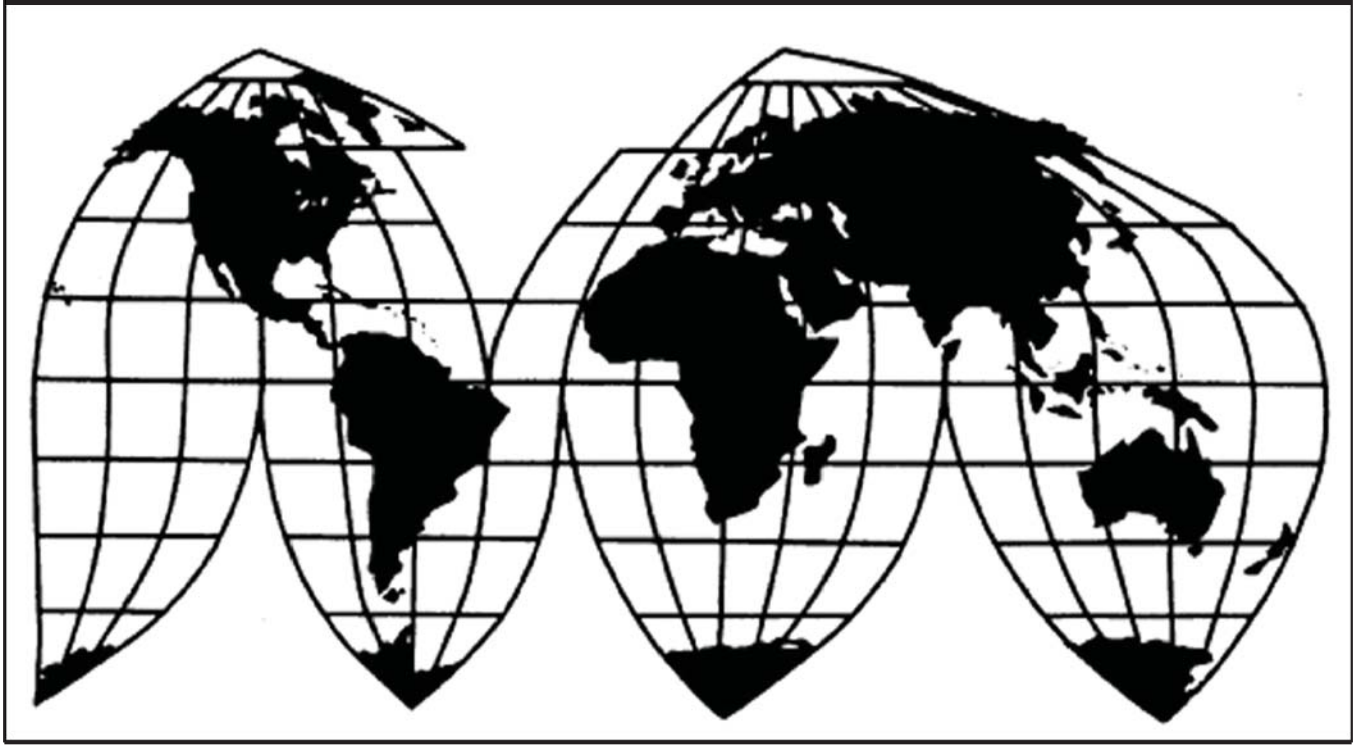
Polyethylene Terephthalate (PET) Film from Korea

Investigation No. 731-TA-459 (Third Review)

Publication 4254 **August 2011**

U.S. International Trade Commission



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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-459 (Third Review)

POLYETHYLENE TEREPHTHALATE (PET) FILM FROM KOREA

DETERMINATION

On the basis of the record[1] developed in the subject five-year review, 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 antidumping duty order on polyethylene terephthalate (PET) film from Korea would not 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 this review on September 1, 2010 (75 F.R. 53711) and determined on February 8, 2011 that it would conduct a full review (76 F.R. 8770, February 15, 2011). Notice of the scheduling of the Commission's review 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 February 15, 2011 (76 F.R. 8770). The hearing was held in Washington, DC, on June 28, 2011, and all persons who requested the opportunity were permitted to appear in person or by counsel.

The Commission transmitted its determination in this review to the Secretary of Commerce on August 29, 2011. The views of the Commission are contained in USITC Publication 4254 (August 2011), entitled *Polyethylene Terephthalate (PET) Film from Korea: Investigation No. 731-TA-459 (Third Review)*.

[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 this five-year review, we determine under section 751(c) of the Tariff Act of 1930, as amended ("the Act"), that revocation of the antidumping duty order on polyethylene terephthalate ("PET") film from Korea would not be likely to lead to continuation or recurrence of material injury to an industry the United States within a reasonably foreseeable time.

I. BACKGROUND

In May 1991, the U.S. International Trade Commission ("the Commission") determined that an industry in the United States was being materially injured by reason of subject imports of PET film from Japan and Korea that were being sold at less than fair value.[1] On June 5, 1991, the U.S. Department of Commerce ("Commerce") issued antidumping duty orders covering the subject merchandise from Japan and Korea.[2] Commerce revoked the order on PET film from Japan in 1995 after concluding that the requirements for revocation based on changed circumstances (i.e., the order no longer was of interest to interested parties) were met.[3]

The Commission instituted the first five-year review on July 1, 1999.[4] On October 1, 1999, the Commission determined that it would conduct an expedited review, and on February 9, 2000, the Commission determined that revocation of the order would be likely to lead to the continuation or recurrence of material injury.[5]

The Commission instituted the second five-year review on February 2, 2005.[6] On May 9, 2005, the Commission determined that it would conduct an expedited review, and on September 7, 2005, the Commission determined that revocation of the antidumping duty 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.[7]

The Commission instituted this third five-year review on September 1, 2010.[8] On December 6, 2010, the Commission determined that the domestic interested party and respondent interested party

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[1] Polyethylene Terephthalate Film, Sheet, and Strip from Japan and the Republic of Korea, Inv. Nos. 731-TA-458-459 (Final), USITC Pub. 2383 at 1 (May 1991).

[2] 56 Fed. Reg. 25669 (June 5, 1991) (antidumping duty order, amended 62 Fed. Reg. 50557 (Sept. 26, 1997)). Since the original investigation, Commerce has revoked the order with respect to three Korean producers of PET film: H.S. Industries ("HSI"), Kolon Industries, Inc. ("Kolon"), and Toray Advanced Materials Korea, Inc. ("Toray Korea"). CR/PR at Table I-2. Imports from HSI and Toray Korea were nonsubject throughout the entire period of this third five-year review. Imports from Kolon were nonsubject from January 1, 2005 to October 1, 2007, and became subject again on October 2, 2007, after Commerce reinstated the antidumping order as to Kolon as the result of a changed circumstances review. CR/PR at IV-1. CR/PR at IV-1.

[3] 60 Fed. Reg. 52366, 52367 (Oct. 6, 1995).

[4] CR at I-3, PR at I-2.

[5] CR at I-3, PR at I-2; Polyethylene Terephthalate Film from Korea, Inv. No. 731-TA-459 (Review), USITC Pub. 3278 (February 2000).

[6] 56 Fed. Reg. 5473 (February 2, 2005).

[7] Polyethylene Terephthalate Film from Korea, Inv. No. 731-TA-459 (Second Review), USITC Pub. 3800 (Sept. 2005).

[8] 75 Fed. Reg. 53711 (Sept. 1, 2010).

group responses to its notice of institution were both adequate, and therefore the Commission determined to conduct a full review pursuant to section 751(c)(3) of the Act.[9]

Domestic producers DuPont Teijin Films ("DuPont Teijin"); Mitsubishi Polyester Film, Inc. ("Mitsubishi"); SKC, Inc. ("SKC America"); and Toray Plastics (America), Inc. ("Toray America"), (collectively "Domestic Interested Parties") jointly submitted prehearing and posthearing briefs and participated at the hearing. Korean respondent Kolon and its U.S. affiliate Kolon USA, Inc., jointly filed prehearing and posthearing briefs and participated at the hearing.

The Commission received questionnaire responses from nine U.S. producers of PET film,[10] which accounted for all known domestic production of PET film in 2010. The Commission received questionnaire responses from 11 U.S. importers of PET film, which are estimated to have accounted in 2010 for 84.6 percent of subject imports from Korea, 89.4 percent of total imports from Korea, and 29.8 percent of PET film imports from all sources.[11] The Commission received 21 purchaser questionnaire responses that accounted in 2010 for 9.1 percent of U.S. producers' U.S. shipments and 38.0 percent of importers' U.S. shipments of subject imports.[12] The Commission also received questionnaire responses from three Korean producers/exporters of PET film (Kolon, SKC Co., Ltd. ("SKC Korea"), and Toray Korea), which accounted for an estimated 90 to 100 percent of total Korean PET film production during the period of review.[13]

II. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. Domestic Like Product

In making its determination under section 751(c) of the Act, the Commission defines the "domestic like product" and the "industry."[14] 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."[15] The Commission's practice in five-year reviews is to examine the like product definition from the original determination and any completed reviews and consider whether the record indicates any reason to revisit the prior findings.[16]

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[9] 19 U.S.C. § 1675(c)(3).

[10] The nine domestic producers of PET film in this third review are as follows: 3M Co. ("3M"), Bemis, Carestream Health Polyester Manufacturing ("Carestream"), DuPont Teijin, Eastman Kodak Co. ("Kodak"), Mitsubishi, SKC America, Terphane Inc. ("Terphane"), and Toray America.

[11] CR/PR at Tables IV-1 & IV-2.

[12] CR at II-5, PR at II-3.

[13] Kolon and SKC Korea are subject producers and were estimated to account for *** percent and *** percent, respectively, of total Korean production in 2010; one other firm, Hyosung Living Industry ("Hyosung"), is a subject producer. Toray Korea is a nonsubject producer and was estimated to account for *** percent of total Korean production in 2010; one other Korean producer, HSI, is a nonsubject producer. CR at IV-6 & n.5, n.6; PR at IV-3 & n.5, n.6.

[14] 19 U.S.C. § 1677(4)(A).

[15] 19 U.S.C. § 1677(10); see, e.g., Cleo Inc. v. United States, 501 F.3d 1291, 1299 (Fed. Cir. 2007); NEC Corp. v. Department of Commerce, 36 F. Supp. 2d 380, 383 (Ct. Int'l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); 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. 90-91 (1979).

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

In this third five-year review, Commerce has defined the scope of the antidumping order on Korean subject merchandise as follows: "shipments of all gauges of raw, pretreated, or primed polyethylene terephthalate film, sheet, and strip, whether extruded or coextruded. The films excluded from this review 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 (0.254 micrometers) thick."[17]

PET film is a high performance, clear, flexible, and transparent or translucent material produced from PET polymer, a linear, thermoplastic polyester resin. It generally is more expensive than other plastic films and therefore is used only for applications that require its unique properties. These properties include high tensile strength, relatively low moisture absorption, retention of physical properties over a fairly wide temperature range, durability, heat resistance, gas barrier and electrical insulation properties, dimensional stability, chemical inertness, and optical clarity. PET film is produced in a wide range of widths, thicknesses, and properties depending upon the needs of end users. The broad range of chemical, physical, and thermal properties available in PET film permits this product to be used in a wide range of applications. The highest volume PET film markets are industrial and packaging.[18]

In the original investigation, the Commission found a single domestic like product consisting of "all PET film, including equivalent PET film."[19] In the first and second five-year reviews, the Commission defined the domestic like product exactly as it did in the original investigation, namely a single domestic like product consisting of "all PET film, including equivalent PET film."[20]

No new information has been obtained during this third review that would suggest any reason for revisiting the Commission's established domestic like product definition in the original determination and first and second reviews. Neither the Domestic Interested Parties nor Kolon object to the Commission's previous like product definition or otherwise suggest that the Commission change its definition of a single domestic like product.[21] We again find a single domestic like product consisting of "all PET film, including equivalent PET film," for the reasons stated in the original determination and the first and second reviews.

3577 at 4 (Feb. 2003).

[17] CR at I-15, PR at I-14.

[18] CR at I-15 to I-16, PR at I-14 to I-15; CR at II-20, PR at II-11.

[19] USITC Pub. 2383 at 8. Applying a traditional six-factor like product analysis, the Commission concluded that "the generally similar physical characteristics, regardless of end use, of PET film, U.S. producer perceptions, U.S. production processes, and channels of distribution all indicate that PET film is a continuum product without clear dividing lines." Id. By defining the single domestic like product as all PET film including so-called "equivalent PET film," or PET film with at least one surface coated with a resinous layer more than 0.00001 inches thick, the Commission expanded its definition beyond Commerce's scope of the subject merchandise. Id. at 15. One Commissioner defined the domestic like product differently. Id. at 32-33.

[20] USITC Pub. 3278 at 8.

[21] Domestic Interested Parties' Prehearing Br. at 14; Kolon Prehearing Br. at 13; CR at I-27; PR at I-21.

B. Domestic Industry and Related Parties

Section 771(4)(A) of the Act defines the relevant industry as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[22] In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market. Section 771(4)(B) of the Act allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise, or which are themselves importers.[23]

1. Domestic Industry

In the original determination and the expedited first and second five-year review determinations, the Commission defined the domestic industry as consisting of all domestic producers of PET film.[24] No new information has been obtained during this third review that would suggest any reason for revisiting the Commission's domestic industry definition. Moreover, neither the Domestic Interested Parties nor Kolon objects to the Commission's domestic industry definition.[25] We conclude again that the domestic industry consists of all domestic producers of PET film.

2. Related Parties

a. Related Party Determinations in the Original Investigation and the First and Second Five-Year Reviews

In the original investigation, one respondent argued that two U.S. producers (DuPont and Hoechst Celanese) should be excluded as related parties because they were involved in joint ventures with subject

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[22] 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.

[23] The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include the following:

(1) the percentage of domestic production attributable to the importing producer;

(2) the reason the U.S. producer has decided to import the product subject to investigation, i.e., whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market; and

(3) the position of the related producer vis-a-vis the rest of the industry, i.e., whether inclusion or exclusion of the related party will skew the data for the rest of the industry.

See, e.g., Torrington Co. v. United States, 790 F. Supp. 1161 (Ct. Int'l Trade 1992), aff'd without opinion, 991 F.2d 809 (Fed. Cir. 1993).

The Commission has also 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 proportion of an importer's 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.

[24] Original Determination at 17-18; First Review Determination at 18; Second Review Determination at 7.

[25] Domestic Interested Parties' Prehearing Br. at 3-4; Kolon Prehearing Br. at 5.

foreign producers.[26] Although the Commission noted that the existence of the joint ventures arguably qualified those two U.S. producers as related parties under the statute, it nevertheless found that appropriate circumstances did not exist to exclude them from the domestic industry, because their domestic operations did not appear to have benefitted from unfairly traded imports.[27]

In the first five-year review, the Commission found that one U.S. PET film producer (SKC America) qualified as a related party because it was related to a Korean producer.[28] The Commission found, however, that appropriate circumstances did not exist to exclude SKC America from the industry, as no data regarding its domestic production were obtained in that review, making the related party issue moot.[29] The Commission reached the same conclusion in the second five-year review, as it found once again that appropriate circumstances did not exist to exclude SKC America from the domestic industry as a related party.[30]

b. Analysis[31] [32]

In this third review, *** qualifies as a related party because it imported subject merchandise during the period for which data were collected and because it is owned by subject producer ***.[33] We find that appropriate circumstances do not exist to exclude *** from the domestic industry. *** subject imports represent reasonably small percentages of its production of the domestic like product during the period of review, indicating that its primary interest lies in domestic production.[34] *** U.S. production accounted for *** percent of overall domestic production of the domestic like product in 2010.[35] *** supports the Petition.[36] *** does not appear to have benefitted from its purchases of subject imports during the period of review, as its financial performance in terms of operating income was *** the

[26] Original Determination at 18.

[27] Original Determination at 18.

[28] First Review Determination at 7 n.18. .

[29] First Review Determination at 7 n.18.

[30] Second Review Determination at 5 n.22.

[31] *** qualifies as a related party because it imported subject merchandise in 2009 and 2010. Specifically, it imported *** pounds of subject merchandise in 2009 and *** pounds of subject merchandise in 2010. CR/PR at Table III-5. Although *** has taken no position on the Petition and its financial performance was better than the industry average for most of the review period, its interests appear to be almost exclusively in domestic production rather than importation, because its subject imports represented less than *** percent of its production of the domestic like product throughout the period of review. *** U.S. production, as a share of the overall domestic production of the domestic like product, was *** percent in 2010. *** did not import any subject merchandise between 2005 and 2008, and its imports of subject merchandise in 2009 and 2010 were minuscule. No party has argued that *** should be excluded from the domestic industry definition in this third review. CR/PR at Tables I-4 & III-5. Accordingly, we find that appropriate circumstances do not exist to exclude *** from the domestic industry.

[32] Although 3M and Bemis purchased subject imports from Korea during the period of review, the record does not indicate that their purchases of imports were large enough to qualify them as related parties on this basis. CR/PR at Table III-5.

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

[34] CR/PR at Table III-8. The ratio of *** subject imports to its domestic production was *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, and *** percent in 2010. CR/PR at Table III-5.

[35] CR/PR at Table I-4.

[36] CR/PR at Table I-4.

average of the domestic industry for most of the review period.[37] [38] Finally, no party has argued that *** should be excluded from the domestic industry.

In conclusion, we define the domestic industry as consisting of all domestic producers of PET film.

III. WHETHER REVOCATION OF THE ANTIDUMPING DUTY AND COUNTERVAILING DUTY ORDERS WOULD LIKELY LEAD TO CONTINUATION OR RECURRENCE OF MATERIAL INJURY WITHIN A REASONABLY FORESEEABLE TIME

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."[39] 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."[40] Thus, the likelihood standard is prospective in nature.[41] The U.S. Court of International Trade has found that

[37] CR/PR at Table III-5.

[38] For purposes of this five-year review, Commissioner Pinkert does not rely upon the related party's performance as a factor in determining whether there are appropriate circumstances to exclude it from the domestic industry and relies instead on the other information relevant to this issue. The present record is not sufficient to link the related party's profitability on U.S. operations to any specific benefit it derives from importing. See Allied Mineral Products, Inc. v. United States, 28 C.I.T. 1861, 1865-1867 (2004).

[39] 19 U.S.C. § 1675a(a).

[40] 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." Id. at 883.

[41] 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.

"likely," as used in the five-year review provisions of the Act, means "probable," and the Commission applies that standard in five-year reviews.[42] [43] [44]

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."[45] 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."[46]

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."[47] 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).[48] 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.[49]

In evaluating the likely volume of imports of subject merchandise if the orders under review are revoked and/or the suspended investigation is terminated, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or

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[42] 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 mem., 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'").

[43] For a complete statement of Chairman 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, Invs. Nos. 701-TA-362 (Review) and 731-TA-707 to 710 (Review)(Remand), USITC Pub. 3754 (Feb. 2005).

[44] 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.

[45] 19 U.S.C. § 1675a(a)(5).

[46] 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.

[47] 19 U.S.C. § 1675a(a)(1).

[48] 19 U.S.C. § 1675a(a)(1). Commerce has not issued any duty absorption findings with respect to PET film from Korea.

[49] 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

consumption in the United States.[50] 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.[51]

In evaluating the likely price effects of subject imports if the orders under review are revoked and/or the suspended investigation is terminated, 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.[52]

In evaluating the likely impact of imports of subject merchandise if the orders under review are revoked and/or the suspended investigation is terminated, 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.[53] 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. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the orders under review and whether the industry is vulnerable to material injury upon revocation.[54]

B. Conditions of Competition and the Business Cycle

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, 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."[55] The following conditions of competition inform our determination.

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[50] 19 U.S.C. § 1675a(a)(2).

[51] 19 U.S.C. § 1675a(a)(2)(A-D).

[52] 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.

[53] 19 U.S.C. § 1675a(a)(4).

[54] 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.

[55] 19 U.S.C. § 1675a(a)(4).

1. The Original Determination and Prior Five-Year Reviews[56]

In the first expedited five-year review, the Commission highlighted nine conditions of competition. First, overall demand for PET film was derived from demand for its primary end-use applications, which included photographic film, magnetic media, and packaging.[57] Second, apparent U.S. consumption of PET film, which had increased by *** percent since the time of the original investigation, was expected to increase by an average of *** percent between 1998 and 2002.[58] Third, a substantial share (approximately *** percent) of total U.S. capacity to produce PET film was devoted to the merchant market.[59] Fourth, the domestic industry consisted of nine domestic producers during the original investigation and ten domestic producers during the first review.[60]

Fifth, the domestic PET film industry was capital intensive.[61] Sixth, DuPont and MFA were the two largest domestic producers of PET film, together accounting for *** percent of U.S. production in 1998 and *** percent of annual domestic capacity to produce PET film in 1998.[62] Seventh, U.S. capacity utilization was *** percent in 1998, which was lower than the capacity utilization rates reported in the original investigation.[63] Eighth, the number of Korean PET film producers had increased from four in the original investigation to six during the first review, with a corresponding increase in Korean production capacity from *** pounds per year in 1990 to *** pounds per year in 1998.[64] Ninth, nonsubject imports from countries other than Korea had increased both in volume and market share since the original investigation, climbing from *** pounds in 1990, or *** percent of total apparent U.S. consumption, to *** pounds in 1998, or *** percent of total apparent U.S. consumption.[65]

In the second expedited five-year review, the Commission identified six conditions of competition. First, apparent U.S. consumption had remained relatively flat overall between the original investigation and the second review, and overall demand for PET film continued to be derived from its primary end-use applications, including photographic film, packaging, and magnetic media.[66] Second, the domestic industry had been consolidated; there were nine domestic producers in the original investigation and ten domestic producers during the first review, but only seven domestic producers in 2004, after two firms exited the industry and another firm was acquired by DuPont.[67] Third, the domestic PET film industry remained capital intensive.[68] Fourth, due to rising fuel prices in recent years, domestic PET film producers had higher raw material and energy costs than in the original investigation and the first review.[69] Fifth, the Korean PET film industry had grown since the original investigation and remained large since the first review; there were four Korean PET film producers in the original investigation and

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[56] In the original investigation, the Commission did not expressly discuss conditions of competition.

[57] First Review Determination at 11-12.

[58] First Review Determination at 11-12.

[59] First Review Determination at 11-12.

[60] First Review Determination at 11-12.

[61] First Review Determination at 12-13.

[62] First Review Determination at 12-13.

[63] First Review Determination at 12.

[64] First Review Determination at 12-13.

[65] First Review Determination at 13.

[66] Second Review Determination at 10.

[67] Second Review Determination at 10.

[68] Second Review Determination at 11.

[69] Second Review Determination at 11.

six Korean producers in both the first and second reviews.[70] Sixth, nonsubject imports from countries other than Korea had increased in both volume and market share since the original investigation and first review.[71]

2. The Current Review

a. Demand Conditions

Demand for PET film is derived largely from its primary end-use applications, which include electrical, packaging, imaging, industrial, magnetic media, and optical display.[72] In this review, industry participants generally reported that demand for PET film in the optical display and photovoltaic end uses enjoyed the most growth, with growing demand in some packaging and industrial end uses as well.[73] Industry participants also reported that the magnetic media portion of the market has almost completely disappeared.[74] Most purchasers and importers projected that U.S. demand for PET film would increase steadily and remain strong within the reasonably foreseeable future across many sectors of the market, including principally the packaging, industrial, optical display, and photovoltaic sectors.[75] An independent analysis of the market by industry experts projects that overall U.S. demand for PET film will remain strong within the reasonably foreseeable future and that demand in Asia and other markets will grow even more than North American demand through 2014.[76] [77]

Apparent U.S. consumption over the period of review was higher than in the original investigation and the first and second five-year reviews,[78] and declined slightly overall during the period examined in this review. It increased from *** pounds in 2005 to a period high of *** pounds in 2006, and then declined to *** pounds in 2007.[79] At least in part due to the economic downturn, apparent U.S. consumption declined to *** pounds in 2008 and then to *** pounds in 2009, a period low.[80] Apparent U.S. consumption recovered to *** pounds in 2010, a level still *** percent lower than in 2005.[81]

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[70] Second Review Determination at 12.

[71] Second Review Determination at 12.

[72] CR/PR at II-18, PR at II-11.

[73] CR at II-23-25, PR at II-12 to II-14.

[74] CR/PR at Table II-3; CR at II-23, PR at II-13.

[75] See e.g., CR at II-23, II-26 to II-27, PR at II-13 to II-16.

[76] See e.g., PCI Report at pgs. 22 and 87..

[77] Although the Domestic Interested Parties' claim that the domestic industry for PET film has a *** business cycle, the record otherwise does not support that claim. Most of those responding producers, importers, and purchasers reporting that a distinct business cycle exists for PET film did not identify such a *** cycle or a cycle of a similar period. Rather, they more generally identified factors affecting demand and the industry's performance, including the life cycle of downstream products, the general health of the overall U.S. economy, production shortages, and raw material costs. See e.g., CR at II-28 to II-29; PR at II-15 to II-16.

[78] Apparent U.S. consumption rose during the original investigation, increasing from *** pounds in 1987 to *** pounds in 1990. It rose to *** pounds in 1998, the last full year for which data were available during the first review. It fell to *** pounds in 2004, the last full year for which data were available during the second review. CR/PR at Table C-1.

[79] CR/PR at Table C-1.

[80] CR/PR at Table C-1.

[81] Apparent U.S. consumption of PET film was *** percent higher in January-March 2011 ("interim 2011"), at *** pounds, than in January-March 2010 ("interim 2010"), at *** pounds. CR/PR at Table C-1.

b. Supply Conditions

There were nine U.S. producers in the original investigation,[82] ten U.S. producers in the first review,[83] and seven U.S. producers in the second review.[84] In this third review, there are nine U.S. producers of PET film, which accounted for all known domestic production of PET film in 2010: 3M, Bemis,[85] Carestream,[86] Dupont Teijin, Kodak, Mitsubishi, SKC America, Terphane, and Toray America.[87] Four of these domestic producers (DuPont Teijin, Mitsubishi, SKC America, and Toray America) collectively accounted for approximately *** percent of U.S. production of PET film in 2010.[88] Certain U.S. producers have foreign affiliations and/or production facilities.[89] Moreover, five U.S. producers are devoted primarily to the merchant market, while the remaining four producers captively consume the majority of their production.[90]

The domestic PET film industry remains capital intensive.[91] As in the original investigation and first and second reviews, we note that the high fixed costs associated with operating and maintaining a PET film plant require manufacturers to maintain high capacity utilization rates to remain profitable.[92]

During the period of review, the domestic industry satisfied the bulk of domestic demand for PET film, accounting for between *** and *** percent of apparent U.S. consumption.[93] In this third review, as in the first and second five-year reviews, imports from Korea were both subject and nonsubject because Commerce revoked the order with respect to certain Korean PET film producers following the original investigation. Subject imports of PET film from Korea accounted for between *** and *** percent of

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[82] They were: (1) 3M; (2) Bemis; (3) DuPont; (4) General Binding Corp.; (5) Hoechst (predecessor to Mitsubishi); (6) ICI (purchased by DuPont in 1997); (7) Kodak; (8) Rhone-Poulenc (later to become Terphane); and (9) Toray America. CR/PR at III-1..

[83] They were: (1) Bemis; (2) DuPont; (3) Kodak; (4) 3M ; (5) Mitsubishi; (6) SKC America; (7) Sterling Diagnostic Imaging, Inc. (created April 1996 out of DuPont Diagnostic Imaging); (8) DuPont; (9) Terphane (formerly Rhone-Poulenc); and (10) Toray America. CR/PR at III-1.

[84] They were: (1) DuPont Teijin; (2) Mitsubishi; (3) 3M; (4) Bemis; (5) Kodak; (6) SKC America; and (7) Toray America. CR/PR at III-1.

[85] ***. CR/PR at III-1.

[86] ***. CR/PR at III-1 n.6.

[87] CR/PR at III-1.

[88] CR/PR at III-1.

[89] DuPont Teijin is *** owned by Teijin Holdings USA, Inc., New York, New York and *** owned by E.I. du Pont de Nemours & Co., Wilmington, Delaware. DuPont Teijin is related to nonsubject firms that produce PET film in China, Indonesia, Japan, Luxembourg, and the United Kingdom. Mitsubishi is wholly owned by Mitsubishi Polyester Film Corp., Tokyo, Japan, and has related firms that produce PET film in Germany, Indonesia, and Japan. SKC America is owned by SKC Korea, which has a PET film production facility in Korea. Terphane is owned by Terphane, Ltd. of Brazil, which has a PET film production facility in that country. Toray America is owned by Toray Industries Inc. of Japan and is related to firms that produce PET film in France, Japan, Korea, and Malaysia. CR/PR at III-1.

[90] DuPont Teijin, Mitsubishi, SKC America, Terphane, and Toray America primarily or solely sell to the merchant market, while Bemis, Carestream, Kodak, and 3M primarily or solely produce for captive consumption. The producers that 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. CR/PR at II-2 & II-3.

[91] CR at I-22, PR at I-18.

[92] CR at I-22, PR at I-18.

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

apparent U.S. consumption between 2005 and 2010.[94] Nonsubject imports of PET film from Korea were minimal by 2010.[95] Nonsubject imports from countries other than Korea accounted for between *** and *** percent of apparent U.S. consumption between 2005 and 2010.[96] The largest sources of nonsubject imports other than Korea during the period of review were Brazil, China, India, Taiwan, and the United Arab Emirates.[97]

c. Other Conditions

The record in this third review indicates that there is a high degree of substitutability among subject imports, the domestic like product, and nonsubject imports[98] and that price is an important factor in the U.S. PET film market.[99] Responding purchasers indicated that quality, price, and availability were the three most important factors in their purchasing decisions.[100]

Due to rising fuel prices in recent years, domestic PET film producers faced increasing raw material and energy costs during the period of review.[101] Raw materials are an important consideration in the price of PET film,[102] accounting for between 47.2 and 54.4 percent of U.S. producers' cost of goods sold between 2005 and 2010, and rising to 56.9 percent in the first quarter of 2011.[103]

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[94] CR/PR at Table I-1.

[95] Nonsubject imports from Korea accounted for *** percent of apparent U.S. consumption of PET film in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, and *** percent in 2010. CR/PR at Table I-1.

[96] CR/PR at Table I-1

[97] CR/PR at Table I-1; CR at IV-3, PR at IV-2.

[98] See e.g., CR at II-31, PR at II-17; CR/PR at Table II-9.

[99] See CR/PR at Tables II-6, II-7, & II-8.

[100] Eight responding purchasers ranked quality as the most important factor in their purchasing decisions, six ranked price as the most important factor, and three ranked availability as the most important factor. CR/PR at Table II-6. All 20 responding purchasers ranked reliability of supply as "very important" to their purchasing decisions, 18 of 20 responding purchasers ranked availability as "very important" to their purchasing decisions, and 17 of 20 responding purchasers ranked price as "very important" to their purchasing decisions. CR/PR at Table II-7.

[101] CR/PR at V-1 to V-2.

[102] The basic raw materials for producing PET film are (1) dimethyl terephthalate ("DMT") or purified terephthalic acid ("PTA") and (2) monoethylene glycol ("MEG"), which come from xylene and ethylene, respectively. Ethylene usually is manufactured from natural gas, and xylene is a byproduct of oil refining. Thus, raw material costs for PET film are substantially affected by the prices of crude oil and natural gas, although questionnaire respondents were more likely to mention crude oil prices than natural gas prices. CR/PR at V-1.

[103] CR/PR at V-1.

C. Revocation of the Antidumping Duty Order on Subject Imports from Korea Is Not Likely to Lead to Continuation or Recurrence of Material Injury to the Domestic Industry within a Reasonably Foreseeable Time

1. Likely Volume of Subject Imports

a. The Original Investigation and Prior Five-Year Reviews

In the original investigation, the Commission cumulated subject imports from Japan and Korea and found that the cumulated volume of subject PET film imports and the increase in their market share were significant.[104]

In the first expedited review, the Commission found that, if the order were revoked, the volume of imports of subject PET film from Korea was likely to increase to a significant level for the following reasons. First, it found that "overall Korean capacity to produce PET film has grown rapidly since the original investigation which has resulted in considerable excess capacity."[105] Second, it noted that the "imposition of the antidumping duty order appears to have limited" the volume of imports from Korea into the U.S. market.[106] Third, it found that "there is evidence of oversupply in some of the Korean industry's other major export markets, in addition to that in its home market."[107] Fourth, it observed that the U.S. market would be "particularly attractive" to three new Korean producers, which had started up in 1997 and had experienced severe adverse economic conditions shortly after commencing operations.[108]

In the second expedited review, the Commission found that, if the order were revoked, subject import volume would likely increase significantly for the following reasons. First, since imposition of the original antidumping duty order in 1991, imports of PET film from Korea had increased in terms of both quantity and market share.[109] Second, Korean capacity to produce PET film in 2004 was approximately *** pounds, approximately *** times greater than the capacity of Korean producers during the original investigation.[110] Third, SKC Korea, the largest and oldest Korean subject PET film producer, *** expanded its production capacity from *** pounds in 1997 to *** pounds in 2004.[111] Fourth, PET film production capacity in Korea in 2004 exceeded home market demand by approximately *** pounds.[112] In this regard, the Commission observed that if Korean producers were to export all their excess capacity to the United States, such shipments would represent approximately *** percent of total domestic production by DuPont and MFA in 2004.[113]

Fifth, although the antidumping duty order had been revoked for three Korean producers since the original investigation, the Commission noted that it had not been revoked for three other Korean producers, which together accounted for a substantial amount of Korean production capacity during the

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[104] Original Determination at 27-28. Cumulated subject import market share rose from *** percent in 1987 to *** percent in 1990. The market share for subject imports from Korea was *** percent in 1990. Original Investigation Staff Report at A-64.

