

## **Press Release - Textured polyester yarns**

On March 8, 2021, the Ministry of Foreign Trade (SECEX) of the Ministry of Economy published Circular No. 18 of 2021, which initiated the investigation of dumping on polyester textures yarn exports to Brazil, commonly classified under sub-items 5402.33.10, 5402.33.20 and 5402.33.90 of NCM originating in China and India.

Sufficient evidences have been submitted to indicate the practice of dumping in exports of the product under investigation from China and India to Brazil and of damage to the domestic industry resulting from such practice. The analysis of the evidence of dumping considered the period from April 2019 to March 2020. The damage analysis considered the period from April 2015 to March 2020.

The present investigation was initiated from the petition by the Associação Brasileira de Produtos de Fibras Artificiais e Sintéticas [Brazilian Association of Artificial and Synthetic Fiber Products (ABRAFAS)] submitted on July 31, 2020 on behalf of the companies '*Unifi do Brasil Ltda. (Unifi)*', and '*Companhia Integrada Têxtil de Pernambuco (Citepe)*'. Throughout the instruction phase, which may last from 10 to 18 months, it is expected to count on the participation of the interested parties, who will be able to qualify in the records of process MDIC / SECEX No. 52272.004952 / 2020-58, through the System DECOM Digital (SDD), by the electronic address [decomdigital.mdic.gov.br](mailto:decomdigital.mdic.gov.br)

In the same Circular, the assessment of public interest was initiated. The questionnaires of public interest are available at the electronic address <https://www.gov.br/produtividade-e-comercio-exterior/pt-br/assuntos/comercio-exterior/defesa-comercial-e-interesse-publico/questionario-de-interesse-publico>

Possible requests for extension of deadline for submission of the questionnaire of public interest, as well as responses to the public interest questionnaire itself should be filed under processes No. 19972.100306 / 2021-39 (confidential) or No. 19972.100305 / 2021-94 (public) of the Ministry's Electronic Information System of Economy SEI/ME, subject to the terms set forth in SECEX Ordinance No. 13, of 2020.

It should be noted that the conduct of administrative process of anti-dumping investigation ensures to all parties involved (domestic producers, exporters and importers of the investigated product and the governments of the countries involved) the right to defense and the contradictory, under the terms of Decree 8.058/2013 and the Anti-Dumping Agreement of WTO.

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## Press Release – Fios texturizados de poliéster

No dia 8 de março de 2021, a Secretaria de Comércio Exterior (SECEX) do Ministério da Economia publicou, no Diário Oficial da União, a Circular nº 18, de 2021, que deu início à investigação de prática de dumping nas exportações para o Brasil de fios texturizados de poliéster, comumente classificados nos subitens 5402.33.10, 5402.33.20 e 5402.33.90 da Nomenclatura Comum do Mercosul – NCM, originárias da China e Índia.

Foram apresentados elementos suficientes que indicam a prática de dumping nas exportações da China e da Índia para o Brasil do produto objeto da investigação, e de dano à indústria doméstica resultante de tal prática. A análise dos elementos de prova de dumping considerou o período de abril de 2019 a março de 2020. Já a análise de dano considerou o período de abril de 2015 a março de 2020.

A presente investigação foi iniciada a partir da petição protocolada em 31 de julho de 2020 pela Associação Brasileira de Produtos de Fibras Artificiais e Sintéticas - Abrafas, em nome das empresas Unifi do Brasil Ltda. (Unifi), e Companhia Integrada Têxtil de Pernambuco (Citepe). Ao longo da fase de instrução, que poderá durar de 10 a 18 meses, espera-se contar com a participação das partes interessadas, que poderão se habilitar nos autos do processo MDIC/SECEX nº 52272.004952/2020-58, por meio do Sistema DECOM Digital (SDD), pelo endereço eletrônico [decomdigital.mdic.gov.br](https://decomdigital.mdic.gov.br).

Na mesma Circular foi iniciada a avaliação de interesse público. Os questionários de interesse público estão disponíveis no endereço eletrônico <https://www.gov.br/produtividade-e-comercio-externior/pt-br/assuntos/comercio-externior/defesa-comercial-e-interesse-publico/questionario-de-interesse-publico>.

Eventuais pedidos de prorrogação de prazo para submissão do questionário de interesse público, bem como respostas ao próprio questionário de interesse público deverão ser protocolados no âmbito dos processos nº 19972.100306/2021-39 (confidencial) ou nº 19972.100305/2021-94 (público) do Sistema Eletrônico de Informações do Ministério da Economia - SEI/ME, observados os termos dispostos na Portaria SECEX nº 13, de 2020.

Ressalta-se que a condução de processo administrativo de investigação antidumping assegura a todas as partes envolvidas (produtores domésticos, exportadores e importadores do produto investigado e os governos dos países envolvidos) o direito à ampla defesa e ao contraditório, nos termos do Decreto 8.058/2013 e do Acordo Antidumping da OMC.

# OFFICIAL DIARY OF THE UNION

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## CIRCULAR NO 18, OF MARCH 4, 2021

THE SUBSTITUTE FOREIGN TRADE SECRETARY, OF THE SPECIAL SECRETARIAT FOR FOREIGN TRADE AND INTERNATIONAL AFFAIRS OF THE MINISTRY OF ECONOMY, pursuant to the Agreement on the Implementation of Article VI of the General Agreement on Tariffs and Trade - GATT 1994, approved by Legislative Decree no30, of 15 December 1994, and promulgated by Decree no. 1,355, of December 30, 1994, in accordance with the provisions of art. 5 of Decree No. 0858, of July 26, 2013, and in view of what is contained in SECEX Process 52272.004952 / 2020-58 and Opinion No. 07, of March 3, 2021, prepared by the Secretariat for Commercial Defense and Public Interest - SDCOM of this Secretariat, and because sufficient elements have been presented that indicate the practice of dumping in exports from China and India to Brazil of the product covered by this circular,

1. Initiate an investigation to ascertain the existence of dumping in exports of textured polyester synthetic filament yarns (except sewing thread), not put up for retail sale, including synthetic monofilaments of less than 67 decitex, commonly classified under sub-items 5402.33.10, 5402.33.20 and 5402.33.90 of the MERCOSUR Common Nomenclature - NCM, originating in the People's Republic of China and India, and of damage to the domestic industry resulting from such practice, which is the subject of SECEX Process 52272.004952 / 2020-58.

1.1. Make public the facts that justified the decision to initiate the investigation, in accordance with Annex I to this circular.

1.2. The date of the beginning of the investigation will be the publication of this circular in the Official Gazette - DOU

2. The analysis of evidence of dumping considered the period from April 2019 to March 2020. The damage analysis period considered the period from April 2015 to March 2020.

3. The participation of interested parties in the course of this trade defense investigation must necessarily take place through the SECEX Process 52272.004952 / 2020-58 of the DECOM Digital System (SDD), in accordance with SECEX Ordinance no30, of June 8, 2018. The SDD address is <http://decomdigital.mdic.gov.br>.

4. In accordance with the provisions of § 3 of art. 45 of Decree no. 0858, 2013, the twenty-day period, counting from the date of publication of this circular in the DOU, must be respected, so that other parties who consider themselves interested and their respective legal representatives request, through the SDD, your qualification in the referred process.

5. The participation of interested parties in the course of this trade defense investigation must take place through a legal representative qualified by SDCOM, through the presentation of the relevant documentation in the SDD. Intervention in commercial defense processes of legal representatives who are not qualified will only be allowed in the cases provided for in Ordinance SECEX No. 30, 2018. The regularization of the qualification of representatives who perform these acts must be done within 91 days after the beginning of the investigation, with no possibility of extension. The absence of regularization of representation within the terms and conditions provided for will result in the acts referred to in this paragraph being considered to be non-existent.

6. Representation of foreign governments will take place through the head of official representation in Brazil or through a representative designated by him. The designation of representatives must be filed, through the SDD, with SDCOM in an official communication from the corresponding representation.

8. As provided in art. 50 of Decree No. 0858, 2013, questionnaires will be sent to known producers or exporters, known importers and other domestic producers, as defined in § 2 of art. 45, who will have thirty days to return them, through the SDD, counted from the date of acknowledgment.

Notifications and other communications made within the scope of the administrative proceeding will be transmitted electronically, in accordance with SECEX Ordinance no. 19 of Law No. 12,995, of June 18, 2014. Specifically, in the case of the deadline for replying to questionnaires from foreign producers or exporters, the notice period will be 7 (seven) days from the date of transmission, in accordance with footnote 15 of the Agreement on the Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 contained in the Final Act that incorporated the results of the Uruguay Round of Multilateral Trade Negotiations of the GATT, promulgated by Decree no. December 30, 1994. The responses to the investigation questionnaires submitted within the original period of 30 (thirty) days will be considered for the purpose of preliminary determination with a view to deciding on the application of provisional law, in accordance with the provisions of arts. 65 and 66 of the aforementioned legal diploma. promulgated by Decree no. 1,355, of December 30, 1994. The responses to the investigation questionnaires submitted within the original period of 30 (thirty) days will be considered for the purpose of preliminary determination with a view to deciding on the application of provisional law, according to the provided for in arts. 65 and 66 of the aforementioned legal diploma. promulgated by Decree no. 1,355, of December 30, 1994. The responses to the investigation questionnaires submitted within the original period of 30 (thirty) days will be considered for the purpose of preliminary determination with a view to deciding on the application of provisional law, according to the provided for in arts. 65 and 66 of the aforementioned legal diploma.

9. Due to the large number of producers / exporters in China and India identified in the detailed Brazilian import data, in accordance with the provisions of item II of art. 28 of Decree 8,058, of 2013, the producers or exporters responsible for the largest reasonably investigable percentage of the export volume of the exporting country will be selected for sending the questionnaire.

10. In accordance with the provisions of arts. 49 and 58 of Decree no. 0858, 2013, interested parties will have the opportunity to present, through the SDD, the evidence they deem relevant. The hearings provided for in art. 55 of the aforementioned decree must be requested within a period of five months, counted from the date of the beginning of the investigation, and the requests must be accompanied by a list of specific topics to be dealt with therein. It should be noted that only duly qualified representatives will be able to access the premises of the hearings relating to the commercial defense proceedings and speak on behalf of interested parties on those occasions.

11. As provided in § 3 of art. 50 and the sole paragraph of art. 179 of Decree no. 0858, 2013, if an interested party denies access to the necessary information, does not provide it in a timely manner or creates obstacles to the investigation, SDCOM may prepare its preliminary or final determinations based on the facts available, including those available in the petition beginning of the investigation, which may result in a determination less favorable to that party than it would have been had it cooperated.

12. If an interested party is found to have provided false or erroneous information, such information will not be considered and the available facts may be used.

13. Initiate public interest assessment, under the terms of art. 4 of Ordinance SECEX no13, of 2020, regarding the possible application of an anti-dumping measure on Brazilian imports of textured polyester synthetic filament yarns (except sewing thread), not put up for retail sale, including synthetic monofilaments of less than 67 decitex, commonly classified in subitems 5402.33.10, 5402.33.20 and 5402.33.90 of the Common Mercosur Nomenclature - NCM, originating in China and India, as a result of Process No. 52272.004952 / 2020-58.

14. The date of the beginning of the public interest assessment will be the publication of this circular in the Official Gazette - DOU

15. The interested parties in the public interest assessment process will have, for the submission of the answer to the public interest questionnaire, the same initial deadline granted for the return of the importer's questionnaires of the original investigation in progress.

16. The public interest will exist, under the terms of art. 3 of SECEX Ordinance No. 13, from 2020, when the impact of the imposition of the anti-dumping measure on economic agents as a whole proves to be potentially more harmful, when compared to the positive effects of the application of the trade defense measure.

17. Public interest questionnaires are available at <https://www.gov.br/produtividade-e-comercio-exterior/pt-br/assuntos/comercio-exterior/defesa-comercial-e-interesse-publico/public-interest-questionnaire>.

18. Eventual requests for extension of the deadline for submitting the questionnaire of public interest, as well as responses to the questionnaire of public interest itself, must be filed under processes no19972.100306 / 2021-39 (confidential) or no19972.100305 / 2021-94 (public) of the Electronic Information System of the Ministry of Economy - SEI / ME, subject to the terms set forth in Ordinance SECEX no13, of 2020.

19. Additional clarifications can be obtained by calling +55 61 2027-7357 or by using the e-mail address [defesacomercial.cgmc@mdic.gov.br](mailto:defesacomercial.cgmc@mdic.gov.br).

## LEONARDO DINIZ LAHUD

### ANNEX I

#### 1. THE PROCESS

##### 1.1. From the petition

On July 31, 2020, the Brazilian Association of Artificial and Synthetic Fiber Products, hereinafter also called Abrafas, filed, through the Decom Digital System - SDD, a petition to initiate an investigation of dumping on Brazilian imports of textured polyester yarns, when originating in China and India.

On October 5, 2020, SDCOM, through Official Letter No. 1,777 / 2020 / CGMC / SDCOM / SECEX, requested the petitioner, based on § 2 of art. 41 of Decree no. 0858, of July 26, 2013, hereinafter also called Brazilian Regulation, information complementary to that provided in the petition. In view of the response time, the petitioners requested, duly accompanied by justification, their extension, which was granted, in compliance with art. 194 of Decree no. 0858, 2013. On October 19, 2020, the complementary information requested by the Subsecretariat was presented in a timely manner.

##### 1.2. Notifications to exporting country governments

On February 23, 2021, in compliance with the provisions of art. 47 of Decree No. 0858, 2013, the embassies of the governments of China and India were notified, through Official Letters 110 and 111/2021 / CGMC / SDCOM // SECEX, of the existence of a duly instructed petition, filed in this Subsecretariat, with a view to initiating an investigation of dumping dealt with in the present proceeding.

##### 1.3. The representativeness of the petitioner and the degree of support for the petition

According to the information presented, Abrafas filed a petition to initiate an investigation of dumping and damage on behalf of the companies Unifi do Brasil Ltda., Hereinafter also called Unifi, and Companhia Integrada Têxtil de Pernambuco, hereinafter also called Citepe.

Demonstrations of support were also presented by two companies known to the petitioner that would produce textured polyester filaments, Antex Ltda. and Dini Têxtil Indústria e Comércio Ltda, accompanied by information pertaining to the production and sales volumes in the domestic market of these two companies, pursuant to § 4 of art. 37 of Decree no. 0858, 2013. Thus, according to the petitioner, the four companies would account for 100% of national production, with Unifi and Citepe accounting for 89.1% of this production in P5.

It was concluded, therefore, that, under the terms of §§ 1 and 2 of art. 37 of Decree No. 0858 of 2013, the petition was filed by the domestic industry.

##### 1.4. Interested parties

According to § 2 of art. 45 of Decree No. 0858, 2013, were identified as stakeholders, in addition to the petitioner, Citepe, Unifi, Antex Ltda. and Dini Têxtil Indústria e Comércio Ltda., Chinese and Indian producers / exporters, Brazilian importers of the investigated product, the government of China and India.

The Subsecretariat, in compliance with the provisions of art. 43 of Decree 8,058, of 2013, identified, through the detailed data of Brazilian imports, provided by the Special Secretariat of the Federal Revenue of Brazil (RFB), of the Ministry of Economy, the companies producing / exporting the product under investigation during the period of analysis of indications of dumping. Brazilian importers who purchased the product during the same period were also identified by the same procedure.

## 2. PRODUCT AND SIMILARITY

### 2.1. The product under investigation

The product under investigation is textured polyester synthetic filament yarn (except sewing thread), not put up for retail sale, including synthetic monofilaments of less than 67 decitex, commonly classified in subitems 5402.33.10, 5402.33.20 and 5402.33.90 of the MERCOSUR Common Nomenclature - NCM, originating in the People's Republic of China and India.

The product consists of a textured polyester continuous filament textile yarn (DTY, acronym for Draw Textured Yarn), which corresponds to a synthetic continuous multifilament yarn, obtained from polycondensation of terephthalic acid (PTA) and monoethylene glycol (MEG).

