NON-CONFIDENTIAL VERSION

PETITION FOR AN APPLICATION FOR ANTI-DUMPING DUTIES

PRODUCT

POLYETHYLENE TERPHTHALATE
(PET)

ORIGINATING/EXPORTED FROM

PEOPLE'S REPUBLIC OF CHINA (PRC), REPUBLIC OF INDONESIA (INDONESIA), JAPAN, REPUBLIC OF KOREA (KOREA), THE UNITED STATES OF AMERICA (US) AND THE SOCIALIST REPUBLIC OF VIET NAM (VIET NAM),

FILED BY

RECRON (MALAYSIA) SDN BHD
(Company No. 200701023752)

MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY
MALAYSIA

NON-CONFIDENTIAL VERSION

INTRODUCTION

PETITIONER(S) : **Recron (Malaysia) Sdn Bhd**

PRODUCT(S) : **POLYETHYLENE TEREPHTHALATE (PET)**

Virgin polyethylene terephthalate (PET) resin, defined as polyethylene terephthalate resin having an intrinsic viscosity of 0.70 decilitres per gram or higher.

HS CODE (2012)**:**
3907.60.000

AHTN CODE (2012)**:**
3907.60.1000, 3907.60.2000 AND 3907.60.9000

HS CODE (2017):
3907.61.0000 AND 3907.69.1000

Note: The HS Codes and AHTN Codes are given for information only and these classifications of the subject merchandise have no binding effect.

The HS Code 3907.69.9000 is not included as it falls outside of the scope of the investigation and also covers plastic waste – whose importation is administratively banned by Malaysia. However, if the anti-dumping duties are put in place, there is a very high possibility that importers could declare Pet Chips under this HS Code to circumvent anti-dumping duties. This will require strict vigilance/enforcement on imports declared under HS Code 3907.69.9000.

ORIGINATING IN: **People's Republic of China (PRC), Republic of Indonesia (Indonesia), Japan, Republic of Korea (Korea), the United States of America (US) and the Socialist Republic of Viet Nam (Viet Nam).**

EXPORTED FROM: **People's Republic of China (PRC), Republic of Indonesia (Indonesia), Japan, Republic of Korea (Korea), the United States of America (US) and the Socialist Republic of Viet Nam (Viet Nam).**

PERIOD OF INVESTIGATION:

Year 1	**: 1 January 2017 – 31 December 2017**
Year 2	**: 1 January 2018 – 31 December 2018**
Period of Investigation (POI)	**: 1 January 2019 – 31 December 2019**
Period of Injury Determination (POID)	**: 1 January 2017 – 31 December 2019**

STATUTORY REFERENCE:

Countervailing and Anti-Dumping Duties Act 1993
Countervailing and Anti-Dumping Duties Regulations 1994
Article VI of the General Agreement on Tariffs and Trade 1994

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NON-CONFIDENTIAL VERSION

MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY MALAYSIA

DECLARATION

Petition for Anti-Dumping and/or Countervailing Duties Investigation

I request in accordance with Sections 4 and 20 of the Countervailing and Anti-Dumping Duties Act 1993 that the Government imposes, in respect of products the subject of this application:

- [√] an anti-dumping duty, or
- [ ] a countervailing duty, or
- [ ] anti-dumping and countervailing duties.

This application is made on behalf of the Malaysian industry producing like products to the imported products which is the subject of this application. The application is supported by Malaysian producers whose collective output comprises:

- more than 25% of the total Malaysian production of the like products; and
- more than 50% of the total production of like products by those Malaysian producers that have expressed either support for, or opposition to, this application.

I believe that the information contained in this application:

- provides reasonable grounds for the publication of the notice(s) requested; and
- is complete and correct.

Signature : _____

Name : Anil Mungad

Designation : Chief Financial Officer

Date : 29.6.2020

Company stamp

SECTION A
PETITIONER'S INFORMATION

A-1 Contact Information

Company

Name : **Recron (Malaysia) Sdn Bhd (Company No. 200701023752)**

Address : **Level 7 & 8, Wisma Gold Hill, 67, Jalan Raja Chulan, Kuala Lumpur, 50200, Malaysia**
Telephone : **+603-2031-6000**
Email : **enquiry.marketing@recron.com**
Web page : **www.recronmalaysia.com**

Factory

Name : **Recron (Malaysia) Sdn Bhd (Company No. 200701023752)**
Address : **PT 1886, 1891, 1892, 7927, 7928, Kawasan Perindustrian Nilai, 71800 Nilai, Negeri Sembilan, Malaysia**
Telephone : **+606-799-2855**
Email : **enquiry.marketing@recron.com**

Contact person

Name : **Mr. Tarun Narang**
Position/Designation: **Director & Chief Marketing Officer**
Address : **Level 7,8 Wisma Gold hill, 67, Jalan Raja Chulan, 50200 KL, Malaysia**
Telephone : **+603-2031-6000**
Email : **tarun.narang@ril.com**

A-2 Legal Representative/Consultant

If you have appointed a legal representative/consultant to assist you in this proceeding, provide the following details:

Name of legal representative/consultant : **Jason Tan Jia Xin**
Firm : **Lee Hishammuddin Allen & Gledhill**
Name of contact person : **Jason Tan Jia Xin**
Address : **Level 6, Menara 1 Dutamas, Solaris**
: **Dutamas, No. 1, Jalan Dutamas 1,**
: **50480Kuala Lumpur, Malaysia**
Telephone : **+603 6208 5873**
Email : **tjx@lh-ag.com**

A-3 Corporate Information (including related parties)

Recron (Malaysia) Sdn Bhd (herein referred to as "Recron") is a private limited company incorporated in Malaysia. Recron does not trade in a name other than its legal name. Recron's shareholding structure is provided in the confidential version of the petition.

The following are the related companies of Recron:

Table A-3.2: Listing of Related Companies

Name, address, email and telephone of related company in all countries	List of activities	Tick if manufacturer of the product under investigation √	Tick if supplier of input used in the manufacturing of the product under investigation √	Tick if importer of the product under investigation √	Percentage of your company's shareholding in related company	Percentage of related company's shareholding in your company
*********	Toll Manufacturing of PTA		√		Nil	Nil
**********	Refinery/Petrochemicals/ Telecommunication/Retail	√			Nil	Ultimate Holding company
******	Investment Holding					100%

There are no financial or contractual links and joint ventures between Recron and any other company concerning R&D, production, sales, licensing, technical and patent or any other agreements for the product under investigation.

Provided below The diagram outlining the overall organisational structure of all related companies is provided in the confidential version of the petition.

Recron has no activity with any of the alleged countries in this proceeding (e.g. production facilities, joint ventures).

SECTION B
ACCOUNTING SYSTEM AND POLICIES

Accounting System and Policies

The accounting period of Recron is January to December. No changes have occurred with respect to the accounting period or accounting practices over the last five years. Recron changed over from PERS to MPERS from 2014 onwards.

The audited accounts for the three most recent completed financial years as available are in the confidential version.

Recron does not sell via any related company.

The Financial Accounting records are kept at the head office:

Level 7 & 8, Wisma Gold Hill, 67, Jalan Raja Chulan, Kuala Lumpur, 50200, Malaysia.

The detailed costing records are available at the following factories:
1. Nilai Factory – PT1891, 1892 Kawasan Perindustrian Nilai, 71800 Nilai, Negeri Sembilan.
2. Melaka Factory – Kawasan Perindustrian Tanjung Kling, Peringkat II, Tangga Batu, 76400 Malacca

Standard cost is maintained in the ERP system for accounting of day today transactions. During the month end the stocks are valued according to the Accounting principle of Cost or Net Sales realization (NSR) whichever is lower.

Stock of finished goods is valued at Actual cost or Net Realizable value whichever is lower. Actual cost of material consumed, Employee cost and other expenditure attributable to the production are considered for valuation of Finished Goods for finalizing the audited accounts.

Incidental Revenue is accounted based on actual receipt of revenue.

Allocation of costs from general cost categories to a specific product is done as follows:

Manufacturing overhead is accounted cost center wise. Direct manufacturing overheads are accounted on service cost center and allocated based on Statistical Key Figure. Cost of Manufacturing is allocated and apportioned to each product on actual basis

The following is the classification of assets and the related average useful life and depreciation method

Class	Average Useful Life	Depreciation Method
Building	25 -30 years	Straight line basis
Machinery	15-30 years	Straight line basis

Standard Cost is used to account for all the transactions relating to Finished Goods Inventory. The frequency of revision is monthly. At the month end value of Finish Goods Inventory is calculated based on the principle of Cost or Net Sales Realization whichever is lower.

Value of by-products /waste generated during the production process is credited/deducted from the cost of Raw Material consumption. Sales realization of such by-products/waste is accounted for on actual realization at the time of sale.

SECTION C
DOMESTIC INDUSTRY

Based on information available there are only two producers of PET in Malaysia:

1. **Recron (Malaysia) Sdn Bhd (Recron); and**
2. **MPI Polyester Industries Sdn Bhd (MPI).**

The following table establishes the need to meet standing of the petition submission requesting for the anti-dumping investigation on PET i.e.:

1. **More than 50% of the total production of the like product by producers supporting/opposing the petition; and**
2. **More than 25% of the total Malaysian production of the like products.**

Table C-1: Total Production of Domestic Industry

Model/Grade/Type of products	Volume (MT) POI (2019)
A. Petitioner(s)	
Recron (Malaysia) Sdn. Bhd.	***
B. Companies supporting the application	
MPI Polyester Industries Sdn Bhd (MPI)	***
TOTAL (A+B)	***
C. Companies opposing on the application	Nil
D. Companies not commenting on the application - neutral	Not Applicable
E. Total Malaysian Production (estimated) A+B+C+D=E	***
F. Of the companies that have commented, the portion of production represented by companies supporting the application is (%) [(A+B)/(A+B+C)]x100	100%
G. The portion of total production supporting the application is (%) [(A+B)/(E)]x100	100%

There are only two (2) known producers of the Like Products in Malaysia. Recron and MPI. Recron is submitting the petition on behalf of the Domestic Industry. MPI has submitted in writing that MPI is supporting the petition and the support letter is attached in the confidential version.

Based on the foregoing, the petition meets the standing requirements of:

- **More than 50% of the total production of the Like Product by producers supporting/opposing the Petition; and**
- **More than 25% of the total Malaysian production of the Like Products.**

The following table provides the contact details of the domestic producers:

Table C-2: Contact Information of Malaysian Producers

Name of company	Address/ Telephone/Email	Name of Association
Recron (Malaysia) Sdn. Bhd.	Level 7,8, Wisma Goldhill, 67, Jalan Raja Chulan, 50200, KL, Malaysia Tel :+603 20242000	Federation of Malaysian Manufacturers (FMM), Malaysian Plastics Manufacturers Association (MPMA) Malaysian Textile Manufacturers Association (MTMA), Consortium of Indian Industries in Malaysia (CIIM)
MPI Polyester Industries Sdn Bhd	No.1, Jalan Gunggur 28/30, Seksyen 28, 40000 Shah Alam, Selangor. Malaysia Tel: +603-51921969	Federation of Malaysian Manufacturers (FMM)

SECTION D
PRODUCT DESCRIPTION

D-1 PRODUCT SPECIFICATIONS

POLYETHYLENE TEREPHTHALATE (PET)
Please refer to the confidential version for the range of products produced by Recron.

Virgin polyethylene terephthalate (PET) resin, defined as polyethylene terephthalate resin having an intrinsic viscosity of 0.70 decilitres per gram or higher.

PET is generally known as the clear plastic used to package a range of products, most commonly water and soda bottle containers.

D-1.1 Description of Recron's Like Products

Depending upon the Weight per Bag, the Material code is identified separately and detailed in the confidential version.

a. Physical, technical and chemical characteristics of Recron:

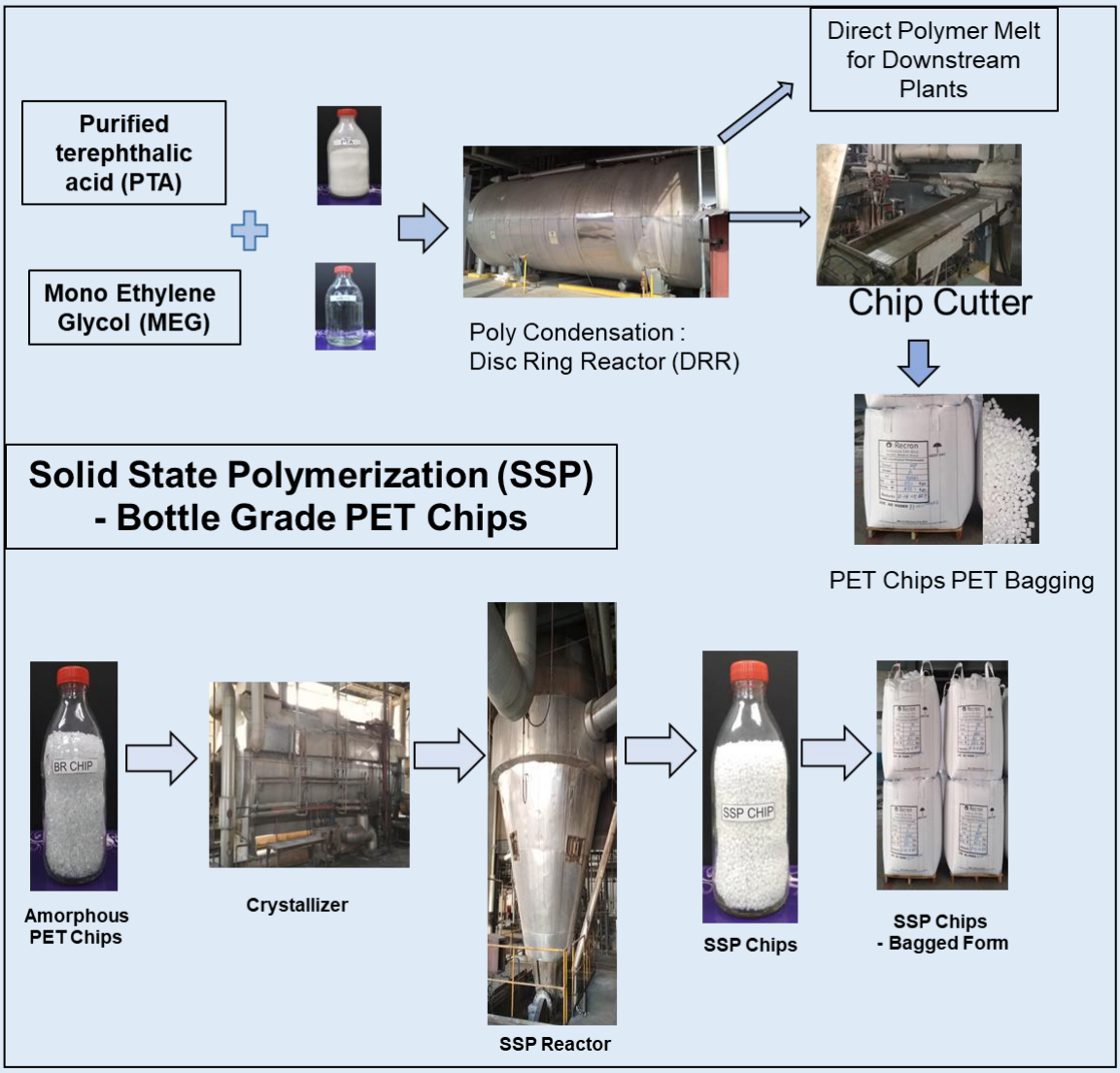
PET	Product Grade	IV
	Recron 6876	0.76 +/- 0.02
	Recron 6868	0.80 +/- 0.02
	Recron 6801	0.84 +/- 0.02
	Recron HF6868	0.80 +/- 0.02

b. end usage

Plastic drinking water bottles, plastic mineral water bottles and PET sheets, plastic bottles for carbonated drinks, small bottles for edible oil, liquor, medicines, sanitiser, face shields and other products.

c. Recron does not have any brand name.

d. Recron's production process including flow chart of PET production is shown below:



1) ***Pre-Polymerization***

PTA and MEG are agitated in a mixture tank to form homogeneous slurry with addition of IPA and catalyst. Under graduated temperature of up to 265 Degrees Centigrade and a controlled pressure of up to 1.0 bar, these raw materials react with each other to form intermediate ester. In order to guarantee an extensive reaction, the resulted water from the process is removed through the in-line fractional column.

