte, 1964  
8 Heisman winner from Notre Dame in San Diego in 1977.

9 The company has grown to 26 locations in seven  
10 states, with over 875 employees. Della Terra Quartz is our  
11 quartz slab line and is well known for its natural marble  
12 look. I am here today on behalf of Arizona Tile to voice  
13 our opposition to Cambria's continued attempts to hijack the  
14 quartz market, and to explain the negative impact these  
15 efforts are having on the industry as a whole.

16 The U.S. quartz business has been booming.  
17 Quartz has overtaken granite as the top counter top option  
18 in the mass market. As one of the largest distributors of  
19 granite in the United States, we have seen this massive  
20 change firsthand. I worry, however, that Cambria's actions  
21 will cause and are already causing shortage in the quartz  
22 market, which will negatively impact my biggest customers,  
23 i.e. U.S. fabricators.

24 The quartz market is already experiencing  
25 shortages in light of tariffs enacted against Chinese

1 imports. These shortages will get worse if tariffs are  
2 imposed on India and Turkish material. This is especially  
3 frustrating because the mass market consumers, which have  
4 fueled the growth in the quartz market, will not buy more  
5 Cambria product if Indian and Turkish imports are  
6 eliminated.

7 Cambria is a very taste-specific and heavily  
8 branded product. A mass market purchaser like a high rise  
9 apartment builder will not purchase a taste-specific product  
10 like Cambria because the ultimate tenant might not  
11 appreciate the design or the brand. The mass market  
12 purchaser prefers a neutral look.

13 I would also like to note that Cambria's  
14 description of the quartz business in its petitions entirely  
15 misses the mark. Quartz is not a commodity product sold  
16 just on price, far from it. People choose a counter top  
17 based on how it looks. It is a design product. The counter  
18 top is often at the center of the home, and so the look of  
19 the product is extremely important. It's like a piece of  
20 art work.

21 Mass market buyers like new homebuilders and  
22 developers are demanding a neutral and light colored look,  
23 that approximates the look of natural marble or quartzite.  
24 On other hand, high end customers who select the counter top  
25 themselves are often willing to pay Cambria's price premium

1 if they like Cambria's distinctive look and brand.  
2 Regardless, if a customer does not like a particular look,  
3 they will not buy it no matter the price.

4 Branding is very important. Whereas Cambria  
5 devotes substantial time and money to cultivating its brand  
6 image to distinguish themselves from other suppliers, Indian  
7 and Turkish slabs are typically imported unbranded. Most  
8 often, we import products that can be branded by a  
9 downstream fabricator when they are preparing the slab for  
10 installation.

11 In sum, we don't compete with Cambria, but  
12 instead we view our main competitors as other imports from  
13 China, Spain, Vietnam and Korea and other surfaces such as  
14 granite, quartzite and marble. One final important note on  
15 the U.S. industry. Arizona Tile asks that you keep in mind  
16 our customers, the thousands of fabricators of quartz  
17 employing tens of thousands of America, who had more value  
18 to the finished product than the producers of quartz. These  
19 are our main customers.

20 Cambria has blocked the vast majority of our  
21 fabricators and distributors from purchasing Cambria quartz  
22 slabs due to Cambria's business model. And so they will be  
23 irreparably harmed by tariffs, costing thousands of jobs to  
24 the U.S. quartz fabrication industry. Thank you.

25 MR. STOEL: Thank you, Bob. Our next witness

1 is Mr. Rupesh Shah of MS International.

2 STATEMENT OF RUPESH SHAH

3 MR. SHAH: Good afternoon. My name is Rupesh  
4 Shah. I am president of MS International or MSI. MSI is a  
5 leading distributor of flooring, counter top, wall tile and  
6 hardscaping products in North America. Headquartered in  
7 Orange, California, we also maintain distribution centers  
8 across the U.S. and Canada.

9 Our product line includes natural stone,  
10 porcelain ceramic, glass and quartz. We manage an inventory  
11 of over 125 million square feet, including hundreds of  
12 thousands of slabs of both natural stone and quartz. You  
13 likely have heard from me before. This is my fourth time  
14 testifying in opposition to trade barriers impacting U.S.  
15 importers of quartz products over the last 12 months.

16 I appeared before you at the preliminary  
17 conference on quartz surface products from China in May of  
18 last year. I returned to Washington to testify at the  
19 Section 301 hearings last August, and most recently I was  
20 here for the final phase of Cambria's case against quartz  
21 from China.

22 For those of you who are not familiar with  
23 MSI, we were founded in 1975 in the basement of my parents'  
24 house in Fort Wayne, Indiana. In 1981, MSI was awarded a  
25 contract to supply the black granite for the Vietnam

1 Veterans Memorial, just a few miles away from here in D.C.,  
2 in Washington. We executed the project to perfection, just  
3 one example of the high quality product that has defined  
4 MSI's excellence and our reputation.

5 Today, we employ over 1,600 hard-working  
6 Americans in our 25 distribution centers in 21 states. I am  
7 here today because MSI strongly opposes Cambria's latest  
8 trade case. Allow me to give you a brief overview of the  
9 U.S. quartz industry before I address specifically how  
10 Cambria's product do not compete with the imported products  
11 that MSI sells.

12 MSI entered the quartz industry in 2008 to  
13 complement our granite offering, which for 15 years was our  
14 top-selling product for installed counter tops. As recently  
15 as 2014, the mass market for counter tops used in production  
16 homes, multi-tenant housing and similar institutions was  
17 dominated by imported granite surfaces with relatively  
18 uniform colors.

19 Roughly 90 percent of this mass market was  
20 being serviced by granite, and only ten percent by quartz.  
21 Mass market demand for quartz then exploded beginning in  
22 2015, it became more popular than granite in 2018. Instead  
23 of granular and darker granite looks, every day consumers  
24 now prefer quartz with white marble looks or neutral  
25 monochromatic looks.

1                   These very popular on trend looks are simply  
2                   not available in granite, creating a major opportunity for  
3                   quartz products to occupy in the mass market, if there is  
4                   sufficient supply to meet the needs of U.S. builders. Until  
5                   very recently, China was the primary source of quartz  
6                   products in the U.S. mass market. In fact as you know,  
7                   China previously supplied more than 70 percent of quartz  
8                   destined to the U.S. mass market.

9                   Since anti-dumping and countervailing duties  
10                  were imposed on Chinese products last fall, many U.S.  
11                  purchasers, including MSI and our fabricator customers, have  
12                  been unable to source enough quartz to meet the needs. As a  
13                  consequence, MSI and many others have refused orders and cut  
14                  down promotional, marketing and merchandising spend to  
15                  reflect that supply simply can't meet demand.

16                 To the extent that U.S. produced products  
17                 supply the mass market, U.S. supply is tapped. Cambria has  
18                 never competed in this segment, and other U.S. producers  
19                 have publicly stated that they are sold out or do not  
20                 compete with these products. Moreover, the global  
21                 infrastructure for quartz production is not sufficiently  
22                 developed to fill the supply gap.

23                 Virtually every factory around the world,  
24                 including in India and Turkey, is short of their quartz  
25                 supply commitments due to shortages of raw material or

1 labor, or production capacity tightness. U.S.-produced  
2 quartz capacity, but still will not fill this gap for at  
3 least two reasons.

4           Number one, there's simply insufficient U.S.  
5 capacity, and number two, U.S.-produced products,  
6 particularly those sold by Cambria, do not compete in the  
7 mass market segment. Cambria's products cater to the luxury  
8 consumer and its brand is the Art of Stone. MSI's guiding  
9 statement is to "make dreams attainable." We want to offer  
10 counter tops that are both beautiful and affordable to every  
11 day Americans.

12           These different philosophies are reflected in  
13 the different products that we and Cambria offer. Cambria  
14 has carved out a niche in the market, designing high end  
15 exotic granite looks that are distinctive to Cambria's  
16 production, which consists of uniquely tailored Breton  
17 technology and manufacturing equipment.

18           These advanced designs command a high price,  
19 and Cambria continues to reap the rewards of its strong  
20 presence in the luxury segment of the market. While Cambria  
21 spends tens of millions of dollars annually to develop  
22 consumer brand recognition in the luxury segment of the  
23 market, you've seen it in the Oscar ads, the Oscar ad  
24 earlier today, MSI caters to the business to business  
25 segment of the mass market industry.

1 We spend very, very little on direct to consumer  
2 advertising.

3 One specific aspect of Cambria's pleas for  
4 U.S. government support is absolutely puzzling to me as an  
5 industry insider. Cambria's repeated claims about its  
6 higher distribution costs. Mr. Davis asserted at the May  
7 9th hearings before the Commission that Cambria averages \$6  
8 per square foot to distribute its quartz slabs. In three  
9 weeks, that jumped up to \$7.50, which is what I heard today.  
10 I don't follow.

11 My opinion, being in the distribution industry  
12 personally since 2003, is that amount is at least twice or  
13 even three times the industry average. In sum, Cambria  
14 sells a designer product that has a unique high end  
15 aesthetic. Based on my decades of experience in the  
16 surfaces industry, the consumers in the mass market segment  
17 will not switch to Cambria if imports are excluded from the  
18 U.S. market.

19 Rather, there will continue to be a  
20 substantial shortage of quartz in the U.S. market. In fact,  
21 this shortage is already causing mass market consumers to  
22 increase their purchase of granite and similar products.  
23 I'd be pleased to answer your questions.

24 MR. STOEL: Thank you, Rupe. Our final  
25 witness, I believe the final witness on Respondent's panel,

1 is Marisa Bedrosian Kosters.

2 STATEMENT OF MARISA BEDROSIAN KOSTERS

3 MS. KOSTERS: Thank you so much.

4 My name is Marisa Bedrosian Kosters. I am an  
5 owner and the legal counsel of Bedrosians Tile & Stone. If  
6 you're thinking I look familiar, this is the third trade  
7 remedy hearing I have traveled across the country to testify  
8 at within the past four weeks. Some have said I should take  
9 up a second residence in D.C.

10 I have come back time and again because these  
11 Petitions have the ability to cripple a family business that  
12 has been operating in the United States since 1948 and is  
13 now one of the largest U.S. distributors of tile and slab,  
14 which we source through imports and domestic producers.  
15 Yes, both. And with multiple DC's like most companies.  
16 This is a large country. Bedrosians is proud to employ  
17 1,000 Americans and operate 40 nationwide retail locations,  
18 but if these Petitions are allowed to move forward we will  
19 be seriously harmed--and for no valid reason.

20 Our manufacturing will also be harmed. We have a  
21 fabrication facility in Fresno, California, that employs  
22 skilled production workers in the very same city where our  
23 company was founded.

24 Our company has made substantial investments in  
25 automated fabrication equipment and other improvements to

1 upgrade the fabrication component of the quartz value chain.

2 Bedrosians and our hardworking American employees  
3 oppose the imposition of duties on imports of quartz surface  
4 products from India and Turkey. Engineered quartz slabs, as  
5 with our other products, are sold to three primary markets:  
6 residential, builder, and commercial.

7 First, residential. Cambria's luxury quartz  
8 slabs are sold to the top 5 to 10 percent of the residential  
9 market. They target the high-end luxury, celebrity-type  
10 homeowner. The other 90 to 95 percent of residential quartz  
11 buyers would not purchase Cambria if imported quartz became  
12 nonexistent.

13 Second, builder. Cambria does not sell to or  
14 compete in the builder market. Builders have historically  
15 utilized granite as their countertop of choice and imported  
16 quartz has replaced granite with a similar price point and  
17 standardized look. Imported quartz has not replaced  
18 Cambria quartz.

19 Finally, the commercial market. Cambria might  
20 show you a few pictures of hotels or office buildings in  
21 which they supplied quartz, as they did at the last hearing,  
22 but Cambria does not supply the vast majority of quartz used  
23 in commercial projects. Again, we are talking about Cambria  
24 competing within a small percentage of the commercial  
25 segment, servicing areas like lobbies or restaurant bars,

1 the remainder of areas being previously serviced by granite  
2 and more recently quartz imports.

3 U.S. quartz producers, including Cambria, are not  
4 being harmed by imports from India and Turkey, nor from  
5 China for that matter. We heard Marty Davis of Cambria  
6 testify only a couple of weeks ago that his company's sales  
7 have continued to increase each year during the Period of  
8 Investigation. His sales have continued to grow because  
9 quartz imports are not replacing Cambria, they are replacing  
10 granite.

11 You have heard a lot of testimony over the last  
12 three weeks regarding the U.S. quartz market and industry,  
13 but I want to impress on you one very simple point: There is  
14 a massive shortage of quartz in the United States, and U.S.  
15 producers like Cambria do not have the production capacity  
16 necessary to meet the needs for this "hot" product.

17 There is just no way. This has had an adverse  
18 impact on Bedrosians's distribution network which covers the  
19 entire country, and also on our fabrication operations in  
20 Fresno.

21 This is because quartz is today the number one  
22 surface product in America. Domestic demand for quartz has  
23 been driven by a boom in multi-unit housing and apartment  
24 construction, increased spending on home improvements, and  
25 increased consumer preference over natural stone.

1 Fabricators, including Bedrosians, also prefer working with  
2 quartz over other tone slabs because quartz is easy to cut  
3 and finish.

4 The fact is that there have been shortages of  
5 quartz slab over the Commission's entire 2016 to 2018 Period  
6 of Investigation. This is first and foremost because U.S.  
7 producers of quartz surface products are unable to come  
8 anywhere close to meeting U.S. demand.

9 Bedrosians and other fabricators and distributors  
10 of quartz would be glad to source domestically, but U.S.  
11 quartz slab manufacturers--and particularly Cambria--have no  
12 desire to service our needs.

13 On the contrary, they are making big profits  
14 satisfying their own customers through their own distinct  
15 distribution channels. Moreover, they simply don't have any  
16 extra inventory to help us.

17 Additionally, these supply shortages have been  
18 exacerbated time and again by the imposition of tariffs.  
19 First, President Trump imposed a Section 301 tariff of 10  
20 percent ad valorem on imports from China in September 2018  
21 which recently increased to 25 percent.

22 Next, in September and November 2018, the  
23 Commerce Department's twin duties on imports from China took  
24 effect. Furthermore, the Office of the USTR is  
25 contemplating an 100 percent ad valorem tariff on quartz

1 imports from Europe as soon as next month in the context of  
2 the Airbus-Boeing WTO dispute. And now Cambria seeks to  
3 choke off quartz supply from India and Turkey.

4 My point in telling you about these challenges  
5 facing quartz imports is simple. The fact is that U.S.  
6 trade measures threaten to decimate what should be a very,  
7 very successful industry for U.S. distributors and  
8 production workers like my fabricators in Fresno,  
9 installers, and consumers. We desperately need additional  
10 supplies of quartz to meet contract obligations, and this  
11 latest unwarranted trade action by Cambria poses great harm  
12 to my industry and my workers.

13 I would be pleased to answer any of your  
14 questions. Thank you.

15 MR. STOEL: Thank you. I believe that concludes  
16 Respondent's presentation.

17 MS. HAINES: Thank you very much for the  
18 testimony and for coming multiple times to testify. It's  
19 very helpful to both our Commissioners and the staff in the  
20 prelim to have people come to ask questions. So, thank you.

21 We will start with Ms. Duffy.

22 MS. DUFFY: Hello. Thank you all for being here.  
23 We've heard a lot of testimony about how Cambria's quartz is  
24 different than the subject quartz.