[105] First Review Determination at 15.

[106] First Review Determination at 16.

[107] First Review Determination at 16.

[108] First Review Determination at 17.

[109] Second Review Determination at 14.

[110] Second Review Determination at 15.

[111] Second Review Determination at 15.

[112] Second Review Determination at 15.

[113] Second Review Determination at 16.

period examined in the second review.[114] Sixth, the Commission found that the imposition of antidumping measures against Korean PET film by the European Union and India in 2001 would provide an additional incentive for Korean PET film producers to export to the U.S. market.[115] Finally, the Commission observed that the antidumping duty orders imposed in 2002 against imports of PET film from Taiwan and India had eliminated potential competition for Korean producers in the U.S. market, providing Korean PET film producers with an even greater incentive to export to the U.S. market.[116]

b. The Current Review

The record in this review indicates that Korean producers' exports of PET film to the United States were stable during the period of review regardless of whether the exports were subject to antidumping duties. As discussed below, the reclassification of Korean producer Kolon's imports from nonsubject to subject in 2007 led to an increase in the volume of subject imports in 2008-2010; however, the volume of total exports of PET film from Korea to the United States was relatively constant throughout the period.[117]

The volume of subject imports from Korea was *** pounds in 2005, *** pounds in 2006, *** pounds in 2007, *** pounds in 2008, *** pounds in 2009, and *** pounds in 2010.[118] The U.S. market share of subject imports from Korea was *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, and *** percent in 2010.[119]

Kolon is the largest subject Korean producer of PET film and accounted for approximately *** percent of subject imports from Korea in 2010.[120] As discussed above, after Commerce revoked the order as to Kolon, imports from Kolon were treated as nonsubject until October 1, 2007.[121] After conducting a changed circumstances review, Commerce reinstated the antidumping order as to Kolon on October 2, 2007, and therefore imports from Kolon were treated as subject for the remainder of the period of review.[122] Accordingly, although subject imports from Korea increased both in absolute terms and in market share between 2007 and 2008, and although the volume of such imports was higher in 2009 and 2010 than earlier in the period, these larger volumes resulted mainly from the reclassification of imports from Kolon from nonsubject to subject. In fact, Kolon's exports of PET film to the U.S. market remained relatively small and constant both before and after the order was reinstated. Kolon's exports to the U.S. market were *** pounds in 2005, *** pounds in 2006, *** pounds in 2007, *** pounds in 2008, ***

[114] Second Review Determination at 16.

[115] Second Review Determination at 16.

[116] Second Review Determination at 16.

[117] Imports from one Korean producer (SKC Korea) were subject to duties, imports from another Korean producer (Toray Korea) were not subject to duties, and the antidumping duty order was lifted with respect to the third reporting Korean producer (Kolon) for a period of almost two years. CR/PR at Table I-2. There were no imports from two smaller Korean producers, HSI and Hyosung Living Industry ("Hyosung"). The former was removed from the order on November 15, 2001, and Hyosung's deposit rate has been 0.00 percent.

[118] The volume of subject imports from Korea was *** pounds in interim 2010 and *** pounds in interim 2011. CR/PR at Table C-1.

[119] The market share of subject imports from Korea was *** percent in interim 2010 and *** percent in interim 2011. CR/PR at Table C-1.

[120] CR/PR at Table I-5.

[121] CR/PR at Table I-2.

[122] CR/PR at Table I-2.

pounds in 2009, and *** pounds in 2010.[123] Accordingly, even without the discipline of the antidumping duty order in 2005, 2006, and most of 2007, Kolon's exports to the United States closely approximated its exports to the U.S. market between 2008 and 2010, when Kolon was subject to the order.[124][125] Thus, Kolon's behavior with regard to its exports of PET film to the United States did not change based on whether there was an antidumping duty order in place.

Korean subject producer SKC Korea accounted for the remaining *** percent of subject imports from Korea in 2010.[126] Like Kolon, SKC Korea's exports of PET film to the U.S. market remained relatively constant throughout the period of review; they were *** pounds in 2005, *** pounds in 2006, *** pounds in 2007, *** pounds in 2008, *** pounds in 2009, and *** pounds in 2010.[127] SKC Korea shipped these small and relatively constant volumes to the U.S. market despite being subject to a relatively low duty deposit rate of 1.91 percent.[128]

Although the PET film industry in Korea had some excess production capacity during the period of review, Korean subject producers' capacity utilization peaked at the end of the period, reaching *** percent in 2010.[129] We find that, for several reasons, this modest volume of excess capacity is not likely to be directed to the United States in the reasonably foreseeable future.[130] First, the record indicates that subject Korean producers are more focused on their home market and markets in Asia than on the U.S. market. In 2010, Korean subject producers' home market shipments were approximately six times larger than their exports to the U.S. market.[131] Moreover, over the period of review, subject producers'

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[123] Kolon's exports to the United States were *** pounds in interim 2010 and *** pounds in interim 2011. Kolon Foreign Producer Questionnaire at II-14.

[124] In addition, we note that the duty deposit rate applicable to Kolon's imports has been relatively low since reinstatement under the order. When first reinstated, Kolon's initial duty deposit rate was 1.53 percent *ad valorem.* Kolon's current duty deposit rate is 0.28 percent *ad valorem*. CR at I-12, PR at I-11.

[125] We also note that, during the period of review, Kolon's exports to the United States and other markets (i.e., the EU and Asia) were mainly to long-term customers. Kolon's sales to customers that made purchases from it in five or six years of the period of review represented approximately *** percent of Kolon's total export sales and approximately *** percent of its U.S. sales. Kolon Posthearing Br., Answers to Commissioners' Questions at pgs. 54-55.

[126] CR/PR at Table I-5.

[127] SKC Korea's exports of PET film to the U.S. market were *** pounds in interim 2010 and *** pounds in interim 2011. SKC Korea's Foreign Producer Questionnaire at II-14.

[128] CR/PR at Table I-2. The third Korean subject producer, Hyosung, did not export any PET film to the U.S. market during the period of review. CR/PR at Table IV-1. Nonsubject Korean producer Toray Korea's PET film exports to the U.S. market declined overall between 2005 and 2010. Toray Korea's exports to the U.S. market were *** pounds in 2005, *** pounds in 2006, *** pounds in 2007, *** pounds in 2008, *** pounds in 2009, and *** pounds in 2010. Toray Korea's exports to the U.S. market were *** pounds in interim 2010 and *** pounds in interim 2011. Toray Korea's Foreign Producer Questionnaire at II-14.

[129] Korean subject producers' capacity utilization was *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in 2010, *** percent in interim 2010, and *** percent in interim 2011. Compiled from Kolon and SKC Korea's Foreign Producer Questionnaires at II-14.

[130] Commissioner Lane and Commissioner Pinkert focus here on the following factors discussed in the text: the relatively stable and small volume of subject Korean exports of PET film to the United States, Korean subject producers' modest and declining inventories, the very substantial focus of Korean PET film producers on the Korean market, and the absence of evidence demonstrating that Korean producers would be likely to shift from the production of other products to PET film if the order were revoked.

[131] In 2010, Korean subject producers' commercial home market shipments were *** pounds, and their exports to the United States were *** pounds. Compiled from Kolon and SKC Korea's Foreign Producer Questionnaires at II-14.

concentration on the home market increased markedly; home market shipments as a share of total shipments rose from *** percent in 2005 to *** percent in 2010.[132] In that same year, Korean subject producers' exports to Asia were more than double their exports to the United States.[133] In fact, the share of subject producers' exports that went to Asia increased over the period of review, from *** percent in 2005 to *** percent in 2010.[134] Subject Korean producers have a number of longstanding and viable markets outside the United States, and the record establishes that demand for PET film in Asia is projected to grow more quickly than demand in the United States within the reasonably foreseeable future.[135] There are also no known barriers in third-country markets to exports of PET film from Korea.[136]

Furthermore, Korean subject producers had relatively modest and declining inventories during the period of review. As a ratio to total shipments, such inventories reached a period low of *** percent in 2010.[137] Finally, the record does not indicate that subject Korean PET film producers would shift from other products to PET film if the order were revoked.[138]

These basic facts – the relatively stable and small presence of subject Korean producers' exports of PET film to the United States regardless of whether the exports were subject to antidumping duties, Korean producers' focus on their home market and non-U.S. markets, the relatively limited inventories of PET film in Korea, the absence of import barriers in other markets, and the inability of Korean producers to engage in product-shifting – support a finding that subject imports from Korea are not likely to be significant if the order were revoked.[139] Accordingly, we find that the likely subject import volume will not be significant upon revocation of the order.

2. Likely Price Effects of the Subject Imports

a. The Original Investigation and Prior Five-Year Reviews

In the original investigation, the Commission found that subject imports consistently undersold the domestic like product and had an adverse impact on prices in the domestic industry. More specifically, the Commission observed that, for price comparisons reported by producers and importers, subject imports of PET film from Korea undersold the comparable domestic like product in *** of *** quarters, with underselling margins ranging from *** percent to *** percent;[140] for price comparisons reported by purchasers, subject imports undersold the domestic like product in *** out of *** quarters,

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[132] The percentage of total shipments to the home market was *** percent in 2006, *** percent in 2007, *** percent in 2008, and *** percent in 2009. It was *** percent in interim 2010 and *** percent in interim 2011. Compiled from Kolon and SKC Korea Foreign Producer Questionnaires at II-14.

[133] In 2010, Korean subject producers' exports to Asia were *** pounds, while their exports to the United States were *** pounds. Compiled from Kolon and SKC Korea Foreign Producer Questionnaires at II-14.

[134] Compiled from Kolon and SKC Korea Foreign Producer Questionnaires at II-14.

[135] See e.g., PCI Report at p. 22.

[136] CR at IV-12, PR at IV-4.

[137] Compiled from Kolon and SKC Korea's Foreign Producer Questionnaires at II-14.

[138] Kolon Foreign Producer Questionnaire at II-5; CR at II-13, PR at II-7 to II-8.

[139] The Domestic Interested Parties and Kolon disagree about whether there will likely be overcapacity of PET film in the global marketplace within the reasonably foreseeable future and whether there will likely be adverse volume effects on the domestic industry as a result. See e.g., Domestic Interested Parties' Posthearing Br. at 7-8; Kolon Posthearing Br. at 7-9. The record indicates, however, that global capacity and demand are projected to grow at similar rates through 2014. See e.g., *** at p. 38.

[140] CR/PR at Table V-10.

with underselling margins ranging from *** percent to *** percent.[141] Accordingly, the Commission concluded that there was significant underselling by subject imports.[142] The Commission also found that subject imports had a depressing effect on the prices of PET film in the United States based on evidence that domestic prices for PET film fell during the latter part of the investigation period.[143]

In the first expedited review, the Commission noted that although pricing data were limited, the average unit value of subject imports of PET film from Korea was substantially lower in 1998 than in 1990, whereas the average unit value of U.S. shipments by domestic producers had risen over that same period.[144] Furthermore, the average unit value of subject imports from Korea was significantly lower than the average unit value of non-subject imports from countries other than Korea.[145] Accordingly, the Commission found that revocation of the antidumping duty order would likely lead to significant adverse price effects, including significant underselling by subject imports and significant price depression or suppression.[146]

In the second expedited review, the Commission found that, for several reasons, subject imports from Korea would be likely to have significant price effects if the order were revoked.[147] First, there was no new information available suggesting that Korean producers of PET film were less likely than they had been in the original investigation and first review to increase market share by underselling U.S. producers.[148] Second, the Commission noted that the average unit value of subject imports of PET film from Korea was lower in the second five-year review period than in the original investigation and that the average unit value of subject imports from Korea was lower for most of the second five-year review period than it had been during the first five-year review period.[149] Third, the Commission found that the average unit value of subject imports from Korea was lower than the average unit value of nonsubject imports from countries other than Korea in every year from 1999 through 2004.[150] Fourth, the Commission emphasized that the average unit value of subject imports from Korea during the period examined was substantially lower than DuPont's average selling price for domestically produced PET film.[151]

[141] Original Determination at 28.

[142] Original Determination at 28.

[143] Original Determination at 28-29.

[144] First Review Determination at 18-19.

[145] First Review Determination at 18-19.

[146] First Review Determination at 19-20.

[147] Second Review Determination at 17.

[148] Second Review Determination at 18.

[149] Second Review Determination at 18.

[150] Second Review Determination at 18.

[151] Second Review Determination at 18.

b. The Current Review

The information in the record indicates that, although price is an important factor for purchasers, other factors are also important in purchasing decisions. As discussed above, most purchasers ranked quality as the most important factor in purchasing decisions, followed by price and availability.[152]

In this third review, the Commission collected quarterly pricing data for seven different PET film products.[153] Six U.S. producers and two importers provided pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[154] Pricing data reported by these firms accounted for approximately *** percent of U.S. producers' commercial shipments of PET film in 2010 and *** percent of U.S. shipments of subject imports from Korea in 2010.[155]

Domestic prices for most pricing products were sharply higher by the end of the period of review.[156] Most of the price increases occurred at the end of the period (2010 and interim 2011).[157] These price increases are only partly explained by rising raw material costs, as many domestic producers were able to increase their prices by more than enough to cover their cost increases. This is demonstrated by the trend in the industry's ratio of cost of goods sold ("COGS") to net sales, which fell overall over the period of review, indicating that prices rose faster than costs.[158]

The Commission's pricing information indicates that the subject imports undersold domestic PET film in ***, or *** percent, of price comparisons during the period of review, with an average underselling margin of *** percent.[159] The Commission's pricing information also indicates that the subject imports oversold domestic PET film in ***, or *** percent, of price comparisons during the period of review, with an average overselling margin of *** percent.[160] The slight predominance of underselling, however, did not result in any significant adverse effects on U.S. prices for PET film. On the contrary, U.S. prices for all seven pricing products were higher at the end of the period than at the beginning of the period.[161] As discussed above, the record also establishes that the domestic industry's price increases during the period of review exceeded any increases in costs faced by the industry. This

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[152] CR/PR at Tables II-6, II-7, and II-8.

[153] The seven pricing products for which the Commission collected quarterly pricing data in this third review were as follows:

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.— 40-44 gauge Corona-treated film (for packaging/industrial markets).
Product 5.— 40-44 gauge Chemically-treated film (for packaging/industrial markets).
Product 6.— 45-60 gauge Shrink Stable film (for hot-stamping applications).
Product 7.— 200-650 gauge clear film (for thermal lamination/industrial markets).

[154] CR at V-7 to V-8, PR at V-5.

[155] CR at V-8, PR at V-5.

[156] CR/PR at Tables V-1 to V-7.

[157] CR/PR at Tables V-1 to V-7.

[158] CR/PR at Table III-9. The domestic industry's COGS-to-net-sales ratio was *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, and *** percent in 2010. It was *** percent in interim 2010 and *** percent in interim 2011. CR/PR at Table C-1.

[159] CR/PR at Table V-9. As noted above, in the original investigation, subject imports undersold domestic PET film in 81 of 94 possible price comparisons. CR/PR at Table V-10. The comparisons in the original investigation, however, included sales by Korean firms that are now nonsubject producers. CR/PR at Table I-1.

[160] CR/PR at Table V-9.

[161] CR/PR at Tables V-1 to V-7.

indicates that, upon revocation of the order, subject imports are not likely to have significant price depressing or suppressing effects in the U.S. market. Moreover, as discussed above, U.S. demand for PET film is projected to remain relatively strong, which suggests that U.S. PET film prices are likely to remain firm within the reasonably foreseeable future.

Consequently, on the basis of the record in this review, we find that revocation of the antidumping duty order would not be likely to lead to significant price depression or suppression within a reasonably foreseeable time.

3. Likely Impact of the Subject Imports[162]

a. The Original Investigation and Prior Five-Year Reviews

In the original investigation, the Commission found material injury to the domestic industry as evidenced by declines in the domestic industry's commercial shipments, market share, profitability, operating margins, operating income, and capital expenditures.[163]

In the first expedited review, while observing that the limited information on the record did not permit a finding as to whether the domestic industry was vulnerable to injury if the order were revoked,[164] the Commission found that the volume and price effects of subject imports from Korea would likely have a significant adverse impact on the domestic industry's production, sales, profitability, and ability to raise capital and make capital investments.[165] The Commission also found that the volume and price effects of subject imports from Korea would likely cause the domestic industry to lose additional market share and that this loss in market share and subsequent decrease in capacity utilization would be particularly harmful in the capital-intensive PET film industry. Based upon these considerations, the Commission concluded that subject imports of PET film from Korea would be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time if the order were revoked.[166]

In the second expedited review, the Commission found that the evidence was inconclusive on whether the domestic industry was vulnerable to material injury if the order were revoked. At the same time, however, the Commission noted that there had been substantial declines in both domestic production and U.S. shipments since the first review.[167] The Commission found that revocation of the antidumping duty order would likely lead to significant increases in the volume of subject imports at prices that would likely undersell the domestic like product and significantly depress U.S. prices.[168] In addition, it concluded that the volume and price effects of subject imports would likely cause the

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[162] 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 concluded that revocation of the antidumping duty order on PET film from Korea would be likely to lead to continuation or recurrence of dumping at the following weighted-average margins: SKC (13.92 percent) and All Others (21.50 percent). CR at I-10, PR at I-9.

[163] Original Determination at 29.

[164] First Review Determination at 22.

[165] First Review Determination at 22.

[166] First Review Determination at 23.

[167] Second Review Determination at 22.

[168] Second Review Determination at 21.

domestic industry to lose further market share and lead to a subsequent decline in capacity utilization that would have particularly severe consequences for the capital-intensive PET film industry.[169]

b. The Current Review

We find that the domestic industry is not vulnerable to the likely continuation or recurrence of material injury. The domestic industry's improving and relatively strong performance in 2010, the last full year of the period of review, reflects its likely performance in the reasonably foreseeable future.

During the period of review, the domestic industry maintained its substantial market share, consistently accounting for over 70 percent of the market. The industry's share of apparent U.S. consumption was *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, and *** percent in 2010.[170]

Although the domestic industry's capacity and production both declined overall during the period of review, these relatively modest declines were in line with the domestic industry's efforts to restructure and consolidate[171] and resulted in a stable rate of capacity utilization between 2005 and 2010.[172] In fact, the industry's capacity utilization dropped by just *** percentage points between 2005 and 2010, falling from *** percent in 2005 to *** percent in 2010.[173]

The domestic industry's financial performance improved significantly overall during the period of review. The industry's operating income rose by *** percent, increasing from *** million in 2005 to *** million in 2010.[174] As a ratio to net sales, the domestic industry's operating income almost doubled between 2005 and 2010, increasing from *** percent in 2005 to *** percent in 2010.[175]

Although the domestic industry's performance by some measures was mixed between 2005 and 2007, and even though it worsened somewhat in 2008 and 2009 in line with the economic downturn, the industry's performance rebounded strongly in 2010 in line with the recovery of the overall economy.[176]

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[169] Second Review Determination at 21.

[170] The domestic industry's share of apparent U.S. consumption was *** percent in interim 2010 and *** percent in interim 2011. CR/PR at Table C-1.

[171] CR at I-20 to I-22, PR at I-17 to I-18; CR/PR at Table III-2.

[172] The domestic industry's production capacity was *** pounds in 2005, *** pounds in 2006, *** pounds in 2007, *** pounds in 2008, *** pounds in 2009, *** pounds in 2010, *** pounds in interim 2010, and *** pounds in interim 2011. The industry's production was *** pounds in 2005, *** pounds in 2006, *** pounds in 2007, *** pounds in 2008, *** pounds in 2009, *** pounds in 2010, *** pounds in interim 2010, and *** pounds in interim 2011. Its capacity utilization was *** percent in 2005 and 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in 2010, *** percent in interim 2010, and *** percent in interim 2011. CR/PR at Table C-1.

[173] CR/PR at Table C-1.

[174] CR/PR at Table C-1.

[175] CR/PR at Table C-1.

[176] By quantity, U.S. producers' U.S. shipments were *** pounds in 2005, *** pounds in 2006, *** pounds in 2007, *** pounds in 2008, *** pounds in 2009, *** pounds in 2010, *** pounds in interim 2010, and *** pounds in interim 2011. By value, U.S. producers' U.S. shipments were *** in 2005, 2006, and 2007, *** in 2008, *** in 2009, *** in 2010, *** in interim 2010, and *** in interim 2011. The domestic industry's net sales (by quantity) were *** pounds in 2005, *** pounds in 2006, *** pounds in 2007, *** pounds in 2008, *** pounds in 2009, *** pounds in 2010, *** pounds in interim 2010 and interim 2011. By value, its net sales were *** in 2005, 2006, and 2007, *** in 2008, *** in 2009, *** in 2010, *** in interim 2010, and *** in interim 2011. Its operating income was *** in 2005, *** in 2006, *** in 2007, *** in 2008, *** in 2009, *** in 2010, *** in interim 2010, and *** in interim 2011. As a ratio to net sales, its operating income was *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in 2010, *** percent in interim 2010,

The domestic industry's net sales (by quantity) increased by *** percent, from *** pounds in 2009 to *** pounds in 2010.[177] The industry's net sales (by value) rose by *** percent, increasing from *** in 2009 to *** in 2010.[178] U.S. producers' U.S. shipments (by quantity) rose by *** percent, increasing from *** pounds in 2009 to *** pounds in 2010.[179] U.S. producers' U.S. shipments (by value) rose by *** percent, increasing from *** in 2009 to *** in 2010.[180] The industry's operating income rose by *** percent, increasing from *** in 2009 to *** in 2010.[181] As a ratio to net sales, the industry's operating income increased from *** percent in 2009 to *** percent in 2010.[182]

As discussed above, in light of the relatively stable and small volume of subject Korean producers' exports of PET film to the United States regardless of whether the exports were subject to antidumping duties, the focus of Korean producers on markets outside the United States, the relatively limited inventories of PET film in Korea, the absence of import barriers in other markets, and the inability of Korean subject producers to engage in product-shifting, the volume of subject imports from Korea is not likely to be significant if the order were revoked. Moreover, the volume of subject imports from Korea likely would be too small in absolute and relative terms to have any significantly adverse effects on domestic PET film prices. Consequently, we find that significant declines in the domestic industry's output, market share, profits, productivity, return on investment, and capacity utilization are not likely, particularly in light of the industry's currently positive performance. We also find that revocation will not likely result in significant effects on the domestic industry's cash flow, inventories, employment, wages, growth, ability to raise capital, investment, or development or production efforts. We therefore conclude that revocation of the order is not likely to have a significant impact on the domestic industry within the reasonably foreseeable future.

CONCLUSION

For the above-stated reasons, we determine that revocation of the antidumping duty order on PET film from Korea would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

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and *** percent in interim 2011. Its capital expenditures were *** in 2005, *** in 2006, *** in 2007, *** in 2008, *** in 2009, *** in 2010, *** in interim 2010, and *** in interim 2011. The industry's end-of-period inventories were *** pounds in 2005, *** pounds in 2006, *** pounds in 2007, *** pounds in 2008, *** pounds in 2009, *** pounds in 2010, *** pounds in interim 2010, and *** pounds in interim 2011.

The number of production and related workers ("PRWs") was *** in 2005, *** in 2006, *** in 2007, *** in 2008, *** in 2009, *** in 2010, *** in interim 2010, and *** in interim 2011. The number of hours worked by PRWs was *** hours in 2005, *** hours in 2006, *** hours in 2007, *** hours in 2008, *** hours in 2009, *** hours in 2010, *** hours in interim 2010, and *** hours in interim 2011. Wages paid to PRWs were *** in 2005, *** in 2006, *** in 2007, *** in 2008, *** in 2009, *** in 2010, *** in interim 2010, and *** in interim 2011. Hourly wages were *** per hour in 2005, *** in 2006, *** in 2007, *** in 2008, *** in 2009, ***1 in 2010, *** in interim 2010, and *** in interim 2011. CR/PR at Table C-1.

[177] CR/PR at Table C-1.

[178] CR/PR at Table C-1.

[179] CR/PR at Table C-1.

[180] CR/PR at Table C-1.

[181] CR/PR at Table C-1.

[182] CR/PR at Table C-1.

PART I: INTRODUCTION AND OVERVIEW

BACKGROUND

On September 1, 2010, the U.S. International Trade Commission ("Commission" or "USITC") gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"),[1] that it had instituted a review to determine whether revocation of the antidumping duty order on polyethylene terephthalate film ("PET film") from Korea would likely lead to the continuation or recurrence of material injury to a domestic industry.[2] [3] On February 8, 2011, the Commission determined that it would conduct a full review pursuant to section 751(c)(5) of the Act.[4] The following tabulation presents information relating to the schedule of this proceeding:[5]

Effective date	Action
April 22, 1991	Commerce's antidumping duty order on PET film from Korea (56 FR 16305)
September 1, 2010	Commission's institution of five-year review (75 FR 53711)
September 1, 2010	Commerce's initiation of five-year review (75 FR 53664)
January 7, 2011	Commerce's final results of expedited third five-year review of the antidumping duty order on PET film from Korea (76 FR 1135)
February 8, 2011	Commission's determination to conduct full five-year reviews and scheduling of the full five-year review (76 FR 8770)
June 28, 2011	Commission's hearing
August 15, 2011	Commission's vote
August 29, 2011	Commission's determination transmitted to Commerce

[1] 19 U.S.C. 1675(c).

[2] *Polyethylene Terephthalate (PET) Film From Korea*, 75 FR 53711, September 1, 2010. All interested parties were requested to respond to this notice by submitting the information requested by the Commission.

[3] In accordance with section 751(c) of the Act, the U.S. Department of Commerce ("Commerce") published a notice of initiation of five-year reviews of the subject antidumping and countervailing duty orders concurrently with the Commission's notice of institution. *Initiation of Five-Year (''Sunset'') Review*, 75 FR 53664, September 1, 2010.

[4] *Polyethylene Terephthalate (Pet) Film From Korea*, 76 FR 8770, February 15, 2011. The Commission found that both the domestic and respondent interested party group responses to its notice of institution (75 FR 53711, September 1, 2010) were adequate to conduct a full five-year review.

[5] The Commission's notice of institution, notice to conduct a full review, scheduling notice, and statement on adequacy appear in appendix A and may also be found at the Commission's web site (internet address *www.usitc.gov*). Commissioners' votes on whether to conduct expedited or full reviews may also be found at the web site. Appendix B presents a list of the witnesses appearing at the Commission's hearing.

The Original Investigations

The original investigations resulted from a petition filed by E.I. du Pont de Nemours & Company ("DuPont"), Hoechst Celanese Corp. ("Hoechst"),[6] and ICI American Inc.("ICI"),[7] on April 27, 1990,[8] alleging that an industry in the United States was materially injured and threatened with material injury by reason of less-than-fair-value ("LTFV") imports of PET film from Japan, Korea, and Taiwan.[9] The Commission made a negative determination with respect to Taiwan in the preliminary investigations.[10] The Commission completed its original investigations in May 1991, determining that an industry in the United States was materially injured by reason of imports of PET film from Japan and Korea that were sold at less than fair value.[11] As a result, Commerce issued antidumping duty orders on imports of PET film from Japan and Korea.[12]

The antidumping duty order on imports of PET film from Japan was revoked on October 6, 1995, following a request from DuPont, Hoechst, and ICI for a changed circumstances administrative review and revocation of the order on the basis that the order was no longer of interest to the domestic interested parties.[13]

First Five-Year Expedited Review

On July 1, 1999, the Commission instituted the initial five-year review on PET film from Korea.[14] On October 1, 1999, the Commission determined that it would conduct an expedited review.[15] On February 9, 2000, the Commission determined that revocation of the antidumping duty order on PET film from Korea would be likely to lead to a continuation or recurrence of material injury.[16] Following affirmative determinations in the first five-year reviews by Commerce and the Commission, Commerce issued a continuation of the antidumping duty order on imports of PET film from Korea, effective March 7, 2000.[17]

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[6] Hoechst is the predecessor firm to Mitsubishi.

[7] ICI's PET film operations were purchased by DuPont in 1997.

[8] See the Commission's notice of institution of a preliminary investigation (55 FR 18969, May 7, 1990).

[9] The Commission made a negative preliminary determination with respect to imports from Taiwan (55 FR 25181, June 20, 1990).

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

[11] 56 FR 25695, June 5, 1991.

[12] 56 FR 25669, June 5, 1991.

[13] 60 FR 52366, October 6, 1995.

[14] 64 FR 35685, July 1, 1999.

[15] 64 FR 55958, October 15, 1999.

[16] See Commission's News Release 00-024, February 9, 2000. See also 65 FR 9298, February 24, 2000.

[17] *Polyethylene Terephthalate (PET) Film From Korea*, 65 FR 9298, February 24, 2000; *Continuation of Antidumping Duty Order: Polyethylene Terephthalate (PET) Film From Korea*, 65 FR 11984, March 7, 2000.

Second Expedited Five-Year Review

In September 2005, the Commission completed a second expedited five-year review of the subject order and determined that revocation of the antidumping duty order on PET film from Korea would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[18] Following affirmative determinations in the second five-year reviews by Commerce and the Commission, Commerce issued a continuation of the antidumping duty order on imports of PET film from Korea effective October 20, 2005.[19]

SUMMARY DATA

Table I-1 presents a summary of data from the original investigations, the first expedited five-year review, the second expedited five-year review, and the current full third five-year review.

[18] *Polyethylene Terephthalate (PET) Film from Korea*: Inv. No. 731-TA-459 (Second Review), USITC Publication 3800 (September 2005).

[19] *Polyethylene Terephthalate (PET) Film From Korea*, 70 FR 58748, October 7, 2005; *Polyethylene Terephthalate Film from Korea; Continuation of Antidumping Duty Order*, 70 FR 61118, October 20, 2005.

Table I-1
PET film: Comparative data from the original investigation, first review, second review, and current review

(*Quantity=1,000 pounds; value=$1,000*; unit values are *per pound*)

Item	1990	1998	2004[1]	2005	2006	2007	2008	2009	2010
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share[2]	***	***	***	***	***	***	***	***	***
Importer's share:[2]									
Korea, subject	([4])	([4])	([4])	***	***	***	***	***	***
Korea, nonsubject	([4])	([4])	([4])	***	***	***	***	***	***
Subtotal, Korea[3]	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share[2]	***	***	***	***	***	***	***	***	***
Importer's share:[2]									
Korea, subject	([4])	([4])	([4])	***	***	***	***	***	***
Korea, nonsubject	([4])	([4])	([4])	***	***	***	***	***	***
Subtotal, Korea[3]	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***

Table continued on next page.

Table I-1--*Continued*
PET film: Comparative data from the original investigation, first review, second review, and current review

(Quantity=1,000 pounds; value=$1,000; unit values are per pound)

Item	1990	1998	2004[1]	2005	2006	2007	2008	2009	2010
U.S. imports from--									
Korea, subject:									
Quantity	([4])	([4])	([4])	***	***	***	***	***	***
Value	([4])	([4])	([4])	***	***	***	***	***	***
Unit value	([4])	([4])	([4])	***	***	***	***	***	***
Korea, nonsubject:									
Quantity	([4])	([4])	([4])	***	***	***	***	***	***
Value	([4])	([4])	([4])	***	***	***	***	***	***
Unit value	([4])	([4])	([4])	***	***	***	***	***	***
Korea, subtotal:[3]									
Quantity	28,899	64,418	60,007	***	***	***	***	***	***
Value	38,220	70,493	72,835	***	***	***	***	***	***
Unit value	$1.32	$1.09	$1.21	***	***	***	***	***	***
All other sources:									
Quantity	73,406	118,560	160,942	***	***	***	***	***	***
Value	151,480	217,488	248,408	***	***	***	***	***	***
Unit value	$2.06	$1.83	$1.54	***	***	***	***	***	***
All countries:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***

Table continued on next page.

Table I-1--*Continued*
PET film: Comparative data from the original investigation, first review, second review, and current review

(Quantity=1,000 pounds; value=$1,000; unit values are per pound)

Item	1990	1998	2004[1]	2005	2006	2007	2008	2009	2010
U.S. producers'--									
Capacity quantity	591,000	763,000	([4])	***	***	***	***	***	***
Production quantity	519,159	619,000	333,000	***	***	***	***	***	***
Capacity utilization[2]	87.8	81.1	([4])	***	***	***	***	***	***
U.S. shipments:									
Quantity	467,828	605,505	307,000	***	***	***	***	***	***
Value	823,729	1,212,257	593,000	***	***	***	***	***	***
Unit value	$1.76	$2.00	$1.93	***	***	***	***	***	***
Ending inventory quantity	([4])	([4])	([4])	***	***	***	***	***	***
Inventories/total shipments[2]	([4])	([4])	([4])	***	***	***	***	***	***
Production workers	2,078	([4])	([4])	***	***	***	***	***	***
Hours worked (*1,000 hours*)	4,579	([4])	([4])	***	***	***	***	***	***
Wages paid (*1,000 dollars*)	93,869	([4])	([4])	***	***	***	***	***	***
Hourly wages	$15.69	([4])	([4])	***	***	***	***	***	***
Productivity (*pounds per hour*)	66.5	([4])	([4])	***	***	***	***	***	***

Table continued on next page.

