

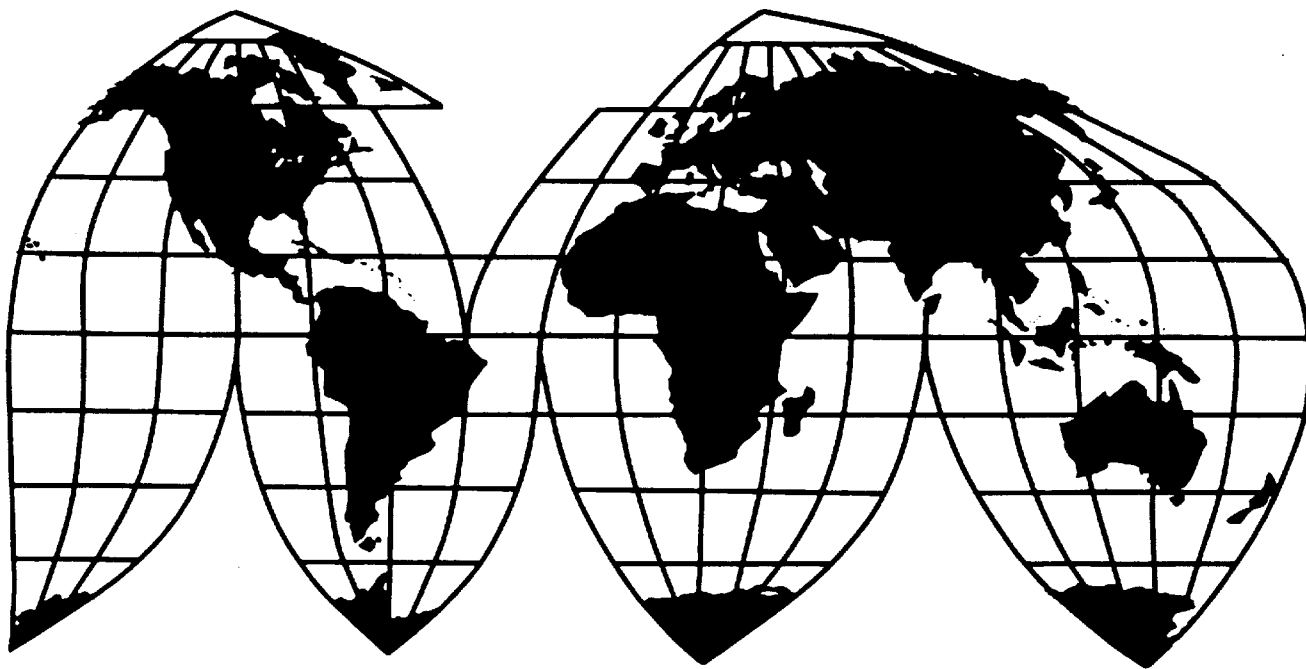
Polyethylene Terephthalate Film, Sheet, and Strip From India and Taiwan

Investigation Nos. 701-TA-415 and 731-TA-933 and 934 (Review)

Publication 3994

April 2008

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-415 and 731-TA-933 and 934 (Review)

POLYETHYLENE TEREPHTHALATE FILM, SHEET, AND STRIP FROM INDIA AND TAIWAN

DETERMINATIONS

On the basis of the record¹ developed in the subject five-year reviews, the United States International Trade Commission (Commission) determines, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)), that revocation of the countervailing duty order on polyethylene terephthalate film, sheet, and strip from India and the antidumping duty orders on polyethylene terephthalate film, sheet, and strip from India and Taiwan would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

BACKGROUND

The Commission instituted these reviews on June 1, 2007 (72 F.R. 30627) and determined on September 4, 2007 that it would conduct full reviews (72 F.R. 52582, September 14, 2007). Notice of the scheduling of the Commission's reviews and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on November 5, 2007 (72 F.R. 64089, November 14, 2007). The hearing was held in Washington, DC, on February 20, 2008, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

VIEWS OF THE COMMISSION

Based on the record in these five-year reviews, we determine under section 751(c) of the Tariff Act of 1930, as amended (“the Act”), that revocation of the countervailing duty order on polyethylene terephthalate film, sheet, and strip (“PET film”) from India and of the antidumping duty orders on PET film from India and Taiwan would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

I. BACKGROUND

In June 2002, the Commission unanimously determined that an industry in the United States was materially injured by reason of less than fair value (“LTFV”) imports of PET film from India and Taiwan and by reason of subsidized imports of PET film from India.¹ The Department of Commerce (“Commerce”) subsequently issued antidumping duty orders on LTFV imports from India and Taiwan and a countervailing duty order with respect to the subsidized imports from India.²

On June 1, 2007, the Commission instituted these five-year reviews, pursuant to section 751(c) of the Act, to determine whether revocation of the antidumping duty orders on imports from India and Taiwan and the countervailing duty order on imports from India would lead to the continuation or recurrence of material injury.³ On September 4, 2007, the Commission determined that it should proceed to full reviews.⁴ The Commission found that the domestic interested party response to its notice of institution was adequate and that the respondent interested party responses were adequate with respect to India. The Commission unanimously concluded that it would conduct full reviews with respect to India. The Commission received no response from any foreign producer, exporter, importer, or other respondent interested party of subject merchandise from Taiwan. Thus, it unanimously determined that the respondent interested party group response to the notice of institution for the review with respect to Taiwan was inadequate. The Commission, however, determined to conduct a full review of the Taiwan order in order to promote administrative efficiency in light of its decision to conduct full reviews with respect to the orders on PET film from India.⁵

Parties to the proceeding. The Commission received a set of joint briefs from domestic interested parties DuPont Teijin, Mitsubishi Polyester Film of America, Toray Plastics (America), Inc., and SKC, Inc. (“Domestic Producers”), all of which are U.S. producers of PET film. The Commission also received briefs from Indian respondent parties Jindal Poly Films Ltd. (“Jindal”) and MTZ Polyfilms, Ltd. (“MTZ”), both of which are Indian producers of the subject merchandise. Domestic Producers and Indian Respondents participated in the Commission’s hearing. No interested party supporting revocation of the order with respect to Taiwan appeared at the Commission hearing or submitted a brief.

Data Coverage. In these reviews, the Commission received questionnaire responses from eight producers of PET film that accounted for virtually all U.S. PET film production in 2006.⁶ The Commission also received questionnaire responses from six subject producers in India. The percentage of total Indian PET film production represented by these producers is unclear, as several did not provide estimates in their questionnaire responses of the share of total Indian production that is accounted for by

¹ Original Determinations at 3.

² Confidential Staff Report (“CR”) and Public Staff Report (“PR”) at I-1.

³ 72 Fed. Reg. 30627 (June 1, 2007).

⁴ 72 Fed. Reg. 52582 (Sept. 14, 2007).

⁵ Explanation of Commission Determination on Adequacy, CR at Appendix A.

⁶ CR/PR at III-1.

their production.⁷ Two of these Indian producers (***) , however, indicated that together they accounted for *** percent of reported Indian production of PET film during the period of review.⁸ The Commission also received a questionnaire response from one Taiwan producer, Nan Ya Plastics Corp. (“Nan Ya”), which accounted for *** percent of Taiwan PET film production in 2006.⁹

Related investigations. The Commission has conducted investigations on PET film from other countries. In 1990, a petition was filed with respect to allegedly LTFV imports of PET film from Japan, Korea, and Taiwan. In June 1990, the Commission reached a negative determination with respect to the imports from Taiwan and affirmative preliminary determinations with respect to imports from Japan and Korea.¹⁰ In May 1991, the Commission determined that the domestic industry was materially injured by reason of LTFV imports from Japan and Korea, resulting in antidumping duty orders on imports from those countries.¹¹ In 1995, Commerce revoked the order with respect to imports from Japan based on changed circumstances (i.e., the order was no longer of interest to the domestic parties).¹² The Commission conducted two expedited reviews of the order on imports of PET film from Korea (in 1999 and 2005) and found in both reviews that revocation of the order would be likely to lead to the continuation or recurrence of material injury.¹³

On September 28, 2007, an antidumping petition was filed on behalf of the domestic PET film industry with respect to imports from Brazil, China, Thailand, and the United Arab Emirates (“UAE”).¹⁴ In its preliminary determinations in those investigations, the Commission found that there was a reasonable indication that an industry in the United States was materially injured by reason of the imports from all four countries.¹⁵ Commerce’s preliminary determinations are scheduled to be issued in late April 2008.

II. DOMESTIC LIKE PRODUCT AND INDUSTRY

In making its determination under section 751(c) of the Act, the Commission defines “the domestic like product” and the “industry.”¹⁶ The Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle.”¹⁷ The Commission’s practice in five-year reviews is to look to the like

⁷ CR at IV-10, PR at IV-6.

⁸ CR at IV-11, PR at IV-6.

⁹ CR at IV-17, PR at IV-9.

¹⁰ Polyethylene Terephthalate Film, Sheet, and Strip From Japan, the Republic of Korea, and Taiwan, Inv. Nos. 731-TA-458-460 (Preliminary), USITC Pub. 2292 (June 1990).

¹¹ Polyethylene Terephthalate (PET) Film, Sheet, and Strip From Japan and the Republic of Korea, Inv. Nos. 731-TA-458-459 (Final), USITC Pub. 2383 (May 1991) (“PET Film from Japan and Korea”) at 8-14.

¹² 60 Fed. Reg. 52366 (Oct. 6, 1995).

¹³ Polyethylene Terephthalate (PET) Film, Sheet, and Strip From Korea, Inv. Nos. 731-TA-459 (Review), USITC Pub. 3278 (Feb. 2000); Polyethylene Terephthalate (PET) Film, Sheet, and Strip from Korea, Inv. Nos. 731-TA-459 (Second Review), USITC Pub. 3800 (Sept. 2005).

¹⁴ DuPont Teijin, Mitsubishi, and Toray were the petitioners.

¹⁵ Polyethylene Terephthalate (PET) Film, Sheet, and Strip From Brazil, China, Thailand, and the United Arab Emirates, Inv. Nos. 731-TA-1131-1134 (Preliminary), USITC Pub. 3278 (Nov. 2007).

¹⁶ 19 U.S.C. § 1677(4)(A).

¹⁷ 19 U.S.C. § 1677(10). See Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996); Torrington Co. v. United States, 747 F. Supp. 744, 748-49 (Ct. Int’l Trade 1990), aff’d, 938 F.2d 1278 (Fed. Cir. 1991). See also S. Rep. No. 249, 96th Cong., 1st Sess. 90-

product definition from the original determination and any previous reviews and consider whether the record indicates any reason to revisit that definition.¹⁸

A. Domestic Like Product

In its final expedited five-year review determinations, Commerce defined the scope of imported merchandise subject to the orders under review as:

All gauges of raw, pretreated, or primed PET film, whether extruded or coextruded. Excluded are metallized films and other finished films that have had at least one of their surfaces modified by the application of a performance-enhancing resinous or inorganic layer more than 0.00001 inches thick. Imports of PET film were classifiable in the Harmonized Tariff Schedule of the United States (“HTSUS”) under item number 3920.62.00. Effective July 1, 2003, the HTSUS subheading 3920.62.00 was divided into 3920.62.00.10 (metallized PET film) and 3920.62.00.90 (non-metallized PET film). HTSUS subheadings are provided for convenience and Customs purposes. The written description of the scope of these orders is dispositive.¹⁹

PET film is a high-performance, clear, flexible, and transparent or translucent material that is produced from PET polymer, a linear, thermoplastic polyester resin.²⁰ It is sold in a range of widths, thicknesses, and properties depending upon the needs of end users. PET film’s desirable qualities include high tensile strength, good flexibility and retention of physical properties over a wide temperature range, excellent electrical properties, durability, heat resistance, good gas barrier properties, excellent dimensional stability, chemical inertness, good optical clarity, and low moisture absorption.²¹ PET film is produced and sold as general purpose commodity-grade film and specialty-grade film.²² The main end uses for PET film can be grouped into five broad segments: packaging, industrial, magnetic media, electrical, and imaging. Each of these market segments can be further divided into numerous sub-segments.²³

In the original investigations of PET film from India and Taiwan, the Commission found a single domestic like product corresponding to Commerce’s scope. In so doing, it declined to include “equivalent PET film”²⁴ in the definition of the domestic like product. The Commission found that PET film and equivalent film had different characteristics and uses, as the thicker coatings on equivalent film gave it distinct physical characteristics which limited its sales to specific end-use markets. In contrast,

91 (1979).

¹⁸ See, e.g., Internal Combustion Industrial Forklift Trucks From Japan, Inv. No. 731-TA-377 (Second Review), USITC Pub. 3831 at 8-9 (December 2005); Crawfish Tail Meat From China, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 at 4 (July 2003); Steel Concrete Reinforcing Bar From Turkey, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 at 4 (February 2003).

¹⁹ 72 Fed. Reg. 57297 (Oct. 9, 2007) (containing a scope exclusion for “tracing and drafting film” from India) and 72 Fed. Reg. 57300 (Oct. 9, 2007).

²⁰ CR at I-14, PR at I-12.

²¹ CR at I-15, PR at I-12.

²² CR at I-16, PR at I-13.

²³ CR at I-16-I-19, PR at I-13-I-14, CR/PR at II-1.

²⁴ Equivalent PET film differs from PET film in that the former has at least one surface coated with a performance-enhancing resinous or inorganic layer of more than 0.00001 inch (0.254 microns or one gauge) in thickness. CR at I-15-I-16, PR at I-12.

PET film tended to be “a more general purpose product.” The Commission found that PET film and equivalent film had limited interchangeability, were sold in different channels of distribution, and were produced using differing manufacturing processes. It noted that customers and producers perceived PET film and equivalent film to be two different products and that there was a large price differential between PET film and equivalent film. The Commission, therefore, determined that the evidence regarding physical characteristics and uses, channels of distribution, manufacturing facilities, customer and producer perceptions, and pricing weighed in favor of not including equivalent film in the domestic like product definition.²⁵

In these reviews, all the parties indicated that they agree with the Commission’s definition of domestic like product in the original determinations. There is no new information in these reviews that suggests any reason to revisit the Commission’s prior domestic like product definition. Therefore, we continue to define a single domestic like product coextensive with the scope as defined by Commerce.

B. Domestic Industry and Related Parties

Section 771(4)(A) of the Act defines the relevant industry as the domestic “producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”²⁶ In the original determinations, the Commission defined the domestic industry to be all domestic producers of PET film.

In light of our domestic like product definition, we continue to find one domestic industry consisting of all domestic producers of PET film as defined in Commerce’s scope. The only domestic industry issue in these five-year reviews is whether any producers should be excluded under the related parties provision, 19 U.S.C. § 1677(4)(B). While no party has argued for the exclusion of any domestic producer under this provision, the record in these reviews indicates that there are two domestic producers, *** and ***, that may be considered related parties by virtue of their imports or purchases of subject merchandise during the period of review.

*** imported small amounts of subject PET film from *** and thus is a related party.²⁷ Although *** did not report the reason for these imports, they were ***, equivalent to less than *** percent of its PET film production in 2004 and *** percent of its PET film production in interim 2007.²⁸ *** is one of the *** PET film producers, representing *** percent of U.S. production in 2006.²⁹ While ***, the record indicates that *** primary interest continues to lie in domestic production rather than importation.³⁰ Its financial data have followed the same general trends as the rest of the industry during

²⁵ Original Determinations, at 6.

²⁶ 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 are applicable to the entire subtitle containing the antidumping and countervailing duty laws, including 19 U.S.C. §§ 1675 and 1675a. See 19 U.S.C. § 1677.

²⁷ Specifically, ***, ***, ***. CR/PR at Table III-6.

²⁸ CR at III-9, PR at III-4, and CR/PR at Table III-5.

²⁹ CR/PR at Table I-9.

³⁰ CR/PR at Table I-9.

the period of review^{31 32 33} and no party has argued for its exclusion. We therefore find that appropriate circumstances do not exist to exclude *** from the domestic industry.

During the period of review, ***³⁴ ***.³⁵ As such, we determine that *** is a related party. The record indicates, however, that appropriate circumstances do not exist to warrant excluding *** from the domestic industry. Its purchases of subject merchandise relative to its production ranged from *** percent in 2002 to *** percent in 2005.³⁶ *** indicated that ***³⁷ *** relies on ***.³⁸

*** is *** U.S. PET film producers, representing *** percent of U.S. production in 2006.³⁹ ***⁴⁰ Its financial data have followed the same general trends as the rest of the industry during the period of review.^{41 42 43} In view of the foregoing, *** does not appear to be shielded from likely injury by subject imports, although it purchases *** subject product relative to its domestic production. Moreover, inclusion of *** in the domestic industry will not skew the data, and no party has argued for its exclusion. We therefore determine that appropriate circumstances do not exist to exclude *** from the domestic industry.

³¹ CR/PR at Table III-9.

³² In these investigations, Vice Chairman Aranoff does not rely on individual company operating income margins in assessing whether particular related parties benefit from importation of subject merchandise. Rather, she has based her determination regarding whether to exclude related parties principally on their ratios of subject imports to domestic shipments and on whether their primary interests lie in domestic production or importation.

³³ For purposes of these reviews, Commissioner Pinkert does not rely upon related parties' financial performance as a factor in determining whether there are appropriate circumstances to exclude them from the domestic industry.

³⁴ The Commission has concluded that a domestic producer that does not itself import subject merchandise, or does not share a corporate affiliation with an importer, may nonetheless be deemed a related party if it controls large volumes of imports. The Commission has found such control to exist where the domestic producer was responsible for a predominant share of an importers' purchases and the importer's purchases were substantial. See, e.g., Foundry Coke From China, Inv. No. 731-TA-891 (Final), USITC Pub. 3449 (September 2001) at 8-9; Certain Cut-to-Length Steel Plate From the Czech Republic, France, India, Indonesia, Italy, Japan, Korea, and Macedonia, Inv. Nos. 701-TA-387-392 and 731-TA-815-822 (Preliminary), USITC Pub. 3181 at 12 (April 1999); Certain Brake Drums and Rotors From China, Inv. No. 731-TA-744 (Final), USITC Pub. 3035 at 10 n.50 (April 1997). See also SAA at 858.

³⁵ ***. CR/PR at Table III-6. ***. *** share of total reported imports from *** was ***. We note that although ***. ***.

³⁶ CR/PR at Tables III-1 and III-6.

³⁷ Email from ***.

³⁸ CR/PR at Table III-6.

³⁹ CR/PR at Table I-9.

⁴⁰ CR/PR at Table I-9.

⁴¹ CR/PR at Table III-9.

⁴² In these investigations, Vice Chairman Aranoff does not rely on individual company operating income margins in assessing whether particular related parties benefit from importation of subject merchandise. Rather, she has based her determination regarding whether to exclude related parties principally on their ratios of subject imports to domestic shipments and on whether their primary interests lie in domestic production or importation.

⁴³ As noted above, for purposes of these reviews, Commissioner Pinkert does not rely upon related parties' financial performance as a factor in determining whether there are appropriate circumstances to exclude them from the domestic industry.

We find that appropriate circumstances do not exist to exclude either *** or *** from the domestic industry. We consequently define the domestic industry as all U.S. producers of PET film.

III. CUMULATION⁴⁴

A. Overview

Section 752(a) of the Act provides that:

the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports would be likely to compete with each other and with domestic like products in the United States market. The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.⁴⁵

Cumulation therefore is discretionary in five-year reviews, unlike original investigations, which are governed by section 771(7)(G)(i) of the Act.^{46 47}

The Commission may exercise its discretion to cumulate, however, only if the reviews are initiated on the same day and the Commission determines that the subject imports are likely to compete with each other and the domestic like product in the U.S. market. The Commission generally has considered four factors intended to provide a framework for determining whether the imports compete with each other and with the domestic like product.⁴⁸ Only a “reasonable overlap” of competition is

⁴⁴ Chairman Pearson and Commissioner Okun note that while they consider the same issues discussed in this section in determining whether to exercise their discretion to cumulate the subject imports, their analytical framework begins with whether imports from the subject countries are likely to face similar conditions of competition. For those subject imports which are likely to compete under similar conditions of competition, they next proceed to consider whether those imports are likely to compete with each other and with the domestic like product. Finally, if based on that analysis they intend to exercise their discretion to cumulate one or more subject countries, they analyze whether they are precluded from cumulating such imports because the imports from one or more subject countries, assessed individually, are likely to have no discernible adverse impact on the domestic industry. See Steel Concrete Reinforcing Bar From Belarus, China, Indonesia, Korea, Latvia, Moldova, Poland, and Ukraine, Invs. Nos. 731-TA-873-875, 877-880, and 882 (Review), USITC Pub. 3933 (July 2007) (Separate and Dissenting Views of Chairman Daniel R. Pearson and Commissioner Deanna Tanner Okun Regarding Cumulation).

⁴⁵ 19 U.S.C. § 1675a(a)(7).

⁴⁶ 19 U.S.C. § 1677(7)(G)(I).

⁴⁷ See, e.g., Allegheny Ludlum Corp. v. United States, Slip Op. 06-188 at 17 (Ct. Int’l Trade Dec. 22, 2006) (recognizing the wide latitude the Commission has in selecting the type of factors it considers relevant in deciding whether to exercise discretion to cumulate subject imports in five-year reviews).

⁴⁸ The four factors generally considered by the Commission in assessing whether imports compete with each other and with the domestic like product are: (1) the degree of fungibility between the imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions; (2) the presence of sales or offers to sell in the same geographical markets of imports from different countries and the domestic like product; (3) the existence of common or similar channels of distribution for imports from different countries and the domestic like product; and (4) whether the imports are simultaneously present in the market. See, e.g., Wieland Werke, AG v. United States, 718 F. Supp. 50 (Ct. Int’l Trade 1989).

required.⁴⁹ In five-year reviews, the relevant inquiry is whether there likely would be competition even if none currently exists because the subject imports are absent from the U.S. market.

The statute precludes cumulation if the Commission finds that subject imports from a country are likely to have no discernible adverse impact on the domestic industry.⁵⁰ We note that neither the statute nor the Uruguay Round Agreements Act (“URAA”) Statement of Administrative Action (“SAA”) provides specific guidance on what factors the Commission is to consider in determining that imports “are likely to have no discernible adverse impact” on the domestic industry.⁵¹ With respect to this provision, the Commission generally considers the likely volume of the subject imports and the likely impact of those imports on the domestic industry within a reasonably foreseeable time if the orders are revoked.

In the original investigations, the Commission cumulated subject imports from India and Taiwan for purposes of its material injury analysis.⁵² In these reviews, we find that the statutory threshold for cumulation is satisfied, because the reviews were initiated on the same day, June 1, 2007.⁵³

B. Likelihood of No Discernible Adverse Impact

Based on the record, we do not find that subject imports from India or Taiwan are likely to have no discernible adverse impact on the domestic industry in the event of revocation of the orders covering those imports.

India. In the original investigations, subject imports from India increased from 28.4 million pounds in 1999 to 40.2 million pounds in 2001.⁵⁴ During the period of review, such imports declined irregularly from *** pounds in 2002 to *** pounds in 2006.⁵⁵ The share of the quantity of apparent U.S. consumption accounted for by subject imports from India declined from *** percent in 2002 to approximately *** percent in the last three years of the period.⁵⁶

According to industry sources, there are currently eight producers of PET film in India, two more than the number of producers at the time of the original investigations. Six subject producers responded to the Commission’s questionnaire in these reviews.⁵⁷ Reported PET film production capacity in India increased from *** pounds in 2002 to *** pounds in 2006. Indian production also increased from 2002 to 2006, from *** pounds to *** pounds.⁵⁸ Subject producers’ reported capacity utilization rates declined

⁴⁹ See Mukand Ltd. v. United States, 937 F. Supp. 910, 916 (Ct. Int’l Trade 1996); Wieland Werke, AG, 718 F. Supp. at 52 (“Completely overlapping markets are not required.”); United States Steel Group v. United States, 873 F. Supp. 673, 685 (Ct. Int’l Trade 1994), aff’d, 96 F.3d 1352 (Fed. Cir. 1996). We note, however, that there have been investigations where the Commission has found an insufficient overlap in competition and has declined to cumulate subject imports. See, e.g., Live Cattle From Canada and Mexico, Inv. Nos. 701-TA-386 (Preliminary) and 731-TA-812-813 (Preliminary), USITC Pub. 3155 at 15 (Feb. 1999), aff’d sub nom, Ranchers-Cattlemen Action Legal Foundation v. United States, 74 F. Supp. 2d 1353 (Ct. Int’l Trade 1999); Static Random Access Memory Semiconductors From the Republic of Korea and Taiwan, Inv. Nos. 731-TA-761-762 (Final), USITC Pub. 3098 at 13-15 (Apr. 1998).

⁵⁰ 19 U.S.C. § 1675a(a)(7).

⁵¹ SAA, H.R. Rep. No. 103-316, vol. I (1994).

⁵² Original Determinations, USITC Pub. 3446 at 11-14.

⁵³ See 72 Fed. Reg. 30627 (June 1, 2007).

⁵⁴ CR/PR at Table I-1.

⁵⁵ CR/PR at Table IV-1.

⁵⁶ CR/PR at Table I-1.

⁵⁷ CR at IV-10, PR at IV-6, CR/PR at Table IV-5.

⁵⁸ CR/PR at Table IV-5.

from *** percent in 2002 to *** percent in 2003 and then increased to *** percent in 2006. Several Indian subject producers reported plans to add capacity over the next few years.⁵⁹

During the period of review, India's exports of PET film as a share of its total shipments ranged from a high of *** in 2004 to a low of *** in 2003.⁶⁰ Indian producers' shipments for internal consumption as a share of total shipments from 2002 to 2006 increased from *** percent in 2002 to *** percent in 2006.⁶¹ Shipments to the commercial home market decreased *** overall, from *** percent of total shipments in 2002 to *** percent of total shipments in 2006.⁶²

Indian exports of PET film are subject to trade restrictions or ongoing investigations in other countries: countervailing and antidumping duties in the European Union ("EU"), antidumping duties in South Africa and Turkey, an antidumping duty investigation in Brazil that was initiated in March 2007, and a reported antidumping investigation in Korea.⁶³

Based on the substantial and growing production capacity of Indian subject producers, their excess capacity, their reliance on exports, the existence of trade barriers in other markets, and the trends in imports from India in the original investigations, we do not find that subject imports from India would likely have no discernible adverse impact on the domestic industry if the orders were revoked.

Taiwan. In the original investigation, subject imports of PET film from Taiwan increased from *** pounds in 1999 to *** pounds in 2000 and then decreased to *** pounds in 2001.⁶⁴ During the period of review, such imports decreased irregularly from *** pounds in 2002 to *** pounds in 2005, then increased to *** pounds in 2006.⁶⁵ The U.S. market share of subject imports from Taiwan was *** percent over the period.⁶⁶

Nan Ya was the only subject producer in Taiwan that responded to the Commission's questionnaire in this review. According to Nan Ya, it accounted for *** percent of total production of PET film in Taiwan in 2006. Its reported capacity remained flat at *** pounds from 2002 to 2005, but increased by *** to *** pounds in 2006. Its capacity increased again in interim 2007 (*** pounds) when compared to interim 2006 (*** pounds).⁶⁷ Nan Ya's production of PET film fluctuated upward from *** pounds in 2002 to *** pounds in 2006 and was higher in interim 2007 (*** pounds) than in interim 2006 (*** pounds).⁶⁸ Its capacity utilization rate increased from *** percent in 2002 to *** percent in 2004, but declined to *** percent in 2006 and was *** percent in interim 2007 compared to *** percent in interim 2006.⁶⁹

Nan Ya's reported exports of PET film as a share of its total shipments fluctuated, but increased overall from *** percent in 2002 to *** percent in 2006. Exports' share of total shipments was *** higher in interim 2007 (***) than in interim 2006 (*** percent).⁷⁰ Only a *** of Nan Ya's production was internally consumed (less than *** percent throughout the period). Its reported home market

⁵⁹ CR at IV-10, IV-11, PR at IV-6.

⁶⁰ CR/PR at Table IV-5.

⁶¹ CR/PR at Table IV-5.

⁶² CR/PR at Table IV-5.

⁶³ CR at IV-16-IV-17, PR at IV-8.

⁶⁴ CR/PR at Table IV-1.

⁶⁵ CR/PR at Table IV-1.

⁶⁶ CR/PR at Table I-14.

⁶⁷ CR/PR at Table IV-7.

⁶⁸ CR/PR at Table IV-7.

⁶⁹ CR/PR at Table IV-7.

⁷⁰ CR/PR at Table IV-7.

commercial shipments as a share of total shipments fluctuated *** during the period of review, ranging from a high of *** percent in 2004 to a low of *** percent in 2005.⁷¹

Exports from Taiwan are subject to restrictions in third countries. The EU, Malaysia, South Africa, and Turkey have imposed antidumping duties on PET film from Taiwan.⁷²

Based on the production capacity of the Taiwan industry, its reliance on exports, its excess capacity, the existence of trade barriers in other countries, and the trends in imports from Taiwan in the original investigation, we do not find that subject imports from Taiwan would likely have no discernible adverse impact on the domestic industry if the order were revoked.

Accordingly, for the reasons cited above, we do not find that subject PET film from either India or Taiwan would likely have no discernible adverse impact on the domestic industry if the orders were revoked.

C. Likelihood of a Reasonable Overlap of Competition

With regard to likely overlap of competition, the relevant inquiry is whether there would likely be competition even if there are no current imports from a subject country.⁷³ Only a “reasonable overlap” of competition is required.⁷⁴ In the original investigations, the Commission determined on balance that there was a reasonable overlap of competition and cumulated subject imports from all subject countries.⁷⁵

We next analyze the four factors the Commission typically examines in determining whether there would likely be a reasonable overlap of competition.

Fungibility. In the original determinations, the Commission found that there was at least a moderate degree of fungibility among the domestic like product and the subject imports from India and Taiwan. The record in these reviews again indicates that domestically produced and imported PET film are moderately to highly substitutable. The majority of U.S. producers, importers, and purchasers reported that domestic and imported products were always or frequently interchangeable.⁷⁶ Additionally, the majority of U.S. producers and importers reported that differences other than price were either never or only sometimes significant.⁷⁷

Domestic and subject PET film sold in the U.S. market include both commodity and speciality grades. Although Respondents argue that domestic producers import most of the commodity grades that they sell in the United States, the record indicates otherwise. U.S. producers reported that between *** and *** percent of the commodity grade PET film products that they sold in the U.S. market were domestically produced.⁷⁸

Channels of Distribution. During the period of review, the majority of U.S. producers’ domestic shipments was to end users and processors, although some shipments were also made to distributors. The majority of shipments of subject imports from India (*** percent) was to end users, with the remainder going to processors or distributors. The majority of shipments of subject imports from Taiwan

⁷¹ CR/PR at Table IV-7.

⁷² CR at IV-22, PR at IV-10.

⁷³ See generally *Cheflene Corp. v. United States*, 219 F. Supp. 2d 1313, 1314 (Ct. Int’l Trade 2002).

⁷⁴ See *Mukand Ltd. v. United States*, 937 F. Supp. 910, 917 (Ct. Int’l Trade 1996).

⁷⁵ *Original Determinations*, USITC Pub. 3446 at 11-14.

⁷⁶ CR at II-18-19, PR at II-13, and CR/PR at Table II-7.

⁷⁷ CR at II-20, PR at II-14, and CR/PR at Table II-8.

⁷⁸ CR at II-1-II-2, PR at II-1.

(between *** and *** percent) was to processors, with the remainder going to end users or distributors.⁷⁹ This is the same distribution pattern observed in the original investigations.⁸⁰

Simultaneous Presence and Geographic Overlap. Imports from each of the subject countries have been present in the U.S. market during the period of review.⁸¹ The record also indicates that the domestic product and subject imports are sold throughout the U.S. market.⁸² Similarly, in the original investigations, U.S. producers and importers reported competing in the same geographic areas.⁸³

Conclusion. The record indicates that the criteria for determining a likely reasonable overlap in competition are satisfied. U.S.-produced PET film and subject imports from both countries generally are fungible, are primarily shipped through the same channels of distribution, overlap geographically in sales, and were simultaneously present in the U.S. market during the period of review. We therefore find that there would likely be a reasonable overlap in competition between subject imports from each country and the domestic like product as well as between subject imports should the orders under review be revoked.

D. Other Considerations

In determining whether to exercise our discretion to cumulate the subject imports, we assess whether the subject imports from India and Taiwan are likely to compete under similar or different conditions in the U.S. market.⁸⁴ ⁸⁵ ⁸⁶ Both countries export similar types of PET film (commodity and

⁷⁹ CR at II-3, PR at II-2.

⁸⁰ Original Determinations, at 8.

⁸¹ CR/PR at Table IV-1.

⁸² CR/PR at Table II-1, CR at IV-6-IV-7, PR at IV-4.

⁸³ Original Determinations, at 8.

⁸⁴ See e.g., Allegheny Ludlum Corp. v. United States, Slip Op. 06-188 at 17 (Ct. Int'l Trade Dec. 22, 2006) (recognizing the wide latitude the Commission has in selecting the type of factors it considers relevant in deciding whether to exercise discretion to cumulate subject imports in five-year reviews).

⁸⁵ Chairman Pearson and Commissioner Okun note that the record contains information that suggests that there could be differences in how subject imports from India and Taiwan are likely to compete in the U.S. market if the orders were revoked. They note that in the original investigations, although the Commission found a reasonable overlap of competition and thus cumulated imports from India and Taiwan, the Commission found that most sales of domestically produced PET film and of the subject imports from Taiwan were made to processors who specialized in coating PET film for a particular end use, in contrast to subject imports from India, which were sold predominantly to end users. USITC Pub. 3518 (Views of the Commission) at 6-8. There were other differences as well, including (1) differing trends in volume and (2) differing AUVs indicating different product mixes sold by the two subject countries.

Likewise, during the period examined in these reviews, the industries in India and Taiwan have had different rates of capacity growth and different levels of excess capacity, the latter factor suggesting that producers in India would have significantly more excess capacity to export material to the United States than the industry in Taiwan. CR/PR at Tables IV-5 and IV-7. There is also evidence to suggest that the industry in Taiwan may have less of an economic incentive to ship material to the United States than the industry in India if the orders were revoked. This evidence includes (1) data that indicate that the industry in Taiwan is able to *** than the industry in India; (2) the fact that Taiwan's principal export market appears to be other Asian countries (in contrast to India, which concentrates on its home market); and (3) in contrast to India, by 2006 Taiwan had become a net importer of polyester films, which include the subject product. CR/PR at Tables IV-5, IV-7, and IV-11.

Nevertheless, Chairman Pearson and Commissioner Okun conclude that these differences would be mitigated, or even offset, by other trends and the fact that the Commission lacks complete data on the Taiwan industry. First, they note that while Taiwan may currently be a net importer of polyester films in general, its capacity to produce subject PET film remains, and is projected to remain, *** its home market demand. Second,

specialty grades).⁸⁷ As detailed in our discussion *supra*, the production capacity in each of the subject countries is large and increased *** over the period of review.⁸⁸ The PET film industries in both of these countries export a large percentage of total shipments of PET film.⁸⁹ Additionally, exports from both countries face trade barriers in several countries. We note that no party has argued that there are significant differences in the likely conditions of competition between subject imports from India and Taiwan. Accordingly, we do not find different conditions of competition sufficient to warrant our declining to exercise our discretion to cumulate subject imports from India and Taiwan.

Accordingly, we exercise our discretion to cumulate subject imports from India and Taiwan.

IV. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY IF ANTIDUMPING DUTY ORDERS ARE REVOKED

A. Legal Standards

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke an antidumping or countervailing duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur and (2) the Commission makes a determination that revocation of the antidumping or countervailing duty order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”⁹⁰ The SAA states that “under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”⁹¹ Thus, the

during the period of review, an undetermined portion of Taiwan’s exports to the United States have been in ***. While the Taiwan producer states that it intends to ***, there is no indication that it has begun to do so. Questionnaire response of *** at section III-10. Finally, while the Taiwan producer’s largest market may be Asia and it may be focused on supplying Asia with ***, its AUVs for exports to Asia are *** its AUVs for exports to the United States. CR/PR at Table IV-7. Given the differences in factors relating to cumulation and the reality that the record in regard to Taiwan is not fully developed, Chairman Pearson and Commissioner Okun conclude that the Taiwan industry would not have a significantly different economic incentive from the Indian industry to ship large volumes of PET film to the United States if the orders were revoked. Consequently, they exercise their discretion to cumulate subject imports from India and Taiwan.

⁸⁶ Commissioners Lane and Pinkert do not join in this analysis of other considerations. Where, in a five-year review, they do not find that the subject imports would be likely to have no discernible adverse impact on the domestic industry if the order were revoked, and find that such imports would be likely to compete with each other and with the domestic like product in the U.S. market, they cumulate such imports unless there is a condition or propensity – not merely a trend – that is likely to persist for a reasonably foreseeable time and that significantly limits competition such that cumulation is not warranted. In these reviews, they find there is no such condition or propensity with respect to the subject imports from India and Taiwan. Any differences in export orientation and capability between subject producers in the two countries do not appear to be structural in nature.

⁸⁷ CR/PR at II-1.

⁸⁸ CR/PR at Tables IV-5 and 7.

⁸⁹ CR/PR at Tables IV-5 and 7.

⁹⁰ 19 U.S.C. § 1675a(a).

⁹¹ SAA at 883-84. The SAA states that “[t]he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed.” SAA at 883.

likelihood standard is prospective in nature.⁹² The U.S. Court of International Trade has found that “likely,” as used in the sunset review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.^{93 94 95}

The statute states that “the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time.”⁹⁶ According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but normally will exceed the ‘imminent’ timeframe applicable in a threat of injury analysis in original investigations.”⁹⁷

Although the standard in a five-year review is not the same as the standard applied in an original antidumping duty investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated.”⁹⁸ It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if the orders are revoked or the suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).⁹⁹

⁹² While the SAA states that “a separate determination regarding current material injury is not necessary,” it indicates that “the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued [sic] prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked.” SAA at 884.

⁹³ See NMB Singapore Ltd. v. United States, 288 F. Supp. 2d 1306, 1352 (Ct. Int’l Trade 2003) (“‘likely’ means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)”), aff’d without opinion, 140 Fed.Appx. 268 (Fed. Cir. 2005); Nippon Steel Corp. v. United States, 26 CIT 1416, 1419 (2002) (same); Usinor Industeel, S.A. v. United States, 26 CIT 1402, 1404 nn.3, 6 (2002) (“more likely than not” standard is “consistent with the court’s opinion”; “the court has not interpreted ‘likely’ to imply any particular degree of ‘certainty’”); Indorama Chemicals (Thailand) Ltd. v. United States, Slip Op. 02-105 at 20 (Ct. Int’l Trade Sept. 4, 2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); Usinor v. United States, 26 CIT 767, 794 (2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

⁹⁴ For a complete statement of Commissioner Okun’s interpretation of the likely standard, see Additional Views of Vice Chairman Deanna Tanner Okun Concerning the “Likely” Standard in Certain Seamless Carbon and Alloy Steel Standard, Line and Pressure Pipe From Argentina, Brazil, Germany, and Italy, Inv. Nos. 701-TA-362 (Review) and 731-TA-707-710 (Review)(Remand), USITC Pub. 3754 (Feb. 2005).

⁹⁵ Commissioner Lane notes that, consistent with her views in Pressure Sensitive Plastic Tape From Italy, Inv. No. AA1921-167 (Second Review), USITC Pub. 3698 (June 2004), she does not concur with the U.S. Court of International Trade’s interpretation of “likely,” but she will apply the Court’s standard in these reviews and all subsequent reviews until either Congress clarifies the meaning or the U.S. Court of Appeals for the Federal Circuit addresses this issue.

⁹⁶ 19 U.S.C. § 1675a(a)(5).

⁹⁷ SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” Id.

⁹⁸ 19 U.S.C. § 1675a(a)(1).

