DEPARTMENT OF COMMERCE

INTERNATIONAL TRADE ADMINISTRATION

(C-533-876; C-570-061)

Fine Denier Polyester Staple Fiber from India and the People’s Republic of China: Initiation of Countervailing Duty Investigations

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce

DATES: Effective June 20, 2017.

FOR FURTHER INFORMATION CONTACT: Trisha Tran at (202) 482-4852 (India); Yasmin Bordas at (202) 482-3813 and Davina Friedmann at (202) 482-0698 (the People’s Republic of China), AD/CVD Operations, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230.

SUPPLEMENTARY INFORMATION

The Petitions

On May 31, 2017, the U.S. Department of Commerce (the Department) received countervailing duty (CVD) Petitions concerning imports of fine denier polyester staple fiber (fine denier PSF) from India and the People’s Republic of China (the PRC), filed in proper form on behalf of DAK Americas LLC, Nan Ya Plastics Corporation, America, and Auriga Polymers, Inc. (collectively, the petitioners). The CVD Petitions were accompanied by antidumping duty (AD) Petitions concerning imports of fine denier PSF from both of the countries listed above, in
addition to the Republic of Korea, Taiwan, and the Socialist Republic of Vietnam.¹ The petitioners are domestic producers of fine denier PSF.²

On June 5, 2017, the Department requested supplemental information pertaining to certain areas of the Petitions.³ The petitioners filed responses to these requests on June 8, 2017.⁴ The petitioners filed revised scope language on June 14, 2017.⁵

In accordance with section 702(b)(1) of the Tariff Act of 1930, as amended (the Act), the petitioners allege that the Governments of India and the PRC are providing countervailable subsidies, within the meaning of sections 701 and 771(5) of the Act, to imports of fine denier PSF from India and the PRC, respectively, and that such imports are materially injuring, or threatening material injury to, the domestic industry producing fine denier PSF in the United States. Also, consistent with section 702(b)(1) of the Act, for those alleged programs on which

² Id., Volume I of the Petitions, at 2; see also, Letter to the Secretary of Commerce from the petitioners, “Fine Denier Polyester Staple Fiber from the People’s Republic of China, India, the Republic of Korea, Taiwan, and the Socialist Republic of Vietnam - Petitioners’ Amendment to Volume I Relating to General Issues,” (June 8, 2017) (General Issues Supplement), at Exhibit I-S2.
³ See Letter to the petitioners from the Department, “Petition for the Imposition of Countervailing Duties on Imports of Fine Denier Polyester Staple Fiber from India” (June 5, 2017) (India CVD Supplemental Questionnaire); see also Letter from the Department, “Petitions for the Imposition of Antidumping and Countervailing Duties on Imports of Fine Denier PSF from the People’s Republic of China, India, the Republic of Korea, Taiwan, and the Socialist Republic of Vietnam: Supplemental Questions” (June 5, 2017) (General Issues Supplemental Questionnaire); see also Letter to the petitioners from the Department “Petition for the Imposition of Countervailing Duties on Imports of Fine Denier Polyester Staple Fiber from the People’s Republic of China: Supplemental Questions,” (June 5, 2017) (PRC CVD Supplemental Questionnaire).
⁴ See Letter to the Secretary of Commerce from the petitioners, “Fine Denier Polyester Staple Fiber from India – Petitioners’ Response to Supplemental Questionnaire Concerning Countervailing Duty Petition – Petitioners’ Amendment to Volume VIII Relating to India – Countervailing Duties,” (June 8, 2017) (India CVD Supplement); see also General Issues Supplement; see also Letter to the Secretary of Commerce from the petitioners, “Fine Denier Polyester Staple Fiber from the People’s Republic of China, India, the Republic of Korea, Taiwan, and the Socialist Republic of Vietnam – Petitioners’ Amendment to Volume VII Relating to China – Countervailing Duties,” (June 8, 2017) (PRC CVD Supplement).
⁵ See Memorandum to the File “Phone Conversation Regarding Scope,” dated June 13, 2017; see also Fine Denier Polyester Staple Fiber from the People’s Republic of China, India, the Republic of Korea, Taiwan, and the Socialist Republic of Vietnam - Petitioners’ Second Amendment to Volume I Relating to General Issues, dated June 14, 2017 (Scope Supplement to the Petitions).
we are initiating a CVD investigation, the Petitions are accompanied by information reasonably available to the petitioners supporting their allegations.