Table I-1--*Continued*
PET film: Comparative data from the original investigation, first review, second review, and current review

(Quantity=1,000 pounds; value=$1,000; unit values are per pound)

Item	1990	1998	2004[1]	2005	2006	2007	2008	2009	2010
Net sales:									
Quantity	([4])	([4])	([4])	***	***	***	***	***	***
Value	908,245	([4])	([4])	***	***	***	***	***	***
Unit value	([4])	([4])	([4])	***	***	***	***	***	***
Cost of goods sold	646,051	([4])	([4])	***	***	***	***	***	***
Gross profit or (loss)	262,194	([4])	([4])	***	***	***	***	***	***
SG&A	173,473	([4])	([4])	***	***	***	***	***	***
Operating income or (loss)	88,721	([4])	([4])	***	***	***	***	***	***
Unit operating income or (loss)	([4])	([4])	([4])	***	***	***	***	***	***
Cost of goods sold/sales[2]	71.1	([5])	([5])	***	***	***	***	***	***
Operating income or (loss)/sales[2]	9.8	([5])	([5])	***	***	***	***	***	***

[1] Data from 2004 are based on the responses of two U.S. producers, DuPont and MFA, which are believed to have accounted for approximately *** percent of U.S. production.
[2] In *percent*.
[3] The 1990, 1998, and 2004 import data presented for Korea include both subject and nonsubject Korean imports.
[4] Not available.
[5] Not applicable.

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 in staff report of May 13, 1991, staff report of January 4, 2000, staff report of June 2, 2005, and from data submitted in response to Commission questionnaires and from official Commerce statistics (adjusted using CNIF data).

PREVIOUS AND RELATED INVESTIGATIONS

PET film been the subject of several countervailing and antidumping duty investigations in the United States. In June 2002, the Commission made affirmative determinations that an industry in the United States was materially injured by reason of imports from India of PET film that had been found by Commerce to be subsidized by the Government of India and by reason of imports from India and Taiwan of PET film that had been found by the Department of Commerce to be sold in the United States at less than fair value (LTFV).[20] Antidumping and countervailing duty orders were published on July 1, 2002.[21] On June 1, 2007, the Commission instituted the initial five-year reviews on PET film from India and Taiwan. On April 23, 2008, the Commission determined that revocation of the countervailing and antidumping duty orders on PET film from India and Taiwan would be likely to lead to a continuation or recurrence of material injury. Following affirmative determinations in the first five-year reviews by Commerce and the Commission,[22] Commerce issued a continuation of the countervailing and antidumping duty orders on imports of PET film from India and Taiwan, effective May 8, 2008.[23]

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).[24] The Commission published its affirmative determinations that an industry in the United States was threatened with material injury by reason of imports of PET film from Brazil, China, and the UAE on November 6, 2008.[25] The Commission also determined that an industry in the United States was not materially injured or threatened with material injury by reason of LTFV imports from Thailand.[26] As a result of the Commission's affirmative threat determinations, the Department of Commerce issued antidumping duty orders on imports of these products from Brazil, China, and the United Arab Emirates.[27]

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[20] The Commission instituted these investigations effective May 17, 2001, following receipt of a petition filed with the Commission and Commerce by DuPont, MFA, and Toray Plastics (America), Inc., North Kensington, RI. See *Polyethylene Terephthalate Film, Sheet, and Strip from India and Taiwan: Inv. Nos. 701-TA-415 and 731-TA-933-934 (Final)*, USITC Publication 3518 (June 2002).

[21] See 67 FR 44179 (countervailing duty order on India), 67 FR 44175 (antidumping duty order on India), and 67 FR 44174 (antidumping duty order on Taiwan).

[22] *Polyethylene Terephthalate Film, Sheet, and Strip From India and Taiwan: Determinations*, 73 FR 25030, May 6, 2008; *Polyethylene Terephthalate Film, Sheet, and Strip From India and Taiwan: Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders*, 72 FR 57297, October 9, 2007.

[23] *Continuation of Antidumping Duty Orders on Polyethylene Terephthalate Film, Sheet and Strip from India and Taiwan*, 73 FR 26079, May 8, 2008; *Continuation of Countervailing Duty Order on Polyethylene Terephthalate Film, Sheet, and Strip from India*, 73 FR 26080, May 8, 2008.

[24] DuPont Teijin Films ("DuPont Teijin"); Mitsubishi Polyester Film, Inc. ("Mitsubishi"), and Toray Plastics (America), Inc. ("Toray") were the petitioners.

[25] *Polyethylene Terephthalate Film, Sheet, and Strip From Brazil, China, Thailand, and the United Arab Emirates; Determinations*, 73 FR 66056, November 6, 2008.

[26] Ibid.

[27] *Polyethylene Terephthalate Film, Sheet, and Strip From Brazil, the People's Republic of China and the United Arab Emirates: Antidumping Duty Orders and Amended Final Determination of Sales at Less Than Fair Value for the United Arab Emirates*, 73 FR 66595, November 10, 2008.

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory Criteria

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--*
>
> > *(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."

Organization of the Report

Information obtained during the course of the reviews that relates to the statutory criteria is presented throughout this report. A summary of trade and financial data for PET film as collected in the reviews is presented in appendix C. U.S. industry data are based on the questionnaire responses of nine U.S. producers of PET film that are believed to have accounted for the vast majority of domestic production of PET film in 2010. U.S. import data and related information are based on Commerce's official import statistics (adjusted) and the questionnaire responses of eleven U.S. importers of PET film that are believed to have accounted for *** percent of total U.S. imports from Korea during 2010. Foreign industry data and related information are based on the questionnaire responses of three Korean producers of PET film, accounting for an estimated *** percent of total production in 2010. Responses by U.S. producers, importers, purchasers, and foreign producers of PET film to a series of questions concerning the significance of the existing antidumping duty order and the likely effects of revocation of the order are presented in appendix D.

COMMERCE'S REVIEWS

Administrative Reviews

Between 1994 and 2010, Commerce conducted twelve administrative reviews with respect to imports of PET film from Korea. Since the original order, antidumping duty orders have been revoked for two firms, Cheil Synthetics (now part of Toray Advanced Materials Korea, Inc. ("Toray Korea")) and H.S. Industries ("HSI").[28] SKC is currently subject to an antidumping duty rate of 13.92 percent *ad valorem*. Hyosung Living Industry ("Hyosung") is currently subject to an antidumping duty rate of 0.00 percent *ad valorem.* Kolon was a nonsubject Korean producer from 1997 to October 2, 2007, but due to a preliminary changed circumstance review published on October 1, 2007, Kolon became subject to an antidumping duty rate of 1.53 percent *ad valorem* and is currently subject to an antidumping duty rate of 0.28 percent *ad valorem.*[29] All other producers and exporters are subject to an "all other" antidumping duty rate of 21.50 percent *ad valorem*.

Commerce's Results of Original, First Review, Second Review, and Third Five-Year Review

Commerce has issued the final results of its expedited review on the antidumping duty order on PET film from Korea. Table I-2 presents the dumping margins calculated by Commerce in its original investigations, first review, second review, and the current third review.

[28] STC was subject to the antidumping duty order in the 1991 original investigations. By the end of 1996, STC closed its *** pounds per year facility in Korea. *Polyethylene Terephthalate (PET) Film from Korea: Inv. No. 731-TA-459 (Review)*, USITC Publication 3278 (February 2000), page I-13.

[29] *Polyethylene Terephthalate Film, Sheet, and Strip (PET film) from the Republic of Korea: Preliminary Results of Changed Circumstance Review and Intent to Reinstate Kolon Industries, Inc. in the Antidumping Order*, 72 FR 56048, October 2, 2007.

Table I-2
PET film: Commerce's administrative and five-year reviews

Action	Date of action	Federal Register citation	Period of review	Antidumping duty margins by firms						
				SKC	Kolon	STC	Cheil/ Saehan (Toray Korea)	HSI	Hyosung	All others
				Percent ad valorem						
Final determination[1]	04/22/1991	56 FR 16305	11/01/1989–04/30/1990	5.38	([2])	([2])	3.88	([2])	([2])	4.88
Order (A-580-807)	06/05/1991	56 FR 25669	([2])	5.38	([2])	([2])	3.71	([2])	([2])	4.82
Administrative review[3]	08/17/1995	60 FR 42835	11/30/1990–05/31/1992	0.80	0.94	16.87	0.06	([2])	([2])	([2])
Amended A.R.[4]	02/12/1996	61 FR 5375	11/30/1990–05/31/1992	0.11	0.60	11.41	0.07	([2])	([2])	([2])
Administrative review	07/05/1996	61 FR 35177	06/01/1992–05/31/1993	5.89	0.11	0.47	0.00	([2])	([2])	([2])
Administrative review[5]	07/05/1996	61 FR 35177	06/01/1993–05/31/1994	0.52	0.12	0.93	0.01	([2])	([2])	([2])
Administrative review[6]	11/14/1996	61 FR 58374	06/01/1994–05/31/1995	0.70	0.14	4.95	([7])	([2])	([2])	([2])
Amended A.R.[4]	01/13/1997	62 FR 1735	06/01/1994–05/31/1995	0.70	([7])	1.68	([7])	([2])	([2])	([2])
Administrative review[8]	07/16/1997	62 FR 38064	06/01/1995–05/31/1996	0.45	([7])	0.37	([7])	([2])	([2])	21.50
Administrative review	07/10/1998	63 FR 37334	06/01/1996–05/31/1997	0.36	([7])	([9])	([7])	([2])	([2])	21.50
Administrative review	11/17/1999	63 FR 37334	06/01/1997–05/31/1998	0.69	([7])	([9])	([7])	([2])	([2])	21.50
First five-year review[10]	02/04/2000	65 FR 5592	([2])	13.92	([7])	([2])	([7])	([2])	([2])	21.50
Continuation of order	03/07/2000	65 FR 11984	([2])	([2])	([2])	([2])	([2])	([2])	([2])	21.50
Administrative review	09/12/2000	65 FR 55004	06/01/1998–05/31/1999	1.23	([7])	([9])	([7])	0.00	0.00	21.50
Administrative review	11/15/2001	66 FR 57418	06/01/1999–05/31/2000	1.91	([7])	([9])	([7])	([11])	0.00	21.50
Second five-year review[10]	9/9/2005	70 FR 53627	([2])	13.92	([2])	([2])	([2])	([2])	([2])	21.50
Changed circumstance review	4/3/2008	73 FR 18259	7/1/2005-6/30/2006	([2])	1.53	([2])	([2])	([2])	([2])	([2])
Administrative review	11/10/2009	74 FR 57993	10/2/2007-5/31/2008	([2])	0.13	([2])	([2])	([2])	([2])	([2])
Administrative review	11/19/2010	75 FR 70901	6/1/2008-5/31/2009	([2])	0.28	([2])	([2])	([2])	([2])	([2])
Third five-year review[10]	1/7/2011	76 FR 1135	([2])	13.92	([2])	([2])	([2])	([2])	([2])	21.50

[1] On September 26, 1997, Commerce amended its final determination following a final and conclusive court decision (62 FR 50558). The final determination antidumping duty margins were amended as follows: SKC (13.92 percent *ad valorem*); Cheil (36.33 percent *ad valorem*); and "all others" (21.50 percent *ad valorem*).
[2] Not applicable.
[3] On September 30, 1998, following a conclusive court decision, Commerce amended its final results administrative review determination for STC to 11.62 percent *ad valorem* (63 FR 52242). On February 17, 1999, following a conclusive court decision, Commerce amended its final results administrative review determinations for STC (0.11 percent *ad valorem*) and Cheil (0.07 percent *ad valorem*) (64 FR 7856).
[4] Amended administrative review.
[5] The antidumping duty order was revoked for Cheil on July 5, 1996 (61 FR 35177).
[6] The antidumping duty order was revoked for Kolon on November 14, 1996 (61 FR 58374).
[7] Not applicable. The antidumping order was previously revoked.
[8] On May 20, 1996, pursuant to court remand, Commerce established an "all others" rate of 21.50 percent *ad valorem*.
[9] STC did not request an administrative review.
[10] Commerce conducted an expedited five-year review.
[11] The antidumping duty order was revoked for HSI on November 15, 2001 (66 FR 57418).

Source: Cited *Federal Register* notices.

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.[30] During the review period, qualified U.S. producers of PET film were eligible to receive disbursements from the U.S. Customs and Border Protection ("Customs") under CDSOA relating to the orders covering the subject merchandise beginning in Federal fiscal year 2005.[31] Table I-3 presents CDSOA disbursements and claims for Federal fiscal years 2005-2010, by firm.[32]

Table I-3
PET film: CDSOA disbursements, by firm, and total claims, Federal fiscal years 2005-10

Item	Federal fiscal year					
	2005	2006	2007	2008	2009	2010
	Disbursements (*dollars*)					
DuPont Teijin	1,268,517	(53,873)	201,222	216,528	31,369	157,676
Mitsubishi	608,999	(27,454)	93,077	94,063	72,192	68,711
Total	1,877,516	(81,327)	294,299	310,591	103,561	226,387
	Claims (*dollars*)					
Total	3,669,734,642	4,074,995,721	4,492,872,453	4,780,464,537	4,779,356,486	4,769,640,874

Note.--Because of rounding, figures may not add to the totals shown.

Note.--Negative disbursement amounts (shown in parentheses) are the result of refunds to importers as a result of liquidations or court cases.

Source: U.S. Customs and Border Protection's CDSOA *Annual Reports*. Retrieved from http://www.cbp.gov/xp/cgov/trade/priority_trade/add_cvd/cont_dump.

[30] Section 754 of the Tariff Act of 1930, as amended (19 U.S.C. § 1675(c)). The Deficit Reduction Act of 2005 repealed the CDSOA with respect to duties on entries of goods made and filed on or after October 1, 2007. *See* Pub. L. No. 109-171, 120 Stat. 4, 154 (2006).

[31] 19 CFR 159.64 (g).

[32] The Federal fiscal year begins on October 1 and ends on September 30 of the next calendar year.

THE SUBJECT MERCHANDISE

Commerce's Scope

The imported product subject to the antidumping and countervailing duty orders under review, as defined by Commerce in its original orders, is as follows: "shipments of all gauges of raw, pretreated, or primed polyethylene terephthalate film, sheet, and strip, whether extruded or coextruded. The films excluded from this review 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 (0.254 micrometers) thick."[33]

Tariff Treatment

PET film is classifiable in the Harmonized Tariff Schedule of the United States ("HTS") under subheading 3920.62.00 and reported for statistical purposes under statistical reporting number 3920.62.0090. Since the original investigations in 1990, the normal trade relations rate of duty for PET film has been 4.2 percent *ad valorem*.[34]

THE PRODUCT

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. Special properties imparted to PET film during the manufacturing process are integral to its use in a myriad of downstream commodity and specialty applications.

Physical Characteristics and Uses

PET film has certain inherent desirable qualities such as high tensile strength, flexibility, retention of physical properties over a wide temperature range, electrical insulation properties, durability, heat resistance, gas-barrier properties, dimensional stability, chemical inertness, optical clarity, and relatively low moisture absorption.[35] [36] 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. 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

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[33] *Polyethylene Terephthalate Film, Sheet, and Strip From the Republic of Korea: Final Results of the Expedited Third Five-Year (Sunset) Review of the Antidumping Duty Order*, 76 FR 1135, January 7, 2011.

[34] Under the proposed U.S.-Korea Free Trade Agreement (FTA), the U.S. general duty rate of 4.2 percent ad valorem on originating imports of PET film from Korea would be phased out over ten years from the date of entry into force of the FTA. The Korean tariff of 6.6 percent ad valorem on originating U.S. imports of PET film would be eliminated immediately upon entry into force of the FTA.

[35] 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). The Global Association of Manufacturers of Polyester Film (AMPEF), http://www.ampef.com/, retrieved July 5, 2011.

[36] Hearing transcript, p. 19 (Byerson).

24 feet,[37] [38] and in thicknesses reportedly ranging from about 1 micron (4 gauge) to 350 microns (1,400 gauge).[39] 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.[40] U.S. primary PET film producers may also convert base film into nonsubject "equivalent PET film" having coatings exceeding 0.254 microns (0.00001 inch; ca. 1 gauge) and sell the value added film to downstream end users.[41] [42] Certain films may also be sold to distributors, directly to end-use consumers, or exported.[43]

There are five subject PET film end-use categories generally recognized by the industry: packaging, industrial and specialties, magnetic media, electrical, and imaging.[44] The two largest volume U.S. markets are currently the packaging and industrial segments.[45] 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 generally command a price premium relative to the commodity grades.[46] [47] The volume split reported by the domestic interested parties' share of their production is estimated to average about *** percent for specialty grade film to *** percent for commodity grade.[48] According to this information there has been *** since 2008 when the volume split was estimated to be 68 percent commodity grade to 32 percent specialty grade.[49] Commodity-grade films are generally viewed by the industry as large-volume bulk films used principally in the packaging and industrial sectors. Commodity-grade packaging films and selected general purpose industrial films are typically described as thin films[50] which generally fall in the 48 to 92 gauge range,[51] although these films, especially industrial films, may also be thicker films that range above 92 gauge.[52] [53] Corona treated film, a 48 gauge thin film, is commonly used as an example of commodity film, but commodity films may be thin or thick. Specialty films, in general, are

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[37] Staff plant visit, DuPont Teijin Films, Hopewell, VA, August 26, 2008.

[38] New state-of-the-art commodity lines can produce PET films of 29 feet in width. Hearing transcript, p. 23 (Byerson).

[39] The Global Association of Manufacturers of Polyester Film (AMPEF), http://www.ampef.com/, retrieved May 18, 2011. Film gauge increases with film thickness: 1 micron = 3.937 gauge = 0.0001 cm = 0.00004 inch.

[40] Staff plant visit, DuPont Teijin, Hopewell, VA, August 26, 2008.

[41] DuPont Teijin ***. DuPont Teijin's producer questionnaire response, section III-5.

[42] Terphane Inc. ("Terphane") ***. Terphane's producer questionnaire response, section III-5.

[43] Staff plant visit, DuPont Teijin, Hopewell, VA, August 26, 2008.

[44] The Global Association of Manufacturers of Polyester Film (AMPEF), http://www.ampef.com/, retrieved May 18, 2011.

[45] Hearing transcript, p. 20 (Byerson).

[46] Ibid, pp. 63-64 (Byerson).

[47] Ibid, p. 89 (Kasoff); pp.90-91(Winn).

[48] Domestic interested parties' volume split for individual shares of specialty film production were reported as Toray, *** percent; Dupont Teijin, *** percent; SKC, *** percent; and Mitsubishi, *** percent, although the firms may define the categories of commodity and specialty films differently. Domestic interested parties' posthearing brief, pp. 15-16.

[49] Staff report on *Polyethylene Terephthalate Film, Sheet, and Strip from Brazil, China, Thailand, and the United Arab Emirates, Invs. Nos 731-TA-1131-1134 (Final),* October 6, 2008, INV-FF-125, p. I-11.

[50] Terphane considers thin films to be in the range of ***. Ibid, p. I-11.

[51] Dupont Teijin refers to thin films as 48-92 gauge used in the packaging and industrial sectors. Ibid, p. I-11.

[52] Hearing transcript, p. 75 (Eckles; Winn).

[53] DuPont Teijin's packaging films generally range in thickness from 48 to 150 gauge, while industrial films generally range in thickness from 48 to 650 gauge, http://usa.dupontteijinfilms.com/, retrieved July 8, 2011.

either customized for unusual end uses, or have higher quality requirements. Packaging and thermal lamination are typical examples of commodity end uses, while window film is a typical example of a specialty end use; however some packaging end uses can be classified as specialty films, packaging for medical devices for example.[54] [55]

The two largest volume U.S. PET film markets are the packaging and industrial segments, both markets exhibiting growth patterns in the United States.[56] The industrial segment is a big cross-section of various submarkets. This segment includes release films (pull away labels), hot stamping foil, laminating products, solar/safety window films,[57] pressure sensitive labels (thermally/chemically resistant), photo resist films, metallic yarns, adhesive tapes, plastic cards (including "smart" cards), medical test strips, and other miscellaneous uses. Optical applications are a specialty film subset in the industrial category. Specialty optical applications consist predominately of more expensive high quality clean thick films around 400 gauge minimum,[58] and include brightness-enhancing display films (computer monitors, Liquid Crystal Displays (LCDs) and plasma wide-screen TVs) as well as cell phones, tablets and other handheld devices.[59] Domestic interested parties state that optical display films are commonly used in the production of Light-Emitting Diodes (LEDs), ***.[60] Domestic interested parties added that growth in this area is reportedly being enhanced by large downstream PET film converters who ship semi-finished optical display film components to Asia and other countries.[61] [62] Domestic interested parties also described photovoltaic (PV) cell thick film specialty growth in the United States as a promising value-added end use application and could reportedly be "huge," dependent upon many things, including the level of government support.[63]

Both commodity and specialty packaging markets are growing in certain end-use areas due to technology and changing customer tastes, such as convenient cook-in bag films.[64] [65] Other growth areas are typically found in food packaging usage: flexible pouches, peelable seals (microwave tray film); snack foods (chips and pretzels, etc.) and barrier films to keep moisture out; medical packaging, pet food packaging, industrial packaging; can laminations, and vacuum insulation panels.[66] [67] The flexible packaging segment of the industry is felt to be somewhat recession-proof in that when there's a downturn in the economy people tend to stay home more, but continue to go to the grocery store. Flexible

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[54] Domestic interested parties' posthearing brief, p. 15.

[55] Toray refers to its thin films as those ranging up to *** gauge. Staff report on *Polyethylene Terephthalate Film, Sheet, and Strip from Brazil, China, Thailand, and the United Arab Emirates, Invs. Nos 731-TA-1131-1134 (Final),* October 6, 2008, INV-FF-125, p. I-11.

[56] Hearing transcript, p. 20 (Byerson); p. 65 (Kasoff).

[57] There are some value-added thin-gauge specialty films, e.g., 48 gauge window film. Ibid, p. 49 (Winn).

[58] Ibid, pp. 33; 49-50 (Winn); p. 15 (Park).

[59] Ibid, p. 20 (Byerson); pp. 30; 65 (Kasoff).

[60] Domestic interested parties' prehearing brief, pp. 16-17.

[61] Hearing transcript, p. 68 (Kasoff; Eckles).

[62] Some thinner PET films are used in LCD panels, and to produce liners that cover various LCD screens. Ibid, p. 161 (Park).

[63] Ibid, p. 65 (Kasoff).

[64] Ibid.

[65] Press Release, DuPont Teijin, February 1, 2011.

[66] Hearing transcript, p. 20 (Byerson); p. 65 (Kasoff); p. 66 (Winn).

[67] The Global Association of Manufacturers of Polyester Film (AMPEF), http://www.ampef.com/, retrieved August 24, 2008.

packaging reportedly becomes a bigger part of our culture in the types of convenience packaging on the shelves today like microwavable products, etc.[68]

Magnetic media, electrical, and imaging applications, historically, were more specialized markets compared to commodity-grade industrial and packaging. Magnetic media include 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 significant growth area in this market. Domestic interested parties stated that electrical applications are a growth area[69] and include motor wire and cable, cable wrap and insulation, transformer insulation films, capacitors,[70] 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). Imaging applications have been a large user of thick film, but are reportedly declining in general.[71] 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.[72]

DuPont Teijin announced plans to consolidate all PET film production at its Hopewell, VA, plant, and to close the Florence, SC, PET film plant by ***. Some of the jobs were to be relocated to the ***.[73] According to Mr. Jean-Philippe Azoulay, President of DuPont Teijin, "the capability and productivity of the Hopewell Site are well suited to developments in electronics, medical and industrial markets as well as emerging green technology applications"[74] such as photovoltaics.[75] [76] In January 2008, DuPont announced a $175 million reconfiguration of the former DuPont Teijin PET film plant at Circleville, OH, to produce nonsubject oriented polyvinyl fluoride film (PVF) designed to produce backsheet film that provides long-term durability and performance for photovoltaic modules in all-weather conditions. DuPont's nonsubject PVF line at Circleville is scheduled to start up in September 2011. DuPont expects that overall sales of its family of products into the photovoltaic industry will exceed $1 billion by 2012.[77] SKC was making plans for additional lines at Covington, GA, and was producing over 8 million pounds of film monthly on existing lines.[78] SKC also expected to complete the construction of a 42,000 square foot facility and the startup of a nonsubject ethylene vinyl acetate (EVA) photovoltaic film plant at Covington in 3rd quarter 2011.[79] EVA copolymer film is an essential sealant of photovoltaic solar

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[68] Hearing transcript, p. 154 (Michalkiewicz).

[69] Ibid, p. 20 (Byerson); p. 65 (Kasoff).

[70] Capacitor film is an ***. ***.

[71] Hearing transcript, p. 19 (Byerson).

[72] Staff plant visit, DuPont Teijin, Hopewell, VA, August 26, 2008.

[73] Some 50 to 70 employees were transferred to various DuPont Teijin and DuPont locations, while the Trade Adjustment Assistance Act also helped with placement of some employees. Hearing transcript, p. 60 (Kasoff).

[74] Press Release, DuPont Teijin, July 28, 2009.

[75] Kolon's posthearing brief, exh. 3.

[76] In ***, DuPont Teijin closed its one line Circleville, OH, PET film production site and completed the closure of its three line Florence, SC, plant in ***. DuPont Teijin's producer questionnaire response, section II-2.

[77] Kolon's posthearing brief, exh. 7.

[78] Newsletter, SKC, Inc., May 12, 2011.

[79] Ibid, September 20, 2010; March 16, 2011.

modules for ensuring the reliability of long-term performance.[80] ***.[81] In 2009, ***.[82] Meanwhile, India's Uflex is planning to invest $180 million to set up a greenfield flexible packaging PET film plant in Elizabethtown,[83] KY,[84] that would be built in two phases, the first phase an $85 million, 30,000 metric ton per year plant scheduled to be completed by year-end 2012.[85] Although groundbreaking for the first phase was scheduled for July 2011,[86] domestic interested parties do not expect the first phase plant to be fully operational until mid-2013 because of a reported delay in financing.[87] The second phase is scheduled to come onstream in 2014, doubling capacity. The Kentucky plant would reportedly market to the eastern United States.[88] Indian producer Polyplex also was considering a thin PET film line in the United States and recently announced that it intends to build a PET film plant at Decatur, AL.[89]

Manufacturing Process

The basic PET film "sequential draw" production process is fundamentally standard across the industry. PET film operations are capital-intensive, dictating that plants be run at relatively high capacity utilization rates for sustainable periods to remain profitable. Most plants operate on a 24 hour-per-day, 7 day-per-week basis, with some allotted downtime for maintenance and repairs. Each production line could cost anywhere between $50 million and $100 million[90] to produce 10,000 to 20,000 tons per year.[91] The PET film production process is conducted in a "clean room" environment to protect the finished film from microscopic airborne contamination. 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 production workers for other purposes.[92] 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

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[80] http://www.bridgestone.com/products/diversified/evasky/whats_evasky, retrieved July 14, 2011.

[81] The ***'s producer questionnaire responses, sections II-2 and II-3.

[82] *** producer questionnaire, section II-2; staff telephone interview with ***.

[83] Kolon's posthearing brief, exh. 8.

[84] ***.

[85] Plastics News, April 14, 2011, http://plasticsnews.com/headlines2.html?id=21707, retrieved May 15, 2011.

[86] Hearing transcript, p. 196 (Michalkiewicz).

[87] Domestic interested parties' posthearing brief, part II, "Answers to Commission Questions," p. 29.

[88] Plastics News, April 14, 2011, http://plasticsnews.com/headlines2.html?id=21707, retrieved May 15, 2011.

[89] ***. Polyplex announced that the first phase is to be "complete by the third quarter of 2012 and will include a high-speed, 28.5-foot-wide, thin-gauge film line with an annual capacity of 33,000 tons, and a resin feedstock plant with 66,000-ton annual capacity. Phase two will result in the addition of a second PET film line within a few years, the company said. In all, the plant will employ 150," Plastics News, July 20, 2011, http://plasticsnews.com/headlines2.html?id=22602, retrieved July 27, 2011.

[90] Hearing transcript, p. 23 (Byerson).

[91] The new Uflex Ltd. state-of-the-art PET film facility at Altamara, Mexico, which went onstream in 2009, was to dramatically improve the production economics of commodity-grade flexible packaging PET film. The new line will produce film widths about 20 percent higher than conventional film lines, and at a higher production rate in excess of 1,640 feet per minute. http://www.flexfilm.com/; http://www.print-packaging.com/news/Uflex_The.html, retrieved May 16, 2011.

[92] Producers' questionnaire responses, section II-5.

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.[93]

Most PET film manufacturers produce their own PET polymer using the batch polymerization or continuous polymerization process, or a combination thereof.[94] 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 ethylene 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.[95] [96] Newer plants are believed to be more heavily weighted towards PTA because of advantageous process economics.[97]

A typical PET film production scheme is shown in the process flow diagram of figure I-1. The basic process steps are polymerization, extrusion and film casting, drawing and biaxial orientation, 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[98] 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.[99] [100]

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[93] Staff plant visit, DuPont Teijin, Hopewell, VA, August 26, 2008.

[94] Toray utilizes a batch process; Mitsubishi, a continuous process; and DuPont Teijin, a combination of batch and continuous on different assets.

[95] 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.

[96] In addition to domestic supplies, Terphane ***. Terphane's producer questionnaire response, sections III-5 and III-7.

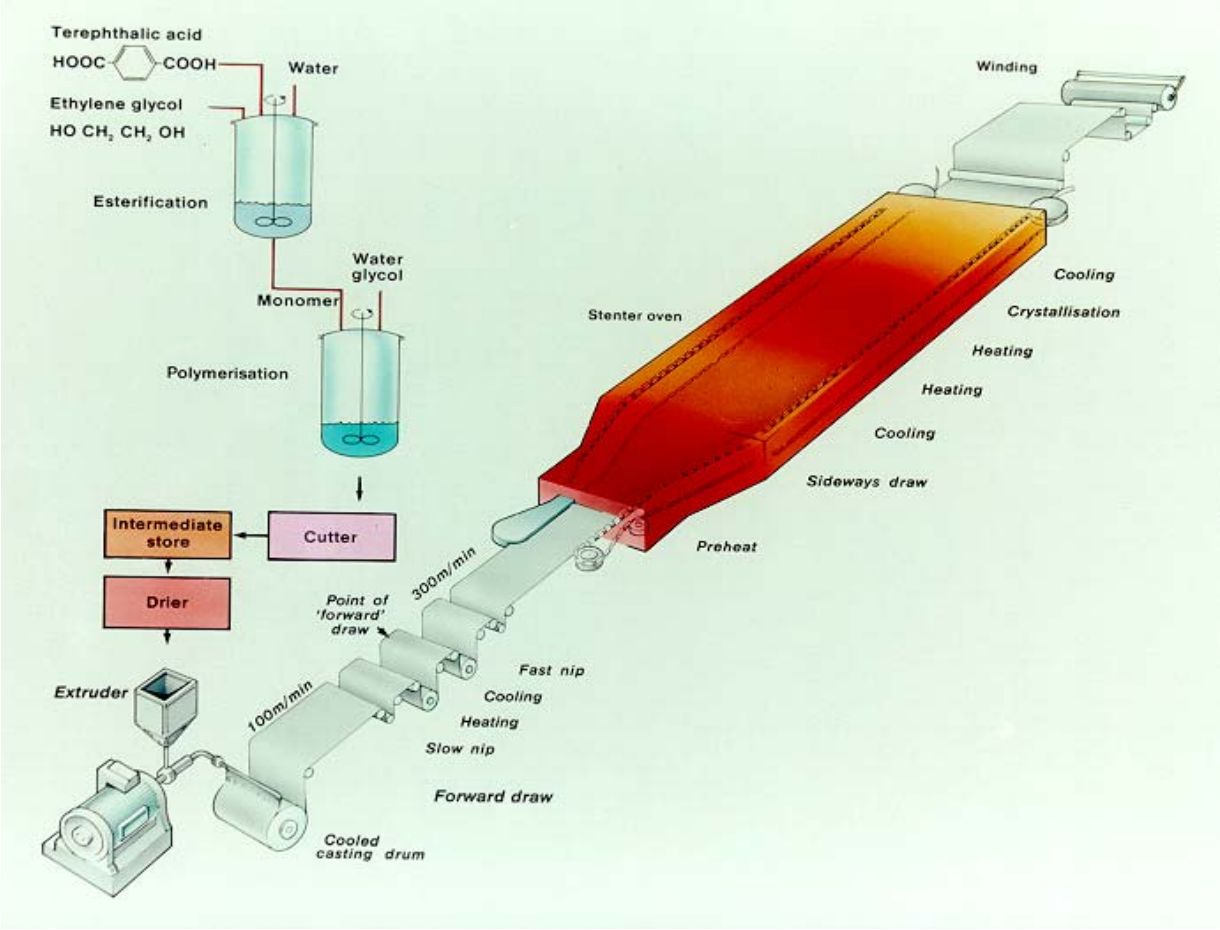
[97] Staff plant visit, DuPont Teijin, Hopewell, VA, August 26, 2008.

[98] Kodak ***. Staff field trip report, Kodak, May 14, 2002.

[99] Staff plant visit, DuPont Teijin, Hopewell, VA, August 26, 2008.

[100] Corona treatment is the act of exposing the surface of a material to a highly active electric field to modify its surface energy. The Global Association of Manufacturers of Polyester Film (AMPEF), http://www.ampef.com/, retrieved May 18, 2011.

FIGURE I-1: Process flow chart for PET fim production



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

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. The finished film of the desired width and gauge (nominally 1 micron (4 gauge) to 350 microns (1,400 gauge)) is wound into rolls for shipment to

the customer.[101] [102] 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.

DOMESTIC LIKE PRODUCT

In the original 1991 investigation, the Commission defined the domestic like product as "all PET film, including equivalent PET film."[103] During the initial expedited review in 2000, DuPont and Mitsubishi agreed with the Commission's previous like product and industry definitions,[104] and the Commission subsequently defined the domestic like product as "all PET film, including equivalent PET film,"[105] and defined the domestic industry as "consisting of all domestic producers of PET film, including equivalent PET film."[106] In its joint response to the notice of institution in the second expedited review, neither responding U.S. producer objected to the Commission's continued use of its definitions of the domestic like product or domestic industry definitions as stated in the notice of institution.[107] Similarly, in this current third review, neither responding U.S. producers or respondent Kolon objected to the Commission's continued use of its definitions of the domestic product as stated in the notice of institution for this review. No party requested that the Commission collect data concerning other possible domestic like products in their comments on the Commission's draft questionnaires.