⁹⁹ 19 U.S.C. § 1675a(a)(1). The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission’s determination. 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is

As noted above, the Commission has relatively complete data coverage for the domestic industry and the Taiwan industry. The Commission also received questionnaire responses from six subject producers in India, but the percentage of total Indian PET film production represented by those producers is unclear.¹⁰⁰ We have relied on the facts otherwise available when appropriate in these reviews, which consist primarily of information from the original investigations, information submitted in these reviews, and information available from published sources.^{101 102}

B. Conditions of Competition and the Business Cycle

In evaluating the likely impact of the subject imports on the domestic industry, the statute directs the Commission to consider all relevant economic factors “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”¹⁰³

1. Original Determinations

In the original determinations, the Commission first determined that the captive production provision did not apply because the evidence was inconclusive with respect to the second statutory criterion (whether the domestic like product is the predominant material input in the production of downstream articles).¹⁰⁴ The Commission, however, indicated that captive consumption was an important condition of competition.¹⁰⁵

The Commission identified several other pertinent conditions of competition. With respect to demand, it observed that the U.S. market for PET film can be divided into five broad segments – packaging, industrial, magnetic media, electrical, and imaging. It noted that the packaging and industrial segments of the PET film market together accounted for over 60 percent of domestic consumption in 2001 (with packaging accounting for about 28-29 percent and the industrial segment accounting for about

necessarily dispositive. SAA at 886.

¹⁰⁰ CR at IV-10, PR at IV-6.

¹⁰¹ 19 U.S.C. § 1677e(a) authorizes the Commission to “use the facts otherwise available” in reaching a determination when (1) necessary information is not available on the record or (2) an interested party or any other person withholds information requested by the agency, fails to provide such information in the time or in the form or manner requested, significantly impedes a proceeding, or provides information that cannot be verified pursuant to 19 U.S.C. § 1677m(i). The verification requirements in 19 U.S.C. § 1677m(i) are applicable only to Commerce. See Titanium Metals Corp. v. United States, 155 F. Supp. 2d 750, 765 (Ct. Int’l Trade 2002) (“the ITC correctly responds that Congress has not required the Commission to conduct verification procedures for the evidence before it, or provided a minimum standard by which to measure the thoroughness of Commission investigations.”).

¹⁰² Commissioner Okun notes that the statute authorizes the Commission to take adverse inferences in five-year reviews, but such authorization does not relieve the Commission of its obligation to consider the record evidence as a whole in making its determination. See 19 U.S.C. § 1677e. She generally gives credence to the facts supplied by the participating parties and certified by them as true, but bases her decision on the evidence as a whole, and does not automatically accept participating parties’ suggested interpretations of the record evidence. Regardless of the level of participation and the interpretations urged by participating parties, the Commission is obligated to consider all evidence relating to each of the statutory factors and may not draw adverse inferences that render such analysis superfluous. “In general, the Commission makes determinations by weighing all of the available evidence regarding a multiplicity of factors relating to the domestic industry as a whole and by drawing reasonable inferences from the evidence it finds most persuasive.” SAA at 869.

¹⁰³ 19 U.S.C. § 1675a(a)(4).

¹⁰⁴ Original Determinations, at 11.

¹⁰⁵ Original Determinations, at 11.

35-40 percent). The Commission indicated that demand in the packaging and industrial segments had remained strong and had grown over the period of investigations, but that demand in magnetic media applications (audio and video tapes) had declined with the increasing popularity of CDs and DVDs.¹⁰⁶

With respect to supply, the Commission found that the domestic industry supplied a substantial portion of all five segments of the market.¹⁰⁷ It observed that the domestic industry underwent restructuring during the period of investigation as many of the producers changed ownership or entered into joint ventures with other (often foreign) producers. The Commission also recognized that, although their levels declined over the period, nonsubject imports were a substantial source of supply throughout the period of investigation.¹⁰⁸

The Commission found that PET film production is capital intensive, requiring producers to maintain high capacity utilization rates. It found that it is important for PET film producers to obtain orders for large volumes of commodity-grade product, as it is costly to shut down production lines temporarily to reconfigure them for product changes.¹⁰⁹

The Commission found that there is at least a moderate degree of substitutability between domestically produced PET film and the subject imports. It noted that subject imports competed primarily in the industrial and packaging segments of the U.S. market but were present in the electrical and imaging segments as well.

As discussed below, the current conditions of competition are similar in many respects to those existing at the time of the original investigations.

2. Demand

Overall demand for PET film is derived from demand for its primary end-use applications, which include packaging, industrial, magnetic media, electrical, and imaging.¹¹⁰ During the period of review, the magnetic media (*i.e.*, VCR, audio, and floppy discs) and imaging (microfilms, X-rays, instant photo) market segments declined as digital media increasingly replaced the older technologies encompassed by those two market segments.¹¹¹ In contrast, demand in the packaging and industrial market segments increased, as did demand in the electrical market segment.¹¹² In 2007, the packaging and industrial market segments, which predominantly use commodity-grade films, accounted for nearly *** percent of

¹⁰⁶ Original Determinations, at 11.

¹⁰⁷ Original Determinations, at 11.

¹⁰⁸ Specifically, nonsubject imports accounted for *** percent (by volume) of 1999 U.S. apparent consumption in 1999, *** percent in 2000, and *** percent in 2001. The Commission attributed the decline in nonsubject imports to the decrease in imports from Korea as a result of SKC, a Korean-owned firm, starting production operations in the United States during the period. Original Determinations, at 12.

¹⁰⁹ Original Determinations, at 12, Confidential Version at 18.

¹¹⁰ CR at I-16-I-19, PR at I-13, CR/PR at II-1.

¹¹¹ CR at I-18-I-19, PR at I-14, CR/PR at Table II-3.

¹¹² CR at I-18, PR at I-14, CR/PR at Table II-3. Electrical applications include brightness enhancing display films (for computer monitors and wide-screen TVs), motor wire and cable, cable wrap and insulation, transformer insulation films, capacitors, thermal printing tapes, touch screen and membrane touch switches (for computer and calculator keyboards and microwave ovens and other touch screens), and electrical laminates (such as flexible printed circuit board films). Id.

PET film usage in the United States.¹¹³ U.S. producers testified that the commodity-grade packaging and industrial film markets currently are the largest and fastest growing segments in the U.S. market.¹¹⁴

Apparent U.S. consumption of PET film increased irregularly by *** percent from 2002 to 2006. It decreased from *** pounds in 2002 to *** pounds in 2003, then increased steadily from *** in 2004 to *** pounds in 2006. When the two interim periods are compared, apparent U.S. consumption fell by *** percent, from *** pounds in January-September 2006 to *** pounds in January-September 2007.¹¹⁵ Reasons cited for the increase in demand for PET film during the period of review included growth in the U.S. economy and increased demand for transfer thermal ribbons, packaging, and hot stamped foil.¹¹⁶

Market participants' predictions regarding future demand are mixed. Three of the seven responding U.S. producers stated that they expected an increase in demand due to economic growth, while two expected demand to decline due to converters moving offshore and ***. A majority of importers reported that they did not expect future changes in demand. Although a majority of purchasers responded that they did not expect changes in demand, their responses varied as to whether demand would increase or decrease. In contrast, all foreign producers predicted an increase in future demand.^{117 118}

3. Product Considerations and Supply

PET film is sold in a range of widths, thicknesses, and properties depending upon the needs of end users and is generally more expensive than other plastic films. PET film is produced and sold as general purpose commodity-grade film (representing approximately 65 percent of the U.S. market) and specialty-grade film (representing approximately 35 percent of the market) that commands a price premium relative to the commodity grades.¹¹⁹ The pricing of the commodity grades is reportedly the benchmark for the pricing of all PET film.¹²⁰ U.S. producers of PET film as well as importers of PET film from India and Taiwan sell both commodity and specialized PET film in the U.S. market.¹²¹

At the time of the original investigations, the domestic industry consisted of nine domestic producers. It currently consists of eight producers.¹²² U.S. PET film producers either produce solely for the merchant market (DuPont, Mitsubishi, SKC, Terphane, and Toray) or produce primarily or solely for

¹¹³ CR at II-9, PR at II-6, CR/PR at Table II-3.

¹¹⁴ Transcript at 22-24 (Eckles).

¹¹⁵ CR/PR at Tables I-1 and C-1.

¹¹⁶ CR at II-9-II-10, PR at II-7 .

¹¹⁷ CR at II-10-II-11, PR at II-7.

¹¹⁸ While a publication on the record forecasts that U.S. demand will increase within the foreseeable future, ***, we note that the data contained in this report were compiled close to two years ago.

¹¹⁹ CR at I-16, PR at I-13.

¹²⁰ CR at I-17, PR at I-13.

¹²¹ CR/PR at II-1.

¹²² CR/PR at III-1.

captive consumption (Curwood, Kodak, and 3M).¹²³ ¹²⁴ As was true during the original investigations, most U.S. production capacity is devoted to the merchant market, although a significant percentage is captively consumed. PET film produced for captive consumption primarily is converted to photographic films or magnetic media.¹²⁵ During the period of review, commercial shipments' share of total U.S. production ranged from *** percent to *** percent.¹²⁶

Both domestic production capacity and production increased from 2002 to 2004, but decreased from 2004 to 2006; both were lower in interim 2007 than in interim 2006. Capacity increased from *** pounds in 2002 to *** pounds in 2004, but then decreased to *** pounds in 2006.¹²⁷ It was *** pounds in January-September 2006 and *** pounds in January-September 2007.¹²⁸ Domestic production increased from *** pounds in 2002 to *** pounds in 2004, but decreased to *** pounds in 2006. It was *** pounds in January-September 2006 as compared with *** pounds in January-September 2007.¹²⁹

During the period of review, the U.S. market for PET film was supplied by the domestic industry, subject imports, and nonsubject imports.¹³⁰ The domestic industry's share of apparent U.S. consumption increased from *** percent in 2002 to *** percent in 2004, then declined to *** percent in 2006.¹³¹ Its share of apparent consumption was higher in interim 2007 (*** percent) than in interim 2006 (*** percent).¹³²

Subject imports maintained only a small presence in the U.S. market after imposition of the orders. Their share of the U.S. market decreased from *** percent in 2002 to *** percent in 2006 and was higher in interim 2007 (*** percent) compared to interim 2006 (*** percent).¹³³ The U.S. market share held by nonsubject imports fluctuated, but increased overall from *** percent in 2002 to *** percent in 2006; it was lower in interim 2007 (*** percent) than in interim 2006 (*** percent).¹³⁴

The volume of nonsubject imports during the period of review may have been affected by existing antidumping duty orders or ongoing investigations. As indicated earlier, there is an antidumping duty order on imports of PET film from Korea. Additionally, in November 2007, the Commission determined in the preliminary phase of the investigations that there was a reasonable indication that an

¹²³ In their Posthearing Brief, Domestic Producers discussed at length whether the captive consumption provision applies in these reviews. Domestic Producers' Posthearing Brief at 6. The Commission previously has concluded that the statutory captive production provision does not apply to five-year reviews. See, e.g., Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil, Japan, and Russia, Inv. Nos. 701-TA-384 and 731-TA-806-808 (Review), USITC Pub. 3767 (April 2005) at 29 n. 165. See also Titanium Metals Corp. v. United States, 155 F. Supp. 2d 750, 760-62 (Ct. Int'l Trade 2001).

¹²⁴ A number of U.S. producers are affiliated with foreign producers and/or have PET film production facilities outside the United States. CR at III-3, PR at III-1.

¹²⁵ CR/PR at II-1.

¹²⁶ We note that the trends in industry performance for producers that produce PET film for captive consumption and producers that produce PET film for the merchant market are similar. Cf. CR/PR at Tables C-1 and C-2.

¹²⁷ CR/PR at Table III-1.

¹²⁸ CR/PR at Table III-1.

¹²⁹ CR/PR at Table III-1.

¹³⁰ CR/PR at Tables I-1 and C-1.

¹³¹ CR/PR at Tables I-1, I-14, and C-1.

¹³² CR/PR at Tables I-1, I-14, and C-1.

¹³³ CR/PR at Table I-1, I-14, and C-1.

¹³⁴ CR/PR at Table I-1, I-14, and C-1.

industry in the United States was materially injured by reason of imports from Brazil, China, Thailand, and the UAE.¹³⁵ These investigations are now in the final phase.

4. Substitutability and Other Conditions

Although purchasers require certification or qualification of their suppliers, the record indicates that the domestic like product and the subject imports are highly interchangeable. A large majority of U.S. producers, importers, and purchasers that compared the subject imports with the domestic like product reported that they were always or frequently interchangeable.¹³⁶ Similarly, most of the importers that compared subject imports with the domestic like product reported that they were always or frequently interchangeable.¹³⁷ Moreover, most purchasers (10 of 15) reported that purchasing decisions were never made based on the identity of the producer.¹³⁸

Price is an important factor in purchasing decisions, as it was in the original investigations. Purchasers reported that quality and price were the most important factors in purchasing decisions.¹³⁹ Additionally, all U.S. producers and the majority of importers reported that differences other than price were never or only sometimes significant.¹⁴⁰

The domestic like product and the subject imports are sold on both a contract basis and a spot sales basis. U.S. producers reported selling under long- or short-term contracts as well as making spot sales. Importers reported selling either on a short-term contract or spot sales basis.¹⁴¹ Four of five domestic producers that sell to the merchant market reported that long-term contracts contain meet-or-release clauses. *** same producers indicated that changes in existing contracts were often related to price.¹⁴²

The manufacture of PET film is capital intensive and, to remain profitable, plants must run at a relatively high capacity utilization rate for sustained periods. Most plants operate on a 24 hour per day, 7 days per week basis, with downtime only for maintenance and repairs. A production line that can produce between 10,000 and 20,000 tons of PET film per year costs between \$50 million and \$100 million and normally requires 18 months to two years to start up.¹⁴³

The basic raw materials for making PET film are (1) dimethyl terephthalate (DMT) or purified terephthalic acid (PTA) and (2) monoethylene glycol, which are derived from xylene and ethylene, respectively. These chemicals are petroleum-based and are subject to fluctuations in global prices for oil. Thus, as world oil prices rise, so do the prices for petroleum-based chemicals and the cost of producing PET film. U.S. producers reported that raw material costs increased significantly between January 2004 and June 2007. Energy costs are also an important factor in PET film production. Natural gas prices increased from 2002 to 2005 and then declined somewhat in 2006 and 2007, while crude oil prices nearly tripled from 2002 to 2007.¹⁴⁴

¹³⁵ Polyethylene Terephthalate (PET) Film, Sheet, and Strip From Brazil, China, Thailand, and the United Arab Emirates, Inv. Nos. 731-TA-1131-1134 (Preliminary), USITC Pub. 3278 (Nov. 2007).

¹³⁶ CR at II-18-II-19, PR at II-13.

¹³⁷ CR at II-18-II-19, PR at II-13.

¹³⁸ CR at II-16, PR at II-11.

¹³⁹ CR at II-13, PR at II-8-II-9, and CR/PR at Table II-4.

¹⁴⁰ CR at II-20, PR at II-14, and CR/PR at Table II-8.

¹⁴¹ CR at V-3, V-5, PR at V-2, V-4.

¹⁴² CR at V-3, V-5, PR at V-2-V-4.

¹⁴³ CR at I-19-I-20, PR at I-15.

¹⁴⁴ CR at V-1-V-2, PR at V-1.

The demand for and supply of PET film outside the United States increased during the review period, with growth in capacity outpacing growth in demand.¹⁴⁵ Global consumption is projected to increase in the near future, with the largest growth in consumption likely occurring in China and India.¹⁴⁶ The continuing growth in global consumption is attributable to new uses for PET film, its increased use in packaging, population growth, and overall economic growth in foreign countries.¹⁴⁷

C. Revocation of the Countervailing Duty and Antidumping Duty Orders on Cumulated Subject Imports from India and Taiwan Is Likely to Lead to Continuation or Recurrence of Material Injury to the Domestic Industry

1. Likely Volume of Subject Imports

In evaluating the likely volume of imports of subject merchandise if the orders under review are revoked, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.¹⁴⁸ In doing so, the Commission must consider “all relevant economic factors,” including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.¹⁴⁹

Original Determinations. The Commission found the volume and increase in volume of cumulated subject imports, both in absolute terms and relative to apparent consumption in the United States, to be significant. Subject imports rose from 43.2 million pounds in 1999 to 60.5 million pounds in 2000 and then declined to 49.3 million pounds in 2001, for an overall increase of 14.1 percent over the period of investigation. The market share of subject imports, measured by total domestic consumption, rose from *** percent in 1999 to *** percent in 2000, before declining *** to *** percent in 2001. Subject imports’ share of the merchant market was 7.1 percent in 1999, 9.7 percent in 2000, and 9.1 percent in 2001. The Commission observed that subject imports’ market share was generally higher in the commodity-grade packaging and industrial segments of the U.S. merchant market.¹⁵⁰

The Commission attributed the decline in imports in the second half of 2001 to the filing of the petitions and a decline in demand. The Commission found that, despite the decline, the absolute volume and market share held by subject imports remained at levels that were significant and higher than those at the beginning of the period examined.¹⁵¹

Period of Review. After imposition of the orders, the volume and market share of cumulated subject imports generally declined, although there was an increase late in the period of review. Cumulated subject imports declined from 25.3 million pounds in 2002 to 12.5 million pounds in 2005,

¹⁴⁵ See ***.

¹⁴⁶ See ***.

¹⁴⁷ CR at II-9, PR at II-6.

¹⁴⁸ 19 U.S.C. § 1675a(a)(2).

¹⁴⁹ 19 U.S.C. § 1675a(a)(2)(A-D).

¹⁵⁰ Original Determinations at 13, Table I-1.

¹⁵¹ Original Determinations at 13.

but increased to 16.4 million pounds in 2006.¹⁵² Such imports were greater in interim 2007 (14.5 million pounds) than in interim 2006 (12.1 million pounds).¹⁵³ The market share of cumulated subject imports followed a similar trend, decreasing from *** percent in 2002 to *** percent in 2004 and 2005, but increasing to *** percent in 2006. Their market share was higher in interim 2007 (*** percent) than in interim 2006 (***).¹⁵⁴

The record indicates that subject producers have both the incentive and the capability to significantly increase shipments of the subject product to the United States within a reasonably foreseeable time if the orders were revoked. The information available in these five-year reviews shows that production capacity in India and Taiwan increased substantially over the period of review. PET film production capacity in India increased steadily from *** pounds in 2004 to *** pounds in 2006 and was higher in interim 2007 (*** pounds) than in interim 2006 (*** pounds).¹⁵⁵ With respect to Taiwan, Nan Ya, the sole responding Taiwan producer, reported that its capacity remained flat at *** pounds from 2002 to 2005, but increased by *** to *** pounds in 2006. Additionally, its reported production capacity was higher in interim 2007 (*** pounds) than in interim 2006 (*** pounds).¹⁵⁶ The reported combined production capacity of Indian and Taiwan producers in 2006 (*** pounds) was equivalent to *** percent of U.S. production and *** percent of apparent U.S. consumption in the same year.¹⁵⁷ Moreover, Indian producers plan to increase their production by *** pounds over the next two years.¹⁵⁸

Additionally, subject producers in both countries have *** unused capacity that can be used to increase sales to the U.S. market if the orders were revoked. Indian producers' capacity utilization ranged between *** percent and *** percent in the calendar years under review; it was *** percent in interim 2007.¹⁵⁹ Taiwan producer Nan Ya's capacity utilization rate increased from *** percent in 2002 to *** percent in 2004 before declining *** to *** percent in 2005. In 2006, however, when Nan Ya's capacity increased by ***, its capacity utilization rate dropped to *** percent; its capacity utilization rate was lower in interim 2007 (*** percent) than in interim 2006 (*** percent).¹⁶⁰

The combined excess capacity of reporting subject producers was *** pounds in 2006 and *** pounds in interim 2007. The combined excess capacity of subject producers in 2006 was equivalent to *** percent of apparent U.S. consumption and *** percent of U.S. production in the same year.¹⁶¹ Given the high fixed costs associated with PET film production, there is an incentive for subject producers to maximize the use of available capacity. Thus, subject producers have a significant incentive to increase exports to the relatively large U.S. market if the orders were revoked.

In addition to the U.S. market, subject producers in both countries export substantial volumes to other countries. Indeed, subject producers exported substantial and increasing volumes of their PET film production during the period of review despite purportedly higher prices for PET film in their home

¹⁵² CR/PR at Table IV-1.

¹⁵³ CR/PR at Tables IV-1, C-1.

¹⁵⁴ CR/PR at Tables I-14, C-1.

¹⁵⁵ CR/PR at Table IV-5.

¹⁵⁶ CR/PR at Table IV-7.

¹⁵⁷ Calculated from CR/PR at Tables IV-8 and C-1.

¹⁵⁸ CR at IV-10-IV-11, PR at IV-6.

¹⁵⁹ CR/PR at Table IV-5.

¹⁶⁰ CR/PR at Table IV-7.

¹⁶¹ Calculated from Tables IV-8 and C-1.

markets and increasing demand in the Indian home market.¹⁶² Indian subject producers' exports increased overall from *** pounds in 2002 to *** pounds in 2006 and were higher in interim 2007 compared to interim 2006.¹⁶³ Additionally, Indian exports as a share of total Indian PET film shipments ranged from *** to *** percent.¹⁶⁴ The sole reporting Taiwan producer's exports steadily increased from *** pounds in 2002 to *** pounds in 2006. Exports as a share of the Taiwan producer's total shipments ranged between *** percent and *** percent over the period of review.¹⁶⁵ Its exports were *** pounds in interim 2007 compared to *** pounds in interim 2006.¹⁶⁶ In 2006, the combined Indian and Taiwan exports to other countries totaled 243.2 million pounds, equivalent to roughly *** of U.S. production and over *** of U.S. apparent consumption.¹⁶⁷

If the orders are revoked, the attractiveness of the relatively open U.S. market and its generally higher prices would serve as incentives for producers in these subject countries to direct exports that are currently shipped to other markets to the U.S. market.¹⁶⁸ The record indicates that prices for PET film in the United States tend to be appreciably higher than those in most other markets, such as China.¹⁶⁹ Moreover, the AUVs of Indian and Taiwan exports to Asia were, respectively, *** in the same year.¹⁷⁰ Although the record indicates that prices in the EU were in some instances higher than U.S. prices, the EU has imposed antidumping duties on subject imports from both countries, which reduces to some extent the price advantages of the EU market. Furthermore, the antidumping duties in the EU and in other

¹⁶² We acknowledge that demand in the Indian home market increased during the period of review and is expected to continue to increase in the foreseeable future. However, as noted above, despite the increase in demand for PET film in the Indian home market Indian capacity and production increased as well, and Indian subject producers reported considerable excess capacity. The industry's shipments to the home market (internal consumption, transfers, and commercial shipments) remained roughly steady as a share of total shipments. CR/PR at Table IV-5. Moreover, Indian subject producers are planning to increase production capacity by *** pounds over the next two years. CR at IV-10-IV-11, PR at IV-6. This planned capacity expansion is equivalent to *** of Indian subject producers' combined home market shipments and internal transfers in 2006. CR/PR at Table IV-5.

¹⁶³ CR/PR at Table IV-5.

¹⁶⁴ CR/PR at Table IV-5.

¹⁶⁵ CR/PR at Table IV-7.

¹⁶⁶ Although the Global Trade Atlas data indicate that Taiwan was a net importer of PET film in 2006, we do not place great weight on this information because the underlying data include both subject and non-subject merchandise and the export numbers are ***. Moreover, the Global Trade Atlas data ***. Even assuming that Taiwan was a net importer of PET film, this would not preclude Taiwan from exporting PET film in substantial quantities to the U.S. market in order to take advantage of the higher prices in the U.S. market. As ***. CR/PR at Tables IV-7, V-1, V-2, V-3, V-6, and V-7. Moreover, ***. CR at IV-21, PR at IV-9, and CR/PR at Table IV-7.

¹⁶⁷ Calculated from CR/PR at Tables IV-8 and C-1.

¹⁶⁸ Indeed, the attractiveness of the U.S. market is underscored by the fact that after the imposition of the antidumping and countervailing orders on subject imports from India, several Indian producers established production facilities in other countries (Thailand and the UAE) that currently ship to the U.S. market. As noted above, imports from those countries are currently subject to separate antidumping duty investigations. CR at IV-4, PR at IV-3; Transcript at 25-26 (Kassoff); Domestic Producers' Prehearing Brief at 9-10; Domestic Producers' Posthearing Brief at 2-3.

¹⁶⁹ Domestic Producers' Posthearing Brief at Ex. 2.

¹⁷⁰ CR/PR at Tables IV-5, IV-7, V-1, V-2, V-3, V-6, and V-7. We are mindful that the use of AUVs in an analysis of price trends may be problematic in that different unit values may reflect different mixes of merchandise rather than differences in price. Accord Allegheny Ludlum Corp. v. United States, 287 F.3d 1365, 1373-74 (Fed. Cir. 2002).

countries provide subject producers an incentive to direct export shipments to the U.S. market if the orders under review are lifted.¹⁷¹

In conclusion, subject producers in India and Taiwan combined maintain substantial production capacity that has continued to increase in recent years and substantial unused capacity, export substantial and growing quantities of subject merchandise, and continue to rely on the U.S. market even under the discipline of the orders. The record also indicates that subject imports are subject to antidumping duties in several third-country markets.¹⁷² In light of these facts as well as our findings in the original investigations, we conclude that the likely cumulated volume of the subject merchandise, both in absolute terms and relative to consumption and production in the United States, would be significant absent the restraining effect of the orders.

D. Likely Price Effects of Subject Imports

In evaluating the likely price effects of subject imports if the orders under review were revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.¹⁷³

Original Determinations. The Commission found that domestically produced PET film and the subject imports were at least moderately substitutable and that price was a significant factor in purchasing decisions. The Commission further found significant underselling by the subject imports, which undersold the domestic like product in over three-fourths of possible price comparisons. The Commission noted that the pricing data indicated that prices for domestically produced PET film generally were either stable or had increased somewhat over the period of investigation and that the prices of subject imports followed a similar trend, but for the most part were at lower levels.

The Commission, however, observed that even though domestic producers' prices remained steady or rose slightly, the domestic industry experienced substantial increases in costs, particularly toward the end of the period of investigation. At the same time, the domestic industry was unable to raise prices sufficiently to cover these increases in costs. Accordingly, in light of the significant volume of subject imports, the substitutability of subject imports and the domestic like product, the significant underselling by subject imports, and the failure of domestic prices to rise in the face of significantly increased costs, the Commission concluded that subject imports had a significant price-suppressing effect on domestic prices.

Period of Review. The record in these reviews indicates, as discussed above, that domestically produced and imported PET film are highly substitutable. The majority of U.S. producers, importers, and purchasers reported that domestic and imported products are always or frequently interchangeable.¹⁷⁴ Moreover, the general importance of price in purchasing decisions has not changed since the time of the

¹⁷¹ We also have examined inventories of the subject merchandise. The information available indicates that inventory levels in India and Taiwan were generally stable and at *** levels relative to shipments during the period of review. CR/PR at Tables IV-5 and IV-7.

¹⁷² CR at IV-16, IV-22, PR at IV-8, IV-10.

¹⁷³ See 19 U.S.C. § 1675a(a)(3). The SAA states that “[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices.” SAA at 886.

¹⁷⁴ CR at II-18-19, PR at II-13, and CR/PR at Table II-7.

original investigations.¹⁷⁵ In these reviews, quality and price were reported by the greatest number of purchasers as being the most important factors in purchasing decisions.¹⁷⁶ Additionally, all U.S. producers and the majority of importers reported that differences other than price were either never or only sometimes significant.¹⁷⁷ In light of the high degree of interchangeability, price would likely be the principal factor influencing purchasing decisions absent the orders. Thus, sustained underselling by even a relatively moderate volume of subject imports would be likely to have significant price-suppressing or price-depressing effects.

In these reviews, price comparisons between the domestic product and the subject products from both countries are somewhat limited due largely to the diminished volume of subject imports following imposition of the orders. Even with the orders in place, however, subject imports from both countries undersold the domestic like product in 89 out of 113 quarterly comparisons, and frequently by substantial margins.¹⁷⁸ With respect to Taiwan, we note that even under the discipline of the order, the percentage of comparisons in which underselling occurred and the margins of underselling by subject imports from Taiwan were greater than during the original investigation.¹⁷⁹ This demonstrates the intent of the subject producers to price aggressively in order to gain volume in the U.S. market. Moreover, as discussed above, there is an incentive for subject producers to ship to the U.S. market because subject producers likely would be able to receive a higher price in the U.S. market relative to many third-country markets while still underselling the domestic producers sufficiently to gain market share. In light of the underselling in these reviews and the underselling information from the original investigations, we conclude that there would likely continue to be significant price underselling if the orders were revoked.

Downward price movements for domestic PET film beginning in the second half of 2005 and continuing throughout the review period, along with significant underselling by the subject imports, support a finding that price depression exists and would likely continue if the orders were revoked. Domestic prices fell by an average of 13 percent from the second quarter of 2005 to the third quarter of 2007.¹⁸⁰ Although data for imports from Taiwan were more limited, they showed a similar declining trend. Prices were not available for the Indian subject product for the full period of review.¹⁸¹ The downward price trends, accompanied by the significant underselling and the inability of the industry in most recent periods (2006 and interim 2007) to cover the increase in overall cost of goods sold and

¹⁷⁵ See Original Determinations, USITC Pub. 3446 at 21.

¹⁷⁶ CR/PR at Table II-4.

¹⁷⁷ CR at II-20, PR at II-14, CR/PR at Table II-8.

¹⁷⁸ CR/PR at Tables V-1 through V-6 and Figures V-1 through V-6 (there were no available pricing comparisons for product 7). In these reviews, subject imports from India undersold the domestic product in 30 of 41 comparisons at margins ranging from *** percent, and subject imports from Taiwan undersold the domestic product in 59 out of 72 comparisons at margins ranging from *** percent. Id.

¹⁷⁹ 2001 Public Staff Report at V-5, Table V-2.

¹⁸⁰ CR/PR at Tables V-1 - V-7.

¹⁸¹ Prices for U.S. products 1 through 5 increased from January-March 2002 until mid to late 2005, but declined from 2005 to July-September 2007. Prices, however, were higher at the end of the period than at the beginning of the period. Prices for U.S. product 6 increased throughout the period of review. Prices for U.S. product 7 increased from January-March 2002 though January-March 2007 before declining by the third quarter of 2007. Price data for subject imports from India were generally limited to a few quarters early in the period of review, thus no overall trends for the review period are evident. For subject imports from Taiwan, nearly complete price data were reported for products 1 and 2 (the highest volume products for Taiwan), with both showing declining trends after early 2005, and product 6, which showed higher prices in 2007 over all previous periods. CR/PR at Tables V-1-V-6, and Figures V-3-V-6.

particularly raw material costs,¹⁸² indicate that prices for domestic PET film have been depressed and would likely continue to be depressed if the orders are revoked. If the orders were revoked, the domestic industry's ability to continue to increase its prices commensurate with increases in raw material costs would become more difficult as the industry would be forced to compete with the likely significant volumes of low-priced subject imports.

Given our finding of a likely significant volume of subject imports from India and Taiwan in the event of revocation of the orders, the importance of price in the market, the substitutability of the domestic and subject products, the significant underselling by subject imports during both the original investigations, and the period of review and declining price trends for the domestic like product, we find that, if the orders were revoked, subject imports would be likely to undersell the domestic like product significantly and would be likely to have significant depressing or suppressing effects on the prices of the domestic like product within a reasonably foreseeable time.

E. Likely Impact of Subject Imports

In evaluating the likely impact of imports of subject merchandise if the orders under review are revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.¹⁸³ All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry.¹⁸⁴ As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry

¹⁸² CR/PR at Table III-8 and Figure V-I. The total cost of goods sold ("COGS") increased by *** percent during 2002-2006, and the average unit value of COGS increased from \$*** to \$***. While total COGS did not increase by as much as total net sales over the entire period of review, costs rose more rapidly than sales values toward the end of the period. Unit COGS were \$*** in 2004, \$*** in 2005, and \$*** in 2006; the unit sales values were \$*** in 2004, \$*** in 2005, and \$*** in 2006. The ratio of COGS to net sales increased after 2004, rising from *** percent in 2004 to *** percent in 2006. When the interim periods are compared, per-unit values of COGS and raw material costs were both *** higher, while the unit sales values about remained the same. The ratio of COGS to net sales was higher in interim 2007 (*** percent) than in interim 2006 (*** percent). CR/PR at Table III-8.

¹⁸³ 19 U.S.C. § 1675a(a)(4).

¹⁸⁴ 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that "the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the "magnitude of the margin of dumping" to be used by the Commission in five-year reviews as "the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv). See also SAA at 887.

Commerce expedited its determinations in these reviews and found that revocation of the countervailing duty and antidumping duty orders would be likely to lead to continuation or recurrence of dumping and subsidization. With respect to the antidumping duty order on subject imports from India, Commerce found likely margins of 0.01 percent for Polyplex Corp. ("Polyplex") and 5.71 percent for Ester Industries Ltd., ("Ester"), and 5.71 percent for all other firms. With respect to the countervailing duty order on subject imports from India, Commerce found subsidy rates of 27.39 percent for Ester, 33.44 percent for Garware Polyester Ltd., 22.71 percent for Polyplex, and 29.36 percent for all other firms. With respect to the antidumping duty order on subject imports from Taiwan, Commerce found a likely margin of 2.49 percent for Nan Ya, 2.05 percent for Shinkong Synthetic Fibers Corp., and 2.40 percent for all other firms. CR/PR at Tables I-5 and I-6.

is related to the orders at issue and whether the industry is vulnerable to material injury if the orders were revoked.¹⁸⁵

Original Determinations. The Commission found that the domestic industry's performance deteriorated over the period. The domestic industry's capacity increased between 1999 and 2000 (mainly due to SKC's entry into the market) and then declined in 2001. Additionally, the Commission noted that the domestic industry's production declined in each year of the period of investigation and its capacity utilization declined throughout the period. The Commission further noted that the industry's U.S. shipments and sales increased between 1999 and 2000, but then declined in 2001 to levels below those of 1999. Although the domestic industry gained market share over the period of investigation, the Commission observed that this increase largely reflected SKC's shift in production from Korea, a nonsubject country, to the United States. The Commission also found that the financial position of the industry deteriorated throughout the period of investigation, with operating income declining *** in 2001 and the industry's ratio of operating income to net sales also falling. The number of domestic producers reporting operating losses rose from two to five firms (with seven firms reporting). The Commission found that this deterioration in financial performance was due to a cost-price squeeze, as unit COGS increased and net sales value fell.

The Commission concluded that there had been significant increases in the volume and market share of subject imports and that the subject imports had undersold the domestic like product and had a significant suppressing and depressing effect on domestic prices, resulting in a decline in the overall condition of the industry. Thus, it found that the subject imports were having a significant adverse impact on the domestic industry.

Period of Review. At the beginning of the period of review (2002-2004), the domestic industry benefitted from the imposition of the orders; there was marked improvement in the condition of the domestic industry as subject imports decreased.¹⁸⁶ After these three years of strong performance, however, many of the domestic industry's performance and financial factors declined as shipments decreased, raw material and energy costs rose, and sales values flattened or declined from 2005 through 2007. Notably, cumulated subject imports maintained only a small presence in the U.S. market after the imposition of the orders, while imports from nonsubject sources increased their presence during the period of review.¹⁸⁷

¹⁸⁵ The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission "considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." SAA at 885.

¹⁸⁶ See CR/PR at Tables III-1 and III-3.

¹⁸⁷ Subject imports' share of the U.S. market on a cumulated basis ranged from *** percent to *** percent over the period of review. The market share of imports from nonsubject sources was *** percent in 2002 and increased to a period high of *** percent in 2006, but was lower in interim 2007 (*** percent) than in interim 2006 (*** percent). CR/PR at Tables I-1 and C-1. In the original investigations the market share of nonsubject imports was at similar levels, ranging from *** percent in 2001 to *** percent in 1999. CR/PR at Tables I-1 and C-1.

As noted earlier, nonsubject imports include imports from China, Brazil, Thailand and the UAE, which are currently subject to separate antidumping duty investigations. Domestic Producers asserted that the imports subject to the ongoing investigations are the "functional equivalents" of subject imports and should be treated as such in the Commission's likely material injury analysis. Transcript at 94-95 (Greenwald). They also argue that Commerce has initiated antidumping proceedings against imports from these four countries based on preliminary dumping margins and that the Commission, as it does in preliminary investigations, must accept Commerce's notice of initiation "as a given." Domestic Producers' Posthearing Brief at 14-15. Domestic Producers' argument has no basis in the statute. Under the pre-URAA version of the statute, "subject imports" in the context of cumulation meant "imports subject to investigation." However, the URAA eliminated that basis for considering possible candidates for cumulation.

The domestic industry's capacity increased by *** percent from 2003 to 2005, but decreased *** from 2005 to 2006 and was lower in interim 2007 than in interim 2006.¹⁸⁸ Production rose steadily from 2002 to 2004, but then declined from 2005 to 2006 by *** percent. This downturn in production continued in 2007; production was *** percent lower in interim 2007 than in interim 2006.¹⁸⁹ Capacity utilization, which is particularly critical to this capital intensive industry, fluctuated ***, but increased from *** percent in 2002 to *** percent in 2004. It then declined, reaching a period low of *** percent in interim 2007.¹⁹⁰

The domestic industry's U.S. shipments, both on a total and commercial basis, showed patterns similar to those for production. Total U.S. shipments rose steadily from 2002 to 2004 and then declined from 2005 to 2006; total U.S. shipments in 2006 were *** percent lower than at the peak level in 2004.¹⁹¹ This decline in total U.S. shipments continued in 2007; total U.S. shipments were *** percent lower in interim 2007 than in interim 2006.¹⁹² Inventories relative to total shipments fluctuated, but declined from *** percent in 2002 to a period low of *** percent in 2004. They increased to *** percent in 2006. Inventories as a share of total shipments were higher in interim 2007 (*** percent) than in interim 2006 (*** percent).¹⁹³ While the domestic industry continued to account for a substantial share of apparent U.S. consumption, its share fluctuated, declining from 2002 to 2006 but *** increasing in interim 2007 compared to interim 2006.¹⁹⁴

While the number of production and related workers employed in the domestic industry and the hours worked declined steadily from 2002 to 2006, the industry's productivity steadily increased from *** pounds per hour in 2002 to *** pounds per hour in 2006, for an increase of *** percent.¹⁹⁵ The

Instead, the current statute allows cumulation only for imports from countries that are subject to simultaneously filed petitions or simultaneous initiations. See 19 U.S.C. §§1677(7)(G), (H) and 1675a(a)(7); SAA at 848, 887. Accordingly, for purposes of cumulative analysis, the only relevant "subject" imports are those that are subject to the three orders that are under review. Furthermore, Commerce has not issued any preliminary or final dumping determinations in the investigations on imports from China, Brazil, Thailand, and the UAE. As such, for the Commission to deem these imports as unfairly traded would not only be premature but would effectively usurp Commerce's role in the statutory scheme.

¹⁸⁸ CR/PR at Table C-1. The domestic industry's production capacity was *** pounds in 2002, *** pounds in 2003, *** pounds in 2004, *** pounds in 2005, *** pounds in 2006, *** pounds in interim 2006, and *** million pounds in interim 2007. *Id.*

¹⁸⁹ CR/PR at Table C-1. The domestic industry's production was *** pounds in 2002, *** pounds in 2003, *** pounds in 2004, *** pounds in 2005, *** pounds in 2006, *** pounds in interim 2006, and *** million pounds in interim 2007. *Id.*

¹⁹⁰ CR/PR at Table C-1. The domestic industry's capacity utilization was *** percent in 2002, *** percent in 2003, *** percent in 2004, *** percent in 2005, *** percent in 2006, *** percent in interim 2006, and *** percent in interim 2007. *Id.*

¹⁹¹ CR/PR at Tables III-3, C-1, and C-2. The domestic industry's total U.S. shipments were *** pounds in 2002, *** pounds in 2003, *** pounds in 2004, *** pounds in 2005, *** pounds in 2006, *** pounds in interim 2006, and *** pounds in interim 2007. CR/PR at Tables III-3 and C-1. The domestic industry's commercial shipments were *** pounds in 2002, *** pounds in 2003, *** pounds in 2004, *** pounds in 2005, *** pounds in 2006, *** pounds in interim 2006, and *** pounds in interim 2007. CR/PR at Tables III-3 and C-2.