25 I was just wondering how other domestically

1 produced quartz compares to quartz from India and Turkey.

2 MS. MENDOZA: Just to clarify one thing. I think  
3 what we're saying is that, you know, it's a little bit more  
4 complex in terms of the process of distinguishing Cambria  
5 than just an appearance issue, right? I mean, we're arguing  
6 that it's also all of the things that the brand implies.  
7 And I think that they have been able to probably set  
8 themselves off.

9 But CaesarStone has been equally successful in  
10 that market segment. And so I think it's not just, you  
11 know, sort of looking at the two products; it's really all  
12 about everything that goes along with those products that  
13 really sets off the domestic product from the imports.

14 So in other words, it--you know, it's just--I  
15 mean we used the example during the China hearing, you know,  
16 you have certain types of luxury products, right, which have  
17 an image and convey that image. I mean, somebody used the  
18 example of a Ferrari. I think I used the example of Chanel.  
19 And it's not necessarily the physical characteristics of the  
20 products that are distinguishing them, right? It's a whole  
21 package of things that go along with distinguishing them,  
22 including--including the movie that was played during the  
23 Academy Awards that gives them a certain amount of cache.

24 So I would say that, while Cambria is probably  
25 the most successful at doing it, I believe that the other

1 U.S. brands have also been very successful at creating a  
2 premium product and selling it that way.

3 MR. WESSEL: For the record, Jared Wessel. We  
4 can put this in our post-conference brief, but CaesarStone  
5 has a very nice chart that it consistently puts in its  
6 investor presentations where it says it's a premium brand.  
7 So CaesarStone has a premium bid lower, and it's  
8 consistently placed itself in that conceptualization of a  
9 premiere brand.

10 Which is why CaesarStone has gone out of its way  
11 to say that they have not received any benefit from the  
12 China case, because their CEO said very clearly that they  
13 don't compete with Chinese imports. And we think the same  
14 theory is here, that CaesarStone as a premium brand doesn't  
15 compete with the Indian and Turkish brands.

16 MR. STOEL: And--Jonathan Stoel, for the record--  
17 just to round out the three major U.S. producers of slab, at  
18 least. I think you heard from LG and their lawyers at the  
19 hearing, you know, the May 9 hearing, that they've actually  
20 adopted the strategy where their U.S. product they're  
21 targeting that to the luxury segment, to the high-end  
22 segment, and they use imports--without disclosing any  
23 confidential information--they were talking only about China  
24 at the hearing, but they use imports to satisfy different  
25 segments of the market.

1           So I think what you've seen is a number of U.S.  
2 producers that have been very successful in targeting the  
3 high end of the market. And as I said in the China hearing,  
4 we are here today because we believe that the U.S. industry  
5 as a whole, U.S. producers, U.S. fabricators, U.S.  
6 consumers, U.S. distributors, are all doing very well. What  
7 we're concerned about is that these trade cases threaten the  
8 entire industry, an industry that's been growing.

9           I think Mr. Schagrin used the word "burgeoning."  
10 We agree. It is burgeoning. But the unfortunate thing is  
11 that the cases that are before you are threatening to cut  
12 off that growth and, unfortunately, to hurt domestic  
13 producers of all types, as well as others in the market.

14           MS. PETERSON: Emma Peterson, Morris, Manning.  
15 Just to add to that, I wanted to say that, despite what you  
16 heard from Cambria this morning from their representatives  
17 about how their product is exactly identical to everything  
18 else, we've put on the record in the China investigation--  
19 and we can do it here, as well--that in different fora  
20 Cambria representatives have said completely different  
21 things about how they do intentionally brand themselves to  
22 be different than imported products, and we included an  
23 interview from Cambria's Executive Vice President of  
24 Business and Design, speaking to an interior designer about  
25 how that's exactly how Cambria brands their products, and

1 that's their market strategy. So we will be happy to  
2 include that on the record in this investigation, as well.

3 MS. DUFFY: That would be great. Thank you.  
4 Thanks for all your responses.

5 I was also hoping that somebody could compare the  
6 quartz surface products from India and Turkey, just amongst  
7 those two countries.

8 MR. SHAH: So I would say--this is Rupesh Shah  
9 from MS International. I think it's difficult to just make  
10 broad generalizations of India versus Turkey. In India you  
11 have both Breton and non-Breton factories. In Turkey I  
12 believe, although they're--I believe a Chinese factory or  
13 two exists, the predominant amount is Breton factories. So  
14 I think you'll find they both cater to the mass market.

15 There are certain looks--and I don't even think  
16 all Breton factories can produce the same look. My  
17 understanding is Cambria has a lot of design patents. I  
18 believe others have patents around how you produce product.  
19 So each factory within Breton, there are certain looks they  
20 can produce, and there are certain looks they can't produce.

21 I would say the same is also true for non-Breton  
22 factories. Obviously the price data shows where each of  
23 them fall in, and I don't have access to that. But I don't  
24 think you can make a generic statement that would be true  
25 for either country.

1           MS. DUFFY: Thank you. So I've heard a lot about  
2           how demand is booming. So I was just hoping if somebody had  
3           any insight on why Caesarstone would shut down a production  
4           line if demand here was booming?

5           MR. THESING: This is Joe Thesing from Wilsonart.  
6           I'm speaking as someone who's been in the industry for six  
7           years with Wilsonart and, as you can imagine, there's  
8           interactions between companies and knowledge and competitive  
9           intelligence that people do, and Caesarstone happens to be a  
10          publicly traded company, so some of what I'm about to say is  
11          disclosed in their public comments, as our interpretation of  
12          it.

13          But they have temporarily closed a line. They  
14          haven't thrown it away or moth-balled it. And they referred  
15          to operational difficulties running it. These lines are  
16          complicated to run. They don't come out of the box and  
17          they're customized frequently and Caesarstone in particular,  
18          its company heritage is from manufacturing quartz on a  
19          kibbutz in Israel under some very specialized labor and  
20          economic conditions.

21          It appears to others in the industry, our  
22          observation is that they're stretched thin in terms of  
23          personnel that could actually go into a place that did not  
24          have a skilled workforce to run Breton quartz manufacturing  
25          machinery, and they've encountered operational difficulties

1 running that. They've also encountered a lot of upheaval  
2 and turnover, which is always difficult in an organization  
3 in the sales side, management, etcetera.

4 And so they're temporarily retooling to try to  
5 improve their profitability. So it's not as Cambria says,  
6 you know, Caesarstone would be here, but they're too busy  
7 bleeding and they can't make it through the door to testify.  
8 They're dealing with a particular set of individual  
9 problems, which companies have, even in growing markets,  
10 there are companies that are not run as well as they could  
11 be, and don't take advantage of the burgeoning demand. Our  
12 understanding is Caesarstone is in that situation right now  
13 and is not representative of what Cambria's saying about  
14 what's happening in the market.

15 MR. JORGENSEN: Alan with Bedrock Quartz. I can  
16 speak to that. I've been a direct purchaser from  
17 Caesarstone for the last, about four years, we've worked  
18 closely with them, and over the years of my involvement in  
19 directly purchasing from them, some of our orders -- most of  
20 our orders have come from Israel directly, a number have  
21 come from U.S. distribution centers that Caesarstone  
22 operates. I can say, too, they've shut down these lines  
23 because of internal problems and the challenges.

24 And I'll speak more to this post-hearing, but  
25 it's not because of a decline in demand or because they're

1 injured. I had POs placed about three years back that they,  
2 because of challenges in getting the product out, they were  
3 not able to fulfill those POs out of the U.S. plant and to  
4 shift them to Israel, and over my course of purchasing  
5 directly from Caesarstone, we have generally had significant  
6 timeline delays with getting order fulfillment. So there's  
7 many other factors involved, and I will speak more to that  
8 in post statements.

9 MR. STOEL: Jonathan Stoel for the record. Just  
10 to build on the helpful comments from the fact witnesses. I  
11 would commend for the Commission's attention, as we said  
12 earlier, there are very, very large imports from Israel, and  
13 that's been going on throughout the Commission's POI, nine  
14 million square feet, I believe, imported from Israel in  
15 2018.

16 So if Caesarstone is, you know, so much in need  
17 of manufacturing here in the U.S. and they can't get sales,  
18 well, they're importing because that's the only supplier  
19 from Israel. They're selling nine million square feet from  
20 Israel. So it'd be very easy for them if they don't want to  
21 manufacture more in the U.S. to stop shipping from Israel to  
22 here. And you've just heard from Mr. Jorgensen. Clearly  
23 that has not been their decision.

24 So we don't know exactly what's going on with  
25 them. I agree with Mr. Wisla. They've placed themselves in

1 the premium segment. Their financial results that the  
2 Commission has, I think speak for themselves, so in terms of  
3 what happened in 2018, so you have to look at that, and you  
4 have to express some skepticism about any alleged injury.  
5 But obviously this is something we'll address further  
6 post-hearing.

7 MR. SHAH: This is Rup Shah from M S  
8 International. I just want to add one more point.  
9 Caesarstone, as we hear from many customers, has significant  
10 distribution issues as well. If you go through their public  
11 statements, you'll see that. As well as, we've also heard  
12 from Cambria, it's not easy to set up distribution.

13 We have been in business since 1975. We have  
14 over twenty-six distribution centers today. Caesarstone and  
15 Cambria, in a rush to capture the market, tried to do that  
16 in two, three or four years, if you kind of go back and look  
17 at the record.

18 That's extremely challenging. Distribution has  
19 its share of challenges, customer service, developing the  
20 sales and marketing, trucks, cranes, delivery, safety, I can  
21 go on and on and on with the challenges of distribution.  
22 Quite frankly, it's extremely challenging part of the  
23 business. And I know Caesarstone has had, just from  
24 customers talking to us, has had extreme challenges in their  
25 distribution.

1 MS. PETERSON: Emma Peterson, Morris Manning.  
2 Just to kind of round this out. I mean I know we can't talk  
3 about the confidential data here obviously. But I just  
4 think, and Jonathan touched on this a little bit earlier,  
5 you know, whatever issues Caesarstone's experiencing  
6 allegedly or whatever, injury that Cambria is, you know,  
7 alleging on Caesarstone's behalf, because of course, they're  
8 not here.

9 Really I think you should weigh that very  
10 carefully against the confidential data you have on the  
11 record from Caesarstone. Because it seems that there's a  
12 bit of a disconnect there. And I think, as Jonathan  
13 mentioned, you know, the data really speak for themselves on  
14 that front.

15 MS. DUFFY: Thank you all for that. I just have  
16 one more question for now. I know Mr. Shah, and I think,  
17 Ms. Bedrosians Kosters also mentioned there are shortages in  
18 India and Turkey, so if you could elaborate on that, either  
19 now or in the post-conference brief, that'd be really  
20 helpful.

21 MR. STOEL: Ms. Duffy, this is Jonathan Stoel for  
22 the record. We'll do that. I do just wanna point on that I  
23 also represent Cimstone, a Turkish producer, and I think  
24 you'll see from your questionnaire responses, that, you  
25 know, capacity utilization in Turkey is very, very high.

1 And this goes to, you know, some of the arguments you've  
2 heard, frankly, I think ballyhoo arguments this morning  
3 about threat.

4 I mean there is no threat from Turkey. Turkey is  
5 at maximum production. There is no excess capacity that's  
6 gonna somehow rush to Turkey. That 2.995% that Mr. Meisner  
7 admitted to this morning is not gonna leap to 20% of the  
8 U.S. market. There simply isn't any capacity. And so I  
9 think I'll let Ms. Mendoza or others speak to India, but I  
10 think that's also true for India. These are markets that  
11 are tapped out.

12 I mean there is demand in the United States that  
13 nobody can meet, and that's why, frankly, I think everybody  
14 in this room, at least in this afternoon session, that's why  
15 we're here today, is because we're concerned about really  
16 the entire reduction of an industry if folks wanna go back  
17 to selling other products, nonquartz, that's where we're  
18 headed.

19 MR. SHAH: So I'm sure we can elaborate on this  
20 in the post-conference brief, but simply put, with both  
21 India and Turkey, our orders are delayed significantly, much  
22 longer lead times, but let's talk more about the demand side  
23 as well. Builders are in panic. Fabricators are in panic.  
24 The demand is in excess of the supply. MSI's on allocation.  
25 We are saying no to orders above a certain size today

1 because of the shortage of supply in the market.

2 From hearing from builders and, of course,  
3 fabricators, there's nowhere else they can get supply.  
4 Believe it or not, Cosentino reached out to us, asking for  
5 hundreds of slabs, because they're tapped out. We hear  
6 consistently that they're running out of stock as well. The  
7 entire industry is short on stock. All you have to do is  
8 talk to a few builders, people who serve the multi-tenant  
9 industry. There's a long list of fabricators.

10 You would be shocked of the shortages in the  
11 industry today. That effectively is gonna result in a  
12 switch to granite if this continues. And we personally have  
13 been forced to increase our granite levels because of the  
14 shortage. So we're in the process of increasing our granite  
15 inventory levels as well.

16 MR. TRAXLER: If I may add -- Bob Traxler with  
17 Arizona Tile -- we are in a similar position to MSI. We  
18 have actually denied certain segments of the market supply  
19 in order to fulfill our obligations to those which we are  
20 committed to by contract or by agreement. It's been that  
21 way now since the decisions in September, and it has grown  
22 worse, not better, in the ensuing months.

23 And I just happen to run into our largest  
24 customer actually in an airport about a week and a half ago.  
25 This particular gentleman fulfills multi-family projects and

1 he told me that he has not specified a quartz project in  
2 multi-family in six months now because of everything that  
3 has happened. He can't rely upon being supplied, and if he  
4 is to rely upon it, it would be at a much different economic  
5 situation than what he had originally contracted for.

6 MS. BEDROSIANS KOSTERS: Marisa Bedrosians  
7 Kosters for the record. You know, our situation is very  
8 similar to Arizona Tile and MSI. We are just trying to  
9 bring in enough product to fulfill contract obligations for  
10 builders. But that's very difficult right now, especially  
11 with the EU tariffs, it's not like we could even turn to  
12 Spain to get quartz.

13 So it's extremely challenging for us. Prior to  
14 2018, we weren't importing quartz from Turkey, so it was a  
15 very small segment of the quartz market. And to our  
16 knowledge, Pokarna was the really only significant producer  
17 of quartz in India.

18 MR. STOEL: Sorry to go on about this. Jonathan  
19 Stoel for the record. But I did wanna commend to the  
20 staff's attention, there's a letter on the China record  
21 which I understand there's gonna be another letter coming  
22 from the Leading Builders of America. It's an association  
23 of some of the--I think ten or twelve--of the largest  
24 builders in the United States.

25 They put a letter on the record saying that

1       there's a tremendous shortage of quartz. They said frankly  
2       that Cambria does not supply, very, very little in the  
3       builder market. That's on your record. We'll make sure  
4       it's on the record again in this case. I mean, this is,  
5       again, an industry that is just dire, dire need of supply.  
6       Which is why I think, frankly, all of us are very concerned  
7       and are here today.

8                   MS. DUFFY: Thank you. I have no further  
9       questions.

10                  MS. HAINES: Mr. Jones.

11                  MR. JONES: Thank you all for coming today. Good  
12       to see some of you again. This first question is directed  
13       more towards the fabricators, which some of you are here,  
14       and to the counsel involved with the fabricators. So in the  
15       related quartz surface products from the China investigation  
16       case, Commission collected data on fabricator operations,  
17       which we did not in this prelim.