U.S. MARKET PARTICIPANTS

U.S. Producers

During the original investigations, six firms supplied the Commission with information on their U.S. operations with respect to PET film, accounting for the vast majority of U.S. production of PET film in 1990.[108] In these current proceedings, the Commission issued producers' questionnaires to nine firms, all provided the Commission with information on their PET film operations. These firms are believed to account for the vast majority of U.S. production of PET film in 2010. Presented in table I-4 is a list of current domestic producers of PET film and each company's position on continuation of the orders,

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[101] Staff plant visit, DuPont Teijin, Hopewell, VA, August 26, 2008.

[102] The Global Association of Manufacturers of Polyester Film (AMPEF), http://www.ampef.com/, retrieved September 29, 2008.

[103] *Polyethylene Terephthalate Film, Sheet, and Strip from Japan and the Republic of Korea: Invs. Nos. 731-TA-458-459 (Final)*, USITC Publication 2383, May 1991, p. 8. By defining the domestic like product to include equivalent PET film, or PET film with at least one surface coated with a resinous layer more than 0.00001 inch thick, the Commission expanded its definition beyond Commerce's scope of the subject merchandise. Ibid., p.15. Equivalent PET film, which is PET film that is thickly coated during the production process, is used primarily for photographic applications.

[104] See DuPont/Mitsubishi joint response, August 20, 1999, p. 13. See also *Polyethylene Terephthalate Film, Sheet, and Strip from Japan and the Republic of Korea: Invs. Nos. 731-TA-458-459 (Final*), USITC Publication 2383 (May 1991), p. 5.

[105] *Polyethylene Terephthalate (PET) Film From Korea: Inv. No. 731-TA-459 (Review), USITC Pub. 3278 (February 2000)*, p. 5.

[106] Ibid.

[107] See DuPont/Mitsubishi joint response, March 23, 2005, p. 13.

[108] The six U.S. producers that supplied the Commission with usable questionnaire information during the original investigations were: ***.

production location(s), related and/or affiliated firms, and share of reported production of PET film in 2010.

As indicated in table I-4, six U.S. producers are related to foreign producers of the subject merchandise and two (***) are related to U.S. importers of the subject merchandise. In addition, as discussed in greater detail in Part III, two U.S. producers, (***), directly import the subject merchandise from Korea and two (***) purchase the subject merchandise from U.S. importers.

Table I-4
PET film: U.S. producers, positions on the orders, U.S. production locations, related and/or affiliated firms, and shares of 2010 reported U.S. production

Firm	Position on continuation of the orders	U.S. production location(s)	Parent company	Share of production (*percent*)
3M	***	St. Paul, MN Decatur, AL Greenville, SC	3M, St. Paul, MN	***
Curwood/Bemis	***	Oshkosh, WI	Bemis Company, Neenah, WI	***
Carestream	***	Windsor, CO	Onex Corp., Toronto, Canada	***
DuPont Teijin[1]	***	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[2]	***	Rochester, NY	Eastman Kodak Co., Rochester, NY	***
Mitsubishi[3]	***	Greer, SC	Mitsubishi Polyester Film Corp., Tokyo, Japan	***
SKC	***	Covington, GA	SKC Co., Ltd., Seoul, Korea	***
Terphane[4]	***	Bloomfield, NY	Terphane Holding Corp., Bloomfield, NJ	***
Toray	***	North Kingston, RI	Toray Industries Inc., Tokyo, Japan	***

[1] DuPont is affiliated with ***.
[2] Kodak is affiliated with ***.
[3] Mitsubishi is affiliated with ***.
[4] Terphane is affiliated with *** and ***.

Note.–Because of rounding, shares may not total to 100.0 percent.

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

U.S. Importers

In the original investigations, 30 U.S. importing firms supplied the Commission with usable information on their operations involving the importation of PET film, accounting for over *** percent of the subject imports from Japan and Korea in 1990.[109]

In the current proceedings, the Commission issued importers' questionnaires to 26 firms believed to be importers of PET film, as well as to all U.S. producers of PET film. Usable questionnaire responses were received from 11 companies, representing *** percent of total imports from Korea and *** percent of imports from all sources during 2010. Table I-5 lists all responding U.S. importers of PET film from Korea and other sources, their locations, and their shares of U.S. imports in 2010.

Table I-5
PET film: U.S. importers, source(s) of imports, U.S. headquarters, and shares of imports in 2010

* * * * * * *

U.S. Purchasers

The Commission received 21 usable purchaser questionnaire responses from firms that bought PET film during January 2005-March 2011. Twelve purchasers were processors, six were end users, and four were distributors. Seven responding purchasers were located in the Midwest, eight were located in the Mid-Atlantic or New England, and six were located in the Southeast. Large purchasers include ***.

APPARENT U.S. CONSUMPTION

Data concerning apparent U.S. consumption of PET film during the period for which data were collected in this proceeding are shown in table I-6.

Table I-6
PET film: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 2005-10, January-March 2010, and January-March 2011

* * * * * * *

U.S. MARKET SHARES

U.S. market share data are presented in table I-7.

Table I-7
PET film: U.S. consumption and market shares, 2005-10, January-March 2010, and January-March 2011

* * * * * * *

[109] BPI Staff Report, May 13, 1991, pp. A-24-A-35.

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

PET film has numerous and varied end uses, resulting in different supply and demand trends for different segments. Purchasers often reported some supply tightness in the U.S. market, especially in the last year, although domestic interested parties stated that since March 2011, product availability has increased.

U.S. MARKET SEGMENTS AND CHARACTERISTICS

Types of PET film

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.[1]

As discussed in part I, PET film can be produced in both thick and thin gauges. Kolon described thin PET films as ranging from 0 to 200 gauge, and generally used in packaging and magnetic tape applications. It further described PET films with a thickness of over 200 gauge as thick, and as typically used for electrical, solar, and optical display applications.[2] ***[3] described global thick film demand as *** in 2009, and forecast it would rise to *** in 2014. It estimated that global thin PET film demand was *** in 2009, and forecast that such demand would rise to *** in 2014.[4]

Additionally, PET film can be produced for large-run "commodity" markets or for more specialized uses. DuPont Teijin described specialty PET film products as those with unique properties, usually commanding higher prices. It described commodity products as those that are produced and sold in large runs, and gave the example of 48-gauge treated PET film.[5] Kolon stated that commodity-grade PET film is typically between 48 and 92 gauge, and used in packaging and industrial applications such as hot stamping foil, pressure sensitive labels, photo resist, metallic yarns, adhesive tape, plastic cards, labels, laminated films, and flexible food packaging.[6]

However, domestic interested parties stated that it is difficult to make absolute statements about thick or thin PET film, or particular PET film segments, always falling under commodity vs. speciality categories,[7] adding that commodity films come in thick and thin widths and with a variety of treatments. They explained that while packaging and thermal lamination are usually considered commodity categories, some packaging films (such as packaging for medical devices) can be specialty films.

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[1] *Polyethylene Terephthalate Film, Sheet, and Strip from India and Taiwan, Inv. Nos. 701-TA-415 and 731-TA-933 and 934 (Review)*, USITC Publication No. 3994 (Apr. 2008). (Hereinafter, PET Film Review, USITC).

[2] Kolon's posthearing brief, p. 16.

[3] ***.

[4] Kolon's prehearing brief, exhibit 3, ***.

[5] Hearing transcript, p. 90 (Kasoff). Bemis named 48-gauge PET film as the primary product used in producing flexible packaging. Hearing transcript, p. 131 (Michalkiewicz).

[6] Kolon's posthearing brief, p. 21.

[7] Hearing transcript, pp. 47-48 (Kasoff) and p. 66 (Winn), and domestic interested parties' posthearing brief, p. 15.

Domestic interested parties also described specialty PET film as accounting for *** percent of U.S. production, *** percent of Korean production, and *** percent of global production.[8]

Types of producers

U.S. PET film producers fall into two categories: producers primarily or solely for the merchant market (DuPont Teijin, Mitsubishi, SKC, Terphane, and Toray) and producers primarily or solely for captive consumption (Bemis, Carestream, Kodak, and 3M). Kodak and 3M do have sales to the merchant market as well as their larger captive consumption. The producers that 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.[9]

Geographic Markets

Most U.S. producers and importers shipped PET film to multiple regions of the United States and over medium-to-long distances. Five U.S. producers[10] reported that a majority of their sales was 101-1,000 miles from their storage or production facilities, while *** reported that a majority of *** sales was more than 1,000 miles from their production facilities. *** reported that *** of its sales was more than 1,000 miles and *** percent was between 100 and 1,000 miles from *** production facilities. Among importers, *** reported that almost all of its sales were less than 100 miles from its *** while *** reported that all of it sales were between 100 and 1,000 miles from its ***.

Geographic Locations

Five producers sold to a national (i.e., at least continental United States) market, with two producers (***) and two importers selling to at least three national regions.[11]

Channels of Distribution

As shown in table II-1, the majority of PET film shipments by U.S. producers and importers of product from Korea and nonsubject countries is sold directly to end users, except for the 2006-07 shipments of nonsubject country product.

Table II-1
PET film: U.S. producers' and importers' U.S. commercial shipments, by sources and channels of distribution, January 2005-March 2010

* * * * * * *

[8] Domestic interested parties' posthearing brief, pp. 15-16.

[9] PET Film Review, USITC. SKC stated that the captive consumption share of the PET film market has been shrinking. Hearing transcript, pp. 21 and 69 (Byerson).

[10] *** submitted producers' and importers' questionnaires. For purposes of this chapter, and unless otherwise noted, ***.

[11] ***. Additionally, ***.

U.S. producers and importers often sell to converters, which are processors that take the PET film and add additional coatings or treatments before selling it to an ultimate user.[12] Bemis, a supplier of packaging and pressure-sensitive materials, is an example of a U.S. converter.[13] Historically, there have also been some sales to a small distribution network and direct sales to ultimate users. Sales to distributors tend to be for lower-priced, more common-grade film that can be sold into multiple end-use markets.

Some PET film coatings are applied at the producers' plants while others are applied at the processors, depending on 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.[14]

U.S. Purchasers

The Commission received responses from 21 purchasers[15] that reported purchases accounting for 9.1 percent of the volume of U.S. producers' total U.S. shipments in 2010 and 38.0 percent of U.S. importers' U.S. shipments of subject Korean product in 2010.[16] Twelve purchasers were processors, six were end users,[17] and four were distributors.

Four distributors reported competing with their PET film suppliers, with two specifying that customers that can meet large minimum order requirements may solicit the producer directly. *** added that its suppliers directly approach its customer base for sales. Distributors reported selling PET film to industrial users, packaging users, and converters.

Eight processing purchasers reported that they perform some processing that can also be performed by PET film producers. These purchasers listed coating, corona-treating, slitting, and metallizing as processing that could also be performed by producers. However, *** reported applying *** onto PET film in order to make ***.

SUPPLY AND DEMAND CONSIDERATIONS

Supply

U.S. Supply

Based on available information, U.S. PET film producers have the ability to respond to changes in demand with limited changes in the quantity of shipments of U.S.-produced PET film to the U.S. market. The main contributing factors to the low degree of responsiveness of supply are high capacity utilization, few export markets, few production alternatives, and moderately low inventories. This

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[12] Hearing transcript, p. 97 (Eckles).

[13] Hearing transcript, pp. 128-129 (Michalkiewicz).

[14] *Polyethylene Terephthalate Film, Sheet, and Strip from India and Taiwan, Inv. Nos. 701-TA-415 and 731-TA-933 and 934 (Final)*, USITC Publication No. 3518 (June 2002), p. II-2.

[15] Purchasers' purchase data show that, from 2008 to 2010, purchases from U.S. producers were relatively flat, purchases from Korean producers (subject and nonsubject separately and together) declined, and purchases from nonsubject countries increased. Some purchasers could not provide data for earlier years.

[16] Purchaser purchases from nonsubject countries accounted for 143.5 percent of U.S. shipments of nonsubject imports in 2010, likely indicating an error in the data.

[17] *** described coating PET film and converting it into other products; staff classified it as an end user.

analysis is subject to change depending on how quickly the new Uflex plant is able to begin producing substantial quantities of PET film.[18]

Industry capacity

Domestic interested parties described PET film production as requiring high capacity utilization in order to absorb high fixed costs and be profitable.[19] U.S. capacity utilization is high as capacity has been decreasing. Additionally, producers have been changing their PET film lines to produce new PET film products, including optical display products.[20] U.S. producers' capacity utilization was above 86.5 percent from 2005 through 2008, before falling to 76.8 percent in 2009 and then rising back to 86.2 percent in 2010. Total U.S. capacity fell from over *** in 2005 to *** in 2010, and is on pace to fall again in 2011.[21]

Mitsubishi stated that it built a high-capacity line to produce commodity-grade PET film in 2003, and was "punished" for doing so because of competition from lower-priced imports. It stated that since then, it has focused its efforts on higher value-added film (as well as reprocessing PET film and upgrading existing lines).[22] On the other hand, purchaser Bemis described moving from 80 percent of its PET film purchases coming from U.S. producers in 2009 to 58 percent in 2010 and an anticipated 25 percent in 2011. It stated that it did so not because of the lower price of imports (adding the imports were more expensive), but because U.S. producers (including Dupont Teijin and Mitsubishi) had made a strategic decision to produce higher-end products rather than the 48-gauge PET film that it purchases.[23]

Product/marketing trends

Two producers stated that they had not observed any significant changes in the product range, product mix, or marketing of PET film, and did not anticipate any such changes. *** had seen changes, but did not anticipate future changes.

The four producers that had seen changes cited a movement away from the traditional, often lower-end PET film applications and toward newer, sometimes larger gauge and/or more profitable, applications. ***, which answered that it had not seen changes, nonetheless noted there had been some shift in manufacturing capacity to make high-end products, even as the market demand for lower-end products had not changed. *** described itself as constantly improving its product line, and cited recent new applications for its PET film in electronic displays, photovoltaic cells, food packaging, and electronics. It added that basic PET film products also require constant improvements to continue competing on price and quality. However, it also alleged that competition from imports in the lower-priced end of the product range had forced the exit of domestic producers from these products as well as decreasing the ability of *** to provide technical support and as much continued investment as it would

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[18] See "Availability of Supply" below and part III.

[19] Hearing transcript, pp. 28 (Kasoff) and 63 (Byerson). Additionally, Toray noted that the mix of product produced (e.g., thick film vs. thin film) can affect capacity. Hearing transcript, p. 76.

[20] Domestic interested parties reported that 2011 U.S. capacity to produce PET film for optical display products (LCDs and LEDs) is at least *** million pounds higher than 2010 production. They added that ***. Domestic interested parties' posthearing brief, pp. 10 and 12.

[21] DuPont Teijin attributed the closure of its lines to rationalization in response to competition from low-priced imports. It described the closed lines as otherwise acceptable. Hearing transcript, p. 73 (Kasoff).

[22] Hearing transcript, pp. 58-59 (Winn).

[23] Hearing transcript, pp. 133-34, 148 (Michalkiewicz). ***.

like. *** described magnetic media, once one of the largest PET film segments, as having mostly disappeared. It stated that demand for PET film for packaging in China and India had absorbed a lot of the PET film supply (that once went to magnetic media) in those countries. However, it also stated that when those countries were in oversupply situations, those countries' PET film producers look to supply the U.S. market. It described the most common product in the market as still the "commodity" plain corona-treated PET film. It added that coated release films are a growing product in the industrial segment, and that PET film is being used in the solar market in part as a substitute for Tedlar, a more expensive product. *** indicated that more PET film distributors had entered the market to handle the increased supply of imported product, but *** stated that channels of distribution had not changed.

Three producers (***) anticipated changes in product mix, range, or marketing. *** forecast new applications for packaging, optical (as products produced in Japan, Korea, and Taiwan are once again manufactured in the United States), and solar end uses. It added that it had introduced ***.

Alternative markets

Export shipments represented less than 6.5 percent of U.S. producers' shipments every year from 2005 to 2010, and were on a similar pace in the first quarter of 2011.

Four producers did not identify any tariff or nontariff barriers for their exports of PET film, but two did, noting that other countries and regions (including Brazil and Europe) had higher duties than the United States. WTO commitments for major world economies' tariffs on HS 3920.62 include the United States at 4.2 percent, China at 6.5 percent, the EU at 4.3 percent, Japan at 4.8 percent, and Korea at 6.5 percent.[24]

U.S. producers generally described exporting as difficult and/or undesirable. *** reported that ***. *** described initial qualification in other countries as difficult barriers to overcome, and *** stated that attempting to export PET film would come with a significant cost and little immediate benefit. *** described its U.S. plants as having a limited breadth of product capabilities, and requiring significant investment to be able to produce a wide range of products for export.

Inventory levels

U.S. producers' inventories as a ratio to production were relatively stable and moderately low over 2005 to 2010, but showed a small decrease in 2010 and the first quarter of 2011. SKC forecast higher inventory levels, attributing the anticipated increase to customers purchasing more imported PET film.[25]

Production alternatives

***. SKC explained that while it switch production among variety of PET film types on its production lines, it could not produce products made of different materials, such as nylon and polypropylene.[26]

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[24] See www.wto.org.

[25] Hearing transcript, p. 26 (Byerson).

[26] Hearing transcript, p. 22 (Byerson).

Subject Imports from Korea

Based on available information, Korean producers have the ability to respond to changes in demand with moderate changes in the quantity of shipments of PET film to the U.S. market. The main contributing factors to the moderate degree of responsiveness of supply are high levels of exports, substantial home market shipments, and demonstrated ability to increase capacity, tempered by high capacity utilization, potential difficulties in shifting sales between countries, low inventories, and few production alternatives.

Industry capacity

Data for responding Korean producers suggest that capacity utilization is high, reaching *** percent in 2010. Korean producers identified production line speed and load as constraints on their ability to produce PET film. Nonetheless, capacity increased over 27 percent from 2005 to 2010, and was still being added as recently as 2010.

*** Korean producers cited plant expansions as changes in their operations, with *** explaining that its 2007 and 2010 expansions were driven by ***. *** also reported that they planned further capacity expansion. *** anticipated continued increased demand for specialized PET film used for LCD panels (i.e., optical PET film), solar cells, and protection and release liner of polarizer film, and was installing capacity for those products. *** reported that it was installing new capacity for ***.

Kolon described its capacity as 26 percent (and growing) for optical display PET film, 40 percent for 48-gauge packaging film, 10-13 percent for electrical insulation, and 20-25 percent for industrial uses. It added that most of its exports to the United States are packaging film.[27]

Domestic interested parties alleged that Korean producers will continue to add 150-200 million pounds of PET film capacity in the coming years.[28] Kolon acknowledged planning to add more PET film capacity by 2012, but described such new capacity as dedicated to photovoltaic and optical display products of over 100 microns (400 gauge), i.e., not for commodity PET film production.[29] Kolon added that its sales to the United States have always focused on thin films.[30]

Product/marketing trends

Importers were asked if there had been any significant changes in the product range, product mix, or marketing (including sales over the internet) of PET film since 2005. Two importers had not observed any such changes, but *** reported that, since 2007, demand for optical display PET film has been increasing "dramatically" in China, Korea, and Taiwan, but that there had been no changes in the U.S. market. One importer did not anticipate any changes to the product range, product mix, or marketing (including sales over the internet) of PET film in the future, but *** did (citing increased Asian demand for optical PET film). *** also anticipated more industrial segment demand for PET film in the U.S. market.

*** Korean producers stated that there had been significant changes in the product range or marketing of PET film since 2005, with *** citing the increased demand for optical PET film used in flat panel displays. *** anticipated more changes in the product range of PET film, citing increased uses for

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[27] Hearing transcript, pp. 146-47 (Lee).

[28] Hearing transcript, pp. 32-34 (Wynn).

[29] Hearing transcript, p. 150 (Kim).

[30] Kolon's posthearing brief, pp. 25-26.

high quality and special purpose PET film. *** added that it did not anticipate these changes in the U.S. market.

Alternative markets

*** reported commercial shipments to the United States, the EU, and Asia, in addition to home market shipments. *** reported that it had not increased its exports to any markets since 2005. However, *** reported increased exports to Asia due to increased demand. Korean producers did not report any barriers to their exports in other countries.

Korean producers stated that they could shift sales between the United States and other markets. ***. However, *** noted that it has ongoing relationships with non-U.S. customers that it would not want to disrupt by shifting sales. *** added that the PET film it exports to the U.S. market consists mainly of general- and industrial-use PET film. It explained that it sells PET film for those segments in other countries, but could only shift if different customer specifications are met. Additionally, *** stated that the product range, mix, and marketing of PET film for the Korean market is the same as that produced for export to the United States and third countries, while *** stated that the markets were different in the respects described above. *** stated that the PET film that their firms produce for their home market is interchangeable with the PET film produced by their firms for export.

Three Korean importers described shifting their sales between the U.S. and other countries' markets as difficult. *** stated that purchasers in the U.S. market are not likely to change suppliers frequently. Instead, purchasers value reliability and assurance of supply over time, and are not likely to return to suppliers that fail to supply reliably. *** provided the example of the Japanese market as a market that is difficult to enter because it already has PET film suppliers that have established relationships with purchasers. *** stated that the majority of its sales are outside the United States, and added that shifting to the United States would be difficult.

At the hearing, respondent interested parties reported that Korean PET film is not subject to antidumping duties in third-country markets, and that in October 2008, Korea has imposed antidumping duties on PET film from China and India.[31] At the end of 2010, Chinese antidumping duties on Korean PET film ended, and Kolon has attempted to sell PET film in China since then.[32]

Inventory levels

Data for responding Korean producers suggest that Korean inventories as a share of production shrank over 2005 to 2010 and are currently at relatively low levels.

Production alternatives

Korean producers reported that they did not produce other products with the same equipment and workers used to produce PET film. They also reported that they could not switch to producing other products with the same equipment used to produce PET film. At the hearing, Kolon stated that its production lines that produce photovoltaic and optical display PET film can not produce PET film of less

[31] Korea is scheduled to review those duties this year. Hearing transcript, pp. 137 (Goldfeder) and 202-203 (Kim).

[32] Hearing transcript, p. 179 (Kwon).

than 400 gauge, precluding them from producing 48-gauge PET film, the most common packaging film.[33] However, domestic interested parties stated that thick PET film lines can produce products other than optical display film, and submitted several Kolon product information sheets for thick PET film products produced by Kolon and designed for use in packaging and industrial uses.[34] Kolon also stated that while it has traditionally produced packaging PET film for the U.S. market in Korea, those lines are being diverted to produce release liner PET film for LCD screens.[35]

Factors Affecting Supply

Purchasers were more likely than producers and importers to describe PET film supply changes, and especially to emphasize supply shortages. In the questionnaires, U.S. producers, importers, and purchasers were asked if there have been any changes in factors affecting the supply of U.S.-produced PET film.[36] Four producers, ***, and two purchasers answered "No," while four producers, *** importers, one foreign producer, and 15 purchasers answered "Yes."[37]

Among producers reporting changes in factors affecting supply, *** cited DuPoint Teijin closing plants in Florida and Ohio, and *** cited the order on Chinese PET film as having had a significant impact on pricing until the economic downturn of 2008-09. *** noted that hurricanes in the Gulf of Mexico region can affect the supply of raw materials to PET film producers, although it added that its own emergency preparedness plans had allowed it to avoid difficulty during Hurricanes Katrina and Rita. Importer *** indicated that U.S. PET film capacity was decreasing and cited DuPont Teijin's 2009 announcement to close PET film plants in 2010 due to decreased demand. ***.

Purchasers named a wide variety of factors affecting supply. *** stated that PET film producers are shifting their capacity toward thicker films, which they described as easier and/or more profitable to produce. *** added that global demand for 18-gauge PET film is now higher than global supply. *** stated that U.S. producers have increased prices despite no proportional increase in costs, broken supply agreements, and threatened to cut off supply to certain purchasers. *** indicated that higher input costs plus U.S. producer product shifting (away from traditional converter markets and into optical and solar applications) has led to a doubling of prices, and added that the Japanese tsunami of 2011 destroyed large parts of the Japanese capacity to produce PET film. *** described most U.S. producers as no longer producing PET film suitable for its uses. Similarly, *** stated that U.S. PET film with "acceptable" lead times was in limited supply. *** also indicated that U.S. producers' capacity was not enough to meet demand, with *** adding that U.S. producers no longer produced significant quantities of 36- and 48-

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[33] Hearing transcript, p. 125 (Kwon). Domestic interested parties stated that such lines could produce other thick films, which they described as representing 25-35 percent of U.S. PET film production. Hearing transcript, p. 207 (Meltzer).

[34] The information sheets described the products as available in gauges ranging from 36 or 48 up to 600 or 1,000. Domestic interested parties' posthearing brief, p. 11 and attachment 1.

[35] Hearing transcript, pp. 128 (Lee) and 162 (Park).

[36] Factors identified as affecting supply include changes in the availability or prices of energy or labor; transportation conditions; production capacity and/or methods of production; technology; export markets; or alternative production opportunities that affected the availability of U.S.-produced PET film in the U.S. market since 2005.

[37] One importer that answered "Yes" commented on factors affecting the supply of imported PET film in the U.S. market, citing increased production of PET film in other countries.

gauge corona- and chemical-treated PET film.[38] *** described 2010 as a year of demand recovery while supply was reduced.[39]

Korean producer *** reported no changes in factors affecting the supply of Korean PET film in the U.S. market, but *** reported increased demand for high quality and special purpose PET films, ***. *** foresaw no change in subject supply while *** described ***. ***.

Availability of Supply

Four U.S. producers did not anticipate any changes in the availability of U.S.-produced PET film, but three did. Among those three, *** cited the announced intentions of Indian PET film producers Uflex and Polyplex to build U.S. plants. *** also reported the Uflex announcement, and added that it expects U.S. demand to increase by 3.7 percent through 2015. It reported considering whether to increase production, noting that it believes several of its competitors are also doing so. It indicated that whether antidumping duties on Korea are maintained will play a role in its decision. Kolon stated that the new Uflex plant will produce mostly thin-gauge packaging film.[40] However, domestic interested parties forecast that, due to financing issues and the time it takes to start a new PET film line, the Uflex line would not be fully operational until mid-2013.[41]

Two importers did not anticipate any changes in the availability of Korean PET film in the U.S. market, but importer *** anticipated a decrease in that availability as it forecast that Korean producers would be more likely to supply the growing and closer Chinese market. ***.

Two U.S. producers did not anticipate any changes in the availability of nonsubject PET film, but four did. *** anticipated increased supply due to increasing foreign capacity, primarily in India and China but also in Mexico, Thailand, the UAE, and Japan. *** stated that between 2005 and 2010, 78 production lines began in nonsubject countries (along with 5 new lines in Korea from Toray and HSI). It further described 2010 as an "unusual year" in which temporary supply shortages may have existed not only in the United States but worldwide,[42] but these shortages were due to inventory rebuilding and speculative demand. It anticipates that in the near future, global capacity will exceed global demand.[43]

Among importers, one did not anticipate any change in the availability of nonsubject PET film, but *** did. *** indicated that its primary supplier was phasing out a PET film product. *** reported that several countries, most notably the UAE, Mexico, Turkey, and China, had added new or additional production capacity. ***. Kolon described Uflex's new (since 2009) Mexican production facility as currently having *** of thin PET film capacity, and expected that capacity to rise to *** in 2014. It stated that it was reasonable to attribute the increase in Mexican exports of PET film to the United States to the Uflex facility in Mexico.[44]

Eleven purchasers were not aware of any new suppliers since 2005, but ten were, citing JBF from the UAE, Chinese and Indian suppliers, and Uflex from Mexico. Two purchasers noted that there were no

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[38] *** specifically cited Dupont Teijin as no longer producing thin (48 to 92 gauge) films.

[39] At the hearing, U.S. producers described recent PET film supply as tight globally, and not only in the U.S. market. For example, see hearing transcript, p. 37 (Winn).

[40] Kolon's posthearing brief, p. 32.

[41] Domestic interested parties' posthearing brief, p. 29.

[42] Purchaser Bemis, which generally reported more shortages of U.S. PET film than of Korean PET film, also indicated that shortages in 2010 were a global phenomenon. Hearing transcript, p. 202 (Michalkiewicz).

[43] Additionally, Mitsubishi described "speculative capital" (as opposed to interests with particular expertise) as increasingly installing new PET film capacity worldwide. Hearing transcript, p. 36 (Winn).

[44] Kolon's posthearing brief, p. 60.

new suppliers for the specific PET film that they purchased.[45] Ten purchasers expected new suppliers to enter the U.S. market, and nine did not. Those that did cited the announced construction of a Uflex plant in Kentucky or the ongoing supply constraints in the U.S. market.

U.S. Demand

Based on available information, overall U.S. demand for PET film is likely to experience moderately low changes in response to changes in price.[46] The main contributing factors are a lack of many substitutes tempered by PET film's highly variable cost shares of final products.

Available data indicate that total apparent U.S. consumption of PET film decreased from 2006 to 2009, but has rebounded somewhat in 2010, although still remaining below 2007 levels. Toray described the U.S. PET film market as containing several large U.S. converters as customers, making the U.S. market attractive to sellers that hope to sell large volumes of the same product to a few customers.[47]

Demand Characteristics

PET film has a wide variety of end uses spanning an array of different markets. Generally, market participants described end uses in the solar and optical display segments as the fastest-growing, while end uses in magnetic media are disappearing. The Association of Manufacturers of Polyester Film (AMPEF) identified five end-use segments for PET film, which are summarized in the following tabulation:[48]

[45] While seven purchasers had not changed their suppliers since 2005, 15 other purchasers had. While some purchasers stated that they did not change suppliers frequently, those that did change suppliers had usually changed more than once, and for a variety of reasons including supply constraints, price, availability, and antidumping duties.

[46] Toray described PET film demand as inelastic, adding that when prices fell, its sales volumes did not rise much. Hearing transcript, p. 42 (Eckles).

[47] Hearing transcript, p. 75 (Eckles).

[48] *Polyethylene Terephthalate Film, Sheet, and Strip from India and Taiwan, Inv. Nos. 701-TA-415 and 731-TA-933 and 934 (Final),* USITC Publication No. 3518 (June 2002), p. II-8.

Category	Applications
Electrical	Motor wire and cable, transformer insulation films, capacitors, thermal printing tapes, membrane touch switches, and flexible printed circuit films
Packaging	Food packaging general uses, film for flexible pouches, peelable seals, lids, snacks, barrier films, can laminations, and vacuum insulation panels
Imaging	Microfilm, printing and pre-press films, color proofing, printing plates, drawing office drafting film, overhead transparencies, X-ray films, instant photos, business graphics, and wide format displays
Industrial	Hot stamping foil, release films, photo resist films, metallic yarns, adhesive tapes, plastic cards, labels, lamination films, brightness enhancement films (computer screens), solar/safety window films, medical test strips, and miscellaneous uses
Magnetics	Videotape, audio cassette tape, floppy disks, and advanced high-density computer storage media

At the hearing, SKC described the diverse packaging and industrial segments as the largest U.S. segments of PET film consumption, and added that magnetic media has "all but disappeared" as imaging has faded as well. However, SKC also noted that use of PET film in electrical and display applications had increased.[49] Also at the hearing, Kolon described demand in the newer optical display and solar segments as concentrated in Asia, with little demand for optical display and solar PET film in the United States.[50] Domestic interested parties stated that there was a U.S. market for optical display PET film, but that such film was consumed in the production of intermediate goods that are subsequently exported to Japan, China, Korea, or Taiwan.[51] Kolon added that the downstream products that use optical display PET film also use other PET film products, such as release liner film. It gave the example of an LCD screen that requires two to three types of optical display PET film as well as four types of release liner PET film.[52]

U.S. and Korean producers reported their shipments to the five AMPEF markets, as well as to the newer optical display segment. Their responses are summarized in tables II-2 and II-3 and figure II-1.

Table II-2
PET Film: End use markets by firm

* * * * * * *

Table II-3
PET Film: End use markets as a percent of 2010 shipments

* * * * * * *

[49] Hearing transcript, pp. 19-20 (Byerson).

[50] Hearing transcript, pp. 123 (Kwon) and 177 (Lee). ***.

[51] Domestic interested parties' posthearing brief, p. 11.

[52] Hearing transcript, p. 128 (Kwon).

Figure II-1
PET Film: End use markets as a percent of 2010 shipments

* * * * * * *

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[53] estimated that PET film's cost share varies by end-use application, as shown in table II-4.

Table II-4
PET film: End uses and PET film of total cost of end-use product

* * * * * * *

Four producers and *** importers stated that there had not been any changes in the end uses of PET film since 2005. However, one of those producers, *** stated that while the end uses have remained the same since 2005, the growth rate has varied across end uses. Three producers described changes in end uses. *** stated that PET film in solar voltaic cells had increased dramatically while floppy disks were no longer produced in the United States. Similarly, *** described the "once large" magnetic media end use as almost disappearing, and the imaging market as declining. However, it added that solar, liner, label, and optical end uses had seen increasing demand. *** also described increasing demand from the solar and industrial end-use markets. Among importers, *** described demand for optical PET film used in LCD and plasma displays as increasing in Asia, but added that demand for PET film in the United States had not changed since 2005.

Eight purchasers stated that there had not been any changes in the end uses of PET film since 2005, with one purchaser specifying no changes in PET film uses in thermal transfer ribbons. However, six did report changes, citing increased PET film use in flat screen displays, solar panels, medical applications, consumer electronics, television touch screens, and stand-up packaging.