¹⁹² CR/PR at Tables III-3 and C-1.

¹⁹³ CR/PR at Tables III-4 and C-1.

¹⁹⁴ CR/PR at Tables I-1 and C-1. The U.S. industry's market share was *** percent in 2002. It rose to a period high of *** percent in 2004, before declining to a period low of *** percent in 2006. The U.S. industry's market share was *** percent in interim 2006 and *** percent in interim 2007. *Id.*

¹⁹⁵ CR/PR at Tables III-7 and C-1.

industry's productivity, however, was lower in interim 2007 (***) pounds per hour) than in interim 2006 (***) pounds per hour). Wages paid steadily declined as hourly wages fluctuated but decreased overall.¹⁹⁶

Although the domestic industry's net sales by quantity decreased by *** percent from 2002 to 2006, total net sales by value increased by *** percent between 2002 and 2006 due to increases in the average unit value of sales.¹⁹⁷ At the same time, the domestic industry's operating income increased from 2002 to 2004 despite the increase in the total value of COGS. Its operating income, however, declined between 2004 and 2006 and was lower in interim 2007 than in interim 2006 as the average unit value of total unit COGS continued to increase through 2006 and the average unit value of sales remained relatively flat from 2005 through 2007.¹⁹⁸ The domestic industry's operating income increased from \$*** in 2002 to \$*** in 2004 and then declined to \$*** in 2006; it was \$*** in interim 2007 compared to \$*** in interim 2006.¹⁹⁹ Similarly, the domestic industry's operating income margin increased from *** percent in 2002 to *** percent in 2004 before declining to *** percent in 2006; it was *** percent in interim 2007 compared to *** percent in interim 2006.²⁰⁰ Capital expenditures decreased irregularly from 2002 to 2006 but were higher in interim 2007 compared with interim 2006. Research and development expenses declined throughout the period of review.²⁰¹ Given the industry's performance since 2004, we find that the domestic industry is currently in a vulnerable or weakened state.

Respondents argue that revocation of the current orders on PET film imports from the two countries will not lead to any harm to the U.S. industry in the reasonably foreseeable future as subject imports are likely only to replace market share that the domestic industry has lost to nonsubject imports.²⁰² Respondents' arguments are predicated on the assumption that there will be, at most, a minimal increase in subject imports. As discussed above, however, we have found that the volume of subject imports is likely to be significant. Furthermore, subject producers' exports to third countries and unused capacity in 2006 were equivalent to roughly *** percent of nonsubject imports in the same year. While subject imports may displace some nonsubject imports as domestic producers decrease imports from foreign affiliates rather than lose critical market share, the domestic industry would likely lose market share to the likely high volume of aggressively priced subject imports. At the same time, the domestic industry's profitability would likely decline as it is forced to lower domestic prices to compete with subject imports.^{203 204}

¹⁹⁶ CR/PR at Tables III-7 and C-1.

¹⁹⁷ CR/PR at Tables III-8 and C-1.

¹⁹⁸ CR at Table III-8 and C-1.

¹⁹⁹ CR/PR at Table III-8.

²⁰⁰ CR/PR at Table III-8.

²⁰¹ CR/PR at Table III-14.

²⁰² Jindal's Prehearing Brief at 2-3; Jindal's Posthearing Brief at 1; MTZ's Prehearing Brief at 12-13.

²⁰³ MTZ asserts that the recent CIT decision, Nevinnomysskiy Azot v. United States, ___ F. Supp. 2d ___, Slip Op. 07-130 at 30 (Ct. Int'l Trade August 28, 2007), requires that the "benefit/replacement test" articulated by the Federal Circuit in Bratsk Aluminium Smelter v. United States, 444 F.3d 1369 (Fed. Cir. 2006), be applied in five-year reviews. Although the Bratsk test is applicable to original determinations, we do not view it as applicable to five-year reviews. As the parties have noted in their arguments, the CIT referenced Bratsk in Nevinnomysskiy, which involved an appeal from the Commission's affirmative determination in a five-year review. Although the CIT cited Bratsk, the court appears to have relied on Bratsk simply as support by analogy for holding that the Commission needs to explain why subject imports will have an adverse effect on domestic prices upon revocation when substantial volumes of low-priced imports did not have such an effect during the period of review. Notably, the CIT did not direct the Commission to perform a Bratsk benefit/replacement analysis on remand. We conclude that the CIT's citation to Bratsk should be read as indicating that the Commission in a five-year review should be mindful of, and consider in its opinions, as we do here, the role that fairly traded imports have played and will likely

We have concluded that cumulated subject import volumes from India and Taiwan will likely increase to significant levels and have significant price depressing or suppressing effects in the reasonably foreseeable future if the orders under review were revoked. Because subject imports are interchangeable with the domestic like product and price is an important factor in purchasing decisions, such increases in subject import volume would likely exacerbate the declines in production, shipments, market share, and financial performance that the domestic industry sustained at the end of the period of review.

Additionally, the likely aggressive pricing of the subject imports would likely continue to either depress prices or prevent the domestic industry from raising its prices commensurately with increases in its raw material costs. As a result, the domestic industry's revenues would likely decline significantly in light of the anticipated volume of subject imports. This, in turn, would likely lead to declines in the industry's operating performance.

We consequently find that revocation of the orders regarding subject imports from India and Taiwan would likely have a significant adverse impact on the domestic industry.

CONCLUSION

For the foregoing reasons, we determine that revocation of the antidumping duty orders on PET film from India and Taiwan and the countervailing duty order on subject imports from India would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

play in the U.S. market.

²⁰⁴ 19 U.S.C. § 1675a(a)(1)(C). Respondents also contend that subject imports would have a limited impact on the domestic industry because a substantial portion of PET film sold in the U.S. market, in particular commodity-grade PET film, is imported by domestic producers from their foreign affiliates and not domestically produced. U.S. producers, however, reported that between *** and *** percent of the commodity-grade PET film that they sold in the U.S. market during the period of review was domestically produced. CR at II-1-II-2, PR at II-1. While domestic producers did import a substantial quantity of nonsubject imports from their affiliates during the period of review, the majority of nonsubject imports were from other sources. U.S. producers' imports of PET film accounted for *** percent of total imports and *** percent of imports from nonsubject countries in 2006. CR at III-9 n.9, PR at III-3 n.9.

PART I: INTRODUCTION AND OVERVIEW

BACKGROUND

On June 1, 2007, the Commission gave notice, pursuant to section 751(c) of the Tariff Act of 1930 (the Act), that it had instituted reviews to determine whether revocation of the countervailing duty order on polyethylene terephthalate film, sheet, and strip (“PET film”) from India and the antidumping duty orders on PET film from India and Taiwan would likely lead to the continuation or recurrence of material injury to a domestic industry. Effective September 4, 2007, the Commission determined that it would conduct full reviews pursuant to section 751(c)(5) of the Act. Information relating to the background and schedule of the reviews is provided in the following tabulation.¹

Effective date	Action
May 16, 2002	Commerce’s countervailing duty determination (India) (67 FR 34905, May 16, 2002); countervailing duty order (67 FR 44179, July 1, 2002); antidumping duty determination ((India) (67 FR 34899, May 16, 2002), amended by 67 FR 44175; and antidumping duty determination (Taiwan) (67 FR 35474, May 20, 2002, amended by 67 FR 44174, July 1, 2002)
June 1, 2007	Commission’s institution of reviews (72 FR 30627, June 1, 2007)
September 4, 2007	Commission’s decision to conduct full reviews (72 FR 52582, September 14, 2007)
October 9, 2007	Commerce’s final results of expedited reviews (72 FR 57297 and 72 FR 57300, October 9, 2007)
November 5, 2007	Commission’s scheduling of the reviews (72 FR 64089, November 14, 2007)
February 20, 2008	Commission’s hearing ¹
April 10, 2008	Commission’s vote
April 25, 2008	Commission’s determinations transmitted to Commerce

¹ App. B is a list of witnesses who appeared at the hearing.

The Original Investigations

On May 17, 2001, a petition was filed with Commerce and the Commission alleging that an industry in the United States was materially injured and threatened with material injury by reason of imports of PET film from India and Taiwan that were alleged to be sold in the United States at less than fair value (“LTFV”) and that were alleged to be subsidized by the Government of India. In May 2002, Commerce made final affirmative antidumping (“AD”) and countervailing duty (“CVD”) determinations. The Commission made final affirmative injury determinations in June 2002 and Commerce issued its antidumping and countervailing duty orders thereafter.²

¹ The Commission’s notice of institution, notice to conduct full reviews, scheduling notice, and statement on adequacy appear in app. A and may also be found at the Commission’s web site (internet address www.usitc.gov). Commissioners’ votes on whether to conduct an expedited or full review may also be found at the web site.

² CVD order on India - 67 FR 44179, July 1, 2002. AD determination on India - 67 FR 34899, May 16, 2002, as amended by 67 FR 44175, July 1, 2002. AD determination on Taiwan - 67 FR 35474, May 20, 2002, as amended by 67 FR 44174, July 1, 2002.

Previous Investigations

In 1990, the U.S. PET film industry filed for relief from alleged LTFV imports of PET film from Korea, Japan, and Taiwan.³ The Commission made a negative determination with respect to Taiwan in the preliminary investigations.⁴ The Commission published its affirmative final determinations on imports of PET film from Japan and Korea in May 1991.⁵ Antidumping duty orders covering imports of PET film from Japan and Korea⁶ were issued in 1991. Commerce revoked the order on PET film from Japan in 1995, after concluding that requirements for revocation based on changed circumstances (i.e., the order no longer was of interest to interested parties) were met.⁷

On July 1, 1999, Commerce initiated a five-year “sunset” review of the antidumping duty order on PET film from Korea. Commerce subsequently determined that dumping would likely continue or recur if the order were revoked and the Commission determined that revocation of the order would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.⁸ As a result, Commerce continued the order on PET film from Korea effective March 7, 2000.⁹ In 2005, pursuant to expedited second reviews conducted by Commerce and the Commission, the order on PET film from Korea was again continued, effective October 20, 2005.¹⁰ Commerce is currently conducting a changed circumstances review to possibly reinstate Kolon Industries, Inc., a Korean producer of PET film, under this order.¹¹

In 2001, the U.S. PET film industry filed for relief from alleged LTFV imports of PET film from India and Taiwan and subsidized imports from India.¹² The Commission published its affirmative final determinations on imports of PET film from India and Taiwan in June 2002. Antidumping and countervailing duty orders covering imports of PET film from India and Taiwan were issued in July

³ DuPont, Hoechst, and ICI were the petitioners.

⁴ *Polyethylene Terephthalate Film, Sheet, and Strip From Japan, the Republic of Korea, and Taiwan*, Invs. Nos. 731-TA-458 through 460 (Preliminary), USITC Publication 2292, June 1990.

⁵ *Polyethylene Terephthalate Film, Sheet, and Strip From Japan and the Republic of Korea*, Invs. Nos. 731-TA-458 and 459 (Final), USITC Publication 2383, May 1991.

⁶ After conducting administrative reviews, Commerce revoked the antidumping duty order with respect to product produced/exported by Korean firms Saehan (formerly Cheil Synthetics, Inc.), Kolon Industries, and H.S. Industries (61 FR 35177, July 5, 1996, 61 FR 58374, November 14, 1996, and 66 FR 57417, November 15, 2001, respectively).

⁷ 60 FR 52366, October 6, 1995.

⁸ See *Polyethylene Terephthalate (PET) Film From Korea*, Inv. No. 731-TA-459 (Review), USITC Publication 3278, February 2000.

⁹ 65 FR 11984.

¹⁰ See *Polyethylene Terephthalate (PET) Film From Korea*, Inv. No. 731-TA-459 (Second Review), USITC Publication 3800, September 2005, and 70 FR 61118, October 20, 2005.

¹¹ 72 FR 527, January 5, 2007. In October 2007, Commerce preliminarily determined to reinstate Kolon in the antidumping duty order, with an LTFV margin of 6.00 percent *ad valorem*. 72 FR 56048, October 2, 2007. Commerce intends to issue its final results in the review no later than March 31, 2008. 73 FR 6931, February 6, 2008.

¹² DuPont Teijin, Mitsubishi, and Toray were the petitioners.

2002.¹³ On June 1, 2007, Commerce and the Commission initiated the current five-year “sunset” reviews of the orders on India and Taiwan.¹⁴

On September 28, 2007, the U.S. PET film industry filed for relief from alleged LTFV imports of PET film from Brazil, China, Thailand, and the United Arab Emirates (UAE).¹⁵ The Commission published its affirmative preliminary determinations of injury by reason of imports of PET film from Brazil, China, Thailand, and the UAE in November 2007.¹⁶

Summary Data

Table I-1 presents a summary of data from the original investigations and from these reviews.

Statutory Criteria and Organization of the Report

Section 751(c) of the Act requires Commerce and the Commission to conduct a review no later than five years after the issuance of an antidumping or countervailing duty order or the suspension of an investigation to determine whether revocation of the order or termination of the suspended investigation “would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy (as the case may be) and of material injury.”

Section 752(a) of the Act provides that in making its determination of likelihood of continuation or recurrence of material injury—

(1) IN GENERAL.-- . . . the Commission shall determine whether revocation of an order, or termination of a suspended investigation, would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission shall consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated. The Commission shall take into account--

(A) its prior injury determinations, including the volume, price effect, and impact of imports of the subject merchandise on the industry before the order was issued or the suspension agreement was accepted,

(B) whether any improvement in the state of the industry is related to the order or the suspension agreement,

(C) whether the industry is vulnerable to material injury if the order is revoked or the suspension agreement is terminated, and

(D) in an antidumping proceeding . . . , (Commerce’s findings) regarding duty absorption . . .

(2) VOLUME.--In evaluating the likely volume of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether the likely volume of imports of the subject merchandise would be significant if the order is revoked or the suspended investigation is terminated, either in absolute terms or relative to production or consumption in the United States. In so doing, the Commission shall consider all relevant economic factors, including--

¹³ 67 FR 44174-44175 and 67 FR 44179, respectively.

¹⁴ 72 FR 30544 and 72 FR 30627, respectively. On September 14, 2007, the Commission determined to conduct full reviews. 72 FR 52582.

¹⁵ DuPont Teijin, Mitsubishi, and Toray were the petitioners.

¹⁶ 72 FR 67756, November 30, 2007.

Table I-1

PET film: Summary data from the original investigations and the current reviews, 1999-2001 and 2002-06
 (Quantity= 1,000 pounds; value= 1,000 dollars; unit values, unit labor costs,
 and unit financial data are *per pound*)

Item	1999	2000	2001	2002	2003	2004	2005	2006
U.S. consumption quantity: Amount	***	***	***	***	***	***	***	***
Producers' share ¹	***	***	***	***	***	***	***	***
Importer's share: India ^{1,2}	***	***	***	***	***	***	***	***
Taiwan ¹	***	***	***	***	***	***	***	***
Subtotal, subject	***	***	***	***	***	***	***	***
All other countries ¹	***	***	***	***	***	***	***	***
Total imports ¹	***	***	***	***	***	***	***	***
U.S. consumption value: Amount	***	***	***	***	***	***	***	***
Producers' share ¹	***	***	***	***	***	***	***	***
Importer's share: India ^{1,2}	***	***	***	***	***	***	***	***
Taiwan ¹	***	***	***	***	***	***	***	***
Subtotal, subject	***	***	***	***	***	***	***	***
All other countries ¹	***	***	***	***	***	***	***	***
Total imports ¹	***	***	***	***	***	***	***	***
Shipments of U.S. imports from- India: ²								
Quantity	28,429	39,356	40,233	***	***	***	***	***
Value	21,524	34,825	35,299	***	***	***	***	***
Unit value	\$0.76	\$0.88	\$0.88	\$***	\$***	\$***	\$***	\$***
Taiwan:								
Quantity	14,753	20,068	10,059	***	***	***	***	***
Value	14,367	24,075	11,777	***	***	***	***	***
Unit value	\$0.97	\$1.20	\$1.17	\$***	\$***	\$***	\$***	\$***
Subtotal, subject:								
Quantity	43,182	59,424	50,292	29,279	18,907	13,607	13,607	15,825
Value	35,891	58,900	47,076	29,971	22,393	17,391	19,175	20,930
Unit value	\$0.83	\$0.99	\$0.94	\$1.02	\$1.18	\$1.28	\$1.41	\$1.32

Table continued on next page.

Table I-1--Continued

PET film: Summary data from the original investigations and the current reviews, 1999-2001 and 2002-06
 (Quantity=1,000 pounds; value=1,000 dollars; unit values, unit labor costs,
 and unit financial data are *per pound*)

Item	1999	2000	2001	2002	2003	2004	2005	2006
All other countries:								
Quantity	202,289	185,884	134,487	***	***	***	***	***
Value	300,505	300,023	212,368	***	***	***	***	***
Unit value	\$1.49	\$1.61	\$1.58	\$***	\$***	\$***	\$***	\$***
All countries:								
Quantity	245,471	245,308	184,779	***	***	***	***	***
Value	336,397	358,923	259,444	***	***	***	***	***
Unit value	\$1.37	\$1.46	\$1.40	\$***	\$***	\$***	\$***	\$***
U.S. producers-- Capacity quantity	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***
Capacity utilization ¹	***	***	***	***	***	***	***	***
U.S. shipments: Quantity	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***
Unit value	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***
Ending inventory quantity	***	***	***	***	***	***	***	***
Inventories/total shipments ¹	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***
Hours worked (1,000 hours)	***	***	***	***	***	***	***	***
Wages paid (1,000 dollars)	***	***	***	***	***	***	***	***
Hourly wages	\$***	\$***	\$***	\$***	\$***	\$***	\$***	\$***
Productivity (pounds per hour)	***	***	***	***	***	***	***	***

Table continued on next page.

Table I-1--Continued

PET film: Summary data from the original investigations and the current reviews, 1999-2001 and 2002-06

* * * * *

¹ In percent.
² Data for India and from all other countries in the original investigation and from all other countries with the exception of Brazil in these reviews are adjusted official import statistics rather than questionnaire shipments of imports data.
 Source: Compiled primarily from data submitted in response to Commission questionnaires in the original investigations and in the current reviews and from adjusted official Commerce statistics (Canada, Mexico, and Oman excluded).

(A) any likely increase in production capacity or existing unused production capacity in the exporting country,

(B) existing inventories of the subject merchandise, or likely increases in inventories,

(C) the existence of barriers to the importation of such merchandise into countries other than the United States, and

(D) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.

(3) PRICE.--In evaluating the likely price effects of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether--

(A) there is likely to be significant price underselling by imports of the subject merchandise as compared to domestic like products, and

(B) imports of the subject merchandise are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.

(4) IMPACT ON THE INDUSTRY.--In evaluating the likely impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated, the Commission shall consider all relevant economic factors which are likely to have a bearing on the state of the industry in the United States, including, but not limited to--

(A) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity,

(B) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, and

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

The Commission shall evaluate all such relevant economic factors . . . within the context of the business cycle and the conditions of competition that are distinctive to the affected industry.

Section 752(a)(6) of the Act states further that in making its determination, “the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy. If a countervailable subsidy is involved, the Commission shall consider information regarding the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement.”

Information obtained during the course of the reviews that relates to the above factors is presented throughout this report. A summary of data collected in the reviews is presented in appendix C; table C-1 presents data on the total U.S. market for PET film and table C-2 presents data for the commercial market. U.S. industry data are based on questionnaire responses of eight firms that accounted for virtually all U.S. production of PET film during 2002-September 2007. U.S. import data are based on questionnaire responses of 17 importers of PET film from Brazil, India, and Taiwan, and from adjusted official Commerce statistics for all other sources. Responses by U.S. producers, importers, and purchasers of PET film and producers of PET film in India and Taiwan to a series of questions concerning

the significance of the existing antidumping and countervailing duty orders and the likely effects of revocation are presented in appendix D.

COMMERCE'S ORIGINAL INVESTIGATIONS AND ITS REVIEWS

Administrative Reviews

India

Commerce completed three antidumping and five countervailing duty order administrative reviews with regard to subject imports of PET film from India. Information on Commerce's administrative reviews of the subject orders on India are presented in tables I-2 and I-3.

Table I-2

PET film: Administrative reviews of the antidumping duty order for India

FR citation	Period of review	Producer or exporter	Margin
70 FR 8072 (February 17, 2005)	12/21/2001-6/30/2003	Jindal Polyester	6.28
		All others	24.14
71 FR 47485 (August 17, 2006)	7/1/2004-6/30/2005	Jindal Polyester	2.32
		MTZ Polyfilms	0.00 ¹
		Polyplex Corp.	0.01 ¹
		All others	21.14
73 FR 7252 (February 7, 2008)	7/1/2005-6/30/2006	MTZ Polyfilms	0.00 ¹
¹ <i>De minimis</i> margin (i.e., margin is less than 0.5 percent), therefore no cash deposit is required to be paid to Customs. Source: Cited <i>Federal Register</i> notices.			

Table I-3**PET film: Administrative reviews of the countervailing duty order for India**

FR citation	Period of review	Producer or exporter	Margin
69 FR 51063 (August 17, 2004)	10/22/2001-12/31/2001	Polyplex	20.62
		All others	20.40
69 FR 51063 (August 17, 2004)	1/1/2002-12/31/2002	Polyplex	19.63
		All others	20.40
71 FR 7534 (February 17, 2006)	1/1/2003-12/31/2003	Jindal	15.07
		Polyplex	9.24
		All others	20.40
72 FR 6530 (February 12, 2007)	1/1/2004-12/31/2004	Jindal	14.28
		Polyplex	9.20
		All others	20.40
73 FR 7708 (February 11, 2008)	1/1/2005-12/31/2005	Garware Polyester Ltd.	10.37
		MTZ Polyfilms Ltd.	33.94
Source: Cited <i>Federal Register</i> notices.			

Taiwan

Commerce completed one antidumping duty order administrative review with regard to subject imports of PET film from Taiwan. The results of the administrative review are shown in table I-4.

Table I-4**PET film: Administrative reviews of the antidumping duty order for Taiwan**

FR citation	Period of review	Producer or exporter	Margin
69 FR 50166 (August 13, 2004)	12/21/2001-6/30/2003	Nan Ya Plastics Corp.	1.94 ¹
		Shinkong Synthetic Fibers	0.62
		All others	2.40 ¹
¹ Results amended by 69 FR 58129 (September 29, 2004).			
Source: Cited <i>Federal Register</i> notices.			

Results of Original Investigations and Expedited Five-Year Reviews

Tables I-5 and I-6 present the margins calculated by Commerce in its original investigations and in its expedited reviews on India and Taiwan.

Table I-5
PET film: Commerce's original and first five-year antidumping duty margins for producers/exporters, by subject country

Producer/exporter	Original margins (percent ad valorem)	First five-year review margins (percent ad valorem)
India¹		
Ester Industries	24.14	5.71 ²
Polyplex Corp. ³	10.34	0.01 ⁴
All others	24.14	5.71 ⁵
Taiwan⁶		
Nan Ya Plastics Corp., Ltd.	2.49	2.49
Shinkong Synthetic Fibers Corp.	2.05	2.05
All others	2.40	2.40
<p>¹ Antidumping duty order, 67 FR 34899, May 16, 2002, as amended by 67 FR 44175, July 1, 2002; final results of first expedited sunset review, 72 FR 57297, October 9, 2007.</p> <p>² Ester's rate was found to be 24.14 percent, which was adjusted to 5.71 percent to take into account the export subsidy rate found in the companion countervailing duty investigation.</p> <p>³ Commerce initially excluded Polyplex from the antidumping duty order because the rate for Polyplex was zero after adjusting the dumping margin for the export subsidies in the companion countervailing duty investigation. However, as directed by the Court of International Trade, Commerce redetermined to subject Polyplex to the antidumping duty order at the rate initially published in the order. Notice of Decision of the Court of International Trade, 69 FR 40352, July 2, 2004.</p> <p>⁴ Polyplex' rate was found to be 10.34 percent, which was adjusted to 0.01 percent to take into account the export subsidy rate found in the companion countervailing duty investigation, and Polyplex was excluded from the antidumping duty order. Polyplex' exclusion was subsequently reversed by a decision of the Court of International Trade. See Notice of Decision of the Court of International Trade: Polyethylene Terephthalate Film, Sheet, and Strip from India, 69 FR 40352, July 2, 2004.</p> <p>⁵ The "all others" rate established in the investigation was based on Ester's rate.</p> <p>⁶ Antidumping duty order, as amended, 67 FR 44174, July 1, 2002; final results of expedited review, 72 FR 57297, October 9, 2007.</p>		
Source: Cited <i>Federal Register</i> notices. Commerce's notices of final results of expedited reviews are presented in app. A.		

Table I-6
PET film: Commerce's original and first five-year countervailing duty margins for producers/exporters from India

Producer/exporter	Original margins (percent ad valorem)	First five-year review margins (percent ad valorem)
Ester Industries Ltd.	18.43	27.39
Garware Polyester Ltd.	24.48	33.44
Polyplex Corp. Ltd.	18.66	22.71
All others	20.40	29.36
Source: Countervailing duty order, 67 FR 44179, July 1, 2002; final results of expedited sunset reviews, 72 FR 57300, October 9, 2007.		

Indian respondent MTZ Polyfilms, Ltd. contends that the programs that provided subsidies to all Indian PET film producers have either had their rates of benefit reduced or the programs themselves have been eliminated, and in its posthearing brief discussed each of the primary subsidy programs.¹⁷

DISTRIBUTION OF CONTINUED DUMPING AND SUBSIDY OFFSET ACT FUNDS

The Continued Dumping and Subsidy Offset Act of 2000 (“CDSOA”) (also known as the Byrd Amendment) provides that assessed duties received pursuant to antidumping or countervailing duty orders must be distributed to affected domestic producers for certain qualifying expenditures that these producers incur after the issuance of such orders.¹⁸ During the review period, qualified U.S. producers of PET film were eligible to receive disbursements from U.S. Customs and Border Protection (“Customs”) under CDSOA relating to one countervailing duty and two antidumping duty orders on the subject product beginning in Federal fiscal year 2003.¹⁹ Tables I-7 and I-8 present CDSOA disbursements and claims for Federal fiscal years (October 1-September 30) 2003-06 by source and by firm, respectively.

Table I-7
PET film: CDSOA disbursements, by source, Federal fiscal years 2003-06

Item	Federal fiscal year			
	2003	2004	2005	2006
Disbursements (dollars)				
India (AD)	3,234	248,068	102,834	184,509
India (CVD)	4,785	4,835	361,769	997,960
Taiwan	0	17,803	325,887	156,004
Total	8,018	270,706	790,490	1,338,473
Source: U.S. Customs and Border Protection's CDSOA <i>Annual Reports</i> . Retrieved from www.cbp.gov/xp/cgov/import/add_cvd .				

Table I-8
PET film: CDSOA disbursements, by firm, and total claims, Federal fiscal years 2003-06

Item	Federal fiscal year			
	2003	2004	2005	2006
Disbursements (dollars)				
Dupont Teijin Films	1,807	142,720	354,613	476,209
Mitsubishi Polyester Film	6,211	75,608	179,300	360,358
SKC	0	47,644	150,539	267,873
Toray Plastics (America)	0	4,733	106,037	234,034
Total	8,018	270,706	790,490	1,338,473
Claims (dollars)				
Total	946,922,358	3,449,814,812	5,223,401,627	5,935,790,347
Note.--Because of rounding, figures may not add to the totals shown.				
Source: U.S. Customs and Border Protection's CDSOA <i>Annual Reports</i> . Retrieved from www.cbp.gov/xp/cgov/import/add_cvd .				

¹⁷ MTZ Polyfilms, Ltd.'s posthearing brief, pp. 9-10.

¹⁸ Section 754 of the Tariff Act of 1930, as amended (19 U.S.C. § 1675(c)).

¹⁹ 19 CFR 159.64 (g).

THE SUBJECT PRODUCT

According to Commerce’s scope, the imported product subject to the antidumping and countervailing duty orders under review is defined by Commerce as follows:

“All gauges of raw, pretreated, or primed PET film, whether extruded or coextruded. Excluded are metallized films and other finished films that have had at least one of their surfaces modified by the application of a performance-enhancing resinous or inorganic layer more than 0.00001 inches thick. Imports of PET film were currently classifiable in the Harmonized Tariff Schedule of the United States (“HTSUS”) under item number 3920.62.00. Effective July 1, 2003, the HTSUS subheading 3920.62.00 was divided into 3920.62.00.10 (metallized PET film) and 3920.62.0090 (non-metallized PET film). Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of these orders is dispositive.”

U.S. Tariff Treatment

Imports of this product are currently classifiable with other PET products under Harmonized Tariff Schedule of the United States (“HTS”) subheading 3920.62.00 and reported under statistical reporting number 3920.62.0090 as set forth in the following tabulation:

HTS provision	Article description	General ¹	Special ²	Column 2 ³
		Rates (ad valorem)		
3920	Other plates, sheets, film, foil and strip, of plastics, noncellular and not reinforced, laminated, supported or similarly combined with other materials:			
3920.62.00	Of poly(ethylene terephthalate)	4.2 ⁴	Free (A*, AU, BH, CA, CL, E, IL, J, JO, MA, MX, P, SG)	25
3920.62.0090	Other			

¹ Normal trade relations, formerly known as the most-favored-nation duty rate, applicable to India and Taiwan.

² Special rates apply to imports of PET film from certain trading partners of the United States as follows: A (GSP); AU (United States-Australia Free Trade Agreement); BH (United States-Bahrain Free Trade Agreement Implementation Act); CA and MX (North American Free Trade Agreement); CL (United States-Chile Free Trade Agreement); E (Caribbean Basin Economic Recovery Act); IL (United States-Israel Free Trade Area); J (Andean Trade Preference Act); JO (United States-Jordan Free Trade Area Implementation Act); MA (United States-Morocco Free Trade Agreement Implementation Act); P (Dominican Republic-Central America-United States Free Trade Agreement Implementation Act); SG (United States-Singapore Free Trade Agreement).

³ Applies to imports from a small number of countries that do not enjoy normal trade relations duty status.

⁴ HTS heading 9902.25.76 reduces the duty on biaxially oriented polyethylene terephthalate film certified by the importer as intended for use in capacitors and as produced from solvent-washed low ash content (< 300 ppm) polymer resin (CAS No. 25038-59-9) (provided for in subheading 3920.62.00) to 3.4 percent for goods entered on or before December 31, 2009.

Source: Harmonized Tariff Schedule of the United States (2008).

Metallized excluded goods (film only) are now reported under statistical reporting numbers 3920.62.0020 and 3920.62.0050.

Physical Characteristics and Uses

PET film is a high-performance, clear, flexible, and transparent or translucent material that is produced from PET polymer, a linear, thermoplastic polyester resin. It is generally more expensive than other plastic films and is used typically only when its unique properties are required.²⁰ Special properties imparted to PET film during the manufacturing process are integral to its use in a myriad of downstream commodity and specialty applications.

PET film has certain inherent desirable qualities such as high tensile strength, good flexibility, and retention of physical properties over a fairly wide temperature range, excellent electrical insulation properties, durability, heat resistance, good gas-barrier properties, excellent dimensional stability, chemical inertness, good optical clarity, and relatively low moisture absorption.^{21 22} It is available commercially in a range of widths, thicknesses, and properties depending upon the need of end users, and is generally more expensive than other plastic films.²³ PET film can be made as a single layer or can be coextruded with other polyester polymers, blended with pigments, and coated inline with applied polymer and other agents into a multilayer film encompassing the desired characteristics. The end product typically comes off the production line in widths of 12 and 24 feet,²⁴ and in thicknesses reportedly ranging from about 2 microns (8 gauge) to 350 microns (1,400 gauge).²⁵ PET film is typically slit into rolls ranging from 2 inches to 11 feet wide and 500 to 200,000 feet in length, and sold to downstream converters who apply various thicker substrates to the film for ultimate nonsubject end-use requirements.^{26 27} DuPont Teijin also converts subject base PET film offline into nonsubject “equivalent PET film” having coatings exceeding 0.254 microns (0.00001 inch; ca. 1 gauge) and sells the value added film to downstream end users.^{28 29} Terphane’s facility is designed to produce ***.³⁰ Certain films may also be sold to distributors, directly to end-use consumers, or exported.³¹

²⁰ Some other film materials can reportedly be substituted for PET film in specific cases; however, in most applications there is limited applicability due to performance and price differences. ***.

²¹ PET film has the widest service temperature range of any competing material (-70°C to 150°C); the highest tensile and tear strength; and electrical insulation breakdown properties, together with superior dimensional stability, oxygen barrier properties, and dielectric constant (electrical resistivity).

²² *Polyethylene Terephthalate Film, Sheet, and Strip From Brazil, China, Thailand, and the United Arab Emirates, Inv. Nos. 731-TA-1131-1134 (Preliminary)*, USITC Publication 3962, November 2007, p. I-3.

²³ Ibid.

²⁴ Film widths may range up to 350 inches (29 feet). Hearing transcript, p. 17 (Winn).

²⁵ Film gauge increases with film thickness: 1 micron = 3.937 gauge = 0.0001 cm = 0.00004 inch.

²⁶ *Polyethylene Terephthalate Film, Sheet, and Strip From Brazil, China, Thailand, and the United Arab Emirates, Inv. Nos. 731-TA-1131-1134 (Preliminary)*, USITC Publication 3962, November 2007, p. I-4.

²⁷ Indian producer MTZ distributor Alba Sales contends that the United States is limited to the importation of smaller 6-7 foot commodity grade rolls because it is reportedly economically prohibitive to ship larger rolls in specialized packaging and packaging equipment, including the seasonal threat of moisture and mold damage, and the use of wooden pallets. Alba does not ship specialty grades to the United States reportedly because of seasonal moisture threat and damage. Hearing transcript, pp. 109-110 and 153 (Bejoian).

²⁸ *Polyethylene Terephthalate Film, Sheet, and Strip From Brazil, China, Thailand, and the United Arab Emirates, Inv. Nos. 731-TA-1131-1134 (Preliminary)*, USITC Publication 3962, November 2007, p. I-4.

²⁹ Equivalent PET is produced in a ***. DuPont Teijin’s producer questionnaire response, section III-5.

³⁰ ***.

³¹ Staff field trip report, ***.

There are five subject PET film end-use categories generally recognized by the industry: industrial, packaging, magnetic media, electrical, and imaging.³² PET film is produced and sold for a myriad of end uses in two major categories: general purpose commodity-grade films, and specialty-grade films which command a price premium relative to the commodity grades.³³ The volume split is estimated to be about 65 percent commodity grade to 35 percent specialty grade.^{34 35} Subject U.S. PET film demand overall is estimated to be growing at about 3 percent annually, with commodity grades growing faster.^{36 37} Commodity-grade films are generally viewed by the industry as large-volume bulk films used principally in the packaging and industrial sectors,³⁸ where pressure from imports is reportedly more intense.³⁹ Commodity-grade films are described as thin films⁴⁰ which generally fall in the 48 to 92 gauge range,^{41 42} with the popular 48 gauge corona-treated film⁴³ typically used as the baseline for pricing.^{44 45}

Examples of industrial and allied commodity-grade end-use markets include hot stamping foil, pressure sensitive labels (thermally/chemically resistant), release films (pull away labels), photo resist films, metallic yarns, adhesive tapes, plastic cards (including “smart” cards), labels, lamination films, solar/safety window films, medical test strips, and other miscellaneous uses. Packaging commodity markets are growing rapidly in certain end-use areas (such as convenient cook-in bags) due to technology and changing customer tastes. Typical uses include food packaging: flexible pouches, peelable seals (microwave tray film); snack foods (chips and pretzels, etc.) and barrier films to keep moisture out; pet

³² ***.

³³ There is reportedly some overlap and evolution between film products sold into the commodity and specialty markets which have different price points. Hearing transcript, p. 33 (Kassoff); p. 39 (Eckles).

³⁴ *Polyethylene Terephthalate Film, Sheet, and Strip From Brazil, China, Thailand, and the United Arab Emirates, Inv. Nos. 731-TA-1131-1134 (Preliminary)*, USITC Publication 3962, November 2007, p. I-4.

³⁵ Hearing transcript, p. 18 (Winn).

³⁶ Ibid.

³⁷ The commodity grade packaging and industrial film markets are reported to be the largest and fastest growing markets in the industry today, and important to U.S. producers to allow them to base line their film lines. Hearing transcript, pp. 20, 23 (Eckles).

³⁸ Packaging and label films are projected to ***. ***.

³⁹ *Polyethylene Terephthalate Film, Sheet, and Strip From Brazil, China, Thailand, and the United Arab Emirates, Inv. Nos. 731-TA-1131-1134 (Preliminary)*, USITC Publication 3962, November 2007, p. I-4.

⁴⁰ Terphane, Inc. (Terphane), a U.S. and Brazilian producer, considers ***. Ibid., and confidential staff report in the investigations, November 5, 2007, p. I-6, footnote 33.

⁴¹ *Polyethylene Terephthalate Film, Sheet, and Strip From Brazil, China, Thailand, and the United Arab Emirates, Inv. Nos. 731-TA-1131-1134 (Preliminary)*, USITC Publication 3962, November 2007, p. I-4.

⁴² DuPont Teijin reported experiencing healthy demand for all its PET film products, the demand for its thin films of 48-92 gauge for packaging and industrial being exceptionally strong and forecasted to remain so for the foreseeable future. DuPont Teijin Press Release, July 15, 2007, <http://usa.duponttejinfilms.com/>, retrieved October 18, 2007.

⁴³ Corona-treated film is produced by exposing the base film surface to a highly active electric field to modify its surface energy, which is especially important to downstream printing and coating applications.

⁴⁴ *Polyethylene Terephthalate Film, Sheet, and Strip From Brazil, China, Thailand, and the United Arab Emirates, Inv. Nos. 731-TA-1131-1134 (Preliminary)*, USITC Publication 3962, November 2007, p. I-4.

⁴⁵ Toray reported that its thin films range up to 200 gauge. Ibid.

food packaging; industrial packaging; can laminations; and vacuum insulation panels.^{46 47} Mitsubishi also produces subject PET film shrink film.^{48 49}

Magnetic media, electrical, and imaging applications, in general, are more specialized markets compared to commodity-grade industrial and packaging. Magnetic media includes VCR, audio, and floppy disk tapes which have been on the decline for many years; however, advanced high-density computer storage media for computer backups has been a significantly high growth area in this market. The electrical market is reported to be growing at over 10 percent.⁵⁰ Electrical applications include brightness-enhancing display films (computer monitors and wide-screen TVs), motor wire and cable, cable wrap and insulation, transformer insulation films, capacitors, thermal printing tapes, touch screens and membrane touch switches (computer and calculator keyboards, and microwave oven and other touch screens), and electrical laminates (flexible printed circuit board films, for example). Some growth areas are reportedly in the areas of display films, touch screens and membrane touch switches, and electrical laminates, while declining uses are reportedly wire and cable wrap and motor films.⁵¹ Imaging applications are reportedly declining in general. This end use category includes microfilm, which is being replaced by computer storage, a growing PET film end use; X-ray films and instant photo which are moving into digital imaging; printing processes (magazine ads, etc.); drafting films, which are moving to computer-aided design; and overhead transparencies, which are moving towards projection.⁵²

Although PET films used in analog printing processes and other selected specialty areas have declined, DuPont Teijin ^{***}.⁵³ PET films used in ^{***}.⁵⁴ Mitsubishi plans to ^{***}.⁵⁵ Overall industry growth was cited in the electronics arena due to the demand for ^{***} and in the industrial market, primarily ^{***} products. Packaging was reported to have grown ^{***}.⁵⁶ Toray has reportedly ^{***}.⁵⁷

Manufacturing Facilities and Production Employees

The basic PET film “sequential draw” production process is fundamentally standard across the industry.^{58 59} PET film operations are capital-intensive, dictating that plants be run at relatively high

⁴⁶ Ibid., p. I-5.