18                  So despite at least two separate counsel working  
19       with or on behalf of these fabricators, an extended timeline  
20       for accepting questionnaires due to shutdown and just the  
21       fact that we accepted them late. And allegations of counsel  
22       coaching questionnaire responses, the Commission still only  
23       received questionnaire responses from fabricators that  
24       account for approximately 1% of all fabricators in the U.S.

25                  So if these investigations move into a final

1 phase, why should the Commission attempt to collect  
2 questionnaire data that is likely to be unusable or is  
3 air-filled and does not reflect slab production? And more  
4 specifically, how can the Commission obtain better data on  
5 fabrication operations?

6 MR. STOEL: Jonathan Stoel for the record. First  
7 of all, Mr. Jones, maybe Larry, if that's okay, I think I  
8 want to say thank you, first of all. I mean you and others  
9 in the Commission staff, I just want to say that you all  
10 went out of your way to try to collect data, and I think a  
11 lot of the folks in this room on our side also tried very  
12 hard to help you get the data. And so it's unfortunate that  
13 you didn't get better data.

14 But you did get fifteen fabricator responses in  
15 the China case, and I would point out that they say what we  
16 said. They're opposed to Cambria. They don't like these  
17 cases. They think they're gonna harm the industry. Again,  
18 we'll put it on the record, 270 declarations, we'll put them  
19 on the record on Monday, also from the fabricators that are  
20 opposed to Cambria in these petitions. So I think,  
21 resounding evidence shows that fabricators don't like these  
22 cases and don't think they're helpful to the industry.

23 In terms of the questionnaires, sometimes counsel  
24 has to fall on his or her own sword. I'll fall on my sword  
25 today. Unfortunately, the questionnaires that came out in

1 the China case, I think, were frankly not well-designed from  
2 fabricators. We've heard from many fabricators that they  
3 didn't understand the questions, that they would have had to  
4 hire, frankly, expensive lawyers like Mr. Schagrin. So you  
5 know, this is a challenge for fabricators who don't have a  
6 lot of excess cash. I mean these are people who frankly are  
7 short-cash. And then they're also short on time.

8 So I think we as a community in this case has  
9 failed. We didn't get them questionnaires that they could  
10 fill out more reasonably, and I would hope that we will do a  
11 better job in this quartz, too, if you go to a final, which  
12 of course we think you shouldn't. I guess I just -- just to  
13 make one legal point though, which is, I do dispute strongly  
14 that you can ignore them.

15 My friends over here from Cambria and their  
16 lawyers, they included fabricated products in the scope and  
17 in the domestic like product. We didn't do that.  
18 Fabricators didn't do that. Importers didn't do that. They  
19 chose a scope and a domestic like product that includes  
20 fabricated material. Once they did that, you all could not  
21 ignore it. And you've done your legal duty and followed it.

22 But they can't have it both ways. They can't  
23 include and then say that you should exclude it. Ms. Drake  
24 and others have done an admirable job of trying to say that  
25 they don't, they meaning fabricators, don't do enough to be

1 qualified for the domestic industry. But what about steel  
2 process centers? You've always accepted them as part of the  
3 domestic industry, and I think we've shown time and again  
4 that fabricators do as much or more as steel processors.

5 So again, we'll put all the material back on the  
6 record, same as China, I'm sorry to add to your desks and  
7 your paper, but I think it's very clear that fabricators  
8 should be part of the domestic industry. Again, 11,000  
9 Americans spoke last Friday. 11,000 Americans said that  
10 they oppose these cases, that they oppose Cambria. I think  
11 you have to listen to them.

12 MR. PERRY: Bill Perry, William Perry from Harris  
13 Bricken. I agree with Jonathan. The key point is the  
14 statute in the legislative history. And petitioner to date  
15 has not addressed the statute of the legislative history.

16 And I used to work in the General Counsel's  
17 Office, so I'd be very interested, although I know I can't  
18 see it, Mr. Goldfine's legal memorandum on this, because it  
19 is very clear from the statute and the legislative history  
20 that the Commission must find that the domestic industry as  
21 a whole is material-injured or threatened with material  
22 injury. The legislative history of the Trade Agreement Act  
23 of 1979, even the last one that we had basically said all  
24 the producers are in.

25 So you have a problem. How do you get more -- we

1       tried to get as many numbers -- how many fabricators were  
2       there? We estimated 4,000 based on the Natural Stone  
3       Institute. We then found 10,000. Now we say 15,000. We're  
4       talking about not tens of thousands, hundreds of thousands  
5       of employees. This is the size of cities in the U.S.

6               So this is not a situation where you can just  
7       throw it under the rug and pretend the elephant doesn't  
8       exist. It's there, and you gotta deal with it. And how to  
9       deal with it? I don't know. I mean, in other cases, you  
10      had a sampling method you came up with. But that's why I  
11      put on the record the Chung Ling's line of cases, from Judge  
12      Carman, who became Chief Judge Carman of the Court of  
13      International Trade, who said this is a collective  
14      enterprise.

15             Basically, Cambria is bringing a case on behalf  
16      of a domestic industry. And when the domestic industry does  
17      not respond to the questionnaires, that's when an adverse  
18      inference should be taken against the domestic industry. In  
19      fact, the idea of having an adverse inference against the  
20      respondents, the fabricators, because they don't respond, as  
21      Judge Carman said, would turn adverse inference on its head.

22             This is a situation where Cambria has to bring a  
23      case on behalf of the domestic industry, prove that the  
24      domestic industry as a whole is material injured or  
25      threatened with material injury, and they're only one

1 person. Also, understand, this is your governing statute.  
2 You're in charge of industry and injury. Not really  
3 Commerce.

4 I worked both here and then over at Commerce.  
5 Commerce looked at the ITC as a loose cannon. They don't do  
6 industry or injury. You saw it in their determination on  
7 glass slabs. It's your problem now, Commission. But that's  
8 your governing statute. You've gotta deal with it. And so  
9 that's all I'm trying to say. That's the reality of the  
10 situation. Thank you.

11 Mr. WESSEL: Yeah, for the record, Jared Wessel.  
12 Mr. Jones, I think one concrete would be allow anonymity on  
13 who actually responds. The Commission did allow the names  
14 of who responded to the questionnaire to be public in the  
15 China, and I think unfortunately retarded some of the  
16 responses.

17 And second, I think it's vastly different when  
18 you have the majority of the domestic industry essentially  
19 telling the government to leave them alone. I think it  
20 would be a lot different if the fabricator community was  
21 coming to you and asking for relief, but not willing to  
22 provide you the data.

23 That's certainly the case with Cambria's  
24 fabricators and Lexus Partners. They're asking you for  
25 relief, but have just flatly refused to provide you any data

1 in the China case. But I think the unaffiliated fabricators  
2 are universally and consistently asking that they would just  
3 like to be left alone.

4 And I don't see a reason particularly why you  
5 would need their data for that, when they're speaking pretty  
6 uniformly that they're not being harmed by imports. So it  
7 will be great to have their data and we certainly encourage  
8 them to answer the question, but I think it's vastly  
9 different when a group is not petitioning for relief versus  
10 kind of Cambria's Lexus guys who do want relief.

11 MR. PERRY: William Perry again. Just one point  
12 I noticed Mr. Schagrin was mentioning. What about  
13 fabricators of floor tile? Cambria put floor tile in the  
14 scope. That's why it's there. You put it in the scope. I  
15 mean it was every single fabricated industry.

16 It's like a marble quarry coming and saying, "I  
17 can bring a case against statues and sculptures. I'm a  
18 marble quarry. What'd Michelangelo do with the David,  
19 forget about it, it's me." I mean it sounds ridiculous, but  
20 we're getting to that point when you've got ten to fifteen  
21 thousands of companies with hundreds of thousands of  
22 employees and they're saying, "We represent all of them,  
23 just look at our data." I don't think it washes. Thanks.

24 MR. JORGENSEN: Alan Jorgensen, Bedrock Quartz.  
25 I was one of the fabricators who filled out the producer's

1 questionnaire. And I spent the better part of three-plus  
2 weeks working through that. It was extremely difficult. I  
3 was dedicated to do it, so I carried on with it, and I had  
4 six pages in my China post-hearing brief discussing why it  
5 was so difficult and why more fabricators didn't respond.

6           It was significantly -- so there was fear of  
7 reprisal from many fabricators that I spoke with, that  
8 prevented them from being involved. The complexity was a  
9 huge component of it. And as to the idea of, like, well, if  
10 you feel like you need to do it again, which I found it  
11 interesting as a side-note, that in this case here, I was  
12 e-mailed an importer's questionnaire only, which I filled  
13 out. And then there was no producer's questionnaire sent  
14 to me. I obtained a copy of it from our attorney and  
15 noticed that it had been structured not to allow any input  
16 really from a fabrication operation. So I didn't know what  
17 to make of that.

18           But should you decide to get more data from the  
19 industry, you know, we've demonstrated significant -- just  
20 looking at the six factor test, if that becomes something  
21 that you want to try to measure against, I think that a  
22 survey or a questionnaire could be made significantly  
23 easier, like, "What are the number of employees you have?"  
24 "What is your investment in equipment?" What are your --  
25 let's look at your average selling prices against your

1 average cost of materials and exclude your installation  
2 costs and now we can see what the spread is between what  
3 your raw inputs are plus sales tax plus waste, which you're  
4 gonna gross those up, and then now, what's the difference to  
5 your sales price, backing out your installation price, and  
6 what's that amount in the middle that we're just gonna show  
7 added value?

8           And that's what I demonstrated extensively in my  
9 pre- and post-hearing briefs that under the six factor test,  
10 the fabricators are part of the industry, and so I think  
11 that that data could be obtained by greatly simplifying what  
12 you're asking of them, and then you're gonna see your  
13 participation in that response skyrocket. Because there's  
14 so many of the fabricators I talked with were scared to  
15 death to put their name on the record.

16           Many of them are, like, "There's no way I want my  
17 confidential financials put in front of a government body,  
18 you can tell me it's confidential, I just don't trust it," I  
19 had that, and then others that simply said, "I can't devote  
20 the time to this. It'll ruin my business." Because they're  
21 smaller enterprises and if, frankly, it's been very, very  
22 hard on my business, my involvement in this case, very, very  
23 hard.

24           We've had significant impact because of me being  
25 withdrawn from day-to-day operations, I'm holed up in my

1 office all day long working on this stuff. So many of the  
2 fabricators in my position have simply said, "I can't do it  
3 because it'll crater my business if I withdraw from the  
4 day-to-day operations to focus on this." Thank you.

5 MS. MENDOZA: This is Julia Mendoza. I would  
6 just bring it back to Jared's point. I mean, it's very,  
7 very important for the Commission to analyze whether the  
8 fact that fabricators supporting and testifying at the  
9 hearing about material injury to U.S. industry have failed  
10 to provide questionnaire responses.

11 I think that the only appropriate thing to do in  
12 that circumstance is to impose an adverse inference. I  
13 mean, if people are here deliberately saying that they're  
14 being injured, but they refuse to provide the data on that,  
15 then I think an adverse inference is required in this  
16 circumstance.

17 And we actually were involved in a case, been a  
18 few years ago now, where the Commission actually did use an  
19 adverse inference against one member of the domestic  
20 industry. And we'll get into that, because I believe the  
21 name of that company is still confidential. But we will  
22 address it. But that is a very, very fundamental point that  
23 the Commission has to address.

24 MR. JONES: Thank you all for your response. And  
25 if you would, Mr. Perry, you mentioned the sampling method,

1 in the post-conference briefs, if you would, could you  
2 provide some more information on that, that aspect, the  
3 sampling method that you're referring to?

4 MR. PERRY: Yeah, I'll try to. I really would  
5 have to put heads together, but I think Mr. Schagrin made a  
6 good point in China case, which was, we just provide the top  
7 thirty and Jonathan provided the top 30, but as he said,  
8 that's not a sample, and he's right. That's why you get  
9 less than 1%. But you haven't -- the one case where you  
10 tried it, I know it was the sweaters case and it didn't  
11 work, but you came up with a sampling method.

12 So I've got to believe that in the past cases,  
13 you know, talk to Doug, or maybe you know some, go back in  
14 time. But I know the Commission has done it in past cases.  
15 It would be really tough, very tough to do. And especially,  
16 I think, one of the points that Jared made, and which I  
17 think is absolutely true, when I was at the Commission, you  
18 never knew who responded to the questionnaire. I never knew  
19 in the 80s. If I was a company outside, I never knew who  
20 would respond to the questionnaire.

21 The fact that somebody responds to the  
22 questionnaire, I think should be confidential. Especially  
23 here. I can tell you, I talked to a fabricator. He was  
24 literally, I could feel the fear, and it was the fear of  
25 them. And he did not want, and he was a huge company, he

1       could've responded. He didn't want to respond. And I saw  
2       it. I've never seen it in a case before. I think that  
3       that wouldn't be an issue if a company can file  
4       confidentially at the Commission.

5                 MR. JONES: Thank you, Mr. Perry.

6                 Now moving on to the foreign industry, one thing  
7       I was going to ask about, but before I get to that, this is  
8       to Mr. Trinder from EOS Surfaces--is it EO Surfaces, or EOS  
9       Surfaces?

10                MR. TRINDER: EOS.

11                MR. JONES: Thank you. Does your company produce  
12       and/or import what falls into the scope for glass slabs?

13                MR. TRINDER: Yes. Yes.

14                MR. JONES: Thank you. So you produce, as well?

15                MR. TRINDER: I'm sorry, we don't--we import.

16                MR. JONES: So you import. You don't produce the  
17       glass slabs?

18                MR. TRINDER: We import.

19                MR. JONES: Okay, thank you. Now moving on to  
20       the foreign industry, this is more specific. This is  
21       looking at not just threat but what's happened. I'll try to  
22       be very careful with regard to BPI information, but just  
23       looking at our preliminary data that we've received so far  
24       in terms of questionnaire responses from the foreign  
25       industry, we're seeing increases in a lot of the categories,

1 or a lot of the data points that we collect. More  
2 specifically, capacity, production when combined--this is  
3 cumulated. We've seen increases I capacity, production,  
4 export shipments to the U.S., and end-of-period inventory.  
5 So we're seeing a lot of that.

6 And it's not so much the capacity and the  
7 production in terms of threat, it's that but it's more  
8 specific. The projections--the projections are what stand  
9 out. Those stand out. They're almost--it seems like  
10 they're almost outliers compared for 2019 and 2020, we're  
11 seeing big increases in capacity, production, and then even  
12 export shipments. I mean, without disclosing data, it's a  
13 big difference between what transpired in 2016 to what  
14 happened in 2018. There's a difference there. And then  
15 2019 into 2020, these are big differences.

16 So if these are--

17 MS. MENDOZA: This is Julie. I can address that,  
18 if you want. I think that the way to understand this,  
19 right, is to understand two things. One is that demand for  
20 quartz worldwide is increasing, okay? So if you look at  
21 those, at least with respect to India, if you look at the  
22 Indian data, what you're going to see is it's not just an  
23 increase that's going to the United States. It's also an  
24 increase in India. It's an increase in other export  
25 markets, right?

1           But the other important thing not to lose sight  
2 of is the numbers themselves, right? I mean, the absolute  
3 amounts that you're talking about there, given the amount of  
4 the deficit in the U.S. market--and remember, I believe it  
5 was all BPI, but Mr. Dougan at the China hearing explained  
6 very specifically that even if the U.S. producers were at  
7 100 percent of capacity, there would still be a very large  
8 structural deficit in the U.S. market.