Six producers, ***, and eleven purchasers did not anticipate any changes in end uses. However, producer *** anticipated that polyester's history as a highly-demanded substrate would mean that new end uses would be developed in the future. Importer *** anticipated higher demand for industrial end-use applications. Importer *** described the end uses for solar, release liner, and optical display PET film as having been developed in Korea, and anticipated that demand for those products would continue to grow in Asia, but not in the United States. Purchaser *** anticipated more demand for PET film for solar end uses, and purchaser *** foresaw more PET film use in flexible packaging.

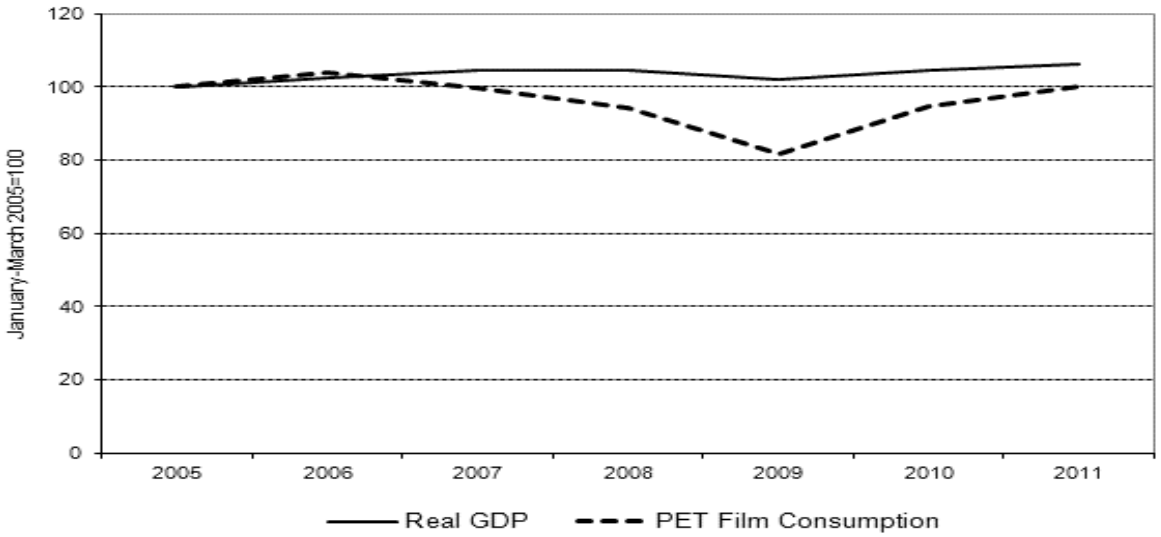
Demand Trends

Questionnaire respondents generally reported that demand for PET film varied widely by segment, with optical and solar segments as the fastest growing, packaging and industrial growing, and magnetic media disappearing. Some questionnaire respondents linked PET film demand to wider economic trends, such as growth in GDP. Real GDP growth was 2.9 percent in 2010, and the Blue Chip consensus forecast

[53] Among purchasers, *** listed optical end uses as its top end use for PET film, and *** listed solar control window film as its top end use for PET film. No other responding purchasers reported solar or optical end uses as one of their top three end uses for the PET film that they purchased and used as a component in another product.

for 2011 growth is 2.9 percent.[54] Figure II-2 shows trends in real GDP growth and U.S. PET film consumption (by quantity).

Figure II-2
PET Film: Real GDP and PET Film Consumption, 2005-2011 (Estimated)



Source: Table C-1 (quantity of consumption with annualized 2011 values) and BEA.

At the hearing, Toray stated that recent economic forecasts are for lower growth than predicted a few months ago, and concluded that such slower growth would lead to less demand for PET film.[55] Conversely, Kolon forecast stable demand for the next three years as the United States exited the recession.[56] Purchaser Bemis noted that demand for its flexible packaging products was somewhat recession-proof, as during recessions, consumers are more likely to eat at home, increasing the likelihood that they would buy packaged food in supermarkets.[57]

Historical demand

Questionnaire respondents generally described demand as having increased from January 2005 to March 2011, driven by stronger demand from particular final products, especially solar, optical display, and packaging.

Eight purchasers reported that demand for their firm's final products incorporating PET film had increased since 2005, while one reported that it had decreased and one reported that it had fluctuated. Nine purchasers indicated that these changes in demand for their firm's final products had affected their own firm's demand for PET film, while one indicated that it had not. Most of the nine purchasers indicating a change described increased demand, but *** described decreased demand for ***.

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[54] *Blue Chip Economic Indicators,* Vol. 36, No. 4. April 10, 2011.

[55] Hearing transcript, pp. 43-44 (Eckles).

[56] Hearing transcript, pp. 152 (Lee) and 153-54 (Goldfeder).

[57] Hearing transcript, p. 155 (Michalkiewicz).

Three producers reported that demand for PET film had increased since 2005, three reported that it had fluctuated, one reported that it had not changed, and one reported that it had decreased. These answers usually depended on which segments the producers in question were describing. *** described lower demand for PET film for photographic applications. *** described low ("single-digit") growth for lower-end PET film products, but higher growth for solar and optical PET film. *** noted higher demand for display products, but also noted that economic conditions had fluctuated. *** described increased packaging segment demand as related to population growth, but also noted that magnetic media demand had decreased. *** described growing demand from markets such as LCD panels, solar cells, digital printing, and packaging, but decreased demand from magnetic media. *** stated that demand had grown by approximately 60 kilotons over 2005 to 2010. It added that packaging had grown 45 kilotons, industrial 30 kilotons, optical and solar panels 15 kilotons. However, magnetics, electrical, and imaging demand had shrunk about 30 kilotons. It added that U.S. optical demand is smaller than in Asia, but growing nonetheless. Toray described demand as not having seen significant growth, although individual segments had seen larger fluctuations.[58]

Among importers, *** described U.S. demand as fluctuating since 2005, as manufacturing firms that use PET film (particularly in the industrial segment) have moved outside the United States, and as the financial crisis has decreased demand. On the other hand, *** indicated that U.S. demand had increased because of increased demand from the industrial segment.[59] ***. *** saw no change in U.S. demand.

Eighteen purchasers stated that U.S. demand for PET film had increased since 2005, while three stated that it had decreased. Among those citing an increase, *** described increased environmental awareness as driving higher demand for PET film in flexible packaging, and increased digital photography driving higher demand for PET film in photographic ribbon. *** cited increased production of flat panel displays, television touch screens, and solar panels as increasing demand for PET film, with *** specifying that thicker PET film was required for these applications. *** indicated that demand for PET film used in release liner applications had increased. *** stated that demand for PET film used in packaging and/or flexible packaging had increased, although *** added that industrial demand for PET film had fallen due to broader economic conditions. *** described increasing GDP as the principal factor behind increased PET film demand.

The three purchasers describing a decrease in U.S. demand for PET film cited lower photographic demand (***) and the offshoring of U.S. manufacturing customers for PET film (***).

Additionally, among foreign producers, *** described U.S. demand for PET film as having fluctuated since 2005, citing wider economic changes as well as supply and demand issues specific to PET film. *** described U.S. demand as having increased, along with demand in the rest of the world, due to PET film's many desirable physical qualities. ***.

Future Demand

Many market participants foresaw a continuation of current demand trends, i.e., steady growth overall, with more demand for PET film used in solar, optical display, and packaging end uses. However, some market participants expected demand decreases due to expected poor overall economic conditions or the continued offshoring of PET film purchasers.

Two producers anticipated fluctuating U.S. demand for PET film, two producers predicted no change, one producer anticipated increasing demand, and one anticipated a decrease in U.S. demand. *** anticipated increased demand from the solar, packaging, industrial, and electronic segments while demand

[58] Hearing transcript, p. 62 (Eckles).

[59] In answer to another question, *** indicated that it included solar applications, i.e., photovoltaic, in the industrial category.

would decrease LCD and other electrical segments.[60] *** forecast continued lower demand for photographic PET film. *** predicted that U.S. PET film would grow at roughly the rate of U.S. GDP growth, i.e., an estimated 3-4 percent per year. *** anticipated that total U.S. PET film demand would grow 3-5 percent per year, with packaging PET film demand growing 2-4 percent and industrial release PET film demand growing at 4-6 percent per year.

*** importers saw future U.S. demand increasing, while *** saw future demand fluctuating, depending on how the U.S. economy and PET film-consuming industries fare. *** forecast increased demand for industrial (including solar) applications, and *** forecast increased demand for its energy-conserving products. ***.

Thirteen purchasers anticipated an increase in U.S. demand for PET film, four anticipated fluctuating demand, and two anticipated a decrease in demand. Seven of the purchasers anticipating an increase cited growth in the flexible packaging market, while others anticipated growth in solar, industrial, electronic, photo ribbon, bottled beverage, and release liner segments. Additionally, one purchaser cited increased general U.S. economic growth. Those purchasers anticipating a decrease in demand expected continued offshoring of U.S. durable goods manufacturing, continued low growth in U.S. construction and manufacturing markets, and increased substitution away from PET film due to high PET film prices. Those expecting fluctuating demand cited possible continued offshoring of U.S. manufacturing, long-term demand growth crimped by occasional market overreactions, and the lack of a "suitable plan" to develop the U.S. solar industry.

Among Korean producers, *** anticipated increasing U.S. demand for PET film from the "technology" industry, while *** predicted fluctuating U.S. demand (along with demand from the rest of the world) due to uncertainties about economic conditions in the downstream industries that purchase PET film. ***.

Business Cycles

Most producers and purchasers described the U.S. PET film market as one that is subject to distinctive business cycles or conditions of competition, although their characterization of these distinctive conditions varied. They also expected continuing changes to the conditions of competition in the PET film market.

Six producers stated that the PET film market is subject to business cycles distinctive to PET film. *** stated that historically, large capacity changes have led to large price swings. Similarly, *** described global capacity increases as likely having an adverse affect on future prices and profits. On the other hand, it added that during the recession, PET film purchasers had reduced inventories, but were currently restocking. *** indicated that one important PET film market condition was substitution with polypropylene, a substitution that depended on raw material prices and import competition. *** described the PET film industry as having had cyclical peaks in 1995-1996 and also in 2010 to the beginning of 2011. It also anticipated that rising global capacity combined with mature, slow U.S. demand would lead to cyclical lows until demand catches up to capacity.

Importers were less likely to describe the PET film market as having distinctive business cycles. *** indicated that the PET film market was not subject to distinctive business cycles. *** indicated that it was, citing both general economic conditions and the conditions in the PET film market.

Twelve purchasers stated that the PET film market is subject to distinctive business cycles, while six thought that it is not. Among those describing distinctive business cycles, *** explained that the product life cycle of products using PET film can last from 5 to 20 years. *** described PET film as being subject to capital investment cycles of 6-10 years. *** estimated that the development of new product

[60] ***.

applications takes 1-5 years. *** predicted that flat panel display and solar demand growth would last ten years. *** described PET film's business cycle as depending on the global supply and demand balance for PET film. *** stated that historically, swings in capacity had caused large swings in price. *** indicated that the antidumping duties on PET film had had a large impact, and alleged that the duties encouraged U.S. producers to close factories and switch to producing other products. *** described in detail a repeated process in which production shortages cause panic buying that in turn leads to longer lead times, backlogs, and higher prices. Eventually, rising capacity brings down lead times and forces price reductions. *** characterized the cycle as consisting of overreactions in terms of prices both rising and falling, and estimated it has a duration of about 12 months. It described the last such cycle as triggered by the global recession, followed by the release of pent-up demand as the economy began to recover.

Two producers had not seen any change in the business cycles for PET film, but four had. *** described foreign producers as opening plants in nonsubject countries whenever antidumping duties are placed on PET film from countries with existing capacity. It added that a lot of PET film has become a commodity, and production of it requires only capital, not technical skill. *** described demand as strong until the economic crisis in 2008, but slowly returning after 2009 as economic conditions improved and purchasers restocked inventories. *** indicated that U.S. producers were shifting capacity toward higher-end PET film.

Among importers, *** reported no changes in the business cycle for PET film since 2005. However, *** stated that new foreign producers had begun exporting PET film to the U.S. market. *** described the financial crisis and the emergence of optical PET film as changes to conditions of competition. It described optical film as more expensive than other types of PET film, leading producers to add capacity to produce it. ***.

Thirteen purchasers stated that business cycles or conditions of competition in the PET film market had changed since 2005, citing decreased U.S. and global supply as well as increased U.S. and global demand. *** described producers increasing capacity in the mid-2000s, and stated that the increase, along with the recession, led to lower prices. Other purchasers stressed tighter U.S. supply due to U.S. producers shutting down some capacity. *** all described increased demand from Asia, and particularly China, as driving up the prices of PET film. *** described U.S. producers as replacing capacity for the ultra-thin PET film that it purchases with production lines for thicker PET film for the solar and optical display markets. *** described the PET film market as depressed in 2008 and 2009, but experiencing a strong demand recover in 2010. Both *** described PET film prices as doubling since 2005 due to supply constraints as demand grew, with *** attributing part of the price rise to the antidumping duties on PET film.

Substitute Products

Substitutes for PET film exist, but are limited by nonapplicability across all segments, and by price, as several are more expensive than PET film. Two U.S. producers, two Korean producers, two importers, and eleven purchasers reported that there were no substitutes for PET film. Five U.S. producers, one Korean producer, and ten purchasers listed substitutes for PET film, including polypropylene and PEN (polyethylene naphthalate) film. *** described PEN as a potential substitute for higher-end PET film in optical end uses. *** described substitution with polypropylene as possible if the prices of polypropylene and PET film were close, and in less-specialized product applications (such as industrial and packaging end uses) where PET film's heat stability, barrier, and durability are less important. Importer *** indicated that PVB and direct-coated glass could substitute for PET film in automotive applications, but added that changes in the prices of those products had not affected the price of PET film since 2005. ***.

Among purchasers listing substitutes, four named polypropylene, especially for packaging. *** described PEN firm as "much like PET" film but added that it was much more expensive. *** named

nylon as a substitute for PET film in balloon and packaging end uses. Among other substitutes identified, *** listed cross-laminated film as a substitute in tear-resistant applications, *** named polyolefin as a substitute in release liner applications, and *** cited polycarbonate as a substitute for appliance panel end uses. Of the ten purchasers listing substitutes, seven reported that changes in the price of the substitute had not affected the price of PET film since 2005, while three reported that those changes had. Those three named cross-laminated film, polyolefin film, polycoated papers, direct-coated papers, and PEN as substitutes with price changes that had affected PET film prices.

Seven U.S. producers, three Korean producers, *** importers, and 19 purchasers had not observed any changes in substitutes for PET film since 2005, and most did not anticipate any. *** anticipated that polylactic acid could become a more environmentally-friendly substitute for PET film in packaging applications. Purchaser *** anticipated that packaging users would find a substitute because of the high price of PET film.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported PET film depends upon such factors as price, quality (e.g., reliability of supply, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, payment terms, product services, etc.). Based on available data, staff believes that there is a high degree of substitution between U.S. and imported PET film.

U.S. Purchasers' Marketing Knowledge

Twenty-one purchasers expressed marketing/pricing knowledge for U.S. PET film, 10 for Korean PET film, and 9 for other countries' PET film. Other countries included Brazil, China, Germany, Indonesia, Mexico, Thailand, Turkey, and the United Arab Emirates. Nineteen purchasers reported purchases of U.S. product, 14 reported purchases of Korean product, 7 reported purchases of nonsubject Korean product, and 15 reported purchasers from other countries.[61]

Thirteen purchasers had purchased PET film from Korea before 2005, while eight had not. Of those 13, seven reported not changing their purchasing pattern from Kolon and nine reported not changing their purchasing pattern from other subject Korean producers. One purchaser reported changing its patterns for PET film from both Kolon and other subject Korean producers. Five purchasers reported changing their purchasing pattern from Kolon, and five for other subject Korean producers, for reasons other than the antidumping duty order. No purchasers reported that they had increased their purchases of nonsubject product because of the order, while nine indicated that they had changed their purchasing patterns from nonsubject countries for other reasons. Five purchasers reported no change in their purchases of PET film from nonsubject countries since 2005, and five more purchasers had never purchased from nonsubject sources.

Purchasers were asked how relative levels of their purchases from the United States, Korea, and other countries had changed since 2005.[62] Their answers are summarized in table II-5.

[61] Not all purchasers provided purchase data.

[62] Additionally, purchasers were asked if they had purchased from only one country, and if so, why they had done so. Five purchasers did, citing shorter lead times, reliability, tech support, quality, competitive pricing, and Kolon's willingness to stock materials.

Table II-5
PET film: Change in purchasers' relative levels of purchases from different countries

* * * * * * *

Certification

Twenty-one purchasers required that their suppliers be certified or prequalified for all or virtually all purchases. Those that required qualification examine supply data sheets and often test trial runs, looking at multiple characteristics including quality, reliability, tech support, price, and consistency. Some purchasers reported testing multiple lots or slowly ramping up production using new material. Most purchasers' certification took between 60 and 180 days, although the entire range of answers was 14 to 365 days. Fourteen purchasers stated that no suppliers had failed to qualify since 2005, but seven stated that there had been at least one failure. At least four purchasers reported qualification failure by U.S. producers, including Mitsubishi, DuPont, and SKC. One purchaser reported a qualification failure by Kolon, and three reported qualification failures by producers in nonsubject countries.[63]

Factors Affecting Purchasing Decisions

Kolon described U.S. purchasers as "conservative" and purchasing PET film based not only on quality, but also reliability and supplier relationships.[64] Data collected in Commission questionnaires indicate that price and product consistency are also important factors in purchasing decisions for many purchasers.

Fifteen purchasers stated that buying a product that is produced in the United States was not an important factor in their purchases of PET film. One stated that purchasing U.S. product was important because of customer requirements, while five stated that it was important for other reasons, such as supply chain management and shortness, relationship with U.S. supplier, lead times, fewer complications, quality support, inventory systems, supporting U.S. manufacturers, and proprietary products produced only by domestic producers.

When purchasers were asked how often they made purchasing decisions based on the producer of PET film, six answered "always," six answered "usually," two answered "sometimes," and seven answered "never." In determining the producer from which to purchase, purchasers listed important factors as including the specification of the product (especially for patented or otherwise difficult-to-obtain products), qualification, availability, price, lead time, geographic location, and product consistency.

When asked how often their customers made purchasing decisions based on the producer of PET film, 10 purchasers answered "never," 7 answered "sometimes," and 4 answered "usually." Those purchasers with customers that do base their decision on the producer of PET film described such customers as having processes that require component qualification, demanding specific characteristics of the PET film, preferring U.S. product, or resisting change.

Purchasers were asked if their firm made purchasing decisions based on the country of origin of PET film. One answered "always," three answered "usually," four answered "sometimes," and 12 answered "never." Lead time, availability, quality, supply chain management, volume or service requirements, and consistency were all reasons why purchasers might base a purchasing decision on

[63] Some purchasers reported multiple failures, while others did not name specific firms, so these numbers will not total to seven.

[64] Hearing transcript, pp. 125-126 (Lee).

country of origin. *** stated that it would like to purchase at least some PET film from U.S. producers, but was aware of only one U.S. producer of ***.

Purchasers were asked if their customers made purchasing decisions based on the country of origin of the PET film that they purchase. One answered "always," three answered "sometimes," and 16 answered "never." Those that answered "sometimes" or "always" cited quality, consistency, and lead times.

Table II-6 summarizes the purchasers' responses concerning the top three reported purchasing decision factors. As indicated in the table, the most important factors were quality, price, and availability.

Table II-6
PET film: Ranking of factors used in purchasing decisions, as reported by U.S. purchasers

Factor	Number of firms reporting		
	Number one factor	Number two factor	Number three factor
Quality[1]	8	5	2
Price/cost	6	3	7
Availability	3	8	2
Qualified	1	0	0
Relationship/contracts	0	1	1
Product range	0	1	0
Reliability/delivery	0	1	0
Lead time/location	0	0	3
Functionality/performance	0	0	2
Terms	0	0	1

[1] Quality means lack of physical imperfections, uniformity of color and thickness, dimensional stability of roll length and width, tensile strength, heat shrinkage, clarity, consistency, gauge control, shrinkage, co-efficient of friction, and more.

Note.– Other factors mentioned include "willingness" and "ability" to "behave strategically and globally," technology, and quality.

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

Purchasers were asked to rate the importance of 15 specified factors in their purchasing decisions (table II-7). Product consistency, availability, and reliability of supply were the factors most often characterized as very important.

Table II-7
PET film: Importance of purchasing factors, as reported by U.S. purchasers

Factor	Number of firms reporting		
	Very important	Somewhat important	Not important
Availability	18	2	0
Delivery terms	9	9	2
Delivery time	16	3	1
Discounts offered	6	10	4
Extension of credit	9	8	3
Price	17	3	0
Minimum quantity requirements	6	7	7
Packaging	9	9	2
Product consistency	20	0	0
Quality meets industry standards	17	2	1
Quality exceeds industry standards	6	11	2
Product range	4	12	4
Reliability of supply	20	0	0
Technical support/service	6	12	2
U.S. transportation costs	8	8	3
Other[1]	5	2	0

[1] Other factors mentioned included quality (very important), quality systems (very important), certificate of analysis (very important), roll dimensions (somewhat important), and packing (somewhat important).

Note.–Not every purchaser ranked every factor.

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

Purchasers were asked for a country-by-country comparison on the same factors (table II-8). A majority of purchasers found U.S. PET film to be superior to Korean product in five factors and comparable in ten factors. A plurality of purchasers also found Korean and nonsubject country product to be comparable in all factors.

Table II-8
PET film: Comparisons between U.S.-produced and subject and nonsubject countries, as reported by U.S. purchasers

Factor	U.S. vs. Korea			U.S. vs. Other[1]			Korea vs. Other[2]		
	S	C	I	S	C	I	S	C	I
Availability	9	4	5	11	5	8	2	3	0
Delivery terms	7	9	2	10	16	2	0	5	0
Delivery time	15	2	1	19	3	6	0	5	0
Discounts offered	1	14	2	2	23	3	0	5	0
Extension of credit	2	14	2	3	22	2	0	5	0
Price	1	12	5	5	18	5	1	2	2
Minimum quantity requirements	9	8	1	13	13	2	0	5	0
Packaging	0	18	0	5	19	0	0	5	0
Product consistency	1	17	0	3	20	1	0	5	0
Quality meets industry standards	0	18	0	1	23	0	0	5	0
Quality exceeds industry standards	0	17	1	1	21	1	0	5	0
Product range	3	13	2	10	9	4	1	4	0
Reliability of supply	10	5	3	14	6	4	0	5	0
Technical support/service	11	7	0	14	10	0	0	5	0
U.S. transportation costs	6	11	0	7	17	0	0	5	0
Other[3]	0	2	1	0	0	0	0	0	0

[1] Other countries named included Mexico (5 times), United Arab Emirates (5), China (4), Germany (2), Indonesia (2), Turkey (2), Brazil, India, Japan, Luxembourg, Malaysia, Taiwan, and Thailand.
[2] Other countries named included Germany (2 times), Brazil, Japan, and Taiwan.
[3] Other factors mentioned included warehousing product for quick shipment (U.S. inferior to Korea), and unspecified factors (U.S. comparable to Korea).

Note.--S=first listed country's product is superior; C=both countries' products are comparable; I=first listed country's product is inferior. A rating of superior means that price/U.S. transportation cost is generally lower. For example, if a firm reported "U.S. superior," it meant that the price of U.S. product was generally lower than the price of the imported product.

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

Asked if certain grades, sizes, or types of PET film were available from a single source, 15 purchasers answered "No," and 6 answered "Yes." Among those answering Yes, *** listed products unique to individual and sometimes dual suppliers, including DuPont Teijin, SKC, Mitsubishi, and foreign suppliers. *** indicated that certain PET films can only be purchased from Toray.[65] *** described film thickness as a key variable in determining whether a PET film can be purchased from only a single source. *** responded that almost all of its purchased PET film meets particular specifications, and is almost all single-sourced.

Purchasers were asked how often they purchased the lowest priced PET film. One answered "always," 6 answered "usually," 11 answered "sometimes," and 3 answered "never." Fifteen purchasers also indicated that they purchased PET film from one source although a comparable product was available at a lower price from another source. Reasons given include availability, commercial relationships, reliability of supply, transit time, lead time, inability to qualify additional supply sources, better or more consistent quality from U.S. producers, and order size. *** noted that price is only one component of the cost of using a particular supplier's PET film, and noted that domestic suppliers are sometimes preferable because they allowed smaller orders that reduced the risk of overbuying.

Lead Times

Six producers sold the majority of their PET film produced to order, with lead times of 2 to 16 weeks depending on the product and demand. *** sold all of *** product from inventory with a lead time of three weeks. Among importers, *** reported lead times of 90 days for its 2010 sales, all of which were produced to order. *** reported lead times of 2 days for its sales from inventory (71 percent of 2010 sales) and 70 days for its sales produced to order (29 percent of 2010 sales).

Among Korean producers, *** reported that *** of their sales were produced to order with lead times of one month (***) to three months (***).

Comparison of U.S.-Produced and Imported PET film

In order to determine whether U.S.-produced PET film can generally be used in the same applications as imports from Korea and other countries, U.S. producers, importers, and purchasers were asked whether the products can "always," "frequently," "sometimes," or "never" be used interchangeably. As shown in table II-9, most respondents answered that PET film from different countries was always or frequently interchangeable. However, a number of purchasers found that PET film from different countries was only sometimes interchangeable.

[65] *** specified that it meant U.S. producer Toray; *** did not specify whether it meant Toray, Toray America, or Toray Korea.

Table II-9
PET film: Perceived interchangeability between PET film produced in the United States and in other countries, by country pairs

Country pair	Number of U.S. producers reporting				Number of importers reporting				Number of purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. subject countries:												
U.S. vs. Korea	3	2	1	0	0	***	0	1	4	6	8	1
U.S. vs. nonsubject country comparisons:												
U.S. vs. Other	4	2	0	0	0	***	0	1	4	6	7	0
Subject country vs. nonsubject country comparisons:												
Korea vs. Other	2	2	1	0	0	***	0	0	3	4	5	0

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

***.

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

In additional comments, producer *** described Korean PET film as being perceived as lower quality than U.S. PET film. Importer ***, which described U.S. and Korean PET film as "never" interchangeable, stated that no Korean producer produces PET film of the high optical quality that it requires.

Among purchasers, five (***) elaborated that their own firm's specifications made their purchases not interchangeable with other PET film. *** added that once a supplier's PET film meets specifications, it is interchangeable with PET film from other countries that also meets specifications. Other purchasers described quality, performance in their own downstream products, surface treatments, availability, adhesion, coating, texture, and minimum order quantity as factors that limit interchangeability of PET film from one country as compared to that from another.

In order to determine the significance of differences other than price between U.S.-produced PET film and imports from Korea and other countries, U.S. producers and importers were asked how often differences other than price were a significant factor in their sales or purchases of PET film. As shown in table II-10, a majority of producers and importers found that factors other than price were sometimes to never a significant factor in their sales of PET film.

Table II-10
PET film: Differences other than price between PET film produced in the United States and in other countries, by country pairs

Country pair	Number of U.S. producers reporting				Number of importers reporting				Number of purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. subject countries:												
U.S. vs. Korea	0	1	3	2	0	0	1	1	8	3	5	3
U.S. vs. nonsubject country comparisons:												
U.S. vs. Other	1	1	2	2	0	0	1	1	7	4	5	1
Subject country vs. nonsubject country comparisons:												
Korea vs. Other	0	1	3	1	0	0	1	1	4	2	6	1

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

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

In additional comments, *** stated that domestically produced and subject Korean PET film are fully interchangeable. Among purchasers, *** described U.S. PET film as having an advantage in lead time over imported PET film. *** described U.S. producers as neither meeting their supply commitments, nor being competitive "unless they need work." *** reported using a patented PET film product not available from U.S. producers. *** described availability and meeting specifications as more important factors than price. *** emphasized that comparisons must be done on a specific product basis.

As can be seen from table II-11, a majority of responding purchasers generally reported that U.S., Korean, and nonsubject-country PET film "always" or "usually" meets minimum quality specifications. However, responding purchasers were more like to characterize U.S. and nonsubject PET film as meeting such specifications than subject Korean PET film.

Table II-11
PET film: Ability to meet minimum quality specifications, by source

Country	Number of firms reporting[1]			
	Always	Usually	Sometimes	Never
United States	12	5	4	0
Korea (subject)	5	6	4	2
Korea (nonsubject)	1	1	0	0
Nonsubject[2]	13	20	4	4

[1] Purchasers were asked how often domestically produced or imported PET film meets minimum quality specifications for their own or their customers' uses. Some purchasers reported for more than one nonsubject country. Those firms' responses were counted for each country.

[2] "Nonsubject" includes Brazil, China, Germany, India, Indonesia, Japan, Luxembourg, Malaysia, Mexico, Turkey, and the UAE.

Source: Compiled from responses to Commission questionnaires.

ELASTICITY ESTIMATES

This section discusses elasticity estimates; parties were encouraged to comment on these estimates in their prehearing or posthearing briefs. For all the estimates, there is the possibility of high variability across different PET film end use segments.

U.S. Supply Elasticity[66]

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 several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced PET film. Staff analysis of these factors indicates that U.S. producers have limited ability to increase shipments to the U.S. market; an estimate in the range of 0.5 to 1.0 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 estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of the PET film in the production of any downstream products. Based on the available information in the prehearing report, staff estimates that the aggregate demand for PET film is likely to be moderately inelastic; a range of -0.5 to -1.0 is suggested.

Substitution Elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.[67] Product differentiation, in turn, depends upon such factors as quality (e.g., chemistry, appearance, etc.) and conditions of sale (e.g., availability, sales terms/discounts/ promotions, etc.). Based on available information, the elasticity of substitution between U.S.-produced PET film and imported PET film is likely to be in the range of 3 to 6.

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

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

PART III: CONDITION OF THE U.S. INDUSTRY

OVERVIEW

During the original investigations, nine U.S. firms produced PET film in the United States with an annual effective capacity of ***.[1] In 2000 (first review), ten U.S. firms produced PET film in the United States with annual effective capacities totaling approximately *** pounds.[2] In 2004 (second review), seven U.S. firms produced PET film in the United States, with DuPont and Mitsubishi accounting for approximately *** percent of U.S. production.[3] [4] In the current third review, nine U.S. firms produced PET film and responses were received from all nine firms that accounted for all known U.S. PET film production in 2010 with an annual effective capacity of ***.

The current third review include U.S. production of PET film reported by nine firms: 3M; Bemis;[5] Carestream;[6] DuPont Teijin; Kodak; Mitsubishi; SKC; Terphane; and Toray. Four producers, ***, together accounted for approximately *** percent of U.S. production of PET film in 2010 (table III-1).

A number of responding U.S. producers have foreign affiliations and/or production facilities. DuPont Teijin is *** owned by Teijin Holdings USA, Inc., New York, NY and *** owned by E.I. du Pont de Nemours & Co., Wilmington, DE. DuPont Teijin is related to nonsubject firms that produce PET film in China, Indonesia, Japan, Luxembourg, and the United Kingdom. Mitsubishi is wholly owned by Mitsubishi Polyester Film Corp., Tokyo, Japan, with related firms that produce PET film in Germany, Indonesia, and Japan. SKC is owned by the Korean firm, SKC Co., Ltd., which has a PET film production facility in Korea. Terphane is owned by Terphane, Ltd. in Brazil, which has a PET film production facility in Brazil. Toray is owned by Toray Industries, Inc. in Japan and related to firms that produce PET film in France, Japan, Korea, and Malaysia.

U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

U.S. producers' capacity, production, and capacity utilization data for PET film, by firm, are presented in table III-1.

Table III-1
PET film: U.S. producers' capacity, production, and capacity utilization, by producer, 2005-10, January-March 2010, and January-March 2011

* * * * * * *

[1] ***. Six producers submitted questionnaire responses: ***. At that time, the three original petitioning firms (DuPont, Hoechst (Mitsubishi), and ICI (DuPont)) accounted for *** percent of U.S. capacity to produce PET film. BPI staff report, May 13, 1991, pp. A-22 through A-25.

[2] (1) Bemis; (2) DuPont; (3) Kodak; (4) 3M ; (5) Mitsubishi; (6) SKC; (7) Sterling Diagnostic Imagine, Inc. (created April 1996 out of DuPont Diagnostic Imaging); (8) DuPont; (9) Terphane (formerly Rhone-Poulenc); and (10) Toray. BPI staff report, INV-X-002, January 4, 2000, p. I-8.

[3] (1) DuPont Teijin; (2) Mitsubishi; (3) 3M; (4) Bemis; (5) Kodak; (6) SKC; and (7) Toray. BPI staff report, Inv-CC-078, June 2, 2005, pp. I-7 and I-8.

[4] The second review was an expedited and capacity data were not available.

[5] ***.

[6] ***.

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. ***. ***.

In response to constraints that set the limits on the firms' production capabilities, ***[7]***[8]***[9]***[10]***.

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. Six out of nine firms responded ***. ***." ***.[11] ***.

Changes in Character of Operations and Capacity Projections[12]

All nine responding 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, 2005-10

Firm	Production facility location	2010 Capacity *(1,000 pounds)*	Operational changes
3M	St. Paul, MN Decatur, AL Greenville, SC	***	***.
Bemis	Oshkosh, WI	***	Bemis responded that it ***."
Carestream	Windsor, CO	***	***.
DuPont Teijin	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.

[7] ***'s producer questionnaire response, section II-6.

[8] ***'s producer questionnaire response, section II-6.

[9] ***'s producer questionnaire response, section II-6.

[10] ***.

[11] ***.

[12] Two companies, Uflex and Polyplex, are reported to be opening PET film operations in the United States in 2012.