The textured polyester yarn (DTY) is manufactured through a partially oriented filament yarn texturing process (POY), which gives special properties to the yarn filaments, including elasticity, thickness, strength and thermal insulation, through volume gain and appearance a little closer to that of a natural fiber yarn. This process must cover all the shapes that the textured yarn can present, regardless of the texture or appearance of the surface, density and thickness of the yarn (usually measured in denier or decitex, but can be sold in another textile unit of title), number of filaments, interlacing (number of cohesion points), maticity (can be super opaque, opaque, semi opaque or shiny), cross section (round or trilobal), texturing method and the packaging presented; because, although the textured yarn can vary in terms of title, filaments, maticity, cross section, texturing method and packaging, they do not modify its essential characteristics.

In this conventional texturing process it is possible to add other types of filament, one of the most common being the spandex yarn (elastane) known in the market as covered yarns (in this example: spandex yarns (elastane) covered with textured polyester filaments). This combination can contain 3% to 10% spandex (elastane), depending on the application and the elasticity required by the article in the final application. This process is called conventional texturing plus interlacing with elastane or simply covering elastane by air. The covered yarns are mostly applied to Denim fabrics (jeans).

The product to be commercialized needs to be wrapped in plastic or cardboard reels, with final dimensions that do not exceed 250mm in diameter and 300mm in height. These coils are then grouped in a cardboard box to facilitate transport.

Polyester yarn is currently the most widely used textile raw material in the world, as its physical and comfort characteristics give it properties that are easy to work with in weaving and knitting, and please the end consumer, mainly targeting the markets textiles, being used in the manufacture of clothes, sporting goods, trims, fabrics for decoration, automotive coatings, footwear, among others.

According to Abrafas, the production process in China and India would be quite similar between different companies, basically consisting of the stages of Polymerization, Spinning and Texturing:

a) Polymerization step: chemical process to obtain PET - poly (ethylene terephthalate) resin. PET is obtained through a condensation polymerization reaction that uses as an raw material an acid (terephthalic acid - PTA) and an alcohol (monoethylene glycol - MEG). These two components are mixed and, during the manufacturing process, they will react with each other, undergoing crystallization and resulting in PET resin, in the form of opaque-looking grains, with intrinsic viscosity for textile application around 0.6 dl g<sup>-1</sup>;

b) Spinning Stage: PET chips are used as raw material for the next stage of the process, Spinning. The spinning process to obtain the raw material used in the polyester yarn texturing process is called Melt Spinning and consists of the extrusion, inside an air chamber, of the molten polymer pumped through the die, which it will determine the number of filaments and the linear density of the yarn that will be used as raw material in the next process. After passing the molten polymer through the die, it is subjected to the passage of air in the direction of the filaments for cooling and solidification. After cooling, the material receives the application of ensimaging oil, in the order of 0.2 to 0.4% by mass, and entanglement, which consists of the union of the filaments by application of compressed air, which aims to give cohesion to the filaments that make up the yarn. After the application of ensimaging and interlacing, the yarn is subjected to drawing and winding, in order to obtain the necessary molecular orientation for use in subsequent processes. For application in the polyester yarn texturing process, the winding speed is in the range of 2500 to 4000 m / min;

c) Texturing Stage: the last stage of the production process for obtaining the textured polyester yarn is Texturing, which can be divided into two groups of technology, texturing by false twist and air texturing. The false twist texturing process consists of a thermomechanical process that simultaneously stretches, twists and distorts the filaments under application of heat and subsequently cools the filaments to fix the deformation and stretch applied in the process. The raw material used in the texturing process is the POY filament yarn - partially oriented, originating from the spinning of PET, which needs to be stretched in the texturing process so that the final product (textured yarn) has the necessary characteristics for the subsequent processes. After the filament twisting / de-twisting step, the textured yarn can receive interlacing and sizing oil if necessary. Finally, the textured yarn is packaged in cardboard tubes or plastic tubes, depending on the customer's production process. The air texturing process, in turn, consists of a mechanical process that is based on the creation of yarn texture by swirling the filaments subjected to a high pressure air flow, aiming to produce filament yarns with the aspect close to the fibers natural. Air-textured wire is usually composed of a cable called a soul wire and another cable called an effect wire. These cables are fed into the system with different voltages, which allows the creation of the texture of the thread and the tying of the cables to check the serigraphic characteristics (textiles) necessary for the subsequent processes. The number of core and effect yarn cables can vary, allowing the development of yarns of different titles (linear density) and texture levels. The raw material used in the air texturing process is also the POY - Partially Oriented Yarn filament yarn, derived from PET spinning, which needs to be stretched in the texturing process in order for the final product (textured yarn) has the necessary characteristics for subsequent processes. After joining the cables and texturing, the air-textured wire can receive staining oil if necessary. Finally, the air-textured wire is packaged in cardboard tubes or plastic tubes, depending on the customer's production process. enabling the development of yarns of different titles (linear density) and texture levels. The raw material used in the air texturing process is also the POY - Partially Oriented Yarn filament yarn, derived from PET spinning, which needs to be stretched in the texturing process in order for the final product (textured yarn) has the necessary characteristics for subsequent processes. After joining the cables and texturing, the air-textured wire can receive staining oil if necessary. Finally, the air-textured wire is packaged in cardboard tubes or plastic tubes, depending on the customer's production process. Partially Oriented Yarn, originating from PET spinning, which needs to be stretched in the texturing process so that the final product (textured yarn) has the necessary characteristics for subsequent processes. After joining the cables and texturing, the air-textured wire can receive staining oil if necessary. Finally, the air-textured wire is packaged in cardboard tubes or plastic tubes, depending on the customer's production process. Partially Oriented Yarn, originating from PET spinning, which needs to be stretched in the texturing process so that the final product (textured yarn) has the necessary characteristics for subsequent processes. After joining the cables and texturing, the air-textured wire can receive staining oil if necessary. Finally, the air-textured wire is packaged in cardboard tubes or plastic tubes, depending on the customer's production process. Partially Oriented Yarn, originating from PET spinning, which needs to be stretched in the texturing process so that the final product (textured yarn) has the necessary characteristics for subsequent processes. After joining the cables and texturing, the air-textured wire can receive staining oil if necessary. Finally, the air-textured wire is packaged in cardboard tubes or plastic tubes, depending on the customer's production process.

According to the petitioner, the product under investigation, as well as the similar product produced in Brazil, is subject to the following technical standards:

Normalizing Institution	Standard	Description
ABNT NBR	12251: 1990	Designation of wires in the tex system - procedure
ABNT NBR	13214: 1994	Determination of yarn count - test method
ABNT NBR	13216: 1994	Determination of yarn titer in samples of reduced length
ABNT NBR	13215: 1994	Determination of yarn shrinkage, test method
ABNT NBR	13401: 1995	Textured filament yarn - terminology
ABNT NBR	13722: 1996	Synthetic yarn - determination of touch
ABNT NBR	15291: 2005	Textile filaments - determination of the number of filaments in yarn or multifilament fabrics

ABNT NBR	7031: 2014	Indication of the twisting direction of textile yarns and similar products - procedure
ABNT NBR	8427: 2015	Use of the tex system to express textile titles - procedure
NBR	9790: 2001	Synthetic and natural wire cable - determination of physical and mechanical characteristics
DIN	53840 -1	<b>Testing of textiles, determination of parameters for the crimp of textured filament yarns; filament yarns with a linear density of up to 500 dtex</b>
ASTM	D4031 - 07 (2012)	Standard test method for bulk properties of texturized yarns
ASTM	D6774 - 02 (2010)	Standard test method for crimp and shrinkage properties for texturized yarns using a dynamic texturized yarn tester
ASTM	D2256 / D2256M - 10e1	Standard test method for tensile properties of yarns by the single strand method
ASTM	ASTM D4724 - 11	Standard test method for entanglements in untwisted filament yarns by needle insertion

Finally, the list of technical standards includes the Inmetro Ordinance No. 296, from 2019, the Mercosul technical regulation on the labeling of textile products.

It should be noted that the partially oriented filament yarn (POY), the raw material for the production of the product under investigation, is not part of the scope of the investigated product. In a survey carried out by the Subsecretariat, it was found that other jurisdictions also treated the textured polyester continuous filament textile thread (DTY) separately from its raw material, POY. In the US AD and CVD investigation against China and India, the product under investigation was defined as follows (Available at [https://www.usitc.gov/trade\\_remedy/731\\_ad\\_701\\_cvd/investigations/2019/Polyester%20Textured%20Yarn%20From%20China%20and%20India%20/Final/fr-notice-final-determination-ita-ad-\\_china.pdf](https://www.usitc.gov/trade_remedy/731_ad_701_cvd/investigations/2019/Polyester%20Textured%20Yarn%20From%20China%20and%20India%20/Final/fr-notice-final-determination-ita-ad-_china.pdf). Accessed on 02/17/2021):

Textured% 20Yarn% 20From% 20China% 20and% 20India% 20 / Final / fr-notice-final-determination-ita-ad-\_china.pdf. Accessed on 02/17/2021):

The merchandise covered by this investigation, polyester textured yarn, is synthetic multifilament yarn that is manufactured from polyester (polyethylene terephthalate). Polyester textured yarn is produced through a texturing process, which imparts special properties to the filaments of the yarn, including stretch, bulk, strength, moisture absorption, insulation, and the appearance of a natural fiber. This scope includes all forms of polyester textured yarn, regardless of surface texture or appearance, yarn density and thickness (as measured in denier), number of filaments, number of plies, finish (luster), cross section, color, dye method, texturing method, or packing method (such as spindles, tubes, or beams). Excluded from the scope of this investigation is bulk continuous filament yarn that: (a) Is polyester synthetic multifilament yarn; (b) has denier size ranges of 900 and above; (c) has turns per meter of 40 and above; and (d) has a maximum shrinkage of 2.5 percent.

Argentina applies anti-dumping duty against imports originating in China since 2010 for the textured filament with a title greater than 80 decitex and less than 350 decitex (Available at <http://servicios.infoleg.gob.ar/infolegInternet/anexos/260000-264999/261444/norma.htm>. Accessed on 02/17/2021).

#### 2.1.1. Tariff classification and treatment

Textured polyester continuous filament textile yarn is normally classified under NCM sub-items 5402.33.10, 5402.33.20 and 5402.33.90, described below:

NCM	DESCRIPTION	TEC (%)
5402	Synthetic filament yarn (except sewing thread), not put up for retail sale, including synthetic monofilaments of less than 67 decitex.	18
5402.3	- Textured yarns:	
5402.33	- Of polyesters	
5402.33.10	Raw	
5402.33.20	Wines	
5402.33.90	Others	

During the damage analysis period, the Import Tax (II) rate remained unchanged at 18%.



It is noteworthy that the import tax rate of the POY (NCM 5402.46.00), an input for the production of the product under analysis, was reduced, under the terms of Resolution no. 08/08 of the MERCOSUR Common Market Group (shortage reasons), from 18% to 2%, in approximately 51 months during the damage analysis period, by means of CAMEX Resolution no. which was in force until July 4, 2020. The measure is currently in force through CAMEX Resolution no. 36/2020.

It should be noted that the sub-items referring to the product under investigation are subject to the following tariff preferences, granted by Brazil / Mercosur, which reduce the rate of the II incident on the product under investigation:

Subitems 5402.33.10, 5402.33.20 and 5402.33.90		
Legal base	Beneficiary country (ies)	Tariff Preference (%)
ACE 18	Argentina - Paraguay - Uruguay	100
ACE 35	Chile	25
ACE 36	Bolivia	25
ACE 53	Mexico	25
ACE 58	Peru	100
ACE 59	Ecuador	100
ACE 69	Venezuela	100
ACE 72	Colombia	100

APTR 04	Bolivia - Paraguay	48
	Ecuador	40
	Chile - Colombia - Cuba - Panama - Uruguay - Venezuela	28
	Argentina - Mexico	20
	Peru	14
Mercosur - Egypt	Egypt	50% preference from 9/1/2019, with total reduction until 9/1/2026
Mercosur - Israel	Israel	100
Mercosur - SACU	South Africa - Namibia - Botswana - Lesotho - Swaziland	25

## 2.2. Of the product made in Brazil

The domestic similar product is defined as the textured polyester continuous filament textile yarn (DTY, acronym for Draw Textured Yarn), which corresponds to a synthetic continuous multifilament yarn, obtained from polycondensation of terephthalic acid (PTA) and monoethylene glycol (MEG).

According to the petitioner, the production process of the similar product produced in Brazil is similar to that of the product under investigation. However, the petitioner indicated that the first stages of the process (polymerization and spinning) would not be consolidated in sufficient capacity in the domestic market, making 100% of the raw material used in the process of texturing PET threads (POY yarn), thus, the production process of the like product in Brazil would be reduced to the third stage above in item 2.1 above, that is, the texturing stage.

Abrafas also indicated that, among all the textile fibers existing today, emphasis should be given to polyester fiber, nowadays the most consumed in the world, mainly due to its technical characteristics, comfort and quality.

The textured polyester filament would be a commodity, so the price variable would be the most important in the customer's purchase decision, since there are practically no technical differences between the options available by the producers. Along with the price, the payment term offered by the supplier would also be an important decision factor for the customer's purchase, since the textile chain is characterized by being a long productive chain.

The product is normally sold in large quantities, and the distribution network of the textured polyester filament is easy to handle, since, packaged in reels arranged in boxes, these are easily transported in containers, trucks and carts, in addition to being adaptable to large majority of currently

existing warehouses.

Finally, investments in marketing to expand the sale of textured polyester filament are practically not necessary, and this is another characteristic, in the petitioner's understanding, of the commodity sector.

The similar product produced in Brazil, as well as the product under investigation, is subject to the technical standards and regulations indicated in item 2.1.

#### 2.2.1. From the product manufactured by Unifi

Unifi produces the textured polyester yarn, obtained from the polycondensation of terephthalic acid (PTA) and mono ethylene glycol (MEG), which subsequently undergoes a thermomechanical process (texturing), conferring physical properties such as elasticity, touch, power of cover, crimping, thus providing characteristics that enable its use in the textile market. Yarns textured by the conventional process are also commercially known by the abbreviations DTY or PTY.

The process uses POY polyester filament yarn (partially oriented) as raw material, which are ideal for the simultaneous texturing / drawing process used in Brazil. Before being loaded into the texturizing machine, samples of raw material are analyzed in the laboratory to assess dynamometric and serimetric properties (textiles), among them: linear density (title), toughness and elongation at break, percentage of ensimaging oil, counting of broken filaments, irregularity of mass (CV evenness) and drawing force.

For dynamometric analysis, CRE type dynamometers such as Textechno's Statimat ME, are used for linear density, quotation marks and precision scales and for analysis of broken filaments, mass irregularity (CV evenness) and drawing force, specific equipment is used, as an example, Dynafil ME, also from Textechno, which performs the three analyzes continuously and simultaneously. To analyze the percentage of ensimaging oil in the POY coils, the method of extraction by petroleum ether is used.

After analyzing the properties of the raw material, the POY coils are transported on forklifts to the texturizing machine and then loaded into the machine's cage. Each position of the texturizing machine has two positions in the cage, the first position being called "production pin" and the second position "reserve pin". The coils loaded in the cage are then tied so that the texturing process is continuous. In this way, after the first loading of the cage, only one of the pins will be loaded during production to maintain the continuity of the process.

Unifi has two variations of the texturing method, whose products have the following characteristics:

a) Air texturing (whose product is commercially known as AJT): through the combination of air and water jets, a product with aspects and characteristics similar to that of a spun yarn (cotton) is obtained, although it is 100% synthetic; and

b) Conventional texturing (DTY or PTY): it consists of a thermomechanical process involving temperature, drawing, twisting and fixing the polyester filaments. It is also possible to intertwine with the aid of compressed air, producing intertwined textured wires. In conventional texturing, it is possible to add other types of filament, and one of the most common is the introduction of spandex yarns (elastane), known on the market as covered yarns (in this example: spandex yarns (elastane) covered with textured polyester filaments). This combination can contain 3% to 10% spandex (elastane), depending on the application and the elasticity required by the article in the final application. This process is called conventional texturing plus interlacing with elastane or simply covering elastane by air.