The Department finds that the petitioners filed these Petitions on behalf of the domestic industry because the petitioners are interested parties as defined in section 771(9)(C) of the Act. The Department also finds that the petitioners demonstrated sufficient industry support with respect to the initiation of the CVD investigations that the petitioners are requesting.  

Period of Investigation

Because the Petitions were filed on May 31, 2017, the period of investigation is January 1, 2016, through December 31, 2016.

Scope of the Investigations

The product covered by these investigations is fine denier PSF from India and the PRC. For a full description of the scope of these investigations, see the “Scope of the Investigations,” in the Appendix to this notice.

Comments on Scope of the Investigations

During our review of the Petitions, the Department issued questions to, and received responses from, the petitioners pertaining to the proposed scope to ensure that the scope language in the Petitions would be an accurate reflection of the products for which the domestic industry is seeking relief.

As discussed in the preamble to the Department’s regulations, we are setting aside a period for interested parties to raise issues regarding product coverage (scope). The Department will consider all comments received from interested parties and, if necessary, will consult with

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6 See “Determination of Industry Support for the Petition” section, below.
7 See General Issues Supplemental Questionnaire; see also General Issues Supplement.
8 See Antidumping Duties; Countervailing Duties: Final Rule, 62 FR 27296, 27323 (May 19, 1997).
the interested parties prior to the issuance of the preliminary determinations. If scope comments include factual information,⁹ all such factual information should be limited to public information. To facilitate preparation of its questionnaires, the Department requests all interested parties to submit such comments by 5:00 p.m. Eastern Time (ET) on Tuesday, July 10, 2017, which is 20 calendar days from the signature date of this notice. Any rebuttal comments, which may include factual information, must be filed by 5:00 p.m. ET on Thursday, July 20, 2017, which is 10 calendar days from the initial comments deadline.

The Department requests that any factual information the parties consider relevant to the scope of the investigations be submitted during this time period. However, if a party subsequently finds that additional factual information pertaining to the scope of the investigations may be relevant, the party may contact the Department and request permission to submit the additional information. All such comments must be filed on the records of each of the concurrent AD and CVD investigations.

Filing Requirements

All submissions to the Department must be filed electronically using Enforcement and Compliance’s Antidumping Duty and Countervailing Duty Centralized Electronic Service System (ACCESS).¹⁰ An electronically filed document must be received successfully in its entirety by the time and date it is due. Documents exempted from the electronic submission requirements must be filed manually (i.e., in paper form) with Enforcement and Compliance’s APO/Dockets Unit, Room 18022, U.S. Department of Commerce, 1401 Constitution Avenue, Washington, DC 20230.

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⁹ See 19 CFR 351.102(b)(21).
Consultations

Pursuant to sections 702(b)(4)(A)(i) and (ii) of the Act, the Department notified representatives of the Governments of India and the PRC of the receipt of the Petitions, and provided them the opportunity for consultations with respect to the CVD Petitions. Consultations with the PRC were held via conference call on June 19, 2017. On June 16, 2017, India requested the Department to reschedule consultations for after June 27, 2017.

Determination of Industry Support for the Petitions

Section 702(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 702(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (i) at least 25 percent of the total production of the domestic like product; and (ii) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Moreover, section 702(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, the Department shall: (i) poll the industry or rely on other information in order to determine if there is support for the petition, as required by subparagraph (A); or (ii) determine industry support using a statistically valid

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12 See Memorandum, “Ex-Parte Meeting with Officials from the Government of People’s Republic of China on the Countervailing Duty Petition on Fine Denier Polyester Staple Fiber from People’s Republic of China” (June 19, 2017); see also Memorandum, “Ex-Parte Meeting with Officials from the Government of the India on the Countervailing Duty Petition on Fine Denier Polyester Staple Fiber from India” (June 19, 2017).
13 See Letter to the Secretary of Commerce from the Embassy of India, “Request to reschedule consultations on CVD petition against Fine Denier Polyester Staple Fiber from India,” (June 16, 2017).
sampling method to poll the “industry.”

Section 771(4)(A) of the Act defines the “industry” as the producers, as a whole, of a domestic like product. Thus, to determine whether a petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The International Trade Commission (ITC), which is responsible for determining whether “the domestic industry” has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding the domestic like product, they do so for different purposes and pursuant to a separate and distinct authority. In addition, the Department’s determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to law.

Section 771(10) of the Act defines the 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 title.” Thus, the reference point from which the domestic like product analysis begins is “the article subject to an investigation” (i.e., the class or kind of merchandise to be investigated, which normally will be the scope as defined in the Petitions).

