



FACT SHEET

Commerce Preliminarily Finds Countervailable Subsidization of Imports of Fine Denier Polyester Staple Fiber from the People's Republic of China (China) and India

- On October 31, 2017, the Department of Commerce (Commerce) announced its affirmative preliminary determinations in the countervailing duty (CVD) investigations of imports of fine denier polyester staple fiber from China and India.
- The CVD law provides U.S. businesses and workers with a transparent, quasi-judicial, and internationally accepted mechanism to seek relief from the market-distorting effects caused by injurious dumping and unfair subsidization of imports into the United States, establishing an opportunity to compete on a level playing field.
- For the purpose of CVD investigations, a countervailable subsidy is financial assistance from a foreign government that benefits the production of goods from foreign companies and is limited to specific enterprises or industries, or is contingent either upon export performance or upon the use of domestic goods over imported goods.
- In the China investigation, Commerce has calculated preliminary subsidy rates of 41.73 percent for Jiangyin Hailun Chemical Fiber Co. Ltd. and 47.64 percent for Jiangyin Huahong Chemical Fiber Co. Ltd. The preliminary subsidy rates for both respondents were determined partially on the basis of adverse facts available due to the failure to provide certain information as requested by Commerce. Commerce has determined a rate of 44.69 percent for all other Chinese producers and exporters.
- In the India investigation, Commerce calculated has calculated preliminary subsidy rates of 7.18 percent for Bombay Dyeing & Mfg. Co. Ltd. and 9.86 percent for Reliance Industries Limited. The preliminary subsidy rates for both respondents were determined partially on the basis of adverse facts available due to the failure to provide certain information as requested by Commerce. Commerce has determined a rate of 9.37 percent for all other Indian producers and exporters.
- As a result of the preliminary affirmative determinations, Commerce will instruct U.S. Customs and Border Protection (CBP) to require cash deposits based on these preliminary rates.
- The petitioners are DAK Americas LLC (NC), Nan Ya Plastics Corporation, America (SC), and Auriga Polymers Inc. (NC).
- The scope of these investigations covers fine denier polyester staple fiber (fine denier PSF), not carded or combed, measuring less than 3.3 decitex (3 denier) in diameter. The scope covers all fine denier PSF, whether coated or uncoated. The following products are excluded from the scope:
 - (1) PSF equal to or greater than 3.3. decitex (more than 3 denier, inclusive) currently classifiable under Harmonized Tariff Schedule of the United States (HTSUS) subheadings 5503.20.0045 and 5503.20.0065.

- (2) Low-melt PSF defined as a bi-component fiber with a polyester core and an outer, polyester sheath that melts at a significantly lower temperature than its inner polyester core currently classified under HTSUS subheading 5503.20.0015.

Fine denier PSF is classifiable under the HTSUS subheading 5503.20.0025. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of the investigations is dispositive.

- In 2016, imports of fine denier polyester staple fiber from China and India were valued at an estimated \$79.4 million and \$14.7 million, respectively.

NEXT STEPS

- Commerce is scheduled to announce its final determinations on or about January 17, 2018, unless the statutory deadline is extended.
- If Commerce makes affirmative final determinations and the U.S. International Trade Commission (ITC) makes affirmative final determinations that imports of fine denier polyester staple fiber from China and/or India, materially injure, or threaten material injury to the domestic industry in the United States, Commerce will issue CVD orders. If either Commerce or the ITC final determinations are negative, no CVD orders will be issued. The ITC is scheduled to make its final injury determinations approximately 45 days after Commerce issues its final determinations, if affirmative.

PRELIMINARY SUBSIDY RATES:

| COUNTRY | EXPORTER/PRODUCER | SUBSIDY RATES |
|----------------|---|----------------------|
| China | Jiangyin Hailun Chemical Fiber Co. Ltd. | 41.73% |
| | Jiangyin Huahong Chemical Fiber Co. Ltd. | 47.64% |
| | All-Others | 44.69% |
| India | Bombay Dyeing & Mfg. Co. Ltd. | 7.18% |
| | Reliance Industries Limited | 9.86% |
| | All Others | 9.37% |

CASE CALENDAR:

| EVENT | CVD INVESTIGATION |
|---------------------------------|-------------------|
| Petitions Filed | May 31, 2017 |
| DOC Initiation Date | June 20, 2017 |
| ITC Preliminary Determinations | July 17, 2017† |
| DOC Preliminary Determinations* | October 30, 2017 |
| DOC Final Determinations* | January 16, 2018 |
| ITC Final Determinations** | March 2, 2018 |
| Issuance of Orders*** | March 9, 2018 |

NOTE: Commerce preliminary and final determination deadlines are governed by statute. For CVD investigations, the deadlines are set forth in sections 703(b) and 705(a)(1) of the Tariff Act of 1930, as amended (the Act). For AD investigations, the deadlines are set forth in sections 733(b) and 735(a) of the Act. These deadlines may be extended under certain circumstances.

†Where the deadline falls on a weekend/holiday, the appropriate date is the next business day.

*These deadlines may be extended under the governing statute.

**This will take place only in the event of final affirmative determinations from Commerce.

***This will take place only in the event of final affirmative determinations from Commerce and the ITC.

IMPORT STATISTICS:

| CHINA | 2014 | 2015 | 2016 |
|----------------------|------------|------------|------------|
| Volume (metric tons) | 34,795 | 51,371 | 73,598 |
| Value (USD) | 50,247,722 | 61,390,279 | 79,409,675 |
| INDIA | 2014 | 2015 | 2016 |
| Volume (metric tons) | 10,150 | 12,772 | 12,369 |
| Value (USD) | 15,785,925 | 17,126,857 | 14,737,498 |

Source: U.S. Census Bureau, accessed through Global Trade Atlas. (HTSUS 5503.20.0025)