After the loading of the texturizing machines, the texturing of the wires takes place, and the process is similar to that described in item 2.1. After the texturing step, samples of the textured yarn are subjected to the analysis of serimetric (textile), mechanical and chemical properties to maintain the quality of the yarn produced and ensure compliance with customer requirements. Among the analyzes carried out, the following stand out: linear density (title), tenacity and elongation at break, shrinkage to the boil, check of the level of interlacing, percentage of oil, contraction of crimp, modulus of elasticity and elastic recovery of the textured yarns.

The title, toughness and elongation at break tests use the same equipment previously mentioned for the analysis of the raw material. The shrinkage test is performed using a tank with boiling water at 82° C, in which skeins of textured wire are submerged for a predetermined time interval. The length before and after the submersion of the skeins is measured to calculate the yarn shrinkage / retraction. The checking of the interlacing of the wires is carried out using the Fibrescan equipment from Fibrevision, which performs the counting and measures the resistance of the interlacing points automatically and continuously. The tests of contraction and curling, modulus of elasticity and elastic recovery of the textured yarns are carried out in a single equipment that presents the results of the three properties simultaneously, the Texturmat ME by Textechno. The analysis of the percentage of oil in the textured yarns is carried out in equipment suitable for this purpose, in which the percentage of ensimaging oil present in the textured yarn is measured by nuclear magnetic resonance (NMR) in small samples of textured yarns. One of the equipment used for this type of analysis is the Bruker mq-one. If the properties of the wires under analysis do not meet customer requirements, adjustments are made in order to adapt the process to their needs. One of the equipment used for this type of analysis is the Bruker mq-one. If the properties of the wires under analysis do not meet customer requirements, adjustments are made in order to adapt the process to their needs. One of the equipment used for this type of analysis is the Bruker mq-one. If the properties of the wires under analysis do not meet customer requirements, adjustments are made in order to adapt the process to their needs.

After conducting the analysis of the properties of the yarns, the full bobbins of textured yarns are sent to the sector of visual choice, sock making and packaging. In this step, the visual quality of the coils of textured yarn is evaluated, involving: dirt, defects in the winding of the coils, the presence of loops and broken filaments in the coils, visual quality of the interlacing and texturing of the yarn. In addition, checking the batch identification and the corresponding tube colors are also carried out in this step. If necessary, all the coils in the batch are submitted to the production of socks, small knitted fabrics, which are sent for analysis of dyeing (dye affinity) of the fabric. Through this analysis, it is possible to observe physical defects in the threads that would only be observed in the subsequent processes of the customers. The dyeing of the socks can be carried out in Ugolini SP110 dyeing turbo. The coils that present visual defects in this stage, will be disqualified for second quality. Once the visual and chemical analyzes of the textured yarns are finished, the spools are ready to be packed in cardboard boxes. Once packed, the boxes are sent to the finished product warehouse, where they were stored until shipped to customers. the reels are ready to be packed in cardboard boxes. Once packed, the boxes are sent to the finished product warehouse, where they were stored until shipped to customers. the reels are ready to be packed in cardboard boxes. Once packed, the boxes are sent to the finished product warehouse, where they were stored until shipped to customers.

The product is mostly intended for the textile markets, and can be used in the manufacture of clothing, denim, sports equipment, trims, fabric for decoration, automotive coatings, footwear, among others. Regarding the distribution channels, Unifi [CONFIDENTIAL].

#### 2.2.2. From the product manufactured by Citepe

The product produced by Citepe is a textured polyester continuous filament textile yarn (DTY, acronym for Draw Textured Yarn), which corresponds to a synthetic continuous multifilament yarn obtained from polyester (polyethylene terephthalate).

The polyester yarn is manufactured by Citepe through a texturing process, which gives special properties to the yarn filaments, including elasticity, thickness, resistance and thermal insulation, through volume gain. Citepe works with a wide range of polyester yarns, which differ in technical characteristics, such as density and thickness of the yarn, number of filaments, interlacing and maticity.

Citepe also acquires the polyester polymer in the form of a partially oriented yarn, POY, on the international market. According to the petition data, although the company already has all the POY wiring equipment purchased in Brazil, the investment in its implementation would not yet be possible, mainly due to the unfair competition faced against the imported polyester yarn, mostly from Asia.

The POY filament is a type of filament that extends easily, thus being an intermediate product, which needs processing to be used in weaving and knitting. POY goes through a drawing and crimping process to add volume and softness to the yarn. Finished yarn (DTY) is used to manufacture fabrics and knits, among other applications.

The production process of polyester filaments begins with the polymer being pumped as a mass through pipes at temperatures above 270° C. This is extruded in a device with micro-holes, known as a die.

Immediately after spinning, the filaments are cooled and a layer of lubricating oil is added to the yarn to ensure its performance in later processing steps.

The flow of the polymer in the spinneret, associated with the winding speed of these filaments, defines the pattern of the molecular orientation of the fiber. In the case of polyester, a partial molecular orientation pattern is generally used, hence the name POY (Partially Oriented Yarn) for which this product is commonly known.

The texturing process is carried out in equipment called texturizers, which transform the POY raw material through thermo-mechanical action.

Citepe sells its products in coils, with Brazilian weaving and knitting as its main customers, which will serve segments as varied as clothing, decoration, footwear and automotive. Regarding distribution channels, Citepe [CONFIDENTIAL].

### 2.3. Similarity

§ 1 of art. 9 of Decree 8,058, of 2013, establishes a list of objective criteria on the basis of which similarity must be assessed. Paragraph 2 of the same article establishes that such criteria are not an exhaustive list and that none of them, alone or together, will necessarily be able to provide decisive indication.

The product under review and the similar product produced in Brazil are produced from the same raw materials, have similar physico-chemical characteristics and are intended for my uses and applications, competing in the same markets.

### 2.4. The conclusion regarding the product and the similarity

Taking into account the detailed description contained in item 2.1 of this document, it is concluded that the product object of the investigation is the continuous filament textile yarn of textured polyester (DTY, acronym in English for Draw Textured Yarn), which corresponds to a multifilament yarn synthetic continuous, obtained from polycondensation of terephthalic acid (PTA) and monoethylene glycol (MEG), exported to Brazil when originating in China and India.

It appears that the product manufactured in Brazil is produced from the same raw materials; in addition, both have similar chemical composition, exhibit the same physical characteristics, follow the same technical specifications, are suitable for the same uses and applications and compete in the same market.

According to art. 9 of Decree no 0858, of 2013, the term "similar product" will be understood as the identical product, equal in all aspects to the product under investigation or, in its absence, another product which, although not exactly the same in all aspects, presents characteristics very close to those of the product under investigation.

Thus, it is concluded that the product manufactured in Brazil is similar to the product under investigation.

## 3. DOMESTIC INDUSTRY

Art. 34 of Decree no. 0858, of 2013, defines domestic industry as the totality of producers of the domestic similar product. In cases where it is not possible to gather all these producers, the term domestic industry will be defined as the group of producers whose joint production constitutes a significant proportion of the total national production of the domestic similar product.

As stated in item 1.3 above, Abrafas filed a petition to initiate an investigation of dumping and damage on behalf of the companies Unifi and Citepe, which accounted, in P5, for 89.1% of the national production of continuous filament textile yarn. textured polyester. Thus, for the purpose of analyzing the evidence of damage related to the beginning of the investigation, the production lines of continuous filament textile yarn of textured polyester of the two companies as a domestic industry.

## 4. DUMPING INDICATIONS

According to art. 7 of Decree 8,058, of 2013, it is considered a dumping practice to introduce a good in the Brazilian market, including under the drawback modalities, at an export price below the normal value.

In this analysis, when available, data from the period from April 1, 2019 to March 31, 2020, hereinafter also called "P5", were used in order to verify the existence of evidence of dumping in Brazilian imports of textured polyester yarns from China and India.

#### 4.1. From normal value for start-up purposes

According to art. 8 of Decree 8,058, of 2013, "normal value" is considered to be the price of a similar product, in normal commercial operations, intended for consumption in the domestic market of the exporting country.

In accordance with item "iii" of Art. 5.2 of the Antidumping Agreement, incorporated into the Brazilian legal system through Decree no. 1,355, of December 30, 1994, the petition must contain information on the prices at which the product in question is sold when intended for consumption on the domestic market in the country of origin or export or, where applicable, information on the prices at which the product is sold by the country of origin or export to a third country or on the constructed price of the product.

For the purpose of initiating the investigation, it was decided to build the normal value for China and India, based on the methodology proposed by the petitioner, accompanied by documents and data provided in the petition and complementary information, which was determined specifically for the product. similar.

The normal value was constructed based on a reasonable value of production costs, plus an amount for general, administrative, financial and sales expenses, as well as an amount for profit, from the purchase of the main raw material. for the production of textured polyester filaments, using the cost structure of [CONFIDENTIAL], which is part of the domestic industry, for the following items:

- a) raw material;
- b) direct labor;
- c) electrical energy;
- d) packaging;
- e) other variable costs;
- f) indirect labor and maintenance services;
- g) depreciation;
- h) other fixed production costs.

It is important to mention that the petitioner was asked, in terms of supplementary information, about the use of data and technical coefficients of only one company for the construction of normal value. Abrafas reported that this is due to the possibility of obtaining more detailed data. The investigating authority analyzed the cost data received from both companies and identified that the total cost per unit weight of the company that provided data for the construction of normal value, in particular the cost of POY (raw material that accounts for [CONFIDENTIAL] of the total cost), [CONFIDENTIAL] than the total cost / unit of the other company, which leads us to believe that the methodology presented is conservative for start-up purposes.

With regard to operating expenses and profit margin, for the purposes of initiating the investigation, the financial statement of the Chinese company Hengli Petrochemical Co. Ltd., for P5, was considered, due to its activity in the chemical fiber segment, particularly polyester. For normal value in India, operating expenses and profit margin were calculated based on the financial statement of Reliance Industries Limited, the main Indian producer and exporter of polyester yarns, for P5. The obtaining of percentages related to operating expenses and profit margin will be detailed in item 4.1.1.5.

##### 4.1.1. Of the raw material

The construction of the normal value came from the partially oriented filament yarn (POY - Partially Oriented Yarn), the main raw material for the production of the similar product. According to the petitioner, more than [CONFIDENTIAL] is due to this raw material.

The price of this raw material was obtained through the international publication ICIS - Independent Commodity Intelligence Services, considering the average monthly price, from April 2019 to March 2020, of the price of the product Polyester 150 Denier Semi-Dull, in FOB Asia mode NE for China and FOB India for India.

Polyester 150 Denier Semi-Dull Price [CONFIDENTIAL] (In US \$ / t)		
	FOB Asia NE	FOB India
Apr / 19	[CONFIDENTIAL]	[CONFIDENTIAL]
May / 19	[CONFIDENTIAL]	[CONFIDENTIAL]
Jun / 19	[CONFIDENTIAL]	[CONFIDENTIAL]
Jul / 19	[CONFIDENTIAL]	[CONFIDENTIAL]
Aug / 19	[CONFIDENTIAL]	[CONFIDENTIAL]
Sep / 19	[CONFIDENTIAL]	[CONFIDENTIAL]
Oct / 19	[CONFIDENTIAL]	[CONFIDENTIAL]
Nov / 19	[CONFIDENTIAL]	[CONFIDENTIAL]
Dec / 19	[CONFIDENTIAL]	[CONFIDENTIAL]
Jan / 20	[CONFIDENTIAL]	[CONFIDENTIAL]
Feb / 20	[CONFIDENTIAL]	[CONFIDENTIAL]
Mar / 20	[CONFIDENTIAL]	[CONFIDENTIAL]
Average	[CONFIDENTIAL]	[CONFIDENTIAL]

The petitioner clarified that the report content is not public, and its reproduction is prohibited by contract. Anyway, screen shots with prices used to calculate the cost of the raw material in question were presented. The petitioner also informed that the publication may be accessed at the time of verification for the purposes of data validation.

On the average price of US \$ [CONFIDENTIAL] / t for China and US \$ [CONFIDENTIAL] / t for India, a technical coefficient [CONFIDENTIAL] was applied, which reflects the necessary amount of POY, to obtain 1 t of yarn textured polyester. As already indicated above in item 4.1, when asked by the investigating authority about the reason why only the technical coefficient of a company was used to calculate the cost of the items used in the construction of normal value, Abrafas clarified that this option would be related the possibility of obtaining more detailed data.

The technical coefficient was calculated by the ratio between the consumption of POY per kg in P5 by the production of textured yarns in the same period

Technical coefficient POY [CONFIDENTIAL]			
Raw material	Consumption P5 (kg) (A)	Production P5 (kg) (B)	Coefficient (t by t) (A / B) / 1000
POY	[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]

In this sense, according to data [CONFIDENTIAL], for the production of 1 t of textured yarn, [CONFIDENTIAL] t of POY is required. Thus, applying the coefficient on the average POY price, the cost reaches US \$ [CONFIDENTIAL] / t for China and US \$ [CONFIDENTIAL] / t for India, referring to the consumption of the said input for the production of 1 ton of textured polyester yarn.

The petitioner informed that the domestic industry still uses ensimaging oil as raw material for the manufacture of the textured yarn. The average CIF price of this product was obtained using data from the Trademap (website [www.trademap.org](http://www.trademap.org)) based on imports, carried out in 2019, of this input classified in SH 3403.11 for each source. To the average price of imports of the input, an import tariff of 10% and 7.5% was applied to China and India, respectively, according to data from the same website (in Tariff data). The technical coefficient was obtained from the same methodology used for POY.

Average CIF Price for Ensimaging Oil - In US \$ / kg		
	China	India

2019	2.72	2.68
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Technical Coefficient of Ensimaging Oil [CONFIDENTIAL]			
<b>Raw material</b>	Consumption P5 (kg) (A)	Production P5 (t) (B)	Coefficient (kg per t) (A / B)
Ensimaging oil	[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]

Thus, according to data [CONFIDENTIAL], for the production of 1 t of textured yarn, [CONFIDENTIAL] kg of ensimaging oil is required. Thus, applying the coefficient on the average price of this input, the cost reaches US \$ [CONFIDENTIAL] / t for China and US \$ [CONFIDENTIAL] / t for India, referring to the consumption of oil for the production of 1 ton of textured polyester yarn.

For other items related to the raw material, as suggested by the petitioner, costs related to cartons and cardboard tubes were added, plus other variable costs incurred in the process. In order to calculate such costs, it was considered [CONFIDENTIAL], as reported in Appendix XIX of the company, [CONFIDENTIAL], in P5, as follows.

Other raw materials cost [CONFIDENTIAL]			
	<b>Cost P5 (Ap. XIX)</b>	Ratio on (A)	Cost (US \$ / t)
POY (A)	[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]
Cardboard box	[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]
Tubes	[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]
Other inputs	[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]

The following table summarizes the costs determined for the items identified as raw materials.

Total cost of raw materials [CONFIDENTIAL] - US \$ / t

	China	India
The. POY (\$ / t)	[CONFIDENTIAL]	[CONFIDENTIAL]
B. Ensimaging oil	[CONFIDENTIAL]	[CONFIDENTIAL]
ç. Cardboard box	[CONFIDENTIAL]	[CONFIDENTIAL]
d. Tubes	[CONFIDENTIAL]	[CONFIDENTIAL]
and. Other inputs	[CONFIDENTIAL]	[CONFIDENTIAL]
Raw material cost (a + b + c + d + e)	[CONFIDENTIAL]	[CONFIDENTIAL]

#### 4.1.2. Direct labor

The petitioner reported that, for the calculation of direct labor, she considered the average monthly production per employee involved in the production of polyester yarn in P5 [CONFIDENTIAL]. Information regarding the

number of employees and production were obtained from Appendices XV and XVIII, respectively. The calculation was summarized in the following table.