With regard to the domestic like product, the petitioners do not offer a definition of the domestic like product distinct from the scope of the investigations. Based on our analysis of the information submitted on the record, we have determined that fine denier PSF, as defined in the scope, constitutes a single domestic like product and we have analyzed industry support in terms

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14 See section 771(10) of the Act.
of that domestic like product.\textsuperscript{16}

In determining whether the petitioners have standing under section 702(c)(4)(A) of the Act, we considered the industry support data contained in the Petitions with reference to the domestic like product as defined in the “Scope of the Investigations,” in Appendix I of this notice. To establish industry support, the petitioners provided their own production of the domestic like product in 2016.\textsuperscript{17} In addition, the petitioners provided a letter of support from Palmetto Synthetics, LLC, stating that the company supports the Petitions and providing its own production of the domestic like product in 2016.\textsuperscript{18} The petitioners identify themselves and Palmetto Synthetics, LLC as the companies constituting the U.S. fine denier PSF industry and state that there are no other known producers of fine denier PSF in the United States; therefore, the Petitions are supported by 100 percent of the U.S. industry.\textsuperscript{19}

Our review of the data provided in the Petitions, General Issues Supplement, and other information readily available to the Department indicates that the petitioners have established industry support for the Petitions.\textsuperscript{20} First, the Petitions established support from domestic producers (or workers) accounting for more than 50 percent of the total production of the domestic like product and, as such, the Department is not required to take further action in order to evaluate industry support (\textit{e.g.}, polling).\textsuperscript{21} Second, the domestic producers (or workers) have

\textsuperscript{16} For a discussion of the domestic like product analysis, see Countervailing Duty Investigation Initiation Checklist: Fine Denier Polyester Staple Fiber from the People’s Republic of China (PRC CVD Initiation Checklist), at Attachment II. Analysis of Industry Support for the Antidumping and Countervailing Duty Petitions Covering Fine Denier Polyester Staple Fiber from the People’s Republic of China, India, the Republic of Korea, Taiwan, and the Socialist Republic of Vietnam, (Attachment II); and Countervailing Duty Investigation Initiation Checklist: Fine Denier Polyester Staple Fiber from India (India CVD Initiation Checklist), at Attachment II. These checklists are dated concurrently with this notice and on file electronically \textit{via ACCESS}. Access to documents filed \textit{via ACCESS} is also available in the Central Records Unit, Room B8024 of the main Department of Commerce building.

\textsuperscript{17} See Volume I of the Petitions, at 3 and Exhibit I-2.

\textsuperscript{18} Id.

\textsuperscript{19} Id., at 2-3 and Exhibit I-1; see also General Issues Supplement, at 3 and Exhibit I-S2.

\textsuperscript{20} See PRC CVD Initiation Checklist and India CVD Initiation Checklist, at Attachment II.

\textsuperscript{21} See section 702(c)(4)(D) of the Act; see also PRC CVD Initiation Checklist, at Attachment II.
met the statutory criteria for industry support under section 702(c)(4)(A)(i) of the Act because the domestic producers (or workers) who support the Petitions account for at least 25 percent of the total production of the domestic like product. Finally, the domestic producers (or workers) have met the statutory criteria for industry support under section 702(c)(4)(A)(ii) of the Act because the domestic producers (or workers) who support the Petitions account for more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the Petitions. Accordingly, the Department determines that the Petitions were filed on behalf of the domestic industry within the meaning of section 702(b)(1) of the Act.

The Department finds that the petitioners filed the Petitions on behalf of the domestic industry because they are interested parties as defined in section 771(9)(C) of the Act, and they have demonstrated sufficient industry support with respect to the CVD investigations that they are requesting that the Department initiate.

**Injury Test**

Because the PRC and India are “Subsidies Agreement Countries” within the meaning of section 701(b) of the Act, section 701(a)(2) of the Act applies to these investigations. Accordingly, the ITC must determine whether imports of the subject merchandise from the PRC and India materially injure, or threaten material injury to, a U.S. industry.

**Allegations and Evidence of Material Injury and Causation**

The petitioners allege that imports of the subject merchandise are benefitting from countervailable subsidies and that such imports are causing, or threaten to cause, material injury

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22 See PRC CVD Initiation Checklist and India CVD Initiation Checklist, at Attachment II.
23 Id.
24 Id.
to the U.S. industry producing the domestic like product. In addition, the petitioners allege that subject imports exceed the negligibility threshold provided for under section 771(24)(A) of the Act. In CVD petitions, section 771(24)(B) of the Act provides that imports of subject merchandise from developing and least developed countries must exceed the negligibility threshold of four percent. The petitioners also demonstrate that subject imports from India, which has been designated as a least developed country under section 771(36)(B) of the Act, exceed the negligibility threshold of four percent.