9           So consider that deficit, and we'll attach  
10 numbers to that in our brief, consider that deficit compared  
11 to the increase in the Indian data in terms of projections.  
12 It's just somebody is going--and like they were saying  
13 earlier, Spain is very possibly going to be cut out of this  
14 market due to the retaliation list that's on for USTR for  
15 the AirBus dispute. The Spanish products, the imports are  
16 all on that retaliation list at 100 percent duties. And so  
17 Constantino is obviously very, very worried about that. In  
18 fact, they testified, because I was there at the 301 hearing  
19 on another product, that there is a big structural deficit  
20 in this market, and it cannot be filled without their  
21 product.

22           So I think you just have to put it in perspective  
23 that, while the increases compared to the past look  
24 relatively large, when you look at the market share, right,  
25 that that would result in, it's still very, very small.

1           And if you also build onto that the fact that, as  
2 many of the witnesses are testifying, imports are competing  
3 in an import segment of the market. Okay? So once the  
4 imports are gone from China and they have disappeared in the  
5 first quarter of 2019, I mean they are gone, then someone  
6 has to come in and replace that. And so I think what you're  
7 seeing is the Indian suppliers, perhaps the Turkish  
8 suppliers--they can speak for themselves--you know, coming  
9 in to fill a very, very small part of that deficit.

10           And I think that the issue here is that, you  
11 know, even if they are reaching those levels, it's still not  
12 going to be injurious. It's certainly not going to be  
13 injurious in any kind of imminent way.

14           So I just think, you know, it's all got to be put  
15 into perspective. I mean I realize that an industry, in a  
16 --in a sector that remains at a deficit, right? In other  
17 words, the domestic industry cannot supply the entire  
18 market, fine. That's true. They could still be injured.  
19 But the fact of the matter is that they're not being  
20 injured. They weren't even injured when imports from China  
21 were at six times the level that anybody's projecting.

22           So I just think those are things that are very  
23 important to keep in mind when you're examining this.

24           MS. LEVINSON: Mr. Jones, this is Liz Levinson.  
25 I'm speaking on behalf of Pokarna, the largest exporter from

1 India. I would ask you--we'll treat this in more detail in  
2 the post-conference brief, but in terms of projections, they  
3 are looking at very much increased demand and supply in  
4 India and in the European Union. And that was spelled out  
5 in the questionnaire, and we can give you more details about  
6 that.

7 MR. STOEL: Mr. Jones, Jonathan Stoel for the  
8 record. I guess a couple of points. One, for Turkey,  
9 again Turkey is just tiny. I mean, they're not threatening  
10 anybody. Let's be real here. In fact, Petitioner didn't  
11 even allege material injury against them. They only alleged  
12 threat. And while Mr. Meisner has talked about a very small  
13 increase in imports, as Julie said, and Ms. Mendoza said  
14 very well, that's because U.S. demand is going up, up and  
15 up.

16 Of course when China, which has been again not  
17 causing injury but has been the biggest supplier, is out of  
18 the market, of course you need more supply in the market.

19 I also want to go back to actually what you said  
20 this morning, Mr. Jones. You are the one who was asking  
21 Cambria: Well, isn't it true that Dal-Tile is starting  
22 operation? Isn't it true that LG is expanding? Isn't it  
23 true that USA Quartz is starting up? Isn't it true, as I  
24 said in my opening, that Spectrum Quartz has just announced  
25 its investment of \$20 million and a hundred or more U.S.

1 jobs? This is not an industry that is showing any signs  
2 that there's going to be some imminent injury. This is an  
3 industry that says, hey, we're doing great. We want to keep  
4 doing great.

5 And I think that's what you're seeing from the  
6 investment community. And I think you heard a lot about  
7 CaesarStone from all the witnesses about some production  
8 challenges, and we pointed out in the China case and  
9 unfortunately for your again we'll have to point it out  
10 again, they've said again and again over the last three or  
11 four years, we have production problems. We have employee  
12 problems. We have management problems.

13 I think they've replaced their CEO--Mr. Shah can  
14 correct me--three or four times in the last few years. So,  
15 you know, their problems have nothing to do with imports  
16 from Turkey or India or China, and they've been expanding  
17 their operations down in Georgia. So this is an industry  
18 that's doing very, very well. And I think you can't see any  
19 imminent threat from either India or Turkey.

20 MS. PETERSON: One more thing, Larry--this is  
21 Emma Peterson. One thing that might be useful for you guys  
22 is to pull the import stats and we can include them to you  
23 for the first three months of 2019, since they're now  
24 available. And I just think it's really helpful from the  
25 perspective standpoint since you know, you can see that, as

1 Julie just mentioned, China is completely gone from the  
2 market. And, sure, there are some increases in imports from  
3 India and Turkey, but you really have to look at that  
4 relative to the base where they started, right? I mean,  
5 they are tiny compared to what China was. And I think  
6 that's really, really demonstrated by these first three  
7 months of 2019 import statistics.

8 MS. MENDOZA: This is Julie. Just, and also--I  
9 mean, you 've got to question a little bit their  
10 credibility, right? Because I mean this morning they  
11 testified to the fact that they were injured in 2017 from  
12 India and Turkey. I mean, Indian imports at that time were  
13 5 million square feet. And, you know, Turkey was tiny.

14 I mean, if they think that's injury, then I guess  
15 what they mean by that is that every single square foot  
16 that's imported is somehow injurious to them. And I think  
17 that on this record they can't demonstrate that. I mean,  
18 everything's been going up.

19 They've created this great market. There's lots  
20 of demand. They're increasing their sales. They're  
21 increasing their profits. They're increasing their sales  
22 values. I mean, you know, it just doesn't add up.

23 MR. JONES: Thank you. And just a little bit  
24 further going into that. So these projections and what's  
25 actually coming in in 2018, and what's projected for 2019,

1 when we look at these, again without disclosing BPI, there's  
2 no differences in the product as far as what we've heard so  
3 far today. This is the same product. And there's no  
4 differences? Then the only difference would maybe be price.  
5 So the demand's so high that's coming into the U.S. market,  
6 or the U.S., then is the price lower? Or is it higher? I  
7 don't want to go too much into underselling--

8 MS. MENDOZA: Are you talking about comparing  
9 the--Julie Mendoza--the Turkish pricing? Or, I'm sorry, the  
10 Indian pricing to the Chinese pricing? Or to the U.S.  
11 pricing?

12 MR. JONES: To the U.S. pricing.

13 MS. MENDOZA: Okay. Well, you know, again, when  
14 you're dealing with a luxury product, it's not all--the  
15 value difference is not all utilitarian or appearance,  
16 right? I mean, in part it's due to the fact that the  
17 products for various reasons have been able to sell  
18 themselves as a premium product that's very desirable. I  
19 mean, people want to brag about having Cambria in their  
20 kitchen, right?

21 So when you say, oh, well they look the same, I  
22 mean maybe they do look the same to us, right? But the fact  
23 of the matter is that Cambria has consistently been able to  
24 convince people to pay a lot more for that product. I don't  
25 know if you were here for the Chinese hearing, but, you

1 know, I was teasing Mr. Cameron about the fact that he had a  
2 Brioni suit on. And I said why are you willing to pay so  
3 much money for a Brioni suit if it looks exactly like a  
4 suit that you could buy off the racks, right? And the  
5 answer is "branding," right?

6 So I don't think you can say that just because  
7 the products are all quartz and, you know, everybody makes  
8 white, necessarily answers the question of why there are  
9 very significant price differences. And I can explain it,  
10 but the fact of the matter is the data prove it, and they  
11 prove that they've been able to maintain that difference for  
12 a very long period of time.

13 So it's not an anomaly. It's a reality of what  
14 the markets have looked like for three or four years.

15 MR. SHAH: This is Rupe from MSI. I'm a little  
16 confused by when you say the products are the same. So from  
17 my perspective, India is even more simpler produced product  
18 than China. So take pure white quartz with large grains,  
19 right? That's pretty much the simplest product. Both China  
20 and India produced it.

21 China also produced, as you heard from the China  
22 case, some of these more mid- slightly higher priced  
23 products which were the hand-made Calacatta look. There's  
24 virtually no supply of that coming out of India. So India  
25 is the most base--in general, there are exceptions to

1 everything--but if you look at the predominant amount of  
2 imports being produced--product being produced out of India,  
3 it's the simplest of looks.

4           Second, I think it would be very interesting--I  
5 know we submitted some information in the China hearing and  
6 we're happy to do it again--is take the top 10, 20, 30  
7 products we sell from India. We'll put pictures of them.  
8 And get skew level data from Cambria or any of the other  
9 U.S. producers, I think you'll find it will be obvious to,  
10 quite frankly, even my 4-year-old son the differences.

11           MR. JONES: Mr. Shah, one quick question on that.  
12 So are you saying this is a different like-product, then,  
13 when it was coming out of India?

14           MR. STOEL: No--Jonathan Stoen for the record--  
15 we're not arguing for a different like product. We're  
16 saying just like in China this is not steel, okay? We're  
17 not talking about a homogenous product. There are  
18 differences in the product. As I said before, you heard  
19 from the builders. They don't buy from Cambria.

20           Why don't they buy from Cambria? Because the  
21 products are different. They buy, as Mr. Shah said, a very  
22 basic white color that U.S. producers don't make. And  
23 that's clear, as I think Mr. Porter said and others at the  
24 China hearing, sometimes the data speak for themselves.

25           If all the products coming out of one country is

1 at 6 bucks and U.S. price is at 25 bucks, guess what.  
2 There's something different about those products. I mean,  
3 they just are different. You don't pay that kind of  
4 differential for nothing.

5 And I think that's the situation here with  
6 respect to, frankly, both Turkey and India. The products  
7 are different. They may not be different in terms of the  
8 chemical composition, but they are different.

9 Also I want to make just one point about what Mr.  
10 Shah said. I said it earlier, but I'll say it again, you've  
11 asked a lot of things of Cambria in these cases, and they're  
12 the ones who started these cases so you need to ask them  
13 questions. Commissioner Kearns asked them for skew data at  
14 the hearing. You'll remember that. And that was because we  
15 showed two price lines. We showed China prices going down,  
16 and guess what the U.S. prices were doing? They were going  
17 up.

18 And Commissioner Kearns said, I'm really confused  
19 about this. And he asked Cambria and its lawyers to provide  
20 skew data. And in response, Cambria didn't do it in the  
21 China hearing. And I think that's really telling. They  
22 don't have an answer to this. The bottom line is the  
23 U.S. prices have been going up. U.S. producers have been  
24 selling at higher prices. Cambria tried to tell you this  
25 morning that they weren't raising prices. That's not true.

1 They said in their briefs they were raising prices.

2 They also have created a whole new product line.  
3 They created a new product line that they increased the  
4 price very, very substantially on those new product lines.  
5 They even called it, I think, the Premium Line or something  
6 because it was even higher than the already high prices.

7 So don't be fooled. I just have to be clear.  
8 Don't be fooled by this. This is a U.S. industry that is  
9 raising prices and, again, we want them to do well. But  
10 this is not a situation where very, very small quantities of  
11 imports of Turkey and out of India are causing any harm to  
12 them.

13 MR. THESING: This is Joe Thesing from Wilsonart,  
14 just a quick comment. When you talk about different  
15 products, you know, I think you -- the terminology you're  
16 using interpreting is in the China questionnaire where you  
17 had different types of designs into different product  
18 categories, one through six.

19 But, just from a business standpoint, the way we  
20 look at it it's a design business and even if the actual  
21 manufacturing, it may be the same manufacturing line, the  
22 same equipment, country to country, when you get into more  
23 -- there's some designs that are more complex and harder to  
24 make, and then there is some that are just more popular, and  
25 whether they're harder to make or not, they can command a

1 higher price, or you can wrap more around them in terms of  
2 image, service, you know, things that they do with your  
3 marketing and promotion that you couldn't -- even if you did  
4 it with basic white, you wouldn't sell anymore.

5 So, I would urge the Commission to look at the  
6 segmentation by design because that's how we, Wilsonart,  
7 look at it. We're a design business. We sell decorative  
8 surfaces across various materials and the common denominator  
9 is what's most on trend and what's most in demand. That's a  
10 major driver of what sells.

11 Sure, price is an issue in certain segments,  
12 other things, and there are some segments I think as Arizona  
13 Tile testified that we don't care about, some sort of,  
14 sometimes designs are not preferred because they might go  
15 out of style, you know, if you shop in the high fashion  
16 district and you replace your clothes every season, you can  
17 get the most current thing.

18 If you build a multi-family residence that's  
19 going to be there for a number of years, you might not want  
20 to get the hot color design this year, so that's the only  
21 point that the market is segmented by certain design  
22 categories, features and both customer preferences.

23 MS. PETERSON: Emma Peterson, and you know, you  
24 guys already have this data, kind of, with the pricing  
25 products, right? I mean you have a sample of several

1 different designs, and regardless of which design you're  
2 looking at, U.S. producers are doing well. Their prices are  
3 going up and you know, so I completely understand that this  
4 is everybody's, you know, experience in this market, but as  
5 far as the data goes, it's really very simple.

6 I mean regardless of what the Chinese product,  
7 the Indian product, the Turkey product is priced at, U.S.  
8 prices are doing well and there's a price differential and  
9 that's been sustained over a long period of time.

10 So, all we're saying is that, you know, these  
11 segments that we're kind of talking about are just  
12 explaining that these data exist, and you know, the data are  
13 there regardless and this is just basically an explanation  
14 and a way to understand what's going on in the market.

15 MR. JONES: Thank you, now this is the last thing  
16 on this. I wanted to follow-up with a couple things that  
17 were mentioned. So, the differences in the product, we've  
18 gone over that but basically what was said was there's very  
19 much increased demand in the home market in the EU for  
20 Turkish and Indian product.

21 I think more specifically Indian product, so just  
22 looking at that, just based on the data that we're seeing,  
23 that's not really reflective, and also what Mr. Stoel said  
24 previously, was the market's top dollar.

25 While the data is showing that shares of

1 shipments for home market shipments for cumulated shipments,  
2 excuse me, they're cumulated home market shipments -- this  
3 is for the two Indian/Turkish producers. They're actually  
4 decreasing, so we're looking at that, so we're seeing a  
5 decline in home market shipments in terms of shares, and  
6 then we're seeing increases in exports.

7 So, just based on that and that these producers  
8 are tapped out for the EU in the home market, it doesn't  
9 seem to reflect that in the data.

10 MS. MENDOZA: This is Julie Mendoza again. I  
11 would suggest that if you add the home market shipments in  
12 projection for 2019 to the projections to other markets, and  
13 compare that number to the exports to the U.S., you're going  
14 to see that they're very, very close.

15 And so, I think that I mean we can get into this  
16 in post-hearing obviously, but if you look at it, I mean  
17 it's not -- it's not right to say that they're totally  
18 focused on the U.S. I mean I think that if you add the --  
19 as I said, if you add the home market shipments to the  
20 shipments to other markets, you're getting pretty close to  
21 that U.S. projection figure.

22 MR. STOEL: Mr. Jones, this is Jonathan Stoel.  
23 We'll, from avid Turkish producers, we'll address this  
24 post-hearing. I just wanted to point out when, my point is  
25 they're at very, very fully capacity utilization and usually

1 what the Commission is worrying about is that there's some  
2 excess capacity that's going to somehow flood the U.S.  
3 market from India or Turkey, and that's just not the case.