Direct labor ratio [CONFIDENTIAL] - In P5	
<b>Direct employees in production (A)</b>	[CONFIDENTIAL]
[CONFIDENTIAL]	[CONFIDENTIAL]
[CONFIDENTIAL]	[CONFIDENTIAL]
Total production in P5 (t) (B)	[CONFIDENTIAL]
Average monthly production (C)	[CONFIDENTIAL]
<b>Coefficient (C / A)</b>	[CONFIDENTIAL]

To estimate the cost of labor in India, Abrafas used the minimum wage in force during the dumping period in the state of Gujarat, where the textile facilities of Reliance Industries, one of the main Indian companies producing polyester yarn, are located, according to the company website <https://www.ril.com/OurCompany/Manufacturing.aspx>, accessed 12/18/2020.

According to the petitioner, the minimum wage policy in India currently in force establishes half-yearly reviews, the data being organized by the government of Gujarat and made publicly available. The petitioner, however, presented two unofficial data sources: the Paycheck.in website (<https://paycheck.in/salary/minimumwages/gujarat/gujarat-minimum-wage-april-2019-latest-minimum-wage-in-india>), accessed on 12/18/2020) for the first semester of P5 and the Labor Law Reporter website (<https://www.labourlawreporter.com/wp-content/uploads/2019/05/Gujarat-Minimum-Wages-1st-Oct-2019-to-31st-Mar-2020.pdf>), accessed on 12/18/2020) another for the second semester. In Internet searches, the investigating authority found no official sources from the Indian government on labor data.

The salary is segregated into three ranges, according to the employee's qualification (unskilled, semi skilled, skilled) and divided into two zones (Zone I and Zone II), which are related to the geographical area of Gujarat. For the calculation, the petitioner considered the average salary of the three qualifications for the two zones, released for the Pre-weaving & Textile Processing Industries segment. In addition, the monthly fee was obtained by multiplying the daily fee by 26, the regular number of working days in that country. The data were compiled by semester and converted using the Central Bank of Brazil (Bacen) exchange rate to arrive at the monthly average for the period, resulting in an average salary of US \$ 117.80 / month.

The cost of labor for the construction of China's normal value also followed the same methodology as that for India with regard to the calculation of the coefficient. The reference for China's salary was obtained from the website Trading Economics (<https://tradingeconomics.com>), accessed on 12/18/20), using wages in manufacturing for 2019 in the value of RMB 78,147.00 / year or monthly value of US \$ 934.42 / month, converted by the average rate published by Bacen for the period.

Total labor cost [CONFIDENTIAL] - In P5		
	China	India
Coefficient (A)	[CONF.]	[CONF.]
Average monthly salary (B) - US \$	934.42	117.8
Unit cost (B / A) - US \$	[CONF.]	[CONF.]

#### 4.1.3. Electricity

For the purposes of calculating the value of the electrical energy used in the manufacture of a ton of textured polyester yarn, the same methodology used to calculate the items previously described was followed. That is, consumption information was used to manufacture the similar product from [CONFIDENTIAL].

The petitioner clarified that [CONFIDENTIAL]. For the item under comment, it was considered [CONFIDENTIAL], as follows.

Technical Coefficient of Electricity [CONFIDENTIAL]			
Raw material	Consumption P5 (kWh) (THE)	Production P5 (t) (B)	Coefficient (kWh / t) (A / B)
Electric Energy [CONF.]	[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]

In order to calculate the value attributed to electricity, the Doing Business 2020 website was used. Abrafas clarified that, considering that the study presents information on the cost of energy for the two largest regions of each country (India: Delhi and Mumbai ( Available at <https://www.doingbusiness.org/content/dam/doingBusiness/country/i/india/IND.pdf>. Accessed on 12/21/2020. Pages 32 and 36); China: Beijing and Shanghai (Available at <https://www.doingbusiness.org/content/dam/doingBusiness/country/c/china/CHN.pdf> (accessed on 12/21/2020. Pages 27 and 31), the simple average between the two data was adopted. In view of the calculated coefficient and value of electrical energy, the following electrical energy cost was reached for the production of one ton of textured polyester yarn.

Electricity Cost [CONFIDENTIAL]			
Raw material	Value (US \$ / kWh) (THE)	Coefficient (kWh / t) (B)	Cost (US \$ / t) (A * B)
China	0.148	[CONFIDENTIAL]	[CONFIDENTIAL]



India	0.183	[CONFIDENTIAL]	[CONFIDENTIAL]
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#### 4.1.4. Of other fixed costs

According to the methodology presented in the petition and in the complementary information, the item of other fixed costs was estimated based on [CONFIDENTIAL], the information having been extracted from Appendix XIX of the company. In this item, costs were considered related to: [CONFIDENTIAL].

Total cost of Other fixed costs [CONFIDENTIAL]				
	Cost in P5 (Ap. XIX)	Relationship about POY (%)	China cost (US \$ / t)	India Cost (US \$ / t)
[CONF.]	[CONF.]	[CONF.]	[CONF.]	[CONF.]
[CONF.]	[CONF.]	[CONF.]	[CONF.]	[CONF.]
[CONF.]	[CONF.]	[CONF.]	[CONF.]	[CONF.]
[CONF.]	[CONF.]	[CONF.]	[CONF.]	[CONF.]
[CONF.]	[CONF.]	[CONF.]	[CONF.]	[CONF.]

Therefore, the cost of production can be summarized as follows:

Total production cost - In US \$ / t		
	China	India
The. Raw material	[CONF.]	[CONF.]
B. Direct labor	[CONF.]	[CONF.]
ç. Electricity	[CONF.]	[CONF.]
f. Other fixed costs	[CONF.]	[CONF.]
Production cost	[CONF.]	[CONF.]

#### 4.1.5. Operating expenses and profit

In order to determine operating expenses and profit margins in India, the petitioner's suggestion to use the data published by the Yahoo Finance website (<https://in.finance.yahoo.com/>) was considered for the purpose of initiating the investigation. quote / RELIANCE.NS / financials /? guccounter = 1, accessed 12/21/2020) referring to the financial statement of the company Reliance Industries Limited, the main Indian producer and exporter of polyester yarns, for P5. From the data found in P5 for Reliance according to the mentioned source, operating expenses were calculated in relation to the cost of products sold (cost of revenue) and operating profit in relation to earned revenue (total revenue), as follows. With the participation of stakeholders in the process,

Percentage of Operating Expenses and Profit Margin at Reliance Industries Limited - P5 - In thousand INR	
Breakdown	03/31/2020
Total Revenue (A)	5,965,540,000
Cost of Revenue (B)	4,512,470,000
Gross Profit (C)	1,453,070,000
Total Operating Expenses (D)	790,360,000
Operating Income or Loss (E)	662,710,000
Participation Op. Expenses (D / B)	17.5%
Part. Operating profit (E / A)	11.1%

Regarding China, the financial statement of the Chinese company Hengli Petrochemical Co. Ltd., in P5, was considered, according to the same website used for India, Yahoo Finance (<https://finance.yahoo.com/quote/600346.SS/financials/>, accessed 12/21/2020).

According to the petitioner, Hengli Petrochemical would operate in the chemical fiber segment, particularly polyester, and would have as one of its main subsidiaries Jiangsu Hengli Chemical Fiber, apparently an important producer of polyester yarn (this company would have been the only Chinese

company to have individual margin on anti-dumping applied in 2019 by the United States against the same product of this petition).

To calculate operating expenses and profit margin in China, the petitioner added the data released by quarter (second, third and fourth quarters of 2019 plus the first quarter of 2020) from Yahoo Finance to compose P5.

Percentage of Operating Expenses and Profit Margin for Hengli Petrochemical Co. Ltd. - P5 In thousand RMB	
Breakdown	P5
Total Revenue (A)	115,499,886
Cost of Revenue (B)	89,404,887
Gross Profit (C)	26,094,998
Total Operating Expenses (D)	5,272,799
Operating Income or Loss (E)	20,822,200
Participation Op. Expenses (D / B)	5.9%
Part. Operating profit (E / A)	18%

#### 4.1.6. Of the normal value constructed for the purpose of initiation

Considering the values presented in the preceding items, the normal value constructed for China and India was calculated by adding production costs, operating expenses and profit, as shown in the table below.

Constructed Normal Value - China (In US \$ / t)	
	China
The. Raw material	[CONFIDENTIAL]
B. Direct labor	[CONFIDENTIAL]
ç. Electricity	[CONFIDENTIAL]
d. Other fixed costs	[CONFIDENTIAL]
and. Production cost	[CONFIDENTIAL]
f. General operating expenses (5.9%)	[CONFIDENTIAL]
g. Total cost	[CONFIDENTIAL]
H. Profit (18%)	[CONFIDENTIAL]
Price delivered	<b>1,962.80</b>

Constructed Normal Value - India (In US \$ / t)	
	India
The. Raw material	[CONFIDENTIAL]
B. Direct labor	[CONFIDENTIAL]
ç. Electricity	[CONFIDENTIAL]
d. Other fixed costs	[CONFIDENTIAL]
and. Production cost	[CONFIDENTIAL]
f. Operating expenses (17.5%)	[CONFIDENTIAL]
g. Total cost	[CONFIDENTIAL]
H. Profit (11.1%)	[CONFIDENTIAL]
Price delivered	<b>1,955.63</b>

For the purpose of initiating the investigation, it was considered that the normal value constructed is in the delivered condition. In this sense, it was inferred that the commercial expenses that include freight expenses of Chinese and Indian companies will be considered in the item total operational expenses, used for the calculation of operating expenses.

Thus, the constructed value for China was US \$ 1,962.80 (one thousand nine hundred and sixty-two US dollars and eighty cents).

The normal value built for India totaled US \$ 1,955.63 (one thousand nine hundred and fifty-five US dollars and sixty-three cents).

#### 4.2. Export price for the purpose of initiation

According to art. 18 of Decree no. 0858, 2013, the export price, if the producer is the exporter of the product under investigation, will be the one received or receivable for the product exported to Brazil, net of taxes, discounts or reductions effectively granted and directly related to the sales of the product under analysis.

For the purpose of calculating the export price of textured polyester yarns from China and India to Brazil, the respective exports to the Brazilian market, made during the investigation period of evidence of dumping, that is, from April 2019 to March 2020.

The data referring to export prices were determined based on the detailed data of Brazilian imports, made available by RFB, under FOB condition, classified in NCM / SH 5402.33.10, 5402.33.20 and 5402.33.90, with no exclusions, as mentioned in item 5.1 of this document.

<b>Export Price - China [CONFIDENTIAL]</b>		
<b>FOB Amount (Thousand US \$)</b>	<b>Volume (t)</b>	<b>FOB Export Price (US \$ / t)</b>
[CONFIDENTIAL]	[CONFIDENTIAL]	1,377.10

<b>Export Price - India</b>		
<b>FOB Amount (Thousand US \$)</b>	<b>Volume (t)</b>	<b>FOB Export Price (US \$ / t)</b>
[CONFIDENTIAL]	[CONFIDENTIAL]	1,397.06

Thus, by dividing the total FOB value of imports of the product under investigation, during the investigation period of evidence of dumping, by the respective volume imported, in tons, the export price of US \$ 1,377.10 / t was obtained (one thousand three hundred and seventy-seven US dollars and ten cents per ton) for China and of \$ 1,397.06 / t (one thousand three hundred and ninety-seven US dollars and six cents per ton) for India.

#### 4.3. The dumping margin for the purpose of initiation

The absolute dumping margin is defined as the difference between the normal value and the export price, and the relative dumping margin is the ratio between the absolute dumping margin and the export price.

For the purpose of initiating the investigation, it was considered that domestic freight in China and India, related to the transportation of the company's goods to Chinese and Indian customers, would be equivalent to freight to take the exported goods to the port. Thus, a comparison was made between the normal value, in the delivered condition, and the FOB export price.

Below are the absolute and relative dumping margins found for China and India.

<b>Dumping margin - China</b>			
<b>Normal Value \$ / T</b>	<b>Export Price (US \$ / t)</b>	<b>Absolute Dumping Margin (US \$ / t)</b>	<b>Relative Dumping Margin (%)</b>
1,962.80	1,377.10	585.70	42.5%

<b>Dumping Margin - India</b>			
<b>Normal Value (US \$ / t)</b>	<b>Export Price (US \$ / t)</b>	<b>Absolute Dumping Margin (US \$ / t)</b>	<b>Relative Dumping Margin (%)</b>
1,955.63	1,397.06	558.57	40.0%

Thus, for the purpose of initiating this investigation, it was found that China's dumping margin reached \$ 585.70 / t (five hundred and eighty-five US dollars and seventy cents per ton).

India's dumping margin, also calculated for the purpose of initiating this investigation, was \$ 558.57 / t (five hundred and fifty-eight US dollars and fifty-seven cents per ton).

#### 4.4. The conclusion on the evidence of dumping for the purpose of initiation

The dumping margin found in item 4.3 demonstrates the existence of evidence of dumping in exports of textured polyester yarns from China and India to Brazil, carried out from April 2019 to March 2020.

## 5. IMPORTS AND THE BRAZILIAN MARKET

In this item, Brazilian imports, apparent national consumption and the Brazilian market for textured polyester yarns will be analyzed. The analysis period must correspond to the period considered for the purpose of determining the existence of evidence of damage to the domestic industry.

It was considered, according to § 4 of art. 48 of Decree no. 0858, of 2013, the period from April 2015 to March 2020, divided as follows:

P1 - April 2015 to March 2016;

P2 - April 2016 to March 2017;

P3 - April 2017 to March 2018;

P4 - April 2018 to March 2019; and

P5 - April 2019 to March 2020.

### 5.1. Of imports

For purposes of calculating the values and quantities of textured polyester yarns imported by Brazil in each period, import data referring to items 5402.33.10, 5402.33.20 and 5402.33.90 of the NCM, provided by RFB, were used.

Although the aforementioned tariff codes cover only the product under investigation, the imports listed in the RFB database were analyzed in order to verify that all records referred to the import of textured polyester yarns. No products were identified other than the product subject to this investigation, as described in item 2.1 of this document.

The following table shows the total import volumes of textured polyester yarns during the analysis period of signs of damage to the domestic industry:

Total Imports (in <b>index number of t</b> )						
	P1	P2	P3	P4	P5	<u>P1 - P5</u>
China	100.0	175.9	248.6	312.7	380.0	[Conf.]
India	100.0	160.1	178.7	157.3	132.9	[Conf.]
Total (under review)	100.0	165.1	200.7	206.1	210.4	[Conf.]
<i>Variation</i>	-	65.1%	21.6%	2.7%	2.1%	+ 110.4%
Indonesia	100.0	80.7	93.5	48.2	29.9	[Conf.]
Chinese Taipei	100.0	71.0	75.5	179.0	184.0	[Conf.]
Thailand	100.0	91.9	115.4	85.4	15.5	[Conf.]
Other origins *	100.0	30.3	18.4	15.7	11.3	[Conf.]
Total (except under review)	100.0	66.9	73.5	50.0	29.6	[Conf.]
<i>Variation</i>	-	(33.1%)	9.9%	(32.0%)	(40.9%)	(70.4%)
Grand total	100.0	152.7	184.7	186.5	187.7	[Conf.]
<i>Variation</i>	-	52.7%	20.9%	1.0%	0.7%	+ 87.7%

Value of Total Imports (CIF in <b>index number of thousand US \$</b> )						
	P1	P2	P3	P4	P5	P1 - P5
China	100.0	151.3	242.3	329.6	355.6	[Conf.]
India	100.0	132.6	170.9	168.3	122.6	[Conf.]
Total (under review)	100.0	138.5	193.1	218.6	195.2	[Conf.]
<i>Variation</i>	-	38.5%	39.5%	13.2%	(10.7%)	+ 95.2%
Indonesia	100.0	73.0	87.5	54.1	30.7	[Conf.]
Chinese Taipei	100.0	73.7	93.3	223.5	211.1	[Conf.]
Thailand	100.0	84.2	107.9	99.9	25.1	[Conf.]
Other origins *	100.0	31.5	19.5	19.1	14.0	[Conf.]