2) ***Polymerization***

The intermediate ester (monomers) then go through a process of polycondensation (polymerization) to form polyester (polymer) under the graduated reaction temperature of up to 285 Degrees Centigrade and graduated vacuum down to 1.0 mbar abs. The resulting MEG from this process is removed from the spray condensers and then recycled back to the process. Special catalysts, additives, toners and stabilisers are used to accelerate the reaction and improve the product quality.

3) ***Chips Production, Transportation and Storage***

Molten PET, extruded from the die head, is cooled down by the de-mineralised water before being cut into chips by underwater strand granulator (USG).

The produced amorphous PET chips are then transported by pneumatic conveyor to the storage silo.

4) *Solid State Polycondensation (SSP)*

The amorphous PET chips from the storage silo enter the crystallization unit of the solid state plant. In the crystallisation unit, the chips are dried and pre-crystallised.

The chips are then transported to the preheating unit, equipped with intermediate heater and special internals, in order to be heated up to solid state polycondensation temperature of 200-210 Degrees Centigrade using hot nitrogen and external heating medium.

Later, the chips are conveyed to SSP reactor where required IV (intrinsic viscosity) is achieved by Solid State Polymerization which takes place in SSP reactor under continuous Nitrogen flow passing through Chips. The circulating Nitrogen is continuously purified in NPU (Nitrogen Purification Unit) which is a critical part of the SSP Process.

The chips are then withdrawn and cooled with a nitrogen gas cooler/de-duster before being transported to silo for storage. Chips from the silo are ready for packing. Normal packing is in HDPE bags of 25Kg and Jumbo bags of 1000 – 1150 kgs

Recron's PET specification

(i) Recron 6876 – IV 0.76 +/- 0.02
(ii) Recron 6868 – IV 0.80 +/- 0.02
(iii) Recron 6801 – IV 0.84 +/- 0.02
(iv) Recron HF6866 – IV 0.80 +/- 0.02
(v) Recron Relpet – IV 0.76 +/- 0.02

e. Illustrative materials i.e. brochures, catalogues etc. as in the confidential version.

Recron's Product coding system has an alphanumeric logic to identify the key parameters regarding the Product/Plant/Process/Weight. Following is an example to show the codification logic for 2CG31L:

Code	Identification
2	Chips
C	Polyester Chips
G	Polyester Poly Plant
31	Bottle Chips
L	Weight per Bag

- **The First Character – Number "2" Stands for the identification of the product as belonging to Chips**

- **The Second Character – Alphabet "C" is to identify the nature of Chips which is "Polyester"**
- **The Third Character – Alphabet "G" stands for identification of the plant –Polymerization (Poly) Plant**
- **The Fourth and Fifth character numeric "31" identifies the specification of the chips– as Bottle Chips.**
- **The Sixth character – Alphabet – identifies Weight per Bag. If it is "L" then the weight per bag is 1,150 Kgs.**
- **Following is the table to show the Code identification of Weight per bag.**

Code	Weight per Bag
L	1150
H	1000
J	1050
K	1100
M	1200
E	1
F	25

D-1.2 Description of the Imported Subject Merchandise

a. Physical, technical and chemical characteristics:

The Subject Merchandise's imports are equivalent to Recron's technical/grade specifications:

Recron 6876 – IV 0.76 +/- 0.02
Recron 6868 – IV 0.80 +/- 0.02
Recron 6801 – IV 0.84 +/- 0.02
Recron HF6866 – IV 0.80 +/- 0.02
Recron Relpet – IV 0.76 +/- 0.02

b. end usage:

PET Bottles, CSD (Carbonated Soft Drinks), Sheet/Film

c. brand names:

PET resins generally do not carry brand names.

d. production process including flow chart:

The amorphous bottle grade PET chips are produced by a two-stage liquid/melt phase process.

1) Esterification and 2) Poly condensation using Purified Terephthalic Acid (PTA) and mono ethylene glycol (MEG) as raw materials, IsophthalicJ acid (IPA) as co-monomer and Antimony Tri Oxide or Antimony Tri Acetate as catalyst.

Paste Preparation & Esterification

PTA and MEG are agitated in a mixture tank to form homogeneous slurry with addition of IPA and catalyst. Under graduated temperature of up to 265 Degrees Centigrade and a controlled pressure of up to 1.0 bar, these raw materials react with each other to form intermediate ester. In order to guarantee an extensive reaction, the resulted water from the process is removed through the in-line fractional column.

Polycondensation

The intermediate ester (monomers) then go through a process of polycondensation (polymerization) to form polyester (polymer) under the graduated reaction temperature of up to 285 Degrees Centigrade and graduated vacuum down to 1.0 mbar abs. The resulting MEG from this process is removed from the spray condensers and then recycled back to the process. Special catalysts, additives, toners and stabilisers are used to accelerate the reaction and improve the product quality.

Chips Production, Transportation and Storage

Molten PET, extruded from the die head, is cooled down by the de-mineralised water before being cut into chips by underwater strand granulator (USG).

The produced amorphous PET chips are then transported by pneumatic conveyor to the storage silo.

Solid State Polycondensation (SSP)

The amorphous PET chips from the storage silo enter the crystallization unit of the solid state plant. In the crystallisation unit, the chips are dried and pre-crystallised.

The chips are then transported to the preheating unit, equipped with intermediate heater and special internals, in order to be heated up to solid state polycondensation temperature of 200-210 Degrees Centrigrade using hot nitrogen and external heating medium.

Later, the chips are conveyed to SSP reactor where required IV (intrinsic viscosity) is achieved by Solid State Polymerization which takes place in SSP reactor under continuous Nitrogen flow passing through Chips. The circulating Nitrogen is continuously purified in NPU (Nitrogen Purification Unit) which is a critical part of the SSP Process.

The chips are then withdrawn and cooled with a nitrogen gas cooler/de-duster before being transported to silo for storage. Chips from the silo are ready for packing. Normal packing is in HDPE bags of 25Kg and Jumbo bags of 1000 – 1150 kgs.

D-2 PRODUCT COMPARABILITY

Table D-2.1: Product Comparability

Types of Product Produced by your Company	Subject Merchandise *(Include codes and*	Identical Characteristics	Differences *(Specify)*

(Include codes and description)	*description)*	*(Specify)*	
Recron 6876 – IV 0.76 +/- 0.02	CZ-302 (SFX, China) CR – 8816 (CRC China) Ramapet N2 (Indorama) CB-600 (Far Eastern) BK2170 and BK2180 (Mitsubishi, Indonesia) SKYPET BL (SK, Korea)	IV 0.76	None in particular
Recron 6868 – IV 0.80 +/- 0.02	CZ-318 (SFX, China) CR – 8863 (CRC China) Ramapet N1 (Indorama) CB-602 (Far Eastern) BK6180B (Mitsubishi, Indonesia) SKYPET HR (SK, Korea)	IV 0.80	None in particular
Recron 6801 – IV 0.84 +/- 0.02	CZ-328 (SFX, China) CR – 8828 (CRC China) Ramapet S1 (Indorama) CB-608 (Far Eastern) BK2185P (Mitsubishi, Indonesia) SKYPET BR (SK, Korea)	IV 0.84	None in particular
Recron HF6866 – IV 0.80 +/- 0.02	CZ-333 (SFX, China) CR – 8839 (CRC China) Ramapet H1 (Indorama) CB-651 (Far Eastern) BK5180B (Mitsubishi, Indonesia) SKYPET BB (SK, Korea)	Hot Fill resin	None in particular

D-3 TARIFF CLASSIFICATION

Table D-3.1: Tariff Classification

HS Code/AHTN	Product Description	MFN Rate (%)	Preferential Rate (%)					
			ATIGA	ASEAN-CHINA FTA	ASEAN-KOREA FTA	AJCEP	AANZFTA	MJCEP
3907610000	POLYACETALS, OTHER POLYETHERS AND EPOXIDE RESINS, IN PRIMARY FORMS; POLYCARBONATES, ALKYD RESINS, POLYALLYL ESTERS AND OTHER POLYESTERS, IN PRIMARY FORMS.POLY(ETHYLENE TEREPHTHALATE):HA	15	0	0	0	0	0	0

	VING A VISCOSITY NUMBER OF 78 ML/G OR HIGHER							
3907691000	POLYACETALS, OTHER POLYETHERS AND EPOXIDE RESINS, IN PRIMARY FORMS; POLYCARBONATES, ALKYD RESINS, POLYALLYL ESTERS AND OTHER POLYESTERS, IN PRIMARY FORMS.POLY(ETHYLENE TEREPHTHALATE):OTHER THAN HAVING A VISCOSITY NUMBER OF 78 ML/G OR HIGHERIN THE FORM OF GRANULES	15	0	0	0	0	0	0
3907699000	POLYACETALS, OTHER POLYETHERS AND EPOXIDE RESINS, IN PRIMARY FORMS; POLYCARBONATES, ALKYD RESINS, POLYALLYL ESTERS AND OTHER POLYESTERS, IN PRIMARY FORMS.POLY(ETHYLENE TEREPHTHALATE):OTHER THAN HAVING A VISCOSITY NUMBER OF 78 ML/G OR HIGHEROTHER THAN IN THE FORM OF GRANULES	15	0	0	0	0	0	0
3907601000	POLYACETALS, OTHER POLYETHERS AND EPOXIDE RESINS, IN PRIMARY FORMS; POLYCARBONATES, ALKYD RESINS, POLYALLYL ESTERS AND OTHER POLYESTERS, IN PRIMARY FORMS. POLY(ETHYLENE TEREPHTHALATE):IN DISPERSION	15	0	0	0	0	0	0
3907602000	POLYACETALS, OTHER POLYETHERS AND EPOXIDE RESINS, IN PRIMARY FORMS; POLYCARBONATES, ALKYD RESINS, POLYALLYL ESTERS AND OTHER POLYESTERS, IN PRIMARY FORMS. POLY(ETHYLENE TEREPHTHALATE):GRANULES	15	0	0	0	0	0	0
3907609000	POLYACETALS, OTHER POLYETHERS	15	0	0	0	0	0	0

	AND EPOXIDE RESINS, IN PRIMARY FORMS; POLYCARBONATES, ALKYD RESINS, POLYALLYL ESTERS AND OTHER POLYESTERS, IN PRIMARY FORMS. POLY(ETHYLENE TEREPHTHALATE):OTHER THAN IN DISPERSION AND GRANULES							

SECTION E
DUMPING

E-1 Source of Imports

Overall Imports

The following table provides the import statistics of PET from all countries based on the Department of Statistics, Malaysia data.

Table E-1.1: Source of imports

Combined HS Codes: 3907.61.0000, 3907.69.1000

	2017 (YEAR 1)		2018 (YEAR 2)		2019 (POI)		% of Total Import Volume 2019 (POI)
Country	Volume (MT)	Price (RM)	Volume (MT)	Price (RM)	Volume (MT)	Price (RM)	
PRC	21,145	94,870,571	41,401	213,380,226	40,900	176,515,703	46.6%
INDONESIA	10,557	43,715,638	9,312	44,812,850	9,998	40,769,283	11.4%
KOREA, REPUBLIC OF	8,743	43,088,305	12,064	62,532,069	11,049	53,502,081	12.6%
JAPAN	1,081	10,097,306	1,038	4,793,319	6,340	18,137,817	7.2%
VIET NAM	27	281,512	92	484,324	6,892	28,851,243	7.8%
UNITED STATES	230	5,201,419	965	4,866,083	2,731	5,179,739	3.1%
Total Alleged Countries	41,783	197,254,751	64,872	330,868,871	77,910	322,955,866	88.7%
HONG KONG	83	753,735	9,200	48,541,316	1,622	7,080,792	1.8%
TAIWAN, PROVINCE OF CHINA	451	3,331,720	618	4,220,112	1,010	6,028,786	1.2%
INDIA	277	2,552,133	-	-	63	1,402,559	0.1%
CANADA	124	1,162,828	-	-	375	589,431	0.4%
SINGAPORE	478	3,292,624	8	184,962	68	182,243	0.1%
GERMANY	40	533,819	0	6,848	326	448,341	0.4%
AUSTRIA	3	20,048	-	-	1	55,824	0.0%
UNITED KINGDOM	1	30,360	-	-	770	1,504,577	0.9%
PHILIPPINES	0	10,756					0.0%
COSTA RICA	0	11,409					0.0%
IRELAND	0	6,403					0.0%
THAILAND	904	6,471,886	134	840,044	2,078	20,084,159	2.4%
AUSTRALIA	-	-	97	139,281	2,582	4,942,981	2.9%
SPAIN	-	-	110	46,813	1	49,320	0.0%
TURKEY					46	221,118	0.1%
BANGLADESH			-	-	44	92,508	0.1%

HONDURAS			42	18,435			0.0%
FRANCE	-	-	22	9,316	76	98,264	0.1%
PAKISTAN			-	-	19	44,164	0.0%
SAUDI ARABIA	-	-	6	20,650	51	129,840	0.1%
EGYPT			-	-	0	5,075	0.0%
BELGIUM					121	102,332	0.1%
DENMARK					0	5,310	0.0%
ITALY			52	88,538			0.0%
JORDAN					10	63,903	0.0%
MEXICO					23	31,751	0.0%
NEW ZEALAND					289	1,021,654	0.3%
POLAND			8	166,109	10	89,381	0.0%
SLOVENIA			99	105,353	328	553,528	0.4%
SWEDEN					0	14,303	0.0%
Total Non-Alleged	2,361	18,177,721	10,396	54,387,777	9,913	44,842,144	11.3%
Grand Total	44,144	215,432,472	75,268	385,256,648	87,823	367,798,010	100.0%

Source: Department of Statistics, Malaysia

Examination of the import statistics of the six (6) alleged countries over the Period of Injury Determination (POID) on average shows that for those alleged countries' the individual import volume is more than 3% and is above the negligible volume requirement.

LIST OF FOREIGN PRODUCERS/EXPORTERS FROM ALLEGED COUNTRIES

To the best of Recron's knowledge the following are foreign producers/exporters of PUI.