4 MS. MENDOZA: This is Julie, I would also just  
5 point out something which you may have already seen which is  
6 that some of the producers who added capacity -- it takes a  
7 while for that capacity to come onboard and a lot of the  
8 companies, although I know somebody was bragging about doing  
9 it in as little as I guess six months or something.

10 But the reality is that it takes a significant  
11 amount of time to do that, so I think what you're seeing  
12 there is adding capacity, taking awhile to get established,  
13 and then reaching a pretty high degree of capacity  
14 utilization by the projection years and that being taken up  
15 by -- you're right, increases to the U.S. market, definitely  
16 not denying that but again, we're suggesting that in that  
17 import segment, which is not being served by Cambria and  
18 other U.S. producers, there is a demand for imports and  
19 those imports are you know, are competing.

20 MR. JONES: Thank you. Just shifting over to  
21 what production, as far for the Indian and Turkish  
22 producers, so in terms of production, is what is exported  
23 here to the U.S., is it solely slabs or are we seeing  
24 fabricated or pre-fabricated, or at some point the CFF USP,  
25 the acronym we came up with, that a lot of people don't

1 like, but is there any -- what's the -- I would say the  
2 ratio of what's coming in as far as you know to the U.S. in  
3 terms of not just slabs, but all the acronyms we came up  
4 with and then also the glass slabs.

5 MR. STOEL: Mr. Jones, Jonathan Stoel for the  
6 record. We'll address that post-hearing.

7 MS. MENDOZA: We will as well, this is Julie  
8 Mendoza.

9 MR. JONES: Great, thank you, I have no other  
10 questions.

11 MS. HAINES: Mr. Goldfine?

12 MR. GOLDFINE: Good afternoon, thank you all for  
13 being here. With respect to -- and I'd like to get just a  
14 more, a better sense of kind of the legal arguments that  
15 you're making this morning, this afternoon.

16 With respect to -- this is a prelim  
17 investigation, and as you know, you know, often the  
18 Commission will say, you know, we'll look at this more in a  
19 final, where the record is limited or it doesn't have enough  
20 information or there's conflicting information, so with  
21 that in mind, for purposes of the prelim, and I understand  
22 you reserve your right to make whatever arguments you would  
23 make if this were to go to a final, do you agree or will you  
24 accept the proposed like product definition of the domestic  
25 industry here for one like product, cost extensive with the

1 scope?

2 MS. MENDOZA: We do, this is Julie Mendoza.

3 MR. GOLDFINE: Is that a -- if any other counsel  
4 has any, I'm just making sure everyone's in agreement or  
5 maybe you're speaking for everyone?

6 MS. MENDOZA: I am.

7 MR. LEVINSON: She usually is.

8 MR. GOLDFINE: Good, that makes it even go  
9 faster.

10 MR. LEVINSON: This is Lizbeth, we would agree  
11 for purposes of preliminary.

12 MR. GOLDFINE: Okay. And then I know there was  
13 an awful lot in the China final and its ongoing right now  
14 about fabricators, and you've you know, you've heard this  
15 morning from the panel and you all, so but I guess I would  
16 pose the same question for purposes of the prelim, since we  
17 didn't collect on fabricators in this prelim.

18 Now we have the record in the final, so would you  
19 like us to -- should we be, basically I'll put it this way,  
20 I'll put it the same way I asked Mr. Schagrin. Would it be  
21 reasonable to just you know, see what the Commission does in  
22 the final where it has a fuller record and for purposes of  
23 this prelim, you know, we would use that to inform our  
24 analysis here?

25 Or, well, how about that?

1 MS. MENDOZA: You know, to be honest, I think our  
2 -- at least my position, others can speak, but I don't think  
3 it matters. In other words, I think that regardless of  
4 whether fabricators are in and out on this record at a  
5 prelim because of the extensive information you have about  
6 this industry and the complete questionnaire responses, you  
7 can reach a decision that there's no material injury.

8 I mean, in my mind, Respondent's are arguing for  
9 trying to include the fabricators as part of the domestic  
10 industry because we believe that that's appropriate. But I  
11 guess I would take the position that whether or not you  
12 follow your precedent in the China case, really is not  
13 relevant on this record because it is overwhelmingly  
14 apparent that even without the fabricators in this market,  
15 there isn't any injury to the domestic industry or threat.

16 MR. GOLDFINE: Okay, but your position is they  
17 should be included?

18 MS. MENDOZA: Yes, it's the position I believe of  
19 all the Respondents that they should be included, but again,  
20 it's only because we believe that's the appropriate way to  
21 look at the industry.

22 MR. GOLDFINE: Okay, I guess with that in mind,  
23 then the same question I asked Mr. Schagrín, with that in  
24 mind, since we didn't collect, what data in the record in  
25 this prelim would you be pointing to, you know, on the six

1 factors, if you're not going to accept their argument that  
2 they're not included, what data would you?

3 MR. STOEL: Mr. Goldfine, Jonathan Stoel, granted  
4 you're asking the right questions, but I think we can help  
5 you be brief here. We'll put data on the record in our  
6 post-conference brief.

7 We believe fabricators should be part of the  
8 domestic industry. We know the Commission is going to you  
9 know, make a decision on the 11th, and I think none of us  
10 can use the word precedent, because I don't think that's  
11 appropriate, but we'll understand if you apply the same you  
12 know, standard in this particular proceeding.

13 Obviously, we're going to do what we have to do  
14 but the information on the record showing, I believe,  
15 fabricators are part of the domestic industry.

16 MR. GOLDFINE: Thank you, I appreciate that. And  
17 if there are any related parties' issues, we'd appreciate it  
18 if you'd address that in your post-conference brief if  
19 you're going to argue any firms are excluded. Do you take a  
20 position on that at this point or?

21 MR. STOEL: Well I think we, again we addressed  
22 this in detail in our post-hearing brief.

23 MR. GOLDFINE: Okay.

24 MR. STOEL: In the China case, but look, I mean  
25 they're trying to conflate two issues, you know, related

1 parties here, at least for fabricators, just because someone  
2 uses some imported quartz from Turkey, that doesn't make  
3 them a related party. They shouldn't be excluded from the  
4 domestic industry.

5 There's one particular domestic producer that  
6 there's some other issues about and I suspect they'll want  
7 to weigh in about that separately.

8 MR. PERRY: Also, I'd like to stay on the related  
9 party's issue. First, I agree. I think the China decision  
10 on June 11th is critical to what you're going to do about  
11 the fabricators. But I also agree with Julie, you've got  
12 enough evidence on this record right now to make a  
13 determination, even whether the fabricators are in or out,  
14 it doesn't matter, you've got evidence on this record.

15 And you've got -- what's unusual about this case  
16 is that it's going in technum with the China case, and  
17 you've got a lot of evidence you also developed in the China  
18 case. And that's -- you may be able to use some of that in  
19 the Indian case. I mean I don't know if you can do that,  
20 but that's an issue.

21 But I think the other side -- the issue of the  
22 related party's issue though is Commissioner Kearns in the  
23 China case will say can't we use the right of parties issue  
24 to push all the fabricators out?

25 And my response is what data are you talking

1 about? You get less than 1% of the industry. You don't  
2 know with 15,000 fabricators, who's using what? Who's using  
3 imports, who's using domestics, you don't know.

4 So, it's not like you can just sit there and say  
5 related party's provision, I'm going to throw out 15,000  
6 companies, you can't do it, that's my point. Well, my point  
7 again is I think Julie's right because of the timing of this  
8 case is very unique because it's conduct is in tandem with  
9 the China case. You've got a lot of evidence on this  
10 record.

11 MR. WESSEL: Jared Wessel. Just one other point  
12 to raise. In the China hearing, Mr. Davis referred to the  
13 Lexus partners as franchises, which is interesting because  
14 we don't have data either in that record or this record from  
15 those companies. So essentially if you believe Mr. Davis  
16 that these are franchises like he said, we don't really have  
17 a whole picture of Cambria's data because they haven't  
18 provided it either in the China case or in this case. I  
19 mean, we don't have a full view of Cambria. And I think as  
20 the Petitioner, and again given Mr. Davis's referring to  
21 these as franchises, I think that's Cambria's error.

22 MR. GOLDFINE: And with respect to negligibility,  
23 would you--what is your position there in terms of whether  
24 both, as the Petitioners have argued, that both India and  
25 Turkey are non-negligible for present injury. Would you

1 address that in your postconference brief?

2 MR. STOEL: Mr. Goldfine, Jonathan Stoel. At  
3 least for Turkey, you know, the Petitioners say that Turkey  
4 is negligible. And so--

5 MR. GOLDFINE: Well it said that in the Petition,  
6 but then they said--

7 MR. STOEL: Our position for today, and we'll  
8 expand on this in the posthearing, is that they're bound by  
9 what they said in the Petition. They can allege that there  
10 is a possibility of going above 3 percent. We understand  
11 that. But they're bound by what they said in the Petition.

12 And also I think you heard some murmurings about  
13 cumulation. There should be no cumulation for purposes of  
14 material injury between India and Turkey. They alleged  
15 threat, okay? They did not make any material injury claims  
16 with respect to Turkey. So you can't cumulate Turkey and  
17 India for purposes of these investigations. You have to  
18 treat them separately, and again certainly for Turkey we  
19 believe the only possibility is to consider them as a  
20 threat. And of course we don't believe there is any  
21 threat.

22 MR. GOLDFINE: Okay. Well they--you know, I'll  
23 be interested to see what, you know, what you say on that in  
24 your postconference brief. But to the extent you want to  
25 address the data that they've now, you know, that they're

1 pointing to that Turkey is non-negligible for present, it  
2 might be helpful to see that, if you have a response.

3 MR. STOEL: Yeah, we will. We've looked at all  
4 the Commission precedent. And I think, again, if you look  
5 at what they filed in the Petition, they can make changes  
6 later on but they're bound by what they said in the  
7 Petition. And particularly I think it's important when it  
8 comes to cumulation. The cumulation statute talks about  
9 what happened at the time the Petitions were filed. It's  
10 not about what happens after the Petitions were filed. So  
11 did they file Petitions on the same day?

12 MR. GOLDFINE: I'm talking about negligibility,  
13 which we look at, as you know, the 12 months preceding the  
14 filing of the Petition.

15 MR. STOEL: But you just said "prior to the  
16 filing of the Petition." Again, they filed the Petition,  
17 and the data they had--we'll deal with it in the  
18 posthearing.

19 MR. GOLDFINE: Okay, we appreciate that. And so  
20 to be clear, then, your position is for negligibility that  
21 India is non-negligible, but Turkey is negligible for  
22 threat?

23 MS. MENDOZA: Yes. I know Mr. Schagrin is going  
24 to be shocked, but we admit that India is not negligible.

25 (Laughter.)

1 MS. LEVINSON: This is Liz Levinson. We also  
2 admit that India is not negligible.

3 MR. GOLDFINE: Okay. And cumulation, obviously  
4 whatever decision the Commission reaches on negligibility  
5 will inform our cumulation analysis. So to that extent we  
6 invite you to address cumulation either for threat and  
7 present, or both, or neither. Whatever you want to do in  
8 your postconference brief.

9 MR. PERRY: Mr. Goldfine, just one little  
10 comment. Take a look at a case called "Industrial Belts."  
11 In that case the Commission went threat. And based on the--  
12 the key vote was threat, and they decumulate.

13 MR. GOLDFINE: Okay. Now--so I understand your  
14 attenuated competition argument, is your argument that there  
15 is no customer overlap? Or that there's some customer  
16 overlap? Or that--which is it?

17 MS. MENDOZA: Well we're not arguing that there's  
18 no overlap, right? Because as a matter of economic  
19 principle you don't have these hard and fast rules. I mean,  
20 markets operate in ways that don't allow for perfect--  
21 perfect arguments about how there's no competition.

22 I think what we're saying is that the competition  
23 is very, very attenuated for two reasons. One, it relates  
24 in part to the markets in which they sell. But again that's  
25 not a hundred percent. But the driving factor, as we've

1 said, is really the ability to set themselves out as a  
2 premium supplier, right? As a supplier that somebody who  
3 wants a luxury product, a fashion luxury product, is going  
4 to go to and buy from.

5 And that is the reason that they have been able  
6 to maintain that degree of price difference. If they were  
7 directly competing, there's no way over an extended period  
8 of time you would see that price distinction, and that you  
9 would see U.S. prices rising.

10 So we're not arguing that there's no competition.  
11 We're just saying the data proves the point that there's  
12 limited competition. And the reason it's limited is because  
13 of, you know, Cambria's ability to market and sell their  
14 brand in such a successful and strong way that people  
15 associate Cambria and CaesarStone with the high end product.

16 I mean, people walk in, you know, at the China  
17 hearing, Mr. Schagr in said, why would anybody walk in and  
18 pay \$2,000 more for a slab? Well, the answer is, the same  
19 reason people would walk in and buy--pay \$2,000 more for a  
20 luxury purse or pocketbook versus one that you get a Macy's.

21 I mean, the reasoning is the same. Is there some  
22 competition between those two pocketbooks? Yeah. Of  
23 course there is. Just like there is in this market. But  
24 the fact of the matter is that they have been extremely  
25 successful at creating a distinction that people, whether or

1 not it's in the eye of the beholder, whether  
2 appearance-wise you can tell the difference--I mean, people  
3 have different opinions about that. But the reality is that  
4 consumers don't perceive them to be the same. It's an  
5 unusual case because of the consumer product, right? I  
6 mean, you guys don't have many products where, you know,  
7 you're selling directly to a homeowner, right?

8 So the considerations that go into that are a lot  
9 different than the considerations that go into a company  
10 buying a steel product, for example. So you have to really  
11 be able to analyze this case and the conditions of  
12 competition in a unique way. You can't just take your usual  
13 model and say, okay, well let's see if there are physical  
14 differences.

15 Well physical differences might be part of the  
16 story, but there's a lot more to the story than that. And  
17 there's a lot more reasons why people are willing to pay  
18 more for that product.

19 MS. LEVINSON: Mr. Goldfine, this is Liz  
20 Levinson. I just want to emphasize that you have a number  
21 of industry witnesses in this room, and I don't think any of  
22 them has said that they feel that they're competing with  
23 Cambria. At least my client, Kelly Hobbs from Wilsonart,  
24 very specifically explained that he is not--that none of his  
25 customers are saying, oh, we're thinking of buying from

1 Cambria and here's Cambria's price and would you be willing  
2 to match that?

3           You know, I don't want to speak for you, Kelly,  
4 but that's just not the way the market works. And I think  
5 that you--

6           MS. MENDOZA: This is Julie Mendoza. I mean I  
7 think what I would say to that, though, is we don't have to  
8 prove that. Okay? I mean, that's not--in order to show  
9 that there's no injury from these imports, we don't need to  
10 show that there's no competition. What we need to show is  
11 that competition is sufficiently attenuated that the U.S.  
12 producers' volumes and prices are not affected by subject  
13 imports. And that's what we're proving.

14           And by arguing about segments, I mean different  
15 people in this group, as you've probably gathered, have  
16 different opinions about these things, right? Just like  
17 all of us do when it comes to these types of products. But  
18 at the end of the day, I don't think any of us think that we  
19 have to prove that there's no overlap of competition.