⁴⁷ The Global Association of Manufacturers of Polyester Film (AMPEF), <http://www.ampef.com/>, retrieved October 18, 2007.

⁴⁸ *Polyethylene Terephthalate Film, Sheet, and Strip From Brazil, China, Thailand, and the United Arab Emirates, Invs. Nos. 731-TA-1131-1134 (Preliminary)*, USITC Publication 3962, November 2007, p. I-5.

⁴⁹ Mitsubishi also produces ^{***}. Mitsubishi’s producer questionnaire response, section II-5.

⁵⁰ Hearing transcript, p. 14 (Winn).

⁵¹ Although motor films demand has reportedly ^{***}. ^{***}.

⁵² *Polyethylene Terephthalate Film, Sheet, and Strip From Brazil, China, Thailand, and the United Arab Emirates, Inv. Nos. 731-TA-1131-1134 (Preliminary)*, USITC Publication 3962, November 2007, p. I-5.

⁵³ ^{***}.

⁵⁴ ^{***}.

⁵⁵ ^{***}.

⁵⁶ Ibid., section IV-B-11.

⁵⁷ ^{***}.

⁵⁸ *Polyethylene Terephthalate Film, Sheet, and Strip From Brazil, China, Thailand, and the United Arab Emirates, Inv. Nos. 731-TA-1131-1134 (Preliminary)*, USITC Publication 3962, November 2007, p. I-5.

⁵⁹ The EU firms Brechner and Donier are standard manufacturers of PET film lines; there are also other manufacturers in Asia. Hearing transcript, p. 18 (Winn).

capacity utilization rates for sustainable periods to remain profitable.⁶⁰ Most plants operate on a 24-hour-per-day, 7-day-per-week basis, with some allotted downtime for maintenance and repairs.⁶¹ Each production line to produce 10,000 to 20,000 tons per year could cost anywhere between \$50 million and \$100 million,⁶² and normally requires 18 months to two years to start up.⁶³ The PET film production process is conducted in a “clean room” environment to protect the finished film from microscopic airborne contamination.⁶⁴ Sturdy equipment and vibratory control are essential to the production of PET films of uniform thickness and surface features. The major producers of PET film do not normally run other types of film on their PET film production lines unless necessary owing to the intricacies of the process, and, therefore, do not normally employ the same production workers for other purposes.^{65 66} Also, most PET film production lines are geared to the production of products within specified gauge ranges (thin, intermediate, or thick) across end-use groups because of the exacting requirements of the process and variability in PET polymer processing characteristics. Therefore, the larger producers with more lines and sophisticated surface modification and other technologies, together with the capability to generally produce multiple polymer grades, tend to have the capability to provide a wider range of products to each end-use sector.⁶⁷

Most PET film manufacturers produce their own PET polymer using the batch polymerization or continuous polymerization process, or a combination thereof.⁶⁸ The batch process allows the film producer to custom-tailor PET polymer for specific end-use applications. PET polymer may also be produced by a continuous process, but this process may be less flexible in the types of end-use films that can be manufactured. PET film grade polymer can be manufactured from either purified terephthalic acid (“PTA”) or dimethyl terephthalate (“DMT”) in combination with monoethylene glycol (“MEG”). Producers tend to produce PET film grade polymer from either PTA or DMT dependent upon process design and end product property/quality perceptions.⁶⁹ Newer plants are believed to be ***.⁷⁰ Rising feedstock costs are an issue.^{71 72}

A typical PET film production scheme is shown in the process flow diagram of figure I-1. The basic process steps are polymerization, extrusion, film casting, drawing and biaxial orientation, heating,

⁶⁰ In general, a film line devoted to a selected product can typically operate at full rate for about two years without downtime for maintenance, which requires a week to 10 days. Hearing transcript, p. 87 (Winn).

⁶¹ ***.

⁶² *Polyethylene Terephthalate Film, Sheet, and Strip From Brazil, China, Thailand, and the United Arab Emirates, Inv. Nos. 731-TA-1131-1134 (Preliminary)*, USITC Publication 3962, November 2007, p. I-5.

⁶³ Hearing transcript, p. 48 (Eckles).

⁶⁴ A general description of the PET film process is also found in the hearing transcript, pp. 16-19 (Winn).

⁶⁵ ***.

⁶⁶ *Polyethylene Terephthalate Film, Sheet, and Strip From Brazil, China, Thailand, and the United Arab Emirates, Inv. Nos. 731-TA-1131-1134 (Preliminary)*, USITC Publication 3962, November 2007, p. I-5.

⁶⁷ Ibid.

⁶⁸ *Polyethylene Terephthalate Film, Sheet, and Strip From Brazil, China, Thailand, and the United Arab Emirates, Inv. Nos. 731-TA-1131-1134 (Preliminary)*, USITC Publication 3962, November 2007, p. I-6.

⁶⁹ DuPont Teijin, Mitsubishi, Toray, and SKC purchase feedstock for PET polymerization on the open market; SKC reportedly imports some resin from its parent company in Korea. Ibid.

⁷⁰ ***.

⁷¹ Key raw material prices (PTA and MEG) have reportedly increased since ***. ***. Raw material costs are further discussed in Parts III and V of this report.

⁷² Raw material prices are petrochemical based, and have reportedly increased 22 percent in the past 18 months, driven by both world energy prices as well as manufacturing limitations for these raw materials. Hearing transcript, p. 27 (Kassoff).

crystallization, cooling, winding, and finishing. Sophisticated scanners and control systems maintain optimal process conditions. Many value added in-line film treatments may also be applied to modify the film during routine processing, including antistatic agents applied by running the film over microporous liquid coating drums, other chemical treatments, co-extrusion of other polyester substrates onto one or both sides of the film via melt phase lamination processes to promote adhesion, introduction of fillers and pigments into the PET polymer melt via masterbatch systems, and corona treatment for downstream converter requirements.^{73 74}

In the sequential draw process, molten PET polymer is extruded under pressure through a narrow slotted die which may vary from 18 inches to 6 feet in length. The molten material exits the die directly onto an ultra-smooth casting drum which cools the melt and forms an amorphous polymeric film. From there, the film is stretched (drawn) in a longitudinal direction over a series of precision motorized rollers. The stretched film next enters a long heated chamber called a stenter (or tenter) oven, where it is subjected to a transverse stretch (sideways draw) to complete biaxial orientation. Biaxial orientation aligns the polymeric chains into a uniform structure which imparts strength, toughness, clarity, and all the other value-added properties characteristic of PET film.⁷⁵ The finished film of the desired width and gauge (nominally 2 microns (8 gauge) to 350 microns (1,400 gauge)) is wound into rolls for shipment to the customer.^{76 77}

Interchangeability and Customer and Producer Perceptions

U.S. producer and importer questionnaire respondents reported that there was general interchangeability between U.S.-produced, Indian, and Taiwanese PET film. U.S. producers and most responding importers cited few alternatives to the use of PET film. With respect to customer and producer perceptions, questionnaire respondents reported that U.S.-produced and imported PET film were viewed as essentially the same. More detailed information on interchangeability and customer and producer perceptions can be found in Part II of this report, *Conditions of Competition in the U.S. Market*.

Channels of Distribution

During the period examined in these reviews, shipments of PET film by U.S. producers went principally to processors, with end users and distributors receiving a minority of the shipments. For the two subject countries, the majority of shipments went to end users for Indian product and to processors for Taiwanese product, while shipments of imports of nonsubject product were more evenly divided between end users and processors.⁷⁸ More detailed information on channels of distribution can be found in Part II of this report, *Conditions of Competition in the U.S. Market*.

⁷³ *Polyethylene Terephthalate Film, Sheet, and Strip From Brazil, China, Thailand, and the United Arab Emirates, Inv. Nos. 731-TA-1131-1134 (Preliminary)*, USITC Publication 3962, November 2007, p. I-6.

⁷⁴ Corona treatment is the act of exposing the surface of a material to a highly active electric field to modify its surface energy.

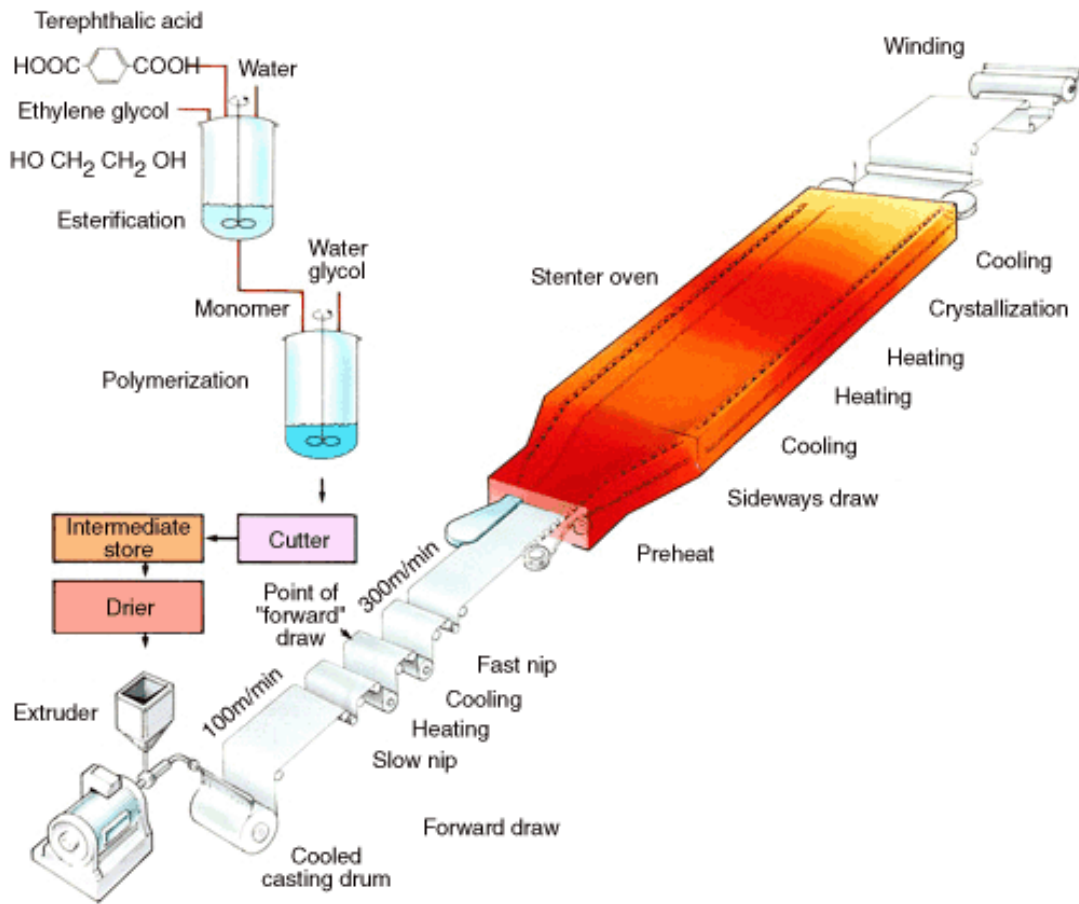
⁷⁵ ***, ***.

⁷⁶ *Polyethylene Terephthalate Film, Sheet, and Strip From Brazil, China, Thailand, and the United Arab Emirates, Inv. Nos. 731-TA-1131-1134 (Preliminary)*, USITC Publication 3962, November 2007, p. I-6.

⁷⁷ The Global Association of Manufacturers of Polyester Film (“AMPEF”), <http://www.ampef.com/>, retrieved October 18, 2007.

⁷⁸ In the latter instance, most of the nonsubject product was ***.

Figure I-1
Process flow chart for PET film production



Source: Obtained online at <http://www.ampef.com/technology2.html>.

Price

Information with regard to prices of PET film is presented in Part V of this report, *Pricing and Related Information*.

DOMESTIC LIKE PRODUCT ISSUES

In the original investigations on India and Taiwan, the Commission found the domestic like product to consist of all PET film, not including equivalent PET film.⁷⁹ In response to a question soliciting comments regarding the appropriate domestic like product in the Commission's notice of institution of these reviews, the domestic interested parties and respondents Ester Industries and SRF Limited believe that the established definition of the domestic like product applies and agree with the definitions of domestic like product and domestic industry stated in the Commission's Notice of Institution.⁸⁰ However, respondent MTZ Polyfilms, Ltd. contended that the domestic like product should be "more broadly defined" to include "more specific end products" instead of "basic PET film."⁸¹ Respondent Jindal Poly Film Ltd. did not take a position on the definition of the domestic like product.⁸²

U.S. MARKET PARTICIPANTS

U.S. Producers

The Commission received U.S. producer questionnaire responses from eight producers that manufactured PET film during 2002-September 2007, as presented in table I-9.

⁷⁹ Equivalent PET film is PET film that is thickly coated during the production process with a resinous layer more than 0.00001 inch thick (e.g., Cronar® and Estar®). In its views in the original investigations, the Commission stated:

"We conclude that the definition of the domestic like product is all PET film, not including equivalent PET film. We find that the record in these investigations, including the evidence on physical characteristics and uses, channels of distribution, manufacturing facilities, customer and producer perceptions, and pricing, considered together, weighs in favor of not including equivalent PET film in the definition of the domestic like product."

Polyethylene Terephthalate Film, Sheet, and Strip From India and Taiwan, Invs. Nos. 701-TA-415 and 731-TA-933-934 (Final), USITC Publication 3518, June 2002, p. 6.

In its final determinations on PET film from Japan and Korea in 1991 and in its reviews on PET film from Korea (the antidumping duty order on Japan having been revoked), the Commission defined the domestic like product to include equivalent PET film. In its recent preliminary determinations on PET film from Brazil, China, Thailand, and the United Arab Emirates, the Commission excluded equivalent PET film from the domestic like product, stating that:

"Given the limited evidence on the record in the preliminary phase of these investigations and the lack of any argument to the contrary, we do not include equivalent PET film in the definition of the domestic like product. Accordingly, for purposes of this preliminary phase, we find a single domestic like product, coextensive with the scope of the investigations."

Polyethylene Terephthalate Film, Sheet, and Strip From Brazil, China, Thailand and the United Arab Emirates, Inv. Nos. 731-TA-1131-1134 (Preliminary), USITC Publication 3962, November 2007, p. 6.

⁸⁰ DuPont, Mitsubishi, SKC, and Toray's collective Response to Notice of Institution, p. 4; Ester Industries Ltd.'s Response to Notice of Institution, p. 4; and SRF Limited's Response to Notice of Institution, p. 4.

⁸¹ MTZ Polyfilm Ltd.'s Response to Notice of Institution, p. 5.

⁸² Jindal Poly Film Ltd.'s Response to Notice of Institution, p. 5.

Table I-9

PET film: U.S. producers, production locations, shares of reported 2006 production, positions on continuation of the antidumping and countervailing duty orders, and parent companies, 2006

Producer	Production location(s)	Share of reported production (percent)	Position on continuation	Parent company
3M	St. Paul, MN Decatur, AL Greenville, SC	***	***	3M, St. Paul, MN
Curwood	Oshkosh, WI	***	***	Bemis Co., Neenah, WI
DuPont Teijin	Fayetteville, NC Circleville, OH Florence, SC Hopewell, VA	***	***	Teijin Holdings USA, Inc., New York, NY (***) E.I. du Pont de Nemours & Co., Wilmington, DE (***)
Kodak	Rochester, NY	***	***	Eastman Kodak Co., Rochester, NY
Mitsubishi	Greer, SC	***	***	Mitsubishi Polyester Film Corp., Tokyo, Japan
SKC	Covington, GA	***	***	SKC Co., Ltd., Seoul, Korea
Terphane	Bloomfield, NY	***	***	Terphane Holding Corp., Bloomfield, NJ
Toray	North Kingston, RI	***	***	Toray Industries Inc., Tokyo, Japan
Note: Because of rounding, figures may not add to 100 percent.				
Source: Compiled from data submitted in response to Commission questionnaires.				

Information on the producers during the original investigations is presented in table I-10.

Table I-10
PET film: U.S. producers, production locations, positions on the petition, and shares of reported 2001 production

Producer	Production location	Position on petition	Share of production
3M	St. Paul, MN	***	***
Agfa	Brevard, NC	***	(¹)
Curwood ²	Oshkosh, WI	(²)	(²)
DuPont Teijin	Wilmington, DE	Petitioner	***
Kodak ³	Rochester, NY	***	***
Mitsubishi	Greer, SC	Petitioner	***
SKC ⁴	Mt. Olive, NJ	***	***
Terphane ⁴	Bloomfield, NY	***	***
Toray	North Kingston, RI	Petitioner	***

¹ Not available. Agfa, a producer of equivalent PET film for use in ***, reported *** pounds of equivalent PET film in 2001 but did not provide data on PET film, per se.
² The firm did not respond to the Commission's questionnaires. This firm produced primarily for captive consumption in 1991. See also <http://www.curwood.com>.
³ Kodak, a producer of PET film and equivalent PET film that is *** captively consumed for use in ***, provided data on the production of its PET film and its equivalent PET film. The data shown for its production of PET film do not include the PET film that is produced and consumed in the *** production of equivalent PET film.
⁴ ***.

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

U.S. Importers

Importers' questionnaires were sent to 80 firms identified in proprietary Customs data as importing PET film;⁸³ thirty-two firms responded to the Commission's questionnaires (table I-11). ***, all importers of PET film from nonsubject sources, accounted for *** percent, *** percent, and *** percent, respectively, of reported importer questionnaire response quantity in 2006.

Table I-11
PET film: U.S. importers, their locations, import sources, and their reported U.S. imports (1,000 pounds) in 2006

* * * * *

⁸³ In addition, importers' questionnaires were sent to all domestic producers; ***.

The largest importer of subject product, ***, accounted for *** percent of reported subject importer questionnaire response quantity in 2006.

U.S. Purchasers

Purchasers' questionnaires were sent to 31 firms identified as purchasers of PET film. Respondent purchaser names, locations, sources of purchases, type of firm, and end products produced are presented in table I-12.

Table I-12
PET film: Purchaser names, location, source of purchases, type of firm, and end products produced

* * * * *

APPARENT U.S. CONSUMPTION AND MARKET SHARES

Table I-13 presents apparent U.S. consumption for the review period and table I-14 presents U.S. market shares for the same period.

Table I-13

PET film: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, 1999-2001, 2002-06, January-September 2006, and January-September 2007

Item	1999	2000	2001	2002	2003	2004	2005	2006	Jan.-Sept. 2006	Jan.-Sept. 2007
<i>Quantity (1,000 pounds)</i>										
U.S. producers' U.S. shipments	***	***	***	***	***	***	***	***	***	***
U.S. shipments of imports from--										
India ¹	28,429	39,356	40,233	***	***	***	***	***	***	***
Taiwan	14,753	20,068	10,059	***	***	***	***	***	***	***
Subtotal, subject	43,182	59,424	50,292	29,279	18,907	13,607	13,607	15,825	11,158	14,270
Other sources ²	202,289	185,884	134,487	***	***	***	***	***	***	***
Total imports	245,471	245,308	184,779	***	***	***	***	***	***	***
Apparent consumption	***	***	***	***	***	***	***	***	***	***
<i>Value (\$1,000)</i>										
U.S. producers' U.S. shipments	***	***	***	***	***	***	***	***	***	***
U.S. shipments of imports from--										
India ¹	21,524	34,825	35,299	***	***	***	***	***	***	***
Taiwan	14,367	24,075	11,777	***	***	***	***	***	***	***
Subtotal, subject	35,891	58,900	47,076	29,971	22,393	17,391	19,175	20,930	13,616	17,709
Other sources ²	300,505	300,023	212,368	***	***	***	***	***	***	***
Total imports	336,397	358,923	259,444	***	***	***	***	***	***	***
Apparent consumption	***	***	***	***	***	***	***	***	***	***
¹ The 1999-2001 data for India are imports, not shipments of imports. ² With the exception of data for Brazil for 2002-06, data for other sources are for adjusted official import statistics, not shipments of imports.										
Source: Compiled from data submitted in response to Commission questionnaires and from adjusted official Commerce statistics.										

Table I-14

PET film: U.S. market shares, 1999-2001, 2002-06, January-September 2006, and January-September 2007

* * * * *

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

U.S. MARKET CONDITIONS AND CHARACTERISTICS

PET film is produced for five main end-use segments: packaging, industrial, electrical, imaging, and magnetics. Within each of those larger segments, there are numerous sub-segments. Each sub-segment consists of a particular type of PET film (defined by gauge, coatings, and other specifications) that is often produced for that particular sub-segment and sold to purchasers who participate primarily in that sub-segment. Different producers also have different specialties and emphases across segments and sub-segments.

The eight responding U.S. PET film producers fall into two categories: producers primarily or solely for the merchant market (DuPont, Mitsubishi, SKC, Terphane, and Toray) and producers primarily or solely for captive consumption (Curwood, Kodak, and 3M). The producers which captively consume the product tend to be concentrated in large end-use markets, such as photography and X-rays, into which merchant-market producers rarely sell.

PET film is available in many different grades ranging from commodity-type grades to highly specialized grades. Based on available data, U.S. producers of PET film as well as importers of PET film from India and Taiwan sell commodity and specialized products in the U.S. market. Respondents have argued that domestic producers import most of the commodity products that they sell in the United States.¹ U.S. producers submitted data for their sales of commodity and specialized PET film products which were produced in the United States and which were imported. These data indicate that the percentage of their total shipments accounted for by commodity-grade PET film declined each year while the percentage of specialized product increased.² With regard to commodity-grade products, the vast majority of shipments by U.S. producers was of domestic product. U.S. producers reported that between *** and *** percent of the commodity grade PET film products that they sold in the U.S. market were domestically produced.³

The five U.S. producers that primarily sold in the merchant market sold their PET film throughout the United States. Five of the 20 responding importers also sold nationwide and the remaining 14 served only regional markets, primarily the Midwest (see table II-1).

Producers and importers were asked to estimate the shares of their sales that occurred within certain distance ranges. The six responding U.S. producers sold between 5 to 20 percent of their PET film within 101 miles of their storage or production facilities. Four producers sold most of their PET film between 101 and 1,000 miles; one sold most of its PET film beyond 1,000 miles; and one sold 40 percent between 101 and 1,000 miles and 40 percent beyond 1,000 miles. Eleven of the 20 responding U.S. importers of PET film sold half or more of their PET film within 100 miles of their storage or production facilities; six sold most between 101 and 1,000 miles; two sold most over 1,000 miles; and one sold 40 percent between 101 and 1,000 miles and 40 percent beyond 1,000 miles.

¹ E.g., hearing transcript, p. 109 (Bejoian).

² Based on data submitted in their posthearing brief, the share of total shipments in the U.S. market which was commodity-grade product fell from *** percent in 2002 to *** percent in 2006; shipments of commodity-grade product accounted for *** percent of total shipments in Jan.-Sept. 2007 (posthearing brief of domestic interested parties, exh. 1).

³ Ibid.

Table II-1
PET film: Geographic market areas in the United States served by domestic producers and importers

Region	Producers	Importers ¹
National	5	5
Northeast	0	7
Mid-Atlantic	0	4
Midwest	0	12
Southeast	0	4
Southwest	0	0
Rocky Mountains	0	1
West Coast	1	1
Northwest	1	0

¹ Importers' responses in this table do not include the responses of firms that are also U.S. producers. *** U.S. producers also imported PET film and their responses were the same except for ***.

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

CHANNELS OF DISTRIBUTION

U.S. producers of PET film and U.S. importers of PET film from subject and nonsubject countries reported their shipments of PET film to different types of customers (table II-2). During the period 2002-2006, a majority (between 59.4 and 62.5 percent) of U.S. producers' U.S. shipments of PET film was shipped to processors. Shipments by U.S. producers to end users accounted for between 31.3 and 33.1 percent of total shipments during 2002-06. For importers of PET film from India, the majority (between *** and *** percent) of U.S. shipments was to end users while the majority (between *** to *** percent) of shipments by U.S. importers of PET film from Taiwan was to processors during the January 2002-September 2007 period. Shipments of nonsubject imported PET film were more evenly divided between sales to end users and to processors.

U.S. producers and importers often sell to processors that take the PET film and add additional coatings or treatments before selling it to an ultimate user. There are also some sales to a small distribution network and direct sales to end users. Sales to the distributors tend to be for lower-priced, more common-grade film that can be sold into multiple end-use markets.

Some coatings for PET film are applied at the producers' plants and others at the processors. Whether or not a coating is applied at a producer's plant or at a processor's plant is determined by whether the coating can be applied continuously on a large line, in which case it will usually be done at the producer's plant, or whether it is a highly specific coating more appropriate for a smaller line, in which case it will usually be performed by a processor.

Of the six U.S. producers that do not further process PET film, only one, ***, reported selling most of its product from inventories. Six of the 19 responding importers reported selling half or more of their product from inventories. The reported lead times for U.S. producers' PET film from inventory range from one to seven days, while non-inventoried orders' lead times range from 20 to 60 days. Importers of PET film from both subject and nonsubject countries generally reported lead times from

Table II-2

PET film: U.S. producers' and importers' shares of reported U.S. shipments, by sources and channels of distribution, 2002-06, January-September 2006, and January-September 2007

Item	Calendar year					January-September	
	2002	2003	2004	2005	2006	2006	2007
Share of reported shipments (percent)							
Domestic producers' shipments:							
To processors	59.4	61.3	62.1	62.2	62.5	43.5	43.7
To end users	33.1	31.4	31.3	32.5	32.6	51.8	49.7
To distributors	7.5	7.3	6.6	5.3	4.9	4.8	6.6
Shipments of imports from India:							
To processors	17.3	6.9	***	***	***	***	***
To end users	59.8	76.8	***	***	***	***	***
To distributors	22.8	16.2	***	***	***	***	***
Shipments of imports from Taiwan:							
To processors	***	***	***	***	***	***	***
To end users	***	***	***	***	***	***	***
To distributors	***	***	***	***	***	***	***
Shipments of imports from nonsubject sources:							
To processors	62.2	62.4	49.3	47.0	44.2	49.2	49.1
To end users	34.0	35.1	45.7	46.5	46.6	42.3	43.0
To distributors	3.8	2.5	5.0	6.6	9.2	8.5	7.9
Source: Compiled from data submitted in response to Commission questionnaires.							

inventories ranging from 1 day to one week,⁴ while their non-inventory orders lead times ranged from 21 to 120 days.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Domestic Production

Based on available information, staff believes that U.S. producers of PET film have the ability to respond to changes in demand with moderate shipments of PET film to the U.S. market. The main contributing factors to the moderate degree of responsiveness of supply are the existence of some unused capacity and moderate inventories; however, supply responsiveness may be constrained by an inability to

⁴ One importer reported lead times from inventories of 8 weeks.

produce alternate products.⁵ Factors contributing to this degree of responsiveness of supply are discussed below.

Industry capacity

Total U.S. capacity to produce PET film increased irregularly from approximately *** pounds in 2002 to approximately *** pounds in 2006; capacity decreased between the interim periods, falling from approximately *** pounds in January-September 2006 to approximately *** in January-September 2007. U.S. producers' reported capacity utilization for PET film declined irregularly from *** percent in 2002 to *** percent in 2006; interim data show a decrease from *** percent in January-September 2006 to *** percent in January-September 2007. Overall, the level of capacity utilization indicates that U.S. producers of PET film may have some available capacity with which they could increase production of PET film in the event of a price change.

Alternative markets

U.S. producers' export shipments, as a share of total shipments, declined from *** percent in 2002 to *** percent in 2006. Exports' share also decreased in the interim periods, falling from *** percent in January-September 2006 to *** percent in the corresponding period of 2007. The relatively low level of exports during the period of investigation indicates that domestic PET film producers may be somewhat constrained in their ability to shift shipments between the United States and other markets in the short run in response to price changes.

Inventory levels

End-of-period inventories for U.S. producers were equivalent to *** percent of U.S. producers' total shipments in 2002, but then decreased irregularly to *** percent in 2006. U.S. producers' end-of-period inventories increased from *** percent of total shipments in January-September 2006 to *** percent in January-September 2007. These levels of inventory suggest that U.S. producers may have some ability to use inventories to respond to price changes in the short term.

Production alternatives

Six U.S. producers, ***, reported that they did not produce other products using the same equipment or machinery and/or production employees that were used to produce PET film. Of the other two producers, one stated that it experimented with PETG (shrink film) on one small line and the other reported that it switched production between PET film and dual layer film and visible mirror film. Switching between products took from ***.

Supply of Subject Imports

Based on available information, producers in India and Taiwan have the ability to respond to changes in demand with at least moderate changes in the quantity of shipments of PET film to the U.S. market. The main contributing factors are the availability of unused capacity and the existence of alternative markets.

⁵ Supply responsiveness in the short run may also be constrained by the fact that it takes 18 months to 2 years to start up a PET film production line and it can cost \$50 to \$100 million per machine (hearing transcript, p. 48 (Eckles) and pp. 17 and 64 (Winn)).

India

Data were available from six Indian producers of PET film which accounted for the vast majority of Indian production. These firms' capacity increased from *** pounds in 2002 to *** pounds in 2006. Their capacity utilization rate ranged from a low of *** percent in 2003 to a high of *** percent in 2006. Inventories, as a share of total shipments, ranged from *** percent in 2003 to *** percent in 2005. The share of home market shipments (including internal consumption/ transfers) to total shipments ranged from a low of *** percent in 2004 to a high of *** percent in 2003. Exports to United States fell from *** percent of total shipments in 2002 to *** percent in 2006.

Low inventories constrain the ability of these Indian producers to increase shipments to the United States, while moderate capacity utilization, a large share of total sales that are exported to other countries, and rising overall capacity may indicate a greater ability to shift sales to the U.S. market.⁶

Taiwan

Data were available from one producer of PET film in Taiwan, which accounted for approximately *** percent of production of PET film in Taiwan in 2006. Capacity to produce PET film reported by this producer increased from *** million pounds in 2002 to approximately *** million pounds in 2006. The capacity utilization rate increased from *** percent in 2002 to *** percent in 2004 but then it declined to *** percent in 2006. Inventories, as a share of total shipments, increased irregularly from *** percent in 2002 to *** percent in 2006. The share of home market shipments (including internal consumption/transfers) to total shipments ranged from a high of *** percent in *** to a low of *** percent in ***. Exports to the United States increased irregularly from *** percent of total shipments in 2002 to *** percent in 2006.

*** constrain the ability of this Taiwanese producer to increase shipments to the United States, while *** share of exports to other countries and rising overall capacity may indicate a greater ability to shift sales to the U.S. market.

All other sources

Imported PET film from nonsubject countries increased by *** percent from approximately *** million pounds in 2002 to *** million pounds in 2006, before decreasing by *** percent between the interim periods. Imported PET film from nonsubject countries accounted for *** percent of total U.S. PET film imports during 2002, *** percent in 2006, and *** percent in January-September 2007.

U.S. Demand

Based on available information, U.S. consumers of PET film are likely to respond to changes in the price of PET film with moderate changes in their purchases of PET film. The main contributing factors to the relatively small degree of responsiveness of demand are the low level of substitutability of other products for PET film and the fact that PET film represents a moderate share of overall product costs.

⁶ Indian respondents note that demand for PET film in India has grown substantially since 2002 and that increases in demand are expected to continue well into the future (hearing transcript, p. 121 (James)). They also note that because of the large increases in demand in India, the Indian producers are now focusing and will continue to focus more and more on their home market (hearing transcript, p. 123 (James)).

Demand Characteristics

PET film is produced for five main end-use segments. The shares of consumption and the applications for each segment are summarized in table II-3.

Table II-3

PET film: PET film consumption for the United States, India, and the rest of the world, total amount and percent by category

Item	USA		India		Rest of world	
	Consumption in 2007	Change in consumption since 2002	Consumption in 2007	Change in consumption since 2002	Consumption in 2007	Change in consumption since 2002
	<i>(1,000 pounds)</i>					
Total consumption	***	***	***	***	***	***
	<i>Share (percent)</i>					
Packaging ¹	***	***	***	***	***	***
Industrial ²	***	***	***	***	***	***
Electrical ³	***	***	***	***	***	***
Imaging ⁴	***	***	***	***	***	***
Magnetics ⁵	***	***	***	***	***	***
<p>¹ Packaging includes food packaging general uses, film for flexible pouches, peelable seals, lids, snacks, barrier films, can laminations, and vacuum insulation panels.</p> <p>² Industrial includes hot stamping foil, release film, photo resist film, metallic yarns, adhesive tapes, plastic cards, labels, lamination films, brightness enhancement films (computer screens), solar/safety window films, medical test strips, and miscellaneous uses.</p> <p>³ Electrical includes motor wire and cable insulation, transformer insulation films, capacitors, thermal printing tapes, membrane touch switches, and flexible printed circuit films.</p> <p>⁴ Imaging includes microfilm, printing and pre-press films, colorproofing, printing plates, drawing office drafting film, signage, overhead transparencies, X-ray film, instant photos, business graphics, and wide format displays.</p> <p>⁵ Magnetics includes videotape, audio cassette tape, floppy discs, and advanced high-density computer storage media, and computer backup tapes.</p>						
Source: ***.						

Available data indicate that total apparent U.S. consumption of PET film increased irregularly from *** million pounds in 2002 to *** million pounds in 2006. Apparent consumption of PET film fell between the interim periods, from *** million pounds in interim 2006 to *** million pounds in interim 2007.

When asked if U.S. demand for PET film had changed since January 1, 2002, four of the six responding U.S. producers reported that demand had increased, one reported that demand was unchanged, and one, ***, reported that demand ***. The two responding U.S. producers that commented on demand outside of the United States reported that it increased since 2002. Fourteen of the 21 responding importers reported that U.S. demand had increased, six reported that demand was unchanged, and one reported that demand had declined. All six responding importers reported that demand outside of the United States had increased. Reasons cited for increased demand were new uses, increased usage

in packaging, population growth, overall economic growth, and growth in foreign countries. In contrast, PET film usage declined for media, as digital media replaced the older technologies that used PET film.

Nine of 13 responding purchasers reported that demand in the U.S. market increased since 2002, two reported that demand decreased, and one reported that demand was unchanged. Reasons cited for increased demand included market/GDP growth, increased demand for thermal transfer ribbons, increased demand for packaging, and increased demand for hot stamped foil. Reasons cited for declining demand included outsourcing of production away from the United States and price. Ten of 11 responding purchasers reported that demand outside the United States was increasing, while one reported that such demand had declined. Reasons cited for growth in demand outside the United States included market and economic growth particularly in Asia; new markets; and outsourcing of production from the United States. The firm reporting decreasing demand cited declines in the magnetic tape market.

Purchasers were asked if their sourcing from different countries had changed since 2002. Four firms reported decreased purchases of the U.S. product. Reasons given included that U.S. prices were increasing or higher than import prices; divestitures; and that the U.S. producers did not target ***. One purchaser reported increasing purchases of U.S. product but did not report the reason. Three purchasers reported changes in their purchases of PET film from subject countries. Two firms reported decreased purchases of Indian product because of the antidumping duty and suppliers' inability to meet delivery dates. One firm reported that its purchases from Taiwan vary with price and capacity. Eight purchasers reported increased purchases from nonsubject countries, while two reported decreased purchases from nonsubject countries.

Predictions of Future Demand

Firms were asked if they anticipated future changes in demand in U.S. or other markets. Three of the seven responding producers expected increased demand due to economic growth; two expected declining demand due to converting operations that have moved offshore and ***. Two firms reported that they expected no change in demand. Fifteen of the 24 responding importers reported that they expected no change in demand; eight expected demand to increase due to new product lines and U.S. economic growth; and one expected demand to decline due to changes in recorded media.⁷ Eight of 13 responding purchasers reported that they expected future demand changes. Five of these firms reported that they expected increased demand as a result of economic growth specifically in retail and packaging uses. Other purchasers' responses varied; one expected demand to increase or decrease with the price of PET film, one predicted that U.S. demand would not change but that demand in China and India would increase, and *** reported that it expected demand for its ***. All seven responding foreign producers predicted increased future demand. Economic growth and expanded uses were predicted to increase demand in Taiwan by *** percent per year and demand in India by 12 to 15 percent per year.

Substitute Products

PET film substitutes are limited due to PET film's high thermal and tensile strengths, excellent chemical resistance, lay-flat characteristics, and printability, although there may be substitutes in certain applications and under certain conditions. Four producers, 11 importers, eight purchasers, and four foreign producers reported some substitutes for PET film in some uses, as presented in the following tabulation.

⁷ Questionnaire respondents reported that U.S. demand for PET film was predicted to grow by about 4 percent per year, demand in emerging markets was predicted to increase 8 to 10 percent per year, and demand in India was predicted to increase by 13 percent per year.

Product	Use if reported
Polystyrene	Use not reported
Polycarbonate	Use not reported
Polyethylene	Printing
Polypropylene	Packaging not requiring heat stability and printing
OPP (oriented polypropylene)	Use not reported
BOPP film (bi-axially oriented polypropylene)	High end packaging
Nylon	Heat resistant uses and balloons
BOPA film (Bi-axially oriented polyamide)	High end packaging
Metallized film	Balloons
PVC	Protective coverings for signs
PER film	Graphic films and tapes
Paper liners	Packaging applications
Multilayered PEN	High end applications

Cost Share

Because PET film is used in a wide variety of end-use products (which are themselves often used in other downstream products), the percent of the final cost that is accounted for by PET film varies widely across and within end uses. Producers, importers, and purchasers estimated that PET film's cost share varies by end-use application, as shown in the following tabulation.

Industrial	Packaging	Imaging	Electrical	Magnetics	Thermal lamination	Release liner	Hot stamp foil	Solar window films	Thermal transfer ribbon
Share of final cost (<i>in percent</i>)									
10-60	10-95	9-87	2-30	5-43	40-60	14	40-90	1.5-70	60

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported PET film depends upon such factors as relative prices, quality, end-use applications, and conditions of sale (such as lead times between order and delivery, payment terms, product services, etc.). Based on available data, it is likely that there is at least a moderate degree of substitution between imported and domestic PET film.

Factors Affecting Purchasing Decisions

Major Factors in Purchasing

Purchasers were asked to identify the three major factors considered by their firm in deciding from whom to purchase PET film (table II-4). Quality and price were reported by the largest number of

purchasers (5 firms) as the most important factor and quality as the second most important factor (5 firms). Price was also reported as a second most important factor (4 firms) and as the third most important factor (5 firms). Other factors listed among the top three factors by more than one purchaser were availability, traditional supplier, meeting specifications, and schedule/on-time delivery.

Table II-4
PET film: Most important factors in selecting a supplier, as reported by purchasers

Factor	First	Second	Third
Quality	5	5	1
Availability	1	4	4
Price	5	4	5
Traditional supplier	1	1	0
Meet specifications	2	1	1
Schedule/on-time delivery	1	0	2
Other ^{1 2}	0	0	2

¹ "Other" includes functionality of material and service as the third most important factors.
² Four firms reported additional factors: prearranged contracts, delivery and consigned inventory, technology, and country of origin based upon expected export of finished goods.

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

Factors Determining Quality

Purchasers were asked to identify the factors that determine the quality of PET film. Purchasers reported numerous factors including: haze, gloss, roll formation, surface conditions (flatness, wrinkle free, brightness, high gloss, color, energy), flexibility, heat resistance, tensile strength, gouge profile, and barrier properties.

Certification/Qualification Issues

Purchasers were asked if they require prequalification of their suppliers. Fourteen of 15 responding purchasers reported that they required prequalification for all of their purchases, and one purchaser reported it requires prequalification for 75 percent of its purchases. Purchasers were also asked whether, since 2002, any domestic or foreign producer failed in its attempts to certify or qualify its PET film with their firm or if any producer lost its approved status. Six of 15 responding purchasers reported that at least one supplier had failed. Reasons reported for failing (and the name of the supplier) were: reliability (***) from India), inability to print on PET film (***), shrinking problems (***), roll conformity (***) and (***), performance (***), and inability to meet delivery dates (***)).