Table E1-2: LIST OF FOREIGN PRODUCERS/EXPORTERS FROM THE ALLEGED COUNTRIES

No	Company	Address	Tel	Website/ Email
PRC				
1	Jiangsu Sanfangxiang Group Co. Ltd	Sanfangxiang Village, Zhouzhuang Town, Jiangyin, PRC	+86-510-86229006	http://jadepetresin.com/ info@jadepetresin.com
2	Far Eastern Industries (Shanghai) Ltd.	33F, Bao An Tower, 800, Dongfang Road, Pudong New Area, Shanghai 200122, PRC	+86-21-68751888	www.feis.com.cn (No email address available, only contactable by phone)
3	Hengyi Petrochemical Co. Ltd	Nan An Ming Zhu,No.260,NorthShixin Road,xiaoshan,Hangzhou,PRC	+86-571-82797888	http://en.hengyi.com Hengyi@hengyi.com

4	Yisheng Petrochemical Co., Ltd (Subsidiary of Hengyi Petrochemical Co Ltd)	Binghai Road, Yangpu Economic Developmen, 578101 Danzhou, PRC	+86 571 82396161	sandyshi@yssh.cn yanghuimin@mail.china.cn
5	China Resources packaging Materials Co.,Ltd.	NO.68 WAIHUAN WEST ROAD,CHANGZHOU JIANGSU Taizhou,Zhejiang Daegu 41590	+86-519-85177777	https://crcchem.en.china.cn/
Indonesia				
6	PT Indorama Ventures Indonesia (IVI)	Desa Cihuni, RT/RW 002/004, Cihuni, Pagedangan,Tangerang,Banten,15820 Indonesia	+62 21 537 1111	https://www.indoramaventures.com/en/worldwide/791/pt-indorama-ventures-indonesia-ivi info.ptivi@id.indorama.net
7	Mitsubishi Chemical Holdings Group	Gedung Setiabudi Atrium, Suite 710 Jl. H.R. Rasuan Said, Kuningan Jakarta 1290 Indonesia	+62 21 5207699	https://www.mitsubishichemical.co.id/ (No email address available, only contactable by phone)
Japan				
8	Mistui Chemicals Inc (MCI)	Shiodome City Center, 5-2, Higashi-Shimbashi 1-chome, Minato-ku, Tokyo 105-7122	+81-3-6253-3248	https://jp.mitsuichemicals.com/en/ (No email address available, only contactable by phone)
Korea				
9	SK Chemicals	310, Pangyo-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, Korea [13494]	+82-2-2008-2008	https://www.skchemicals.com/ minseokoh@sk.com
10	TK Chemical Corp	3F Yeonu Bldg., 128, Wondae-ro, Buk-gu, DAEGU	+82-2-2001-6440	http://www.tkchemi.co.kr/tkhome_eng/ (No email address available)
US				
11	DAK America	Charleston, South Carolina, USA	+1(843)797-9000	https://www.dakamericas.com/us-en/ Info.US@AlpekPolyester.com
Viet Nam				
12	Haosheng Vina Co., Ltd	Industrial Zone My Xuan A2, My Xuan Ward, Phu My Town, Ba Ria Vung Tau Province, Viet Nam	+84(0)2543 924679	http://www.hsvina.com.vn/ http://www.hsvina.com.vn/eforms.php?lang=en&tb=1 (No email address available)

LIST OF KNOWN IMPORTERS

Based on local industry knowledge the following are the known importers of PUI in Malaysia.

Table E1-3: LIST OF KNOWN IMPORTERS

No	Company	Address	Tel	Website
1	Golden Pet Industries Sdn Bhd	NO.33, LEBUH PERUSAHAAN KLEBANG 11, KAWASAN PERUSAHAAN IGB, 31200 CHEMOR, PERAK, MALAYSIA.	+605-2912130	http://goldenpet.com.my/ info@goldenpet.com.my
2	PET FAR EASTERN (M) SDN BHD	PLO 69, Jalan Persiaran Cyber, Kawasan Perindustrian Senai III, 81400 Senai, Johor, Malaysia	+607-598 2175	http://www.petfar.com/usr/pagesub.aspx?pgid=8 info@petfar.com
3	Can One Sdn Bhd	2B-4, Level 4, Jalan SS 6/6 Kelana Jaya 47301 Petaling Jaya Selangor Darul Ehsan	+6 03-7804 8590	https://www.canone.com.my/ can1@canone.com.my
4	Labplas Sdn Bhd	Lot 1563, Kampung Jaya Industrial Area, 13 1/2 Miles, Jalan Kusta, Off Jalan Sungai Buloh, Sungai Buloh, 47000, Sungai Buloh, Selangor	+603-6157 5555	https://www.packaging.jjsea.com/default.aspx info@jjsea.com
5	Lee soon seng plastic industries sdn bhd	PTD 109444, J104, Kawasan Perusahaan Sri Sengkang, 81000 Kulai, Johor	+607-652 2288	http://plastictray.com.my/
6	Ennai Plastics Trading Sdn Bhd	No : 32,Jalan CJ 1/7, Taman Cheras Jaya, Off Jalan Balakong, 43200 Cheras, Selangor Darul Ehsan,Malaysia	+60 3-9076 5339	http://www.asiapreform.com/index.php info@asiapreform.com
7	Macro Plastic Sdn Bhd	Lot 3, Jalan 6/1 Seri Kembangan Industrial Area, 43300 Seri Kembangan, Selangor Dahrul Ehsan, Malaysia.	+60 3 8945 8700	http://www.macroplastic.com/index-2.html enquiry@macroplastic.com
8	Ma Sin Pet Industries Sdn. Bhd.	Plo 65, Senai Industrial Estate Phase III, Johor, 81400 Senai	+607-598 2098	(No website address / email address)

E-2 Export Price

Import Statistics are based on official information obtained from the Department of Statistics, Malaysia and is in Ringgit Malaysia in CIF terms. The exchange rates used are exchange rates based on Bank Negara's rates as available in Bank Negara's website. Where relevant and if there is a need for the use of other rates, the specific source or rate used, is quoted.

Table E-2.1: Export price

Country	HS Codes	Export price (CIF)
PRC	3907610000 and 3907691000	RM ****/MT
United States	3907610000 and 3907691000	RM ****/MT
Indonesia	3907610000 and 3907691000	RM ****/MT
Japan	3907610000 and 3907691000	RM ****/MT
South Korea	3907610000 and 3907691000	RM ****/MT
Viet Nam	3907610000 and 3907691000	RM ****/MT

E-3 Selling Price (Normal Value) in the Exporter's Domestic Market

Table E-3.1: Selling price (normal value)

Country	HS Codes	Normal value (FOB)
PRC	3907610000 and 3907691000	RM ****/MT
United States	3907610000 and 3907691000	RM ****/MT
Indonesia	3907610000 and 3907691000	RM ****/MT
Japan	3907610000 and 3907691000	RM ****/MT
Viet Nam	3907610000 and 3907691000	RM ****/MT

E-4 Estimation of Normal Value Using Another Method

As it is not possible to obtain any information in relation to South Korea's domestic price or normal value of the goods, the Petitioner has constructed the normal values for this country.

Table E-4-1: Normal Value through Construction

Country	HS Codes	Price
South Korea	3907610000 and 3907691000	RM ****/MT

E-5 Adjustments

Adjustments are made to ensure comparison of prices are made at the same level of trade i.e. Ex-works level. Adjustments have been made by deducting the following items contained in confidential version of the petition.

E-6 Dumping Margin

$$\frac{\text{Normal value - Export price}}{\text{Export price}} \times 100 =$$

Table E-6-1: Dumping Margin

Country	Normal Value (FOB) (RM/MT)	Export Price (FOB-After adjustments) (RM/MT)	Dumping Margin (%)
PRC	****	****	29.18%
United States	****	****	146.66%
Indonesia	****	****	57.75%
Japan	****	****	76.34%
South Korea	****	****	4.51%
Viet Nam	****	****	21.25%

The Dumping Margins of the alleged countries are above the *de minimis* margin of 2%.

SECTION F
MATERIAL INJURY (OPERATION)

F-1 Production and Capacity

The following table provides the production capacity, production and capacity utilisation of Recron:

Table F-1.1: Capacity Utilisation (MT)

Description	Year 1 (2017)	Year 2 (2018)	(POI) 2019
A. Production capacity in units *(specify the unit of measurement)*	100	105	105
B. Actual production in units *(specify the unit of measurement)*	100	101	96.62
C. Capacity utilisation (%) (B/A) x 100	100	96	92

The production increased slightly from ***MT in Year 1 to ***MT in Year 2 (*%) but dropped by a significant amount to ***MT (***%) during POI which is lower than the total production in Year 1 (by ***%).**

The production capacity increased from * MT to *** MT from Year 1 to Year 2, an increase by ***%, through Recron's continuous efforts to increase productivity, by installing an additive batch preparation and feeding system, and capacity remained at ***MT during POI.**

The capacity utilisation decreased each year from *% in Year 1 to ***% in Year 2 and further decreased to ***% during POI. Even if the capacity is kept at Year 1 level, the capacity utilisation increased slightly by *** percentage points in Year 2 compared to Year 1 but during POI, the capacity utilisation decreased to a level that is even lower than both Year 1 and Year 2 by *** percentage points and *** percentage points respectively.**

Recron suffered in terms of decreased capacity utilisation during POI in the presence of the dumped imports from the alleged countries.

Recron's basis for the determination of capacity is provided below:
Production capacity is based on 360 working days per year 24 hours per day. With 5 days for maintenance related work. The basis of calculation of the production capacity is provided in the confidential submission

Recron does not produce any other products on the same production equipment and machinery used for the production of PUI.

Though Recron has taken steps to increase capacity when there was positive profits but the plans to further increase capacity has been put on hold looking at the returns during POI where the dumped imports from the alleged countries are impeding Recron from executing its plans.

F-2 Inventories

Table F-2.1 shows the volumes of inventories during POID as follows:

Table F-2.1: Inventories

Description	YEAR 1	YEAR 2	POI
	Volume	Volume	Volume
Opening inventories	100	182	220
Add: Purchases	Nil	Nil	Nil
Add: Production	100	101	97
Less: Sales	100	101	99
Captive use*			
Other movements *(explain)*			100
Closing inventories	100	121	45

**** Captive use = internal consumption***

The inventory level increased initially from ***MT in Year 1 to ***MT in Year 2 but decreased to ***MT. Looking at decreasing production, sales, cash flow and profits during POI, due to the presence of dumped imports from the alleged countries, Recron took prudent steps to maintain lower inventories to prevent further negative effects through high holding costs.

Although the inventories during POI was lower than Year 2, this step was taken to avoid further negative effect on the financial health of Recron. If this action was not taken, Recron would be faced with higher negative impact financially with the presence of the dumped imports from the alleged countries.

F-3 Employment and Wages

Table F-3.1 showing the number of people employed in Recron.

Table F-3.1: Employment

Description	YEAR 1	YEAR 2	POI
Total personnel employed	100	89	84
A. Personnel employed in the production process of the PUI	100	95	86
B. Personnel employed in sales, general and administration of the PUI	100	123	117
C. Total personnel employed in the PUI (A + B)	100	112	105

The total number employed in the production of PET increased from *** employees in Year 1 to *** employees, in tandem with increased capacity and production in Year 2, but decreased to *** employees during POI with decreased production.
Recron suffered in terms of reduced employees during POI due reduced production in the presence of the dumped imports.

The following table provides the wages of the total personnel employed in producing and selling of PET.

Table F-3.2: Wages

Description	Year 1 (RM)	Year 2 (RM)	POI (RM)
A. Salary and Wages	100	116	118
B. Cost of social benefits (Included above)	100	94	100
C. Total labour costs (A+B)	100	114	116

PET is not a labor-intensive industry. However, it is an energy intensive industry. The pay and wages are paid as per the applicable provisions of law in Malaysia.

The total labour costs increased throughout POID. Increasing from RM*** in Year 1 to RM*** in Year 2 and further increased to RM*** during POI.

F-4 Productivity

Information related to the productivity is provided in the following table:

Table F-4.1: Productivity

Description	Year 1	Year 2	POI
A. Production	100	101	96
B. Machines running hours of PUI	100	98	92
C. Productivity (A/B)	100	102	105

Productivity in terms of production (MT) per machine hour increased throughout POID. The productivity increased from ***MT/hr. in Year 1 to * MT/hr. in Year 2 to *** MT/hr. To reiterate, this is the result of continuous efforts taken by Recron to improve productivity and efficiency.**

It is to be noted that despite all efforts taken to improve where Recron's productivity has increased every year through initiatives such as the additional installation of equipment to increase output capacity among others, Recron is faced with reduction in production, capacity utilization and sales.

Recron is unable to enjoy the fruits of increased productivity due to the presence of the dumped imports from the alleged countries that had the effect of price suppression (due to narrowing of Recron's selling price to Recron's CTMS, where on average Recrons's selling priced dropped during POI due to the presence of the dumped imports from the alleged countries).

It has to be put on record that all these efforts have been to no avail as Recron is unable to gain in terms of better profits but only to see sharp drop in profit margins during the POI due to the presence of the dumped imports from the alleged countries.

SECTION G
MATERIAL INJURY (SALES)

G-1 Sales Turnover

Details of the total sales turnover of Recron is provided in the table below:

Table G-1: Turnover

Description	Year 1 (RM)	Year 2 (RM)	POI (RM)
A. Total turnover *(all products)*	100	104	98
B. Turnover of product PET*(produced)*	100	122	94
C. Turnover of product *(purchased)*	Nil	Nil	Nil
D. Other product *(Poly Chips, PSF, POY, FDY, DTY,HTY, Fabrics,)*	100	99	99

Note: Total turnover (of all products) also includes sale of PTA and Butyl Rubber both covered under Trading activity.

Recron's turnover increased from RM** in Year 1 to RM****, an increase by ***%, but dropped to RM****, which represents a significant drop of ***%. Throughout the POID, the turnover decreased by ***% from Year 1 to POI.**

Recron clearly suffered in terms of sales turnover value during POI.

G-2 Sales Volume and Value

The following table provides the sales of PET in Malaysia, exported, and sold to unrelated parties. Recron does not sell to related parties:

Table G-2.1: Sales of Product

Description	Year 1		Year 2		POI	
	Volume MT	Value (RM)	Volume MT	Value (RM)	Volume MT	Value (RM)
Sales in Malaysia	100	100	106	126	92	87
Sales in other countries	100	100	97	118	105	101
Total sales	100	100	101	121	99	94

Domestic sales volume increased from ***MT in Year 1 to ***MT in Year 2, an increase by *%, but during POI, the sales volume dropped to ***MT, a sharper drop by ***% and overall during POID, the sales volume dropped by ***%.**

Recron suffered in terms of decreased sales volume during POI in the presence of dumped imports from the alleged countries.

Looking from the point of sales price, Recron's average unit domestic sales price was RM*/MT and increased to RM***/MT, an increase by ***%, but during POI, the sales price dropped to RM***/MT, equivalent to a drop of ***% - much higher than the increase seen earlier. Overall the average unit price decreased by ***% during POID.**

Recron suffered in terms of selling price during POI. In fact, Recron's selling price faced, due to the presence of the dumped imports from the alleged countries, price depression during POI where *prima facie* dumping has been established.

Recron suffered, in terms of both sales volume and sales price, during POI in the presence of dumped imports from the alleged countries.

Details of sales listing is provided in the confidential version.

Table G-2.2: Sales Listing

Field name	Field description	Explanation
NO	Sequence number	Identify each transaction, or line item, in the sales listing, by sequence number (i.e. the first transaction is "1", the second is "2", and so on)
CODE	Company internal coding system	Indicate the code used for the product in your records
INV-NO	Invoice number	Indicate the invoice number
INV-DT	Invoice date	Indicate the invoice date of the transaction
CUST	Customer name	Indicate the customer name used in your records
REL	Relation	Relation between petitioner and customers (Related or Unrelated)
LEV	Customer level of trade	Use code "1" for end-users, "2" for retailers, "3" for distributors, "4" for others *(specify the level)*
GRD	Grade of PUI	Please specify the various grades of the PUI
QTY	Quantity of sales	Provide quantity (specify the unit of measurement) of product sold
GR-VAL	Gross invoice value	Provide the gross invoice value, net of taxes, of product sold
DISC	Discounts	Indicate the discounts deducted on the invoice
NT-VAL	Net invoice value	Provide the net invoice value after the discounts
PAY-TM	Payment terms	Indicate the payment terms agreed with the customer (e.g. 30, 60, 90 days, etc.)
DEL-TM	Delivery terms	Indicate the agreed terms of delivery (e.g. FOB, C&F, CIF, etc.)
DEL-CS	Delivery costs	Indicate the transport costs either as actual costs or as a function of the invoice value (%) or volume (costs per unit)
COMM	Commissions	Indicate any cash discounts, volume discounts, commissions, etc.