20           MR. GOLDFINE: Of course Ms. Levinson just said  
21 there's no overlap.

22           MS. MENDOZA: She's saying from her client's  
23 point of view, they don't see it, right?

24           MR. GOLDFINE: No, I get it. But I guess what  
25 your argument is, is it your argument that--and if I'm

1 over-simplifying this, please tell me--but I hear you saying  
2 there is some overlap, or some competition, but the price  
3 differential is so big that that's your main evidence that  
4 there's attenuated competition here?

5 MS. MENDOZA: It's not just that the price  
6 difference is so big. It's that it's been sustained over  
7 such a long period of time, okay? And in fact prices don't  
8 move together. If you look at the pricing categories, U.S.  
9 producers are going like that (indicating). I'm overstating  
10 things, right? I mean, you'll have to look at it.

11 And the imports are under here (indicating).  
12 There's no relationship between the two. Why aren't they  
13 moving together? They're not moving together because  
14 they're competing for different types of customers, right?  
15 So I'm not just saying, oh, prices are lower. Because  
16 usually the Commission looks at this and what do they see in  
17 most cases? They see imports underselling the domestic  
18 producers by 15 percent, right? 10, 15 percent in steel  
19 cases, at least that's been my experience.

20 And then what happens is that the imports come  
21 into the market, and the U.S. producer prices drop. Okay?  
22 So they can't sustain--the U.S. producers can't sustain the  
23 price levels for very long.

24 Here, using the China record as well, you see an  
25 industry that has absolutely maintained that amount of price

1 difference, and imports haven't pulled down those prices at  
2 all. And it's--it's just a phenomenon, and I think it's  
3 difficult to impose your general view of industrial products  
4 and how they work, and how people compete in things like  
5 pipe and tube, or steel nails, or anything like that,  
6 because you're dealing with a product here where, you know,  
7 all these individuals are involved. All these consumers are  
8 involved in buying these products.

9           Now a lot of these guys sell much more to the  
10 builder segment. You know, the much more commercial  
11 segment. But again, does Cambria sell in the commercial  
12 segment? Probably, but they sell to high end commercial  
13 segments, right? So that's all we're saying. It's not like  
14 you can draw a line around it and say, okay, this is the  
15 Cambria segment. And these are the other segments. But I  
16 don't think we need to do that. I mean, I think the  
17 evidence on its own proves that there are these vast  
18 differences.

19           MR. WESSEL: Mr. Goldfine, if I could just add  
20 one thing. I totally agree with what Julie said about the  
21 data, but you can just listen to what Cambria has said  
22 repeatedly in other fora. When they have not been before  
23 the Commission, a lot of times in litigation against their  
24 former Lexus partners, they've--the documents show that  
25 they've said they don't compete in the builder segment.

1           John Brecht, who was the senior vice president  
2           who led the Lexus programs, said we don't sell in the  
3           builder program to Lakeside, a company that Mr. Jorgensen  
4           mentioned, and basically told them go sell granite. They  
5           even have a name for it in Cambria. It's called "The Omaha  
6           Program."

7           And what the Omaha Program is is that they want  
8           their Lexus companies to sell granite to the builder  
9           segment, and then sell high-end Cambria to the high-end  
10          segment. They literally have a name for how they believe  
11          the market is segmented between the builder segment. And  
12          they have said that they don't serve the builder segment,  
13          and that for some of the Lexus companies they need to serve  
14          that with granite. And they've essentially abandoned that  
15          market.

16          And the fact that Chinese imports have come in to  
17          serve that builder market, we don't think that's a sign of  
18          injury. It's a sign of the fact that Cambria in its own  
19          words does not serve that part of the industry.

20          And the only other thing I will say is that in  
21          the China case when asked about the builder segment, the  
22          only evidence they have provided was a 2005 contract. The  
23          best they could do for the builder segment was 2005, which  
24          just shows that they don't compete in that segment.

25          MS. PETERSON: Emma Peterson, Morris, Manning.

1 Just to add one more thing. You asked if, you know, the  
2 sustained price difference was the only evidence. And I  
3 just wanted to add that in addition to the huge price  
4 difference, they also have a domestic industry that has  
5 increasing capacity, increasing production, increasing  
6 shipment sales, asset values, cap X R&D, right? I mean,  
7 there are a lot of indicators and a lot of evidence that  
8 demonstrates this industry is doing well, and all we're  
9 saying is that's hard to reconcile if they're really  
10 competing with these volumes of imports that are coming in.

11 MR. GOLDFINE: Okay. Thank you for that.

12 With respect to nonsubject imports, is your  
13 argument that the nonsubject imports are causing injury to  
14 the domestic industry?

15 MR. STOEL: Mr. Goldfine, Jonathan Stoel. No,  
16 that's not our argument. And you don't have to examine  
17 that. That's not what's required by Brask, Mittal, and  
18 other cases. The question is how are they competing in the  
19 market. And again I go back to where I said in our opening,  
20 in my opening comments this morning and then again this  
21 afternoon. This is a market that needs supply.

22 I mean, the reason why you have the subject  
23 imports, and the reason why you have the nonsubject imports  
24 is because there's a shortage of supply. And I think when  
25 you're talking about nonsubject imports, you will be

1 thinking about China. But as Ms. Mendoza and I pointed out,  
2 it's also Spain. It's also Israel. CaesarStone is export  
3 lots and lots and lots of product to the United States.

4 So there is just a huge amount of supply that's  
5 coming to the U.S. to meet the structural deficit. And so,  
6 yes, absolutely from a federal circuit law standpoint, you  
7 have to analyze what nonsubject imports are doing in the  
8 market. That doesn't mean they're causing injury, to be  
9 very clear. We believe the domestic industry is doing very  
10 well, as my colleague just pointed out. All these  
11 indicators are rising.

12 Cambria has been raising prices over and over  
13 again, over and over. They created a whole new line of  
14 products that they raised the prices by 25, 30, 35 percent.  
15 That's not injury.

16 So we don't believe it's a question of injury,  
17 but you do have to look at how nonsubject imports are  
18 competing in the market. And clearly when you have a lot of  
19 different imports in the market, the Commission is required  
20 to analyze that.

21 MR. GOLDFINE: Thank you for that and lastly, and  
22 Miss Mendoza you discussed this earlier, but just so I  
23 understand the argument though, is your argument -- if you  
24 could go -- and this is in your post-conference brief, but  
25 it would be helpful as to your argument why there's no

1 material injury here with respect to, you know, throughout  
2 the POI or each year of the POI specifically 2017 and 2018,  
3 you know, that would be helpful to sort of lay that out.

4 I think you brought up some of that already, but  
5 --

6 MS. MENDOZA: We would be happy to do that. I  
7 think we also suggested, and we'll be addressing this in the  
8 post-hearing brief that the Commission should look very,  
9 very carefully at the 2018 data for Cambria.

10 For reasons that I can't discuss here, but I  
11 think it's very illuminating.

12 MR. GOLDFINE: Thank you, no other questions.

13 MS. HAINES: Ms. Larsen?

14 MS. LARSEN: Good afternoon, Aimee Larsen, Office  
15 of Economics. I want to start with a few questions I asked  
16 the Petitioners early this morning and I believe the  
17 Respondents already have a position on this in the China  
18 case, but I just want to make sure I'm correct and it's on  
19 the record for these investigations.

20 Is it your position that substitute products such  
21 as granite and marble affect the price -- impact the price  
22 of quartz service products?

23 MR. STOEL: Miss Larsen, this is Jonathan Stoel.  
24 We actually did on behalf of our clients, we did actually  
25 address this in significant detail in the China case and in

1 response to Commissioner Schmidlein's excellent questions,  
2 we'll address it again.

3 But look, clearly there's a relationship between  
4 granite and quartz. I think you've heard from several  
5 witnesses, and these are just facts. We're not talking  
6 about economic theory. As quartz supply has run out, where  
7 have builders in particular, turned to?

8 They turned to granite and that's not surprising.  
9 Number one -- they know granite as Mr. Shaw testified. It  
10 used to be the number one product for countertops, so it's  
11 the product that's known.

12 And number two -- if you can't get supply or at  
13 least not supply that is at a price that you could install  
14 countertops, you're going to turn to something else, so I  
15 think you've heard from several witnesses that granite  
16 demand is going up and that's just because there's this huge  
17 shortage of quartz that -- sorry I keep talking about it  
18 again and again.

19 There's a huge shortage, so people are turning to  
20 alternative supplies and granite is certainly one of them.

21 MS. MENDOZA: Julie Mendoza, I would just add one  
22 thing to clarify Petitioner's counsel's testimony. He was  
23 talking about trying to compare quartz to granite, and I  
24 think he was confused about -- I think he was thinking that  
25 granite was like marble, but it's completely different.

1           I mean, he was suggesting that, you know, if you  
2 put in a granite countertop, you know, in six months it's  
3 all stained and ruined, and while that is somewhat true, I  
4 think of marble -- the reality is with granite, I mean  
5 people have -- I mean granite is very hard material.

6           So, I think his whole argument about how nobody  
7 would ever substitute the two because the physical  
8 differences are so great, you know, that no one would ever  
9 do that I think is just wrong. I think he's confusing  
10 marble with granite.

11           MR. SHAH: I would just highlight the lobby of  
12 this building as well as the two sides are made of granite  
13 from GSP hearings I was on. My understanding is those have  
14 been installed for over 30 years in this building.

15           During the break I went looking for stains, I  
16 couldn't find any.

17           MS. MENDOZA: I have granite in my house.

18           MS. BEDROSIANS KOSTERS: This is Marisa  
19 Bedrosians Kusters. Just to add to that, I mean granite I  
20 think you could make the argument that granite is more  
21 durable. It is the most durable natural stone countertops  
22 that you could install in your home.

23           It can also be installed outdoors, you can  
24 install granite on floors, unlike quartz, so quartz you  
25 can't install outdoors, you can't install it on floors, you

1 know, you shouldn't even install it in areas where like the  
2 sun could come into your house because it could fade, and  
3 then the other half is in the shaded area will be a  
4 different color, and so granite is a very durable product  
5 and it's definitely a product that builders would return to  
6 if quartz was basically eliminated from the market.

7 MS. LARSEN: Well that goes to my next follow-up  
8 question. Mr. Shah, for example you mentioned that you have  
9 some orders on hold or some delays. Has your company  
10 switched to granite, have you seen any kind of shift yet?

11 MR. SHAH: The shifts are happening as we speak,  
12 so obviously when you have build-up programs, first you  
13 start running into supply issues, right? So, and this is  
14 happening nationally where closings are actually getting  
15 delayed because the countertop isn't going in, right?

16 And so, eventually then they come back and say  
17 well let's switch to something where there is supply, and  
18 they'll search the world for quartz supply, come up with  
19 nothing, and then switch over to granite.

20 So, that time lag probably takes four to five  
21 months. It's in the process of happening. We've started to  
22 see, I think you heard someone say, you know, the  
23 multi-tenant guys in six months haven't put quartz in.

24 We're starting to see it happen. I think it will  
25 become most pronounced if you just go through the time lag

1 for a builder to switch out homes, switch out the packages  
2 for consumers, it takes three to four months for that to  
3 really play out.

4 MS. LARSEN: If you guys have any evidence of  
5 that beyond the testimonials that you could put on the  
6 record, that would be helpful. What is an average price  
7 differential between granite and quartz? Is it similar, or  
8 are we talking about different universes in prices?

9 MR. SHAH: So, we had submitted that in the  
10 post-hearing. We're happy to do it. I'll speak in  
11 generalities. There's, similar to quartz, granite caters to  
12 different segments of the market -- the vast majority of  
13 granite would go into the mass market and then I'm sure all  
14 of you have seen some very exotic granite that speak to the  
15 luxury side.

16 But we've submitted pricing data, we're happy to  
17 do it again to show you the price difference on an average  
18 selling price basis, it's a little lower than quartz.

19 MS. LARSEN: Thank you. Just to kind of close  
20 out some of my little checked boxes, Mr. Hobbs, you  
21 mentioned warranties briefly in your testimony. Are  
22 suppliers offering a warranty as standard in the industry?  
23 I haven't seen that from the purchasers.

24 MR. HOBBS: Yeah, in the quartz industry it's  
25 typical to offer anywhere from like 10 year to a limited

1 lifetime warranty.

2 MS. LARSEN: And that's pretty standard between  
3 all suppliers?

4 MR. HOBBS: Yes.

5 MS. LARSEN: We talked a lot about prices right  
6 now. In the market with blooming demand, why are we  
7 expecting anything but rising prices? Why should you claim  
8 prices from subject imports be expected?

9 MR. THESING: This is Joe Thesing from Wilsonart.  
10 Just I'm not speaking from our you know, prediction or  
11 experience, but we find the technological innovation can  
12 lead to more competitive pricing. There's been some  
13 castigation, I think from the Cambria side of the Chinese,  
14 you know, methods and manufacture.

15 There's other ways other than Breton Stone  
16 machinery which Breton did a very good job themselves  
17 marketing as a high-end and branded, and all sorts of bells  
18 and whistles and ping, you know, that's why it cost 60  
19 million dollars to put one in maybe, on average.

20 But there are numerous other ways to make quartz  
21 and whether those ways are suitable for you know, the labor  
22 force or the environmental, or the raw materials that are  
23 close by, there's a number of factors that go into it.

24 But technological innovation is one area where  
25 prices actually, you can, can actually put downward pressure

1 on prices and it's very legitimate, it's not illegitimate,  
2 at all, as Cambria's counsel was suggesting. There's  
3 nothing illegitimate. In fact, one thing that Cambria's  
4 counsel incorrectly said all the U.S. producers use Breton  
5 technology -- it's not true.

6 U.S.A. quartz uses an alternate technology and  
7 Spectrum Quartz, their 22-million-dollar investment in South  
8 Carolina, it's understood in the industry that that's not a  
9 Breton technology.

10 MS. LARSEN: I can see that, but still with the  
11 market domination -- the market size that the imports  
12 dominate and demand, increasing more than 30% year on year,  
13 why aren't the imports taking advantage of this and at least  
14 keeping prices constant?

15 Is there any other drivers that are causing  
16 prices?

17 MR. THESING: We don't disagreement with them,  
18 it's Joe Thesing again, and I'll let those more familiar  
19 with granite, but we compete -- we're an engineered surfaces  
20 company, we do not sell quarry or natural -- what some  
21 people call natural stones. And those, you know, the price  
22 range is wide, for granites, and can overlap quartz and be  
23 lower, and can be higher depending on the design.

24 So, there is, you know, especially in the  
25 multi-family builder, et cetera, for the reasons stated by

1 the witnesses before, it's probably sensitive and even if  
2 you'd like to charge more, you can't because there are  
3 alternatives.

4 At a certain price point, our understanding is as  
5 a competitor of granite is that there is elasticity.  
6 Whether that's reached today right now in current prices, is  
7 another question, but at certain points we do agree with the  
8 testimony from the other Respondents that it will.

9 MR. STOEL: Ms. Larsen, I think in two words --  
10 market segmentation. Where has most of the imported quartz  
11 gone? It's going in the lower end, the builders, the  
12 commercial projects -- those are obviously much lower  
13 priced.

14 We're not, as you've heard again and again, Mr.  
15 Jorgensen is not trying to compete with Cambria. Others in  
16 this room are not trying to compete with Cambria. They're  
17 at a very nice high price and they're selling very well to  
18 the residential, what I call the mansion market.