U.S. PRODUCERS' SHIPMENTS

Table III-3 presents U.S. producers' shipment data for PET film. Commercial U.S. shipment quantity fluctuated during the period for which data were gathered, but decreased overall from 2005 to 2010. Captive consumption (internal shipments) accounted for *** percent of the volume of U.S. producers' U.S. shipments of PET film in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, and *** percent in 2010.[13] From 2005 to 2010, U.S. share of commercial shipments fluctuated slightly, ranging from *** percent in 2005 to *** percent in 2010. Internal shipments decreased irregularly, by 21.4 percent from 2005 to 2010. One U.S. producer consumed *** (***) while others consumed a portion (***) of their production internally; however, *** did not report any internal consumption of PET film production. ***.[14] Export shipments decreased irregularly from 2005 to 2010, dropping by *** percent over the period. Six companies reported export shipments during all or a portion of the period of review to markets in ***. *** was the largest exporter of PET film and accounted for *** percent of all export shipments during the period for which data were gathered.

Table III-3
PET film: U.S. producers' shipments, by types, 2005-10, January-March 2010, and January-March 2011

* * * * * * *

U.S. PRODUCERS' INVENTORIES

Table III-4, which presents end-of-period inventories for PET film, shows that inventories stayed relatively steady (a slight decline of *** percent) from 2005 to 2010. *** inventories for the period of review.

Table III-4
PET film: U.S. producers' end-of-period inventories, 2005-10, January-March 2010, and January-March 2011

* * * * * * *

[13] In the original investigations, the Commission's views included captive production as part of the domestic industry, but noted "the fact that unfairly traded imports may not affect open-market producers and integrated producers in the same way," *Polyethylene Terephthalate Film, Sheet, and Strip From Japan and the Republic of Korea,* Inv. Nos. 731-TA-458 and 459 (Final), USITC Publication 2383, May 1991, p. 19. In the first review, the Commission's views mentioned captive consumption as one of the conditions of competition, noting that "PET film produced for captive consumption primarily is converted to photographic films and magnetic media," *Polyethylene Terephthalate Film, Sheet, and Strip From Korea,* Inv. Nos. 731-TA-459 (Review), USITC Publication 3278, February 2000, p. 8. In the second review, captive consumption was not mentioned in the Commission's views.

[14] ***.

U.S. PRODUCERS' IMPORTS AND PURCHASES

Table III-5 presents U.S. producers' purchases and imports of PET film from 2005 to 2010. U.S. producers of PET film generally import PET film from their foreign affiliates.[15] [16] ***. *** *** responded that it imported to obtain ***. *** responded that it imported because it did not have enough capacity to satisfy its demand. *** reported that it imported PET film produced by *** to supply products that it does not produce domestically. *** indicated that it imported to meet special product needs from customers that it does not produce domestically. ***. ***.

Table III-5
PET film: U.S. producers' production, purchases, imports, ratios of purchases to production, and ratios of imports to production, 2005-10

* * * * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

The U.S. producers' aggregate employment data for PET film are presented in table III-6. The number of production and related workers declined steadily during the period of review by *** percent, from 2005 to 2010. Over the same period, hours worked by PRWs and wages paid dropped by *** percent and *** percent, respectively.

Table III-6
PET film: U.S. producers' employment-related data, 2005-10, January-March 2010, and January-March 2011

* * * * * * *

[15] *** 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 foreign related party *** and ***. *** reported imports from its foreign affiliate, ***.

[16] The eight producers that imported PET film during the period of review accounted for 17.2 percent of total subject imports and 88.1 percent of nonsubject imports from all sources (including nonsubject Korean producers/exporters) in 2010.

FINANCIAL EXPERIENCE OF U.S. PRODUCERS

Background

Seven U.S. producers of PET film provided useable financial data.[17] *** reported internal consumption of PET film, and these sales accounted for approximately *** percent of the industry's 2010 sales values, while *** reported transfers to related firms (less than *** percent of combined sales value of 2010) in 2009 and 2010 only.

Operations on PET Film

The results of the responding U.S. producers' PET film are presented in table III-7. Net sales quantity, value, and operating income decreased continuously between 2005 and 2009 (except sales value in 2006). In 2010, all three financial measures increased substantially, operating income increased noticeably from 2009 to 2010, due mainly to a substantial increase in per-pound selling price (from $1.82 to $1.95), while sales quantity for the same period increased moderately and per-pound total cost decreased slightly. From 2009 to 2010, an increase in average unit value ("AUV") ($0.13 per pound) as well as a decrease in unit total costs ($0.03 per pound), i.e., cost of goods sold ("COGS") and selling, general, and administrative ("SG&A") expenses combined, resulted in a much higher operating income in 2010 (from $0.04 per pound in 2009 to $0.20 per pound in 2010). The operating income margin of 1.9 percent in 2009 increased to 10.1 percent in 2010.

The ratio of the domestic industry's operating income to net sales in January-March ("interim") 2011 was nearly 12.5 percent, while its operating income ratio in interim 2010 was 3.3 percent. Per-pound net sales values increased in interim 2011 (by $0.39) from interim 2010, while per-unit total costs also increased by $0.17, resulting in an operating income of $0.28 per pound in interim 2011 compared to an operating income of $0.06 in interim 2010, a net increase of $0.22 per pound. The trend between interim 2010 and interim 2011 continued the pattern exhibited between 2009 and 2010.

[17] All seven producers have their fiscal years ending on December 31. Another producer, ***, submitted questionnaire response; however, ***. A late response from ***.

Table III-7
PET film: Results of operations of U.S. producers, fiscal years 2005-10, January-March 2010, and January-March 2011

Item	Fiscal year						January-March	
	2005	2006	2007	2008	2009	2010	2010	2011
	Quantity *(1,000 pounds)*							
Net sales:								
Commercial sales	449,600	445,896	444,586	433,348	372,690	435,906	106,472	104,313
Internal consumption	***	***	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***	***	***
Total net sales	642,625	638,825	611,580	562,017	493,334	539,496	128,991	128,996
	Value *($1,000)*							
Net sales:								
Commercial sales	789,055	800,759	790,291	788,490	630,332	824,882	187,873	232,807
Internal consumption	***	***	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***	***	***
Total net sales	1,230,529	1,237,392	1,160,918	1,080,042	899,474	1,054,582	238,706	288,707
COGS	1,005,361	1,031,397	994,152	933,271	759,763	829,423	201,621	222,322
Gross profit	225,168	205,995	166,766	146,771	139,711	225,159	37,085	66,385
SG&A expenses	160,611	159,283	145,199	133,653	122,449	119,148	29,270	30,323
Operating income	64,557	46,712	21,567	13,118	17,262	106,011	7,815	36,062
Interest expense	33,071	39,377	39,051	26,388	15,251	10,808	1,076	1,172
Other expense	13,687	9,663	8,252	9,113	23,249	5,591	1,594	1,392
CDSOA funds received	2,555	1,022	298	1,262	2,069	517	0	0
Other income items	4,266	8,658	5,371	166	253	3,134	2,122	40
Net income (loss)	24,620	7,352	(20,067)	(20,955)	(18,916)	93,263	7,267	33,538
Depreciation	144,256	145,094	140,844	94,294	94,909	95,459	25,500	16,451
Cash flow	168,876	152,446	120,777	73,339	75,993	188,722	32,767	49,989

Table continued on next page.

Table III-7--*Continued*
PET film: Results of operations of U.S. producers, fiscal years 2005-10, January-March 2010, and January-March 2011

Item	Fiscal year						January-March	
	2005	2006	2007	2008	2009	2010	2010	2011
	Value (*per pound*)							
Net sales	$1.91	$1.94	$1.90	$1.92	$1.82	$1.95	$1.85	$2.24
COGS	1.56	1.61	1.63	1.66	1.54	1.54	1.56	1.72
Gross profit	0.35	0.32	0.27	0.26	0.28	0.42	0.29	0.51
SG&A expenses	0.25	0.25	0.24	0.24	0.25	0.22	0.23	0.24
Operating income	0.10	0.07	0.04	0.02	0.04	0.20	0.06	0.28
	Ratio to net sales (*percent*)							
COGS	81.7	83.4	85.6	86.4	84.5	78.6	84.5	77.0
Gross profit	18.3	16.6	14.4	13.6	15.5	21.4	15.5	23.0
SG&A expenses	13.1	12.9	12.5	12.4	13.6	11.3	12.3	10.5
Operating income	5.2	3.8	1.9	1.2	1.9	10.1	3.3	12.5
	Number of firms reporting							
Operating losses	1	1	2	2	3	0	1	0
Data	7	7	7	7	7	7	7	7

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

Selected company-by-company data are presented in table III-8. Total net sales (quantities and values), per-unit values (sales, COGS, SG&A, and operating income), operating income, and the ratio of operating income (loss) to net sales are presented in this table on a firm-by-firm basis. Virtually every company (except ***) reported the same experience– from 2009 to 2010 and from interim 2010 to interim 2011, sales quantities (except two minor exceptions in the interim periods) and values, profitability (except *** from 2009 to 2010) all increased. Five firms reported improved profitability in 2010 while six firms reported improved profitability in interim 2011. Two producers (***) experienced operating income for all six years and two interim periods. In 2010, *** reported the highest operating income while *** reported the highest operating income in interim 2011. *** reported the highest operating income margin and per-unit operating income in 2010 and interim 2011.

[18].

[18] According to GAAP (Statement of Financial Accounting Standards (SFAS) No. 144, "Accounting for the impairment or disposal of long-lived assets"), restructuring charges and impairment losses on long-lived assets to be held and used shall be reported as components of income from continuing operations, with appropriate footnote disclosure. These charges and losses could have many components, such as severance-related costs and write-down of certain fixed assets and inventories which are usually recorded in cost of sales and/or SG&A, or as separate items above the operating income line. The results of operations of a component that has been disposed of or is classified as held for sale may be reported in discontinued operations if the operations of the component have been eliminated from the ongoing operations of the entity as a result of the disposal and the entity will have no significant continuing involvement in the operations of the component after the disposal transaction (SFAS No. 144, para. 42). Furthermore, SFAS No. 146, "Accounting for costs associated with exit or disposal activities," para. 18 states that (continued...)

Table III-8
PET film: Results of operations of U.S. producers (by firm), fiscal years 2005-10, January-March 2010, and January-March 2011

* * * * * * *

Selected cost data of the producers on their PET film operations are presented in table III-9. As indicated in this table, producers exhibited somewhat different patterns of change in unit sales value and profitability. While per-unit raw material costs increased between 2005 and 2008, it decreased in 2009 and increased somewhat in 2010 and between the two interim periods. The per-unit conversion cost (direct labor and factory overhead costs combined) showed a different pattern, decreased between 2005 and 2008 while it increased in 2009 and decreased back in 2010 and between the two interim periods. Per-unit SG&A expenses remained relatively the same over the period (except a decrease in 2010 and an increase in interim 2011). Per-unit total costs decreased substantially from 2008 to 2010 and increased from interim 2010 to interim 2011, due primarily to an increase of raw materials cost per pound.

Table III-9
PET film: Average unit costs of U.S. producers, fiscal years 2005-10, January-March 2010, and January-March 2011

Item	Fiscal year						January-March	
	2005	2006	2007	2008	2009	2010	2010	2011
	Value (*per pound*)							
COGS:								
Raw materials	$0.78	$0.83	$0.85	$0.90	$0.73	$0.79	$0.80	$0.98
Direct labor	0.28	0.26	0.25	0.27	0.29	0.25	0.24	0.26
Factory overhead	0.51	0.53	0.53	0.48	0.53	0.50	0.53	0.48
Total COGS	1.56	1.61	1.63	1.66	1.54	1.54	1.56	1.72
SG&A expenses	0.25	0.25	0.24	0.24	0.25	0.22	0.23	0.24
Total cost	1.81	1.86	1.86	1.90	1.79	1.76	1.79	1.96

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

A variance analysis showing the effects of prices and volume on the producers' sales of PET film, and of costs and volume on their total cost, is shown in table III-11.[19] The analysis is summarized at the bottom of the table. The variance analysis indicates that the increase in operating income of $41.5 million

[18] (...continued)
costs associated with an exit or disposal activity that does not involve a discontinued operation shall be included in income from continuing operations before income taxes..... Costs associated with an exit or disposal activity that involves a discontinued operation shall be included in the results of discontinued operations.

[19] The Commission's variance analysis is calculated in three parts: sales variance, COGS variance, and SG&A expenses variance. Each part consists of a price variance (in the case of the sales variance) or a cost variance (in the case of the COGS and SG&A variances) and a volume variance. The sales or cost variance is calculated as the change in unit price/cost times the new volume, while the volume variance is calculated as the change in volume times the old unit price/cost. Summarized at the bottom of the respective tables, the price variance is from sales, the cost/expense variance is the sum of those items from COGS and SG&A, respectively, and the net volume variance is the sum of the price, COGS, and SG&A volume variance. All things being equal, a stable overall product mix generally enhances the utility of the Commission's variance analysis.

between 2005 and 2010 resulted from the combined positive effect of higher average price ($21.5 million) and lower costs/expenses ($30.3 million) which was partially offset by the negative effect of decreased sales volume ($10.4 million).

Table III-11
PET film: Variance analysis of operations of U.S. producers, between fiscal years 2005-10, January-March 2010, and January-March 2011

Item	Between fiscal years						Jan-Mar
	2005-10	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Value (*$1,000*)						
Net sales:							
Price variance ("var")	21,529	14,139	(23,701)	13,206	(48,578)	70,943	49,992
Volume variance	(197,476)	(7,276)	(52,773)	(94,082)	(131,990)	84,165	9
Total net sales var	(175,947)	6,863	(76,474)	(80,876)	(180,568)	155,108	50,001
Cost of sales:							
Cost variance	14,597	(31,981)	(6,743)	(19,686)	59,455	1,432	(20,693)
Volume variance	161,341	5,945	43,988	80,567	114,053	(71,092)	(8)
Total cost variance	175,938	(26,036)	37,245	60,881	173,508	(69,660)	(20,701)
Gross profit variance	(9)	(19,173)	(39,229)	(19,995)	(7,060)	85,448	29,300
SG&A expenses:							
Expense variance	15,688	378	7,291	(221)	(5,129)	14,759	(1,052)
Volume variance	25,775	950	6,793	11,767	16,333	(11,458)	(1)
Total SG&A variance	41,463	1,328	14,084	11,546	11,204	3,301	(1,053)
Operating income var	41,454	(17,845)	(25,145)	(8,449)	4,144	88,749	28,247
Summarized as:							
Price variance	21,529	14,139	(23,701)	13,206	(48,578)	70,943	49,992
Net cost/expense var	30,285	(31,603)	548	(19,907)	54,325	16,191	(21,745)
Net volume variance	(10,360)	(382)	(1,992)	(1,748)	(1,603)	1,615	0

Note.--Unfavorable variances are shown in parentheses; all others are favorable.
Source: Compiled from data submitted in response to Commission questionnaires.

Capital Expenditures and Research and Development Expenses

The U.S. producers' capital expenditures and research and development ("R&D") expenses are presented in table III-12. Capital expenditures fluctuated between 2005 and 2010 while they increased substantially in 2007 and 2009 from the previous years, due mainly to *** heavy expenditures in those two years.[20] R&D expenses remained relatively the same throughout the period. Capital expenditures by individual firms are presented in table III-13. Three producers[21] made substantial capital investments during the period for which data were collected.

Table III-12
PET film: Capital expenditures and R&D expenses by U.S. producers, fiscal years 2005-10, January-March 2010, and January-March 2011

Item	Fiscal year						January-March	
	2005	2006	2007	2008	2009	2010	2010	2011
	Value (*$1,000*)							
Capital expenditures[1]	37,071	43,046	95,287	36,092	101,364	37,393	6,905	8,172
R&D expenses[2]	18,187	17,016	14,445	13,959	12,952	13,891	3,288	3,347

[1] All producers reported capital expenditures.
[2] All producers except *** reported R&D expenses.

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

Table III-13
PET film: Capital expenditures by U.S. producers, fiscal years 2005-10, January-March 2010, and January-March 2011

* * * * * * *

[20] ***. E-mails from ***, May 10 and 11, 2011.

[21] These firms were ***.

Assets and Return on Investment

U.S. producers were requested to provide data on their assets used in the production and sale of PET film during the period for which data were collected to assess their return on investments ("ROI"). Data on the U.S. producers' total net assets and their ROI are presented in table III-14.

Total assets utilized by the U.S. producers in their operations to produce and sell PET film generally decreased between 2005 and 2010, due to regular depreciation, inventory and asset write-offs, and some assets allocated to the subject merchandise. Since the U.S. producers' operating income increased considerably from 2009 to 2010, their ROI increased from a ratio of 1.7 percent in 2009 to a ratio of 10.3 percent in 2010. The trend of ROI over the period was the same as the trend of the operating income margin shown in table III-7.

Table III-14
PET film: Value of assets and return on investment of U.S. producers, fiscal years 2005-10

* * * * * * *

PART IV: U.S. IMPORTS AND THE FOREIGN INDUSTRY

U.S. IMPORTS

Overview

The Commission issued questionnaires to firms believed to be significant importers of PET film between 2005 and 2010 as identified by proprietary Customs data and all firms identified in the domestic interested parties' response to the notice of institution, a total of 26 firms. In addition, importer questionnaires were sent to identified domestic producers of PET film. Eleven[1] firms provided data and information in response to the questionnaires, while six firms indicated that they had not imported PET film during the period for which data were collected. Based on adjusted official Commerce statistics for imports of PET film, importers' questionnaire data accounted for 29.8 percent of total U.S. imports during 2010 and 89.4 percent of total imports from Korea during 2010.[2]

In light of the data coverage by the Commission's questionnaires, import data in this report are based on adjusted official Commerce statistics for PET film and questionnaire responses from 11 importers of PET film. Imports from Korean producer Kolon were nonsubject from January 1, 2005 to October 1, 2007, and became subject again on October 2, 2007.[3] In addition, imports from Korean producers HSI and Toray Korea are nonsubject during the entire period of review. Table IV-1 presents import data by firm for the period of review.

Table IV-1
PET film: U.S. importers' imports from all sources, by firm, 2005-10, January-March 2010, and January-March 2011

* * * * * * *

[1] Eight out of eleven (***) responding importers also are affiliated with firms that produce PET film in the United States.

[2] 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," but still include out-of-scope PET film (e.g. APET, x-ray film, and metallized PET film). 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 this review. In the 2008 antidumping investigations of PET film from Brazil, China, Thailand, and the United Arab Emirates, 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" and 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. Hence, imports from Canada and Oman have been excluded from official Commerce data.

[3] *Polyethylene Terephthalate Film, Sheet, and Strip from the Republic of Korea: Final Results of Antidumping Duty Changed Circumstances Review and Reinstatement of the Antidumping Duty Order*, 73 FR 18259, April 3, 2008.

Imports from Subject and Nonsubject Countries

As shown in the previous table IV-1, reported imports of the subject PET film from Korea were predominantly accounted for by three firms (***) during the period of review. Several other countries (Brazil, China, India, Taiwan, and the United Arab Emirates) are not subject to this review, but are currently subject to countervailing and antidumping duty orders. Table IV-2 presents data for U.S. imports of PET film from Korea and all other sources.

Table IV-2
PET film: U.S. imports, by sources, 2005-10, January-March 2010, and January-March 2011

* * * * * * *

U.S. IMPORTERS' IMPORTS SUBSEQUENT TO MARCH 31, 2011

The Commission requested importers to indicate whether they imported or arranged for the importation of PET film from Korea after March 31, 2011. *** out of *** responding importers reported imports or arrangements for importation of PET film totaling *** thousand pounds from Korea. ***.

U.S. IMPORTERS' INVENTORIES

Table IV-3 presents data for inventories of U.S. imports of PET film from Korea and all other sources held in the United States.

Table IV-3
PET film: U.S. importers' end-of-period inventories of imports, 2005-10, January-March 2010, and January-March 2011

* * * * * * *

THE INDUSTRY IN KOREA

Overview

Industry sources indicated six producers of PET film in Korea for the period of review. During the original investigation in 1990, the Commission identified four Korean producers of the subject merchandise. In both the first and second expedited reviews, there were six Korean manufacturers of PET film (HSI, Hyosung, Kohap,[4] Kolon, SKC, and Toray Saehan). Three producers, ***, responded to the Commission questionnaires in this third review.[5] *** reported an estimate (of *** percent) of the share of total production of PET film in Korea accounted for by its production in its questionnaire response, SKC Korea reported an estimate (of *** percent), and Toray Korea reported an estimate (of *** percent) of the share of total production of PET film in Korea accounted for by its production in

[4] No longer a producer of PET film in Korea. *Polyethylene Terephthalate (PET) Film from Korea: Inv. No. 731-TA-459 (Second Review)*, USITC Publication 3800 (September 2005), p. I-15.

[5] These companies are estimated to account for 90 percent of Korean Production, Hearing transcript, p. 12 (Park).

2010.[6] In addition, *** reported an estimate (of *** percent) of total exports to the United States of PET film from Korea were accounted for by its exports in 2010 and *** percent) of total exports to the United of PET film frm Korea were accounted for by its exports in 2010, while *** did not provide an estimate. The share of the ***'s total sales accounted for by PET film in its most recent fiscal year was *** percent, the share of ***'s total sales accounted for by PET Film in its most recent fiscal year was *** percent, and the share of ***'s total sales accounted for by PET film in its most recent fiscal year was *** percent.

PET Film Operations

Data for Korean production capacity, production, shipments, and inventories for this review are presented in table IV-4. PET film capacity increased steadily by *** percent, from 2005 to 2010.[7] Production, after a small decline in 2006, increased steadily through 2010, or by *** percent from 2005 to 2010. Over the same period, capacity utilization increased irregularly from *** percent to *** percent. Home market shipments almost *** in quantity from 2005 to 2010 and internal consumption more than doubled during the same period while total export shipments declined by *** percent from 2005 to 2010 (export shipments declined to all markets except to Asia).[8] Inventory levels increased from 2005-07 then declined in 2008-10, with an overall decline from 2005 to 2010 by *** percent.

Anticipated Changes in Operations

***."

Table IV-4
PET film: Korean capacity, production, shipments, and inventories, 2005-10, January-March 2010, and January-March 2011

* * * * * * *

Table IV-5
PET film: Korean producers' capacity (by firm), production (by firm), shipments, and inventories, 2005-10, January-March 2010, and January-March 2011

* * * * * * *

[6] The estimated share of total production of PET film in Korea accounted for the three responding firms' production is ***. The PCI Report also cites that "Kolon, SKC Korea, and Toray Korea together accounted for *** percent of Korean industry capacity in 2009, with HSI and Hyosung accounting for the remainder," respondent interested party posthearing brief, p. 40.

[7] *** reported *** during the period of review; *** reported ***, *** reported ***, and *** reported ***. *** reported producing anything other than PET film using the same equipment, machinery, and workers used to produce PET film and stated that it is not possible to shift production to other products. *** reported that production capacity is constrained by production line speed, and *** also cited maximum load capacity as another constraint on capacity.

[8] *** reported that it has ***. *** also reported that it has ***. Conversely, *** reported that it has ***.

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 three responding Korean producers reported no barriers in any countries other than the United States.

GLOBAL MARKET

Supply

Data for global PET film production by country are not publicly available. In consequence, publicly available Global Trade Atlas ("GTIS") trade volume data were the principal source for the current reviews encompassing calendar years 2005-10. 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 all 15 countries currently ship PET film to the United States (Table IV-6). Individual country trade balances (trade surpluses and deficits) were subsequently calculated, and are also included herein. Composite European Union ("EU27") external trade data are also reported, together with reference data on the United States and on the subject country of Korea. Five nonsubject countries studied, India and Taiwan,[9] together with Brazil, China, and the United Arab Emirates (UAE),[10] are currently under antidumping duty orders.

Five major exporters of nonsubject PET film (UAE, Japan, India, Thailand and Luxembourg), are principally exporters of the product; thus, they experience relatively large trade surpluses. Some large global exporters, however, have traditionally experienced relatively large trade deficits in PET film. Both exports and imports of such countries (e.g., China and Italy) have been growing, but import demand has continued to outstrip that of exports. The EU27 countries experience a relatively significant external trade deficit imbalance owing to a larger volume of imports coming from outside the region than exports going out of 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 2005-10 are shown in table IV-6; U.S. export trade is shown for reference. The data are ranked based on calendar year 2010. In 2010, Japan was the leading global PET film exporter with 21 percent of the 15-country total. Japan, China, Germany, and the United Arab Emirates (UAE) accounted for 61 percent of the total, in aggregate. Six of the top 15 countries shown are Asian (Japan, China, India, Thailand, Taiwan, and Indonesia), and, in the aggregate, accounted for 59 percent of the total in 2010. Japan and China experienced growth rates significantly above average during the five-year period. During the 2005-10 period, PET film export volume increased 75 percent for the top 15 nonsubject countries, or about 15 percent per year on average; in the 2008-10 period, the export increase was 43 percent, or about 21 percent per year on average.

[9] *Polyethylene Terephthalate Film, Sheet, and Strip from India and Taiwan, Inv. Nos. 701-TA-415 and 731-TA-933 and 934 (Review),* USITC Publication 3994, April 2008.

[10] *Polyethylene Terephthalate Film, Sheet, and Strip from Brazil, China, Thailand, and the United Arab Emirates, Inv. Nos. 731-TA-1131-1134 (final),* USITC Publication 4040, October 2008.

Table IV-6
PET film: Top exporting countries and regions, 2005-10[1]

Source	Calendar year					
	2005	2006	2007	2008	2009	2010
	Quantity (*1,000 pounds)*					
United States	145,915	135,392	134,211	185,115	168,671	212,838
Nonsubject exporting countries:						
Japan	150,961	177,150	238,648	261,486	271,907	384,338
China	119,689	188,328	251,748	203,839	139,160	359,393
Germany	141,332	176,784	201,760	213,912	197,091	234,585
United Arab Emirates	([2])	([2])	([2])	([2])	26,425	155,684
India	112,742	95,725	120,244	92,398	50,301	122,314
Italy	85,429	88,150	91,752	88,213	80,951	105,178
Thailand	121,885	75,447	79,009	87,856	90,054	98,804
United Kingdom	90,332	86,198	79,441	72,788	61,906	86,179
Taiwan	26,813	25,234	35,360	50,975	50,124	70,607
Indonesia	64,007	67,722	75,429	66,161	56,756	69,646
Luxembourg	71,851	77,977	73,418	70,971	42,119	59,972
Mexico	6,830	5,401	7,039	4,515	34,546	53,294
Canada	34,165	37,968	40,627	43,920	33,740	38,987
Brazil	26,129	36,048	45,439	34,370	21,993	24,077
Turkey	7,533	10,013	8,805	5,553	7,676	6,532
Total	1,059,698	1,148,145	1,348,719	1,296,957	1,164,749	1,869,576
Regions:						
EU27 (external trade)	158,706	159,831	147,374	140,525	124,938	163,855

[1] Nonsubject exports are ranked based on calendar year 2010.
[2] Data not available.

Note.–Export figures for HTS subheading 3920.62. Includes nonsubject products, e.g., metallized PET film; "equivalent PET film;" copolyester film; amorphous (APET) film, crystalline (CPET) film, and other nonsubject film.

Source: Global Trade Atlas, accessed May 23 -24, 2011.

Global Imports

Principal nonsubject PET film importing countries of interest are shown in the data of table IV-7. These 15 countries are the same as reported in the previous nonsubject export table, table IV-5. In 2010, China, Japan, and Germany ranked as the top three leading sources of both exports and imports. In the aggregate, these countries accounted for about 56 percent of the 15-country import total. According to the available GTIS import data, PET film import demand increased by a total of 79 percent, or about 15 percent per year on average during the period 2005-10, and at about 40 percent, or some 20 percent per year, during the 2008-10 period. Import demand growth from China, the leading global importer, was well above average during 2005-10. EU27 external import demand increased about 110 percent during 2005-10.

Table IV-7
PET film: Top importing countries and regions, 2005-10[1]

Source	Calendar Year					
	2005	2006	2007	2008	2009	2010
	Quantity (1,000 pounds)					
United States	284,883	318,581	293,188	294,599	281,592	423,091
Nonsubject importing countries:						
China	203,264	239,316	282,293	278,005	315,688	464,800
Japan	194,388	233,330	260,368	254,151	207,173	292,483
Germany	170,816	169,368	205,438	194,822	166,815	231,655
Italy	135,481	151,010	169,595	164,317	135,467	200,387
United Kingdom	108,467	110,928	112,738	131,885	133,443	184,181
Canada	56,355	58,888	61,926	72,609	73,081	84,503
Mexico	37,267	38,349	38,673	48,462	40,259	75,167
Taiwan	23,616	30,276	43,751	43,235	53,043	72,380
Indonesia	5,613	7,617	9,841	15,933	19,429	36,755
Brazil	21,067	19,513	21,702	24,965	35,157	35,940
Turkey	15,829	11,909	13,025	12,882	13,058	26,654
India	1,548	7,130	14,550	4,052	18,034	23,150
Thailand	4,863	2,665	3,267	3,746	7,152	13,124
United Arab Emirates	(2)	(2)	(2)	(2)	9,579	12,469
Luxembourg	2,107	1,151	977	1,618	2,566	3,975
Total	980,681	1,081,450	1,238,144	1,250,682	1,229,944	1,757,623
Regions:						
EU27 (external trade)	217,625	252,176	318,850	311,451	272,068	457,902

[1] Imports are ranked based on calendar year 2010.
[2] Data not available.

Note.–Import figures for HTS subheading 3920.62. Includes nonsubject products, e.g., metallized PET film; "equivalent PET film;" copolyester film; amorphous (APET), crystalline (CPET) film, and other nonsubject film.

Source: Global Trade Atlas, accessed May 23 -24, 2011.

Trade Balances

Table IV-8 contains GTIS data for 2005-10, accessed and organized into trade balances ranked based on calendar year 2010, from the largest trade surplus country to the largest trade deficit country, for the various nonsubject importing countries of interest. Data for the subject country, Korea is also provided for reference. In 2010, Korea, and nonsubject UAE, Japan, India, Thailand, Luxembourg, and Indonesia commanded the largest global trade surpluses in order of importance, as shown. The largest global trade deficit countries were China, the U.K., Italy, and Canada, in order of importance. The remaining four countries show more moderate trade surplus or deficit positions. Of those countries under antidumping duty orders, there was no significant change in the trade deficit positions during 2005-10, except for Brazil which fell into a deficit position in 2009-10. The UAE data indicated a large increase in the trade surplus during 2009-10, however only those two years were reported. Korea's surplus availability declined about 29 percent during the period 2005-10 (Table IV-8).

Additional information on nonsubject countries, together with exports, imports, and trade balances for various countries may also be found in the references as noted.[11] [12]

[11] *Polyethylene Terephthalate Film, Sheet, and Strip from Brazil, China, Thailand, and the United Arab Emirates, Inv. Nos. 731-TA-1131-1134 (Final),* USITC Publication 4040, October 2008.

[12] *Polyethylene Terephthalate Film, Sheet, and Strip from India and Taiwan, Inv. Nos. 701-TA-415 and 731-TA-933 and 934 (Review),* USITC Publication 3994, April 2008.

Table IV-8
PET film: Subject- and nonsubject-country exports, imports, and trade balances, 2005-10[1]

Source	Calendar year					
	2005	2006	2007	2008	2009	2010
	Quantity (*1,000 pounds*)					
Subject:						
Korea:						
Exports	309,687	337,131	321,233	334,403	284,952	311,484
Imports	27,238	29,467	45,439	47,814	55,473	109,900
Net exports/(imports)	282,449	307,664	275,794	286,589	229,479	201,584
Nonsubject:						
United Arab Emirates:						
Exports	(2)	(2)	(2)	(2)	26,425	155,684
Imports	(2)	(2)	(2)	(2)	9,579	12,469
Net exports/(imports)	NA	NA	NA	NA	16,846	143,215
Japan:						
Exports	150,961	177,150	238,648	261,486	271,907	384,338
Imports	(194,388)	233,330	260,368	254,151	207,173	292,483
Net exports/(imports)	(43,427)	(56,180)	(21,720)	7,335	64,734	91,855
India:						
Exports	112,742	95,725	120,244	92,398	50,301	122,314
Imports	1,548	7,130	14,550	4,052	18,034	20,586
Net exports/(imports)	111,194	88,595	105,694	88,346	32,267	87,850
Thailand:						
Exports	121,885	75,447	79,009	87,856	90,054	98,804
Imports	4,863	2,665	3,267	3,746	7,152	13,124
Net exports/(imports)	117,022	72,782	75,742	84,110	82,902	85,680
Luxembourg:						
Exports	71,851	77,977	73,418	70,971	42,119	59,972
Imports	2,107	1,151	977	1,618	2,566	3,975
Net exports/(imports)	69,744	76,826	72,441	69,353	39,553	55,997

Table continued on next page.