Purchasers reported the following factors they consider in qualifying a supplier: quality, delivery reliability, availability, price, breadth of product offering, ability to produce rolls to specific lengths, technical fit, effective supply chain, competitive commercial agreement, consigned inventory, and functionality of material.

Importance of 15 Specified Purchase Factors

Purchasers were asked to rate the importance of 15 factors in their purchasing decisions (table II-5). The factors listed as very important by the majority of firms were availability (14 firms), product

Table II-5
PET film: Importance of purchase factors, as reported by purchasers

Factor	Very important	Somewhat important	Not important
	<i>Number of firms responding</i>		
Availability	14	0	0
Delivery terms	3	10	1
Delivery time	6	7	1
Discounts offered	2	10	2
Extension of credit	1	6	7
Price	11	3	0
Minimum quantity requirement	1	9	4
Packaging	3	7	4
Product consistency	14	0	0
Quality meets industry standards	13	1	0
Quality exceeds industry standards	3	6	4
Product range	2	8	4
Reliability of supply	13	1	0
Technical support/service	3	10	1
U.S. transportation costs	2	5	7
Other-Commitment to US market	1	1	0
Other-Technology	1	0	0
Other-Clarity	1	0	0
Other-Customer relationship	1	0	0
Other-Roll formation	1	0	0
Note: Not all firms responded for all questions.			
Source: Compiled from data submitted in response to Commission questionnaires.			

consistency (14 firms), reliability of supply (13 firms), quality meets industry standards (13 firms), and price (11 firms). No other factor was rated as very important by most of the responding firms.

Changes in Purchasing Patterns

Purchasers were asked a number of questions about whether their purchasing patterns for PET film from subject and nonsubject sources had changed since 2002. Five of 13 responding purchasers reported purchasing PET film from subject countries before 2002; one purchaser reduced purchases from India because of price, two firms discontinued purchases from India because of the antidumping and/or countervailing duty orders, one of these also reported reducing purchases from Taiwan because of the antidumping duty order, and two firms maintained the same pattern of purchasing. Regarding purchases from nonsubject countries, three firms reported that they had not purchased from nonsubject countries

either before or after the orders; two firms reported that their purchases from nonsubject countries were unchanged; one firm reported increasing purchases from nonsubject countries because of the orders; and eight firms reported changing patterns of purchases from nonsubject countries for reasons other than the orders. The reasons reported included: pricing, new suppliers, product performance, unjustified cost increases by domestic producers, opening of new markets such as China, supply continuity, product availability from Brazil and Korea, and domestic sources offering shorter lead time and competitive prices.

Purchases from Specific Producers and Countries

Purchasers were asked how frequently they and their customers purchase PET film based on the producer.⁸ The following tabulation summarizes the responses.

<u>Purchaser/customer decision</u>	<u>Always</u>	<u>Usually</u>	<u>Sometimes</u>	<u>Never</u>
Purchaser makes decision based on producer	3	4	1	7
Purchaser's customer makes decision based on producer	0	2	3	10

Purchasers were evenly divided between those that reported they never make purchasing decisions based on the producer of the PET film (7 of 15) and those that reported that they always or usually make decisions based on the producer. One other purchaser sometimes made decisions based on the producer. The purchasers that reported that they always or usually make decisions based on the producer cited the following reasons: quality of film for processing, barrier properties, haze levels, exclusive contracts or agreements, and meeting their targets or value equation (price, service, technical fit, operational excellence, consistent quality). Most purchasers (10 of 15) reported that their customers never make decisions based on the producer.

Purchasers were also asked to compare domestically produced PET film and that produced in subject and nonsubject countries with respect to 15 different attributes (table II-6). Thirteen purchasers provided comparisons between U.S. product and nonsubject product.⁹ Four purchasers compared U.S. and Indian product, and five purchasers compared U.S. product to that from Taiwan. No purchasers compared products from India and Taiwan, and only one firm each compared Indian and Taiwanese product to that from two nonsubject countries.

The four purchasers comparing U.S. and Indian product generally reported that they were comparable for most factors except product range and technical support/service, for which three of four firms reported that the U.S. product was superior; delivery time, for which all four firms reported that the U.S. product was superior; and price, for which three of four firms reported that the U.S. product was inferior (i.e., generally higher in price). Five purchasers compared products from the United States and Taiwan. The firms generally reported that the products were comparable for most factors except delivery time and minimum quantity requirements, for which three of five firms reported that the U.S. product was superior; and reliability of supply, for which two firms rated the U.S. product as superior, two rated

⁸ Purchasers were asked to identify the sources of PET film for which they have actual marketing or pricing knowledge. All 15 responding purchasers identified U.S.-produced product, four identified Indian product, and four identified product from Taiwan. Other sources of imports identified by purchasers were Belgium, China, Germany, Indonesia, Luxembourg, South Korea, Thailand, Turkey, and the United Arab Emirates.

⁹ Some purchasers compared U.S. product with that from more than one nonsubject country; each of these comparisons was counted separately if responses differed for each nonsubject country, otherwise the response is included only once.

Table II-6
PET film: Comparisons of imported and U.S. product, as reported by purchasers

Factor	U.S. vs. India			U.S. vs. Taiwan			U.S. vs. nonsubject ¹			India vs. nonsubject ¹			Taiwan vs. nonsubject ¹		
	S	C	I	S	C	I	S	C	I	S	C	I	S	C	I
Availability	2	2	0	2	2	1	9	17	3	0	2	0	0	2	0
Delivery terms	1	3	0	0	4	1	3	23	3	0	2	0	0	2	0
Delivery time	4	0	0	3	2	0	18	8	3	0	1	1	0	2	0
Discounts offered	1	3	0	0	5	0	3	24	2	0	2	0	0	2	0
Extension of credit	1	3	0	0	4	1	2	24	1	0	2	0	0	2	0
Lower price ²	0	1	3	1	4	0	2	16	11	2	0	0	0	1	1
Minimum quantity requirements	1	3	0	3	2	0	9	14	6	0	2	0	0	2	0
Packaging	1	3	0	0	5	0	3	24	2	0	2	0	0	2	0
Product consistency	1	3	0	0	3	2	5	21	3	0	2	0	0	2	0
Quality meets industry standards	1	3	0	0	5	0	2	27	0	0	2	0	0	2	0
Quality exceeds industry standards	2	2	0	0	4	1	3	24	1	0	2	0	0	2	0
Product range	3	1	0	2	3	0	13	13	2	0	2	0	0	1	1
Reliability of supply	2	2	0	2	1	2	9	16	4	0	2	0	0	2	0
Technical support/service	3	1	0	2	3	0	15	11	3	0	2	0	0	2	0
U.S. transportation costs	1	3	0	0	5	0	6	20	3	0	2	0	0	2	0

¹ Some firms reported answers for multiple nonsubject countries. When these answers differed among the different nonsubject countries, all answers have been reported.

² A rating of superior means that the price is generally lower. For example, if a firm reported "U.S. superior," it meant that the price of the U.S. product was generally lower than the price of the imported product.

Note.--S=first listed country's product is superior; C=both countries' products are comparable; I=first listed country's product is inferior. Not all companies gave responses for all factors. No companies compared product from India with that from Taiwan. Two companies compared PET film with respect to other factors: one reported that U.S. product was inferior to Taiwanese product in terms of customer relationship and one reported that the U.S. and Taiwanese products were comparable in technology.

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

it as inferior, and one rated the products as comparable. In comparing the U.S. product and product from nonsubject countries, the majority of responding firms rated the products as comparable for most factors except delivery time and technical support, for which the majority of the firms rated the U.S. product as superior and for product range.

Comparisons of Domestic Products and Subject Imports

Firms were asked whether PET film from different countries can be used interchangeably (table II-7).

Table II-7

PET film: U.S. firms' perceived degree of interchangeability of products produced in the United States, subject, and nonsubject countries¹

Country comparison	U.S. producers				U.S. importers				U.S. purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. India	3	2	1	2	3	5	4	1	0	6	0	1
U.S. vs. Taiwan	3	2	1	2	4	3	2	1	0	4	0	1
India vs. Taiwan	4	1	1	1	5	4	2	1	0	6	1	1
U.S. vs. nonsubject	4	2	1	0	2	5	1	1	0	4	0	1
India vs. nonsubject	3	2	1	1	1	6	1	1	0	6	0	1
Taiwan vs. nonsubject	3	2	1	1	1	4	1	1	0	4	0	1

¹ Producers, importers, and purchasers were asked if PET film produced in the United States and in other countries is used interchangeably.

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

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

Five of eight U.S. producers reported that PET film from the United States and India can always or frequently be used interchangeably and one firm reported that the products are only sometimes interchangeable. Eight of 13 U.S. importers reported that domestic PET film and that from India can always or frequently be used interchangeably, four firms reported that the products are only sometimes interchangeable, and one firm reported that the products are never interchangeable. Six of seven responding purchasers reported that U.S.-produced PET film and that from India can frequently be used interchangeably and one firm reported that the products are never interchangeable.

Five of the eight responding U.S. producers reported that U.S.-produced PET film and PET film from Taiwan can always or frequently be used interchangeably, and one firm reported that the products are only sometimes interchangeable. Seven of the ten importers reported that U.S.-produced PET film and that from Taiwan can always or frequently be used interchangeably; two firms reported that the products are only sometimes interchangeable; and one firm reported that the products are never interchangeable. Four of the five purchasers reported that U.S. PET film and that from Taiwan can frequently be used interchangeably and one firm reported that the products are never interchangeable.

Four U.S. producers and seven importers made additional comments regarding the interchangeability of U.S.-produced and subject imported PET film. One U.S. producer that reported that products are only sometimes interchangeable stated ***. Other U.S. producers' comments included that photographic, corona- treated, plain, thermal lamination and hot-stamping PET film are fully interchangeable, while chemically treated products for the packing markets or sold into special applications are not fully interchangeable. The three importers that reported that the products are only sometimes interchangeable stated the following reasons: defect inspection and mapping, softening of the products in high temperatures causing the film to fracture, shorter shelf-life, and differences in physical properties. The two importers that reported that products are always interchangeable reported that U.S. producers can provide all products produced in India and Taiwan, but that India and Taiwan cannot produce even five percent of the products made in the United States. They also reported that products from India and Taiwan are very limited and specific to very few marketplaces.

Foreign producers were asked if the PET film that they sold in their home market was interchangeable with that sold in the United States. Four of seven responding foreign producers reported that the products were interchangeable while three reported that there were differences but did not elaborate. Foreign producers were also asked if there were differences in the product range, product mix, or marketing of PET film in their home market and that sold in the United States. One firm reported that it sold higher value added products in its home market, and one firm reported selling over *** percent of its product for packaging uses in ***, while in the U.S. market *** percent of its product was used in packaging and *** percent was for other industrial uses. Three firms reported that there were no differences between what they sold in the U.S. and home markets, while one reported that though the same products were used in different markets, matching sellers with buyers took time and effort on the part of the producers.

Producers and importers were also asked to compare U.S.-produced products with imports from each of the subject countries in terms of the significance of differences other than price (table II-8). U.S. producers reported that nonprice differences between U.S. product, subject product, and nonsubject product were either only sometimes or never significant. Importer responses were more diverse, with some firms reporting that there were always or frequently significant differences other than price for all comparisons other than the U.S. and Taiwan, but the majority in all comparisons reported that the differences other than price were only sometimes or never significant. Differences reported by the importers and producers included: logistics, just-in-time deliveries, and technical support; importers treat orders more seriously than domestic firms; U.S. producers produce a wider range of products than that from subject countries in terms of thickness, width, clarity, surface treatments, and shrinkages; commodity-grade products are interchangeable; factors other than price are secondary; and given the wide range of PET film products, some countries will produce different products than others.

Table II-8
PET film: U.S. firms' perceived significance of differences other than price between U.S.-produced and imported product¹

Country comparison	U.S. producers ²				U.S. importers ³			
	A	F	S	N	A	F	S	N
U.S. vs. India	0	0	3	2	1	1	5	4
U.S. vs. Taiwan	0	0	3	3	0	0	5	4
India vs. Taiwan	0	0	3	3	2	2	1	4
U.S. vs. nonsubject	0	0	2	4	1	0	2	4
India vs. nonsubject	0	0	3	3	2	0	1	4
Taiwan vs. nonsubject	0	0	3	3	1	0	2	3

¹ Producers and importers were asked if differences other than price between PET film produced in the United States and in other countries were a significant factor in their sales of the products.

² One producer responded both "sometimes" and "never" for all pairs; its responses are included in both categories.

³ Importers' responses exclude responses by U.S. producers that are also importers.

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

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

ELASTICITY ESTIMATES

This section discusses elasticity estimates. Parties were requested to provide comments in their prehearing briefs; no comments were received.

U.S. Supply Elasticity¹⁰

The domestic supply elasticity for PET film measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of PET film. The elasticity of domestic supply depends on factors such as the level of excess capacity, the existence of inventories, and the availability of alternate markets for domestically produced PET film. Analysis of these factors indicates that the U.S. industry has some excess capacity, inventories, and export shipments which could be used to increase or decrease domestic shipments in response to price increases. A supply elasticity in the range of 1 to 3 is suggested.

U.S. Demand Elasticity

The U.S. demand elasticity for PET film measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of PET film. This sensitivity depends on the availability and viability of substitute products as well as on the component share of PET film in the production of downstream products. There are few products that can be successfully substituted for PET film. Demand is estimated to be moderately elastic and the demand elasticity is likely to be in the -0.5 to -1.5 range.

Substitution Elasticity

The elasticity of substitution depends on the extent of product differentiation between the domestic and imported products. Product differentiation depends on factors such as the range of products produced, quality, availability, and reliability of supply. The elasticity of substitution for imports from both India and Taiwan is estimated to be in the range of 3 to 8.

¹⁰ A supply function is not defined in the case of a non-competitive market.

PART III: CONDITION OF THE U.S. INDUSTRY

Information on the U.S. industry is based on the questionnaire responses of eight firms. Questionnaires were sent to eight possible producers of PET film, all of whom provided information. Industry data obtained account for virtually all known U.S. production of PET film during 2002-06.

U.S. PRODUCERS' CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

During the original investigations, there were nine U.S. producers of PET film. Responses were received from eight firms, seven of which provided usable data, that accounted for *** of U.S. production in 2001.¹

The current reviews include U.S. production of PET film reported by eight firms: 3M Co. ("3M"); Curwood, Inc. ("Curwood"); DuPont Teijin Films ("DuPont Teijin"); Eastman Kodak Co. ("Kodak"); Mitsubishi Polyester Film, Inc. ("Mitsubishi"); SKC Inc. ("SKC"); Terphane Inc. ("Terphane"), and Toray Plastics (America), Inc. ("Toray"). ***, with *** percent, *** percent, and *** percent of U.S. production of PET film in 2006, respectively, together accounted for approximately *** percent of U.S. production of PET film in 2006 (table III-1).

Table III-1

PET film: U.S. producers' capacity, production, and capacity utilization, by producer, 1999-2001, 2002-06, January-September 2006, and January-September 2007

* * * * *

Several responding U.S. producers have foreign affiliations and/or production facilities.² DuPont is *** owned by Teijin Holdings USA, Inc., New York, NY and *** owned by E.I. du Pont de Nemours & Co., Wilmington, DE. Effective January 1, 2000, DuPont formed a joint venture with the Japanese producer Teijin and now maintains joint production facilities in Luxembourg, the United Kingdom, Japan, Indonesia, and China. Mitsubishi is wholly owned by Mitsubishi Polyester Film Corp., Tokyo, Japan, with related firms that produce PET film in Japan, Germany, and Indonesia. Toray is owned by the Japanese firm, Toray Industries, and maintains production sites in France, Korea, and Malaysia. Terphane is related to Terphane Ltd. in Brazil and SKC is owned by SKC Co., Ltd. of Seoul, Korea.³

The Commission asked U.S. producers whether the production equipment and the production and related workers (PRWs) employed in the production of PET film were used to produce other products. ***. ***.⁴

In response to constraints that set the limits on the firms' production capabilities, ***.⁵

¹ Agfa reported data only for equivalent PET film, and consumed *** of its equivalent PET film to produce ***, although it also had *** of its equivalent PET film during the period for which data were collected. (Investigation Nos. 701-TA-415 and 731-TA-933 and 934 (Final): PET Film from India and Taiwan—Staff Report, p. III-2.) Agfa was sold to Agfa Gevaert, Belgium in 2000. (Ibid., p. III-6.) Curwood did not respond to the Commission's questionnaire for the original final investigations.

² ***.

³ ***.

⁴ U.S. producers' questionnaire responses, section II-5.

⁵ U.S. producers' questionnaire responses, section II-6.

The Commission asked if firms were able to switch production between PET film and other products in response to a relative change in the price of PET film vis-a-vis the price of other products using the same equipment and labor. *** firms responded ***.⁶

Changes in Character of Operations and Capacity Projections

Seven of the eight reporting U.S. producers reported operational changes in existing facilities during the period of review. These changes ranged from equipment upgrades to facility closures and are presented in table III-2.

Table III-2
Operational changes for existing PET film production facilities, 2002-06

Firm	Production facility location	Capacity (1,000 pounds)	Operational changes
3M	St. Paul, MN Decatur, AL Greenville, SC	***	***
Curwood	Oshkosh, WI	***	***
DuPont	Hopewell, VA Circleville, OH Florence, SC Fayetteville, NC	***	***
Kodak	Rochester, NY	***	***
Mitsubishi	Greer, SC	***	***
SKC	Covington, GA	***	***
Terphane	Bloomfield, NY	***	***
Toray	North Kingstown, RI	***	***

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

U.S. PRODUCERS' DOMESTIC SHIPMENTS, COMPANY TRANSFERS, AND EXPORT SHIPMENTS

Table III-3 presents U.S. producers' shipment data for PET film. Commercial U.S. shipment quantity increased irregularly during the period for which data were gathered. *** U.S. producers, ***, accounted for *** percent of commercial U.S. shipment quantity during the period. Internal consumption quantity fluctuated downward over the period, with a ***-percent decrease in 2003 and a ***-percent increase in 2004. Certain U.S. producers consume *** (***) or a portion (***) of their production captively; however, *** report any internal consumption of PET film production. *** U.S. producers reported transfers to related firms during the period. Export shipment quantity decreased irregularly, by *** percent during 2002-06 and by *** percent during the 2006-07 January-September interim periods. Seven companies reported export shipments during all or a portion of the period of review to markets in ***. *** export shipments and ***. *** was the largest exporter of PET film and accounted for *** percent of all export shipments during the period for which data were gathered. ***.⁷

⁶ U.S. producers' questionnaire responses, section II-7.

⁷ ***.

Table III-3

PET film: U.S. producers' shipments, by type, 1999-2001, 2002-06, January-September 2006, and January-September 2007

* * * * *

The value of U.S. shipments rose steadily during 2002-06, then decreased during the interim January-September 2006 and January-September 2007 periods. Export shipment value decreased irregularly by *** percent during 2002-06 and continued to fall by *** percent over the comparative interim periods.

Captive consumption (internal shipments) accounted for *** percent of the volume of U.S. producers' U.S. shipments of PET film in 2002, *** percent in 2003, *** percent in 2004, *** percent in both 2005 and 2006, *** percent during January-September 2006, and *** percent during January-September 2007. All firms, with the exception of ***, reported captive consumption for the period for which data were gathered. *** Commercial (merchant) shipments accounted for *** percent of U.S. producers' U.S. shipments in 2002, *** percent in 2003, *** percent in 2004, *** percent in both 2005 and 2006, *** percent during January-September 2006, and *** percent in January-September 2007.

U.S. PRODUCERS' INVENTORIES

Inventories declined irregularly during 2002-06 before increasing during the January-September 2006-07 interim periods (table III-4). *** inventories for the period of review. The ratios to production and shipments fluctuated during the period examined; there was *** when comparing calendar year 2002 with interim January-September 2007.

Table III-4

PET film: U.S. producers' end-of-period inventories, 1999-2001, 2002-06, January-September 2006, and January-September 2007

* * * * *

U.S. PRODUCERS' IMPORTS AND PURCHASES

Table III-5 presents U.S. producers imports of PET film from nonsubject countries. U.S. producers of PET film generally import PET film from their foreign affiliates.^{8 9} *** responded that importing is mostly insignificant to the company, and is unaware of any current imports. *** indicated that it currently produces PET film *** and purchased or imported all other PET film ***. ***¹⁰ *** responded that it imported because it did not have enough capacity to satisfy its demand. *** reported that it imported PET film produced by *** to round out the company's product offerings. *** indicated

⁸ *** reported that all of its imports were from foreign related parties, specifically ***. *** reported imports from foreign related parties, specifically *** as well as from non-related party ***. *** reported that all of its imports were from related affiliates in ***. *** reported imports from its affiliates *** and from non-related ***. *** reported imports from its foreign affiliates ***. *** reported imports from foreign related party *** as well as from non-related party ***.

⁹ Domestic interested parties' imports of PET film accounted for *** percent of total imports and *** percent of imports from nonsubject countries in 2006. The eight producers that imported PET film during the period of review accounted for *** percent of total imports and *** percent of imports from other countries in 2006.

¹⁰ ***.

that it had always imported to meet special product needs from customers that cannot be produced domestically. ***. ***.¹¹

Table III-5

PET film: U.S. producers' production, imports of PET film from nonsubject countries, and ratios of imports to production, 1999-2001, 2002-06, January -September 2006, and January-September 2007

* * * * *

No U.S. producer of PET film is affiliated with subject producers in India or Taiwan; however, *** imported small amounts of subject PET film from ***; ***.

*** U.S. producers, ***, purchased PET film during the period of review (table III-6). *** purchased subject product from importers ***, respectively. ***. Reasons reported for these purchases are as follows: ***.

Table III-6

PET film: U.S. producers' purchases of U.S.-produced and imported product, 2002-06

* * * * *

U.S. PRODUCERS' EMPLOYMENT, WAGES, AND PRODUCTIVITY

Employment declined steadily during the period of review (table III-7). ***.

Table III-7

PET Film: Average number of production and related workers, hours worked, wages paid to such workers, hourly wages, productivity, and unit labor costs, 1999-2001, 2002-06, January-September 2006, and January-September 2007

* * * * *

FINANCIAL EXPERIENCE OF U.S. PRODUCERS

Background

Eight firms reported usable financial data on their operations on PET film, which accounted for the vast majority of known U.S. production.¹² These producers all had fiscal years ending December 31. In addition to commercial sales, *** of the firms (***) reported financial data on their internal consumption which, on a quantity basis, accounted for *** percent of total net sales in 2006.¹³

¹¹ Producers' questionnaire responses, section II-6.

¹² These firms are: Curwood, DuPont Teijin, Kodak, Mitsubishi, SKC, Terphane, 3M, and Toray. Commission staff adjusted the questionnaire response of *** to account for *** which were reported in the trade section but not the financial section of the Commission's questionnaire.

¹³ One U.S. producer, ***, reported transfers to related firms. The transfers are *** compared with total net sales. Excepting *** which did not respond in prior investigations, industry-wide data are consistent with those in the recent investigations for the full year periods 2004-06. See *Polyethylene Terephthalate Film, Sheet, and Strip From Brazil, China, Thailand, and the United Arab Emirates, Inv. Nos. 731-TA-1131-1134 (Preliminary)*, USITC Publication 3962, November 2007.

Operations on PET Film

Aggregate income-and-loss data for the reporting U.S. producers on their total operations producing PET film (commercial sales, internal consumption, and related party transfers) are briefly summarized here. Total net sales quantities decreased *** (by about *** percent) and irregularly between 2002 and 2006 (table III-8). Total net sales values increased by *** percent between 2002 and 2006, attributable to increased average unit sales values (which rose by *** percent). Total sales quantity and value were lower in January-September 2007 than in the same period in 2006 and the average unit value of sales remained about the same. The total cost of goods sold (“COGS”) increased from 2002 to 2006, led by higher raw material costs (up *** percent), but those costs did not increase by as much as the value of sales. COGS were lower in January-September 2007 compared with the same period in 2006 because of the lower volume. The industry’s operating income rose *** from 2002 to 2004, declining thereafter between 2004 and 2006 to a level that was *** higher in 2006 than in 2002. The industry’s operating profit was lower in January-September 2007 than in the same period in 2006 because of lower sales volume and *** increase in per-unit COGS. Net losses in 2002-03 became profits from 2004 to 2006. The eight firms reported net losses in January-September 2007 after recording net income in the prior interim period. Cash flow was positive in each period investigated.

Table III-8
PET film: Results of total operations of U.S. firms, fiscal years, 2002-06, January-September 2006, and January-September 2007

* * * * *

The operating results of reporting firms varied during the periods for which data were gathered, and did not necessarily correspond to size. DuPont Teijin, *** nearly every period. In an effort to ***, the company *** of PET film related employees and *** in every full-year period.¹⁴ Between January-September 2006 and the same period in 2007, DuPont Teijin’s sales’ quantity, value, and unit value declined, and its costs increased; consequently, ***. On a quantity basis, DuPont Teijin *** of its PET film every period.

Kodak, the *** producer, internally consumed *** of its PET film to produce ***. During 2002-04, the firm’s total value of sales increased as did *** due to higher sales unit values; its sales and operating income declined from 2004 to 2006 and unit values were flat. Between January-September 2006 and the same period in 2007, Kodak’s sales’ quantity and value declined, even as the unit value of its sales increased; yet ***.

Mitsubishi, *** producer, reported increasing sales and irregularly increasing operating income, ***. In the recent preliminary investigations, it reported that it has reduced the number of its employees, ***.¹⁵ Also, it reported efforts to ***.

SKC reported *** increases in sales values from 2002 to 2006 *** as well as in *** (up *** percent); however, sales rose between 2004 and 2006 even as *** declined. The company reported further increases in net sales between the interim periods, but also reported ***. SKC, one of the *** producers, was also one of the ***.

¹⁴ DuPont Teijin’s producers’ questionnaire response, question III-9. The larger ***.

¹⁵ *Polyethylene Terephthalate Film, Sheet, and Strip From Brazil, China, Thailand, and the United Arab Emirates, Inv. Nos. 731-TA-1131-1134 (Preliminary)*, USITC Publication 3962, November 2007, citing producer questionnaires, pp. 4-5 (question II-2(A)).

3M internally consumed *** of its PET film production in each of the periods investigated to produce ***.¹⁶ It stated that the *** it reported were made to ***. Its total sales quantity steadily declined from 2002 to 2006 and between the two interim periods; it ***.

Toray's sales quantity declined irregularly during 2002-06 and was flat between the interim periods. Its sales value increased due to higher sales unit values and *** during the period investigated as sales unit values rose ***. *** of Toray's sales were commercial sales.

Table III-9 provides firm-by-firm data on the results of their total operations (trade sales, internal consumption, and related party transfers) on PET film.

Table III-9

PET film: Selected financial data on the total operations of U.S. firms, fiscal years, 2002-06, January-September 2006, and January-September 2007

* * * * *

Raw materials reportedly are a driving factor of costs of PET film.¹⁷ As shown by the data in table III-8, the ratio of raw materials to sales has increased during the period investigated, as has the average unit value of raw materials. Calculated from the data in table III-8, raw material costs have increased during 2002-06 from *** percent to *** percent of total COGS and remained at a relatively high level of *** percent in each of the two interim periods.

Aggregate income-and-loss data for the trade-only (commercial) sales of the producers are presented in table III-10. Net sales quantities increased from 2002 to 2004 and then declined from 2004 to 2006 while net sales value continually increased. Both quantity and value of sales declined between the interim periods. Gross profits and operating profits both increased *** during 2002-06 (operating profits ***) before falling *** from interim 2006 to interim 2007.

Table III-10

PET film: Results of producers on their commercial (trade sale) only operations, fiscal years 2002-06, January-September 2006, and January-September 2007

* * * * *

Aggregate income-and-loss data for the internal consumption and related party transfer sales of the producers are presented in table III-11.¹⁸ Net sales quantities decreased between every period although net sales values increased irregularly between 2002 and 2006. Operating income increased *** from 2002 to 2004 before falling between 2004 and 2006 although the 2006 figure is nearly *** higher than in 2002. Operating income increased *** in January-September 2007 compared to January-September 2006, and was higher than the *** in full year 2006. Unit sales values rose *** from 2002 to 2004 but were essentially flat from 2004 on, while the unit cost of goods sold steadily increased during the full-year periods, and was flat between the two interim periods.

¹⁶ *Polyethylene Terephthalate Film, Sheet, and Strip From Brazil, China, Thailand, and the United Arab Emirates, Inv. Nos. 731-TA-1131-1134 (Preliminary)*, USITC Publication 3962, November 2007, citing producer questionnaire, p. 7 (question II-13).

¹⁷ See further discussion of raw material costs in Part V of this report. At the hearing a spokesman for Toray stated that raw material costs increased 216 percent (from 30 cents to 65 cents per pound for polyester resin) during 2002-06, but U.S. firms were able to raise prices to compensate. Hearing transcript, p. 23 (Eckles).

¹⁸ Curwood reported data on its *** in 2006, and these data are included in the calculations of internal consumption (table III-11). Kodak reported ***.

Table III-11

PET film: Results of producers on their internal consumption and transfers to related firms, fiscal years 2002-06, January-September 2006, and January-September 2007

* * * * *

Variance Analysis

The variance analysis showing the effects of prices and volume on U.S. producers' net sales of PET film, and of costs and volume on their total expenses, is presented in table III-12. The information for this variance analysis is derived from tables III-8, III-10, and III-11, and is presented in summary form for total operations (trade sales, internal consumption, and related party transfers), for commercial sales, and for internal consumption. The variance analysis provides an assessment of changes in profitability as related to changes in pricing, cost, and volume. Based on these analyses, the change in overall operating income between 2002 and 2006 was caused principally by higher average unit sales values (a favorable price variance) that in most years offset higher costs (an unfavorable cost/expense variance--higher average unit COGS and SG&A expenses). With regard to the change in operating income between the interim periods, it decreased for all sales as unit costs increased much more than did unit sales values. It decreased for commercial-only sales as unit prices decreased while unit costs increased; and, it increased for non-commercial sales as unit sales prices increased by a much wider amount than did unit costs.

Table III-12

PET film: Variance analysis on U.S. firms' operations, fiscal years 2002-06, January-September 2006, and January-September 2007

* * * * *

Assets and Return on Investment

The Commission's questionnaire requested data on assets used in the production, warehousing, and sale of PET film to compute return on investment ("ROI") for 2002 to 2006 (table III-13). The data for operating profit or (losses) are from table III-8. Operating income was divided by total assets, resulting in ROI.

Table III-13

PET film: Value of assets used in production, warehousing, and sales, and return on investment, fiscal years 2002-06

* * * * *

ROI generally followed trends in operating income that were discussed earlier in connection with table III-8, but changed at different rates because of changes in total assets. Generally, U.S. firms allocated costs, expenses, and assets to PET film, which represents one product group out of several that are produced in their multiproduct plants. Hence, the decrease in the value of total assets represents an allocation issue in part. ROI was negative in 2002, but positive at a low level thereafter.

Capital Expenditures and Research and Development Expenses

U.S. producers' data on their capital expenditures and research and development ("R&D") expenses for their operations on PET film are shown in table III-14.

Table III-14

PET film: U.S. firms' capital expenditures and research and development expenses, fiscal years 2002-06, January-September 2006, and January-September 2007

* * * * *

PART IV: U.S. IMPORTS, THE INDUSTRIES IN INDIA AND TAIWAN, AND THE GLOBAL MARKET

U.S. IMPORTS

Proprietary Customs data identified 80 firms as significant importers of PET film during the period for which data were gathered. Questionnaires were sent to these firms and all firms identified in the domestic interested parties' response to the notice of institution. In addition, importers' questionnaires were sent to all eight domestic producers.

Data on U.S. imports of PET film are presented in table IV-1 and are based on responses to Commission questionnaires for India, Taiwan, and Brazil, and adjusted official statistics of the Department of Commerce for all other sources. Although PET film is provided for separately in official U.S. import statistics since July 2003, these statistics encompass all types of PET film (i.e., APET, etc.).

Imports of PET film enter the United States under HTS statistical reporting number 3920.62.0090, a category that "was established in July 2003 to accurately capture imports of PET film."¹ Until July 2003, imports of PET film entered under HTS subheading 3920.62.00 which also captured imports of polyethylene terephthalate beyond the scope of these reviews. In ongoing antidumping investigations of PET film from Brazil, China, Thailand, and the United Arab Emirates, in a discussion of entries under statistical reporting number 3920.62.0090, petitioners stated that it "appears that entries under this import category include certain nonsubject films (e.g., amorphous PET (APET) film) and, therefore, overstate total imports within the scope of the petition."² In particular, petitioners believed that certain entries from Canada and Oman under HTS statistical reporting number 3920.62.0090 appeared to be nonsubject products—e.g., APET and, therefore, would overstate total imports within the scope of the petition.³ Petitioners in these ongoing investigations know of no production of in-scope PET film in either Canada or Oman⁴ and note that petitioners and the Brazilian respondent agreed that there was no in-scope PET film production in Canada.^{5 6} Further regarding the argument concerning imports from Canada, petitioners claim that the unit values declared at certain U.S. ports are far too high to be subject PET film.⁷ The Brazilian respondent, Terphane, argued that it "is confident that most of the U.S. import volumes from Canada are of foreign volumes of subject PET film imported into Canada from Asia and shipped across the border to the U.S." and, therefore, should be included in the total subject imports figure."⁸ Questionnaire data (1) enable imports of PET film to be presented separately for the period January 1, 2002 through June 2003 (which is not possible using official statistics) and (2) enable the use of importers' U.S. shipment data to calculate apparent U.S. consumption; therefore, questionnaire data are preferable to the official Commerce statistics for subject imports. Responding firms' subject imports of PET film from India and Taiwan were approximately *** percent and *** percent, respectively, of the

¹ USITC Publication 3962, *Polyethylene Terephthalate Film, Sheet, and Strip From Brazil, China, Thailand, and the United Arab Emirates, Investigation Nos. 731-TA-1131-1134 (Preliminary)*, p. IV-2.

² Ibid.

³ Ibid.

⁴ Ibid.

⁵ Ibid.

⁶ ***, ***.

⁷ USITC Publication 3962, *Polyethylene Terephthalate Film, Sheet, and Strip From Brazil, China, Thailand, and the United Arab Emirates, Investigation Nos. 731-TA-1131-1134 (Preliminary)*, p. IV-2.

⁸ Ibid.

Table IV-1

PET film: U.S. imports, by sources, 1999-2006, January-September 2006, and January-September 2007

Item	1999	2000	2001	2002	2003	2004	2005	2006	Jan.- Sept. 2006	Jan.- Sept. 2007
Quantity (1,000 pounds)										
India	28,429	39,356	40,233	***	***	***	***	***	***	***
Taiwan	14,774	21,149	9,054	***	***	***	***	***	***	***
Total, subject	43,203	60,505	49,287	25,313	17,605	14,234	12,546	16,364	12,143	14,454
Nonsubject sources	202,289	185,884	134,487	***	***	***	***	***	***	***
Total	245,492	246,389	183,774	***	***	***	***	***	***	***
Landed, duty-paid value (1,000 dollars)										
India	21,524	34,825	35,299	***	***	***	***	***	***	***
Taiwan	12,214	23,692	9,561	***	***	***	***	***	***	***
Total, subject	33,738	58,517	44,860	22,807	17,912	14,460	13,683	16,538	12,333	15,516
Nonsubject sources	300,505	300,023	212,368	***	***	***	***	***	***	***
Total	334,244	358,540	257,228	***	***	***	***	***	***	***
Unit value (per pound)										
India	\$0.76	\$0.88	\$0.88	\$***	\$***	\$***	\$***	\$***	\$***	\$***
Taiwan	0.83	1.12	1.06	***	***	***	***	***	***	***
Total, subject	0.78	0.97	0.91	0.90	1.02	1.02	1.09	1.01	1.02	1.07
Nonsubject sources	1.49	1.61	1.58	***	***	***	***	***	***	***
Average	1.36	1.46	1.40	***	***	***	***	***	***	***
Share of quantity (percent)										
India	11.6	16.0	21.9	***	***	***	***	***	***	***
Taiwan	6.0	8.6	4.9	***	***	***	***	***	***	***
Total, subject	17.6	24.6	26.8	***	***	***	***	***	***	***
Nonsubject sources	82.4	75.4	73.2	***	***	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Share of value (percent)										
India	6.4	9.7	13.7	***	***	***	***	***	***	***
Taiwan	3.7	6.6	3.7	***	***	***	***	***	***	***
Total, subject	10.1	16.3	17.4	***	***	***	***	***	***	***
Nonsubject sources	89.9	83.7	82.6	***	***	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table continued on next page.

Table IV-1--Continued

PET film: U.S. imports, by sources, 1999-2006, January-September 2006, and January-September 2007

Item	1999	2000	2001	2002	2003	2004	2005	2006	Jan.-Sept. 2006	Jan.-Sept. 2007
Ratio of import quantity to U.S. production (percent)										
India	***	***	***	***	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***	***	***	***	***
Total subject	***	***	***	***	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***	***	***	***
<p>Note.—Because of rounding, figures may not add to the totals shown. January-September ratios are based on annualized import and production data.</p> <p>Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission for Taiwan (1999-2001), India and Taiwan (2002-September 2007), from official Commerce statistics for India and nonsubject sources (1999-2001), from data submitted in response to questionnaires of the U.S. International Trade Commission for Brazil (2002-September 2007), and from adjusted Commerce statistics (Canada, Mexico, and Oman excluded) for all other nonsubject sources (2002-September 2007).</p>										

official import statistics quantity under HTS statistical reporting number 3920.62.0090 for the period 2004-06 and are used for these subject countries. Adjusted official statistics are used for all other nonsubject import sources (excluding Canada, Mexico, and Oman and using importer questionnaire data for Brazil).⁹ Data contained in this section are derived from questionnaire responses from *** importers of PET film.

During the period of review, reported imports of the subject PET film from India were predominantly accounted for by four firms (***), and reported imports from Taiwan were predominantly accounted for by three firms (***).

Certain countries, not subject to these reviews, are subject to preliminary affirmative determinations that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Brazil, China, Thailand, and the United Arab Emirates of PET film. These nonsubject countries and the quantity, value, and unit value of U.S. imports from them during the period covered by the preliminary phase of the investigations are presented in table IV-2.

Table IV-2

PET film: U.S. imports from Brazil, China, Thailand, and UAE, 2004-06, January-June 2006, and January-June 2007

* * * * *

CUMULATION CONSIDERATIONS

In assessing whether imports compete with each other and with the domestic like product, the Commission has generally considered four factors: (1) fungibility, (2) presence of sales or offers to sell in the same geographical market, (3) common or similar channels of distribution, and (4) simultaneous presence in the market.

⁹ There are no data on the record indicating that imports from Mexico are indeed PET film as covered by the scope of these reviews. Hearing transcript, pp. 30-31 (Greenwald).

Fungibility

The Commission asked if PET film produced in the United States and in other countries were interchangeable (i.e., can they be physically used in the same applications). With respect to interchangeability of U.S., Indian, and Taiwanese PET film, the U.S. producers responded as follows: five U.S. producers reported that PET film from (1) the United States and (2) both India and Taiwan can always or frequently be used interchangeably (***)¹⁰; one firm reported that the products are only sometimes interchangeable (***)¹⁰; and two firms reported no familiarity (***)¹⁰. Most importers found the products to be frequently or always interchangeable and most purchasers found them to be frequently interchangeable (see table II-7).

In their Response to Notice of Institution of Five-Year (“Sunset”) Review, domestic producers argued that “because U.S., Indian, and Taiwanese PET film are highly substitutable products, and because U.S. purchasers can shift from one supplier to the rest for most applications without great difficulty or expense, competition in the U.S. market is price sensitive.”¹¹

Geographical Market Segmentation

No geographical market segmentation in the United States was reported by the parties to these investigations. PET film from all subject countries competes for end users without regard to geographical location in the United States. While imports of PET film from the subject countries may enter select customs districts, the product is then generally sold nationwide. For the period which data were gathered (2002-September 2007), imports of PET film from India principally entered (86.4 percent) through the customs districts of Chicago, IL; Dallas-Fort Worth, TX; New York, NY; and Savannah, GA, while imports of PET film from Taiwan principally entered (79.8 percent) through the customs districts of Chicago, IL; Los Angeles, CA; and New York, NY.