19 But most, you know, a very, very high significant  
20 portion of certain subject imports from Turkey and India,  
21 are going to the lower end of the market and so it's not  
22 surprising that those prices are staying flat or even going  
23 down.

24 And you've heard from witnesses that they're  
25 competing, at least in part with granite, which probably

1 puts a ceiling to some extent on the price of quartz. If it  
2 gets too high, then you'll switch to granite as Mr. Shaw and  
3 Mr. Traxler and Ms. Bedrosians and others have testified,  
4 that's what you're starting to see now and so you'll just  
5 see less quartz being sold in the U.S. market, in the mass  
6 market.

7 I really hope that Cambria continues to do very,  
8 very well in the mansion market, that's not going to be  
9 affected by what's happening in the mass market.

10 MR. SHAH: So, just to make that a little  
11 more-simple, and if you just looked at the combined average  
12 selling price of granite and quartz, right, it's gone up,  
13 because quartz is a little bit more expensive in the mass  
14 market than granite, right?

15 So, as demand is increasing, the consumer is  
16 actually paying more for the installed countertop as things  
17 switched from granite to quartz. But there's obviously a  
18 limit to what that could be.

19 MS. MENDOZA: Miss Larsen, this is Julie Mendoza.  
20 The other thing I would just comment on is I think you're  
21 seeing you have a lot of imports in the market, right? So,  
22 I mean I don't think there's a doubt that there's  
23 competition among those imports, and whatever may be  
24 happening in the prices between them isn't affecting, you  
25 know, the Cambria's and the U.S. producers.

1           So, if you consider that in that market there is  
2 a lot of competition right, because there are a lot of  
3 countries that import products and who compete in this lower  
4 end part of the market. So, given that competition, I mean  
5 price levels are going to reflect that to some extent.

6           MS. LARSEN: Thank you.

7           MR. JORGENSEN: Alan with Bedrock Quartz, I'd  
8 just like to speak a little bit to your question. You know  
9 there's so many factors that go into what pricing is and  
10 certainly one of them is efficiencies. As I listened to  
11 Cambria's testimony earlier about their overall sales have  
12 dramatically risen over time and then but over time have  
13 flattened, and yet in the same, when the increase has  
14 flattened, they also talk about the same time and if their  
15 manufacturing used to be 7 days but it's gone to 5, but if  
16 I'm a manufacturer, I'd be thrilled with that additional  
17 efficiency because they're saying on the one hand, they used  
18 to run 7 days a week, but they haven't said their sales have  
19 dropped.

20           And now their manufacturing has come to 5 days,  
21 I'd be like I'd be celebrating, I've found increased  
22 efficiency and so I have an opportunity to take more profit  
23 or perhaps to adjust my prices downward because I've become  
24 more efficient.

25           MS. LARSEN: Thank you. I think I have one last

1 question, it's the most challenging is we've been talking  
2 about this market segmentation. There are real squishy  
3 lines with that. I don't feel like anyone has any kind of  
4 clear divisions.

5 It's almost like gradations of luxury to you  
6 know, the middle class, or the lowest more of a  
7 commodity/builder product. Two things that I'm kind of  
8 wrestling with is one, again, we have this market that's  
9 booming with demand.

10 We have U.S. producers who have spent a lot of  
11 money marketing, doing consumer awareness about quartz  
12 service products, the benefits of it. And then we have your  
13 testimony that says well, all U.S. producers -- I think we  
14 call them the domestic producers are all premiere suppliers  
15 and that they are choosing to only supply -- you gave some  
16 rough estimates Ms. Bedrosians Kusters, at 5% of the  
17 residential they service, right? They don't serve the  
18 builder market and they serve maybe just the high end of  
19 the commercial segment.

20 I'm not understanding why the domestic industry  
21 as a whole would choose to spend so much money on consumer  
22 awareness and then ignore such large portions of the market.

23 MS. MENDOZA: This is Julie Mendoza. I think  
24 again, this gets back to you're dealing with a very  
25 different consumer product industry here, not an industrial

1 product -- industry.

2 So, how do you make the most money in that  
3 segment? You make the most money by charging high prices.  
4 You don't make it on volume, that's not the goal. The goal  
5 isn't to sell as much as you possibly can and produce as  
6 much as you possibly can.

7 The goal is to keep your prices as high as  
8 possible and sustain them, okay. It's just a different  
9 marketing model. So, if you started -- if you're at  
10 Cambria, right and you've got a movie, you've got you know,  
11 this beautiful website with a wood look countertop and all  
12 these marvelous things, you can't just start dropping your  
13 prices and selling to everybody because it just undermines  
14 that whole image and that whole marketing that you've  
15 created for that product.

16 I mean it's not a volume business, it's a quality  
17 business, it's a marketing business and look at how well  
18 they've done. I mean it's a good decision.

19 MS. LARSEN: But is your stance to this that  
20 Cambria is the luxury provider or are you guys also saying  
21 that LG and the other domestic producers also follow that  
22 same model?

23 MS. MENDOZA: Yes.

24 MS. LARSEN: And then I would ask does that  
25 reconcile with what LG's testimony with -- remember they had

1 their supplier shoot the four different grades that they  
2 offered, does that still drive what we're talking about  
3 right now?

4 MS. MENDOZA: Yeah, of course because what  
5 they're saying is even in those grades, they're still  
6 selling into the premium market. I mean they're not  
7 disputing that that's where they're focusing.

8 So --

9 MS. LARSEN: Go ahead.

10 MS. PETERSON: I was going to say we could, you  
11 know, get LG's testimony from the attorney hearing and put  
12 it on the record here because LG's not here today so I don't  
13 think any of us want to say, you know, what exactly their  
14 position is.

15 But, you know, as you were just saying, they have  
16 stated they have a focus, and they have also clearly stated  
17 publicly that they're not injured by these imports, right?  
18 We had Jared talking earlier about Caesarstone and their  
19 investor presentation, I think it was, or earning call that  
20 they said they're at the top level of the market.

21 And then we have Cambria out giving interviews  
22 saying that you know, they don't -- they will not apologize  
23 for their price, and that's in that interview, that they  
24 think that you know, getting imports from China would  
25 cheapen the brand. And you know, this isn't just our

1 testimony I guess is my point, right?

2 This is LG coming here and saying and Caesarstone  
3 saying this to its investors and it's Cambria saying it in  
4 their interviews. You know, this is not something we've  
5 invented, this is something that's very clear and that you  
6 know, is on the public record.

7 MR. WESSEL: I think that what I think about is  
8 kind of the Coach handbag paradox. I think Coach handbags  
9 -- great handbag, but I think there were so much of them and  
10 so many people have them that it kind of lost the cliché  
11 from a Louis Vuitton, and it kind of went down to a more  
12 mass, and I think because of that decision they were not  
13 able to sell themselves anymore as a Louis Vuitton handbag,  
14 and I think you've -- and I think Cambria's made a very  
15 rational business decision not to, you know, sell to in the  
16 builder grade because of that fear of becoming a diluted  
17 brand like the Coach handbag.

18 I think you see it now and I think you also see  
19 it given the fact they you know, attempted to kind of move  
20 into these distributor networks to control the brand itself.  
21 You know, you see it in some of the other statements about  
22 Cambria being too -- statements that were stricken from  
23 Cambria's website about Cambria being too good for skews and  
24 for selling at the big box stores.

25 So, I, you know, they've tried to maintain that

1 brand as you know, kind of a Rolex and a Lamborghini, and I  
2 think rationally they decided that if everybody owns a  
3 Rolex, nobody owns a Rolex, and that's kind of their  
4 business strategy.

5 MS. LARSEN: I think the last thing I'd ask then  
6 is for counsel to look at the pricing data that we have from  
7 the domestic producers and kind of help me understand why  
8 that we have such large variations within what we're calling  
9 all premiere suppliers within the domestic producer pricing  
10 products?

11 MR. STOEL: Well they do -- this is John, I just  
12 want to point out that sometimes, you know, the explanation,  
13 there may be a lot of explanations, but the bottom-line, I  
14 think Ms. Mendoza and Ms. Peterson also said it. The record  
15 is strong here. This is not, I mean, you can look at all  
16 the explanations you want, and it can be that Cambria  
17 doesn't want to compete. It can be that Caesarstone is  
18 shipping from Israel and so they decided to slow down their  
19 U.S. production -- there's a lot of reasons why it might be.

20 But the bottom line is the data all shows no  
21 material injury and especially when you're talking about  
22 very, very small quantities of imports from Turkey and  
23 India. To me, this is the kind of case that should be  
24 terminated, you don't need to go further. We don't need to  
25 understand everything. All we need to say is look at the

1 data, there's no injury, that's enough.

2 MS. LARSEN: Thank you for your testimony. I  
3 have no other questions.

4 MS. HAINES: Mr. LaRocco?

5 MR. LAROCCO: Thank you all for coming this  
6 afternoon. I don't have any questions as of right now.

7 MS. HAINES: Mr. Jones?

8 MR. JONES: Hi, I just have one more question for  
9 -- this is for the Respondents, more specifically for  
10 Wilsonart. I'm just trying to get a better grasp of who  
11 Wilsonart is, and what they do. So, is there any  
12 partnerships or any structure there that is involved with I  
13 believe it's pronounced Hanwha, H-a-n-w-h-a?

14 MR. THESING: This is Joe Thesing for Wilsonart.  
15 I can address that. So, in the quartz business, we compete  
16 with Hanwha. We did distribute a Hanwha product called  
17 Hanstone, prior to 2015, prior to our branded entry, but we  
18 no longer have any relationship with that company in quartz.

19 The same company though, was also a supplier to  
20 us of acrylic resin and solid surface and we -- two years  
21 ago, entered a joint venture agreement with that company to  
22 build a solid surface acrylic resin manufacturing plant in  
23 Temple, Texas, and we just cut the ribbon on that two weeks  
24 ago.

25 Hanwha changed ownership to Handei, so if you

1 research this, you'll find Handei is now our partner, but  
2 it's on their acrylic resin solid surface, not quartz. So,  
3 we compete in quartz and they manufacture quartz in Canada  
4 and Korea.

5 And on solid surface we compete in the  
6 marketplace in the U.S. but we have a manufacturing joint  
7 venture where we each take certain -- so that's, I think  
8 that's not a part of this case if that was your question, or  
9 not relevant to how the case -- did that answer?

10 MR. JONES: Right, yeah, I'm just looking at a  
11 news release. It reminded me of it, it was one that came  
12 out in July 2017, Hanwha and Wilson Engineering Services had  
13 a joint agreement to build a manufacturing facility in  
14 Temple, is that the acrylic you're referring to?

15 MR. THESING: Yes, that's in Temple, Texas, and  
16 the acrylic resin solid surface, which also -- that product  
17 was originally invented by DuPont and branded Corian under  
18 their patent and everyone -- it's off patent, everyone makes  
19 the same thing, DuPont sells it as Corian, other companies  
20 sell it under their brands.

21 And so, that's a different product than quartz,  
22 entirely.

23 MR. JONES: And just following up on that. The  
24 facility up in Canada, is that DuPont owned, the quartz  
25 fabrication facility?

1           MR. THESING: The quartz fabrication and facility  
2 in Canada, Hanwha runs it and we have no -- again they are a  
3 competitor. They ship from there into the U.S. under the  
4 brand name Hanstone. Hanwha now Handei ownership, so they  
5 are a competitor there and they're not a U.S. manufacturer  
6 and they're not a supplier to Wilsonart.

7           MR. JONES: Great, thank you, if you don't mind  
8 just in the post-conference, could you guys supply some  
9 information or materials just showing what's going on as far  
10 as they're now a competitor, Hanwha as compared to last  
11 time, just for our reference.

12           Because we have one of our -- on our previous  
13 case for the China investigations, we had a news release and  
14 then the idea was that Hanwha and Wilsonart are basically a  
15 joint venture or they're more specific, they're one and the  
16 same, so.

17           MR. THESING: Okay, I'm sorry, if you got that  
18 impression, that's not actually the case in quartz. We've  
19 never -- since 2014, we have not been at all affiliated and  
20 2014 and before, they were a supplier to us and we used our  
21 company-owned distribution centers in Florida and a couple  
22 other places, and Florida and Georgia to sell their branded  
23 product and we made money as a distributor margin.

24           So, we can clarify that in the post-conference  
25 briefs.

1                   MR. JONES: Thank you very much, no other  
2 questions.

3                   MS. HAINES: Well, thank you again for traveling  
4 far and multiple times to provide us hopeful testimony. I  
5 guess we will move to closing statements.

6                   MR. BURCH: Closing and rebuttal remarks on  
7 behalf of those in support of imposition will be given by  
8 Elizabeth Drake of Schagrin Associates. Ms. Drake you have  
9 10 minutes.

10                   CLOSING STATEMENT OF ELIZABETH DRAKE

11                   MS. DRAKE: Thank you, good afternoon Miss Haines  
12 and Commission staff. My name is Elizabeth Drake from  
13 Schagrin Associates, here today for the Petitioner, Cambria  
14 Company LLC.

15                   First of all, I just want to take a moment to  
16 again thank the Commission staff for all of their hard work  
17 on this investigation and the China investigation. We know  
18 you are very busy, and these records are large and complex,  
19 but we believe the record of this preliminary investigation  
20 strongly supports an affirmative determination.

21                   We have a very quickly increasing volume of  
22 imports that more than doubled and took market share from  
23 domestic producers, therefore, the volume is significant by  
24 any measure. We have widespread underselling. We have  
25 declining import prices despite rising demand, and we have

1 price suppression and indications of price depression.

2 We also have a strong record of injury to the  
3 domestic industry not being able to participate in strong  
4 growth and demand, and a number of declines, especially  
5 recently in terms of curtailed production, idled facilities  
6 and laid-off workers.

7 And we have further evidence of threat of  
8 material injury if orders are not imposed. So, with this  
9 record in front of them, Respondents have chosen to deflect  
10 and point to a number of extraneous or tangential items that  
11 we believe are insufficient to detract from the strong  
12 record supporting relief.

13 First, just quickly with the issue of  
14 negligibility, I'm not aware of any case law that says that  
15 we are bound by the petition. Every case that we've looked  
16 at, the Commission looks at the most recent 12 months.  
17 Obviously, the most recent we have is March of 2019, which  
18 is before the petition was filed in May.

19 Large diameter welded pipe, many other cases, the  
20 Commission has looked at negligibility this way. Sometimes  
21 we get burned, sometimes the other side gets burned here in  
22 this case, it shows that Turkey is no longer negligible in  
23 this can be cumulated for the material -- present material  
24 injury determination.

25 With respect to the domestic industry. There's a

1 lot of emotion on this issue and I think that we are just  
2 basing our case on the law and on the facts, that there are  
3 numerous cases where the Commission has considered a  
4 domestic-like product that includes some product that's only  
5 slightly further manufactured than the upstream product.

6 And only those producers who perform sufficient  
7 production-related activities are included in the domestic  
8 industry. This is not something novel, this is not  
9 something we came up with, or some ulterior motives, this is  
10 a very common fact pattern that the Commission looks at and  
11 here we think that the facts clearly show that fabricators  
12 do not engage in sufficient production-related activities to  
13 be included in the industry, and therefore we are happy to  
14 leave them alone, and not force them to fill out long  
15 questionnaires if that is the outcome that they prefer.