Total (except under review)	100.0	61.1	68.4	57.9	34.2	[Conf.]
Variation	-	(38.9%)	12.1%	(15.4%)	(40.8%)	(65.8%)
Grand total	100.0	127.3	175.2	195.4	172.0	[Conf.]
Variation	-	27.3%	37.6%	11.6%	(12.0%)	+ 72.0%

Price of Total Imports (in index number of CIF US \$ / t)							
	P1	P2	P3	P4	P5	P1 - P5	
China	100.0	86.0	97.5	105.4	93.6	[Conf.]	
India	100.0	82.8	95.6	107.0	92.3	[Conf.]	
Total (under review)	100.0	83.9	96.2	106.1	92.8	[Conf.]	
Variation	-	(16.1%)	14.7%	10.2%	(12.5%)	(7.2%)	
Indonesia	100.0	90.5	93.6	112.1	102.5	[Conf.]	
Chinese Taipei	100.0	103.8	123.6	124.9	114.7	[Conf.]	
Thailand	100.0	91.6	93.5	117.0	162.2	[Conf.]	
Other origins *	100.0	104.2	106.2	121.4	124.0	[Conf.]	
Total (except under review)	100.0	91.3	93.1	115.7	115.7	[Conf.]	
Variation	-	(8.7%)	2.0%	24.3%	0.0%	+ 15.7%	
Grand total	100.0	83.4	94.9	104.8	91.6	[Conf.]	
Variation	-	(16.6%)	13.8%	10.5%	(12.6%)	(12.6%)	

\* Other origins: Germany, Argentina, Austria, Belgium, Bulgaria, Colombia, South Korea, Egypt, El Salvador, Ecuador, Spain, United States, France, Hong Kong, Hungary, Italy, Japan, Latvia, Luxembourg, Macau, Malaysia, Mexico, Peru, Portugal, United Kingdom, Romania, Singapore, Switzerland and Turkey.

The volume of Brazilian imports of textured polyester yarns from the sources investigated increased from P1 to P5 in the order of [CONFIDENTIAL] tons (110.4%), totaling [CONFIDENTIAL] in P5, with continuous growth over the period. The period that registered the biggest increase in the imported volume occurred from P1 to P2, with an increase of [CONFIDENTIAL] tons (65.1%). This volume continued to increase significantly from P2 to P3, with an increase of [CONFIDENTIAL] tons (21.6%). After that, growth continued from P3 to P4 and from P4 to P5 at lower rates, 2.7% and 2.1%, respectively.

As for the CIF value of Brazilian imports of polyester yarns from the sources investigated, there was continuous growth up to P4. From P4 and P5, despite the increase in imported volume, there was a fall in the imported value, reflecting the drop in prices (CIF / t) of the sources investigated in the same period. In P5, compared to P4, although the volume of investigated imports increased by 2.1%, the drop in price in the order of 12.5% implied a 10.7% decrease in the value of imports from the investigated origins. Considering the interval between P1 and P5, there was an increase of 95.2% in the imported value of the investigated origins.

Regarding the prices of imports from the investigated sources, it should be noted that these fluctuated throughout the damage analysis period, with P2 being the lowest price and P4 being the highest. Considering the interval between P1 and P5, there was a 7.2% reduction in the price of the sources investigated. It should also be noted that the two most significant decreases in the prices of imports from the investigated sources took place from P1 to P2 (16.1%) - when there was the greatest increase in the volume of imports in the order of [CONFIDENTIAL] tons (65, 1%) from P1 to P2 - and from P4 to P5 (12.5%). It was found that the weighted average CIF price of Brazilian imports from the investigated origins was considerably lower than the weighted average CIF price of Brazilian imports from the other origins in all periods of investigation of evidence of damage.

The volume imported from other sources decreased by 70.4% from P1 to P5, registering in the last period the lowest volume imported (4,691.6 t) and in the first period its largest volume (15,862.3 t). With regard to the value indicator imported from other sources, the movements are similar and follow those of volume, with a sharp retraction over the period P1-P5, of 65.8%, despite the average CIF price per ton of yarn Textures from other foreign suppliers have increased in all periods. When considering the whole series analyzed, the average price indicator for Brazilian imports from other sources showed an expansion of 15.7%, considered P5 in relation to the beginning of the period evaluated (P1).

It was found that the volume of total Brazilian imports of textured polyester yarns showed a similar behavior to imports from the investigated origins, given their significant share in the overall imported total (imports from the investigated origins represent 98% of total imports in P5). There were continuous increases over the period with an increase of 87.7% from P1 to P5.

Likewise, the behavior of the value of total imports in the analyzed period was also similar to that of the sources investigated, registering growth from P1 to P4. From P4 to P5, there was a decrease of 12%. Analyzing the entire period, the value of total Brazilian imports increased by 72.0%, considered P5 in relation to P1.

The variation in the average price of total imports in the analyzed period also follows the trend of variation in the average price of imports from the sources investigated, given the growing share of imports from China and India in the total imported. Analyzing the entire period of indications of damage, the average price of total Brazilian imports of origin contracted around 12.6%, considered P5 in relation to P1.

## 5.2. The Brazilian market and the evolution of imports

With a view to dimensioning the Brazilian market for textured polyester yarns, the quantities manufactured and sold net of returns in the domestic market of the domestic industry, the quantities sold by other national producers and the total imported quantities determined based on official data from the RFB, presented in item 6.1. It should be noted that the quantities sold by the other producers, Antex Ltda. and Dini Têxtil Indústria e Comércio Ltda, were informed by the companies themselves in their expressions of support for the petition.

It should be noted that it was informed in the petition and in the supplementary information that there was no captive consumption by Citepe and Unifi. Regarding the industrialization service for third parties, although the petitioner has stated [CONFIDENTIAL]. Taking into account that operations apparently related to industrialization services for third parties were identified only [CONFIDENTIAL] and that the total volume of the service was only [CONFIDENTIAL] kg, representing [CONFIDENTIAL]% of the total sold domestically by the domestic industry in P1, for the purpose of beginning the investigation, the Brazilian market and the apparent national consumption were considered equivalent.

The table below shows the evolution of the Brazilian market.

The Brazilian Market and the Evolution of Imports (in <b>index number of tons</b> )						
	P1	P2	P3	P4	P5	P1 - P5
<b>Brazilian market</b>						
Brazilian Market {A + B + C}	100.0	143.3	165.2	169.9	179.9	[Conf.]
A. Domestic Sales - Domestic Industry	100.0	116.8	108.6	122.2	158.5	[Conf.]
B. Internal Sales - Other Companies	100.0	100.0	100.0	100.0	100.0	[Conf.]
C. Total Imports	100.0	152.7	184.7	186.5	187.7	[Conf.]
C1. Imports - Origins under Analysis	100.0	165.1	200.7	206.1	210.4	[Conf.]
C2. Imports - Other Origins	100.0	66.9	73.5	50.0	29.6	[Conf.]
<b>Participation in the Brazilian Market</b>						
Share of Domestic Sales in the Domestic Industry $\{A / (A + B + C)\}$	100.0	81.5	65.7	71.9	88.1	[Conf.]
Share of Internal Sales of Other Companies $\{B / (A + B + C)\}$	100.0	86.2	82.8	82.8	86.2	[Conf.]
Share of Total Imports $\{C / (A + B + C)\}$	100.0	106.7	111.9	109.8	104.4	[Conf.]
Share of Imports - Origins under Analysis $\{C1 / (A + B + C)\}$	100.0	115.2	121.5	121.3	116.9	[Conf.]
Share of Imports - Other Origins $\{C2 / (A + B + C)\}$	100.0	46.7	44.5	29.4	16.4	[Conf.]
<b>Representativeness of Imports of Origins under Analysis</b>						
Brazilian Market Share $\{C1 / (A + B + C)\}$	100	115.3	121.5	121.4	117.0	[Conf.]
Share in Total Imports $\{C1 / C\}$	100	108.1	108.7	110.5	112.1	[Conf.]
F. National Production Volume $\{F1 + F2\}$	100	119.5	114.6	130.9	161.7	[Conf.]
F1. Production Volume - Domestic Industry	100	118.1	111.8	128.8	161.3	[Conf.]
F2. Production Volume - Other Companies	100	130.9	137.9	148.0	165.0	[Conf.]

Ratio of Imports under Analysis / National Production Volume [C1 / F]	100	138.2	175.1	157.5	130.2	[Conf.]
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With regard to the Brazilian market, it is worth highlighting its continuous growth from P1 to P5, having registered an increase of 79.9%. It is worth mentioning the significant increase perceived from P1 to P2, in the order of 43.3%. From P2 to P3, there was also a not insignificant growth (15.2%). Bearing in mind that Abrafas reported that there were no changes in the consumption pattern in the Brazilian market of the imported product during the period of damage analysis, throughout the probationary phase, more information will be sought to understand the reason for the significant growth in that period. initial interval.

### 5.3. The conclusion regarding imports

During the investigation period for signs of damage, Brazilian imports of textured polyester yarns from China and India grew significantly:

a) in absolute terms, having changed from [CONFIDENTIAL] t, in P1, to [CONFIDENTIAL] t, in P5, that is, an increase of [CONFIDENTIAL] t in the period under investigation. It is registered that the largest volume imported from the investigated origins in the entire period of analysis was in P5;

b) in relation to national production, presenting an increase of 74 pp, since in P1 they represented 245.3% P1 and in P5, 319.3%, even though there was an increase of 61.3% in production from P1 to P5;

c) in relation to the Brazilian market, as the participation increased from 64.1% in P1 to 75% in P5, with the largest participation occurring in P3 (77.9%);

d) in relation to total imports, increasing [CONFIDENTIAL] pp, going from 87.4% in P1 to 98% in P5, greater relative participation in the analysis period. When analyzing the trend of imports from these sources during the period under investigation, it was found that the period from P1 to P2 was the one in which the most intense growth was registered, with an increase of [CONFIDENTIAL] pp and now representing 87.4 % of the total imported.

Given this scenario, there was a substantial increase in imports from China and India at prices with evidence of dumping, when considering the investigation period for signs of damage (P1 to P5), both in absolute terms and in relation to domestic production and to the Brazilian market.

It should be noted that there was a significant decrease in imports from other sources during the period under analysis, especially those originating in Indonesia, which reduced the volume of imports by 69.3%. Thus, the increase in imports from China and India may have replaced imports from Indonesia.

In addition, imports at prices with indications of dumping were made at lower average CIF prices per tonne than other Brazilian imports, and the price difference between the two groups of countries grew throughout the period analyzed, since it did not only the prices practiced by the other suppliers increased by 15.7%, as the prices of the investigated imports decreased by 7.2%, from P1 to P5.

## 6. INDICATIONS OF DAMAGE

In accordance with the provisions of art. 30 of Decree no. 0858, 2013, the damage analysis must be based on an objective examination of the volume of imports at prices with indications of dumping, their effect on the prices of the like product on the Brazilian market and the consequent impact of these imports about the domestic industry.

The period of analysis of the domestic industry indicators comprised the same periods used in the analysis of imports, that is, the period from April 2015 to March 2020, divided in the same way into five periods.

### 6.1. Domestic industry indicators

As previously demonstrated, in accordance with the provisions of art. 34 of Decree no. 0858, 2013, the domestic industry was defined as the production lines of textured polyester yarns by the companies Citepe and Unifi, which was responsible, in P5, for 89.1% of the national production of the similar product made in Brazil. Thus, the indicators considered in this opinion reflect the results achieved by the production lines of the aforementioned companies.

For an adequate evaluation of the evolution of the data in national currency, presented by the petitioners, the current values were updated based on the Price Index to the Broad Producer - Origin (IPA-OG) Industrial Products, of the Getúlio Vargas Foundation.

According to the applied methodology, the values in current reais for each period were divided by the average price index for the period, multiplying the result by the average price index of P5. This methodology was applied to all monetary values in reais presented in this document.

It should be noted that the economic and financial indicators presented in this document, with the exception of Return on Investments, Cash Flow and the Ability to raise funds, refer exclusively to the production and sales of the domestic polyester textured yarn industry in the period analysis of this investigation.

#### 6.1.1. The global evolution of the domestic industry

##### 6.1.1.1. Sales and participation indicators in the Brazilian market

The following table presents, among other information, the domestic industry's sales of self-made polyester textured yarns, destined for the domestic and foreign markets, net of returns, as informed in the petition and in the supplementary information.

Indicators of Sale and Participation in the Brazilian Market (in <b>index number of tons</b> )						
	P1	P2	P3	P4	P5	P1 - P5
<b>Sales Indicators</b>						
A. Total Sales Domestic Industry	100.0	117.5	108.7	121.7	158.5	[Conf.]
Variation	-	17.5%	(7.5%)	11.9%	30.3%	+ 58.5%
TO 1. Domestic Market Sales	100.0	116.8	108.6	122.2	158.5	[Conf.]
Variation	-	16.8%	(7.0%)	12.5%	29.8%	+ 58.5%
A2. Sales in the Foreign Market	100.0	249.9	136.5	30.0	147.5	[Conf.]
Variation	-	149.8%	(45.4%)	(78.0%)	391.5%	+ 47.5%
<b>Brazilian market</b>						
B. Brazilian Market	100.0	143.3	165.2	169.9	179.9	100.0
Variation	-	43.3%	15.2%	2.9%	5.9%	+ 79.9%
<b>Representativeness of Sales in the Domestic Market</b>						
Share in Total Sales {A1 / A}	[Conf.]	[Conf.]	[Conf.]	[Conf.]	[Conf.]	[Conf.]
Variation	[Conf.]	[Conf.]	[Conf.]	[Conf.]	[Conf.]	[Conf.]
Brazilian Market Share {A1 / B}	100.0	81.5	65.7	71.9	88.1	

It was observed that the sales volume destined to the domestic market increased 16.8% from P1 to P2, but decreased 7%, from P2 to P3. In subsequent periods, sales showed continuous increases of 12.5% and 29.8% from P3 to P4 and from P4 to P5. When considering the entire investigation period, the domestic industry's sales volume to the domestic market grew 58.5% in P5, compared to P1.

In turn, sales to the foreign market fluctuated during the period under analysis, showing an increase of 47.5% from P1 to P5. Thus, the total sales of the domestic industry increased by 58.5% from P1 to P5. It should also be noted that the representation of foreign sales by the domestic industry was low, at most [CONFIDENTIAL]% over the period under analysis.

As for the share of domestic industry sales in the Brazilian market for textured polyester yarns, the retraction of [CONFIDENTIAL] pp from P1 to P2 should be noted initially, despite the 43.3% increase in this market. It is noteworthy that the lower participation of the domestic industry in the Brazilian market, throughout the period, occurred in P3, when it reached 15.6%, even with the market growing since P1.

Considering the extremes of the investigation period (P1 to P5), after partially recovering participation in the Brazilian market in periods P4 and P5, there was also a retraction of [CONFIDENTIAL] pp in the share of domestic industry sales in the Brazilian market.

##### 6.1.1.2. Production, capacity and stock indicators



Initially, it is emphasized that both Citepe and Unifi have [CONFIDENTIAL] for the production of textured polyester yarns, and in the case of [CONFIDENTIAL].

Unifi reported that [CONFIDENTIAL]. Citepe said that [CONFIDENTIAL].

The company Unifi, in the petition, reported that the effective capacity [CONFIDENTIAL] and was calculated as follows [CONFIDENTIAL]:

a) [CONFIDENTIAL]

The company Citepe, also in the petition, informed that the effective capacity was calculated considering [CONFIDENTIAL].

It should be noted that, through Official Letter 1.777 / 2020 / CGMC / SDCOM / SECEX, of October 5, 2020, it was requested that both companies standardize the methodology for calculating their nominal and effective capacities taking into account the concept that this Subsecretariat considers more appropriate.