Common or Similar Channels of Distribution

All subject imports and domestic production are sold directly to distributors, end users, and processors. However, imports from Taiwan and domestic production of PET film are primarily sold directly to processors, whereas imports of PET film from India are primarily sold directly to end users.

Simultaneous Presence in the Market

Imports generally have been simultaneously present in the U.S. market throughout the period examined. Imports of PET film from India and Taiwan both entered the United States in all months from January 2006 through September 2007.

U.S. IMPORTERS’ IMPORTS SUBSEQUENT TO SEPTEMBER 30, 2007

The Commission requested importers to indicate whether they imported or arranged for the importation of PET film from India or Taiwan after September 30, 2007. Of the *** responding importers, *** reported imports or arrangements for importation of PET film totaling *** pounds from India and *** pounds from Taiwan, as shown in the following tabulation, based on responses to Commission questionnaires:

¹⁰ U.S. producers’ questionnaire responses, section IV-B-29.

¹¹ DuPont, Mitsubishi, SKC, and Toray’s Response to Notice of Institution of Five-Year (“Sunset”) Review, July 23, 2007, p. 5.

U.S. IMPORTERS' INVENTORIES

U.S. importers' inventories of PET film are presented in table IV-3.

Table IV-3

PET film: U.S. importers' end-of-period inventories from India, Taiwan, and other countries, 2002-06, January-September 2006, and January-September 2007

Item	2002	2003	2004	2005	2006	Jan.- Sept. 2006	Jan.- Sept. 2007
From India							
Inventories (<i>1,000 pounds</i>)	***	***	***	***	***	***	***
Ratio to imports (<i>percent</i>)	***	***	***	***	***	***	***
Ratio to U.S. shipments of imports (<i>percent</i>)	***	***	***	***	***	***	***
From Taiwan							
Inventories (<i>1,000 pounds</i>)	***	***	***	***	***	***	***
Ratio to imports (<i>percent</i>)	***	***	***	***	***	***	***
Ratio to U.S. shipments of imports (<i>percent</i>)	***	***	***	***	***	***	***
From subject sources							
Inventories (<i>1,000 pounds</i>)	2,912	997	1,647	742	1,178	1,441	1,497
Ratio to imports (<i>percent</i>)	11.5	5.7	11.6	5.9	7.2	8.9	7.8
Ratio to U.S. shipments of imports (<i>percent</i>)	9.9	5.3	12.1	5.5	7.5	9.7	7.9
From nonsubject sources							
Inventories (<i>1,000 pounds</i>)	10,604	13,962	10,963	12,575	14,079	11,064	13,433
Ratio to imports (<i>percent</i>)	***	***	***	***	***	***	***
Ratio to U.S. shipments of imports (<i>percent</i>)	***	***	***	***	***	***	***
From all sources							
Inventories (<i>1,000 pounds</i>)	13,516	14,959	12,610	13,316	15,257	12,505	14,930
Ratio to imports (<i>percent</i>)	***	***	***	***	***	***	***
Ratio to U.S. shipments of imports (<i>percent</i>)	***	***	***	***	***	***	***
Note.—Ratios are based on data from firms that provided both inventory and import/importer shipments information. January-September ratios are based on annualized import or shipments data.							
Source: Compiled from data submitted in response to Commission questionnaires.							

THE INDUSTRY IN INDIA

Industry sources indicated eight producers of PET film in India for the period of review,¹² which is two more than the number of producers during the original investigations. Six producers responded to the Commission questionnaires both in the original investigations and for the period of review: Ester, Garware, Jindal, MTZ, SRF, and Uflex. *** reported an estimate (of *** percent) of the share of total production of PET film in India accounted for by its production in its questionnaire response; *** reported estimates of total exports to the United States of PET film from India accounted for by its exports. The share of the six firms' total sales accounted for by PET film in their most recent fiscal year ranged from about *** to *** percent.¹³

*** reported *** changes in the character of their operations since 2002; however, *** plans to ***.¹⁴ ***.¹⁵ ***.¹⁶ ***.¹⁷ ***.¹⁸

India's Capacity, Production, Capacity Utilization, Home Market Shipments, Export Shipments, and Inventories

Data for Indian production capacity, production, shipments, and inventories for the original investigation are presented in table IV-4; analogous data for the period of review are presented in table IV-5. PET film capacity and production increased steadily during 2002-06 and the January-September interim periods. *** together accounted for *** percent of reported Indian PET film capacity and *** percent of reported Indian PET film production during the period of review. Exports to the United States of PET film from India declined steadily by *** percent during 2002-06, and by *** percent over the January-September interim periods. *** reported exports to the United States; however, ***. The aggregate shipments to the Indian home market (exclusive of internal consumption) of PET film were greater than exports to the United States or exports to other markets during the period for which data were collected.

Ester ***. The firm estimated that PET film accounted for *** percent of its total sales in its most recent fiscal year. Ester accounted for *** percent of reported Indian production in 2006.

Garware reported *** in 2006. Garware reported that its sales of PET film accounted for *** percent of its sales in 2006.

Garware accounted for *** percent of reported Indian production and *** percent of reported exports of PET film to the United States in 2006.

Jindal reported *** in 2006. Jindal reported that its sales of PET film accounted for *** percent of its sales in 2006. Jindal accounted for *** percent of reported Indian production and *** percent of reported exports of PET film to the United States in 2006.

¹² Questionnaires were sent to M/S Ester Industries Ltd. ("Ester"); Garware Polyester Ltd. ("Garware"); Jindal Poly Films Ltd. ("Jindal"); MTZ Polyfilms, Ltd. ("MTZ"); Polyplex Corp., Ltd. ("Polyplex"); SRF Ltd. ("SRF"); Uflex Ltd. ("Uflex"); and Venlon Enterprises Ltd. ("Venlon").

¹³ The firms reported as follows: Ester (*** percent); Garware (*** percent); Jindal (*** percent by quantity and *** percent by value); MTZ (*** percent); SRF (*** percent); and Uflex (*** percent). Foreign producers' questionnaire responses, section II-9.

¹⁴ Foreign producers' questionnaire response, section II-4.

¹⁵ ***'s foreign producers' questionnaire response, sections II-1, II-2, and II-4.

¹⁶ Domestic interested parties' prehearing brief, p. 8.

¹⁷ ***'s foreign producers' questionnaire response, sections II-2 and II-4.

¹⁸ ***'s foreign producers' questionnaire response, sections II-1 and II-4.

Table IV-4
PET Film: Indian producers' capacity, production, inventories, and shipments,¹ 1999-2001

Item	Actual experience		
	1999	2000	2001
Quantity (1,000 pounds)			
Capacity	252,197	261,014	294,020
Production	201,326	232,028	254,257
End of period inventories	6,667	5,467	6,053
Shipments: Internal consumption	19,597	20,670	22,948
Home market	87,384	105,905	134,797
Exports to– The United States	33,429	39,255	38,369
All other markets	63,744	67,014	57,126
Total exports	97,172	106,268	95,495
Total shipments	204,154	232,843	253,240
Value (1,000 dollars)²			
Exports to United States	23,624	33,398	31,141
Unit value (per pound)²			
Exports to United States	\$0.71	\$0.85	\$0.81
Ratios and shares (percent)			
Capacity utilization ¹	79.8	88.9	86.5
Inventories to production	3.3	2.4	2.4
Inventories to total shipments	3.3	2.3	2.4
Share of total shipments: Internal consumption	9.6	8.9	9.1
Home market	42.8	45.5	53.2
Exports to– The United States	16.4	16.9	15.2
All other markets	31.2	28.8	22.6
All export markets	47.6	45.6	37.7
<p>¹ *** reported production was greater than its capacity in 2000-01. The firm's capacity levels are fixed but when the plant changed its product mix the production can be higher than the plant's capacity. Also, capacity utilization depends on average film thickness, line speed, and down time.</p> <p>² F.o.b. producers' points of shipment in India.</p> <p>Note.–Because of rounding, figures may not add to the totals shown.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>			

Table IV-5
PET film: Indian producers' capacity, production, inventories, and shipments, 2002-06, January-September 2006, and January-September 2007

* * * * *

Uflex ***. The firm estimated that PET film accounted for *** percent of its total sales in its most recent fiscal year. Uflex accounted for *** percent of reported Indian production in 2006.

Trade Restrictions in Third-Country Markets

In its questionnaires, the Commission asked whether the firms' exports of PET film are subject to tariff or non-tariff barriers to trade in any countries other than the United States. All responding Indian producers cited subsidy and antidumping determinations by the EU; *** reported ongoing dumping investigations by Korea; and *** reported ongoing antidumping and countervailing duty investigations by Brazil.¹⁹

In March 2007, the Government of Brazil initiated an antidumping investigation on imports of PET film from India (also Korea and Thailand). The outcome of the investigation is expected in late 2007 or early 2008.²⁰

In December 1999 the European Union issued countervailing duty measures on PET film from India. A review investigation initiated in December 2004 resulted in new *ad valorem* subsidy margins on investigated firms as follows: Ester, 12.8 percent; Flex, 11.7 percent; Garware, 14.9 percent; and Jindal, 15.2 percent. The European Union also has antidumping duties on PET film from India.²¹

According to domestic interested parties response to the notice of institution, the European Union, after conducting its own sunset reviews in 2005-06, continues to impose countervailing and antidumping duties on Indian PET film (and PET film from Taiwan and four other countries.²² South Africa and Turkey also currently impose antidumping duties on Indian and Taiwanese (as well as other) PET film producers.²³

THE INDUSTRY IN TAIWAN

Table IV-6 presents data for reported production and shipments of PET film from the original investigation and table IV-7 presents analogous data for PET film in Taiwan during the period for which data were collected. The data were provided by the sole responding producer of PET film in Taiwan, Nan

¹⁹ Foreign producers' questionnaire responses, section II-12. ***'s foreign producers' questionnaire response, addendum.

²⁰ *Polyethylene Terephthalate Film, Sheet, and Strip From Brazil, China, Thailand, and the United Arab Emirates, Investigation Nos. 731-TA-1131-1134 (Preliminary)*, USITC Publication 3962, November 2007, p. VII-5.

²¹ *European Commission Staff Working Document accompanying the 25th Annual Report from the Commission to the European Parliament on the Community's Anti-dumping, Anti-Subsidy, and Safeguards activities (2006)*, pp. 44-45 and 54.

²² Council Regulation (EC) 1288/2006, Imports of Polyethylene Terephthalate Film Originating in India (August 25, 2006) and Council Regulation (EC) 192/2007, Imports of Polyethylene Terephthalate Film Originating in India, Indonesia, Malaysia, the Republic of Korea, Thailand, and Taiwan (February 22, 2007). Domestic Interested Parties' Response to the Notice of Institution of Five-Year Reviews, July 24, 2007, pp. 5-6.

²³ World Trade Organization documents G/ADP/N/145/ZAF (29 Aug. 2006) and G/ADP/N/153/ZAF (21 February 2007), G/ADP/N/153Tur (22 March 2007) and G/ADP/N/145/TUR (11 August 2006), and G/ADP/N/145/MYS and G/ADP/N/153/MYS (21 May 2007). Domestic Interested Parties' Response to the Notice of Institution of Five-Year Reviews, July 24, 2007, pp. 5-6.

Ya Plastics Corp. (“Nan Ya”).²⁴ The firm reported that *** percent of its total sales in the most recent fiscal year were sales of PET film and that it accounted for approximately *** percent of total production of PET film in Taiwan in 2006. *** imported PET film into the United States from Nan Ya during the period for which data were gathered.

Table IV-6
PET film: Taiwanese producers’ capacity, production, inventories, and shipments, 1999-2001

* * * * *

Table IV-7
PET film: Taiwanese producers’ capacity, production, inventories, and shipments, 2002-06, January-September 2006, and January-September 2007

* * * * *

Nan Ya reported *** plans to produce PET film in the United States or other countries or to import PET film into the United States. The company reported *** plans to change the character of its operations or organization, including plans to add, expand, curtail, or shut down production capacity and/or production relating to PET film in the future whether or not the antidumping and countervailing duty orders on PET film were to be revoked.²⁵ Nan Ya *** other products on the same equipment and machinery used in the production of PET film since 2002, *** Nan Ya production and related workers employed to produce PET film produced other products.²⁶ Constraints that set limits on Nan Ya’s production capacity were reported as ***.²⁷ Nan Ya *** to switch production, using the same equipment and labor, between PET film and other products in response to a relative price change for PET film vis-a-vis the price of other products, *** any inventories of PET film in the United States since 2002.²⁸ The company reported that it has *** as a result of the antidumping and countervailing duty orders on PET film from India and Taiwan.²⁹

²⁴ Another Taiwan firm, Shinkong Synthetic Fibers Corp., was sent a foreign producers’ questionnaire but the Commission did not receive a response. Shinkong reportedly produces approximately *** pounds of subject PET film and nonsubject PET (APET) sheet.

²⁵ Nan Ya’s foreign producers’ questionnaire response, sections II-2, II-3, and II-4.

²⁶ Nan Ya’s foreign producers’ questionnaire response, sections II-6, and II-7.

²⁷ Nan Ya’s foreign producers’ questionnaire response, section II-8.

²⁸ Nan Ya’s foreign producers’ questionnaire response, sections II-10 and II-11.

²⁹ Nan Ya’s foreign producers’ questionnaire response, sections II-13.

Taiwan's Capacity, Production, Capacity Utilization, Home Market Shipments, Export Shipments, and Inventories

In 2006, *** percent of Nan Ya's total PET film shipments were exported to the United States. Approximately *** percent of its shipments of PET film were to other export markets, ***. From 2002 to 2006, Nan Ya's volume of shipments exported to the United States fluctuated upward by *** percent, and its volume of shipments exported to other world markets also fluctuated upward by *** percent. Nan Ya projects its exports to the United States to *** during interim 2007 as compared to interim 2006, ***. Nan Ya's PET film capacity remained the same during 2002-05, then increased by *** percent from 2005 to 2006 due to reported ***.³⁰ Nan Ya's PET film production increased irregularly from 2002 to 2006 by *** percent and is projected to *** during interim 2008 ***.

Trade Restrictions in Third-Country Markets

In its questionnaires, the Commission asked whether the firms' exports of PET film are subject to tariff or non-tariff barriers to trade in any countries other than the United States. Nan Ya reported *** tariff or non-tariff barriers in any countries other than the United States.

According to the domestic interested parties' response to the notice of institution, the European Union, after conducting its own review investigations in 2005-06, continues to impose antidumping duties on Taiwanese PET film (and PET film from four other countries).³¹ South Africa and Turkey currently impose antidumping duties on Indian and Taiwanese (as well as other) PET film producers; Malaysia has an antidumping duty order on Taiwanese PET film.³²

THE INDUSTRIES IN INDIA AND TAIWAN COMBINED

Table IV-8 presents reported data on the PET film industries in India and Taiwan combined.

³⁰ Nan Ya's foreign producers' questionnaire response (section II-1).

³¹ Council Regulation (EC) 1288/2006, Imports of Polyethylene Terephthalate Film Originating in India (August 25, 2006) and Council Regulation (EC) 192/2007, Imports of Polyethylene Terephthalate Film Originating in India, Indonesia, Malaysia, the Republic of Korea, Thailand, and Taiwan (February 22, 2007). Domestic interested parties' Response to the Notice of Institution of Five-Year Reviews, July 24, 2007, pp. 5-6.

³² World Trade Organization documents G/ADP/N/145/ZAF (29 Aug. 2006) and G/ADP/N/153/ZAF (21 February 2007), G/ADP/N/153/Tur (22 March 2007) and G/ADP/N/145/TUR (11 August 2006), and G/ADP/N/145/MYS and G/ADP/N/153/MYS (21 May 2007). Domestic interested parties' Response to the Notice of Institution of Five-Year Reviews, July 24, 2007, pp. 5-6.

Table IV-8

PET film: India and Taiwan's combined reported production capacity, production, inventories, and shipments, 2002-06, January-September 2006, and January-September 2007

Item	Actual experience					January-September	
	2002	2003	2004	2005	2006	2006	2007
Quantity (1,000 pounds)							
Capacity	423,519	487,180	598,476	632,819	673,687	513,355	549,578
Production	339,519	365,231	476,294	534,155	558,032	400,284	461,077
End-of-period inventories	7,244	6,801	8,937	21,575	14,918	20,394	12,336
Shipments: Internal consumption/transfers	31,276	40,144	53,118	65,056	67,135	45,407	49,765
Commercial home market	155,285	173,134	209,663	232,388	259,254	185,249	215,733
Exports to: United States	26,041	16,943	14,564	12,923	17,498	12,158	13,526
All other export markets European Union	25,327	31,535	46,264	56,283	64,269	46,252	47,026
Asia	69,635	75,630	101,803	108,292	109,833	76,257	88,856
Other markets	34,671	28,321	48,931	53,436	51,610	50,998	58,147
Total exports	155,674	152,428	211,562	230,934	243,210	185,665	207,555
Total shipments	342,235	365,706	474,343	528,378	569,598	416,320	473,053
Ratios and shares (percent)							
Capacity utilization	80.2	75.0	79.6	84.4	82.8	78.0	83.9
Inventories/production	2.1	1.9	1.9	4.0	2.7	3.8	2.0
Inventories/total shipments	2.1	1.9	1.9	4.1	2.6	3.7	2.0
Share of total shipments: Internal consumption/transfers	9.1	11.0	11.2	12.3	11.8	10.9	10.5
Home market commercial	45.4	47.3	44.2	44.0	45.5	44.5	45.6
Exports to: United States	7.6	4.6	3.1	2.4	3.1	2.9	2.9
European Union	7.4	8.6	9.8	10.7	11.3	11.1	9.9
Asia	20.3	20.7	21.5	20.5	19.3	18.3	18.8
Other markets	10.1	7.7	10.3	10.1	9.1	12.2	12.3
Total exports	45.5	41.7	44.6	43.7	42.7	44.6	43.9

Table continued on next page.

Table IV-8--Continued

PET film: India and Taiwan's combined reported production capacity, production, inventories, and shipments, 2002-06, January-September 2006, and January-September 2007

Item	Actual experience					January-September	
	2002	2003	2004	2005	2006	2006	2007
Value (1,000 dollars)¹							
Home market: Commercial shipments	125,194	172,376	229,128	226,098	237,529	171,629	225,716
Exports to: United States	21,703	15,487	14,646	13,514	17,251	11,973	13,787
All other export markets: European Union	26,259	33,059	51,289	62,090	67,154	47,712	46,334
Asia	46,448	60,772	91,732	98,441	94,555	63,756	81,334
Other markets	31,697	29,152	57,258	61,609	54,924	36,808	42,454
Total exports	126,107	138,470	214,925	235,653	233,884	160,249	183,909
Total commercial shipments	251,301	310,846	444,053	461,751	471,412	331,878	409,625
Unit value (per pound)¹							
Home market: Commercial shipments	0.89	1.13	1.24	1.06	0.99	1.02	1.11
Exports to: United States	0.83	0.91	1.01	1.05	0.99	0.98	1.02
All other export markets: European Union	1.04	1.05	1.11	1.10	1.04	1.03	0.99
Asia	0.67	0.80	0.90	0.91	0.86	0.84	0.92
Other markets	1.44	1.38	1.41	1.29	1.12	1.12	1.12
Total exports	0.88	0.95	1.06	1.05	0.97	0.96	0.98
Total commercial shipments	0.88	1.05	1.14	1.05	0.98	0.99	1.05
¹ F.o.b. producers' points of shipment in India or Taiwan. Note.--Unit values are calculated based on firms that reported both quantity and value data. Source: Compiled from data submitted in response to Commission questionnaires.							

GLOBAL MARKET

Supply

Data for global PET film production by country are not publicly available.³³ In consequence, publicly available Global Trade Atlas ("GTIS") trade volume data were the principal source for the current reviews encompassing calendar years 2002-06. GTIS data are available at the 6-digit HTS 3920.62 level, which includes PET film types outside the scope of the investigations. Export data and companion import data for 15 leading nonsubject global exporters of PET film were extracted from the GTIS database, of which

³³ ***

all 15 countries currently ship PET film to the United States. Individual country trade balances (trade surpluses and deficits) were subsequently calculated, and are also included herein. Data for the United Arab Emirates (“UAE”), which also ships PET film to the United States, are not currently available on the GTIS database. Composite European Union (“EU”) external trade data are also reported, together with reference data on the United States and on the subject countries of India and Taiwan. Five nonsubject countries studied are either currently under antidumping duty orders³⁴ or are the subject of recent preliminary Commission material injury determinations.³⁵

Four major exporters of PET film (Korea, Luxembourg, Thailand, and Indonesia), are principally exporters of the product; thus, they experience large trade surpluses. Several large global exporters, however, have traditionally experienced relatively large trade deficits in PET film. Both exports and imports of such countries (e.g., China, Italy, and Japan) have been growing, but import demand has continued to outstrip that of exports. External trade outside of the EU countries is significant, but relatively balanced between exports from out of the region and imports into the region. As would be expected, there is a significant amount of cross-border trade between EU countries, the EU-15 countries in particular.

Export data by volume for major nonsubject exporting countries of interest for the five-year period 2002-06 are shown in table IV-9; U.S. export trade is shown for reference. The data are ranked based on calendar year 2006. In 2006, Korea was the leading global PET film exporter with 22 percent of the 15-country total. Korea, China, Japan, and Germany accounted for 58 percent of the total, in aggregate. Seven of the top 15 countries shown are Asian (Korea, China, Japan, Hong Kong, Thailand, Malaysia, and Indonesia), and, in the aggregate, accounted for 65 percent of the total in 2006. China and Thailand experienced growth rates significantly above average during the five-year period. During the five-year period, PET film export volume grew by 58 percent for the top 15 nonsubject countries, or 15 percent per year; in the 2004-06 period, growth was 16 percent, or about 8 percent per year. EU external trade also increased.

Demand

Principal nonsubject PET film importing countries of interest are shown in the data of table IV-10. These countries are the same as reported in the previous nonsubject export table, table IV-9. Six of the top seven countries detailed in export table IV-8 are replicated in the same exact order of import importance in 2006: China, Japan, Germany, Italy, the United Kingdom, and Hong Kong. In the aggregate, these countries account for about 81 percent of the 15-country import total. Korea, the top global PET film exporter, ranks a distant 10th in order of imports because it is a major trade surplus country. According to the available GTIS import data, PET film import demand grew by a total of 36 percent, or at about 9 percent per year during the period 2002-06, and at about 13 percent, or some 6 percent per year, during the 2004-06 period. Import demand growth from the leading global importers, China and Japan, was well above the average during 2002-06. Import demand growth for Korea, Brazil, and Indonesia, although significantly lower than that of the leading importers, was also well above the average. EU27 external import demand increased 46 percent during 2002-06.

³⁴ *Polyethylene Terephthalate (PET) Film From Korea, Inv. No. 731-TA-459 (Second Review)*, USITC Publication 3800, September 2005.

³⁵ *Polyethylene Terephthalate Film, Sheet, and Strip From Brazil, China, Thailand, and the United Arab Emirates, Inv. Nos. 731-TA-1131-1134 (Preliminary)*, USITC Publication 3962, November 2007.

Table IV-9
PET film: Top exporting countries and regions, 2002-06¹

Source	Calendar year				
	2002	2003	2004	2005	2006
Quantity (1,000 pounds)					
United States	166,858	153,596	177,556	145,915	135,392
Nonsubject exporting countries:					
Korea	280,648	284,397	309,873	309,688	337,130
China	27,517	32,868	60,590	119,690	188,327
Japan	132,633	134,846	145,523	150,962	177,150
Germany	115,355	118,662	143,415	141,332	176,784
Italy	74,501	80,786	86,077	85,429	87,859
United Kingdom	78,260	80,925	77,634	90,332	86,199
Hong Kong	36,397	53,834	65,539	72,100	78,842
Luxembourg	70,264	81,754	168,371	71,851	78,368
Thailand	218	28,743	86,270	121,885	75,447
Malaysia	56,539	57,493	59,123	60,764	75,031
Indonesia	52,548	41,832	49,679	64,008	67,723
Canada	22,057	26,109	33,461	35,156	37,968
Brazil	15,187	15,826	18,961	26,130	36,049
Switzerland	4,180	5,222	7,415	13,308	18,374
Mexico	974	733	4,597	6,830	5,400
Total	967,278	1,044,030	1,316,528	1,369,465	1,526,651
Regions:					
EU15 (external trade)	151,466	158,660	259,991	184,408	189,333
EU27 (external trade) ²	131,102	140,831	150,538	158,706	160,320
<p>¹ Nonsubject exports are ranked based on calendar year 2006.</p> <p>² The smaller volume of EU-27 external trade compared to EU-15 external trade reflects the level of cross-border trade between the EU-15 and the 12 newer members of the European Union.</p> <p>Note.—Export figures for HTS subheading 3920.62. Includes nonsubject products, e.g., metallized PET film; “equivalent PET film;” copolyester film; and possibly amorphous (APET), and crystalline (CPET) film.</p> <p>Source: Global Trade Atlas, accessed January 15 -16, 2008.</p>					

Table IV-10
PET film: Top importing countries and regions, 2002-06¹

Source	Quantity (1,000 pounds)				
	2002	2003	2004	2005	2006
United States	216,930	215,742	228,382	284,884	318,580
Nonsubject importing countries:					
China	133,782	189,892	222,084	203,264	239,315
Japan	136,374	132,820	159,383	194,388	233,330
Germany	130,024	104,512	143,076	170,816	169,368
Italy	117,372	111,353	131,005	135,481	148,799
United Kingdom	118,031	122,760	126,109	108,465	110,928
Hong Kong	78,893	88,941	86,340	78,008	92,622
Canada	55,618	58,347	68,291	56,358	58,896
Switzerland	37,344	38,259	41,182	44,374	47,885
Mexico	52,743	41,852	36,534	37,267	38,349
Korea	8,082	11,365	18,929	27,239	29,466
Malaysia	16,366	16,939	26,890	21,822	25,864
Brazil	8,485	10,961	16,415	21,067	19,513
Indonesia	1,155	1,379	2,263	5,614	7,617
Thailand	5,433	5,399	5,550	4,864	2,666
Luxembourg	3,532	4,416	4,398	2,108	1,486
Total	903,234	939,195	1,088,449	1,111,135	1,226,104
Regions:					
EU15 (external trade) ²	176,906	183,718	196,842	221,377	252,096
EU27 (external trade)	172,975	181,520	193,284	217,623	252,612
¹ Imports are ranked based on calendar year 2006. ² The generally smaller volume of EU-27 external trade compared to EU-15 external trade reflects the level of cross-border trade between the EU-15 and the 12 newer members of the European Union. As such, EU-15 external trade should appear larger than EU-27 external trade. Note.—Import figures for HTS subheadings 3920.62; includes nonsubject products, e.g., metallized PET film; “equivalent PET film;” copolyester film; and possibly amorphous (APET) and crystalline (CPET) film. Source: Global Trade Atlas, accessed January 15-16, 2008.					

Trade Balances

Table IV-11 contains GTIS data for 2002-06, accessed and organized into trade balances ranked based on calendar year 2006, from the largest trade surplus country to the largest trade deficit country, for the various nonsubject importing countries of interest. Data for the subject countries, India and Taiwan, are also provided for reference. Korea, Luxembourg, Thailand, Indonesia, and Brazil command the largest global trade surpluses in order of importance, as shown. The largest global trade deficit countries are Italy, Japan, China, and Mexico, in order of importance. The remaining six countries show more moderate trade surplus or deficit positions. The trade surplus positions of the leading countries enumerated all increased during 2002-06. On the trade deficit side, however, the situation is mixed. While the trade deficit positions of Italy and Japan widened during 2002-06, the trade deficits gradually fell in China and Mexico. China's deficit position, in particular, fell from 161 million pounds in 2004 to 51 million pounds in 2006, a drop of about 68 percent. During the 2002-04 period, however, China's deficit position widened significantly, from 106 million pounds in 2002 to 161 million pounds in 2004, representing an increase of 52 percent.

Additional information on nonsubject countries, together with exports, imports, and trade balances for various countries may also be found in the references as noted.^{36 37}

³⁶ *Polyethylene Terephthalate Film, Sheet, and Strip From Brazil, China, Thailand, and the United Arab Emirates, Inv. Nos. 731-TA-1131-1134 (Preliminary)*, USITC Publication 3962, November 2007, pp. VII-1-VII-10.

³⁷ *Ibid.* Confidential staff report in those investigations, INV-EE-159, November 5, 2007, pp. VII-1-VII-18.

Table IV-11
PET film: Subject- and nonsubject-country exports, imports, and trade balances, 2002-06¹

Source	Calendar year				
	2002	2003	2004	2005	2006
Quantity (1,000 pounds)					
Subject:					
India:					
Exports	30,572	35,083	81,856	112,741	95,725
Imports	151	348	1,557	1,547	7,130
Net exports/(imports)	30,421	34,735	80,299	111,194	88,595
Taiwan:					
Exports	24,966	15,526	20,550	26,813	25,234
Imports	5,772	9,272	15,850	23,616	30,275
Net exports/(imports)	19,194	6,254	4,700	3,197	(5,041)
Nonsubject:					
Korea:					
Exports	280,648	284,397	309,873	309,688	337,130
Imports	8,082	11,365	18,929	27,239	29,466
Net exports/(imports)	272,566	273,032	290,944	282,449	307,664
Luxembourg:					
Exports	70,264	81,754	168,371	71,851	78,368
Imports	3,532	4,416	4,398	2,108	1,486
Net exports/(imports)	66,732	77,338	163,973	69,743	76,882
Thailand:					
Exports	218	28,743	86,270	121,885	75,447
Imports	5,433	5,399	5,550	4,864	2,666
Net exports/(imports)	(5,215)	23,344	80,720	117,021	72,781
Indonesia:					
Exports	52,548	41,832	49,679	64,008	67,723
Imports	1,115	1,379	2,263	5,614	7,617
Net exports/(imports)	51,393	40,453	47,416	58,394	60,106
Brazil:					
Exports	15,187	15,826	18,961	26,130	36,049
Imports	8,485	10,961	16,415	21,067	19,513
Net exports/(imports)	6,702	4,865	2,546	5,063	16,536

Table continued on next page.

Table IV-11--Continued

PET film: Subject- and nonsubject-country imports, exports, and trade balances, 2002-06

Source	Calendar year				
	2002	2003	2004	2005	2006
Quantity (1,000 pounds)					
Nonsubject:					
Germany:					
Exports	115,355	118,662	143,415	141,332	176,784
Imports	130,024	104,512	143,076	170,816	169,368
Net exports/(imports)	(14,669)	14,150	339	(29,484)	7,416
Canada:					
Exports	22,057	26,109	33,461	35,156	37,968
Imports	55,618	58,347	68,291	56,358	58,896
Net exports/(imports)	(33,561)	(32,238)	(34,830)	(21,202)	(20,928)
United Kingdom:					
Exports	78,260	80,925	77,634	90,332	86,199
Imports	118,031	122,760	126,109	108,465	110,928
Net exports/(imports)	(39,771)	(41,835)	(48,475)	(18,133)	(24,729)
Mexico:					
Exports	974	733	4,597	6,830	5,400
Imports	52,743	41,852	36,534	37,267	38,349
Net exports/(imports)	(51,769)	(41,119)	(31,937)	(30,437)	(32,949)
China:					
Exports	27,517	32,868	60,590	119,690	188,327
Imports	133,782	189,892	222,084	203,264	239,315
Net exports/(imports)	(106,265)	(157,024)	(161,494)	(83,574)	(50,988)
Japan:					
Exports	132,633	134,846	145,523	150,962	177,150
Imports	136,374	132,820	159,383	194,388	233,330
Net exports/(imports)	(3,741)	2,026	(13,860)	(43,426)	(56,180)
Italy:					
Exports	74,501	80,786	86,077	85,429	87,859
Imports	117,372	111,353	131,005	135,481	148,799
Net exports/(imports)	(42,871)	(30,567)	(44,928)	(50,052)	(60,940)
<p>¹ The trade balance is defined as the differential between exports and imports (exports - imports = net trade). A positive trade balance (net exports) results when exports are greater than imports; a negative trade balance (net imports) results when imports are greater than exports. Trade balances are ranked from high to low (positive to negative) based on calendar year 2006.</p> <p>Note.—Export and import figures for HTS subheading 3920.62. Includes nonsubject products, e.g., metallized PET film; “equivalent PET film;” copolyester film; and possibly amorphous (APET) and crystalline (CPET) film.</p> <p>Source: Global Trade Atlas, accessed January 15-16, 2008.</p>					

Information concerning exports of PET film from India and Taiwan to world destinations is presented in table IV-12 and table IV-13. The data presented are at the 6-digit HTS subheading 3920.62 and thus may be overstated.

Table IV-12
PET film: Indian world export destinations, 2002-06

Destination	2002	2003	2004	2005	2006
Quantity (1,000 pounds)					
World	30,571	35,083	81,856	112,740	95,724
Italy	9,054	3,157	14,167	22,750	27,834
France	370	679	3,359	5,316	9,359
United States	4,373	5,738	5,204	5,269	4,192
Belgium,	4,512	2,499	2,488	3,548	3,757
South Africa	172	131	857	2,284	3,622
United Kingdom	574	1,372	1,763	2,433	3,344
Taiwan	685	1,022	2,926	3,025	3,220
Germany	1,452	1,267	3,728	4,870	2,919
Brazil	604	445	6,080	7,246	2,663
UAE	500	1,039	4,860	2,962	2,487
All other	8,275	17,734	36,434	53,037	32,327
Source: Global Trade Atlas, accessed March 13, 2008.					

Table IV-13
PET film: Taiwanese world export destinations, 2002-06

Destination	2002	2003	2004	2005	2006
Quantity (1,000 pounds)					
World	24,966	15,526	20,550	26,813	25,234
Japan	7,456	3,644	4,578	5,134	6,250
Hong Kong	8,519	4,549	4,298	5,712	4,870
United States	1,891	1,091	2,725	4,349	4,356
China	2,481	2,790	4,134	6,688	3,296
Canada	90	16	39	119	977
Poland	0	0	180	558	658
All other	4,609	3,436	4,596	4,253	4,827
Source: Global Trade Atlas, accessed March 13, 2008.					

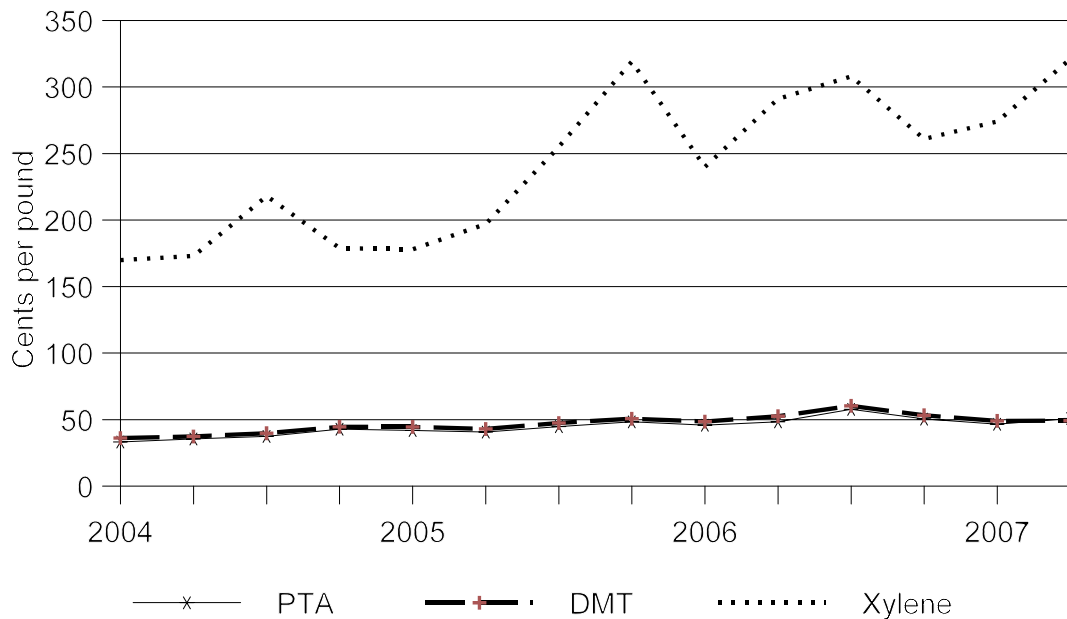
PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Materials

The basic raw materials for producing PET film are (1) dimethyl terephthalate (“DMT”) or purified terephthalic acid (“PTA”) and (2) monoethylene glycol, which come from xylene and ethylene, respectively. These chemicals are petroleum-based and are subject to global oil price fluctuations, so as world oil prices rise so do the prices for chemicals and the cost of polyester film.¹ Ethylene usually is manufactured from natural gas while xylene is a byproduct from oil refineries. For the period January 2004-June 2007, U.S. producers reported that raw material costs increased significantly (figure V-1).²

Figure V-1
PET film: Raw material costs, as reported by U.S. producers, January 2004-June 2007



Source: Compiled from data submitted in response to Commission questionnaires in Inv. Nos. 731-TA-1131-1134 (Preliminary).

Energy costs are another important factor in the production of PET film. Natural gas prices increased from 2002 to 2005 and then declined somewhat in 2006 and 2007. Crude oil prices nearly tripled from 2002 to 2007.

¹ Inv. Nos. 731-TA-1131-1134 (Preliminary), conference transcript, p. 17 (Kasoff).

² Ibid, p. 10 (Greenwald).

Item	2002	2003	2004	2005	2006	2007
U.S. natural gas industrial price ¹	\$4.02	\$5.89	\$6.53	\$8.56	\$7.86	\$7.60
U.S. crude oil price ³	\$22.86	\$26.60	\$34.38	\$48.18	\$58.41	\$66.22
¹ In dollars per thousand cubic feet. ² U.S. spot price f.o.b. (In dollars per barrel). Source: U.S. Energy Information Administration, http://www.eia.doe.gov , accessed March 10, 2008.						

Transportation Costs to the U.S. Market

Transportation costs for PET film from India and Taiwan to the United States (excluding U.S. inland costs) are estimated for 2006 in the following tabulation. Estimates are derived from official import data and represent the transportation and other charges on imports valued on a c.i.f. basis, as compared with customs value.³

Country	Estimated shipping cost in 2006 (percent)
India	12.1
Taiwan	7.9

U.S. Inland Transportation Costs

U.S. producers' U.S. inland transportation costs, as a share of the total delivered cost for PET film, were reported by 6 of 7 responding producers to be 5 percent or less of the total delivered cost of PET film; one producer reported that such costs were 6.5 percent. Similarly, most responding importers (13 of 18) reported that U.S. inland transportation costs were 5 percent or less of the total delivered cost of PET film, although several reported that such costs were higher (from 6.5 percent to 25 percent).

Exchange Rates

Nominal and real exchange rates for the currencies of India and Taiwan in relation to the U.S. dollar during January 2002-September 2007 are presented in figure V-2.