16 And this is not out of any disrespect for  
17 fabricators, or any denigration of fabricators or any  
18 allegation that we somehow represent fabricators. It's  
19 simply based on the facts in the law. Obviously, Cambria's  
20 fabricators are very important partners for it to work with  
21 and Cambria itself fabricates.

22 They probably understand better than anyone the  
23 differences between fabrication on the one hand and slab  
24 production on the other. It's simply an outcome of looking  
25 at the law and applying them to the facts that fabricators

1 should not be included in the industry.

2 The steel cases that were cited by counsel are  
3 easily distinguishable, the only one where any of the  
4 processors were included was in the cut plank plate cases  
5 where they actually processed an out of scope product into  
6 an in-scope product, and therefore that was found to be  
7 sufficient for them to be domestic producers.

8 Here, obviously fabricators are simply further  
9 fabricating an end scope product into another end scope  
10 product in those activities -- on their own, they're not  
11 enough.

12 In terms of why other companies aren't here  
13 today, obviously we have a number of companies that are  
14 themselves dependent on imports and I think counsel this  
15 afternoon are well aware of company's own private and  
16 confidential statements to the Commission as well as any  
17 public statements, and so I hope the Commission will look at  
18 the record as a whole to see how Cambria is representing  
19 the domestic industry in terms of its support for relief in  
20 this case.

21 And with regard to the conditions of competition,  
22 there's this idea that there is a structural deficit and  
23 that's why imports had to rush into the market. This made  
24 no sense in the China case, and it makes no sense in this  
25 case.

1           Domestic industry has sufficient -- has  
2           significant unused excess capacity, it wanted to open  
3           additional lines that it wasn't able to because of the  
4           adverse market conditions. There's no reason that that  
5           demand has to be met by imports, there's no natural import  
6           market versus domestic market.

7           It's one market. Every sale that's lost by a  
8           domestic producer to imports is one that they otherwise  
9           could have made. And, if there were a structural deficit,  
10          then why are prices going down? Why would Turkish and  
11          Indian imports be lowering their prices if there were this  
12          huge shortage in this huge structural deficit?

13          It makes zero sense unless they're using  
14          underselling and price depression to gain market share --  
15          that's the much more logical explanation, much more  
16          consistent with many other cases the Commission has seen,  
17          than that there's a structural deficit, so they're coming in  
18          and cutting their prices to serve this structural deficit  
19          because they're in a different segment, but we can't figure  
20          out what the segments are, but you just have to believe us  
21          because that's the better explanation for the data.

22          That's basically the story that we got this  
23          afternoon. And, in terms of segments, again, Respondents  
24          have offered no actual evidence to support their idea of  
25          segments and they admit that there's conflicting opinions

1 about what these supposed segments are.

2 But when we've been asked to supply evidence, all  
3 of the evidence we have supplied shows that we are in every  
4 segment, however defined, and all of those segments were  
5 competing with unfairly traded imports.

6 Commissioner Kearns, to accurately represent what  
7 he asked at the Commission's hearing, on page 164 of the  
8 transcript said, "I'd like to get some data on your  
9 different segments that you served, different types of  
10 products," he says, "I don't know if that's by SKU or  
11 however best to do it, that you also," but he would like to  
12 get the data on market segmentation.

13 And as counsel know, we provided that data, we  
14 said SKU doesn't make sense because you can have the exact  
15 same SKU that's going to mass market, that's going to  
16 residential, that's going to commercial, so that's not going  
17 to give you any meaningful information.

18 There's no, you know, one kind of a design serves  
19 one market and one kind of design serves the other. So,  
20 instead we provided Cambria's information by segment,  
21 showing that we compete in the builder segment, we compete  
22 in the commercial segment, we compete in the residential  
23 segment, and in all of those we're being undercut, in that  
24 case, by unfairly traded imports by China, but here, also by  
25 unfairly traded imports from India and Turkey, so there was

1 no failure to respond.

2 If anything, we were trying to respond in the  
3 most helpful way possible. And yet, counsel continued to  
4 say that Cambria does not serve the builder segment, which  
5 is simply false. All of the distributors we had from  
6 Cambria at the Commission's hearing on China, testified that  
7 they compete aggressively in the builder's segment with  
8 Cambria product, and that they lose those projects to  
9 imports.

10 In that case, imports from China, but the same  
11 happens with imports from India and from Turkey. Cambria  
12 has dozens of salespeople that are focused on serving the  
13 commercial segment, so these statements just get thrown out  
14 there carelessly, but there's no actual evidence.

15 All the evidence that's out there supports the  
16 much more logical rational case which is that, of course,  
17 domestic producers created this market with millions of  
18 dollars of investment and they're not just going to walk  
19 away and say, oh, we'll just take 5%, you guys have the  
20 rest, we don't really care.

21 That makes zero sense, and in fact, you have  
22 CaesarStone at IKEA, you have Cambria at Home Depot and  
23 Costco, these aren't exactly Louis Vuitton, you know, super  
24 fancy Channel pieces of the market. These are big box  
25 stores. This is direct competition through all segments of

1 the market.

2 In terms of brand, certainly it makes sense for  
3 any company with a consumer product to try to brand that  
4 product, to try to advertise it as being beautiful and  
5 distinctive, but that doesn't insulate them from competition  
6 to any extent, especially when you have the product that  
7 looks exactly the same, sold side by side, right next to  
8 each other at the same point of sale to the same consumer,  
9 and that consumer is inevitably going to look at price,  
10 especially when the subject imports are coming in at just a  
11 fraction of the price.

12 So, direct competition, not attenuated. Before  
13 we weren't able to make marble, now we're not able to make  
14 white, we make everything. We compete in every part of the  
15 market and the record supports that.

16 And the volume that came in was at the expense of  
17 the domestic industry. There was no abandonment of  
18 distributors by Cambria, it was exactly the opposite.  
19 Distributors abandoned Cambria to take advantage of unfairly  
20 traded imports and it was Cambria that was forced to go out  
21 and establish its own DC's in response to that.

22 Adverse price effects in terms of underselling  
23 and declining prices -- impact of course, we've got the  
24 closures, we've talked about the lost market share, lagging  
25 demand and profits falling and the threat -- this is a very

1 strong injury case, but this threat case is one of the  
2 strongest that I've ever seen in terms of foreign producers  
3 actually being honest in their questionnaire responses about  
4 what their plans are and how rapidly they're ramping up to  
5 even further penetrate the U.S. market and further injure  
6 the domestic industry, and so for all of these reasons, we  
7 respectfully ask for an affirmative determination, thank  
8 you.

9 MR. BURCH: Closing and rebuttal remarks on  
10 behalf of those in opposition to imposition will be given by  
11 Jonathan T. Stoel of Hogan Lovells and Julie C. Mendoza,  
12 Morris, Manning and Martin. Mr. Stoel, Miss Mendoza, you  
13 have 10 minutes.

14 CLOSING STATEMENT OF JONATHAN T. STOEL

15 MR. STOEL: Good afternoon again, Director Haines  
16 and staff. Thank you so much for all of your time and  
17 efforts in these investigations and so many others. We know  
18 just how very busy the Commission is these days.

19 Our view of these investigations is very simple  
20 -- they should be terminated. There's been no material  
21 injury and there is no threat of material injury from the  
22 very, very small volumes of Indian and Turkish imports in  
23 the U.S. market.

24 I was going to refrain from rebuttal comments but  
25 my dear colleague, Miss Drake, gave me one opening I had to

1       seize upon. She commented upon Cambria's witnesses at the  
2       May 9 hearing. I have to remind her and you again, they're  
3       the ones who didn't respond to your questionnaires.

4               They're the ones who have been hiding the ball  
5       from you. Cambria brought these cases -- I emphasize  
6       "cases", claiming material injury. But have you have asked  
7       questions throughout this process they have not come through  
8       and given you the information you needed.

9               I frankly don't think that's right. We all  
10       worked very hard to give you the data that you need and that  
11       the Commission deserves in order to render determinations,  
12       and they haven't done that. As my colleague Mr. Wessel  
13       said, in similar circumstances, and I think Miss Mendoza  
14       said this too -- the Commission has felt free to imply  
15       adverse inferences.

16               And so, when a party, especially a Petitioner  
17       doesn't respond to your inquiries, I think you have to take  
18       that very seriously, and you have to wonder what they're  
19       hiding from you. Now I want to leave you with three key  
20       words today. The first is shortages, and the next two words  
21       are distribution centers.

22               The U.S. market for quartz is desperate and has  
23       been desperate for quartz supply. These shortages and  
24       supply constraints have only been exacerbated by the exit of  
25       China from the U.S. market. The fact is that today U.S.

1 consumers, particularly in the mass market -- and we agree  
2 that the lines are not clear, but it's clear that there is a  
3 lower segment and an upper segment.

4           And in that market consumers, distributors,  
5 they're turning to alternative products -- primarily  
6 granite. That's because there's so much need. You don't  
7 have to take it for our word, I turn you again to the  
8 leading builders of America. They submitted a letter.  
9 These are the largest builders in the United States  
10 represented by an association, they said we need more  
11 supply, we're not getting it, we're going to turn to  
12 granite.

13           Even today during the hearing, as Cambria  
14 testified, a supplier approached me in the afternoon and he  
15 told me that his clients were turning to granite instead of  
16 quartz, and he supplies to some of the biggest builders here  
17 in Washington, D.C. So, the fact is that the market is  
18 constrained, there's not enough quartz supply, and customers  
19 and distributors and others are turning to granite.

20           In light of this fundamental U.S. market shift,  
21 the very, very small quantity of imports from Turkey and  
22 India, cannot be causing material injury to the U.S.  
23 industry. I would point out to the Commission as Mr.  
24 Shaffer, my good friend, pointed out to me after hearing  
25 Cambria's testimony this morning, the Commission knows a

1 spike in imports.

2           What you're seeing from Turkey and India is not a  
3 spike. Certainly not when 70% of supply in the form of  
4 Chinese imports is exiting the market -- there's been no  
5 spike.

6           Second, Cambria, after more than a year has  
7 boiled down its injury claims to allege harm to its  
8 distribution centers. I'm not even sure that qualifies as  
9 material injury. That's not manufacturing, but certainly to  
10 the extent that we're talking about Cambria's distribution  
11 centers, that was its own choice.

12           You've heard time and again, you've seen the  
13 litigation documents. Cambria decided to terminate certain  
14 dealers, Lexus dealers, Omaha program dealers, many other  
15 terms that they used. It decided to terminate certain  
16 dealers and distributors.

17           In the process it decided to open up new  
18 distribution centers, apparently it thought that it could  
19 make a lot more money. Presumably, it thought that it could  
20 have increased shipments, increased profits. To the extent  
21 that Cambria's decision to terminate its own distribution  
22 network has caused harm -- that can't be laid at the feet of  
23 subject imports.

24           I point out that Cambria now claims today, \$7.50  
25 per square feet in distribution costs. Mr. Davis, who is a

1 leader in this industry and who I think is well respected  
2 claimed just \$6.00 back on May 9, so where are they  
3 confused?

4 But either way, \$6.00 or \$7.50, that is an  
5 exorbitantly high rate of distribution per square foot. And  
6 if that's the only injury that we're talking about, that  
7 certainly has nothing to do with imports. You can't  
8 attribute these alleged distribution costs to imports from  
9 Turkey and India.

10 Lastly, I want to reiterate that we're here under  
11 very, very unusual circumstances. Why unusual? The record  
12 before you as I discussed with Miss Larson in response to  
13 her excellent questions about market segmentation, is doing  
14 very, very well.

15 Rarely, as a Respondent's counsel, do I get to  
16 talk about increased shipments, increased production,  
17 increased sales, rising prices -- I mean this is a  
18 Respondent's counsel's dream case, and yet we're here again,  
19 just three weeks later to talk again about injury.

20 I submit to you that on this record, there can be  
21 no material injury, there certainly can be no threat of  
22 material injury, particularly when new production lines are  
23 being opened, when Caesarstone is expanding, when LG is  
24 expanding, when Dal Tile is expanding, when Spectrum Quartz  
25 announced new investment and new production lines and 150

1 new American workers, that doesn't sound like injury to me,  
2 that sounds like an industry doing very, very well.

3 And again, we -- all of us in this room, want the  
4 quartz industry to do well. We want Cambria to do well. We  
5 want all of the producers to do well and also for  
6 distributors and consumers to do well. We hope that that  
7 can continue, and we urge you to render a negative  
8 determination, thank you.

9 CLOSING STATEMENT OF JULIA MENDOZA

10 MS. MENDOZA: Julie Mendoza, I'll keep it short.  
11 I know we've spent 3 and hours with us, so I'm sure your  
12 patience, and Elizabeth makes it much more complicated to do  
13 this rebuttal because she's so much more moderate than Roger  
14 is, so you know, I have a hard time like really working  
15 myself up, you know, for this.

16 So, you know, I think all we're really saying is  
17 we'll stand on this record, alright. I mean we can offer  
18 you explanations and we have for why things are the way they  
19 are and why the market works the way it does.

20 But the data on the record says it all. And  
21 while I said at the beginning sure, in Washington these days  
22 there's a lot of rhetoric about imports, right, and we've  
23 got to get rid of imports and we've got to cut them out and  
24 they're a bad thing, but the fact of the matter is, under  
25 this statute, there's got to be material injury by virtue of

1 those imports. I don't see that here.

2 I mean are there blips, are there up's and  
3 down's, are there little things in the record? Yeah, but  
4 the overall record overwhelmingly, overwhelmingly  
5 demonstrates that there's no material injury from these  
6 imports or threat.

7 So, I just urge you to go back to that and  
8 finally, and finally -- just ask yourself why is it that at  
9 the final hearing in China, in his final statement, Mr.  
10 Schagrin said that the Cambria brand is worthless?

11 And why is it necessary for their general counsel  
12 to say there are no differences between our Cambria product  
13 and any imported quartz? Why do they need to go to that  
14 extent? And I would suggest to you that their protests  
15 really hide the reality of this, which is that they have  
16 spent many, many years proving that that's not the case,  
17 that in fact, the Cambria brand does mean something and that  
18 they have been able to maintain high price levels because  
19 of it, thank you.

20 MS. HAINES: Thank you very much for all the  
21 closing remarks. On behalf of the Commission and staff, I'd  
22 like to thank the witnesses who came here today, as well as  
23 counsel for helping us gain a better understanding of the  
24 product and the conditions of competition in the quartz  
25 surface products industry.

1                   Before concluding, please let me mention a few  
2                   dates to keep in mind. The deadline for submission of  
3                   corrections to the transcript and for submission of  
4                   post-conference briefs, is Monday, June 3rd. If briefs  
5                   contain business proprietary information, a public version  
6                   is due on Tuesday, June 4th. The Commission has  
7                   tentatively scheduled its vote on these investigations for  
8                   Friday, June 21st and it will report its determinations to  
9                   the Secretary of the Department of Commerce on Monday, June  
10                  24th.

11                  The Commission's opinion will be issued on July  
12                  1st, okay, thank you.

13                  (Whereupon, the conference concluded at 3:30  
14                  p.m.)

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## CERTIFICATE OF REPORTER

TITLE: In The Matter Of: Quartz Surface Products from India and Turkey

INVESTIGATION NOS.: 701-TA-624-625 and 731-TA-1450-1451

HEARING DATE: 5-29-19

LOCATION: Washington, D.C.

NATURE OF HEARING: Preliminary

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: 5-29-19

SIGNED: Mark A. 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: Duane Rice  
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