The petitioners contend that the industry’s injured condition is illustrated by reduced market share; underselling and price suppression or depression; lost sales and revenues; decreased production, capacity utilization, and U.S. shipments; and declines in financial performance. We have assessed the allegations and supporting evidence regarding material injury, threat of material injury, and causation, and we have determined that these allegations are properly supported by adequate evidence, and meet the statutory requirements for initiation.

Initiation of CVD Investigations

Based on the examination of the CVD Petitions, we find that the Petitions meet the requirements of section 702 of the Act. Therefore we are initiating CVD investigations to determine whether imports of fine denier PSF from India and the PRC benefit from countervailable subsidies conferred by the governments of these countries. In accordance with section 703(b)(1) of the Act and 19 CFR 351.205(b)(1), unless postponed, we will make our preliminary determination no later than 65 days after the date of this initiation.

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26 Id.
27 See Volume I of the Petitions, at 14-31 and Exhibits I-5, I-8, I-9, and I-10.
28 See PRC CVD Initiation Checklist, at Attachment III, Analysis of Allegations and Evidence of Material Injury and Causation for the Antidumping and Countervailing Duty Petitions Covering Fine Denier Polyester Staple Fiber from the People's Republic of China, India, the Republic of Korea, Taiwan, and the Socialist Republic of Vietnam (Attachment III); and India CVD Initiation Checklist, at Attachment III.
Under the Trade Preferences Extension Act of 2015, numerous amendments to the AD and CVD laws were made.\textsuperscript{29} The 2015 law does not specify dates of application for those amendments. On August 6, 2015, the Department published an interpretative rule, in which it announced the applicability dates for each amendment to the Act, except for amendments contained in section 771(7) of the Act, which relate to determinations of material injury by the ITC.\textsuperscript{30} The amendments to sections 776 and 782 of the Act are applicable to all determinations made on or after August 6, 2015, and, therefore, apply to these CVD investigations.\textsuperscript{31}

\textbf{India}

Based on our review of the Petition, we find that there is sufficient information to initiate a CVD investigation on 36 of the 38 alleged programs in India. For a full discussion of the basis for our decision to initiate or not initiate on each program, see the India CVD Initiation Checklist. A public version of the initiation checklist for this investigation is available on ACCESS.

\textbf{The PRC}

Based on our review of the Petition, we find that there is sufficient information to initiate a CVD investigation on all 20 alleged programs. For a full discussion of the basis for our decision to initiate on each program, see the PRC CVD Initiation Checklist. A public version of the initiation checklist for this investigation is available on ACCESS.

\textsuperscript{31} See Applicability Notice, 80 FR at 46794-95.
In accordance with section 703(b)(1) of the Act and 19 CFR 351.205(b)(1), unless postponed, we will make our preliminary determination no later than 65 days after the date of this initiation.

**Respondent Selection**

The petitioners named 12 and 89 companies as producers/exporters of fine denier PSF in India and the PRC, respectively. Following standard practice in CVD investigations, in the event the Department determines that the number of companies is large, the Department intends to review U.S. Customs and Border Protection (CBP) data for U.S. imports of fine denier PSF during the POI under the appropriate Harmonized Tariff Schedule of the United States subheadings, and if it determines that it cannot individually examine each company based upon the Department’s resources, then the Department will select respondents based on those data.

We intend to release CBP data under Administrative Protective Order (APO) to all parties with access to information protected by APO within five business days of the announcement of the initiation of these investigations. Interested parties must submit applications for disclosure under APO in accordance with 19 CFR 351.305(b). Instructions for filing such applications may be found on the Department’s Web site at [http://enforcement.trade.gov/apo](http://enforcement.trade.gov/apo).

Interested parties may submit comments regarding the CBP data and respondent selection by 5:00 p.m. ET seven calendar days after the placement of the CBP data on the record of these investigations. Interested parties wishing to submit rebuttal comments should submit those comments five calendar days after the deadline for initial comments.