PRICING PRACTICES

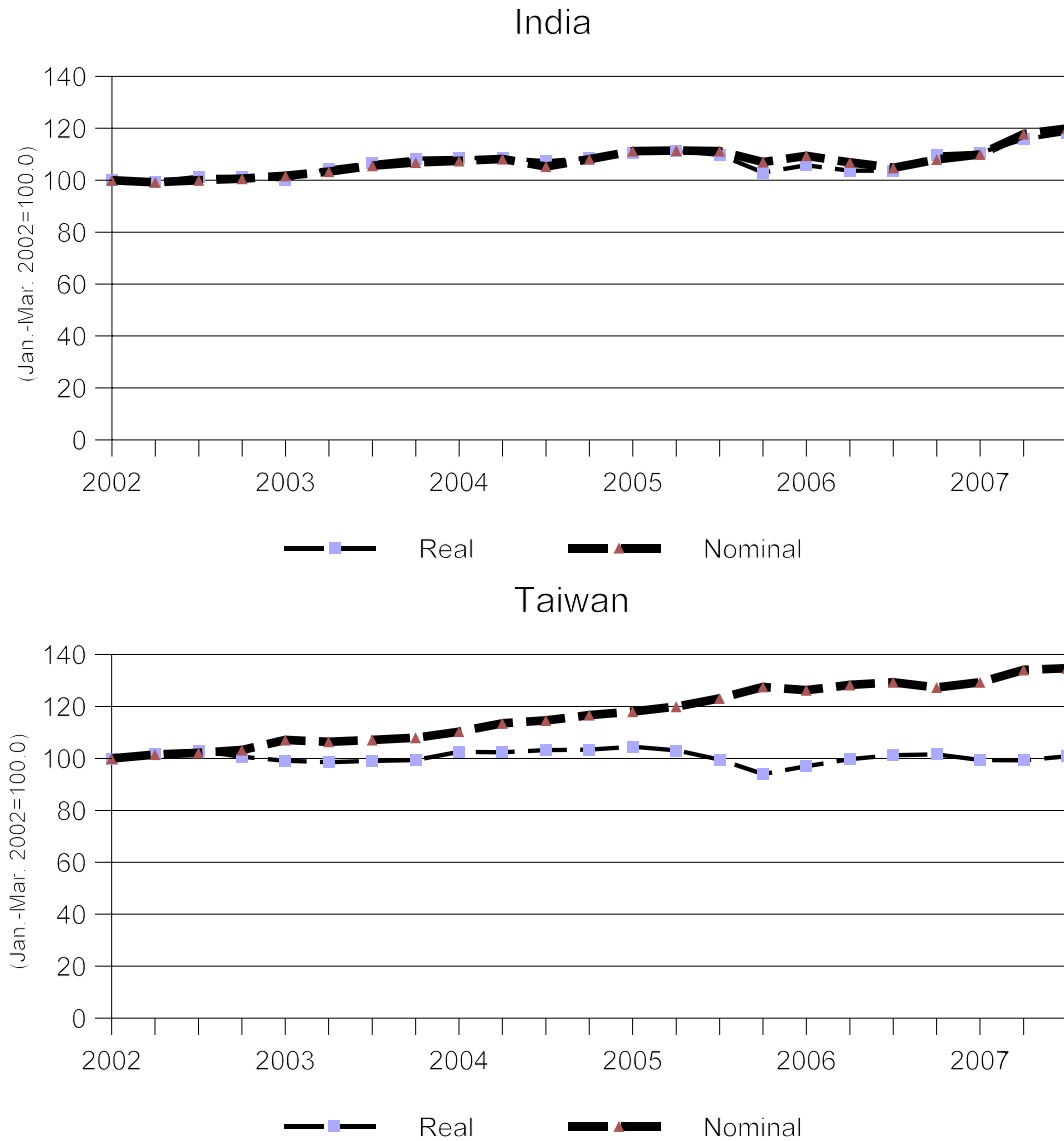
Pricing Methods

PET film is sold on both a contract and on a spot sales basis. Two producers sold exclusively on a long-term contract basis; two sold using only short-term contracts or on a spot basis; and three sold using long- and short-term contracts and on a spot basis. Producers reported that long-term contracts were for up to three years; three firms reported that prices are not renegotiated during the contract period, one firm reported that contracts are renegotiated annually or semi-annually, and one firm said that prices may be renegotiated during the contract period. Four of five producers reported that long-term contracts

³ Estimates are based on HTS subheading 3920.62.00.

contain meet-or-release provisions.⁴ Producers generally reported that short-term contracts were for one year, although one reported some contracts as short as three months.

Figure V-2
Exchange rates: Indices of the nominal and real exchange rates of the currencies of India and Taiwan relative to the U.S. dollar, January 2002-September 2007



Source: IMF International Financial Statistics at <http://www.imfstatistics.org/imf/>, Federal Reserve Bank of St. Louis at <http://stlouisfed.org/>, and National Statistics R.O.C. (Taiwan) at <http://eng.stat.gov.tw>. Data retrieved March 19, 2008.

⁴ U.S. producers were asked to report the percentage of contracts during the period of review in which changes were made to existing contracts.

U.S. producers were asked to report the percentage of contracts during the period of review in which changes were made to existing contracts. ***.⁵ Toray noted that there are times where it has contracts and the customer will ask for a lower price and if Toray does not meet the price, the customer will break the contract. Toray did note that this occurs more commonly in the commodity market area.⁶ ***.⁷ ***.⁸

Importers reported selling mostly on a spot basis or on a short-term contract basis; only two importers sold on a long-term contract basis and such sales accounted for 15 to 20 percent of these firms' total sales. One of the two importers selling on a long-term contract basis reported that the contract period was one year; the other reported that the contract period was three years but that contracts were renegotiated either annually or semi-annually. With regard to the duration of short-term contracts, two importers reported one to three months, two reported three to six months, and two reported up to a year.

The majority of firms reported selling PET film on a delivered basis. Five U.S. producers reported selling on a delivered basis and two reported selling on an f.o.b. basis. Nine importers reported selling on a delivered basis, four reported selling on an f.o.b. basis, and two reported selling on both an f.o.b. and a delivered basis.

Producers and importers reported offering some discounts, typically on a case-by-case basis such as large accounts, annual contracts, multiple shipments, and rebates upon reaching volume thresholds. Six of seven producers reported offering discounts for their sales of PET film. Three reported that discounts may be part of contract agreements, one offers annual volume discounts for certain large accounts, one reported that discounts are customer-specific, and one reported volume discount rebates. Eleven of 21 importers reported that they may offer discounts to their customers. Specifically, six importers reported offering discounts on a case-by-case basis such as for large volume orders or to meet competition; three reported early payment discounts; two reported annual volume discounts; and one reported volume discounts using rebates.⁹

PRICE DATA

The Commission requested U.S. producers and importers of PET film to provide quarterly data for the total quantity and delivered value of PET film shipped to unrelated U.S. customers during January 2002-September 2007. Data were requested for the following products:

Product 1. - 48 gauge plain film for packaging/industrial markets.

Product 2. - 48 gauge corona-treated film for packaging/industrial markets.

Product 3. - 48 gauge chemically treated film for packaging/industrial markets.

Product 4. - 43-44 gauge plain film for thermal lamination.

Product 5. - 45-60 gauge shrink stable film for hot-stamping applications.

Product 6. - 92 gauge plain film for packaging/industrial markets.

Product 7. - 120 gauge plain film for packaging/industrial markets.

⁵ ***. (Domestic interested parties' posthearing brief, "Responses to Commissioners' Questions," p. 2.)

⁶ Hearing transcript, p. 37 (Eckles).

⁷ Domestic interested parties' posthearing brief, "Responses to Commissioners' Questions," p. 2.

⁸ Ibid., p. 2.

⁹ One importer reported both early payment discounts and negotiating individual quantity discounts.

Six U.S. producers,¹⁰ four importers of PET film from India,¹¹ two importers of PET film from Taiwan,¹² and five importers of PET film from other countries¹³ provided usable pricing data for sales of the requested products, although not all firms reported pricing for all quarters. By quantity, pricing data provided by responding firms accounted for 16.3 percent of U.S. commercial shipments of U.S.-produced PET film during January 2002-September 2007, 16.8 percent of reported U.S. commercial shipments of imports from India, and *** percent of such shipments from Taiwan. Price data are presented in tables V-1 to V-7 and figure V-3.

Price Trends

Weighted-average prices for U.S.-produced PET film generally increased irregularly over the period of review. Prices for domestically produced products 1-6 increased from January-March 2002 to their highest level in mid to late 2005; prices then declined from 2005 to July-September 2007.¹⁴ However, prices for these products were higher at the end of the period as compared to the beginning of the period. For U.S.-produced product 7, prices increased and reached their highest level in January-March 2007 before declining by the third quarter of 2007. Prices for imports from India fluctuated during the period of review with prices for products 1, 2, and 6 having overall increases and prices for product 3 and 5 showing declines;¹⁵ prices for product 4 were the same in the first quarter of April-June 2003 as they were in January-March 2002. Prices for PET film imported from Taiwan also fluctuated during the period with prices for products 1, 3, and 6 increasing overall and prices for products 2 and 5 declining. Table V-8 presents information on price trends for the various products.¹⁶

Price Comparisons

Overall, there were 113 quarterly price comparisons between U.S.-produced PET film and imports from India and Taiwan. For those quarters for which data were reported, subject imports undersold domestic products in 89 quarters (79 percent) and oversold domestic products in 24 quarters (21 percent). Table V-9 provides a summary of underselling/overselling by country and by year.

¹⁰ ***.

¹¹ ***.

¹² ***.

¹³ ***.

¹⁴ For product 1, ***.

¹⁵ Price data for product 1 imported from India differ from those presented in the prehearing staff report as ***.

¹⁶ U.S. producers reported that changes in the prices for commodity-grade PET film often influence the prices for specialty grades (domestic interested parties' posthearing brief, p. 10). Toray noted that customers tend to purchase more than one type of film (including commodity and specialty products) and that customers often gauge the trend in the PET film industry by the commodity prices. Therefore, according to Toray, if the price of the commodity-grade product declines, customers expect the prices of other PET film products to also decline (hearing transcript, pp. 40-41 (Eckles)).

Table V-1

PET film: Weighted-average delivered prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarters, January 2002-September 2007

Period	United States		India		
	Price (per pound)	Quantity (pounds)	Price (per pound)	Quantity (pounds)	Margin (percent)
2002:					
Jan.-Mar.	\$1.00	5,658,260	-	-	-
Apr.-June	1.10	6,359,565	-	-	-
July-Sept.	1.02	6,237,756	\$***	***	***
Oct.-Dec.	0.99	6,404,578	-	-	-
2003:					
Jan.-Mar.	1.02	2,599,765	-	-	-
Apr.-June	0.99	3,347,382	-	-	-
July-Sept.	1.06	2,216,761	-	-	-
Oct.-Dec.	1.02	2,321,293	-	-	-
2004:					
Jan.-Mar.	***	***	-	-	-
Apr.-June	***	***	-	-	-
July-Sept.	1.21	2,411,552	***	***	***
Oct.-Dec.	***	***	***	***	***
2005:					
Jan.-Mar.	***	***	-	-	-
Apr.-June	***	***	-	-	-
July-Sept.	***	***	-	-	-
Oct.-Dec.	***	***	-	-	-
2006:					
Jan.-Mar.	***	***	-	-	-
Apr.-June	1.18	1,658,049	-	-	-
July-Sept.	1.21	1,624,174	-	-	-
Oct.-Dec.	1.18	1,714,677	-	-	-
2007:					
Jan.-Mar.	1.20	1,663,202	-	-	-
Apr.-June	1.15	1,657,587	-	-	-
July-Sept.	1.20	1,295,686	-	-	-
Table continued.					

Table V-1--Continued

PET film: Weighted-average delivered prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarters, January 2002-September 2007

* * * * *

Table V-2

PET film: Weighted-average delivered prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarters, January 2002-September 2007

Period	United States		India		
	Price (per pound)	Quantity (pounds)	Price (per pound)	Quantity (pounds)	Margin (percent)
2002:					
Jan.-Mar.	\$1.01	5,816,501	\$***	***	***
Apr.-June	1.00	7,125,638	***	***	***
July-Sept.	1.07	6,441,203	***	***	***
Oct.-Dec.	1.10	6,019,865	***	***	***
2003:					
Jan.-Mar.	1.07	6,091,451	***	***	***
Apr.-June	1.09	6,594,898	***	***	***
July-Sept.	1.15	7,266,713	***	***	***
Oct.-Dec.	1.11	10,335,872	***	***	***
2004:					
Jan.-Mar.	1.03	10,282,244	***	***	***
Apr.-June	1.05	10,300,605	***	***	***
July-Sept.	1.11	10,116,594	***	***	***
Oct.-Dec.	1.18	9,890,966	***	***	***
2005:					
Jan.-Mar.	1.26	7,889,320	***	***	***
Apr.-June	1.29	7,242,912	***	***	***
July-Sept.	1.22	8,774,926	***	***	***
Oct.-Dec.	1.20	10,623,959	-	-	-
2006:					
Jan.-Mar.	1.12	9,456,660	***	***	***
Apr.-June	1.10	8,418,476	-	-	-
July-Sept.	1.11	8,572,746	***	***	***
Oct.-Dec.	1.12	8,566,372	-	-	-
2007:					
Jan.-Mar.	1.10	8,306,729	-	-	-
Apr.-June	1.08	8,575,175	-	-	-
July-Sept.	1.12	8,554,529	-	-	-
Table continued.					

Table V-2--Continued

PET film: Weighted-average delivered prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarters, January 2002-September 2007

* * * * *

Table V-3

PET film: Weighted-average delivered prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarters, January 2002-September 2007

Period	United States		India		
	Price (per pound)	Quantity (pounds)	Price (per pound)	Quantity (pounds)	Margin (percent)
2002:					
Jan.-Mar.	\$1.14	6,692,129	\$***	***	***
Apr.-June	1.17	7,547,693	***	***	***
July-Sept.	1.16	6,133,273	***	***	***
Oct.-Dec.	1.25	6,650,614	***	***	***
2003:					
Jan.-Mar.	1.24	8,563,041	***	***	***
Apr.-June	1.27	9,999,156	***	***	***
July-Sept.	1.30	8,482,081	-	-	-
Oct.-Dec.	1.27	8,921,523	-	-	-
2004:					
Jan.-Mar.	1.23	8,980,154	-	-	-
Apr.-June	1.23	9,749,331	-	-	-
July-Sept.	1.27	10,394,811	***	***	***
Oct.-Dec.	1.29	9,780,986	-	-	-
2005:					
Jan.-Mar.	1.37	8,116,884	-	-	-
Apr.-June	1.38	8,791,495	-	-	-
July-Sept.	1.35	8,115,598	-	-	-
Oct.-Dec.	1.38	8,026,803	-	-	-
2006:					
Jan.-Mar.	1.30	9,090,730	-	-	-
Apr.-June	1.28	8,350,026	-	-	-
July-Sept.	1.29	4,157,987	-	-	-
Oct.-Dec.	1.31	7,496,360	-	-	-
2007:					
Jan.-Mar.	1.32	7,725,141	-	-	-
Apr.-June	1.28	7,415,726	-	-	-
July-Sept.	1.30	8,125,286	-	-	-
Table continued.					

Table V-3--Continued

PET film: Weighted-average delivered prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarters, January 2002-September 2007

* * * * *

Table V-4

PET film: Weighted-average delivered prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by quarters, January 2002-September 2007

* * * * *

Table V-5

PET film: Weighted-average delivered prices and quantities of domestic and imported product 5 and margins of underselling/(overselling), by quarters, January 2002-September 2007

Period	United States		Taiwan		
	Price (per pound)	Quantity (pounds)	Price (per pound)	Quantity (pounds)	Margin (percent)
2002:					
Jan.-Mar.	\$0.95	2,321,802	\$***	***	***
Apr.-June	0.94	2,406,563	***	***	***
July-Sept.	0.97	1,785,627	***	***	***
Oct.-Dec.	0.98	1,746,501	-	-	-
2003:					
Jan.-Mar.	1.04	2,824,305	***	***	***
Apr.-June	1.06	3,328,206	-	-	-
July-Sept.	1.06	3,051,432	***	***	***
Oct.-Dec.	1.02	3,358,713	-	-	-
2004:					
Jan.-Mar.	0.97	4,789,451	-	-	-
Apr.-June	0.98	5,928,804	-	-	-
July-Sept.	1.08	4,054,299	-	-	-
Oct.-Dec.	1.25	4,439,643	-	-	-
2005:					
Jan.-Mar.	1.34	2,584,880	-	-	-
Apr.-June	1.26	2,427,774	-	-	-
July-Sept.	1.08	2,673,689	-	-	-
Oct.-Dec.	1.06	2,704,517	-	-	-
2006:					
Jan.-Mar.	1.13	1,972,512	-	-	-
Apr.-June	1.13	1,794,002	-	-	-
July-Sept.	1.17	1,213,664	-	-	-
Oct.-Dec.	1.17	1,897,680	-	-	-
2007:					
Jan.-Mar.	1.16	1,604,429	-	-	-
Apr.-June	1.10	1,900,899	-	-	-
July-Sept.	1.12	2,207,381	-	-	-
Table continued.					

Table V-5--Continued

PET film: Weighted-average delivered prices and quantities of domestic and imported product 5 and margins of underselling/(overselling), by quarters, January 2002-September 2007

* * * * *

Table V-6

PET film: Weighted-average delivered prices and quantities of domestic and imported product 6 and margins of underselling/(overselling), by quarters, January 2002-September 2007

* * * * *

Table V-7

PET film: Weighted-average delivered prices and quantities of domestic and imported product 7 and margins of underselling/(overselling), by quarters, January 2002-September 2007

* * * * *

Figure V-3

PET film: Weighted-average delivered prices of products 1-7, by country, January 2002-September 2007

* * * * *

Table V-8

PET film: Summary of weighted-average f.o.b. prices, by product, and by country

Country	Number of quarters	Highest price	Lowest price	Overall increase (decrease) in price ¹
		<i>Per pound</i>	<i>Per pound</i>	<i>Percent</i>
Product 1				
United States	23	\$1.34	\$0.99	20.0
India	3	***	***	*** ²
Taiwan	18	***	***	***
Product 2				
United States	23	1.29	1.00	10.9
India	17	***	***	*** ²
Taiwan	23	***	***	***
Product 3				
United States	23	1.38	1.14	14.0
India	7	***	***	*** ²
Taiwan	4	***	***	*** ³
Product 4				
United States	23	***	***	***
India	6	***	***	*** ²
Product 5				
United States	23	1.34	0.94	17.9
Taiwan	5	***	***	*** ³
Product 6				
United States	23	***	***	***
India	8	***	***	*** ²
Taiwan	22	***	***	***
Product 7				
United States	23	***	***	***

¹ This column represents the overall increase or decrease in prices from the first quarter in which data were reported to the last quarter in which data were reported; thus, they do not necessarily represent the difference between the highest and the lowest prices reported in this table. Price increases or decreases are from the first quarter of the period of review (January-March 2002) to the last quarter (July-September 2007), unless otherwise noted).

² Price increases or decreases for imports from India were reported for the following periods: product 1=July-Sept. 2002 to Oct.-Dec. 2004, product 2=Jan.-Mar. 2002 to July-Sept. 2006, product 3=Jan.-Mar. 2002 to July-Sept. 2004, product 4=Jan.-Mar. 2002 to Apr.-June 2003, and product 6=Jan.-Mar. 2002 to Apr.-June 2005.

³ Prices for imports from Taiwan were reported for the following periods: product 3=Oct.-Dec. 2004 to July-Sept. 2005 and product 5=Jan.-Mar. 2002 to July-Sept. 2003.

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

Table V-9
PET film: Summary of underselling/(overselling), by country and by year

Country/period	Number of quarters of underselling	Simple average margin of underselling (in percent)	Number of quarters of (overselling)	Simple average margin of overselling (in percent)
India:				
2002	14	12.8	3	6.4
2003	8	5.7	2	21.9
2004	3	10.6	4	18.7
2005	4	13.3	1	9.4
2006	1	1.7	1	80.6 ⁽¹⁾
2007	0	-	0	-
Total India	30	10.3	11	20.7
Taiwan:				
2002	14	25.0	1	10.9
2003	14	23.7	0	-
2004	11	18.1	1	19.7
2005	9	25.4	5	13.2
2006	5	18.7	3	18.1
2007	6	24.0	3	24.4
Total Taiwan	59	22.8	13	17.2
1 ***.				
Source: Compiled from data submitted in response to Commission questionnaires.				

APPENDIX A

***FEDERAL REGISTER* NOTICES AND THE
COMMISSION'S STATEMENT ON ADEQUACY**

**INTERNATIONAL TRADE
COMMISSION**

[Investigation Nos. 701-TA-415 and 731-TA-933 and 934 (Review)]

**Polyethylene Terephthalate Film From
India and Taiwan**

AGENCY: United States International Trade Commission.

ACTION: Institution of five-year reviews concerning the countervailing duty order on polyethylene terephthalate ("PET") film from India and the antidumping duty orders on PET film from India and Taiwan.

SUMMARY: The Commission hereby gives notice that it has instituted reviews pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)) (the Act) to determine whether revocation of the countervailing duty order on PET film from India and the antidumping duty orders on PET film from India and Taiwan would be likely to lead to continuation or recurrence of material injury. Pursuant to section 751(c)(2) of the Act, interested parties are requested to respond to this notice by submitting the information specified below to the Commission;¹ to be assured of consideration, the deadline for responses is July 23, 2007. Comments on the adequacy of responses may be filed with the Commission by August 14, 2007. For further information concerning the conduct of these reviews and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).

DATES: *Effective Date:* June 1, 2007.

FOR FURTHER INFORMATION CONTACT: Mary Messer (202-205-3193), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000.

¹ No response to this request for information is required if a currently valid Office of Management and Budget (OMB) number is not displayed; the OMB number is 3117-0016/USITC No. 07-5-171, expiration date June 30, 2008. Public reporting burden for the request is estimated to average 10 hours per response. Please send comments regarding the accuracy of this burden estimate to the Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436.

General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). The public record for these reviews may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION:

Background.—On July 1, 2002, the Department of Commerce issued a countervailing duty order on imports of PET film from India (67 FR 44179) and antidumping duty orders on imports of PET film from India and Taiwan (67 FR 44174–44175). The Commission is conducting reviews to determine whether revocation of the orders would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. It will assess the adequacy of interested party responses to this notice of institution to determine whether to conduct full reviews or expedited reviews. The Commission's determinations in any expedited reviews will be based on the facts available, which may include information provided in response to this notice.

Definitions.—The following definitions apply to these reviews:

(1) Subject Merchandise is the class or kind of merchandise that is within the scope of the five-year reviews, as defined by the Department of Commerce.

(2) The Subject Countries in these reviews are India and Taiwan.

(3) The Domestic Like Product is the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the Subject Merchandise. In its original determinations, the Commission defined the Domestic Like Product as all PET film, not including equivalent PET film.

(4) The Domestic Industry is the U.S. producers as a whole of the Domestic Like Product, or those producers whose collective output of the Domestic Like Product constitutes a major proportion of the total domestic production of the product. In its original determination, the Commission defined the Domestic Industry to include all domestic producers of PET film.

(5) The Order Date is the date that the antidumping and countervailing duty orders under review became effective. In these reviews, the Order Date is July 1, 2002.

(6) An Importer is any person or firm engaged, either directly or through a parent company or subsidiary, in importing the Subject Merchandise into

the United States from a foreign manufacturer or through its selling agent.

Participation in the reviews and public service list.—Persons, including industrial users of the Subject Merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the reviews as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11(b)(4) of the Commission's rules, no later than 21 days after publication of this notice in the **Federal Register**. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the reviews.

Former Commission employees who are seeking to appear in Commission five-year reviews are reminded that they are required, pursuant to 19 CFR 201.15, to seek Commission approval if the matter in which they are seeking to appear was pending in any manner or form during their Commission employment. The Commission's designated agency ethics official has advised that a five-year review is the "same particular matter" as the underlying original investigation for purposes of 19 CFR 201.15 and 18 U.S.C. 207, the post employment statute for Federal employees. Former employees may seek informal advice from Commission ethics officials with respect to this and the related issue of whether the employee's participation was "personal and substantial." However, any informal consultation will not relieve former employees of the obligation to seek approval to appear from the Commission under its rule 201.15. For ethics advice, contact Carol McCue Verratti, Deputy Agency Ethics Official, at 202–205–3088.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and APO service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI submitted in these reviews available to authorized applicants under the APO issued in the reviews, provided that the application is made no later than 21 days after publication of this notice in the **Federal Register**. Authorized applicants must represent interested parties, as defined in 19 U.S.C. 1677(9), who are parties to the reviews. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Certification.—Pursuant to section 207.3 of the Commission's rules, any

person submitting information to the Commission in connection with these reviews must certify that the information is accurate and complete to the best of the submitter's knowledge. In making the certification, the submitter will be deemed to consent, unless otherwise specified, for the Commission, its employees, and contract personnel to use the information provided in any other reviews or investigations of the same or comparable products which the Commission conducts under Title VII of the Act, or in internal audits and investigations relating to the programs and operations of the Commission pursuant to 5 U.S.C. Appendix 3.

Written submissions.—Pursuant to section 207.61 of the Commission's rules, each interested party response to this notice must provide the information specified below. The deadline for filing such responses is July 23, 2007. Pursuant to section 207.62(b) of the Commission's rules, eligible parties (as specified in Commission rule 207.62(b)(1)) may also file comments concerning the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews. The deadline for filing such comments is August 14, 2007. All written submissions must conform with the provisions of sections 201.8 and 207.3 of the Commission's rules and any submissions that contain BPI must also conform with the requirements of sections 201.6 and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Also, in accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the reviews must be served on all other parties to the reviews (as identified by either the public or APO service list as appropriate), and a certificate of service must accompany the document (if you are not a party to the reviews you do not need to serve your response).

Inability to provide requested information.—Pursuant to section 207.61(c) of the Commission's rules, any interested party that cannot furnish the information requested by this notice in the requested form and manner shall notify the Commission at the earliest possible time, provide a full explanation of why it cannot provide the requested information, and indicate alternative forms in which it can provide equivalent information. If an interested party does not provide this notification

(or the Commission finds the explanation provided in the notification inadequate) and fails to provide a complete response to this notice, the Commission may take an adverse inference against the party pursuant to section 776(b) of the Act in making its determinations in the reviews.

Information To Be Provided in Response to This Notice of Institution: If you are a domestic producer, union/worker group, or trade/business association; import/export Subject Merchandise from more than one Subject Country; or produce Subject Merchandise in more than one Subject Country, you may file a single response. If you do so, please ensure that your response to each question includes the information requested for each pertinent Subject Country. As used below, the term "firm" includes any related firms.

(1) The name and address of your firm or entity (including World Wide Web address if available) and name, telephone number, fax number, and e-mail address of the certifying official.

(2) A statement indicating whether your firm/entity is a U.S. producer of the Domestic Like Product, a U.S. union or worker group, a U.S. importer of the Subject Merchandise, a foreign producer or exporter of the Subject Merchandise, a U.S. or foreign trade or business association, or another interested party (including an explanation). If you are a union/worker group or trade/business association, identify the firms in which your workers are employed or which are members of your association.

(3) A statement indicating whether your firm/entity is willing to participate in these reviews by providing information requested by the Commission.

(4) A statement of the likely effects of the revocation of the antidumping and countervailing duty orders on the Domestic Industry in general and/or your firm/entity specifically. In your response, please discuss the various factors specified in section 752(a) of the Act (19 U.S.C. 1675a(a)) including the likely volume of subject imports, likely price effects of subject imports, and likely impact of imports of Subject Merchandise on the Domestic Industry.

(5) A list of all known and currently operating U.S. producers of the Domestic Like Product. Identify any known related parties and the nature of the relationship as defined in section 771(4)(B) of the Act (19 U.S.C. 1677(4)(B)).

(6) A list of all known and currently operating U.S. importers of the Subject Merchandise and producers of the Subject Merchandise in each Subject Country that currently export or have

exported Subject Merchandise to the United States or other countries since the Order Date.

(7) If you are a U.S. producer of the Domestic Like Product, provide the following information on your firm's operations on that product during calendar year 2006 (report quantity data in pounds and value data in U.S. dollars, f.o.b. plant). If you are a union/worker group or trade/business association, provide the information, on an aggregate basis, for the firms in which your workers are employed/which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total U.S. production of the Domestic Like Product accounted for by your firm's(s') production;

(b) the quantity and value of U.S. commercial shipments of the Domestic Like Product produced in your U.S. plant(s); and

(c) the quantity and value of U.S. internal consumption/company transfers of the Domestic Like Product produced in your U.S. plant(s).

(8) If you are a U.S. importer or a trade/business association of U.S. importers of the Subject Merchandise from the Subject Country(ies), provide the following information on your firm's(s') operations on that product during calendar year 2006 (report quantity data in pounds and value data in U.S. dollars). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) The quantity and value (landed, duty-paid but not including antidumping or countervailing duties) of U.S. imports and, if known, an estimate of the percentage of total U.S. imports of Subject Merchandise from each Subject Country accounted for by your firm's(s') imports;

(b) the quantity and value (f.o.b. U.S. port, including antidumping and/or countervailing duties) of U.S. commercial shipments of Subject Merchandise imported from each Subject Country; and

(c) the quantity and value (f.o.b. U.S. port, including antidumping and/or countervailing duties) of U.S. internal consumption/company transfers of Subject Merchandise imported from each Subject Country.

(9) If you are a producer, an exporter, or a trade/business association of producers or exporters of the Subject Merchandise in the Subject Country(ies), provide the following information on your firm's(s') operations on that product during calendar year 2006 (report quantity data

in pounds and value data in U.S. dollars, landed and duty-paid at the U.S. port but not including antidumping or countervailing duties). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total production of Subject Merchandise in each Subject Country accounted for by your firm's(s') production; and

(b) the quantity and value of your firm's(s') exports to the United States of Subject Merchandise and, if known, an estimate of the percentage of total exports to the United States of Subject Merchandise from each Subject Country accounted for by your firm's(s') exports.

(10) Identify significant changes, if any, in the supply and demand conditions or business cycle for the Domestic Like Product that have occurred in the United States or in the market for the Subject Merchandise in the Subject Country(ies) since the Order Date, and significant changes, if any, that are likely to occur within a reasonably foreseeable time. Supply conditions to consider include technology; production methods; development efforts; ability to increase production (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production); and factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad). Demand conditions to consider include end uses and applications; the existence and availability of substitute products; and the level of competition among the Domestic Like Product produced in the United States, Subject Merchandise produced in the Subject Country(ies), and such merchandise from other countries.

(11) (OPTIONAL) A statement of whether you agree with the above definitions of the Domestic Like Product and Domestic Industry; if you disagree with either or both of these definitions, please explain why and provide alternative definitions.

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.61 of the Commission's rules.

By order of the Commission.

Issued: May 25, 2007.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E7-10407 Filed 5-31-07; 8:45 am]

BILLING CODE 7020-02-P

the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) to determine whether revocation of the countervailing duty order on polyethylene terephthalate ("PET") film from India and the antidumping duty orders on PET film from India and Taiwan would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. A schedule for the reviews will be established and announced at a later date. For further information concerning the conduct of these reviews and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).

DATES: *Effective Date:* September 4, 2007.

FOR FURTHER INFORMATION CONTACT:

Mary Messer (202-205-3193), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its internet server (<http://www.usitc.gov>). The public record for these reviews may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION: On September 4, 2007, the Commission determined that it should proceed to full reviews in the subject five-year reviews pursuant to section 751(c)(5) of the Act. The Commission found that the domestic interested party group response to its notice of institution (72 FR 30627, June 1, 2007) was adequate and that the respondent interested party group response with respect to India was adequate and decided to conduct full reviews with respect to the antidumping and countervailing duty orders concerning PET film from India. The Commission found that the respondent interested party group response with respect to Taiwan was inadequate. However, the Commission determined to conduct a full review concerning the antidumping duty order on PET film from Taiwan to promote administrative efficiency in light of its decision to conduct full reviews with respect to the orders concerning PET film from India. A record of the Commissioners' votes, the

Commission's statement on adequacy, and any individual Commissioner's statements will be available from the Office of the Secretary and at the Commission's Web site.

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

Issued: September 10, 2007.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E7-18110 Filed 9-13-07; 8:45 am]

BILLING CODE 7020-02-P

**INTERNATIONAL TRADE
COMMISSION**

[Investigation Nos. 701-TA-415 and 731-TA-933 and 934 (Review)]

**Polyethylene Terephthalate Film From
India and Taiwan**

AGENCY: United States International Trade Commission.

ACTION: Notice of Commission determinations to conduct full five-year reviews concerning the countervailing duty order on polyethylene terephthalate ("PET") film from India and the antidumping duty orders on PET film from India and Taiwan.

SUMMARY: The Commission hereby gives notice that it will proceed with full reviews pursuant to section 751(c)(5) of

DEPARTMENT OF COMMERCE**International Trade Administration**

[A-533-824, A-583-837]

Polyethylene Terephthalate Film, Sheet, and Strip From India and Taiwan: Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

SUMMARY: On June 1, 2007, the Department of Commerce (the Department) published in the **Federal Register** the notice of initiation of the five-year sunset reviews of the antidumping duty orders on polyethylene terephthalate film, sheet, and strip (PET Film) from India and Taiwan pursuant to section 751(c) of the Tariff Act of 1930, as amended (the Act).¹ As a result of adequate substantive response on filed on behalf of domestic interested parties and inadequate response from respondent interested parties, the Department has conducted expedited sunset reviews for these orders pursuant to section 751(c)(3)(B) of the Act and 19 CFR 351.218(e)(1)(ii)(c). As a result of this sunset review, the Department finds that revocation of the antidumping duty orders would be likely to lead to continuation or recurrence of dumping at the levels indicated in the "Final Results of Review" section of this notice.

DATES: *Effective Date:* October 9, 2007.

FOR FURTHER INFORMATION CONTACT: Martha Douthit or Dana Mermelstein, AD/CVD Operations, Office 6, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street & Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482-5050 and (202) 482-1391, respectively.

SUPPLEMENTARY INFORMATION:**Background**

On June 1, 2007, the Department initiated sunset reviews of the antidumping duty orders on PET Film from India and Taiwan, pursuant to section 751(c) of the Act. *See Notice of Initiation.* Within the deadline specified in section 351.218(d)(1)(i) of the Department's regulations, the Department received notices of intent to participate from domestic interested parties DuPont Teijin Films (DuPont), Mitsubishi Polyester Film of America

(MFA), SKC, Inc. (SKC), and Toray Plastics (America), Inc. (TPA) (collectively, the PET Film Group). DuPont, MFA, and TPA were the petitioners in the original investigation. SKC was a supporter of the petition in the original investigation. The PET Film Group stated that they are not related to any Indian or Taiwanese producers or exporters of the subject merchandise. In addition, members of the PET Film Group noted that they are not importers of the subject merchandise and they are not related to any importer of the subject merchandise. The PET Film Group claimed interested party status under section 771(9)(C) of the Act as U.S. producers of a domestic like product.

On July 2, 2007, the Department received substantive responses from the PET Film Group within the deadline specified in 19 CFR 351.218(d)(3)(i). We did not receive responses from respondent interested parties in this proceeding. As such, pursuant to 19 CFR 351.218(e)(1)(ii)(c)(1), the Department notified the ITC that respondent interested parties' responses were inadequate. *See* Letter from Susan Kuhbach, Senior Director, AD/CVD Operations, Office 1, Import Administration, to Robert Carpenter, Director, Office of Investigations, ITC, dated July 23, 2007. In accordance with section 751(c)(3)(B) of the Act, the Department has conducted an expedited review of these orders.

Scope of the Orders*India and Taiwan*

The products covered by these orders are all gauges of raw, pretested, or primed PET film, whether extruded or coextruded. Excluded are metallized films and other finished films that have had at least one of their surfaces modified by the application of a performance-enhancing resinous or inorganic layer more than 0.00001 inches thick. Imports of PET film were currently classifiable in the Harmonized Tariff Schedule of the United States ("HTSUS") under item number 3920.62.00. Effective July 1, 2003, the HTSUS subheading 3920.62.00.00 was divided into 3920.62.00.10 (metallized PET film) and 3920.62.00.90 (non-metallized PET film). Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of these orders is dispositive. Since these orders were published, there was one scope determination for PET Film from India, dated August 25, 2003. In this determination, requested by International Packaging Films, Inc., the

¹ *See Initiation of Five-Year ("Sunset") Reviews*, 72 FR 30544 (June 1, 2007) (*Notice of Initiation*).

Department determined that tracing and drafting film is outside of the scope of the order on PET Film from India.²

Analysis of Comments Received

All issues raised in these reviews are addressed in the *Issues and Decision Memorandum for the Expedited Sunset Reviews of the Antidumping Duty Orders on PET Film from India and Taiwan; Final Results* from Stephen J. Claeys, Deputy Assistant Secretary for Import Administration, to David M. Spooner, Assistant Secretary for Import Administration, dated concurrently with this notice, and which is hereby adopted by this notice (*Decision Memorandum*). The issues discussed in the *Decision Memorandum* include the likelihood of continuation or recurrence of dumping and the magnitude of the margins likely to prevail if these orders were to be revoked. Parties can find a complete discussion of all issues raised in these reviews and the corresponding recommendations in this public memorandum which is on file in room B-099 of the main Department building. In addition, a complete version of the *Decision Memorandum* can be accessed directly on the Web at <http://ia.ita.doc.gov/frn>. The paper copy and electronic version of the Decision Memo are identical in content.

Final Results of Review

The Department has determined that revocation of the antidumping duty orders on PET Film from India and Taiwan would be likely to lead to continuation or recurrence of dumping. Further, the Department determines that the rates likely to prevail are as follows:

Manufacturers/exporters/producers	Weighted average margin (percent)
India	
Ester	³ 5.71
Polyplex Corporation Limited	4 0.01

² See *Notice of Scope Rulings*, 70 FR 24533 (May 10, 2005).

³ In the investigation, we found Ester's rate to be 24.14 percent, which was adjusted to 5.71 percent to take into account the export subsidy rate found in the companion countervailing duty investigation.

⁴ In the investigation, we found Polyplex's rate to be 10.3 percent, which was adjusted to 0.01 percent to take into account the export subsidy rate found in the companion countervailing duty investigation, and we excluded Polyplex from the antidumping order. Polyplex's exclusion was subsequently reversed by a decision of the Court of International Trade. See *Dupont Teijin Films USA, LP, Mitsubishi Polyester Film of America, LLC, and Toray Plastics (America), Inc. v. United States and Polyplex Corporation Limited*, USCIT Slip Op. 04-70 (June 18, 2004); *Notice of Decision of the Court of International Trade: Polyethylene Terephthalate Film, Sheet, and Strip from India*, 69 FR 40352 (July 2, 2004).

Manufacturers/exporters/producers	Weighted average margin (percent)
All Others	⁵ 5.71
Taiwan	
Nan Ya Plastics Corporation, Ltd	2.49
Shinkong Synthetic Fibers Corporation	2.05
All Others	2.40

International Trade Commission (ITC) Notification

In accordance with section 752(c)(3) of the Act, we will notify the ITC of the final results of these expedited sunset reviews.

Administrative Protective Orders

This notice also serves as the only reminder to parties subject to administrative protective orders ("APO") of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305. Timely notification of the return or destruction of APO materials or conversion to judicial protective orders is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

We are issuing and publishing the results and notice in accordance with sections 751(c), 752, and 777 of the Act.

Dated: October 1, 2007.

David M. Spooner,
Assistant Secretary for Import Administration.

[FR Doc. E7-19820 Filed 10-5-07; 8:45 am]

BILLING CODE 3510-DS-P

⁵ The "all others" rate established in the investigation was based on Ester's rate.

the Tariff Act of 1930, as amended (the Act). *See Initiation of Five-Year ("Sunset") Reviews*, 72 FR 30544 (June 1, 2007) (*Initiation*). On the basis of notices of intent to participate and adequate substantive responses filed on behalf of domestic interested parties, and inadequate responses from respondent interested parties (in this case, neither the Government of India nor any of the respondent companies covered by the order provided a response), the Department conducted an expedited sunset review of these orders pursuant to section 751(c)(3)(B) of the Act and 19 CFR 351.218(e)(1)(ii)(B) and (C). As a result of this sunset review, the Department finds that revocation of the countervailing duty order is likely to lead to continuation or recurrence of countervailable subsidies at the levels indicated in the "Final Results of Review" section of this notice.

DATES: *Effective Dates:* October 9, 2007.

FOR FURTHER INFORMATION CONTACT: Elfi Blum or Dana Mermelstein, AD/CVD Operations, Office 6, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Ave., NW., Washington, DC 20230; telephone: (202) 482-0197 or (202) 482-1391, respectively.