Information on credit notes relating to sales of product to unrelated customers on Malaysian market during period of investigation on transaction-by-transaction basis is provided in the confidential version.

Table G-2.3: Credit Notes

Field name	Field description	Explanation
NO	Sequence number	Identify each transaction, or line item, in the sales listing, by sequence number (i.e. the first transaction is "1", the second is "2", and so on)
CODE	Company internal coding system	As in Table G-2.2: Sales Listing
CRD-NO	Credit note number	Indicate the number of the credit note
CRD-DT	Date of credit note	Indicate the date of the credit note issued
INV-NO	Relating invoice number	Ensure that this corresponds where appropriate to the number given in Table G-2.2: Sales Listing
CUST	Customer name	As in Table G-2.2: Sales Listing
QTY	Quantity of sales	Provide quantity (specify the unit of measurement) of product credited
VAL	Value credited	Provide the value of product credited
PURP	Credit Notes	Please explain the purpose of the issuance of credit notes

G-3 Sales Price

Prices for the products produced in Malaysia are not based on price lists. Orders are booked based on negotiated prices on spot basis. Once the price is confirmed after negotiation, Recron issues a Proforma Invoice/Contract to its customers. In most instances, Recron had to reduce prices to compete with the low prices from the alleged countries during the price negotiation stage with its customers. The present trend is that many producers or exporters from the alleged countries are quoting extremely low prices to our local customers, and this has driven prices to a downward trend.

G-4 Cost to Make and Sell

The determination of average unit cost to make sell during POID is provided in the following tables.

Table G-4.1 – Cost to Make and Sell Per Unit

AVERAGE: COST TO MAKE AND SELL (CTMS)			
Description	**Year 1**	**Year 2**	**POI**
UNIT COST TO MAKE & SELL (CTMS) - (RM/MT)	**100**	**110**	**95**

During the POI, Recron carried out initiatives to further improve its efficiency in the production of PET, including reducing waste, energy consumption and other initiatives. This enabled Recron to attain a lower CTMS. Recron recorded a much lower CTMS during POI than Year 2 by *%, compared to an increase in CTMS from Year 1 to Year 2 by ***%. Throughout the POID, Recron's CTMS decreased by ***%.**

It has to be reinforced that the improved CTMS was achieved despite pressure from the presence of dumped imports from the alleged countries during POI which had affected Recron's total production (reduced), sales volume (also fell) and as well as Recron's selling price (was forced to sell at lower prices).

Finally, Recron was not able to enjoy the fruits of its improvement and reduction in CTMS. Recron was unable to enjoy better profits during POI despite the increase in efficiency. Recron has been denied of this through price suppression effects in the presence of dumped imports from the alleged countries that forced Recron to narrow the gap between its selling prices and CTMS, leading to much lower profits and thereby causing material injury.

SECTION H
MATERIAL INJURY (PROFITABILITY, RETURN AND CASH FLOW)

H-1 Profitability

The following table provides sales to unrelated parties in Malaysia and exports.

Table H-1.1: Profitability

Description	Year 1 (2017)	Year 2 (2018)	POI (2019)
Net Profit/Loss	100	128	342
Profit Margin	100	1040	350

Recron's profit in Year 1 was RM*** (***% profit margin), and increased to RM*** (profit margin of ***%). However, its profit margin dropped sharply to RM*** (profit margin of ***%) during the POI.

Recron suffered material injury in terms of profitability during POI.

H-2 Return on Total Assets

Table H-2.1: Return on Total Assets (Product Under Investigation (PUI) PET

Description	Year 1	Year 2	POI
A. Net income (RM) - PUI	****	****	****
B. Total assets (RM) _PUI	****	****	****
C. Return on total assets (A/B) x 100	8	100	29

Recron's Return on Assets (ROA) increased from ***% in Year 1 to ***% in Year 2 but decreased significantly to ***% during POI.

Recron suffered in terms of ROA during POI compared to Year 2 due to the presence of dumped imports.

H-3 Investments

Recron's investments are provided in the following table:

Table H-3.1: Investments (PUI)

Description	Year 1 2017	Year 2 2018	POI 2019
	(RM)	(RM)	(RM)
Total Company Investments	100	108	99

(PUI) (A+B)			
Total investments for the product (If any) of which:			
Capital: (A)	****	****	****
- Buildings	****	****	****
- Machinery & equipment	****	****	****
- Other (specify)	****	****	****
Non Capital: (B)	****	****	****
- Debtors	****	****	****
- Inventories	****	****	****

Despite faced with the challenge of having to reduce its selling prices, Recron continued to invest in equipment to remain competitive. However, with profit margins dropping to unhealthy levels to allow for expansion/development, future plans on investments will have to be put on hold unless relief is obtained from the unfairly dumped imports from the alleged countries.

H-4 Return on Investment

Table H-4.1 provides the return on investment for the product under investigation.

Table H-4.1: Return on Investment

Description	Year 1 (RM)	Year 2 (RM)	POI (RM)
A. Cost of investment	****	****	****
B. Gain from investment	****	****	****
C. Return on investment [(B/A) x100]	100%	1298%	306%

Despite making continued investments to remain competitive which has helped increase productivity during POID and reducing CTMS during POI, the return on investments improved from ***% in Year 1 to ****% in Year 2 but dropped sharply to ***% during POI.

If not for the presence of the unfairly dumped imports, Recron would have enjoyed higher ROI that is rightfully due to Recron. A better ROI would have made Recron's ability to raise capital for development more favourable and reduce the cost of finance at a lower premium.

Recron suffered material injury in terms of return on investments during POI due to the presence of the dumped imports from alleged countries compared to Year 2.

H-5 Cash Flow

Recron's overall cash flow is captured in Table H-5.1 as shown below:

Table H-5.1: Cash Flow Statement for the PUI

CASH FLOW STATEMENT	Year 1 (RM)	Year 2 (RM)	POI (RM)
Operating Income	****	****	****
Adjustment to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	****	****	****
Changes in other accounts affecting operations:			
(Increase)/ decrease in accounts receivable	****	****	****
(Increase)/ decrease in inventories	****	****	****
(Increase)/ decrease in prepaid expenses			
Increase/ (decrease) in account payable	-	-	-
Increase/ (decrease) in taxes payable	-	-	-
Others (specify)	-	-	-
Net cash provided by operating activities	100	606	328

Cash flow increased from RM* in Year 1 to RM*** in Year 2 but decreased to RM***. During POI, the cash flow dropped by ***% compared to Year 2.**

Recron suffered material injury during POI due to the presence of dumped imports from the alleged countries.

H-6 Minimum Profit Required

In this type of industry, a profit level of *% before tax is considered reasonable for sustaining the operations and allowing shareholders to invest in future product development/capacity.**

H-7 Ability to Raise Capital

As shown earlier, Recron's profits increased from Year 1 to Year 2 but dipped sharply during POI. Sound level of profits is a crucial factor in the ability to raise capital and carry out further planned investments for long-term sustainability.

Recron had planned an investment of US$* million on its PET facilities to cater for the Malaysian domestic market, which includes increasing PET capacity by ***MT per annum.**

However, the presence of the dumped imports from the alleged countries has impacted Recron's ability to raise capital due to the deteriorating profitability

and return on investments. Consequently, this has affected Recron's ability to obtain financial support both from financial institutions or through the equity market. Recron is seeking reprieve to negate the harmful effects of the dumped imports from the alleged countries by putting in place anti-dumping measures on these dumped imports to create a level playing field that will allow Recron to continue with its planned investments.

SECTION I
CAUSAL LINK

Section I requires the material injury as established under Sections F, G and H, overall, are due to the effects of the dumped imports from the alleged countries. In this regard, Article 3.4 of the WTO Anti-Dumping Agreement (WTO ADA) requires the Investigating Authority to examine a list of factors to be examined for the impact of dumping on the domestic industry and specifically mentions that the this list is not exhaustive, nor can one or several of these factors necessarily give decisive guidance.

Further, where the imports of a product from more than one country are simultaneously subjected to anti-dumping investigation, Article 3.3 of the WTO ADA allows for the cumulative assessment of the effects (volume and price) of such imports. However, the imports individually from each alleged country should be more than 3% of total imports and for those individually less than 3%, cumulatively be more than 7% and the dumping margin is not less than the *de minimis* dumping margin of 2%. In this petition submission, the import volume of all the alleged countries is individually above 3% and *prima facie* evidence of dumping margin for each of the alleged is above 2% and fulfils the requirement for the application of Article 3.3 of WTO ADA in the petition submission.

In this section, it will be established how the material injury factors suffered by Recron is due to the presence of the dumped imports from the alleged countries. Further, a number of other factors are examined to see if these other factors could have been a cause of the material injury suffered by Recron. If these other factors are indeed not a cause to the material injury suffered by Recron, one can safely conclude that the material injury suffered by Recron is due to dumped imports from the alleged countries, thus establishing the causal link between the material injury suffered by the Recron to the dumped imports from the alleged imports.

VOLUME EFFECTS OF DUMPED IMPORTS FROM ALLEDGED COUNTRIES

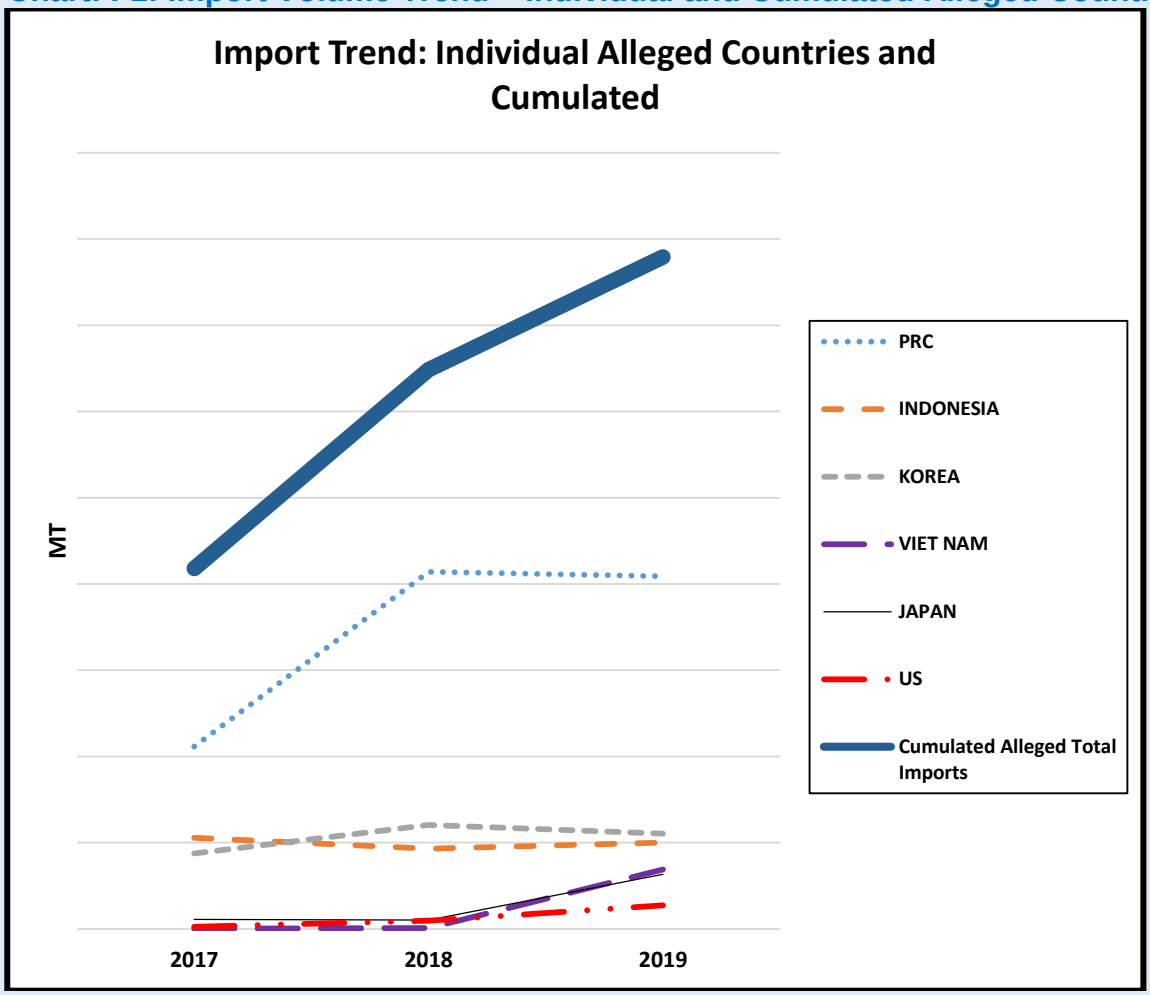
Import Volume Trend

The volume of imports of the Product Under Investigation (PUI) individually from the alleged countries:

- **PRC and Korea: increased from Year 1 to Year 2 and with minimal decrease during POI;**
- **Japan, US and Viet Nam: import volumes increased throughout POID and saw marked increase from Year 2 to POI; and**
- **Indonesia: Decreased from Year 1 to Year 2 but increased during POI.**

The chart below shows individual import volume trend from the alleged countries and cumulated for the six (6) alleged countries:

Chart: I-1: Import Volume Trend – Individual and Cumulated Alleged Countries



Source: DOS, Malaysia

Cumulatively, imports from the alleged countries increased throughout POID. The imports from all the alleged countries increased from 41,783MT in Year 1 to 64,872MT in Year 2 (increased by 55.3%) and increased further to 77,910MT (an increase by 20.1%). Overall, the imports from all the alleged countries increased by a hefty 86.5% (36,127MT) from Year 1 to POI.

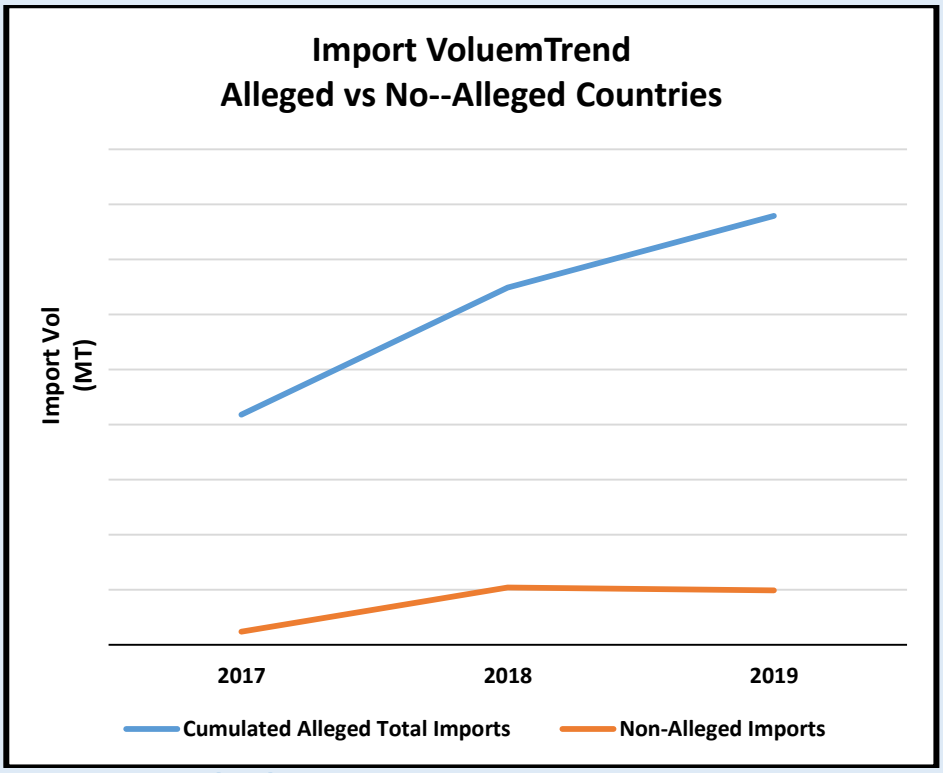
The cumulative import volume of the non-alleged countries increased by 8,035MT from Year 1 to Year 2 but decreased during POI by 483MT compared to Year 2.