Comments must be filed electronically using ACCESS. An electronically filed document must be received successfully, in its entirety, by ACCESS no later than 5:00 p.m. ET on the date

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32 See Petition, Volume I at Exhibit I-7; see also PRC CVD Supplement, at 1.
noted above. If respondent selection is necessary, within 20 days of publication of this notice, we intend to make our decisions regarding respondent selection based upon comments received from interested parties and our analysis of the record information.

**Distribution of Copies of the Petitions**

In accordance with section 702(b)(4)(A)(i) of the Act and 19 CFR 351.202(f), copies of the public version of the Petitions have been provided to the GOI and GOC via ACCESS. To the extent practicable, we will attempt to provide a copy of the public version of the Petitions to each exporter named in the Petitions, as provided under 19 CFR 351.203(c)(2).

**ITC Notification**

We will notify the ITC of our initiation, as required by section 702(d) of the Act.

**Preliminary Determinations by the ITC**

The ITC will preliminarily determine, within 45 days after the date on which the Petitions were filed, whether there is a reasonable indication that imports of fine denier PSF from India and the PRC are materially injuring, or threatening material injury to, a U.S. industry.\(^{33}\) A negative ITC determination will result in the investigations being terminated.\(^{34}\) Otherwise, these investigations will proceed according to statutory and regulatory time limits.

**Submission of Factual Information**

Factual information is defined in 19 CFR 351.102(b)(21) as: (i) evidence submitted in response to questionnaires; (ii) evidence submitted in support of allegations; (iii) publicly available information to value factors under 19 CFR 351.408(c) or to measure the adequacy of remuneration under 19 CFR 351.511(a)(2); (iv) evidence placed on the record by the Department; and (v) evidence other than factual information described in (i)–(iv). 19 CFR

\(^{33}\) See section 703(a)(2) of the Act.  
\(^{34}\) See section 703(a)(1) of the Act.
351.301(b) requires any party, when submitting factual information, to specify under which subsection of 19 CFR 351.102(b)(21) the information is being submitted\textsuperscript{35} and, if the information is submitted to rebut, clarify, or correct factual information already on the record, to provide an explanation identifying the information already on the record that the factual information seeks to rebut, clarify, or correct.\textsuperscript{36} Time limits for the submission of factual information are addressed in 19 CFR 351.301, which provides specific time limits based on the type of factual information being submitted. Interested parties should review the regulations prior to submitting factual information in these investigations.

**Extensions of Time Limits**

Parties may request an extension of time limits before the expiration of a time limit established under 19 CFR 351.301, or as otherwise specified by the Secretary. In general, an extension request will be considered untimely if it is filed after the expiration of the time limit established under 19 CFR 351.301 expires. For submissions that are due from multiple parties simultaneously, an extension request will be considered untimely if it is filed after 10:00 AM ET on the due date. Under certain circumstances, we may elect to specify a different time limit by which extension requests will be considered untimely for submissions which are due from multiple parties simultaneously. In such a case, we will inform parties in the letter or memorandum setting forth the deadline (including a specified time) by which extension requests must be filed to be considered timely. An extension request must be made in a separate, stand-alone submission; under limited circumstances we will grant untimely-filed requests for the extension of time limits. Parties should review *Extension of Time Limits; Final Rule*, 78 FR

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\textsuperscript{35} See 19 CFR 351.301(b).

\textsuperscript{36} See 19 CFR 351.301(b)(2).
Certification Requirements

Any party submitting factual information in an AD or CVD proceeding must certify to the accuracy and completeness of that information. Parties are hereby reminded that revised certification requirements are in effect for company/government officials, as well as their representatives. Investigations initiated on the basis of petitions filed on or after August 16, 2013, and other segments of any AD or CVD proceedings initiated on or after August 16, 2013, should use the formats for the revised certifications provided at the end of the Final Rule. The Department intends to reject factual submissions if the submitting party does not comply with the applicable revised certification requirements.

Notification to Interested Parties

Interested parties must submit applications for disclosure under APO in accordance with 19 CFR 351.305. On January 22, 2008, the Department published Antidumping and Countervailing Duty Proceedings: Documents Submission Procedures; APO Procedures, 73 FR 3634 (January 22, 2008). Parties wishing to participate in this investigation should ensure that they meet the requirements of these procedures (e.g., the filing of letters of appearance as discussed at 19 CFR 351.103(d)).

See section 782(b) of the Act.

This notice is issued and published pursuant to sections 702 and 777(i) of the Act.

Ronald K. Lorentzen
Acting Assistant Secretary
for Enforcement and Compliance

Dated: June 20, 2017
Appendix

Scope of the Investigations

The merchandise covered by these investigations is 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.

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