The following table shows indicators of volume, installed capacity and stock for the domestic industry.

Indicators of Production, Installed Capacity and Inventory (in index number of t)						
	P1	P2	P3	P4	P5	P1 - P5
A. Production Volume - Similar Product	100.0	118.1	111.8	128.8	161.3	[Conf.]
B. Production Volume - Other Products	100.0	22.7	56.5	13.2	9.7	[Conf.]
C. Effective Installed Capacity	100.0	95.8	98.3	109.7	131.7	[Conf.]
D. Degree of Occupation {(A + B) / C} [%]	[Conf.]	[Conf.]	[Conf.]	[Conf.]	[Conf.]	[Conf.]
E. Stocks	100.0	112.2	98.8	125.8	114.7	[Conf.]
F. Relationship between Inventory and Production [%] {E / A}	100.0	95.0	89.1	98.3	71.4	[Conf.]

Stock Indicators (in index number of tons)						
A. Production Volume - Similar Product	100	118.1	111.8	128.8	161.3	[Conf.]
Variation	-	18.1%	(5.4%)	15.3%	25.2%	61.3%
B. Domestic Market Sales	100	116.8	108.6	122.2	158.5	[Conf.]
Variation	-	16.8%	(7.0%)	12.5%	29.8%	58.5%
C. Sales on the Foreign Market	100	249.9	136.5	30.0	147.5	[Conf.]
Variation	-	149.8%	(45.4%)	-78.0%	391.5%	47.5%
D. Imports / resale	-100	179.7	-104.0	-37.4	-21.6	[Conf.]
Variation	-	279.7%	(157.9%)	64.1%	(42.3%)	78.4%
E. Other inputs / outputs	-100	-397.6	24.4	-1664.6	-13.4	[Conf.]
Variation	-	(297.2%)	106.1%	(6,925.0%)	99.2%	86.6%
F. Final stock	100	112.2	98.8	125.8	114.7	[Conf.]
Variation	-	12.2%	(11.9%)	27.3%	-8.9%	14.7%

The production volume of the similar product (A) of the domestic industry, after an initial expansion between P1 and P2, decreased by 5.4% from P2 to P3. With the recovery of the volume produced in expansions in the subsequent periods, it was found that from P1 to P5 the production volume increased 61.3%.

It was observed that the effective installed capacity showed a positive variation of 31.7% in P5, compared to P1. The degree of occupation of installed capacity, in the same period, increased [CONFIDENTIAL] pp

From an initial stock, in P1, of [CONFIDENTIAL] tons of textured polyester yarns, the volume of the final stock fluctuated over the period, having increased by 14.7% from P1 to P5.

According to information provided in the petition and in the complementary information, the net resales both in the domestic and foreign markets totaled, in tons, [CONFIDENTIAL] in P1; [CONFIDENTIAL] in P2; in P3; [CONFIDENTIAL] in P4 and [CONFIDENTIAL] in P5. With respect to this volume,

[CONFIDENTIAL].

As a result, the final stock / production ratio decreased until P3, when from P3 to P4 it grew by [CONFIDENTIAL] pp From P4 to P5, it decreased again [CONFIDENTIAL] pp Considering the extremes of the series, the final stock / production decreased [CONFIDENTIAL] pp

#### 6.1.1.3. Indicators of employment, productivity and wages

The following table shows the number of employees, productivity and the wage bill related to the production / sale of textured polyester yarns by the domestic industry.

The company Unifi informed that an apportionment was made based on net revenue in order to estimate the allocation of employees. The company Citepe reported that the charges were estimated [CONFIDENTIAL].

Employment, Productivity and Payroll (in index number)					
	P1	P2	P3	P4	P5
<b>Job</b>					
A. Number of Employees - Total	100.0	101.2	96.7	93.8	95.3
TO 1. Number of Employees - Production	100.0	100.7	97.2	93.9	96.3
A2. Number of Employees - Adm. And Sales	100.0	104.2	93.7	93.7	89.5
<b>Productivity (in tonnes)</b>					
B. Productivity per Employee	100.0	117.3	115.0	137.2	167.4
<b>Mass of Pay (in Thousand Reais)</b>					
C. Total Payroll - Total [2]	100.0	108.7	113.7	106.2	103.4
C1. Salary mass - Production [2]	100.0	107.8	111.8	110.5	105.7
C2. Payroll -Adm. and Sales [2]	100.0	109.9	116.0	100.7	100.6

It was observed that the number of employees working on the production line decreased 3.7% in P5, compared to P1 ([CONFIDENTIAL] jobs). Regarding the variation in the number of employees working in management and sales over the period under analysis, there was a reduction of 10.5%, considering the same period ([CONFIDENTIAL] jobs). In turn, the total number of employees decreased by 4.7% ([CONFIDENTIAL] jobs).

Productivity per employee linked to production showed a positive variation of 67.4% considering the entire investigation period, from P1 to P5, given the increase in the production of the similar product and the reduction in the number of employees.

The salary mass of employees connected to the production line, when considering the entire investigation period for signs of damage, from P1 to P5, fell 16.3%, while the salary mass of employees in the areas of administration and sales increased by 6.9%. The total wage bill, from P1 to P5, fell 8.1%, pressured by the fall in the wage bill of employees linked to the production line.

#### 6.1.2. Of the financial indicators of the domestic industry

##### 6.1.2.1. Net revenue and weighted average prices

Initially, it should be clarified that the net revenue of the domestic industry refers to the net sales of textured polyester yarns of its own production, already deducting rebates, discounts, taxes and returns, as well as internal freight expenses.

Net Revenue and Weighted Average Prices [CONFIDENTIAL]						
	P1	P2	P3	P4	P5	P1 - P5
<b>Net Revenue</b>						
A. Total Net Revenue [1]	[Conf.]	[Conf.]	[Conf.]	[Conf.]	[Conf.]	[Conf.]
Variation	[Conf.]	[Conf.]	[Conf.]	[Conf.]	[Conf.]	[Conf.]
TO 1. Net Revenue - Domestic Market [1]	100	108.7	104.0	118.6	131.0	[Conf.]
Variation	-	8.7%	(4.3%)	14.1%	10.5%	+ 31.0%
Participation {A1 / A}	[Conf.]	[Conf.]	[Conf.]	[Conf.]	[Conf.]	[Conf.]

A2. Net Revenue - Foreign Market [1]	[Conf.]	[Conf.]	[Conf.]	[Conf.]	[Conf.]	[Conf.]
Variation	-	86.5%	(42.8%)	(82.1%)	338.3%	(16.0%)
Participation {A2 / A}	[Conf.]	[Conf.]	[Conf.]	[Conf.]	[Conf.]	[Conf.]
Weighted Average Prices						
B. Domestic Market Price [2] {A1} / Domestic Sales	100.0	93.1	95.8	97.1	82.7	[Conf.]
Variation	-	(6.9%)	3.0%	1.3%	(14.9%)	(17.3%)
C. Price on the Foreign Market [2] {A2} / Sales in the Foreign Market	[Conf.]	[Conf.]	[Conf.]	[Conf.]	[Conf.]	[Conf.]
Variation	-	(25.3%)	4.7%	(18.3%)	(10.8%)	( 43.1%)
Units of Measure: [1] = Thousand Reais; [2] = R \$ / tons						

Regarding the variation in net revenue referring to sales in the domestic market, after an initial increase of 8.7% from P1 to P2, due to the increase in the quantity sold in the same period, there was a decrease of 4.3% from P2 to P3 . From P3 onwards, net revenue increased continuously, registering an increase of 31% when comparing the range from P1 to P5.

In turn, net revenue from sales to the foreign market fell 16% between P1 and P5. When considering the extremes of the analysis period, the total net revenue obtained from sales of textured polyester yarns increased [CONFIDENTIAL] %.

Regarding the weighted average selling prices in the domestic market, it should be noted initially that these refer exclusively to sales of own manufacture and that they were obtained by the ratio between the net revenues and the quantities sold.

The average price of the like product sold on the domestic market, after falling 6.9% from P1 to P2, increased continuously from P2 to P3 (3%) and from P3 to P4 (1.3%). From P4 to P5, however, the average price of the similar product sold on the domestic market had its biggest drop of 14.9%. Thus, from P1 to P5, the average selling price of the similar product of the domestic industry on the domestic market decreased by 17.3%.

The average price of the product sold to the foreign market, on the other hand, decreased continuously from P3. Taking the extremes of the series, there was a drop of 43.1% in the average prices of textured polyester yarns sold to the foreign market.

#### 6.1.2.2. Results and margins

Income Statement in the Domestic Market and Margins					
	P1	P2	P3	P4	P5

Income Statement (in <b>index number of Thousand Reais</b> )					
A. Net Revenue - Domestic Market	100.0	108.7	104.0	118.6	131.0
B. Cost of Product Sold - CPV	100.0	101.0	95.4	111.7	134.4
C. Gross Result {AB}	100.0	206.4	213.3	206.9	88.0
D. Operating expenses	100.0	54.3	56.2	39.5	9.1
D1. General and Administrative Expenses	100.0	86.4	80.9	78.7	81.1
D2. Selling Expenses	100.0	95.8	87.6	72.9	44.9
D3. Financial Result (RF)	100.0	13.5	26.4	(1.1)	(32.0)
D4. Other Operating Expenses (Revenues) (OD)	100.0	31.2	27.5	13.3	(207.9)
E. Operating Result	(100.0)	88.8	91.5	118.0	65.2
F. Operating Result (except for RF)	(100.0)	628.0	713.5	734.3	240.4
G. Operating Result (except RF and OD)	(100.0)	1,656.8	1,870.0	1,900.8	291.0
Profitability Margins ( % )					
H. Gross Margin {C / A}	100.0	190.4	205.5	175.3	67.1
I. Operating Margin {E / A}	(100.0)	82.1	87.2	98.7	50.0
J. Operating Margin (except RF) {FAN}	(100.0)	600.0	708.3	641.7	191.7

K. Operating Margin (except RF and OD) {G / A}	(100.0)	1,480.0	1,740.0	1,560.0	220.0
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Regarding the income statement and the profit margins obtained from the sale of self-made polyester textured yarns in the domestic market, it should be noted that CPV, after reaching its lowest level in P3, showed continuous increases of 17.1% from P3 to P4 and 20.4% from P4 to P5. Considering the entire period analyzed, there was an increase of 34.4%.

In turn, the gross result from the sale of the like product on the domestic market (item C) improved from P1 to P2, remaining at a relatively stable level from P2 to P4. However, there was a decrease of 12% from P1 to P5, after decreasing 57.5% from P4 to P5. The domestic industry's gross margin decreased continuously from P3 (period of highest gross margin, [CONFIDENTIAL] pp) onwards: [CONFIDENTIAL] pp from P3 to P4 and [CONFIDENTIAL] pp from P4 to P5. Considering the extremes of the series, the reduction was [CONFIDENTIAL] pp

The operating result (item E) of the domestic industry, after presenting a negative result in P1, showed a continuous improvement from P2 until its best period in P4, but showed a significant decrease in the following period (44.7%), when compared to P4. When considering the entire investigation period, there was an increase of 165.2%.

The operating margin (item H) showed a similar behavior to the operating result. After leaving a negative margin at P1 and improving until P4, this indicator registered a decrease from P4 to P5 ([CONFIDENTIAL] pp). Considering the entire investigation period for signs of damage, the operating margin obtained in P5 improved [CONFIDENTIAL] pp in relation to P1.

Considering the variation in the financial result of the domestic industry during the investigation period, especially in P1 (financial expenses totaled R \$ [CONFIDENTIAL] in thousand updated, whereas in P5 financial income of R \$ [CONFIDENTIAL] in thousand was recorded updated), the analysis of the operating result except financial result becomes relevant. From P1 to P2, P2 to P3 and P3 to P4, there was a continuous improvement of this indicator: 728%, 13.6% and 2.9%, respectively. From P4 to P5, there was a significant drop of 67.3%. Taking into account that P1 was the period of greatest financial expenses and that in P5 the domestic industry recorded financial income, when analyzing the interval from P1 to P5, there was an increase of 340.4%.

The operating margin, except for financial results, increased up to P3: [CONFIDENTIAL] pp and [CONFIDENTIAL] pp from P1 to P2 and from P2 to P3, respectively. From P3 onwards, there was a decrease of [CONFIDENTIAL] pp and of [CONFIDENTIAL] pp from P3 to P4 and from P4 to P5. From P1 to P5, there was an increase of [CONFIDENTIAL] pp

With regard to other operating expenses / revenues, it was also noted that P1 was the period of greatest expenditure, with this expense decreasing continuously until recording operating income under this item in P5. The evolution of the item on screen attenuated the operating result from P4 to P5, which, if analyzed without considering this item and the financial result indicates a decrease of 84.7% against 44.7% of the operating result. The operating result excluding financial income and other expenses (item G) increased 391.0% from P1 to P5, while the operating margin except financial income and other expenses increased by [CONFIDENTIAL] pp when considering the extremes of series.

It should be noted that P1 was the worst period in the entire series, with the domestic industry even registering an operating loss in this period, the only time this occurred during the analyzed interval. The exception was the gross result and the gross margin, which had P5 at its worst period. Thus, it is possible to observe an apparent improvement of some indicators if the extremes of the analyzed series are compared, from P1 to P5.

However, if the analysis has any period other than P1 as its initial reference, there is a continuous and significant deterioration in all analyzed intervals for all indicators. For example, when analyzing the space from P2 to P5, the drop in indicators C, E, F and G, presented in the previous table, was of the order of 57.4%; 26.6%; 61.7% and 82.4%, respectively. From P3 to P5, such indicators show even greater declines: 58.8%; 28.8%; 66.3% and 84.4%, respectively. From P4 to P5, the magnitude of the deterioration remains or worsens: 57.5%; 44.7%; 67.3% and 84.7%, also respectively.

In the same vein, there was a continuous deterioration of all margins if any period other than P1 is compared and compared with P5. From P2 to P5, the margins indicated in items H, I, J and K of the previous table showed, respectively, a reduction of [CONFIDENTIAL] pp. From P3 to P5, the decrease was even greater: [CONFIDENTIAL] pp, respectively. From P4 to P5, the deterioration remained at high levels, having even increased in some cases: [CONFIDENTIAL] pp.

It should also be noted that, by disregarding the effects of financial income and other operating expenses (income), which presented positive net results (income) in P5, the deterioration of the operating result from P4 to P5 becomes even more expressive, indicating a fall of 84.7% in the interim, reversing the previously seen trend of improvement from P1 to P4. The operating margin, except financial income and other expenses, likewise, also shows a significant reduction from P4 to P5.

<b>Income Statement in the Domestic Market per Unit (in index number of R \$ / ton)</b>					
	P1	P2	P3	P4	P5
A. Net Revenue - Domestic Market	100.0	93.1	95.8	97.1	82.7
B. Cost of Product Sold - CPV	100.0	86.5	87.9	91.4	84.8
C. Gross Result {AB}	100.0	176.8	196.5	169.3	55.5
D. Operating expenses	100.0	46.5	51.8	32.3	5.7
D1. General and Administrative Expenses	100.0	74.0	74.5	64.4	51.2
D2. Selling Expenses	100.0	82.0	80.7	59.6	28.3
D3. Financial Result (RF)	100.0	11.6	24.3	(0.9)	(20.2)
D4. Other Operating Expenses (Revenues) (OD)	100.0	26.7	25.3	10.9	(131.2)
E. Operating Result {CD}	(100.0)	76.0	84.3	96.5	41.1
F. Operating Result (except for RF)	(100.0)	537.8	657.3	601.0	151.6
G. Operating Result (except RF and OD)	(100.0)	1,418.7	1,722.6	1,555.9	183.6

When analyzing the unitary CPV, it was observed that P1 was the highest unit value [CONFIDENTIAL] / t, and P5, the lowest, [CONFIDENTIAL] / t. Considering the range from P1 to P5, there was a reduction of 15.2%.