Table IV-8--*Continued*
PET film: Subject- and nonsubject-country imports, exports, and trade balances, 2005-10

Source	2005	Calendar year 2006	2007	2008	2009	2010
			Quantity (*1,000 pounds*)			
Nonsubject:						
Indonesia:						
Exports	64,007	67,722	75,429	66,161	56,756	69,646
Imports	5,613	7,617	9,841	15,933	19,429	36,755
Net exports/(imports)	58,394	60,105	65,588	50,228	37,327	32,891
Germany:						
Exports	141,332	176,784	201,760	213,912	197,091	234,585
Imports	170,816	169,368	205,438	194,822	166,815	231,655
Net exports/(imports)	(29,484)	7,416	(3,678)	19,090	30,276	2,930
Taiwan:						
Exports	26,813	25,234	35,360	50,975	50,124	70,607
Imports	23,616	30,276	43,751	43,235	53,043	72,380
Net exports/(imports)	3,197	(5,042)	(8,391)	7,740	(2,919)	(1,773)
Brazil:						
Exports	26,129	36,048	45,439	34,370	21,993	24,077
Imports	21,067	19,513	21,702	24,965	35,157	35,940
Net exports/(imports)	5,062	16,535	23,737	9,405	(13,164)	(11,863)
Turkey:						
Exports	7,533	10,013	8,805	5,553	7,676	6,532
Imports	15,829	11,909	13,025	12,882	13,058	26,654
Net exports/(imports)	(8,296)	(1,896)	(4,220)	(7,329)	(5,382)	(20,122)
Mexico:						
Exports	6,830	5,401	7,039	4,515	34,546	53,294
Imports	37,267	38,349	38,673	48,462	40,259	75,167
Net exports/(imports)	(30,437)	(32,948)	(31,634)	(43,947)	(5,713)	(21,873)
Canada:						
Exports	34,165	37,968	40,627	43,920	33,740	38,987
Imports	56,355	58,888	61,926	72,609	73,081	84,503
Net exports/(imports)	(22,190)	(20,920)	(21,299)	(28,689)	(39,341)	(45,516)

[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 2010.
[2] Data not available.

Note.–Export and import figures for HTS subheading 3920.62. Includes nonsubject products, e.g., metallized PET film; "equivalent PET film;" copolyester film amorphous (APET) and crystalline (CPET) film, and other nonsubject film.

Source: Global Trade Altas, accessed May 23-24, 2011.

Information concerning exports of PET film from Korea to world destinations is presented in table IV-9. The data presented are at the 6-digit HTS subheading 3920.62 and thus may be overstated.

Table IV-9
PET film: Korean world export destinations, 2005-10[1]

Destination	2005	2006	2007	2008	2009	2010
			Quantity (*1,000 pounds*)			
World	309,687	337,131	321,233	334,403	284,952	311,484
Japan	79,470	96,218	97,288	93,026	75,735	102,643
United States	74,137	74,532	68,350	78,436	56,553	53,114
China	21,735	22,478	24,211	27,917	27,335	42,752
Taiwan	15,626	19,359	11,398	12,650	17,450	22,253
Germany	11,958	10,512	9,903	15,152	11,272	13,071
Hong Kong	13,805	13,364	11,724	14,220	14,105	12,754
Italy	22,029	24,246	21,471	18,843	12,729	8,929
Israel	5,717	7,026	7,683	8,031	6,334	6,001
Philippines	2,756	2,877	2,848	4,542	5,785	5,792
France	4,079	7,169	6,241	3,777	3,452	5,556
All other	58,375	59,350	60,116	57,809	54,202	38,619

[1] Exports are ranked based on calendar year 2010.

Source: Global Trade Altas, accessed May 24, 2011.

According to Global Trade Atlas data there has been little overall change in Korean global exports of PET film during the period 2005-10. The principal changes in Korea's export trade patterns to the top ten countries shown relates to an overall decline in U.S. and Italian shipments, a large increase to China in 2010, together with nominal increases to Japan, Taiwan, the Philippines and Germany. Export shipments fell to the "all other" country category. Korea's trade surplus declined about 29 percent during the period owing principally to a relatively large rise in imports (table IV-8).

Production Capacity and Import Competition

Korean producers were asked to describe their home market. *** described the Korean market as divided between five Korean producers: SKC Korea, Kolon, Toray Korea, Hyosung, and HSI, with the first three listed each having about 25 to 30 percent of the Korean market. Similarly, *** stated that there is a significant degree of competition in the Korean PET film market because there are four major Korean PET film producers, ***. ***. *** stated that it does not face competition from imports in the Korean market, but *** stated that Chinese and Indian PET film is imported into Korea.

Consumption

End Uses

*** described the main end uses of PET film in the Korean market as packaging, hot stamping, electrical, graphic, and optical display. *** described the Korean market as traditionally using PET film in industrial and packaging applications, but more recently as having developed end uses for optical display, solar, and release liner PET film. *** described the optical display and solar end uses as having developed since 2005, but *** did not anticipate further changes in end uses while *** anticipated ***.

At the hearing, Kolon described Korea, China, and Japan as major markets for PET film for optical display and solar end uses, including component-based end uses.[13] Kolon also reported that Korea had been a substantial importer of thicker PET film products from Japan for optical display and portable tape end uses, although it expected these imports to diminish as Korean capacity to produce these products increased.[14]

Demand

*** forecasts that total world demand for PET film will rise from *** in 2010 to *** in 2014. It also forecasts that world capacity for PET film will rise from *** in 2010 to *** in 2014.[15] Kolon notes that the changes in demand and capacity over the period 2010-2014 are approximately the same, which it interprets as meaning that global capacity is expanding "in line with" global demand.[16]

Producers, importers, and purchasers were asked how demand outside the United States had changed since January 1, 2005. Most had observed increased demand, and expected demand to continue increasing.

Five U.S. producers stated that demand outside the United States had increased since January 1, 2005, and one thought that it had fluctuated. In further comments, *** described foreign demand growth as coming predominately from China, India, and the Asian Pacific region. It also cited global demand for LCD panels and solar cells, as well as growing demand in the developing world for packaging and industrial uses. *** stated that Asian demand had grown by approximately 500 kilotons over 2005-2010, with 200 kilotons of growth coming from China and another 100 kilotons coming from India. It added that most emerging-market demand is for "commodity" type PET film products, although there is growing demand for specialty optical grades in Japan, Korea, and Taiwan. *** estimated that global PET film demand growth would be 6 percent per year, but that U.S. demand would only grow by 3-4 percent per year while Chinese, Indian, Taiwan, and Southeast Asian demand would grow by at least 10 percent per year.

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[13] Hearing transcript, pp. 177-78 (Kim).

[14] Hearing transcript, pp. 183-84 (Kwon).

[15] See Kolon's prehearing brief, exhibit 3, ***.

[16] Kolon's posthearing brief, p. 3.

*** U.S. importers and *** foreign producers also stated that demand outside the United States had increased since 2005. *** cited growing industries using PET film, industries such as solar and flat panel display, and *** added that non-U.S. demand for flexible packaging PET film had increased. *** indicated that it had seen more non-U.S. demand (as well as U.S. demand) for PET film in industrial applications.[17] *** reported more demand for its energy-conserving products.

Nineteen U.S. purchasers described demand outside the United States as having increased since 2005.[18] Six attributed the increase to global economic growth– especially in Asia, and particularly in China and India. At least five others attributed the increase to the growing global demand for PET film in solar and optical display end uses. However, increased demand for PET film for release liner, appliance, construction, and bar coding uses was also cited by at least one purchaser (for each end use).

Four U.S. producers anticipated that foreign demand would increase, one anticipated a decrease in foreign demand,[19] and one saw fluctuating foreign demand. Factors cited included economic and population growth in China and India as well as growth in particular sectors such as optical, solar, and packaging.

*** importers and *** saw future non-U.S. demand increasing, while *** saw future demand fluctuating, depending on how the global economy and PET film-consuming industries (especially panel display) fare. Importer *** forecast increased demand for industrial (including solar) applications, and importer *** forecast increased demand for its energy-conserving products. ***.

Eighteen purchasers anticipated an increase in foreign demand for PET film,[20] with most describing an expected continuation of the trends they reported in explaining why foreign demand had increased since 2005. *** added that solar demand mostly comes from Asia, although German government support had created some demand for PET film in Germany. *** also anticipated increased demand in the developing world due to the expected use of PET film in food packaging.

Japanese Earthquake

Domestic interested parties and Kolon offered different assessments of the effect that the March 2011 Japanese earthquake would have on Asian supply and demand for PET film. Kolon expected that Japanese exports to Korea would decline in 2011, providing Korean producers opportunity to increase their home market shipments.[21] It also expected that Korean exports to Japan would increase "substantially" as Japanese manufacturers recover from the earthquake.[22] Domestic interested parties stated that ***. They added that the earthquake caused a *** decline in Japanese demand for PET film, and forecast that the decline would increase the "acute Korean oversupply situation."[23]

[17] In answer to another question, *** indicated that it included solar applications, i.e., photovoltaic, in the industrial category.

[18] *** stated that foreign demand had not changed, but expressed a lack of familiarity with foreign demand.

[19] ***.

[20] *** stated that foreign demand would not change, but expressed a lack of familiarity with foreign demand.

[21] Kolon's posthearing brief, p. 27.

[22] Kolon's posthearing brief, p. 55.

[23] Domestic interested parties' posthearing brief, p. 14.

Prices

Producers and importers were asked to compare market prices of PET film in the U.S. and non-U.S. markets. Among producers, *** indicated that U.S. and foreign prices track closely, with U.S. prices perhaps receiving a 5-cents-per-pound premium to account for local supply or special configurations. Toray described PET film prices in Asia and Europe as eroding in June 2011.[24] *** reported that U.S. producers have begun moving out of lower-priced PET film products, only supplying current customers (although at a higher price). It added that U.S. producers' prices are now higher than the prices of product from China, India, and Turkey. However, it also added that European prices have been higher than U.S. prices due to regional capacity issues in Europe.

Among importers, *** stated that it sold PET film in the United States and Canada, and had not observed any significant difference in price in those two markets. *** also reported no significant difference between U.S. and foreign prices. However, *** reported an instance from 2011 in which U.S. prices for 48-gauge PET film were $2.10-$2.20 per pound while Japanese prices were $2.30-$2.50 per pound.

Among Korean producers, *** stated that there were no significant price differences between the U.S. and Korean markets, although both markets are generally more expensive than Southeast Asian markets. *** described the U.S., Korean, and other markets as not having any significant price differences. However, it added that average unit values may differ across national markets due to product mix differences, with the Asian markets' emphasis on more expensive optical PET film making their prices appear higher than other markets. It also added that there are always some economic conditions particular to national markets. ***.

[24] Hearing transcript, p. 94 (Eckles).

PART V: PRICING AND RELATED INFORMATION[1]

FACTORS AFFECTING PRICES

Raw Material Costs

Raw materials are an important consideration in the price of PET film, accounting for between 47.2 and 54.4 percent of U.S. producers' costs of goods sold during 2005-10, rising to 56.9 percent in the first quarter of 2011. In their questionnaire responses and at the hearing,[2] market participants often expressed frustration with high and volatile raw materials prices. Producers reported some attempts to either pass along raw materials costs or hedge against them, but reported being unable to do so successfully.[3] However, purchaser Bemis stated that it had a purchase agreement with Mitsubishi that tied PET film prices to raw material prices through a formula. Bemis added that such agreements had led to Bemis accepting two price increases in 2011.[4]

The basic raw materials for producing PET film are (1) dimethyl terephthalate ("DMT") or purified terephthalic acid ("PTA") and (2) monoethylene glycol ("MEG"), which come from xylene and ethylene, respectively. Ethylene usually is manufactured from natural gas while xylene is a byproduct from oil refineries. Thus, raw material costs will be greatly affected by the prices of crude oil and natural gas,[5] although questionnaire respondents were more likely to mention crude oil prices than natural gas prices. Both natural gas and crude oil markets have fluctuated widely over January 2005-March 2011, and oil prices are currently approximately double what they were in 2005. Figure V-1 displays recent trends in oil and natural gas prices.

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[1] *** submitted producers' and importers' questionnaires. For purposes of this chapter, and unless otherwise noted, ***.

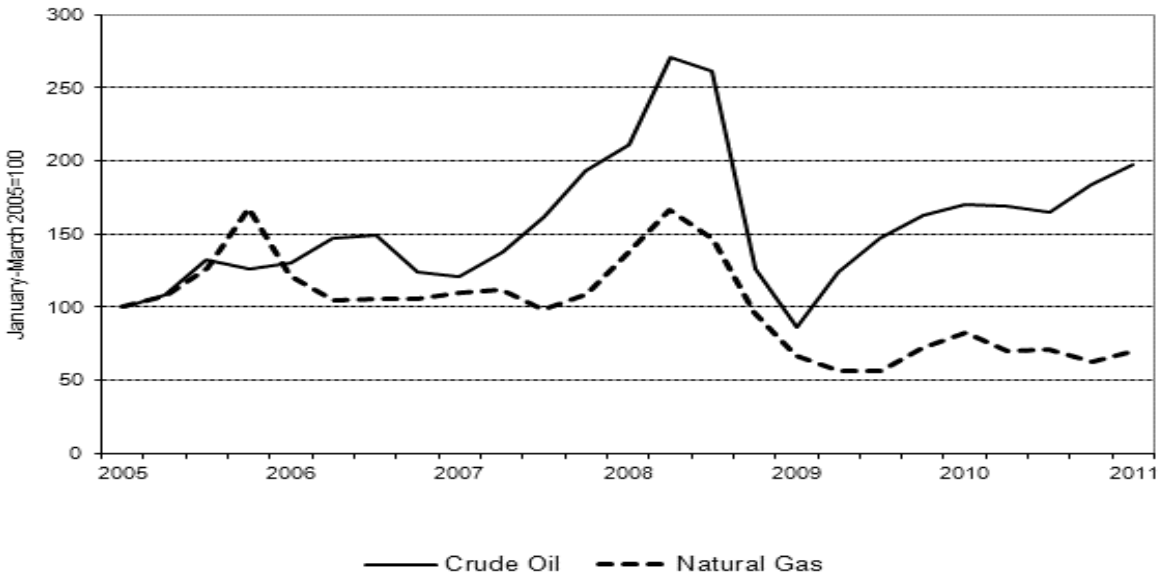
[2] For example, see hearing transcript, p. 31 (Kasoff) and p. 93 (Winn).

[3] Hearing transcript, pp. 111-113 (Byerson and Winn).

[4] Hearing transcript, p. 167 (Michalkiewicz), ***.

[5] *Polyethylene Terephthalate Film, Sheet, and Strip from India and Taiwan*, USITC Publication 3518, June 2002, page V-1 and *Polyethylene Terephthalate Film, Sheet, and Strip from Brazil, China, Thailand, and the United Arab Emirates*, USITC Publication 4040, October 2008. Invs. Nos. 731-TA-1131-1134 (Final), p. V-1.

Figure V-1
PET Film: Crude oil and natural gas prices, January 2005-January 2011



Note.– First quarter 2011 data are based on January 2011 data only.

Source: U.S. Energy Information Administration, April 2011 Monthly Energy Review, April 29, 2011.

Producers were asked to describe how changes in the prices of their raw materials had changed their selling prices for PET film since 2005. *** stated that raw material prices had only changed relatively recently, and only explained some of the recent doubling of PET film prices. It added that several producers' capacity reductions, as well as re-tooling production lines to switch to producing higher-end PET film were also factors in increasing PET film prices. On the other hand, *** described hurricanes, raw material production plant closures, and crude oil price increases as having caused large raw material price increases since 2005. It stated that it had limited ability to increase its PET film prices in response, but expected raw material price volatility to continue. *** noted that increased raw material costs (including, for ***, PET resin prices) had caused it to increase PET film prices. *** indicated that raw material prices account for approximately 50 percent of its cost of goods sold, but were stable for about ten years prior to 2005. Since then, it stated that raw material prices have been generally increasing with sharp fluctuations over short periods of time. *** also described PTA prices in the United States and Asia as historically equivalent, but anticipated that future large increases in Asian (especially Chinese) PTA production would lead to Asian producers having a cost advantage over U.S. producers. It added that since 2005, Asian PET film producers had enjoyed price advantages of $0.10 per pound over some periods, resulting in pressure for *** to match prices on commodity PET film products.[6] *** stated that PTA and MEG prices had increased since 2005, but had not affected PET film prices until 2010, due to high supply of PET film from Korea, which had made it "virtually impossible" to pass along price increases in the U.S. market. Similarly, *** stated that it was not always possible to pass along raw material price increases due to import competition.

Among importers and foreign producers, *** indicated that the prices of raw materials had decreased its prices for PET film (***). *** described raw materials prices as having some effect on PET

[6] ***.

film prices, but *** added that the effect is not as large as the effect of economic conditions and effects from the supply and demand of PET film. *** indicated that the price of raw materials (PTA and MEG) is the most important factor for PET film prices, which it described as usually following raw material prices. ***.

Eight U.S. producers[7] and two importers anticipated changes in raw materials costs, with six of those producers and both importers anticipating increased raw material costs, generally due to increasing oil prices and/or increased demand for raw materials. Producers *** anticipated lower raw material costs. *** alleged that U.S. PTA is supplied from a "monopoly," and so U.S. PET film producers will soon be at a disadvantage relative to Asian PET film producers with access to less expensive PTA. Importer *** and foreign producers *** answered that they did not anticipate increased raw material prices because raw material prices are based on the price of crude oil, and that price is difficult to forecast.

U.S. Inland Transportation Costs

U.S. producers reported that U.S. inland transportation costs ranged from 3 to 6 percent[8] of the cost of PET film, while importers reported that transportation costs ranged from 3 to 7 percent. *** U.S. producers *** and two responding importers reported arranging transportation to their customers' locations.[9] Two importers reported shipping their Korean imports from *** to U.S. purchasers.

PRICING PRACTICES

Pricing Methods

Price Determination

Producers reported that they determined their prices mostly through contracts and transaction-by-transaction negotiations. *** reported some use of price lists, but *** noted that market pricing was a larger factor in determining price than its "basic" price lists. Similarly, *** reported providing guidelines for pricing, although each contract is negotiated separately. *** reported meeting competitive price offers on prices not controlled by contracts, and described price as subject to change at any time. Two importers (***) reported that they determined their prices through transaction-by-transaction negotiations while (***) reported that it determined prices using contracts.

Negotiations

Purchasers generally reported making purchases at least monthly, with five purchasing daily, five weekly, one semi-monthly, seven monthly, two quarterly, and one semi-annually. Twenty purchasers expected this purchasing pattern to continue for the next two years. Purchasers generally contacted between one and six suppliers before making a purchase.

Purchasers reported a wide variety of negotiations with their suppliers. One purchaser reported including competitors' pricing as part of negotiations, while five others reported that they did not do so. Some purchasers negotiated prices on an annual basis, while others did so at shorter intervals, even if contracts were for a year. Some purchasers solicited quotes from multiple suppliers while others were single-sourced. *** described current negotiations as tilted toward suppliers, with *** attributing suppliers' negotiation advantage to the antidumping duties.

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[7] Foreign producer *** did not anticipate any changes in raw materials costs ***.

[8] ***.

[9] ***.

Varying Purchases Based on Price

Twelve purchasers did not vary their purchases from a given supplier based on price, while nine stated that they did. Those that did reported a wide variety of time periods for how often they varied purchases, including as needed, monthly, quarterly, and annually. Other purchasers varied purchase volumes based on price.

Contracts and Spot Sales

U.S. producers were most likely to sell PET film on the spot market, but did have sales under contracts. *** sold 100 percent of its PET film on the spot market, *** sold most of its PET film under long-term contracts, and four *** producers sold a plurality or majority on the spot market, but had sales under both long- and short-term contracts. For producers, both long- and short-term contracts usually allowed price renegotiation, usually fixed price and quantity, and usually had a meet-or-release clause. Toray described meet-or-release provisions as forcing producers to meet lower bids or forfeit the contract.[10] *** reported long-term contracts of up to three years. Short-term contracts ranged from 3 to 12 months.

Importers *** and foreign producers *** reported that 100 percent of their 2010 sales were ***. However, foreign producer *** reported that 95 percent of its 2010 sales were ***, with the balance as ***. *** contracts generally were for ***, fixed price but not quantity, and did not allow price renegotiation nor have a meet-or-release clause.

Sales Terms and Discounts

Producers reported that typical sales terms for PET film were on a net 30 basis, with three reporting that prices were quoted on an f.o.b. basis, three reporting that prices were quoted on a delivered basis, and *** reported quoting prices both on a delivered and f.o.b. basis, with a *** premium for delivered product. Two importers reported pricing on a delivered basis while *** reported pricing f.o.b. ex works.

Two producers and one importer reported no discount policy, but five other producers reported quantity discounts, annual total volume discounts, and/or customer-specific discounts. One importer reported an early payment discount, and another reported annual total volume discounts.

U.S. Prices

Purchasers were asked to identify price leaders in the PET film market. Twelve identified DuPont Teijin, eight identified Mitsubishi, six identified SKC, and five identified Toray. Additionally, two purchasers identified Flex, one identified Kolon, one identified Polyasia, and one identified JBF. Purchasers described price leaders as leading by announcing price changes that other suppliers followed. Two purchasers described price-leading producers Dupont Teijin or Toray as generally following the Chemical Data Index (CDI)[11] as a price guideline. One of those purchasers (***) added that over the last year and a half, Dupont Teijin increased prices beyond the CDI due to market tightness. *** stated that U.S. producers ceded their price leadership of 48-gauge PET film for the packaging market when they reduced supply to that market. *** described PET film producers from China, India, Turkey, and Taiwan as now being the price leaders in that segment.

Purchasers were asked to characterize how, since 2005, U.S. prices of PET film have changed

[10] Hearing transcript, p. 41 (Eckles).

[11] The CDI is published by chemical consulting company Chemical Data.

relative to the prices of PET film imported from Korea. One stated that there had been no change in price, eight stated that prices had changed by about the same amount, and eight more stated that prices of U.S. PET film had changed relative to prices of Korean PET film. Of those latter eight, four reported U.S. prices were now relatively higher than Korean prices, while three reported that Korean prices were now relatively higher (and one did not specify).

PRICE DATA

The Commission requested U.S. producers and importers of PET film to provide quarterly data for the total quantity and value of PET film that was shipped to unrelated customers in the U.S. market. Data were requested for the period January 2005 to March 2011, except for imports from Kolon. Importers were asked to provide data only for subject imports from Korea. Imports from Kolon were requested from October 2007 to March 2011, to reflect the period during which imports from Kolon were subject product. The products for which pricing data were requested are as follows:

***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.*—40-44 gauge Corona-treated film (for packaging/industrial markets).**

***Product 5.*—40-44 gauge Chemically-treated film (for packaging/industrial markets).**

***Product 6.*—45-60 gauge Shrink Stable film (for hot-stamping applications).**

***Product 7.*—200-650 gauge clear film (for thermal lamination/industrial markets)**.

Six U.S. producers and two importers[12] provided pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters. Pricing data reported by these firms accounted for approximately 17.9 percent of U.S. producers' commercial shipments of PET film in 2010[13] and 73.0 percent of U.S. shipments of subject imports from Korea in 2010. Among importers, ***.

Products 1-3 and 6 have been used in past investigations and reviews involving PET film.[14] At the hearing, DuPont Teijin described PET film meeting the definition of product 2 as an example of a "commodity" PET film product.[15] Products 4-5 were suggested by counsel for ***. Product 7 was suggested by ***, and includes in its scope a product suggested by ***.[16]

Pricing data are presented in tables V-1 through V-7 and figure V-2. Table V-8 presents a summary of price movements during the period for which data were collected.

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[12] ***.

[13] Pricing data accounted for approximately 161 percent of U.S. producers' shipments of PET film in 2009.

[14] See, for example, *Polyethylene Terephthalate Film, Sheet, and Strip from India and Taiwan*, Inv. Nos. 701-TA-415 and 731-TA-933 and 934.

[15] Hearing transcript, p. 90 (Kasoff).

[16] See staff conversations with ***.

Price Trends

Prices generally rose in 2010 and the first quarter of 2011, after generally (although not always) falling somewhat over January 2005 to December 2009. For product 1, ***.

Table V-1
PET film: Weighted-average f.o.b. prices and quantities of domestic and imported product 1[1] and margins of underselling/(overselling), by quarters, January 2005-March 2011

	United States		Korea		
	Price (*per pound*)	Quantity (*pounds*)	Price (*per pound*)	Quantity (*pounds*)	Margin (*percent*)
2005:					
Jan.-Mar.	$1.35	5,279,846	$***	***	***
Apr.-June	1.37	5,065,423	***	***	***
July-Sept.	1.34	5,373,319	***	***	***
Oct.-Dec.	1.34	5,347,596	***	***	***
2006:					
Jan.-Mar.	1.25	2,280,157	***	***	***
Apr.-June	1.20	1,121,737	***	***	***
July-Sept.	1.19	1,188,620	***	***	***
Oct.-Dec.	***	***	***	***	***
2007:					
Jan.-Mar.	1.23	1,347,423	***	***	***
Apr.-June	1.19	1,373,685	***	***	***
July-Sept.	***	***	***	***	***
Oct.-Dec.	1.18	1,346,583	***	***	***
2008:					
Jan.-Mar.	1.23	1,537,055	***	***	***
Apr.-June	***	***	***	***	***
July-Sept.	1.47	2,297,231	***	***	***
Oct.-Dec.	1.54	2,195,698	***	***	***
2009:					
Jan.-Mar.	1.31	1,499,471	***	***	***
Apr.-June	1.33	1,797,968	***	***	***
July-Sept.	1.31	1,994,027	***	***	***
Oct.-Dec.	1.27	1,672,698	***	***	***
2010:					
Jan.-Mar.	1.27	1,939,711	***	***	***
Apr.-June	1.33	2,235,294	***	***	***
July-Sept.	1.41	2,386,053	***	***	***
Oct.-Dec.	1.45	2,371,936	***	***	***
2011:					
Jan.-Mar.	1.65	2,300,114	***	***	***

[1] Product 1: 48 gauge Plain film (for packaging/industrial markets).

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

Table V-2
PET film: Weighted-average f.o.b. prices and quantities of domestic and imported product 2[1] and margins of underselling/(overselling), by quarters, January 2005-March 2011

	United States		Korea		
	Price (*per pound*)	Quantity (*pounds*)	Price (*per pound*)	Quantity (*pounds*)	Margin (*percent*)
2005:					
Jan.-Mar.	$1.26	7,763,579	$***	***	***
Apr.-June	1.31	7,033,804	***	***	***
July-Sept.	1.23	8,569,369	***	***	***
Oct.-Dec.	1.20	10,335,729	***	***	***
2006:					
Jan.-Mar.	1.12	9,263,101	***	***	***
Apr.-June	1.10	8,266,216	***	***	***
July-Sept.	1.11	8,593,260	***	***	***
Oct.-Dec.	1.12	8,511,361	***	***	***
2007:					
Jan.-Mar.	1.10	8,255,514	***	***	***
Apr.-June	1.08	8,465,280	***	***	***
July-Sept.	1.12	8,916,349	***	***	***
Oct.-Dec.	1.07	9,189,891	***	***	***
2008:					
Jan.-Mar.	1.15	8,645,859	***	***	***
Apr.-June	1.20	6,829,314	***	***	***
July-Sept.	1.35	6,924,951	***	***	***
Oct.-Dec.	1.44	5,319,945	***	***	***
2009:					
Jan.-Mar.	1.21	4,859,460	***	***	***
Apr.-June	1.07	7,011,318	***	***	***
July-Sept.	1.08	5,770,123	***	***	***
Oct.-Dec.	1.09	4,080,566	***	***	***
2010:					
Jan.-Mar.	1.15	2,435,771	***	***	***
Apr.-June	1.30	1,286,662	***	***	***
July-Sept.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
2011:					
Jan.-Mar.	***	***	***	***	***

[1] Product 2: 48 gauge Corona-treated film (for packaging/industrial markets).

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

Table V-3
PET film: Weighted-average f.o.b. prices and quantities of domestic and imported product 3[1] and margins of underselling/(overselling), by quarters, January 2005-March 2011

	United States		Korea		
	Price (*per pound*)	Quantity (*pounds*)	Price (*per pound*)	Quantity (*pounds*)	Margin (*percent*)
2005:					
Jan.-Mar.	$1.49	8,730,957	$***	***	***
Apr.-June	1.49	9,381,252	***	***	***
July-Sept.	1.48	9,111,727	***	***	***
Oct.-Dec.	1.49	9,283,195	***	***	***
2006:					
Jan.-Mar.	1.35	12,231,559	***	***	***
Apr.-June	1.31	11,395,941	***	***	***
July-Sept.	1.34	10,568,856	***	***	***
Oct.-Dec.	1.34	9,440,474	***	***	***
2007:					
Jan.-Mar.	1.35	10,765,161	***	***	***
Apr.-June	1.31	11,501,915	***	***	***
July-Sept.	***	***	***	***	***
Oct.-Dec.	1.30	12,837,533	***	***	***
2008:					
Jan.-Mar.	1.45	8,534,399	***	***	***
Apr.-June	1.43	8,463,356	***	***	***
July-Sept.	1.54	8,679,531	***	***	***
Oct.-Dec.	1.61	8,273,791	***	***	***
2009:					
Jan.-Mar.	1.47	7,138,405	***	***	***
Apr.-June	1.41	7,373,231	***	***	***
July-Sept.	1.39	8,113,724	***	***	***
Oct.-Dec.	1.37	8,722,964	***	***	***
2010:					
Jan.-Mar.	1.42	9,128,114	***	***	***
Apr.-June	1.65	7,864,370	***	***	***
July-Sept.	1.74	6,855,308	***	***	***
Oct.-Dec.	1.92	7,066,328	***	***	***
2011:					
Jan.-Mar.	2.05	6,939,228	***	***	***

[1] Product 3: 48 gauge Chemically-treated film (for packaging/industrial markets).

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

Table V-4
PET film: Weighted-average f.o.b. prices and quantities of imported product 4,[1] by quarters, January 2005-March 2011

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Table V-5
PET film: Weighted-average f.o.b. prices and quantities of domestic and imported product 5[1] and margins of underselling/(overselling), by quarters, January 2005-March 2011

* * * * * * *

Table V-6
PET film: Weighted-average f.o.b. prices and quantities of domestic and imported product 6[1] and margins of underselling/(overselling), by quarters, January 2005-March 2011

* * * * * * *

Table V-7
PET film: Weighted-average f.o.b. prices and quantities of domestic and imported product 7[1] and margins of underselling/(overselling), by quarters, January 2005-March 2011

* * * * * * *

Figure V-2
PET film: Weighted-average f.o.b. prices and quantities of products 1-7, by country, January 2005-March 2011

* * * * * * *

Table V-8
PET film: Summary of weighted-average f.o.b. prices for products 1-7 from the United States and Korea

* * * * * * *

Price Comparisons

Table V-9 presents margins of underselling and overselling for the period January 2005-March 2011. Table V-10 presents margins of underselling and overselling for the period January 1987-December 1990 (the period for which pricing data were requested in the original investigations).

Table V-9
PET film: Instances of underselling/overselling and the range and average of margins, January 2005-March 2011

	Underselling			Overselling		
	Number of instances	Range (*percent*)	Average margin (*percent*)	Number of instances	Range (*percent*)	Average margin (*percent*)
Korea	49	0.2-39.0	17.7	41	0.6-102.2	46.9
Total	**49**	**0.2-39.0**	**17.7**	**41**	**0.6-102.2**	**46.9**
Source: Compiled from data submitted in response to Commission questionnaires.						

Table V-10
PET film: Instances of underselling/overselling and the range and average of margins, January 1987-December 1990

	Underselling			Overselling		
	Number of instances	Range (*percent*)	Average margin (*percent*)	Number of instances	Range (*percent*)	Average margin (*percent*)
Korea	81	0.2-36.7	15.0	13	0.3-16.9	4.6
Total	**81**	**0.2-36.7**	**15.0**	**13**	**0.3-16.9**	**4.6**
Source: Staff Report to the Commission, Investigations Nos. 731-TA-458 and 459 (Final), May 13, 1991, pp. A-77-78.						

Recent Price Announcements

Based on staff research and information provided by parties, it appears that U.S. and Korean producers announced price increases in 2010 and the first quarter of 2011, but that U.S. producers (at least) may have lowered prices since then.

During 2010, DuPont Teijin, Mitsubishi, Toray, and SKC all announced PET film price increases owing to raw materials costs, logistics, and high levels of demand. In announcing a price increase in August 2010, Mr. Akihisa Kakimoto, Vice President of Sales and Marketing for Mitsubishi, stated that "this year's unprecedented market demand and insufficient supply have caused great difficulties throughout all polyester film industry segments."[17] In announcing price increases in 2010 and 2011, Mr.

[17] News Release, Mitsubishi Polyester Film, Greer, SC, August 23, 2010.

Milan Moscaritolo, Director Sales and Marketing for Toray Plastics (America), Inc. reported "unprecedented market demands of the PET film market and the rising costs of transportation/logistics," and "continued rapid rise in raw material costs as well as associated costs due to strong PET film demand."[18] DuPont Teijin announced price increases during the 2010-11 period, citing sharp increases in raw material and logistics costs. *** representatives reported that in ***.[19] The firm referenced the price increases as necessary to ensure its ability to meet its customer's business needs into the future, while being committed to maintaining its position as a leading global producer of polyester film.[20] Mr. Joung Jo, VP of Sales and Marketing, SKC, announced price increases in August and December 2010, as the firm "continues to face pressures to keep pace with tremendous market growth, demand, supply needs and raw materials costs."[21]

At the hearing, DuPont Teijin described PET film inventories as low as the recent recession ended, leading to demand outstripping supply and a period of increased prices. It added that demand has since fallen, leading to a fall in prices for corona-treated PET film by 25 percent over April-June 2011. It also stated that prices for specialty films had been falling.[22] On the other hand, Bemis stated that in the second half of 2010, Kolon had increased PET film prices more than U.S. producers had. It added that since January 2011, prices of imported PET film had moderated (from higher levels than U.S. prices) while U.S. producers had increased prices in the first quarter of 2011, probably due to raw material cost increases. It further added that price moderation since 2010 had still left PET film prices higher than in the years prior to 2010.[23]

Kolon described the major downward pressure on global PET film prices as coming from Indian product, which is being sold in Asian and European markets at prices 30-40 percent lower in June than in January.[24] However, it stated that it had not observed "dramatic" Asian price declines in the second quarter of 2011. It added that U.S. producers had announced price increases as recently as February and March of 2011.[25]

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[18] Press Releases, Toray Plastics (America), Inc., July 26, 2010, and January 27, 2011.