Overall, the cumulative import volume of alleged countries during the POI represented 7.9 times the import volume of the non-alleged countries.

The non-alleged countries' cumulative import volume decreased during POI compared to Year 2 and could not have been a cause to the material injury suffered by Recron during POI where *prima facie* dumping has been established for the alleged countries.

The chart below shows the cumulative import volume trend of alleged and non-alleged countries. It clearly shows marked difference in the import volume and any negative volume effect on Recron can be safely attributed to the dumped imports from the alleged countries.

Chart I-2: Import Trend: Cumulative of all Alleged Countries



Source: DOS, Malaysia

It has to be reiterated that the alleged countries were able to increase their import volumes through unfair dumping practice, against the backdrop of Recron's decreased sales volume during POI. One can therefore safely conclude that Recron suffered in terms of volume effects due to the presence of the dumped imports from the alleged countries that have increased their import volume throughout the POID. The volume of the non-alleged countries is very small as it only accounts for an average 3.4% of total consumption during POID.

Market Share

The tables below show the estimation of apparent consumption:

Table I-1A: Estimated Domestic Sales (Recron + MPI)

Description	Year 1 (MT)	Year 2 (MT)	(POI) (MT)
A. MPI's Production	100	110	109
B. Recron's Production	100	101	96
C. Recron's Domestic Sales	100	105	92
MPI' Estimated Sales [(A/B)*C]	100	115	104
Estimated Total Domestic Sales	100	107	94

Source: Based on DOS, Malaysia, Domestic Industry data
Note: Estimation of Total Domestic Sales = Recron's Actual Sales + MPI' Estimated Sales
MPI's Estimated Sales = (Recron's Sales/Recron's Production) (MPI's Production)*

Table I-1B: Apparent Consumption Determination

	Year 1	Year 2	POI
A. Total Import Volume	100	110	109
B. Estimated Total Domestic Sales	100	101	96
C. Apparent Domestic Consumption (A+D+E)	100	105	92

Source: Based on DOS, Malaysia, Domestic Industry data

The apparent consumption of PET resins in the Malaysian market increased every year from ***MT to ***MT (an increase by *%) from Year 1 to Year 2 and increased by a marginal ***%, to ***MT in POI, compared to Year 2. The market share comparison of the alleged countries and Recron is provided in the table below:**

TABLE I-2: Market Share Comparison

Description	Year 1	Year 2	POI
Apparent Consumption	***	***	***
% Change of Apparent Consumption		30.0%	1.3%
Import Volume of Alleged Countries (MT)	41,783	64,872	77,910
% Change Import Vol. of Alleged Countries		55.3%	20.1%
Market share of Alleged Countries (%)	***%	***%	***%
Domestic Industry (DI) Sales	100	107	94
% Change of Dom. Industry Sales		7.5%	-12.0%
Market share of Domestic Industry (%)	***%	***%	***%
Import Volume of Non-Alleged Countries (MT)	2,362	10,396	9,913
% Change Import Vol. of Non-Alleged Countries		340.2%	-4.6%
Market share of Non-Alleged Countries (%)	***%	***%	***%

Source: Based on DOS, Malaysia, Domestic Industry (DI) data

The following clearly shows how the alleged countries imports during POID increased its market share and took over the major portion of market share:

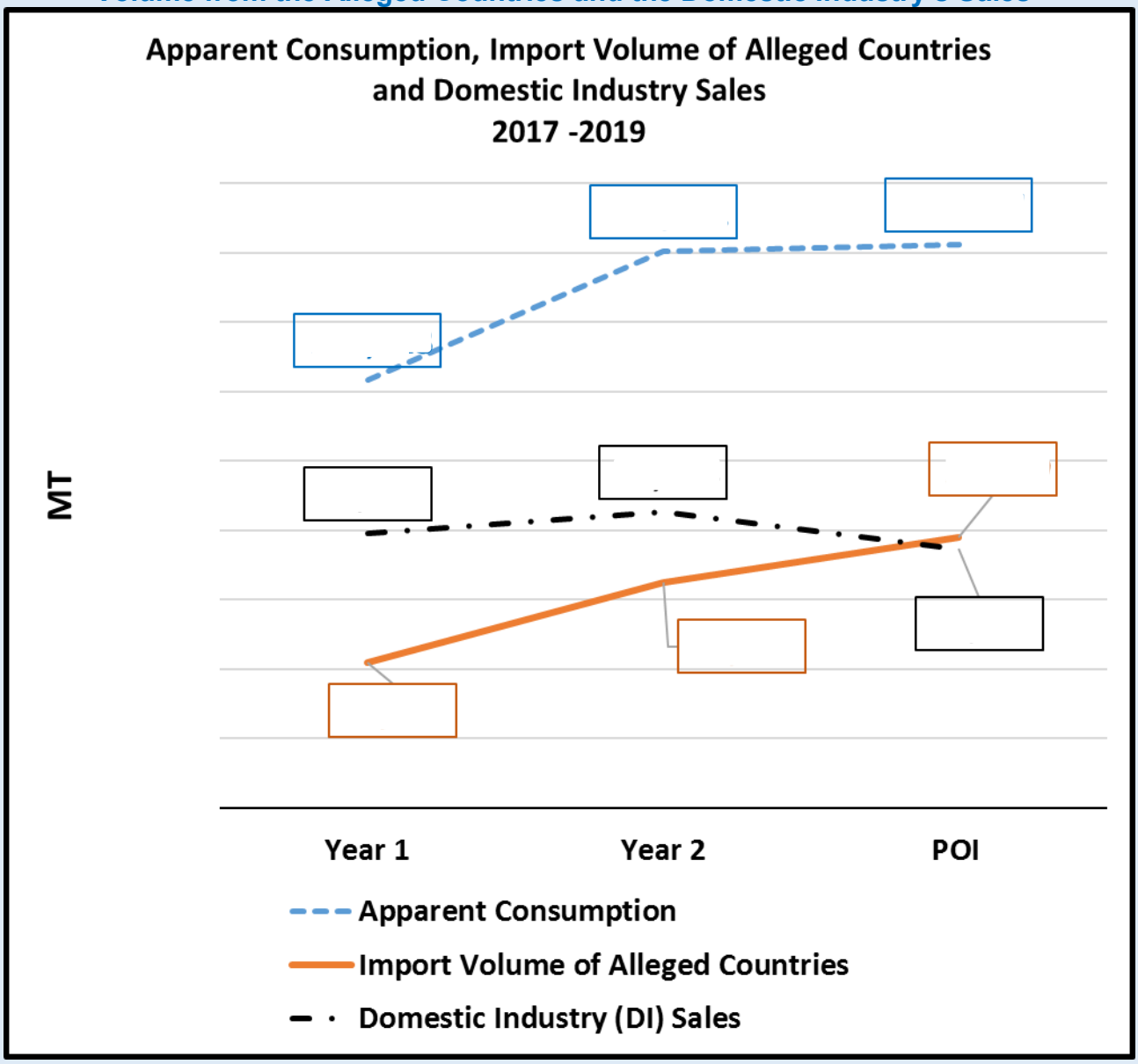
- **Year 1: The market share of the imports from the alleged countries was at ***%, about one third of apparent consumption, whereas the Domestic Industry's market share was higher at ***%, about just less than two-thirds market share;**
- **Comparing Year 2 to Year 1 against a backdrop of increased apparent consumption (***%):**
  - ✓ **The market share of the alleged countries' imports increased to ***% but the market share of the Domestic Industry decreased to ***%; and**
  - ✓ **The import volume of alleged countries increased by ***% whereas the Domestic Industry's sales only increased by a mere ***%.**
- **Comparing POI to Year 2 against a backdrop of increased apparent consumption (***%):**
  - ✓ **The market share of the alleged countries' imports increased to ***% (taking over the major market share position from the Domestic**

Industry) but the market share of the Domestic Industry decreased further to below ***% to ***%;

- ✓ The import volume of alleged countries increased by ***% whereas the Domestic Industry's sales decreased by a ***% (negative); and
- ✓ The market share of the non-alleged countries also decreased during POI compared to Year 2 from ***% to ***%.

The following charts show how the dumped imports from the alleged countries during POID have taken over the major market share of PET resins in the Malaysian market from the local Domestic Industry:

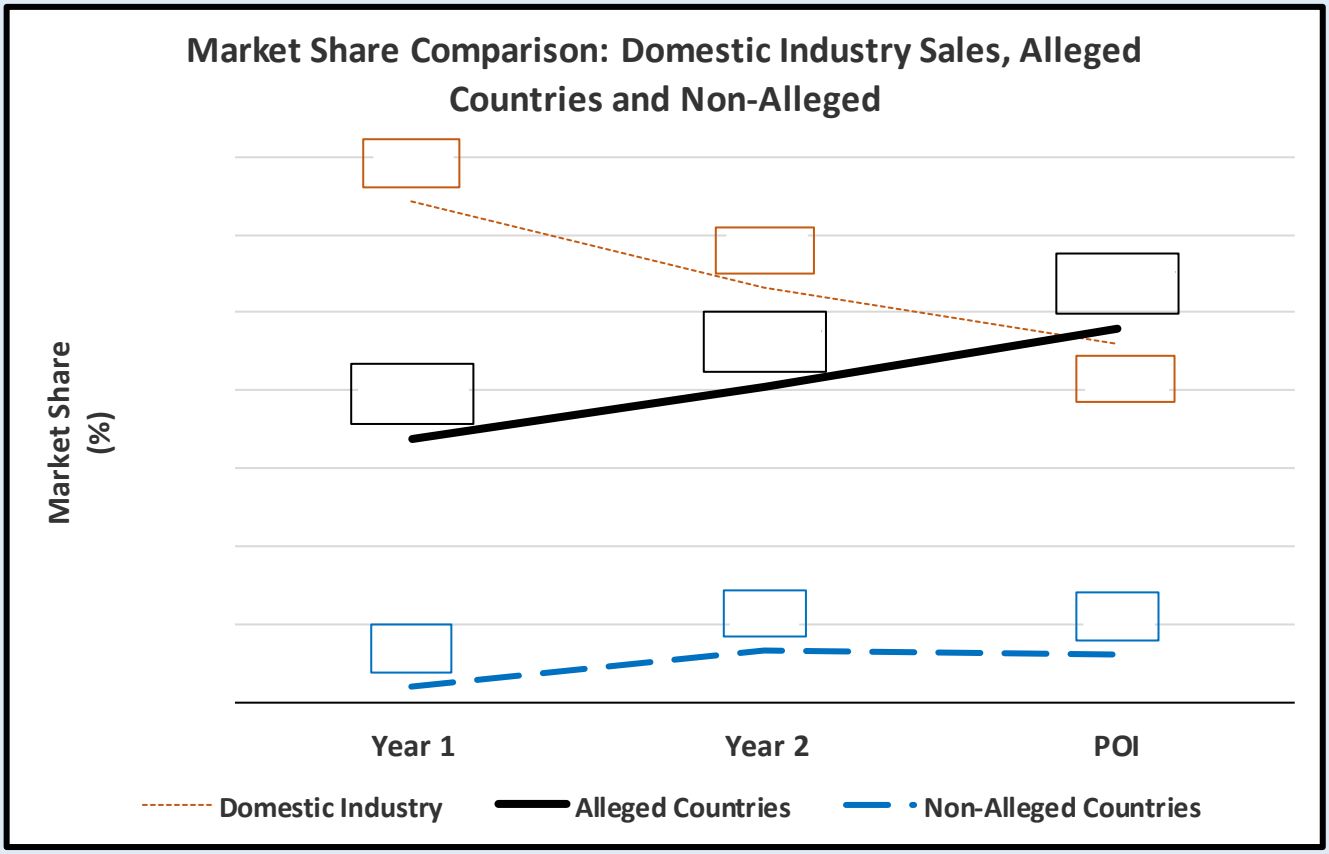
Chart I-3: Comparing Movement of Apparent Consumption, Evolution of Import Volume from the Alleged Countries and the Domestic Industry's Sales



Source: DOS, Malaysia and DI

The above chart clearly shows, against the backdrop of increasing apparent consumption, how the imports from the alleged countries also increased over time at much higher rates. Domestic Industry's sales decreased from Year 2 to POI despite the increase in apparent consumption.

Chart I-4: Comparing Market Share of Domestic Industry vs Imports from Alleged and Non-Alleged Countries



Source: DOS, Malaysia and DI

Comparing alleged import volume and DI domestic sales, the above clearly demonstrates how the imports from the alleged countries have increased their market share whereas the market share of the DI decreased sharply. During POI, the market share of the alleged countries took over the major market share position from the DI when at the same time, the non-alleged countries' market share decreased during POI.

Based on the foregoing, the causal link is clearly established, whereby the material injury suffered by DI including Recron in terms of volume effects is due to the presence of the dumped imports from the alleged countries.

Recron respectfully requests that appropriate trade remedy be put in place to check the dumped imports from the alleged countries as the DI has already lost its position as the major market share leader.

PRICE EFFECTS OF DUMPED IMPORTS FROM ALLEDGED COUNTRIES ON RECRON

The price effects of the dumped imports on Recron is examined in terms of price undercutting, price depression and price suppression to establish the causal link of the negative price effects of the dumped imports from the alleged countries.

It has to be highlighted that the unit price of domestic sales price of Recron increased by RM */MT (***%) from Year 1 to Year 2 but dropped by a larger amount/rate of RM***/MT (-***%) from Year 2 to POI.**

Recron was forced to reduce its prices due to the extremely low prices of the dumped imports from the alleged countries. If Recron had not dropped its prices to match the dumped prices, Recron would not only be faced with greater market share loss, it would also adversely affect all other material injury factors, as well as losing its customer base.

Price Undercutting

The following table shows the price undercutting by the individual alleged countries and cumulatively the alleged countries.

Table I-3: Average Unit Price Comparison – Individual and Cumulative Alleged Countries and Recron's Selling Price (RM/MT)

Description	YEAR 1 (2017)	YEAR 2 (2018)	POI (2019)
PRC	100	114	96
INDONESIA	100	116	98
KOREA, REPUBLIC OF	100	105	98
JAPAN	100	49	31
UNITED STATES	100	22	83
VIET NAM	100	49	39
Alleged Countries Cumulative	100	53	39
Unit Price - Domestic Sales - Recron	100	118	94

Source: DOS, Malaysia and Recron

The following table provides the difference between Recron's average unit selling price with individual alleged countries and the cumulative average unit selling price of the alleged countries.