It is worth noting that from P1 to P2 the fall in net unit revenue in the domestic market occurred in a smaller proportion (- 6.9%) than the fall in unit CPV (-13.5%). From P2 to P3, unitary net revenue increased in a greater proportion (- 3.0%) than the increase in COGS (1.6%). In spite of this, from P3 onwards, an inversion can be seen, with the unit CPV increasing in a greater proportion (4.0%) than the unitary net revenue (1.3%) from P3 to P4. In the following interval, from P4 to P5, the magnitude of the fall in unitary net revenue was greater than twice the fall in unitary COGS, (- 14.9% and - 7.2%), respectively, causing deterioration of financial indicators domestic industry in the latter interval.

When analyzing the gross unit result of sales of textured polyester yarns in the domestic market, there was an increase from P1 to P3. However, from P3 onwards, however, there was a continuous decrease, due both to the increase in unitary CPV in a greater proportion than the unit revenue and from P3 to P4, and, in the following period, from P4 to P5, to the fall in unit revenue in proportion greater than the fall in unit CPV. Considering the extremes of the series, the gross unit result showed a decrease of [CONFIDENTIAL] %.

The operating result, the operating result excluding the financial result and the operating result excluding the financial result and other expenses / revenues showed similar behavior when comparing the extremes of the period, P1 to P5, with increases of [CONFIDENTIAL] %. For these three indicators, P1 was the worst result throughout the series, in contrast to the gross result, in which P5 was the worst period recorded.

As previously highlighted in this item, P1 was the worst period in the entire series, with the domestic industry even registering an operating loss in this period, the only time this occurred during the analyzed interval. Thus, the analysis of the indicators per ton, when comparing P1 with P5, also shows an apparent improvement in the situation of the domestic industry.

However, when comparing P5 with any other period, with the exception of P1, a steady deterioration of all indicators per ton is observed over the period of analysis of signs of damage. As an illustration, from P2 to P5, the drop in indicators C, E, F and G, shown in the previous table, was of the order

of 68.6%; 45.9%; 71.8% and 87.1%, respectively. From P3 to P5, such indicators show even greater falls: 71.8%; 51.2%; 76.9% and 89.3%, respectively. From P4 to P5, the magnitude of the deterioration remains or worsens: 67.2%; 57.4%; 74.8% and 88.9%, also respectively.

#### 6.1.2.2. Cash flow, return on investments and ability to raise funds

Regarding the next indicators, it should be noted that they refer to the total activities of the domestic industry and refer to closed years from 2015 to 2019.

Cash Flow, Return on Investments and Ability to Raise Funds (in index number of R \$ thousand)					
	P1	P2	P3	P4	P5
Profitability Margins					
A. Net cash. Generated by Operating Activities	(100.00)	(719.32)	(72.71)	23.26	714.92
B. Net cash. Investment Activities	(100.00)	26.07	(15.69)	(5.52)	(11.65)
C. Net cash. Financing Activities	100.00	120.71	44.18	16.44	(49.71)
D. Net Increase (Decrease) in Cash and Cash	100.00	(5.54)	62.08	47.78	203.76
Profitability Margins					
E. Updated Net Income	100.0	92.7	101.0	70.2	196.7
F. Current Net Income	100.0	86.7	92.8	58.6	154.4
G. Updated Total Assets	100.0	60.2	64.0	56.0	76.7
H. Current Total Assets	100.0	56.4	58.9	46.8	60.3
I. Return on Total Investment (ROI)	100.0	153.9	157.7	125.3	256.3
Profitability Margins					
J. General Liquidity Index - (ILG)	100.0	79.4	137.5	470.6	282.4
K. Current Liquidity Index - (ILC)	100.0	110.5	129.3	299.2	192.5
Note: ROI = Net Income / Total Assets; ILC = Current Assets / Current Liabilities; ILG = (Current Assets + Long-Term Assets) / (Current Liabilities + Non-Current Liabilities)					

#### 6.1.3. Factors affecting domestic prices

##### 6.1.3.1. Costs and cost / price ratio

Of the Updated Production Costs (in index number of R \$ / ton)					
	P1	P2	P3	P4	P5
A. Production cost {B + C}	100.0	83.1	87.6	93.9	81.9
B. Variable Costs	100.0	83.6	88.0	96.6	84.6
B1. Raw material	100.0	87.3	93.3	102.2	89.1
B2. Other Inputs	100.0	69.5	76.4	103.4	124.3
B3. Utilities	100.0	64.7	64.8	65.5	57.9
B4. Other Variable Costs	100.0	67.5	43.4	78.8	80.8
C. Fixed Costs	100.0	80.3	85.5	78.7	66.6
C1. Depreciation	100.0	53.6	72.3	64.0	53.5
C2. Maintenance	100.0	102.2	102.9	93.8	80.2
C3. Other fixed costs	100.0	71.3	74.2	73.4	66.0
C4. Direct labor	100.0	81.2	85.0	78.1	65.1
E. Domestic Market Price	100.0	93.1	95.8	97.1	82.7
Cost / Price Ratio [D / E]	100.0	89.3	91.5	96.6	99.0

From the table above, it can be seen that the unit cost of production / price ratio, which reached its best level in P2 ([CONFIDENTIAL]%), deteriorated continuously until the end of the analysis period of evidence of damage. In P5, this ratio reached [CONFIDENTIAL]%.

##### 6.1.3.2. Comparison between the price of the product under investigation and the national similar

The effect of imports at prices with indications of dumping on domestic industry prices must be assessed under three aspects, as provided for in § 2 of art. 30 of Decree no. 0858, 2013. Initially, the existence of significant undercutting of the price of the imported product at prices with evidence of

dumping in relation to the similar product in Brazil should be verified, that is, if the interned price of the product under investigation is lower than the price of the Brazilian product. Then, a possible price depression is examined, that is, if the price of the imported product has had the effect of significantly lowering the price of the domestic industry. The last aspect to be analyzed is price suppression. This occurs when the investigated imports significantly prevent the price increase, due to the increase in costs,

In order to compare the price of textured polyester yarn imported from the sources investigated with the average selling price of the domestic industry on the domestic market, the CIF price of the imported product from these sources on the Brazilian market was calculated. The sales price of the domestic industry in the domestic market was obtained by the ratio between the net revenue, in updated reais, and the quantity sold, in tons, in the domestic market during the period of investigation of signs of damage.

Initially, it should be noted that from the description of the products contained in the detailed import data, made available by the RFB, the characteristics of the product identification code (CODIP) were identified, as proposed by the petitioner. Thus, for each set of characteristics, an average hospitalized CIF price was calculated. However, for the purpose of initiation, it was not possible to take the customer category into account in the comparison.

For the calculation of the interned prices of the product imported into Brazil from the investigated origins, the import prices of the product under investigation were considered, in the CIF condition, in reais, obtained from the Brazilian import data, provided by the RFB. To these values were added: a) the Import Tax (II); b) the Freight Additional for Renewal of the Merchant Navy (AFRMM); and c) hospitalization expenses.

Both the amounts of II and AFRMM were determined from the actual data obtained from the RFB. It should be noted that it was taken into account that the AFRMM does not affect certain import operations, such as, for example, by air transport, those destined for the Manaus Free Trade Zone and those carried out under the special drawback regime.

Hospitalization expenses, in a percentage of 2.0%, were calculated based on the information contained in the petition, which indicated the percentage obtained in the review of nylon threads, under the terms of GECEX Resolution no19, of 2019, and applied on the over the CIF value.

Finally, each aforementioned total value was divided by the total volume of imports under investigation, in order to obtain the value per ton of each of these items. The sum of the unit items was carried out, reaching the CIF in-house price of the investigated imports.

The interned prices of the product of the investigated origin, thus obtained, were updated based on the IPA-OG-Produtos Industriais, in order to obtain the updated reais values and compare them to the domestic industry prices. It should be noted that the prices of the domestic similar product in each period were weighted by the quantity imported from each CODIP, according to the data about the characteristics of the imported product made available by the RFB.

The following table shows the calculations performed and the undercutting values obtained for each investigation period for signs of damage.

Undercutting [CODIP weighted average ID price] - in <b>index number of R \$ / t</b>					
Investigated Sources	P1	P2	P3	P4	P5
CIF price	100.00	77.77	87.07	112.74	106.50
Import tax	100.00	77.20	86.93	112.91	106.68
AFRMM	100.00	115.57	157.75	139.87	152.40
Hospitalization Expenses	100.00	77.77	87.07	112.74	106.50
Interned CIF	100.00	77.89	87.44	112.92	106.78
Interned CIF (updated)	100.00	72.86	80.38	94.35	83.83
Weighted Price ID (updated)	100.00	93.07	95.82	97.11	82.66
Undercutting (R \$ / t)	100.00	265.87	227.82	120.70	72.67

Effects of Imports under Analysis on Domestic Industry Prices ( <b>in index number of R \$ / t</b> )						
	P1	P2	P3	P4	P5	P1 - P5

A. Undercutting	100.00	265.87	227.82	120.70	72.67	[Conf.]
Variation	-	174.1%	(10.1%)	(29.9%)	(28.9%)	+ 22.8%
B. Internal CIF Price - Origins under Analysis	100.00	72.86	80.38	94.35	83.83	[Conf.]
Variation	-	(27.1%)	10.3%	17.4%	(11.2%)	(16.2%)
C. Domestic Industry Price - Weighted	100.00	93.07	95.82	97.11	82.66	[Conf.]
Variation	-	(4.9%)	3.8%	4.3%	(14.4%)	(11.9%)
D. Domestic Industry Price - Simple (Net Revenue)	100	93.1	95.8	97.1	82.7	[Conf.]
Variation	-	(6.9%)	3.0%	1.3%	(14.9%)	(17.3%)
E. Cost of Production	100.0	83.1	87.6	93.9	81.9	
F. Unit Production Cost / Price Ratio [%] [E / C]	100.0	89.3	91.5	96.6	99.0	100.0
Units of Measure: [1] = t; [2] = Thousand Reais; [3] = R \$ / t						

From the analysis of the previous table, it was found that the weighted average price of the imported product from the investigated origins, interned in Brazil, was undercut in relation to the weighted price of the domestic industry in all periods.

It was found that, despite the price growth of the domestic industry from P2 to P3 and from P3 to P4, there was a price depression in the order of 17.3% from P1 to P5, and, from P4 to P5, such reduction reached at 14.9%.

Finally, there was a suppression of prices from P2 to P3 and from P3 to P4, since the average sales price of the domestic industry showed a lower increase ([CONFIDENTIAL]% from P2 to P3 and [CONFIDENTIAL]% from P3 to P4) the increase in the production cost of the similar product ([CONFIDENTIAL]% from P2 to P3 and [CONFIDENTIAL]% from P3 to P4). From P4 to P5, the average selling price of the domestic industry fell at a higher level than the decrease in production cost ([CONFIDENTIAL]% and [CONFIDENTIAL]%, respectively). Despite this, when analyzing the extremes of the series, there was no price suppression, since in P1 there was a greater relation between unit production cost / price, however, considering the price of the products object of the investigated origins and the increase in the volume of imports from these investigated origins, mainly in P2 and P3,

#### 6.1.3.3. The magnitude of the dumping margin

We sought to assess the extent to which the magnitude of the dumping margin from the investigated sources affected the domestic industry. For this, it was examined what would be the impact on domestic industry prices if exports of the product under investigation to Brazil had not been made at prices with indications of dumping.

From the normal values by origin as per item 4.1 of this document, an average normal value weighted by the quantities exported from each country was obtained, which was converted from US dollars per ton to reais per ton using the average exchange rate of P5, calculated from data provided by the Central Bank of Brazil, of R \$ 4.12 / US \$ 1.00.

The values related to international freight and insurance were added, extracted from the detailed import data of RFB, to obtain the normal value in the condition of CIF sale. The total international freight and insurance values were divided by the total volume of imports from the investigated sources, in order to obtain the value per ton of each of these items. From the same methodology, the import tax and AFRMM values were added. Finally, a percentage of 2% was considered as hospitalization expenses, according to item 6.1.3.2 of this document.

Considering the calculated normal value, that is, the weighted price at which the product under investigation would be sold to Brazil in the absence of dumping, Brazilian imports from China and India would be admitted to the Brazilian market at the values shown in the following table:

Weighted normal value [CONFIDENTIAL]				
	Normal value - delivered (US \$ / t)	Imported volume (P5)	Weighted value (US \$)	Weighted turnover (US \$ / t)
China	[Conf.]	[Conf.]	[Conf.]	[Conf.]
India	[Conf.]	[Conf.]	[Conf.]	
	Total	[Conf.]	[Conf.]	



Magnitude of the dumping margin (P5)	
Weighted normal value (US \$ / t)	[Conf.]
Normal value (R \$ / t)	[Conf.]
International freight (R \$ / t)	[Conf.]
International insurance (R \$ / t)	[Conf.]
<b>Normal value CIF (R \$ / t)</b>	[Conf.]
Import tax (R \$ / t)	[Conf.]
AFRMM (R \$ / t)	[Conf.]
Hospitalization expenses (R \$ / t)	[Conf.]
Normal value hospitalized (R \$ / t)	[Conf.]
Domestic industry price (R \$ / t)	[Conf.]

Based on the methodology described above, it is concluded that the weighted normal value of the investigated origins, on a CIF basis, internalized in Brazil, would be higher than the domestic industry price in [CONFIDENTIAL] / t.

Thus, when comparing the hospitalized normal value obtained above with the ex-factory price of the domestic industry in P5, it is possible to infer that, if it were not for the practice of dumping, there would be no evidence that the prices of the investigated origins would have the same effect of damage to the price of the domestic industry, as they would not be undercut.

#### 6.1.4. The growth of the domestic industry

It is registered that in P5 the domestic industry presented its best period in terms of volume sold in the domestic market. When comparing P5 with P4 and P1, the volume of sales in the domestic market increased by 29.8% and 58.5%, respectively.

It should be noted that the sales volume of the domestic industry destined for the foreign market did not have a relevant participation in the total volume sold by the domestic industry. In P2, sales in the foreign market registered their highest level, totaling [CONFIDENTIAL] t, representing 1.2% of the total sold by the domestic industry. From P1 to P5, however, the relative share did not change, remaining at [CONFIDENTIAL]% of the total sold.

In this sense, the total sales of the domestic industry showed a similar behavior to the sales made in the domestic market: growth from P1 to P5 (58.5%) and from P4 to P5 (30.3%).

The Brazilian market, in turn, also showed growth, from P1 to P5 (79.9%). Despite this increase, it was found that the domestic industry had its share reduced in the Brazilian market in the same period, given that the increase in sales to the domestic market was lower than the increase in that market. It is worth mentioning that, after reaching its lowest relative share in the Brazilian market at P3 (15.2%), the domestic industry recovered its share, having reached 20.9% in P5, after a 29.8% increase in sales volume. From P1 to p5, the accumulated loss of participation in the Brazilian market was [CONFIDENTIAL] pp

Considering that the growth of the domestic industry is characterized by an increase in the sales volume of this industry, it was found that, from P1 to P5, there was growth in the domestic industry. Although there was absolute growth, there was a relative retraction when compared to the Brazilian market, taking into account that domestic sales grew in a smaller proportion than the increase in the market in the same period.

#### 6.2. Conclusion on domestic industry indicators

When considering the entire period of analysis of signs of damage (from P1 to P5), it is noted that, although there was an increase in the volume sold by the domestic industry in the domestic market (58.5%), its participation in the Brazilian market reduced [CONFIDENTIAL] pp. In addition, although the increase in this volume sold was accompanied by an increase of 31% in net revenue, it grew significantly less than the growth in volume sold, given the decrease of 17.3% in the price of the domestic industry in that period. .