[19] ***'s producer questionnaire response, section IV-28(b).

[20] News Releases, DuPont Teijin, September 1, 2010, and February 23, 2011.

[21] News Releases, SKC, Inc., Covington, GA, August 27, 2010 and December 3, 2010.

[22] Hearing transcript, pp. 29 and 93 (Kasoff). Domestic interested parties also provided examples of U.S. producers lowering PET film prices in the second and third quarters of 2011. Domestic interested parties' posthearing brief, p. 17.

[23] Hearing transcript, pp. 136, 166, and 194 (Michalkiewicz).

[24] Hearing transcript, pp. 192-93 (Kwon).

[25] Kolon's posthearing brief, p. 62.

APPENDIX A

FEDERAL REGISTER NOTICES

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–459 (Third Review)]

Polyethylene Terephthalate (PET) Film From Korea

AGENCY: United States International Trade Commission.

ACTION: Institution of a five-year review concerning the antidumping duty order on PET film from Korea.

SUMMARY: The Commission hereby gives notice that it has instituted a review 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 antidumping duty order on PET film from Korea 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 October 1, 2010. Comments on the adequacy of responses may be filed with the Commission by November 15, 2010. For further information concerning the conduct of this review 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), as most recently amended at 74 FR 2847 (January 16, 2009).

DATES: *Effective Date:* September 1, 2010.

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-

[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. 11–5–222, expiration date June 30, 2011. Public reporting burden for the request is estimated to average 15 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.

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 this review may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov.*

SUPPLEMENTARY INFORMATION:

Background.—On June 5, 1991, the Department of Commerce (Commerce) issued an antidumping duty order on imports of PET film from Korea (56 FR 25669). The original order was amended pursuant to final court decision on September 26, 1997 (62 FR 50557). Following first five-year reviews by Commerce and the Commission, effective March 7, 2000, Commerce issued a continuation of the antidumping duty order on imports of PET film from Korea (65 FR 11984). Following second five-year reviews by Commerce and the Commission, effective October 20, 2005, Commerce issued a continuation of the antidumping duty order on imports of PET film from Korea (70 FR 61118). The Commission is now conducting a third review to determine whether revocation of the order 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 a full review or an expedited review. The Commission's determination in any expedited review will be based on the facts available, which may include information provided in response to this notice.

Definitions.—The following definitions apply to this review:

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

(2) The *Subject Country* in this review is Korea.

(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 determination and its first and second expedited five-year review determinations, the Commission defined the *Domestic-Like Product* as all PET film, including equivalent PET film. One Commissioner defined the *Domestic Like Product* differently in the original investigation.

(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 and its first and second expedited five-year review determinations, the Commission defined the *Domestic Industry* as all domestic producers of PET film, including equivalent PET film. One Commissioner defined the *Domestic Industry* differently.

(5) 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 review 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 review 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 review.

Former Commission employees who are seeking to appear in Commission five-year reviews are advised that they may appear in a review even if they participated personally and substantially in the corresponding underlying original investigation. The Commission's designated agency ethics official has advised that a five-year review is not considered the "same particular matter" as the corresponding underlying original investigation for purposes of 18 U.S.C. 207, the post employment statute for Federal employees, and Commission rule 201.15(b) (19 CFR 201.15(b)), 73 FR 24609 (May 5, 2008). This advice was developed in consultation with the Office of Government Ethics. Consequently, former employees are not required to seek Commission approval to appear in a review under Commission rule 19 CFR 201.15, even if the corresponding underlying original investigation was pending when they were Commission employees. For further ethics advice on this matter, 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 this review available to authorized applicants under the APO issued in the review, 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 review. 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 this review 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 October 1, 2010. 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 an expedited or full review. The deadline for filing such comments is November 15, 2010. 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 review must be served on all other parties to the review (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 review 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 determination in the review.

Information to be Provided in Response to this Notice of Institution: 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) 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 this review by providing information requested by the Commission.

(4) A statement of the likely effects of the revocation of the antidumping duty order 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 the *Subject Country* that currently export or have exported *Subject Merchandise* to the United States or other countries after 2004.

(7) A list of 3–5 leading purchasers in the U.S. market for the *Domestic Like Product* and the *Subject Merchandise* (including street address, World Wide Web address, and the name, telephone number, fax number, and e-mail address of a responsible official at each firm).

(8) A list of known sources of information on national or regional prices for the *Domestic Like Product* or the *Subject Merchandise* in the U.S. or other markets.

(9) 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 2009, except as noted (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) Capacity (quantity) of your firm to produce the *Domestic Like Product* (*i.e.,* the level of production that your establishment(s) could reasonably have expected to attain during the year, assuming normal operating conditions (using equipment and machinery in place and ready to operate), normal operating levels (hours per week/weeks per year), time for downtime, maintenance, repair, and cleanup, and a typical or representative product mix);

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

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

(e) The value of (i) net sales, (ii) cost of goods sold (COGS), (iii) gross profit, (iv) selling, general and administrative (SG&A) expenses, and (v) operating income of the *Domestic Like Product* produced in your U.S. plant(s) (include both U.S. and export commercial sales, internal consumption, and company transfers) for your most recently completed fiscal year (identify the date on which your fiscal year ends).

(10) If you are a U.S. importer or a trade/business association of U.S. importers of the *Subject Merchandise* from the *Subject Country,* provide the following information on your firm's(s') operations on that product during calendar year 2009 (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 duties) of U.S. imports and, if known, an estimate of the percentage of total U.S. imports of *Subject Merchandise* from the *Subject Country* accounted for by your firm's(s') imports;

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

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

(11) If you are a producer, an exporter, or a trade/business association of producers or exporters of the *Subject Merchandise* in the *Subject Country,* provide the following information on your firm's(s') operations on that product during calendar year 2009 (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 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 the *Subject Country* accounted for by your firm's(s') production; and

(b) Capacity (quantity) of your firm to produce the *Subject Merchandise* in the *Subject Country* (*i.e.,* the level of production that your establishment(s) could reasonably have expected to attain during the year, assuming normal operating conditions (using equipment and machinery in place and ready to operate), normal operating levels (hours per week/weeks per year), time for downtime, maintenance, repair, and

cleanup, and a typical or representative product mix); and

(c) 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 the *Subject Country* accounted for by your firm's(s') exports.

(12) 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* after 2004, 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,* and such merchandise from other countries.

(13) (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: This review is 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: August 24, 2010.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 2010–21366 Filed 8–31–10; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–580–807]

Polyethylene Terephthalate Film, Sheet, and Strip From the Republic of Korea: Final Results of the Expedited Third Five-Year (Sunset) Review of the Antidumping Duty Order

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

SUMMARY: On September 1, 2010, the Department of Commerce (the Department) initiated the third sunset review of the antidumping duty order on polyethylene terephthalate film, sheet, and strip from the Republic of Korea, pursuant to section 751(c) of the Tariff Act of 1930, as amended (the Act). The Department has conducted an expedited (120-day) sunset review pursuant to 19 CFR 351.218(e)(1)(ii)(C)(2). As a result of this sunset review, the Department finds that revocation of the antidumping duty order 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.

FOR FURTHER INFORMATION CONTACT: Contact Tyler Weinhold or Robert James, AD/CVD Operations, Office 7, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482–1121, or (202) 482–0649, respectively.

SUPPLEMENTARY INFORMATION

Background

On September 1, 2010, the Department initiated the third sunset review of the antidumping duty order on polyethylene terephthalate film, sheet, and strip from the Republic of Korea, pursuant to section 751(c) of the Act. *See Initiation of Five-Year ("Sunset") Review,* 75 FR 53664 (September 1, 2010) (*Notice of Initiation*).

The Department received a notice of intent to participate from DuPont Teijin Films, Mitsubishi Polyester Film, Inc., SKC, Inc., and Toray Plastics (America), Inc. (collectively, "petitioners" or "domestic interested parties"), within the deadline specified in 19 CFR 351.218(d)(1)(i). The petitioners claimed domestic interested party status under section 771(9)(C) of the Act stating that they are producers in the United States of a domestic like product.

The Department received a response to the *Notice of Initiation* from the

domestic interested parties on October 1, 2010, within the 30-day deadline specified in 19 CFR 351.218(d)(3)(i). On October 20, 2010, the domestic interested parties submitted a correction to their response, correcting certain inaccuracies. We received no substantive responses from respondent interested parties. We determined the response of the domestic interested parties to be an adequate substantive response in accordance with 19 CFR 351.218(d)(3). As a result, pursuant to section 751(c)(3)(B) of the Act and 19 CFR 351.218(e)(1)(ii)(C)(2), the Department conducted an expedited (120-day) sunset review of the antidumping duty order on polyethylene terephthalate film, sheet, and strip from the Republic of Korea.

Scope of the Order

Imports covered by the order are shipments of all gauges of raw, pretreated, or primed polyethylene terephthalate film, sheet, and strip, whether extruded or coextruded. The films excluded from this review 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 (0.254 micrometers) thick.

Polyethylene terephthalate film, sheet, and strip is currently classifiable under Harmonized Tariff Schedule of the United States (HTSUS) subheading 3920.62.00. The HTSUS subheading is provided for convenience and for customs purposes. The written description remains dispositive as to the scope of the product coverage.

Analysis of Comments Received

All issues raised in this sunset review are addressed in "Issues and Decision Memorandum for the Final Results of Expedited Third Sunset Review of the Antidumping Duty Order on Polyethylene Terephthalate Film, Sheet, and Strip from the Republic of Korea" from Edward C. Yang, Acting Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Ronald K. Lorentzen, Deputy Assistant Secretary for Import Administration (Issues and Decision Memorandum), which is hereby adopted by, and issued concurrently with, this notice. The issues discussed in the Issues and Decision Memorandum are the likelihood of continuation or recurrence of dumping and the magnitude of the margins likely to prevail if the order was revoked. Parties can find a complete discussion of all issues raised in this review and the corresponding recommendations in this public memorandum which is on file in the Central Records Unit, room 7046 of the main Commerce Department building. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly on the Web at *http://ia.ita.doc.gov/frn.* The paper copy and electronic version of the Issues and Decision Memorandum are identical in content.

Final Results of Review

We determine that revocation of the antidumping duty order on polyethylene terephthalate film, sheet and strip from the Republic of Korea would be likely to lead to continuation or recurrence of dumping at the following weighted-average percentage margins:

Manufacturers/Exporters/ Producers	Weighted-average margin (percent)
SKC Limited	13.92
All Others	21.50

These dumping margins are from the Less-Than-Fair-Value Investigation, as amended pursuant to remand in *E.I. Dupont de Nemours & Co., Inc.* v. *United States,* 954 F. Supp. 263 (CIT 1997). *See Polyethylene Terephthalate Film, Sheet, and Strip From the Republic of Korea; Notice of Final Court Decision and Amended Final Determination of Antidumping Duty Investigation,* 62 FR 50557 (September 26, 1997).

Notification to Interested Parties

This notice also serves as the only reminder to parties subject to administrative protective order (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(c), and 777(i)(1) of the Act.

Dated: December 29, 2010.

Edward C. Yang,

Acting Deputy Assistant Secretary for Import Administration.

[FR Doc. 2011–145 Filed 1–6–11; 8:45 am]

BILLING CODE 3510–DS–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–459 (Third Review)]

Polyethylene Terephthalate (Pet) Film From Korea

AGENCY: United States International Trade Commission.

ACTION: Notice of Commission determination to conduct a full five-year review and scheduling of a full five-year review concerning the antidumping duty order on polyethylene terephthalate (PET) film from Korea.

SUMMARY: The Commission hereby gives notice that it will proceed with a full review 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 antidumping order on PET film from Korea would be likely to lead to a continuation or recurrence of material injury within a reasonably foreseeable time. The Commission also hereby gives notice of the scheduling of a full review concerning the antidumping order on PET film from Korea. For further information concerning the conduct of this review 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:* February 8, 2011.

FOR FURTHER INFORMATION CONTACT: Joanna Lo (202–205–1888), 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 this review may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov.*

SUPPLEMENTARY INFORMATION:

Background.—On December 6, 2010, the Commission determined that responses to its notice of institution of the subject five-year review were such that a full review pursuant to section 751(c)(5) of the Act should proceed. The Commission found that both the domestic and respondent interested party group responses to its notice of institution (75 FR 53711, September 1, 2010) were adequate. 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 review 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 this review 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 review 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 review.

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 this review available to authorized applicants under the APO issued in the review, 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 review. A party granted access to BPI following publication of the Commission's notice of institution of the review 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 review will be placed in the nonpublic record on June 8, 2011, 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 review beginning at 9:30 a.m. on June 28, 2011, 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 June 22, 2011. 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 June 23, 2011, 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 review 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 June 17, 2011. 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 July 6, 2011; 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 review may submit a written statement of information pertinent to the subject of the review on or before July 6, 2011. On August 4, 2011, 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 August 8, 2011, 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 FR 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 FR 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 review must be served on all other parties to the review (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: This review is 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: February 8, 2011.

William R. Bishop,

Hearings and Meetings Coordinator.

[FR Doc. 2011–3327 Filed 2–14–11; 8:45 am]

BILLING CODE P

EXPLANATION OF COMMISSION DETERMINATION ON ADEQUACY
in
Polyethylene Terephthalate ("PET") Film from Korea
Inv. No. 731-TA-459 (Third Review)

On December 6, 2010, the Commission determined that it should proceed to a full review in the subject five-year review pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. §1675(c)(5)).

The Commission received a consolidated response to its notice of institution from domestic interested parties DuPont Teijin Films ("DTF"), Mitsubishi Polyester Film, Inc. ("MFA"), SKC, Inc. ("SKC"), and Toray Plastics (America), Inc ("TPA"), all U.S. producers of PET film. The Commission found the individual response of each of these parties, which contained party-specific data, to be adequate. The Commission found that the domestic interested party group response was adequate because the four responding domestic producers (DTF, MFA, SKC, and TPA) account for a majority of domestic production of PET film.

The Commission also received an adequate individual response from Kolon Industries, Inc. ("KII"), a foreign producer and exporter of subject merchandise from Korea. The Commission found that the respondent interested party group response was adequate because the responding producer, KII, accounts for a substantial amount of PET film exports from Korea to the United States, and a sizeable amount of Korean PET film production.

Because the individual and group responses from both the domestic and respondent interested parties were adequate, the Commission determined to conduct a full review in this proceeding.

A record of the Commissioners' votes is available from the Office of the Secretary and on the Commission's website (http://www.usitc.gov).

APPENDIX B

HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject:	Polyethylene Terephthalate (PET) Film from Korea
Inv. No.:	731-TA-459 (Third Review)
Date and Time:	June 28, 2011 - 9:30 a.m.

Sessions were held in connection with this investigation in the Main Hearing Room, 500 E Street (room 101), S.W., Washington, D.C.

In Support of Continuation of <u>Antidumping Duty Order:</u>

Wilmer Hale
Washington, D.C.
<u>on behalf of</u>

DuPont Teijin Films
Mitsubishi Polyester Film, Inc.
SKC, Inc.
Toray Plastics (America), Inc.

Ronald H. Kasoff, Chief Financial Officer, DuPont Teijin Films

Carlton Winn, Manager, Strategic Planning and Raw Materials, Mitsubishi Polyester Film, Inc.

Emmarine Byerson, Credit & Risk Manager, SKC, Inc.

Todd Eckles, Director, Market Development, Toray Plastics (America), Inc.

Ronald I. Meltzer)
Patrick J. McLain)
) – OF COUNSEL
David M. Horn)
Jeffrey I. Kessler)

In Opposition to Continuation of <u>Antidumping Duty Order:</u>

Akin Gump Strauss Hauer & Feld LLP
Washington, D.C.
<u>on behalf of</u>

Kolon Industries, Inc.
Kolon USA

James Kwon, Team Manager, Film Business Team, Kolon Industries, Inc.

Jung-Kwang Kim, Deputy Senior Manager, Film Business Team, Kolon Industries, Inc.

Bruce G. Lee, General Manager, Marketing & Sales Team, Kolon USA

Gary E. Michalkiewicz, Manager, Raw Material Sourcing, Bemis Company

Dong-Un (Dennis) Han, Narae Accounting Corp., (consultant to Kolon)

J. David Park)
Jarrod M. Goldfeder) – OF COUNSEL
Sally S. Laing)

APPENDIX C

SUMMARY DATA

Table C-1
PET film: Summary data concerning the U.S. market, 2005-10, January-March 2010, and January-March 2011

* * * * * * *

APPENDIX D

COMMENTS ON THE SIGNIFICANCE OF THE EXISTING ANTIDUMPING DUTY ORDER 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."

***

"No."

***

"Yes. Predatory pricing practices by importers impact not only commodity film pricing, but specialty film pricing due to the "dominos effect." If the order is revoked, we expect further job loss and incremental capital investment required to improve efficiencies in order to compete at a profitable level. Order has had a placating effect on imports from Korea, specifically with respect to producer/exporter ***. Pursuant to a changed circumstances review, the Department of Commerce reinstated the order for Kolon's violation of the terms of its revocation agreement. Overcapacity on a global basis coupled with attractive pricing in the U.S. market continues to threaten the U.S. industry's modest recovery from the economic recession. Moreover, faced with rising raw material costs, it will be increasingly difficult for the U.S. industry to compete with dumped imports. This would lead to injurious pricing at levels that do not allow full recovery of fixed and variable costs and could lead to a loss in sales volume."

***

"No."

***

"***."

***

"Yes. Possible reduced production volume based on the increased volume of imported film in the event the order is revoked."

***

"Yes. Delay purchase of additional slitting machine. The slitter capacity today is challenging because of a customer product mix change in the past year. If the order is revoked, *** may decide to delay the purchase in anticipation that the Korean film coming into the market may impact our specialty film sales; therefore, opening up capacity on the current slitting equipment."

***

"Yes. Korean film manufacturers target the USA for excess capacity. Without an anti-dumping order in place the amount of Korean imports will increase and the price points in the US market will drop. We have seen evidence of this over the course of the five years since the last sunset review. The requested materials are attached. "

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-15)

***

"With no import duty, if the imported volume of Korean PET was sold in the US at a selling price below ***'s current variable cost, it would actually save *** money to buy outside, but could cost US jobs in film making."

***

"The specific order covering imports of PET film from Korea has no current impact production capacity or any costs or decisions related to our internally produced PET film."

***

"None."

***

"Immediately following the order, *** saw an increase in prices in the markets in which we compete against ***. There was some improvement in sales volume with more competitive pricing. Although import volumes from Korea remain high, 72 MM in 2005, 69 MM in 2006, 54 MM in 2007, 61 MM in 2008, 43 MM in 2009 (high given recession), 45 MM in 2010, but for the discipline imposed by the order, imports from Korea would be even greater."

***

"Don't know."

***

"***."

***

"The existing order has managed to curtail dumping from Korea to the US. It continues to provide a level playing field for all manufacturers."

***

"The existing antidumping and countervailing duty orders have created a 'fairer' market environment that has allowed ***. to grow its business in the US and continue to invest in our US facility."

***

"The existing antidumping duty order has enabled *** to maximize production efficiencies, increase sales and keep inventories at a reasonable level. The order also allowed *** to maximize profits due to the fact we did not have to compete against low priced imports from Korea."

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-16)

***

"No, but based on answer from II-15, could cost US jobs if price from Korea is below our raw material cost."

***

"No."

***

"No."

***

"Yes. It is likely that *** will expand their market penetrations to new markets and expand their product offering with low priced imports as a result of the lifting of this order. They have consistently demonstrated this behavior."

***

"Don't know."

***

"Yes. There are 3 major points why the likely effect of revocation of the order will negatively impact our firm - (1) Globally, the PET Film industry cycle is now re-entering an oversupply period - resulting in an intense competitive environment where margins will drop on all types of subject and non subject PET film products, (2) Korea regionally is entering a period of increasing oversupply and dropping capacity utilization - this will force Korean producers to find outlets for their overcapacity (3) Regional differentials of raw material costs will favor Asia producers in the future. This environment, without an order in place, would make the US industry very vulnerable to Korean exports that will be sold below market value. The low price of these imports would transmit across the total product mix - resulting in low/lower margins on all products. Then, the cycle of domestic restructuring, cost cutting, plant closures and job losses would begin again. An order, even if the rates were very low, has proven to maintain pricing discipline and allow the domestics to compete in a fair and competitive environment."

***

"Yes. Decreases in revenues, etc. highly possible due to increased competition from imports."

***

"Yes. We believe that the imbalance of domestic production capacity and domestic demand in Korea 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 at a time when overall production capacity of PET globally is growing at a fast rate. The US market will become the 'dumping' ground for external producers with excess capacity above domestic needs, Korea being one of those countries."

***

"Yes. Korean PET Film producers target the US market as a outlet for excess capacity. If this order is revocated it is likely that the Korean PET film producers will again sell low priced PET film to US customers and case erosion in pricing and injuring US PET film companies."

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."

***

"No."

***

"No."

***

"No."

***

"No."

***

"Yes. See producers' questionnaire response on II-4 above."

***

"No."

***

"Yes. Consider importing more volume from Korea in the event that the order is revoked."

***

"No."

***

"No."

***

"Yes. Korean film manufacturers target the USA for excess capacity. Without an anti-dumping order in place the amount of Korean imports will increase, and the price points in the US market will drop. We have seen evidence of this over the five year period since the prior sunset review. For supporting documentation, see attachment."

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-9)

***

"To date the existing antidumping duty order has had no identifiable impact on our firm."

***

"The order has no impact on our imports."

***

"*** does not import from Korea."

***

"Don't know."

***

"There have been no significant effects of the antidumping order on ***'s business operations. Rather, changes in quantity or selling prices depend on the market situation."

***

"No influence."

***

"We are not a major importer of Korean PET Film. Therefore this order does not affect our operation."

***

"The order has reduced our imports of PET film."

***

"No significance."

***

"The existing antidumping and countervailing duty orders have created a 'fairer' :: market environment that has allowed *** to maintain its business in the US."

***

"The existing antidumping duty order has enabled *** to maximize production efficiencies, increase sales and keep inventories at a reasonable level. The order also allowed *** to maximize profits due to the fact we did not have to compete against low priced imports from Korea."

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-10)

***

"No."

***

"No."

***

"It is likely that *** will expand their market penetrations to new markets and expand their product offering with low priced imports as a result of the lifting of this order. They have consistently demonstrated this behavior. This would necessitate *** to reduce prices and would possibly lose import volume due to competitive pressures."

***

"Don't know."

***

"N/A"

***

"Yes. Revocation of the order against Korea will increase imports of all types without restriction. This increase in Korean imports will most likely squeeze out and reduce the imports coming from our sister companies."

***

"No."

***

"Yes. Although no detailed business plan, imports from Korea would likely increase based on increased competition and price structure."

***

"No."

***

"Yes. We believe that the imbalance of domestic production capacity and domestic demand in Korea 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 at a time when overall production capacity of PET globally is growing at a fast rate. The US market will become the 'dumping' ground for external producers with excess capacity above domestic needs, Korea being one of those countries."

***

"Yes. Korean PET Film producers target the US market as a outlet for excess capacity. If this order is revocated it is likely that the Korean PET film producers will again sell low priced PET film to US customers and cause erosion in pricing and injuring US PET film companies. When viewed in light of the worldwide expansion of capacity, Korean producers will look to the US market (as they have historically). "

U.S. PURCHASERS' COMMENTS

The Commission asked U.S. purchasers to comment on the likely effect of any revocation of the antidumping duty order covering PET film from Korea. They were asked to discuss the potential effects of revocation of the antidumping duty order in terms of (1) the future activities of their film and (2) the U.S. market as a whole. (Question III-33.) Their responses are as follows.

***

(1) Activities of firm.–"Probably no impact."

(2) Entire U.S. market.–"May make more supply available."

***

(1) Activities of firm.–"Prices increase to our customers."

(2) Entire U.S. market.–"End users will likely move to off shore supply of coated films and tapes mostly likely SE Asia."

***

(1) Activities of firm.–"I would expect little or no change or impact due to revocation of the antidumping duty order for PET film from Korea capacity for PET film is Korea is limited and strategic decisions by Korean suppliers to direct their available capacity away from packaging to other markets would limit our ability to source and additional film from Korean suppliers."

(2) Entire U.S. market.–"There would be little or no impact to the U.S. market for the same reasons indicated in (1) above."

***

(1) Activities of firm.–"Not sure."

(2) Entire U.S. market.–"Not sure."

***

(1) Activities of firm.–"Impact of the current antidumping duty order from Korea does not have a significant impact on our business activities at this time, so revocation of this order would also not likely have a significant impact on future activities."

(2) Entire U.S. market.–"We are unable to determine the effects."

***

(1) Activities of firm.–"Don't know."

(2) Entire U.S. market.–"Don't know."

***

(1) Activities of firm.–"We believe that revocation of the antidumping duty for imports from Korea would lead to a better and more stable supply of competitively and fairly priced PET film."

(2) Entire U.S. market.–"It is our opinion that revocation of antidumping duties from Korea will make the U.S. a more attractive market to sell into. By increasing the available volume, we would expect a better balance between supply and demand and thus a more stable film price. The companies purchasing PET film would be more financially viable because margins would be more predictable. Overall the resulting gain in corporate confidence would lead to a growth in output as well as the creation of new jobs and thus, we believe the impact would be very positive."

***

(1) Activities of firm.–"We believe that revocation would be good for our firm in that it could open up additional sources of supply for ultra thin film(4.5u) the U.S.-based PET production capacity is insufficient to satisfy market requirements especially ultra thin film (4.5u) this revocation could once again attract foreign producers to consider the U.S. market and help to balance the available supply to market demand it is uncertain that the revocation will result in additional supply of ultra film (4.5u) for the thermal transfer ribbon (TTR) industry but it would be moving in the right direction."

(2) Entire U.S. market.–"We believe that revocation would be good for the entire U.S. market in that could create additional supply interest in the U.S. market it is likely that this supply would be directed to other larger PET film markets such as packaging rather than ultra thin film (4.5u) required by the thermal transfer ribbon industry as other larger markets are satisfied then the smaller ultra thin (4.5u) market should become more attractive and supply made available to this market this would help to bring supply and demand in balance and create a more price competitive market."

***

(1) Activities of firm.–"We do not think it will reduce prices in our market since most of the production of film in Korea is used in Korea for displays, and not for our market."

(2) Entire U.S. market.–"We can not predict this."

***

(1) Activities of firm.–"Relatively low direct impact."

(2) Entire U.S. market.–"Medium impact."

***

(1) Activities of firm.–"None; we asked *** to supply us last year when ***. They said they had no capacity to offer. We offered to pay any price. They refused our offer."

(2) Entire U.S. market.–"None. Same reason, unless they build new lines. But ***, making it very difficult for *** to do business with them- even if they had capacity to offer. Their prices were not cheap, either."

***

(1) Activities of firm.–"We would possible look at other Korean suppliers to supplement our purchasers do not believe they would displace U.S. production."

(2) Entire U.S. market.–"Impact the US producers on the thick specialty films since Korea has these products capabilities."

***

(1) Activities of firm.–"None."

(2) Entire U.S. market.–"None."

***

(1) Activities of firm.–"Due to the more specialized needs for thicker PET films, we would expect little near term impact."

(2) Entire U.S. market.–"an influx of thinner packaging films from offshore would impact the finances of U.S.-based PET films."

***

(1) Activities of firm.–"There will be no impact at ***."

(2) Entire U.S. market.–"Improved competitiveness to force U.S. manufactures to find ways to reduce costs in this market."

***

(1) Activities of firm.–"None."

(2) Entire U.S. market.–"No opinion."

***

(1) Activities of firm.–"None."

(2) Entire U.S. market.–"None."

***

(1) Activities of firm.–"We would likely be able to find film for delivery that is not currently availability."

(2) Entire U.S. market.–"Firms would be able to compete within foreign metalized film that is selling at prices below the current raw material prices in the U.S."

***

(1) Activities of firm.–"Most likely no change. If Korea prices are in line with market pricing, we will continue to purchase as we do today."

(2) Entire U.S. market.–"Uncertain."

***

(1) Activities of firm.–"It will make more films available and supply a broader market.."

(2) Entire U.S. market.–"It will make pricing of PET more competitive."

***

(1) Activities of firm.–"None."

(2) Entire U.S. market.–"May improve competition and drive pricing lower."

The Commission requested that purchasers identify and discuss any improvements/changes in the U.S. PET film industry since January 1, 2005. (Question III-32 (a).) Their responses are as follows.

***

"Change I see is capacity for thick films getting very tight. Suppliers are looking for more supplier contracts in order to guarantee supply. Most have raw material clauses in them to adjust purchase price. Since most raws are going up they have contracts tying you to price increases. In the past, you could buy from two or more with no contracts."

***

"Supply of domestically produced and supplied packaging films has been severely impacted specifically in the past few years. *** reduced supply to the U.S. market by shutting down two old and small domestic polyester film lines in 2008 and 2010 and eliminating supply from ***.

*** discontinued production and supply of 48g corona in the U.S. in 2010. AD actions have essentially cut off supply from China at the same time that U.S. suppliers were reducing supply to the packaging market. AD actions also limit supply from India. In the second half of 2010, this created a severe shortage in the US for packaging films and more than doubled prices for these films that were sourced offshore."

***

"None."

***

"N/A."

***

"We are not aware of any improvements in the U.S. PET film industry since 2005."

***

"Don't know."

***

"It is our opinion that older equipment which the domestic producers of PET film operate prevented them from being competitive on a global basis with producers that operate newer lines. Typically, new lines can produce film far more efficiently and cost effectively. Because the market price of PET film has fluctuated significantly in recent years, some U.S. producers decided to consolidate operations or discontinue production altogether of the 48 gauge corona treated PET film used in flexible packaging. The decision was based on the sizable investment required for new equipment coupled with uncertain return on investment. Others decided in favor of producing film for use in other less commodity-oriented markets. We feel the orders under review have forced a constraint in the supply of packaging film available to the U.S. market and facilitated imbalance between supply and demand driving prices to extremes."

***

"***. Now they get paid anti-dumping fees through customs for having created this crises."

***

"We do not understand the market enough to comment. The U.S. producers have abandoned the users of 48 gauge product, forcing U.S. to import."

***

"The biggest and most recent change (2010-2011) in the U.S. PET film industry is the availability of ultra-thin (4.5u) for our thermal transfer ribbon (TTR) industry. Global capacity for ultra thin film (4.5u) has been taken off line and redirected toward thicker films for the video display and solar panel markets. Prior to this change, this capacity has been used to supply ultra thin film (4.5u) to our industry. Currently the demand for ultra thin film (4.5u) exceeds the global supply. This has resulted in price increases at rates higher than the increase in the cost of raw material inputs. The above actions along with current anti-dumping duties has limited the number of foreign producers willing and able to supply the U.S. market at a competitive price. In addition, this has created an opportunity for domestic PET film producers to take control of the market and operate in a non-competitive market place."

***

"***. From ***."

***

"PET film is no longer readily available and many suppliers have stopped producing product suitable for our product line and markets. Anti-dumping duties have further reduced supply at a time when demand has increased in the world due to new uses."

***

"Reduction in PET film capacity by *** in 2009/2010 along with increased demand led to a severe shortage for product this has had a negative impact on our ability to supply customer with products they demanded also the severe shortage also increaed the price of PET film which negatively impacted our company due to the inability to recoup these costs in our sales price."

***

"Increased availability. Reduced cost."

***

"Supply shortage caused us to qualify other suppliers market conditions have attracted new investment in new capacity in the U.S."

***

No response.

***

"Don't know."

***

"None."

***

"Very stable market conditions for thick film except for recession in 2008 and 2009 followed by tighter supply in 2010."

***

"None identified."

***

"Capacity reduction in the U.S.; ***."

The Commission requested that purchasers identify and discuss any improvements/changes they anticipate in the future U.S. PET film industry. (Question III-32 (b).) Their responses are as follows.

***

"None."

***

"None."

***

"None."

***

"We do not anticipate any improvements in the PET film industry in the future."

***

"Don't know."

***

"Anticipate movement away from "commodity grade" thinner gauge products (especially 48 gauge to 100 gauge products). U.S. suppliers moving into more specialized film portfolios in the optical and solar market and away from some industrial grade films. This has already begun and will continue to evolve over the next few years."

***

"We anticipate that one or more foreign producers, most likely Indian owned companies, may establish operations here in the U.S. for the purpose of gaining an advantage in the U.S., using the actions under review as a tool to gain market share from other producers subject to the actions under review. This would serve to undermine the competitive landscape and would not affect the domestic suppliers that have discontinued selling packaging grade PET film."

***

"The change that would be desired but not necessarily anticipated is the addition of U.S. or global capacity to produce ultra thin films short of this desired capital investment would be the modification and redirection of PET film capacity back to ultra thin film production."

***

"More suppliers will enter the market at present prices and market conditions."

***

"Capacity investment in the U.S. and abroad in 2011 and 2012 will improve supply and stabilize costs."

***

"Don't know."

***

"I see no major improvements or changes."

***

"N.A.."

***

"N/A."

***

"New supply 2012-2013."

***

"Hopefully a foreign firm will open a factory in the U.S. to relieve the continued shortage created by the US suppliers closing factories and using antidumping as a weapon against their competition."

***

No response.

***

“We expect little change.”

***

“One multinational PET film producer has announced the construction of a PET film line in the U.S. specifically to supply the packaging market. A second producer is also considering building a line in the U.S. The new lines would be scheduled to be complete by early 2013. This new capacity will then provide the preferred domestic supply sources for packaging films in the U.S.”

***

“We anticipate more qualified suppliers.”

***

No response.