SUPPLEMENTARY INFORMATION:

Background

On June 1, 2007, the Department initiated the first sunset review of the countervailing duty order on PET film from India, pursuant to section 751(c) of the Act. *See Initiation*, 72 FR 30544. The Department received notices of intent to participate from DuPont Teijin Films (DuPont), Mitsubishi Polyester Film of America (MFA), SKC, Inc. (SKC), and Toray Plastics (America), Inc. (TPA) (collectively, domestic interested parties), within the deadline specified in 19 CFR 351.218(d)(1)(i). Domestic interested parties claimed interested party status as U.S. producers engaged in the manufacture, production, or wholesale of PET film in the United States, pursuant to section 771(9)(C) of the Act. On June 15, 2007, respondent, Garware Polyester Ltd. (Garware) notified the Department of its interest in participating in this sunset review.

On July 2, 2007, the Department received a substantive response from domestic interested parties within the deadline specified in 19 CFR 351.218(d)(3)(i). The Department did not receive any substantive responses from any respondent interested party to this proceeding. Although Garware notified the Department of its interest in participating in the review, it did not

file a substantive response. In accordance with 19 CFR 351.218(e)(1)(ii)(C)(1), the Department notified the International Trade Commission (ITC) that respondent interested parties to the CVD order on PET film from India, provided inadequate responses to the *Initiation*, 72 FR 30544. The Department, therefore, has conducted an expedited sunset review of the countervailing duty order, pursuant to 19 CFR 351.218(e)(1)(ii)(B) and (C)(2).

Since the publication of the countervailing duty order, there have been three completed administrative reviews of this order. *See Notice of Countervailing Duty Order: Polyethylene Terephthalate Film, Sheet, and Strip (PET Film) from India*, 67 FR 44179 (July 1, 2002). There have been no requests for scope clarifications and no changed circumstances reviews.

Scope of the Order

The products covered by this order are all gauges of raw, pretreated, or primed polyethylene terephthalate film, sheet and strip (PET film), whether extruded or coextruded. Excluded are metallized films and other finished films that have had at least one of their surfaces modified by the application of a performance-enhancing resinous or inorganic layer of more than 0.00001 inches thick. Imports of PET film were classifiable in the Harmonized Tariff Schedule of the United States (HTSUS) under item number 3920.62.00. Effective July 1, 2003, the HTSUS subheading 3920.62.00.00 was divided into 3920.62.00.10 (metallized PET film) and 3920.62.00.90 (non-metallized PET film). HTSUS subheadings are provided for convenience and customs purposes. The written description of the scope of this order is dispositive.

Analysis of Comments Received

All issues raised, in the substantive responses, by parties to this sunset review are addressed in the *Issues and Decision Memorandum for Final Results of Expedited Sunset Review of the Countervailing Duty Orders on Polyethylene Terephthalate Film, Sheet, and Strip from India*, from Stephen J. Claeys, Deputy Assistant Secretary for Import Administration, to David M. Spooner, Assistant Secretary for Import Administration, dated concurrently with this notice (*Decision Memorandum*), which is hereby adopted by this notice. The issues discussed in the *Decision Memorandum* include the likelihood of continuation or recurrence of a countervailable subsidy, the net countervailable subsidy rate likely to prevail if the order were

DEPARTMENT OF COMMERCE

International Trade Administration

[C-533-825]

Polyethylene Terephthalate Film, Sheet, and Strip From India: Final Results of Expedited Five-Year (Sunset) Review of the Countervailing Duty Order

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

SUMMARY: On June 1, 2007, the Department of Commerce (the Department) published in the **Federal Register** the notice of initiation of the first five-year sunset review of the countervailing duty order on polyethylene terephthalate (PET) film from India, pursuant to section 751(c) of

revoked and the nature of the subsidy. Parties can find a complete discussion of all issues raised in these sunset reviews and the corresponding recommendation in this public memorandum, which is on file in the Import Administration Central Records Unit, Room B-099 of the main Commerce building. In addition, a complete version of the *Decision Memo* can be accessed directly on the Department's Web page at <http://ia.ita.doc.gov/frn>. The paper copy and electronic version of the *Decision Memorandum* are identical in content.

Final Results of Review

The Department determines that revocation of the countervailing duty order on PET Film from India would be likely to lead to continuation or recurrence of countervailable subsidies at the following subsidy rates:

Manufacturers/exporters	Subsidy rate (percent <i>ad valorem</i>)
Ester Industries Ltd	27.39
Garware Polyester Ltd	33.44
Polyplex Corporation Ltd	22.71
All Others	29.36

International Trade Commission (ITC) Notification

In accordance with section 752(b)(3) of the Act, we will notify the ITC of the final results of this expedited sunset review.

Administrative Protective Orders

This notice also serves as the only reminder to parties subject to administrative protective orders (APO) of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305. Timely notification of the return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation that is subject to sanction.

We are issuing and publishing this determination and notice in accordance with sections 751(c), 752(b), and 777(i) of the Act.

Dated: October 1, 2007.

David M. Spooner,
Assistant Secretary for Import Administration.

[FR Doc. E7-19818 Filed 10-5-07; 8:45 am]

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INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701-TA-415 and 731-TA-933 and 934 (Review)]

Polyethylene Terephthalate Film, Sheet, and Strip From India and Taiwan

AGENCY: United States International Trade Commission.

ACTION: Scheduling of full five-year reviews concerning the countervailing duty order on polyethylene terephthalate film, sheet, and strip from India and the antidumping duty orders on polyethylene terephthalate film, sheet, and strip from India and Taiwan.

SUMMARY: The Commission hereby gives notice of the scheduling of full reviews pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) (the Act) to determine whether revocation of the countervailing duty order on polyethylene terephthalate film, sheet, and strip from India and the antidumping duty orders on polyethylene terephthalate film, sheet, and strip from India and Taiwan would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. For further information concerning the conduct of these reviews and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).

DATES: *Effective Date:* November 5, 2007.

FOR FURTHER INFORMATION CONTACT:

Cynthia Trainor (202-205-3354), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). The public record for these reviews may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION:

Background.—On June 1, 2007, the Commission determined that responses to its notice of institution of the subject five-year reviews were such that full reviews pursuant to section 751(c)(5) of

the Act should proceed (72 FR 30627, June 1, 2007). A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements are available from the Office of the Secretary and at the Commission's Web site.

Participation in the reviews and public service list.—Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in these reviews as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, by 45 days after publication of this notice. A party that filed a notice of appearance following publication of the Commission's notice of institution of the reviews need not file an additional notice of appearance. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the reviews.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in these reviews available to authorized applicants under the APO issued in the reviews, provided that the application is made by 45 days after publication of this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the reviews. A party granted access to BPI following publication of the Commission's notice of institution of the reviews need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Staff report.—The prehearing staff report in the reviews will be placed in the nonpublic record on January 29, 2008, and a public version will be issued thereafter, pursuant to section 207.64 of the Commission's rules.

Hearing.—The Commission will hold a hearing in connection with the reviews beginning at 9:30 a.m. on February 20, 2008, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before February 11, 2008. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and

nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on February 14, 2008, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), 207.24, and 207.66 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 business days prior to the date of the hearing.

Written submissions.—Each party to the reviews may submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.65 of the Commission's rules; the deadline for filing is February 8, 2008. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.67 of the Commission's rules. The deadline for filing posthearing briefs is February 29, 2008; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the reviews may submit a written statement of information pertinent to the subject of the reviews on or before February 29, 2008. On April 1, 2008, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before April 3, 2008, but such final comments must not contain new factual information and must otherwise comply with section 207.68 of the Commission's rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 Fed. Reg. 68036 (November 8, 2002). Even where electronic filing of a document is permitted, certain documents must also be filed in paper form, as specified in II (C) of the Commission's Handbook on Electronic Filing Procedures, 67 Fed. Reg. 68168, 68173 (November 8, 2002).

Additional written submissions to the Commission, including requests pursuant to section 201.12 of the

Commission's rules, shall not be accepted unless good cause is shown for accepting such submissions, or unless the submission is pursuant to a specific request by a Commissioner or Commission staff.

In accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the reviews must be served on all other parties to the reviews (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

By order of the Commission.

Issued: November 7, 2007.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E7-22160 Filed 11-13-07; 8:45 am]

BILLING CODE 7020-02-P

EXPLANATION OF COMMISSION DETERMINATION ON ADEQUACY

in

Polyethylene Terephthalate (“PET”) Film from India and Taiwan

Inv. Nos. 701-TA-415 and 731-TA-933-934 (Review)

On September 4, 2007, the Commission unanimously determined that it should proceed to full reviews in the subject five-year reviews pursuant to section 751(c)(5) of the Tariff Act of 1930, as amended, 19 U.S.C. § 1675(c)(5).

With regard to each of the reviews, the Commission received adequate responses from four domestic producers of PET film: DuPont Teijin Films, Mitsubishi Polyester Film of America, SKC Inc., and Toray Plastics (America), Inc. Because it received an adequate response from domestic producers accounting for a substantial percentage of U.S. production, the Commission determined that the domestic interested party group response was adequate.

With respect to imports from India, the Commission received responses from Ester Industries Limited, Garware Polyester, Ltd., Jindal Poly Film Ltd., and SRF Ltd., which are producers and exporters of PET film in India, and from MTZ Polyfilms, Ltd., which is a producer and exporter of PET film in India and a U.S. importer of PET film. Because the Commission received an adequate response representing a substantial percentage of the production of PET film in India, the Commission determined that the respondent interested party group response for India was adequate. Accordingly, the Commission determined to conduct full reviews in *Polyethylene Terephthalate Film from India*, Inv. Nos. 701-TA-415 and 731-TA-933.

With respect to imports from Taiwan, the Commission did not receive a response from any respondent interested party and therefore determined that the respondent interested group response was inadequate. However, the Commission determined to conduct a full review with respect to subject imports from Taiwan to promote administrative efficiency in light of its decision to conduct full reviews with respect to subject imports from India. A record of the Commissioners' votes is available from the Office of the Secretary and the Commission's web site (<http://www.usitc.gov>).

APPENDIX B
CALENDAR OF PUBLIC HEARING

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject: Polyethylene Terephthalate Film, Sheet, and Strip from
India and Taiwan

Inv. Nos.: 701-TA-415 and 731-TA-933 and 934 (Review)

Dates and Time: February 20, 2008 - 9:30 a.m.

Sessions were held in connection with these reviews in the Main Hearing Room (room 101), 500 E Street, SW, Washington, DC.

OPENING REMARKS:

In Support of Continuation of Orders (**John D. Greenwald**, WilmerHale)
In Opposition to Continuation of Orders (**Dennis James, Jr.**, Cameron & Hornbostel LLP)

In Support of the Continuation of the Antidumping and Countervailing Duty Orders:

WilmerHale
Washington, DC
on behalf of

Dupont Teijin
Mitsubishi Polyester Film of America
Toray Plastics (America), Inc.
SKC, Inc.

Ronald Kassoff, Sales and Operations Planning Manager, Dupont Teijin Films
Todd Eckles, Director, Marketing and Development, Toray Plastics (America), Inc.
Carlton Winn, Manager, Strategic Planning and Raw Materials, Mitsubishi
Polyester Film of America
Dierdre Maloney, International Trade Analyst, WilmerHale

Ronald I. Meltzer – OF COUNSEL
John D. Greenwald

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

Riggle & Craven
Chicago, IL
on behalf of

MTZ Polyfilms, Ltd.

Chris Bejoian, President, Alba Sales

David J. Craven – OF COUNSEL

Cameron & Hornbostel LLP
Washington, DC
on behalf of

Jindal Poly Films Ltd.

Dennis James, Jr. – OF COUNSEL

REBUTTAL/CLOSING REMARKS:

In Support of Continuation of Orders (**John D. Greenwald**, WilmerHale)

In Opposition to Continuation of Orders (**Dennis James, Jr.**, Cameron & Hornbostel LLP)

APPENDIX C
SUMMARY DATA

Table C-1
PET film: Summary data concerning the U.S. market, 2002-06, January-September 2006, and January-September 2007

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted)

Item	Reported data												Period changes	
	2002-2006					January-September		2002-06					Jan.-Sept.	
	2002	2003	2004	2005	2006	2006	2007	2002-06	2002-03	2003-04	2004-05	2005-06	2006-07	
U.S. consumption quantity:														
Amount	***	***	***	***	***	***	***	***	***	***	***	***	***	
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	
Importers' share (1):														
India	***	***	***	***	***	***	***	***	***	***	***	***	***	
Taiwan	***	***	***	***	***	***	***	***	***	***	***	***	***	
Subtotal	***	***	***	***	***	***	***	***	***	***	***	***	***	
All other sources	***	***	***	***	***	***	***	***	***	***	***	***	***	
Total imports	***	***	***	***	***	***	***	***	***	***	***	***	***	
U.S. consumption value:														
Amount	***	***	***	***	***	***	***	***	***	***	***	***	***	
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	
Importers' share (1):														
India	***	***	***	***	***	***	***	***	***	***	***	***	***	
Taiwan	***	***	***	***	***	***	***	***	***	***	***	***	***	
Subtotal	***	***	***	***	***	***	***	***	***	***	***	***	***	
All other sources	***	***	***	***	***	***	***	***	***	***	***	***	***	
Total imports	***	***	***	***	***	***	***	***	***	***	***	***	***	
U.S. shipments of imports from:														
India:														
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	
Taiwan:														
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	
Subtotal:														
Quantity	29,279	18,907	13,607	13,546	15,763	11,159	14,270	-46.2	-35.4	-28.0	-0.4	16.4	27.9	
Value	29,971	22,393	17,391	19,058	20,811	13,616	17,709	-30.6	-25.3	-22.3	9.6	9.2	30.1	
Unit value	\$1.02	\$1.18	\$1.28	\$1.41	\$1.32	\$1.22	\$1.24	29.0	15.7	7.9	10.1	-6.2	1.7	
Ending inventory quantity	2,912	997	1,647	742	1,178	1,441	1,497	-59.6	-65.8	65.2	-55.0	58.8	3.9	
All other sources:														
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	
Ending inventory quantity	10,604	13,962	10,963	12,575	14,079	25,029	16,083	32.8	31.7	-21.5	14.7	12.0	-35.7	
All sources:														
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	
Ending inventory quantity	13,516	14,959	12,610	13,316	15,257	26,470	17,580	12.9	10.7	-15.7	5.6	14.6	-33.6	
U.S. producers':														
Average capacity quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	
Production quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	
Capacity utilization (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	
U.S. shipments:														
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	
Export shipments:														
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	
Production workers	***	***	***	***	***	***	***	***	***	***	***	***	***	
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***	***	***	***	***	
Wages paid (\$1,000)	***	***	***	***	***	***	***	***	***	***	***	***	***	
Hourly wages	***	***	***	***	***	***	***	***	***	***	***	***	***	
Productivity (pounds per hour)	***	***	***	***	***	***	***	***	***	***	***	***	***	
Unit labor costs	***	***	***	***	***	***	***	***	***	***	***	***	***	
Net sales:														
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***	***	***	***	***	
Gross profit or (loss)	***	***	***	***	***	***	***	***	***	***	***	***	***	
SG&A expenses	***	***	***	***	***	***	***	***	***	***	***	***	***	
Operating income or (loss)	***	***	***	***	***	***	***	***	***	***	***	***	***	
Capital expenditures	***	***	***	***	***	***	***	***	***	***	***	***	***	
Unit COGS	***	***	***	***	***	***	***	***	***	***	***	***	***	
Unit SG&A expenses	***	***	***	***	***	***	***	***	***	***	***	***	***	
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***	***	***	***	***	
COGS/sales (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	
Operating income or (loss)/sales (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	

(1) "Reported data" are in percent and "period changes" are in percentage points.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

Table C-2
PET film: Summary data concerning the U.S. open market, 2002-06, January-September 2006, and January-September 2007

Item	(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted)													
	Reported data						January-September		Period changes					
	2002	2003	2004	2005	2006	2006	2007	2002-06	2002-03	2003-04	2004-05	2005-06	Jan.-Sept. 2006-07	
U.S. OM consumption quantity:														
Amount	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Importers' share (1):														
India	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. OM consumption value:														
Amount	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Importers' share (1):														
India	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. shipments of imports from:														
India:														
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Taiwan:														
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal:														
Quantity	29,279	18,907	13,607	13,607	15,825	11,159	14,270	-46.0	-35.4	-28.0	-0.0	16.3	27.9	
Value	29,971	22,393	17,391	19,175	20,930	13,616	17,709	-30.2	-25.3	-22.3	10.3	9.2	30.1	
Unit value	\$1.02	\$1.18	\$1.28	\$1.41	\$1.32	\$1.22	\$1.24	29.2	15.7	7.9	10.3	-6.1	1.7	
Ending inventory quantity	2,912	997	1,647	742	1,178	1,441	1,497	-59.6	-65.8	65.2	-55.0	58.8	3.9	
All other sources:														
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	10,604	13,962	10,963	12,575	14,079	11,064	13,433	32.8	31.7	-21.5	14.7	12.0	21.4	
All sources:														
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	13,516	14,959	12,610	13,316	15,257	12,505	14,930	12.9	10.7	-15.7	5.6	14.6	19.4	
U.S. producers:														
U.S. commercial shipments:														
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Net sales:														
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS):														
Gross profit or (loss)	***	***	***	***	***	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

APPENDIX D

**COMMENTS ON THE SIGNIFICANCE OF THE EXISTING
ANTIDUMPING AND COUNTERVAILING DUTY ORDERS AND
THE LIKELY EFFECTS OF REVOCATION**

U.S. PRODUCERS' COMMENTS

The Commission requested U.S. producers to describe any anticipated changes in their operations or organization relating to the production of PET film in the future if the antidumping and countervailing duty orders were to be revoked. (Question II-4)

“No.”

“No.”

*** provided a long narrative response with graphs that is not reproduced here.

“Yes. While no plans have yet been made, further injury to *** or this industry will cause additional financial decline and would most likely lead to drastic restructuring. By revoking the CVD and AD order on Indian and Taiwan, this would invite resumption of predatory pricing practices seen by these companies in the past.”

“Yes. It is possible that if the price points for PET film continue to drop due to low priced subject imports and the volume increases. *** may be forced to schedule temporary inventory adjustment shutdowns. These shutdowns normally last 2 weeks and are required due to the fact inventory levels are high and profitability of certain commodity markets does not warrant additional production.”

“No.”

“No.”

The Commission requested U.S. producers to describe the significance of the antidumping and countervailing duty orders on their production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, and asset values. (Question II-14)

“None.”

“No perceived impact as a result of the antidumping countervailing duties.”

“N/A.”

*** provided a long narrative response with graphs that is not reproduced here.

“Immediately after this order was put in place, supply from the subject countries was reduced and prices were increased, thus allowing some level of profitability to return to this industry. The supply demand balance tightened up as a result allowing more efficient operations with the plants. Starting in late 2005, as other countries put in PET film plants, some to skirt the CVD and AD order from India, import volume increased causing prices to drop and profitability began to recede. This continues to be the case today.”

“The existing antidumping and countervailing duty orders have created ***.”

“The current anti dumping and countervailing duty orders prevent low priced imports from eroding the profitability of domestic film markets which subsequently has far reaching implications to the profitability of ***.

The first and most obvious effect is the erosion of price which reduces revenue and margins. These low priced imports not only effect (sic) the commodity markets but they also effect (sic) the pricing of value added markets as many customers buy many types of films and pricing is inter related among all the products. For example, when commodity prices fall so do value added film pricing.

Reduced margins eventually negatively effects production utilization. *** can not compete with low priced imports and would be forced to retreat from these markets. Unfortunately, PET film equipment is very capital intensive and requires 24/7 production to allocate the fixed costs over a greater number of pounds produced. If *** is unable to supply film to these large commodity market, it is most certainly possible that inventory levels will rise and production shutdowns will be required to prevent massive inventory builds.

These lower margins, high inventories and lower production capacity utilization ultimately negatively effects cash flow which limits the amount of funds *** has for research and development and re-investments in the business. Without these essential activities, *** will be unable to maintain a healthy business which will certainly affect the existence of the *** employees in ***.”

The Commission asked U.S. producers whether they anticipated changes in their production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, or asset values relating to the production of PET film in the future if the antidumping and countervailing duty orders were to be revoked. (Question II-15)

“No. Lowered revenues and employment to offset lowered priced competition in lost market share.”

“In addition to the potential line or plant closures mentioned in II-3 above, we would expect to see additional pricing pressures as a result of the lifting of the duties currently in place. Profitability of this industry is already low and this would further deteriorate, resulting in further industry restructuring.”

“Yes. We believe that the imbalance of domestic production capacity and domestic demand in both India and Taiwan whereas capacity exceeds demand forces them to export to large volume markets, mainly the US and Europe. As such the removal of the anti-dumping and countervailing duty orders would most likely have an impact on the US market. More specifically, the impact would be felt on our revenues and profitability as Indian and Taiwanese producers will target our existing customers and gain business by quoting lower prices than ours.”

“Revocation would have no effect on future *** production.”

“Yes. If these orders were revoked, Indian and Taiwanese film imports would begin to import huge amounts of film into the USA at low prices. This film would no doubt erode the market price for these commodity films. In turn, value add film pricing would also erode in response to these lower priced commodity film. This would result in lost sales and lost revenue to the domestic producers. When this happens, *** may be forced to schedule temporary inventory adjustment shutdowns. These shutdowns normally last 2 weeks and are required due to the fact inventory levels are high and profitability of certain commodity markets does not warrant additional production. These shutdowns are very expensive and hit the bottom line at any PET film manufacturer as our film lines are very expensive and require 24/7 production to cover fixed costs.

In conclusion, should these orders be revoked we can expect the following:

- Large increase in imports from India and Taiwan
- Lower prices on these increased imports
- Lower market price for both commodity and value add films

When the above happens, the domestic PET film producers will suffer in the following ways:

Lower capacity Utilization

Higher Inventories

Less Revenue

Lost Sales

Less Margin

Unscheduled Shutdowns to adjust inventory.

Ultimately, significant injury to the US Producers Business!"

"No."

*** provided a long narrative response with graphs that is not reproduced here.

U.S. IMPORTERS' COMMENTS

The Commission asked U.S. importers if they would anticipate any changes in their operations or organization relating to the importation of PET film the future if the antidumping and countervailing duty orders were to be revoked. (Question II-4)

"No."

"Lowered revenues and employment to offset lowered priced competition in lost market share."

"No."

"No."

"No."

"No."

“No. As a small company, we sell many other products (all from domestic U.S. producers) other than Indian PET. We would not expect any changes with revocation of duties, in our operation or organization.”

“No.”

“No.”

“No.”

“No.”

“Yes.”

“No.”

“Yes. If the AD/CVD were to be revoked from India then I would anticipate that our company might be able to shift our purchase from P.R. China to India providing the CVD/AD levels permitted such purchases.”

“No.”

“No. With increase in demand of polyethelene terephthalate film in Indian Sub-Continent and with no plans of ***, we do not anticipate any change in importing of PET Film from India.”

“No.”

“Yes. ***.”

“No.”

“No.”

“No.”

“Yes. If the antidumping and countervailing duty orders were to be revoked *** would check the pricing to be competitive and cost effective and at that time reevaluate for future purchases from these companies.”

“No.”

“Yes. We would expect India once again to destroy the market as they have consistently built new plants in countries not subject to these duties as an advance scheme. As a result, the product would no longer be profitable.”

“No.”

“No.”

“No.”

“No. We are not interested in importing film from India.”

“While no plans have yet been made, further injury to *** or this industry will cause additional financial decline and would most likely lead to drastic restructuring. By revoking the CVD and AD order on Indian and Taiwan, this would invite resumption of predatory pricing practices seen by these companies in the past.”

“No.”

“No.”

“No.”

The Commission requested U.S. importers to describe the significance of the existing antidumping and countervailing duty orders covering imports of PET film in terms of their effect on their firms’ imports, U.S. shipments of imports, and inventories. (Question II-10)

“The existing antidumping duty has almost no effect on ***’s imports, U.S. shipments of imports, and inventories.”

“N/A.”

“The existing antidumping and countervailing duty orders add expense, preventing making cost effective purchases from India and Taiwan.”

“N/A.”

“After the imposition, the suppliers lose their price competitiveness. Unless we seek other suppliers, we would have to shrink our business.”

“These actions had no effect at all. This was a complete waste of time. Domestic suppliers did not take the opportunity to raise their prices.”

“***. Until the imposition of CVD & AD on India all of ***’s PET was sourced from India. Once CVD & AD penalties were imposed on PET from India *** contacted each of the US based PET producers in regards to sourcing ***’s PET requirements domestically. The US PET producers offered pricing levels that were not workable or failed to reply. *** was forced to shift all imports of PET to P.R. China.”

“Immediately after this order was put in place, supply from the subject countries was reduced and prices were increased, thus allowing some level of profitability to return to this industry. The supply demand balance tightened up as a result allowing more efficient operations with the plants. Starting in late 2005, as other countries put in PET film plants, some to skirt the CVD and AD order from India, import volume increased causing prices to drop and profitability began to recede. This continues to be the case today.”

“None.”

“N/A.”

“***.”

“We have never imported PET film from India and Taiwan.”

“Our imports and shipments of imports represent only a small part of our business. Therefore, there should be minimal impact on imports.”

“Once India was penalized, the markets became more stable and realistic. We were able to import and resell product at a fair margin.”

“No significant change.”

“There is no effect on our company since we do not import from either of the two countries, and are unaware of any manufacturer in either country that makes the grade of PET film that we, or our competitors, require. This whole investigation is not significant to us.”

“None.”

“No significant difference.”

“No impact since the products *** produces are very specialized/complex formulations matching film types.”

“We did not expect PET to have antidumping duty from Taiwan, our margin was too low. We decided to discontinue importing PET from Taiwan since June 2005.”

“The present duties on PET from India are insignificant, relative to our imports, U.S. shipments of imports and inventories. We were importing Indian PET prior to duties being initially imposed and we have continued to import to current orders (Ques II-5). It is our hope to continue to grow this business.”

“No significance.”

“There is no effect because our purchase price from *** (the manufacturer) is too high for *** to compete in the PET market in the U.S. There are too many vendors selling at very competitive pricing.”

“Imports initiated by *** from India and Taiwan were unaffected. U.S. purchasers of imported film were reduced in 2003 but increased in the years following.”

“The existing antidumping and countervailing duty orders have created a ‘fairer’ market environment that has allowed *** to grow its business in the U.S.”

“No film was imported from India and Taiwan.”

“The effect will be significant.”

“It has no effect because we import from China only.”

“The current antidumping and countervailing duty orders prevent low priced imports from subject countries from eroding the profitability of US film markets which subsequently has far reaching implications to the profitability of ***.

The first and most obvious effect is the erosion of price which reduces revenue and margins. These low priced imports from subject countries not only effect (sic) the commodity markets but they also effect (sic) the pricing of value added markets as many customers buy many types of films and pricing is inter related among all the products. For example, when commodity prices fall so do value added film pricing. This affects both our domestically produced films and imported films.

In addition, our imported business is greatly reduced when prices erode in the US market by low priced subject countrys’ imports. As a result, we do not import these films as the costs to import the film combined with the low market price is too low to justify an import business. When we can not support customers business with domestic and imported films, we run the risk of losing both businesses as many of our customers require suppliers to supply all PET films they purchase.

Reduced margins eventually negatively effects production utilization. *** can not compete with low priced imports from subject countries and would be forced to retreat from these markets. Unfortunately, PET film equipment is very capital intensive and requires 24/7 production to allocate the fixed costs over a greater number of pounds produced. If *** is unable to supply film to these large commodity markets, it is most certainly possible that inventory levels will rise and production shutdowns will be required to prevent massive inventory builds.

These lower margins, high inventories and lower production capacity utilization ultimately negatively effects cash flow which limits the amount of funds *** has for research and development and reinvestments in the business. Without these essential activities, *** will be unable to maintain a healthy business which will certainly affect the existence of the *** employees in ***.”

“Imports have been reduced after the imposition of existing antidumping and countervailing duty orders and also it has reduced the profitability of the firm.”

“PET never been a big product line for us, will not make the difference either way.”

“Very small current impact.”

The Commission requested U.S. importers if they would anticipate any changes in their imports, U.S. shipments of imports, or inventories of PET film in the future if the antidumping and countervailing duty orders were to be revoked. (Question II-11)

“No.”

“No.”

“No.”

“No.”

“No.”

“Yes. It is common knowledge that currently the ITC is conducting an investigation of PET from the P.R. China No. 731-TA-1131-1134 as well as Thailand, UAE & Brazil. If AD were imposed on PET from P.R. China and the penalties imposed were such that PET from P.R. China was no longer competitive, *** would have to consider PET from India if CVD & AD penalties were revoked.”

“No.”

“Yes. We believe that there will be increase in imports from India. But, we are not sure if imports from Taiwan will be increased. Suppliers in Taiwan may want to export to the area whose market price is higher.”

“Yes. If the antidumping and countervailing duty orders were to be revoked *** would check the pricing to be competitive and cost effective and at that time reevaluate for future purchases from these companies.”

“No. ***.”

“No.”

“No.”

“No.”

“No.”

“No.”

“No.”

“Yes. The market would get destroyed again. India still sells at any price if they have free capacity. It would be catastrophic to the industry again.”

“No.”

“No.”

“No.”

“No. I would anticipate no changes purely from revoking the present duties. Changes will come short from overall market conditions.”

“Yes. It will be beneficial to U.S. customers.”

“Yes. If these orders were revoked, Indian and Taiwanese film imports would begin to import huge amounts of film into the USA at low prices. This film would no doubt erode the market price for these commodity films. In turn, value add film pricing would also erode in response to these lower priced commodity film. This would result in lost sales and lost revenue to the domestic producers. When this happens, *** may be forced to schedule temporary inventory adjustment shutdowns. These shutdowns normally last 2 weeks and are required due to the fact inventory levels are high and profitability of certain commodity markets does not warrant additional production. These shutdowns are very expensive and hit the bottom line at any PET film manufacturer as our film lines are very expensive and require 24/7 production to cover fixed costs.

In conclusion, should these orders be revoked we can expect the following:

- Large increase in imports from India and Taiwan
- Lower prices on these increased imports
- Lower market price for both commodity and value add films

When the above happens, the domestic PET film producers will suffer in the following ways:

- Lower capacity Utilization
- Higher Inventories
- Less Revenue
- Lost Sales
- Less Margin
- Unscheduled Shutdowns to adjust inventory.
- Ultimately, significant injury to the US Producers Business!”

“No. Short term we would not expect changes in our imports. Long term purchases and imports may change based on availability, price and other changes to the market.”

“We have very few knowledge about PET film from India and Taiwan. Therefore we cannot comment.”

“No.”

“No.”

“No.”

“Yes. We believe that the imbalance of domestic production capacity and domestic demand in both India and Taiwan whereas capacity exceeds demand forces them to export to large volume markets, mainly the U.S. and Europe. As such the removal of the antidumping and countervailing duty orders would most likely have an impact on the U.S. market.”

“No.”

“Yes. If the AD and CVD margins are lifted from the subject countries, additional low priced volume will further add to the price reduction in the U.S., affecting both imported and domestically produced film pricing.”

“No.”

U.S. PURCHASERS' COMMENTS

The Commission requested U.S. purchasers to describe the likely effects of any revocation of the subject countervailing duty order and antidumping duty orders on the future activities of their firm and the entire U.S. market (Questions III-35-1 and III-35-2.) The following are quotations from the responses of purchasers:

Effects on the activities of the firm

“No change.”

“Not immediate activities. May consider sourcing opportunities the longer term (beyond 2 years).”

“I would not expect any impact on the activities of *** at least short term - 1 year.”

“Unaware of any PET film manufacturers in India or Taiwan that make the gauge of PET film we buy, so we do not anticipate any effect.”

“No response.”

“No impact. I do not have any qualified sources for PET film from subject countries.”

“We do not anticipate any changes in our purchasing patterns.”

“No response.”

“Unknown.”

“I see minimal change. The markets served by the Indian and Taiwanese suppliers are strong and the major Indian manufacturers are already manufacturing and supplying the U.S. from other countries.”

“We would consider purchasing from these suppliers if they showed interest in our business.”

“May re-visit sourcing of plants to determine if US producers remain best value providers.”

“Since magnetic tape production is built around certain film characteristics, it will have no impact on us.”

“Competition in ***’s market “thick” PET film. Little change.”

“No response.”

Effects on the entire U.S. market

“Unchanged.”

“No immediate activities or effect.”

“Additional supply would be available to the market which is much needed. China sources are being scared away from the US market by the recent dumping suit against China. The U.S. market cannot supply all of the U.S. demand and additional supply is required to ensure PET film availability.”

“Not qualified to discuss.”

“No response.”

“The revocation of the antidumping and countervailing duty orders for imports from India and Taiwan should have minimal effect on the market, as free and open competition between buyers and sellers is generally beneficial for trade. The domestic producers will continue to be at a disadvantage to international producers, but this is caused by the disparity in energy costs in the U.S.A. as compared to international regions (The U.S.A. has much higher energy costs), the higher overhead burden of U.S.A. producers for health care, taxes and other employee benefits, and due to the lack of investment in equipment by U.S. producers that makes U.S. producers inefficient as compared to international producers who have invested in new equipment and processes.”

“Market should grow, but it will take several years for impact to be seen.”

“No response.”

“Unknown.”

“I see minimal change. The markets served by the Indian and Taiwanese suppliers are strong and the major Indian manufacturers are already manufacturing and supplying the U.S. from other countries.”

“I expect they would be added capacity to the market.”

“May attract low cost country providers to sell in the US market.”

“No response.”

“Unknown.”

“Antidumping duties on the plain PET film will encourage the importation of metallized film and laminates. This will have a negative impact on our market. The implementation of the duties will cause further price degradation for the metallized versions of the PET, having an impact on the entire market.

This is what has occurred since the previous antidumping was instituted.”

FOREIGN PRODUCERS’/EXPORTERS’ COMMENTS

The Commission requested foreign producers to indicate whether they anticipated any changes in their operations or organization relating to the production of PET film in the future if the antidumping and countervailing duty orders were to be revoked, and if yes, to describe those changes. (Question II-3)

“No.”

“No.”

“No.”

“*** does not anticipate any changes in the character of its operations or organizations relating to the production of PET Film in the future if the anti dumping and countervailing duty orders on PET Film from India were to be revoked. The company as a matter of long term plans is reducing its exports from India. The company intends to service only the domestic market from its manufacturing facilities in India, whereas the capacities being set up outside India would cater to the requirement of pet film in the global market. Indian market is witnessing robust increase in demand and the company considers that the present Indian capacities would soon be insufficient to meet entire domestic demand.”

“Presently are operating at full capacity and in case AD/CVD duties are revoked, we would not look for new markets, as we have developed other markets in Asia and Africa over last five years.”

“No.”

“Yes, by revoking these duties, U.S. citizens may be benefitted in terms of better quality at competitive prices.”

The Commission requested foreign producers to identify export markets (other than the United States) where they have developed or to which they have increased their sales of PET film as a result of the antidumping and countervailing duty orders. (Question II-13)

“None. We have increased our sales at domestic market as the growth rate of consumption is increasing rapidly.”

“We have been increasing sales of PET films in home market and to Japanese market.”

“AFRICA, ASIA. As would be seen from annexure 4, our exports to other markets have increased to more than 250% since 2002. Further, the domestic market in India has witnessed significant growth. Resultantly, the increased production in India is getting absorbed in the domestic market itself.”

“No new export markets were developed by *** to increase its sales of PET Film as a result of the antidumping and countervailing duty orders on PET film from India. Given significant increase in demand in the Indian market, the company has increased its sales in the Indian market. In fact, the company intends to eventually stop its exports from India and the global markets would be catered by production facilities being set up outside India. The company has gone into production of value added

products and has ***. Further, the company has increased *** significantly. The *** of the company has significantly increased.”

“*** has increased sales to several markets, but this has not been “as a result of the antidumping duty and countervailing duty orders.” *** is always trying to increase its markets. We are a company having philosophy of continuous improvements. We have been able to sell in the following markets besides meeting the increasing demand in India. Below is the average sales of the areas for last 2 years.

<u>Country</u>	<u>Qty</u>
***	***

“***.”

“Not Applicable, as *** was not selling the product concerned to U.S. Market since calendar year 2001.”

The Commission requested foreign producers to describe the significance of the existing antidumping and countervailing duty orders covering imports of PET film in terms of their effect on their firms’ production capacity, production, home market shipments, exports to the United States and other markets, and inventories. (Question II-14)

*** provided a long narrative response with graphs that is not reproduced here.

“We have been able to increase significantly our share in the Indian market, but this is not because of the orders. ***, as noted above, is always trying to increase markets.

We are giving below Indian market sales data for the last 2 years:

<u>Quantity (MT)</u>	<u>Value (US\$ millions)</u>	<u>Year</u>
***	***	***

“The significance of the existing antidumping and countervailing duty orders has not affected our firm’s production capacity, production, home market shipments, exports to the United States.”

“No significant effect. Import from India to total imports of PTE film in USA for calendar year 2006 was merely 3.05%. Hence cannot cause any injury to domestic producers.”

“The US industry has not increased the prices to the extent of antidumping duty and therefore our product has been uncompetitive vis-a-vis US industry after imposition of antidumping duty. However, we have been able to develop new markets and the demand in the domestic market has significantly increased. Resultantly, imposition of anti dumping duty has not adversely affected our volumes. In fact, volumes have increased after imposition of duties. Nor has the company got adversely affected in terms of inventories.”

“The antidumping and countervailing duty orders have created administrative barriers to the export of fairly priced PET film from India. ***

***. *** has, as a result of this order, expanded its third country markets and has shipped film to these other markets. ***’s market in the U.S. is limited, by the nature of the market, to *** PET film that would otherwise be forced to purchase *** PET film from the U.S. producers. The U.S. producers have no incentive, and in fact have a disincentive, to sell to these *** as the U.S. producers produce ***.”

“Not Applicable, as *** was not selling the product concerned to U.S. Market since calendar year 2001.”

The Commission asked foreign producers if they would anticipate any changes in their production capacity, production, home market shipments, exports to the United States and other markets, or inventories in the future if the antidumping and countervailing duty orders were to be revoked. (Question II-15)

“No, *** does not anticipate any of the changes mentioned above in case of the revocation of antidumping and countervailing duty applicable in USA.

Even the additional capacities of *** would get absorbed in the Indian market which is growing at a healthy rate of 15%. Thus *** does not see volumes available with it to divert to new customers in far away markets.”

“No.”

“As discussed above, ***’s market in the United States is primarily limited to *** that would otherwise be forced to purchase film from their competitor. As *** now has ***, *** anticipates that it will continue to supply the U.S. market at about the same level with any growth being the direct result of growth by its customers. *** has no intention, and does not have the market share, to maintain inventories in the United States. With respect to other markets, *** anticipates continued growth as the overall demand for PET film will continue to grow.”

“*** does not anticipate any changes in the production capacity, production, home market shipments and other markets or inventories relating to the production of PET Film in the future if the antidumping and countervailing duty orders on PET Film from India were to be revoked. The company in general intends to reduce its exports from its Indian operations.”

“We are already selling almost more than 50% of our volumes in India and the balance we are able to export to areas largely outside the US. There would be no impact of the revocation of the existing measures on PET films.”

“No.”

“As stated before, we are already operating at full capacity.”

The Commission asked foreign producers to discuss any anticipated changes in terms of the product range, product mix, or marketing of PET film in their home markets, for export to the United States, or for export to third-country markets in the future, identifying the time period(s) involved and the factor(s) that they believe would be responsible for such changes. (Question III-10)

“In the *** segment, PET Films are replacing *** industry. In the *** industry, PET films are replacing ***.

This trend is visible as demonstrated by the growth in the demand for ***, especially in markets outside the USA and India, mainly Korea, Japan, Taiwan & China.”

“There are no changes anticipated in the product range or product mix.”

“__”

“The enhanced capacity of *** will come into effect from Financial Year 2009-20 and will cater primarily to the Indian market which continues to grow at a very healthy rate.”

“In future, we will develop more value-added products and focus on ***. For example, *** industry in Asia, and decrease volumes for low end application products to USA, for example, ***.”

*** provided a long narrative response with graphs that is not reproduced here.

“None.”