Furthermore, even when it comes to the participation of the domestic industry in the Brazilian market, there are two well-defined moments. A first that goes from P1 to P3, in which the domestic industry continually loses participation ([CONFIDENTIAL]), and a second moment, from P3 to P5, in which there is a

reversal of this trend, when the domestic industry manages to increase its volume sold in proportion higher than market growth, thus recovering part of the lost market share from P1 to P3 ([CONFIDENTIAL]). Nevertheless, as seen in the analysis of the financial and profitability indicators, such a recovery in market share occurred at the expense of its profitability, which reached in P5 the worst gross result and the worst gross margin of the damage analysis period, and, even so,

Regarding the unit cost of production and the domestic industry's price in the domestic market, there was a worsening of [CONFIDENTIAL] pp when comparing P1 to P5. Only from P1 to P2 there was a reduction of this indicator, when it decreased [CONFIDENTIAL] pp. In the following intervals, from P2 to P3, from P3 to P4 and from P4 to P5, there were continuous increases, totaling [CONFIDENTIAL] pp of deterioration: [CONFIDENTIAL] pp, [CONFIDENTIAL] pp and [CONFIDENTIAL] pp. It should be noted that in P2 there was a more positive relationship throughout the period ([CONFIDENTIAL]%). In P5, the ratio reached [CONFIDENTIAL]%.

Regarding the financial and profitability indicators, when analyzing the extremes of the period (from P1 to P5), except for the result and gross margin, which fell by [CONFIDENTIAL]% and [CONFIDENTIAL] pp, respectively, it can be seen improvement in other indicators and respective margins. This result can be attributed to the fact that P1 was the worst period in the entire series, as already highlighted throughout item 6, with the domestic industry presenting an operating loss, even when excluding financial results and other expenses. It should be noted that P1 was the only period in which the domestic industry had a loss in its accounts.

In addition, it is relevant to mention the items related to financial results and other expenses / revenues highlighted in the domestic industry's Income Statement. As can be seen in the table in item 6.1.2.2, the financial result presented, in P1, an expense in the order of R \$ [CONFIDENTIAL], and the other expenses / revenues totaled expenses of R \$ [CONFIDENTIAL], high amounts that contributed to the domestic industry has obtained the worst operating result of the damage analysis period in P1. Subsequently, both financial income and other operating income / expenses items have been continuously improving from P2 to P5. Thus, in P5, these items started to represent revenues of R \$ [CONFIDENTIAL], which mitigated the deterioration in the operating result from P4 to P5, which would indicate an even greater decrease (84, 7%) when considering the result exclusive financial results and other expenses / income. Thus, it is deemed more appropriate to assess the damage to the domestic industry by the operating income item, except financial income and other expenses / revenues.

Still regarding the financial results and profit margins obtained over the period of damage analysis, it was noticed that Gross profit improved from P1 to P3 and then started to worsen, with a sharp drop from P4 to P5. The operating result, except financial result and other expenses / revenues, improved until P4, having also presented a significant deterioration from P4 to P5. In view of the operational results presented in P1, if the analysis has as reference any period other than this first period, there is a significant deterioration in all analyzed intervals for all indicators when comparing to the results obtained in P5, depending on underlined in item 6.1.2.2 of this document. As an illustration, when analyzing the range from P3 to P5, the gross result, the operating result and the result except financial result and other expenses had a significant deterioration in the order of 57.4%; 26.6% and 82.4%, respectively. In the same direction, the respective margins, in the same direction, fell in the order of: [CONFIDENTIAL] in percentage points.

The deterioration of financial indicators can also be seen when analyzing the range from P4 to P5, with a considerable reduction in all indicators. For example, the fall in gross profit and gross margin was, respectively, [CONFIDENTIAL] pp, the worst results found in the damage analysis period, even worse than those found in P1. The operating result, except financial income / expense and other expenses decreased by [CONFIDENTIAL]%, and the respective margin decreased by [CONFIDENTIAL] pp from P4 to P5.

When analyzing the net unit revenue from P1 to P5, it appears that there was a decrease of [CONFIDENTIAL]%. The gross unitary result showed a significant reduction ([CONFIDENTIAL]%, since the unitary CPV had a smaller relative decrease ([CONFIDENTIAL]%) than the unitary revenue. When comparing the period from P4 to P5, whereas the unitary CPV there was a decrease of [CONFIDENTIAL]%, the net unit revenue decreased 14.9%, consequently, the gross unitary result showed a significant decrease of [CONFIDENTIAL]%

It is observed, therefore, that, except when the first interval in the P1 series is adopted as a reference for comparison with P5, all financial indicators deteriorated over the analysis period. Thus, all the indicators and financial margins analyzed reached their lowest absolute value in P5 compared to other periods, with the exception of P1, in which the domestic industry had a loss.

Regarding the production volume, there were continuous increases with the exception of P2 to P3. When considering the extremes of the period, there was an increase of 61.3%. With regard to installed capacity, after falling from P1 to P2, there was a continuous increase, with a growth of 31.7% from P1 to P5. Bearing in mind that the volume of production increased in a greater proportion than the increase in the degree of occupation, this indicator showed an expansion of [CONFIDENTIAL] pp from P1 to P5.

With regard to inventories, considering the extremes of the series, there was an increase of 14.7%, the lowest level being reached in P3 ([CONFIDENTIAL] t), just below the level recorded in P1 ([CONFIDENTIAL] t). After reaching the highest level in P4 ([CONFIDENTIAL] t), there was a decrease of 8.9% in the following period.

Regarding the evolution of employment indicators for employees in the production line, there was a 3.7% drop from P1 to P5, while the wage bill increased by 5.7%. Taking into account that there was an increase in production from P1 to P5, productivity per employee linked to production increased 67.4% in this period.

Thus, it can be concluded that there are sufficient elements of evidence of damage to the domestic industry throughout the analyzed period.

## 7. CAUSALITY

Art. 32 of Decree 8,058, of 2013, establishes the need to demonstrate the causal link between imports at prices with indications of dumping and the possible damage to the domestic industry. This demonstration of a causal link must be based on the examination of relevant evidence and other known factors, in addition to imports at prices with indications of dumping, which may have caused the possible injury to the domestic industry at the same time.

### 7.1. The impact of imports at prices with indications of dumping on the domestic industry

With regard to the volume of imports from the investigated sources, it is relevant to say that these imports increased continuously over the period under analysis, registering growth of 110.4% from P1 to P5 and now representing 98% of the total imported by Brazil in P5, gain of [CONFIDENTIAL] pp in relation to P1. In the same period, domestic industry sales increased by 58.5%, while the Brazilian market increased by 79.9%.

The investigated origins, which represented [CONFIDENTIAL]% of the Brazilian market in P1, started to represent [CONFIDENTIAL]% in P5, gain of [CONFIDENTIAL] pp. When evaluating the price of the imported product from the investigated origins, it is noted that there was a decrease from [CONFIDENTIAL]% from P1 to P5. The price of the domestic industry decreased by [CONFIDENTIAL]% in the same interval.

It is registered that there was undercutting in all the periods analyzed. When analyzing the extremes of the series, although there was an improvement in the operating result, there was a deterioration in the gross result of the domestic industry, which dropped by 44.5%, and a loss of industry share in the Brazilian market in terms of volume sold.

It is worth mentioning that P1 was the worst period in the series both in terms of volume sold and in terms of financial and profitability indicators - except for the gross result and gross margin, whose worst period was P5 - for the domestic industry. When the other periods of analysis of signs of damage are taken as a reference, it can be seen that the Brazilian market was apparently contracted at P1. The significant growth from P1 to P2 (43.3%) reinforces the possible contraction. It should be remembered that the petitioner reported that there was no change in the pattern of consumption during the period under analysis. Even so, more information about this issue will be sought throughout the investigation. The apparent contraction of the market may have had an impact on the indicators of the domestic industry in P1, being a possible cause of damage in this period. Thus,

From P2 to P3, imports also increased significantly by 21.6%, higher not only than the growth of the Brazilian market in the same period (15.2%), but also higher than the domestic industry's sales in the domestic market, which decreased 7%. In P3, if, on the one hand, imports from the investigated sources reached their largest share in the Brazilian market ([CONFIDENTIAL]%), on the other hand, the domestic industry reached its lowest share ([CONFIDENTIAL]%), registering a loss of [ CONFIDENTIAL] pp since P1. The gain in the share of imports under analysis was basically at the expense of the share of sales by the domestic industry, taking into account that the sales of other producers and imports from other sources had a residual fluctuation. Please note that the domestic industry lost [CONFIDENTIAL] pp participation in P3 when compared to P1. It is noteworthy that P2 and P3 were the periods of greatest undercutting throughout the series analyzed, which may explain the increase in the volume of imports from China and India in a greater proportion than the increase in the Brazilian market in these periods.

From P3 to P4, imports of textured polyester yarns from China and India grew 2.1%, representing 96.6% of the total imported. In relation to the Brazilian market, it increased by 2.9%. In the same period, domestic industry sales grew 12.5%, increasing its share in the Brazilian market. The market gain, however, was at the expense of the domestic industry's profitability. There was a drop in gross margin ([CONFIDENTIAL] pp), in operating margin except financial result ([CONFIDENTIAL] pp) and operating margin except financial result and other expenses ([CONFIDENTIAL] pp). It is worth mentioning that the cost / price ratio of the domestic industry increased by [CONFIDENTIAL] pp in this period.

From P4 to P5, imports under investigation increased by 2.1%, although there was a 10.7% drop in the imported value in the face of a 12.5% drop in the price of imports. These imports now represent 98% of the total imported and [CONFIDENTIAL]% of the Brazilian market. In the same period, the volume sold by the domestic industry had its greatest relative increase (29.8%), recovering in [CONFIDENTIAL] pp the participation of the industry in the Brazilian market. When compared to P3, the increase in the participation of the domestic industry was [CONFIDENTIAL] pp. The expressive increase in the volume sold did not translate into an increase in net revenue - growth of 10.5% - in the same proportion, given the considerable reduction in the domestic industry price on the domestic market (14.9%), the largest relative reduction in the whole series analyzed and the lowest price recorded. The reduction of the price in a greater proportion than the reduction of the cost of production, increased the deterioration of the cost / price ratio in [CONFIDENTIAL] pp from P4 to P5, reaching [CONFIDENTIAL]% in this last period, the second highest in the entire period analysis, only behind P1. As a result, there was also a deterioration in all financial and profitability indicators for the domestic industry from P4 to P5.

For all of the above, it is concluded that there is evidence that growth in the volume of imports under investigation, followed by prices with indications of dumping and undercutting in relation to domestic industry prices, caused damage to the domestic industry over the analysis period. damage.

## 7.2. Possible other factors causing damage and non-attribution

Depending on what is determined by § 4 of art. 32 of Decree no. 0858, 2013, sought to identify other relevant factors, in addition to imports at prices with evidence of dumping, which may have caused the possible damage to the domestic industry during the investigation period for signs of damage.

### 7.2.1. Import volume and price from other sources

From the analysis of Brazilian imports of textured polyester yarns, it was found that imports from other sources decreased significantly over the investigated period (70.4 %% from P1 to P5, with 40.9% from P4 to P5). In this sense, imports from other sources lost market share both from P4 to P5 ([CONFIDENTIAL] pp), and from P1 to P5 ([CONFIDENTIAL] pp). In P5, imports from other sources represented [CONFIDENTIAL]% of the Brazilian market in P5.

In addition, it is worth mentioning that the CIF price in US dollars for imports from other sources was higher than the price of imports from the source investigated in all periods.

In this context, imports of textured polyester yarns do not seem to have had the power to cause negative impacts on the domestic industry, having always represented much lower volumes and carried out at higher prices than those related to the sources investigated at prices.

### 7.2.2. The impact of possible import liberalization processes on domestic prices

There was no change in the Import Tax rate of 18% applied to Brazilian imports classified under the NCM items analyzed in this investigation, during the entire period of analysis of signs of damage, so that there was no liberalization process for these P1 imports until P5.

#### 7.2.3. Demand contraction or changes in consumption patterns

During the analyzed period, there were no changes in the consumption pattern of the Brazilian market, according to the petitioner. Despite this, it was observed that, from P1 to P2, the Brazilian market showed significant growth (43.3%), which could indicate that the market was relatively contracted at the time. Throughout the probationary phase, more information will be sought to understand the reason for the most substantial growth in that initial interval. It is noteworthy that P1 was the period in which the domestic industry presented the worst indicators both in terms of volume and profitability in the period of analysis of signs of damage.

Nor was there a contraction in demand. On the contrary, the Brazilian market for textured polyester yarns has grown continuously over the analyzed period, registering an accumulated increase of [CONFIDENTIAL]% from P1 to P5.

Therefore, it is not possible to attribute the deterioration of the domestic industry's volume indicators to these factors.

#### 7.2.4. From restrictive practices to trade by domestic and foreign producers and competition between them

No restrictive practices were identified for the sale of textured polyester yarns by domestic producers or foreign producers, nor were there any factors that affected competition between them.

#### 7.2.5. Technological progress

Nor was the adoption of technological developments that could result in the preference of the imported product over the national one being identified. The textured polyester yarns under investigation and those made in Brazil are in competition with each other.

#### 7.2.6. Export performance

As shown in this document, the domestic industry's sales volume in the foreign market for textured polyester yarns increased 47.5% from P1 to P5, with P5, the lowest export volume, from P4, with an increase of 391.5% in exports .

The share of sales in the foreign market in relation to the total sales of the domestic industry has always represented a small percentage. In P2, the period of greatest participation, this percentage reached [CONFIDENTIAL]% of the total sold. In both P1 and P5, the share was [CONFIDENTIAL]% of the total sold.

Therefore, the deterioration of the domestic industry's volume indicators cannot be attributed to its export performance.

#### 7.2.7. Domestic industry productivity

The productivity of the domestic industry, calculated as the quotient between the quantity produced and the number of employees involved in production in the period, increased 67.4% and 22.0% in P5 in relation to P1 and P4, respectively. Therefore, the deterioration of the domestic industry's volume indicators cannot be attributed to its productivity, taking into account the improvement in that indicator.

#### 7.2.8. Captive consumption

There was no captive consumption in the period, and therefore cannot be considered as a cause of damage.

#### 7.2.9. Of imports or resale of the imported product by the domestic industry

According to information presented by the domestic industry, over the period of continuity of damage, the resales carried out reached [CONFIDENTIAL] in P1; [CONFIDENTIAL]% in P2; [CONFIDENTIAL]% in P3; [CONFIDENTIAL]% in P4 and [CONFIDENTIAL]% in P5 when compared to the total volume sold by the domestic industry. It is worth mentioning that the domestic industry [CONFIDENTIAL].

Considering that the imported volume has reduced considerably since P3, the same period in which there is a significant deterioration in the profitability indicators of the domestic industry, the damage caused cannot be attributed to these volumes.

### 7.3. Conclusion on causality

According to item 7.1, the significant increase in the volume of textured polyester yarns imported from the sources investigated, above the growth of the Brazilian market from P1 to P3, decreased the participation of the Brazilian industry in this market. In fact, the domestic industry presented a drop in the volume sold from P2 to P3, as already mentioned, while both the Brazilian market and the investigated origins grew in the same interval. From P1 to P2, therefore, there is a deterioration in the volume indicators of the domestic industry, when imports showed their greatest relative growth (65.1%).

From P3 to P5, the domestic industry was successful in recovering part of the lost market share from P1 to P3. In order to face competition from imports at prices with evidence of dumping from China and India, which already accounted for more than [CONFIDENTIAL]% of the Brazilian market, the recovery of market share by the domestic industry nevertheless took place to the detriment of its financial indicators and profitability, as already detailed in item 7.1 of this document. Furthermore, although the domestic industry has regained market share in the Brazilian market at the expense of its profitability, the industry has not achieved the share it had in the Brazilian market at P1.

For the purpose of initiating this investigation, considering the analysis of the factors provided for in art. 32 of Decree no. 0858, 2013, it was concluded that there are indications that imports of the investigated origin at prices with indications of dumping contributed significantly to the existence of signs of damage to the domestic industry found in items 6 and 7 of this document.

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