Table I-4: Price Undercutting – Unit Price Difference of Individual and Cumulative Alleged Countries with Recron's Price (RM/MT)

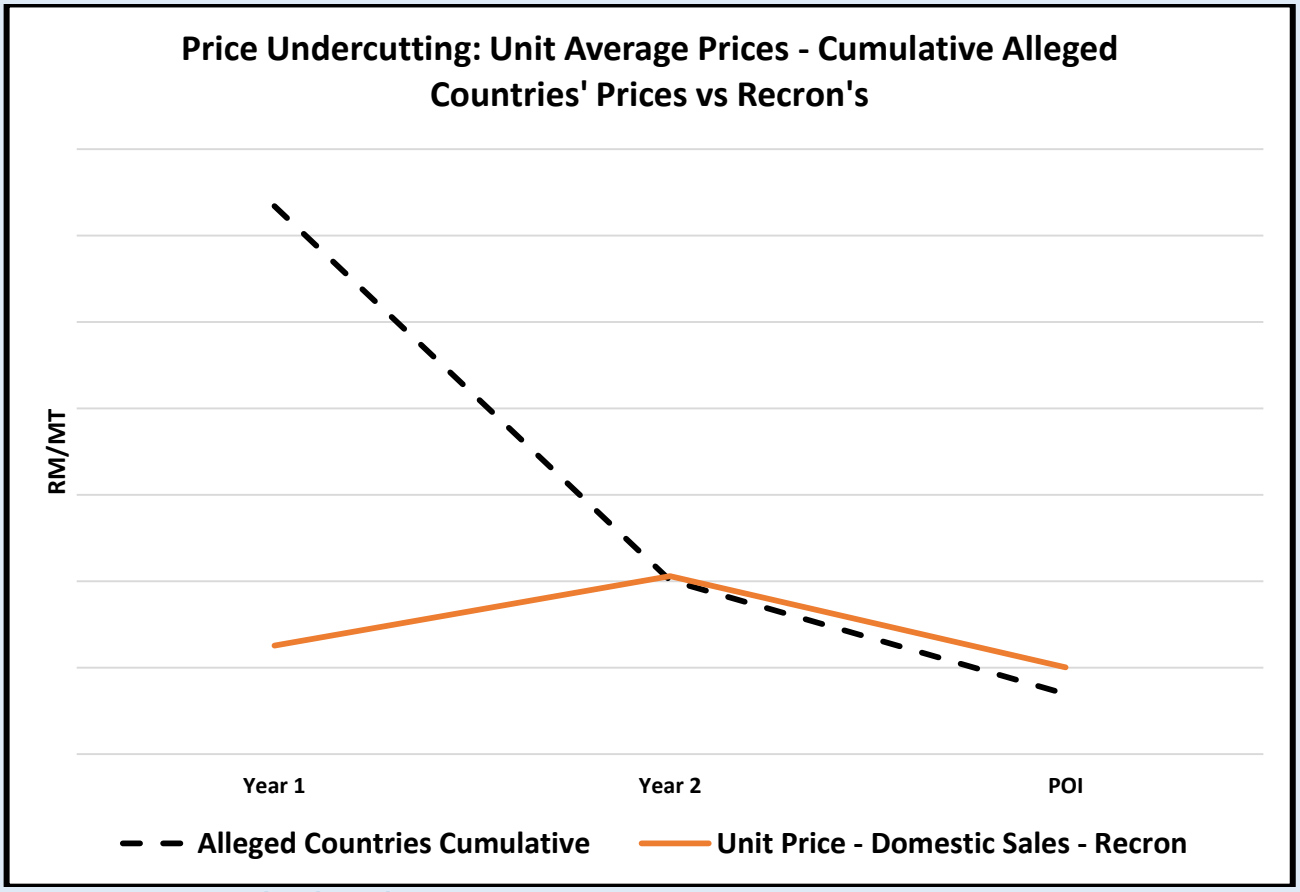
Description	Year 1 (2017)	Year 2 (2018)	POI (2019)
PRC	100	41	136
INDONESIA	(100)	(214)	66
KOREA	100	186	125
JAPAN	100	(8)	(22)
US	100	(0.09)	(11)
VIET NAM	100	3	3
Average Alleged Countries	100	(0.9)	(6)

Source: DOS, Malaysia and Recron
Note: ( ) indicates price undercutting amount

Based on the data above, price undercutting occurred in Year 1 and Year 2 by Indonesia; Japan and the US in Year 2 and POI. Cumulatively, the average unit price of the alleged countries undercut Recron's selling price in Year 2 and POI, with higher price undercutting margin during POI than in Year 2.

It is clearly established that on average unit price basis, the cumulative average unit price of the alleged countries price undercut the average unit price of Recron during Year 2 and POI. The following Chart confirms this claim:

Chart I-5: Price Undercutting: Alleged Countries vs Recron



Source: DOS, Malaysia and Recron

It is observed that the price undercutting by the cumulative average unit price of the alleged countries has forced Recron to reduce its prices further in order to compete. It is also to be noted that the prices of all the other countries are also on a downward trend at least during POI. This shows the intensive price competition among the exporters of the alleged countries in the Malaysian market. To reiterate, this is the result of extremely unfair trade practices conducted by the exporters of the alleged countries. In fact, *prima facie* evidence of dumping by the alleged countries have been provided in Section E.

Based on the foregoing, if no action is taken to remedy the unfair practice of dumping, one can safely conclude that price undercutting will continue and will cause further material injury to Recron and Recron strongly believes the same applies to the DI as a whole.

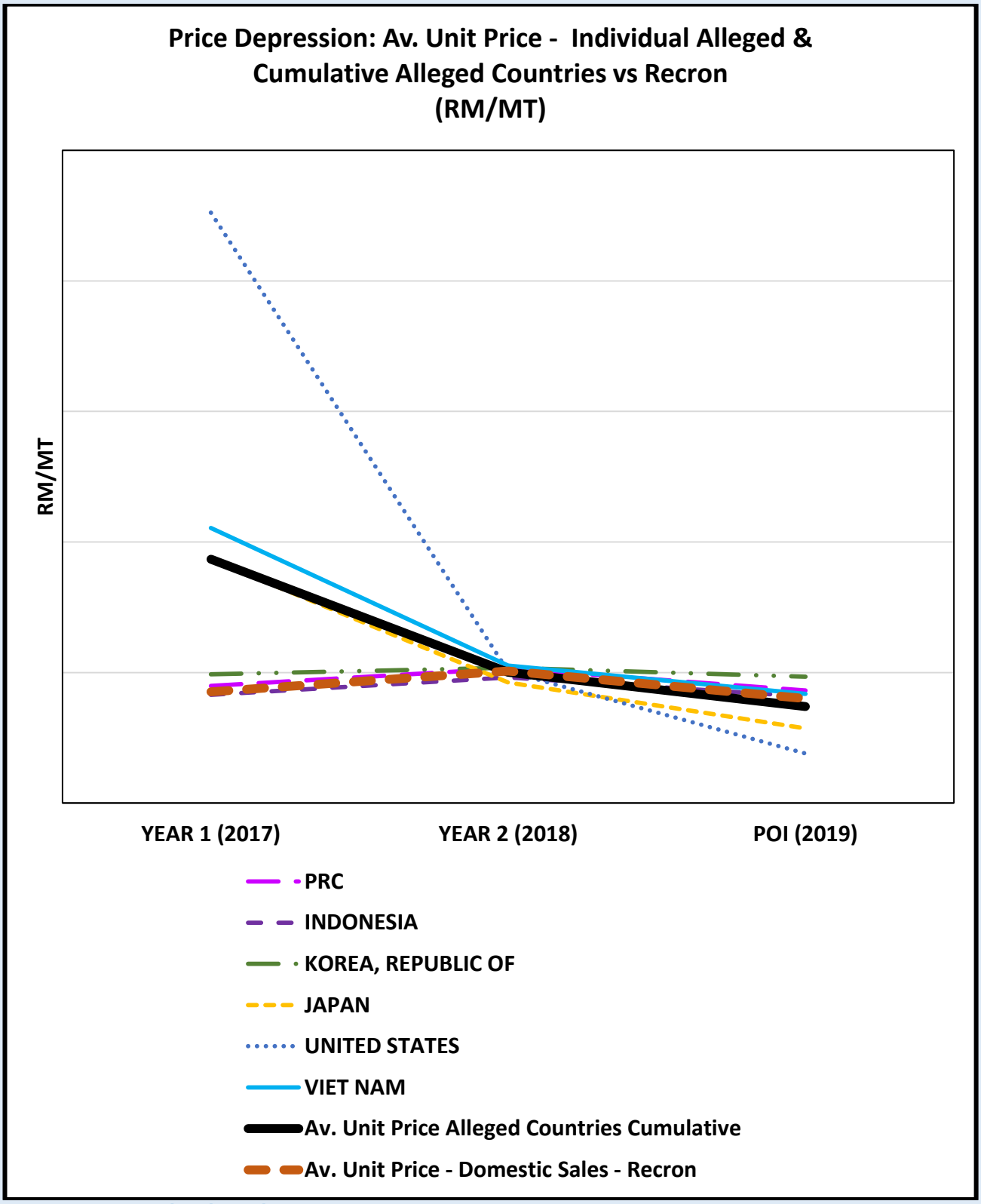
Price Depression

In comparing the price trend of the average unit price movement of individual prices of the alleged countries and cumulative average unit price of alleged countries with Recron's average unit selling price is as follows during POID;

- **PRC, Indonesia, Korea, Japan and Cumulative All Alleged Countries' price trend: Recron's price increased from Year 1 to Year 2 but decreased during POI to a level much lower than in Year 1 by ***%, ***%, ***%, ***% and ***% for PRC, Indonesia, Korea, Japan and Cumulative All Alleged Countries respectively.**
- **The remaining two countries, the US and Viet Nam price trend: Decreased continuously from Year 1 to POI. From Year 1 to Year 2 by ***% and ***% respectively; and from Year 2 to POI by ***% and ***% respectively.**

The following charts show how Recron's prices moved in a downward trend, except for Year 2. This coincides with the downward price trend of the imports from the alleged countries in the domestic market in Malaysia during POID.

Chart I-6: Price Depression – Recron and Individual Alleged Countries Prices

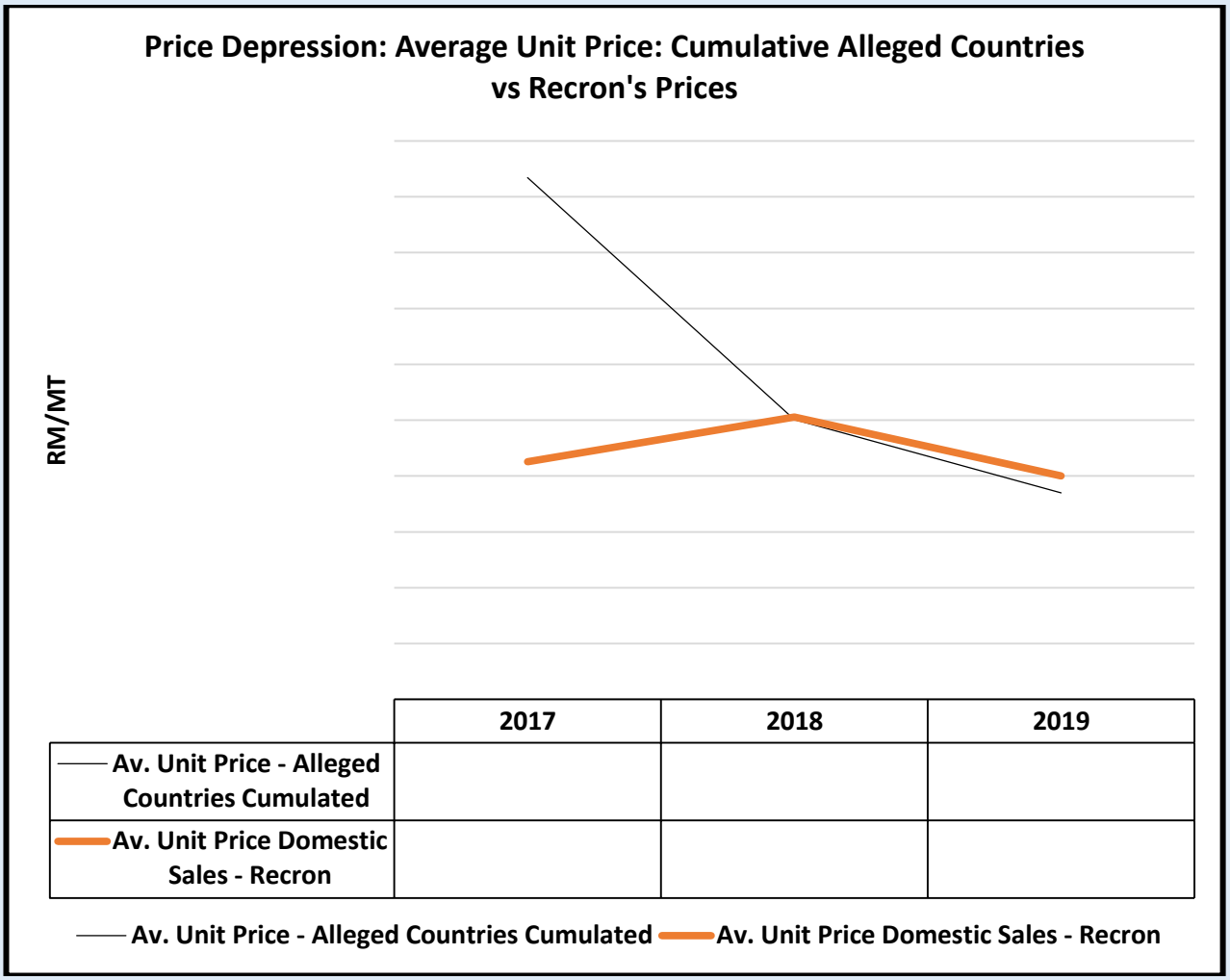


Source: DOS, Malaysia and Recron

The above chart clearly shows that the prices overall from the alleged countries have moved in a downward direction during POID, especially during POI. Recron's sales price also dropped following the downward price pressure of the dumped imports from the alleged countries, confirming the presence of price depression.

The following chart compares cumulated average unit selling price of the alleged countries with the average unit selling price of Recron that further supports existence of overall price depression of PUI in the Malaysian market.

Chart I-7: Price Depression of PET Prices in the Malaysian Market – Cumulated Alleged Countries' prices vs Recron's Selling Price



Source: DOS, Malaysia and Recron

The wide gap in average unit price between the dumped imports and Recron in Year 1(much higher than Recron's price) quickly narrowed in Year 2, where the imports have undercut Recron's prices. During the POI, the prices kept dropping and undercut further. The alleged countries sold the PUI at RM * cheaper than Recron's prices. Recron was forced to reduce its prices to match and compete with the fast dropping prices from the alleged countries. Based on this evidence, one can safely conclude that prices in the Malaysian market have been depressed due to the presence of dumped imports from the alleged countries whose overall prices have been dropping sharply throughout POID.**

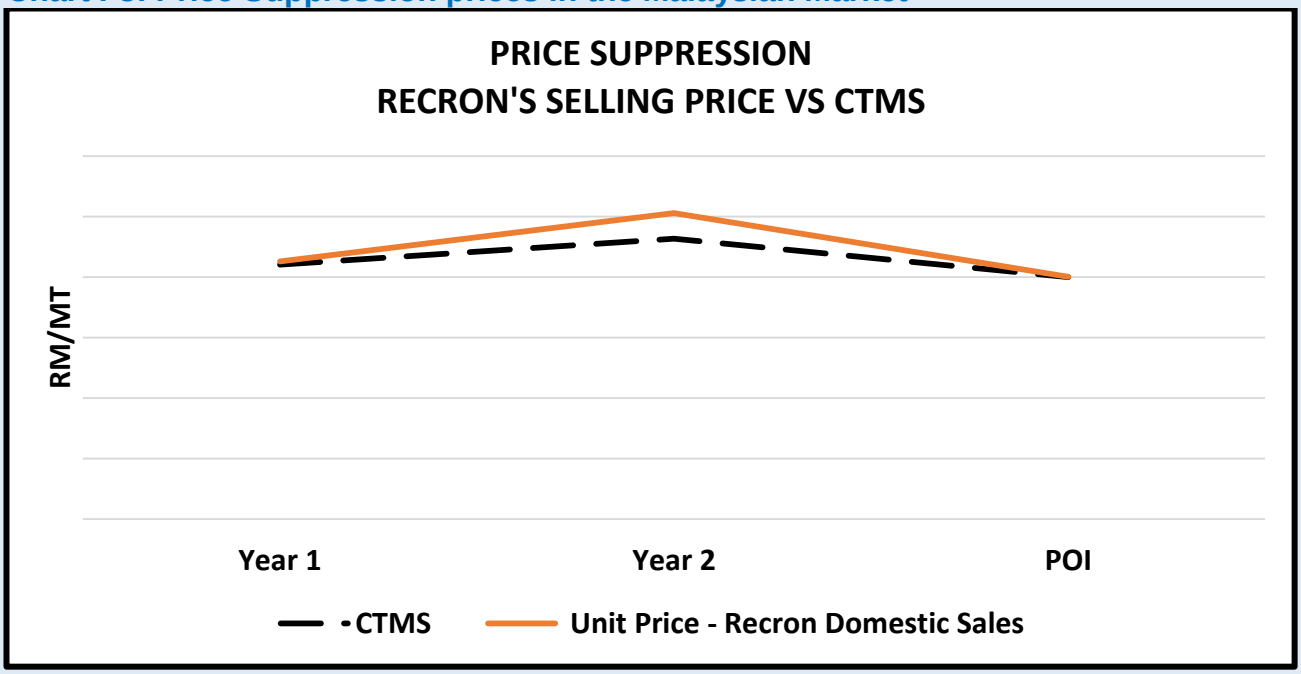
If this price trend is allowed to continue without any remedial action, it can be expected that the dumped imports will further drop their prices in order to gain the Malaysian market share. This will further depress the prices in the Malaysian market and one can expect that Recron will be forced to sell below CTMS in order to maintain its customer base. This will then result in significant and heavy losses suffered by Recron.

Based on the foregoing, price depression is established and it can be safely attributed to the presence of the dumped imports.

Price Suppression

Price suppression occurs when Recron is unable to sell at fair price (fair profit margin in the absence of dumped imports) due to the presence of dumped imports and Recron is forced to sell at lower price to maintain sales, resulting in the narrowing of the price difference between the selling price and CTMS of Recron. It has already been established that the prices of PUI in the Malaysian market is already on a downward trend, putting price pressure on Recron and forcing Recron from selling at fair prices. The following chart clearly shows the existence of price suppression, especially during POI.

Chart I-8: Price Suppression prices in the Malaysian Market



Source: DOS, Malaysia and Recron

Recron's selling price and CTMS difference is tabulated below:

Table I-5: Difference Between Recron's Selling Price and CTMS

Description	Year 1	Year 2	POI
Difference (Recron's Selling Price vs CTMS) - RM/MT	**	***	*

As can be seen above, the difference between Recron's selling price and CTMS increased from RM*/MT in Year 1 to RM***/MT in Year 2 (resulted in increased profits for Recron). However, Recron faced price suppression that narrowed the margin to a much lower level during POI i.e. a mere RM***/MT (that resulted in sharp drop in profits).**

It has to be reiterated that Recron had improved its CTMS (lowered during POI) and also had improved its productivity (MT per machine hour over POID). Under fair market conditions, Recron should have been able to claim better profits with these improvements. However, with the presence of the dumped imports from the alleged countries, Recron's selling price has been suppressed, resulting in much lower profits during POI than what is due to Recron.

It has been established that alleged cumulative price of the alleged countries undercut Recron's price in Year 2 and POI. It has also been established that the prices in the Malaysian market is facing price depression trend and if the dumped imports are allowed to continue to be imported without any remedial action, it can be safely concluded that Recron will be forced to further reduce its prices in order to maintain decent domestic sales.

As the price difference between selling price and CTMS is minimal during POI, any further drop in selling prices will lead to a level lower than CTMS, and thus resulting in heavy losses. This can only be mitigated by remedial action to negate the dumping effects by the alleged countries.

Based on the foregoing, price suppression is established and it can be safely attributed to the presence of the dumped imports.

The causal link between negative price effects on Recron in the form of price undercutting, price depression and price suppression has been established.

Based on the foregoing, if the dumped imports are allowed to continuously come into the Malaysian market and if no recourse is provided to the DI, the DI can be expected to be further affected and eventually it will suffer serious injury.

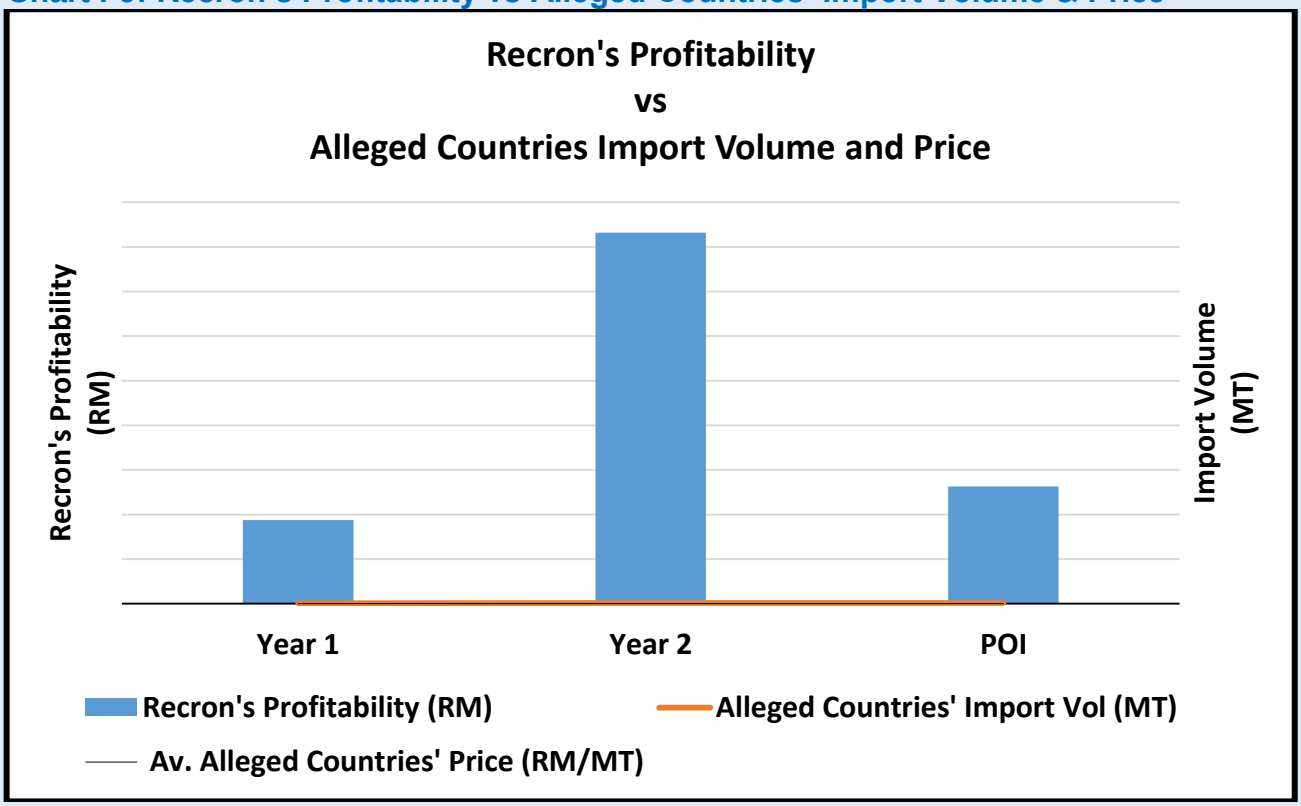
EFFECT OF DUMPED IMPORTS ON ECONOMIC FACTORS (RECRON'S FINANCIAL HEALTH)

In this part we examine the relationship between the various material injury factors as established in Sections F, G and H on Recron and how the presence of the dumped imports is causing the material injury suffered by Recron.

Profitability

The following chart shows how the profitability moved with the presence of the increasing dumped imports from the alleged countries.

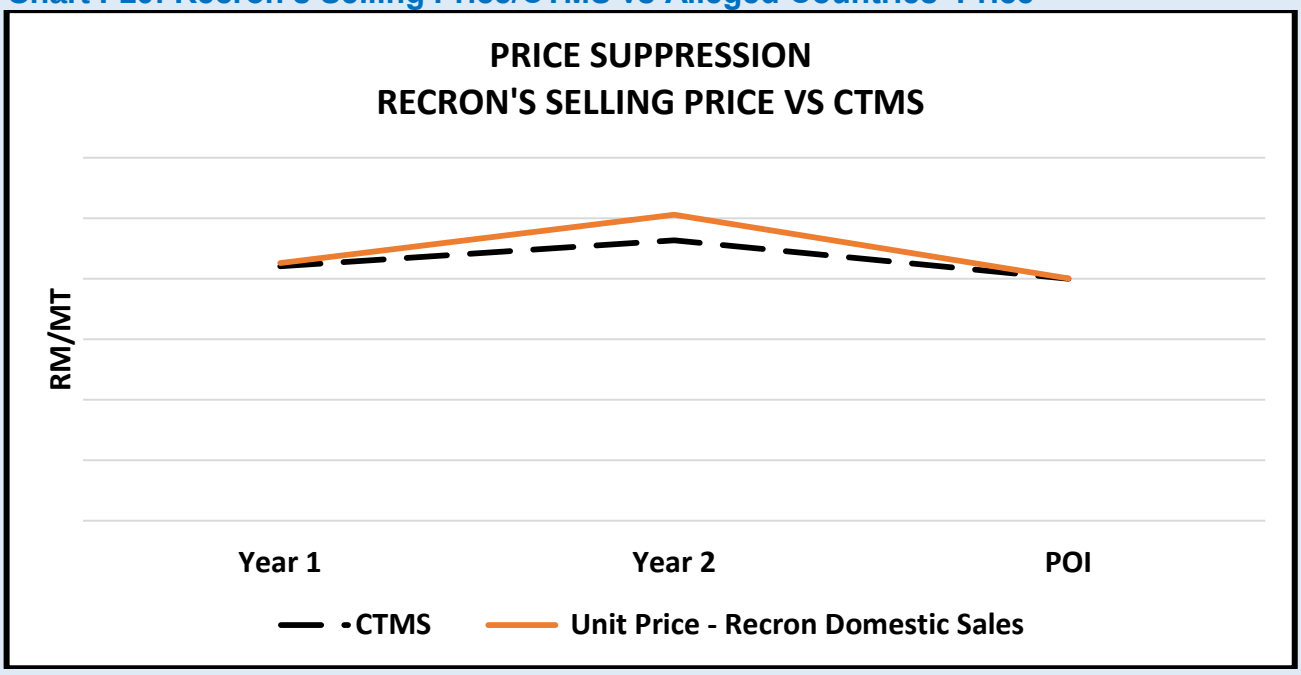
Chart I-9: Recron's Profitability vs Alleged Countries' Import Volume & Price



Source: DOS, Malaysia and Recron

The following Chart shows Recron's selling price and CTMS as against the alleged countries' average unit price movement.

Chart I-10: Recron's Selling Price/CTMS vs Alleged Countries' Price



Reading Charts I-9 and I-10 together shows how the imports from the alleged countries, through dumping and dropping their prices, were able sell more and control major market share in 2019. Recron had to react and compete by also dropping its prices which in turn narrowed the difference between Recron's selling

price and CTMS. This had led to material injury in reduced profits, denying Recron's rightful profits if not for the dumping by the alleged countries. This has affected the profitability of Recron. In the event Recron had not dropped its prices, Recron would not have been able to compete, and would have loss greater market share and face heavy losses.

Based on the foregoing, one can safely conclude that the material injury in terms of profitability suffered by Recron is due to the presence of the dumped imports from the alleged countries, thus establishing the causal link.

Return on Investment

The following charts show relationship between increased import volumes with Return on Investment (ROI) and Return on Assets (ROA).

Chart I-11: Recron's ROI vs Alleged Countries' Import Volume and Average Price
Source: DOS, Malaysia and Recron

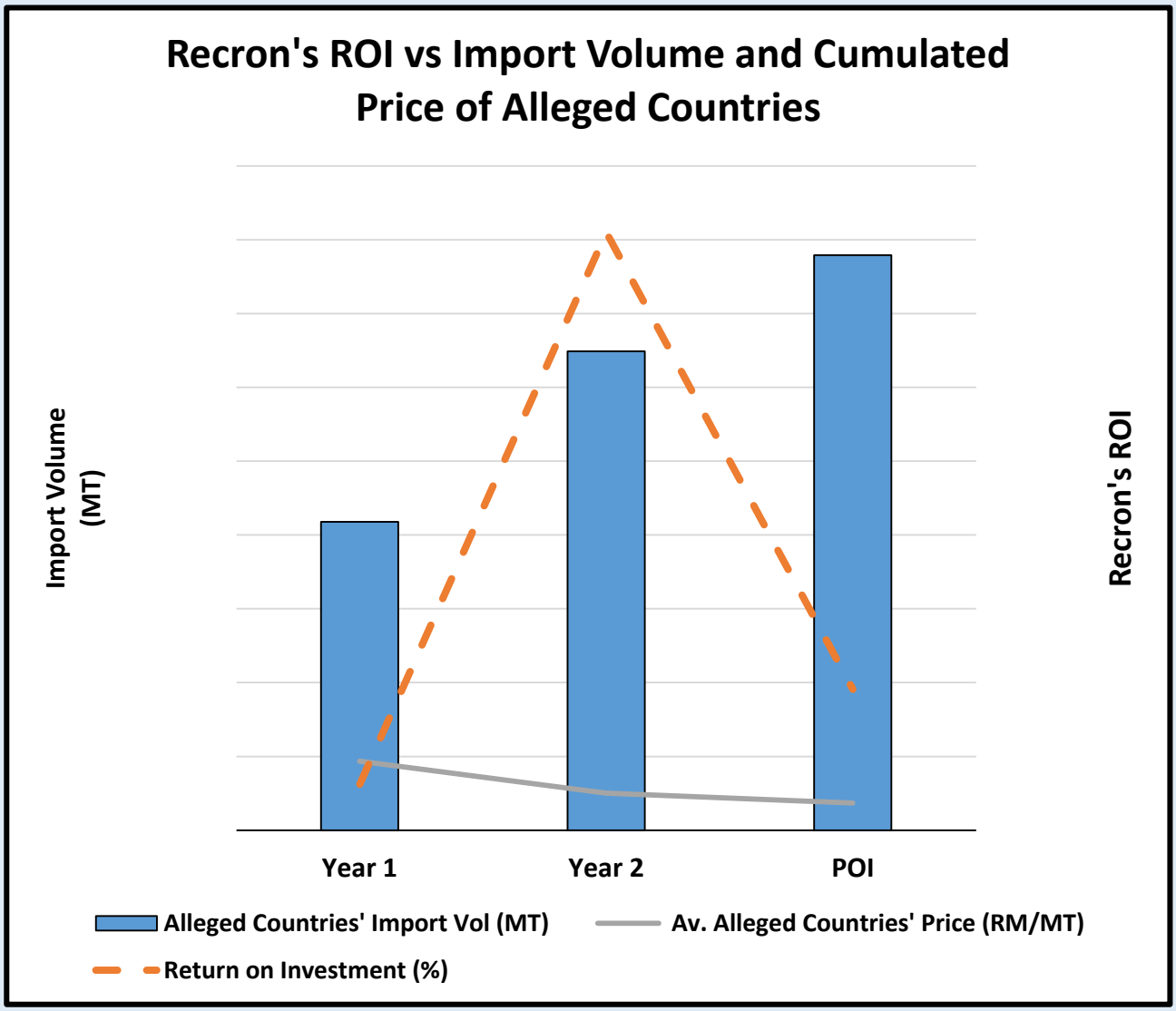
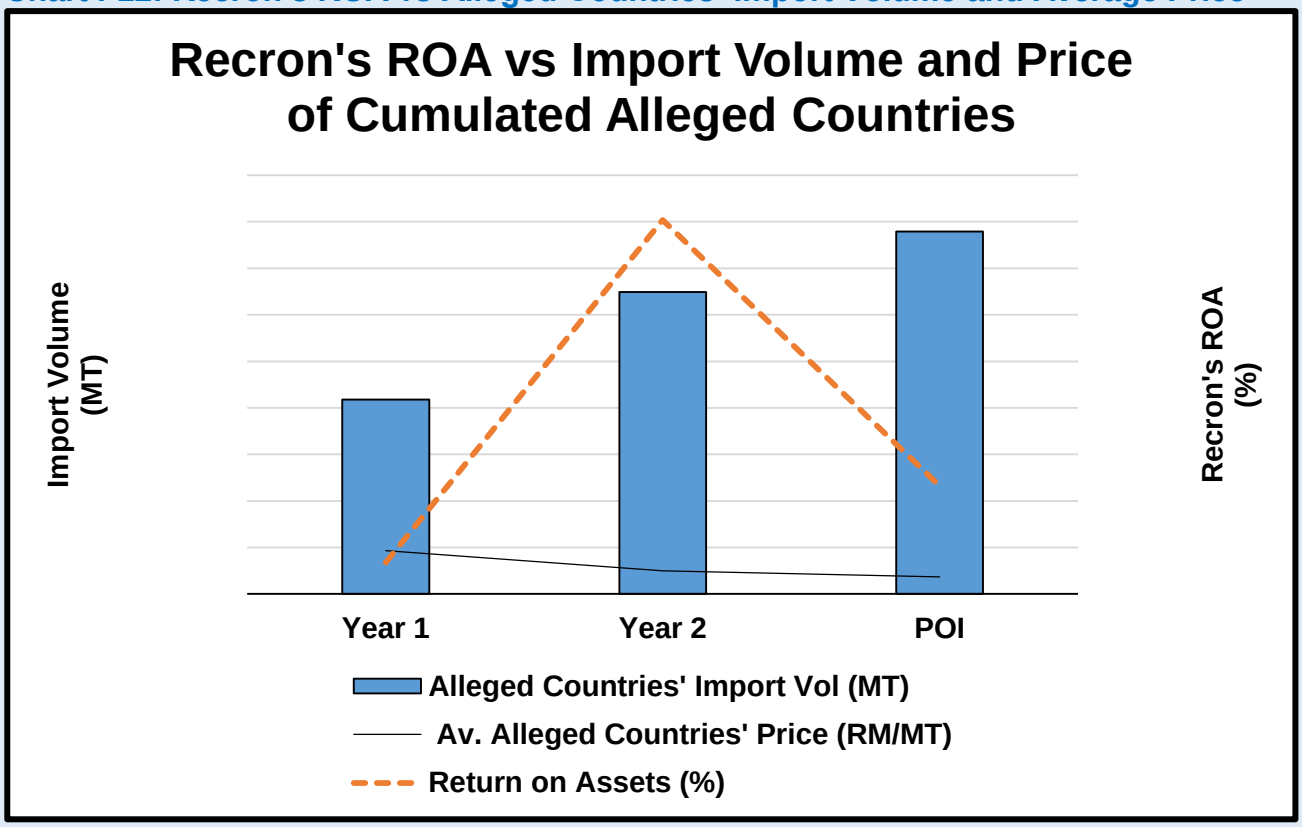


Chart I-12: Recron's ROA vs Alleged Countries' Import Volume and Average Price



Source: DOS, Malaysia and Recron

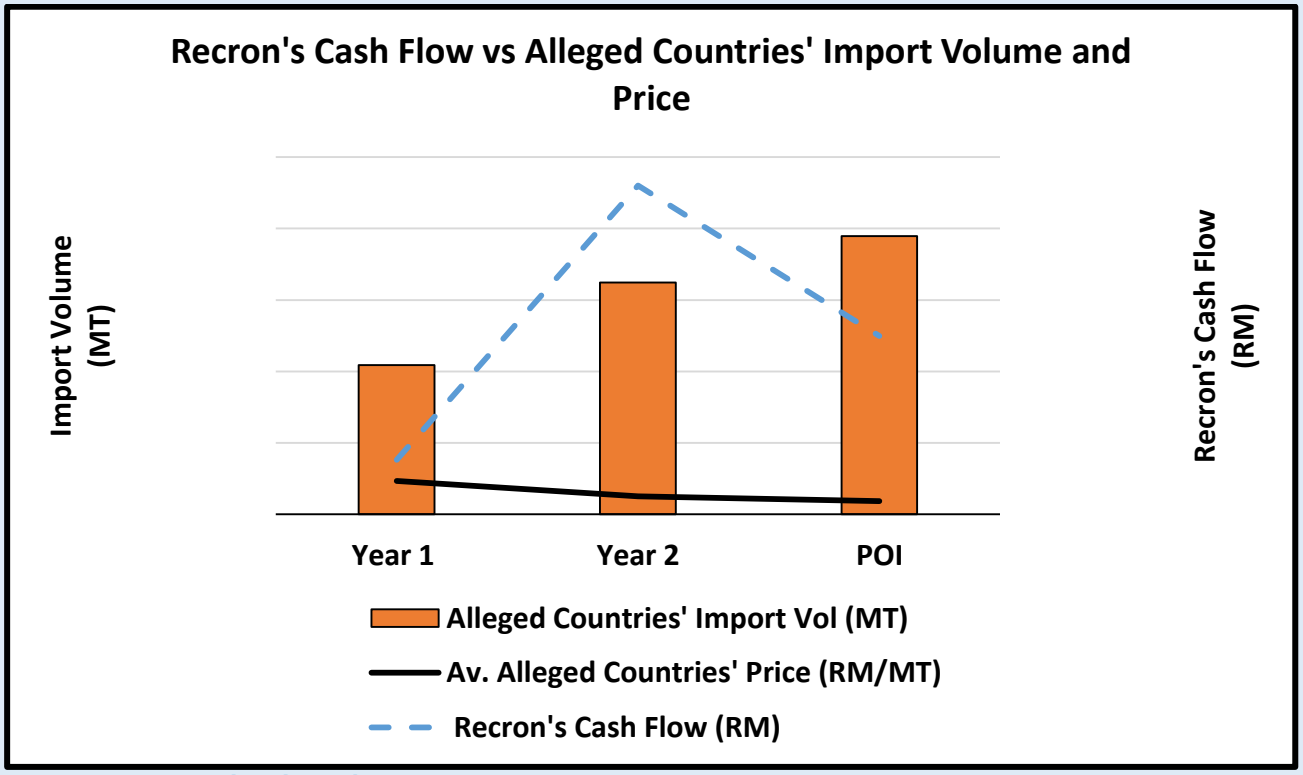
The alleged imports increased in volume and kept dropping their prices. As a result of this, Recron's ROI and ROA dropped sharply during POI due to the narrowing of Recron's selling price and CTMS.

Based on the foregoing during POI, the increasing volume of dumped imports with decreasing prices had caused material injury to Recron's ROI and ROA – thus establishing causal link between presence of dumped imports and material injury to Recron's ROI and ROA during POI.

Cash Flow

The relationship between increased import volume with lowering prices during POI and the negative effect on Recron's cash flow during POI is provided in the following chart.

Chart I-13: Recron's Cash Flow Impacted by Alleged Countries' Import Volume and Price



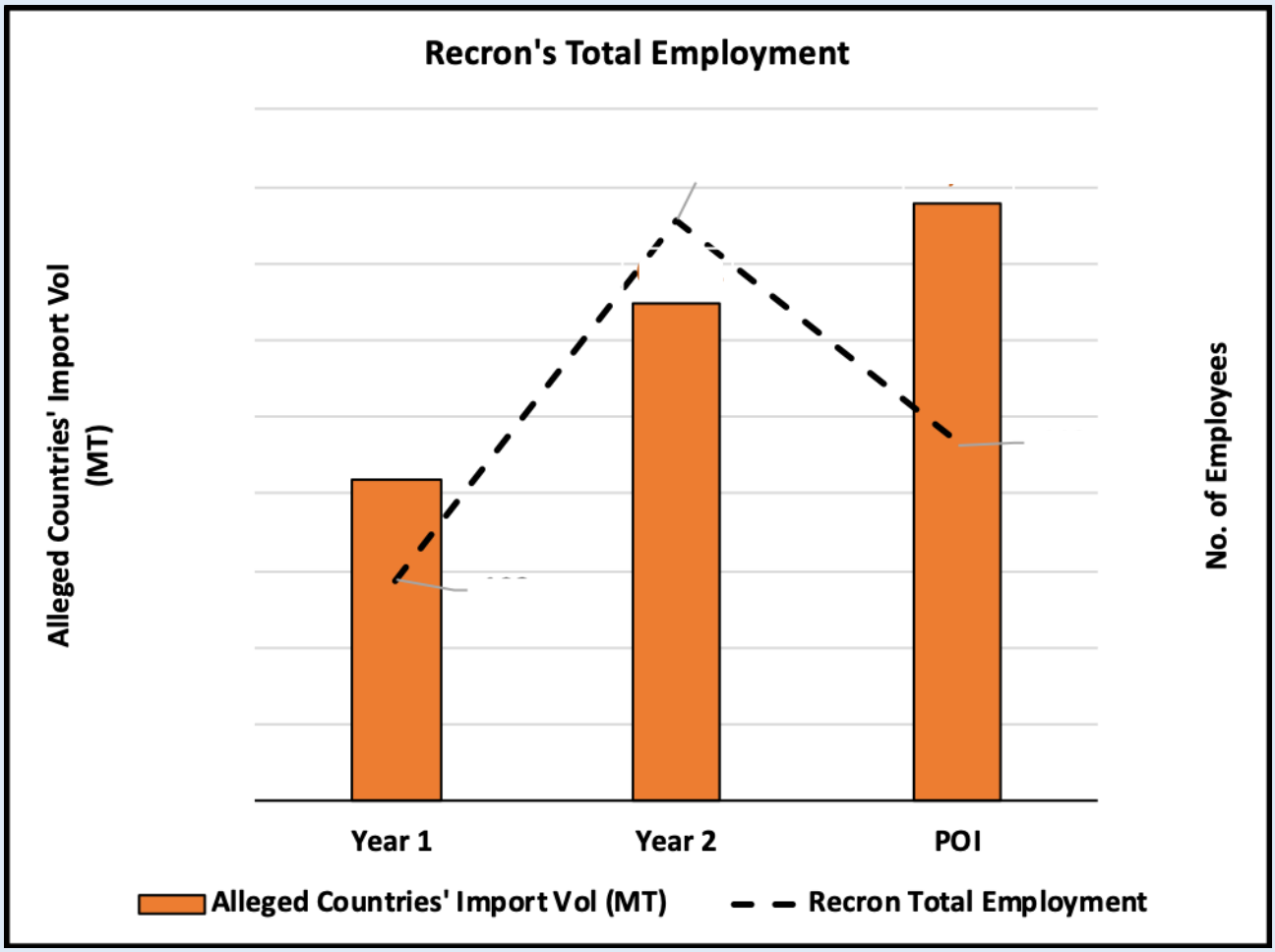
Source: DOS, Malaysia and Recron

As the import volume increased with lowered prices especially during POI where *prima facie* evidence of dumping has been established, Recron suffered material injury in terms of cash flow, thus establishing the causal link between the dumped imports from the alleged countries and material injury suffered by Recron in terms of cash flow.

Employment

The following chart shows the import volume of alleged countries against the number of employees.

Chart I-14: Recron's Employment Impacted by Alleged Countries' Import Volume



Source: DOS, Malaysia and Recron

The chart shows how the continual import volume increase and falling of prices of the alleged countries has affected Recron's employment numbers that saw a decrease in number of employees during POI.

Recron suffered in terms of decrease in employment during POI.

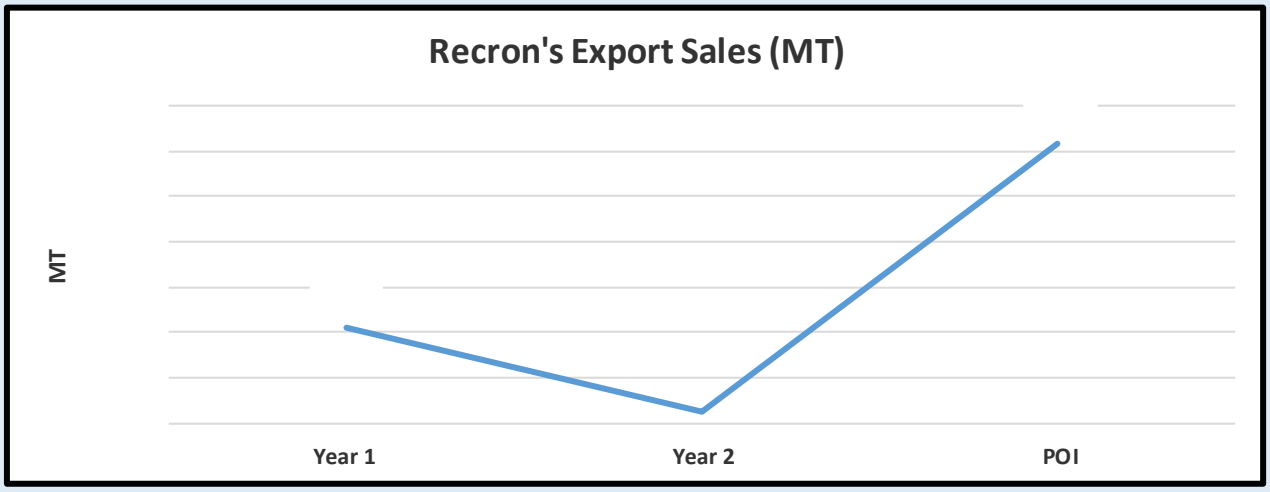
OTHER FACTORS

In this part we will examine other factors that could have contributed to the material injury suffered by Recron. By showing evidence that these other factors are not a cause to the material injury suffered by Recron, one can safely attribute the material injury suffered by Recron is due to the presence of the dumped imports from the alleged countries.

Export Performance

The following chart shows that the export performance is not a cause to the material injury suffered by Recron, especially during POI.

Chart I-15: Recron's Export Sales



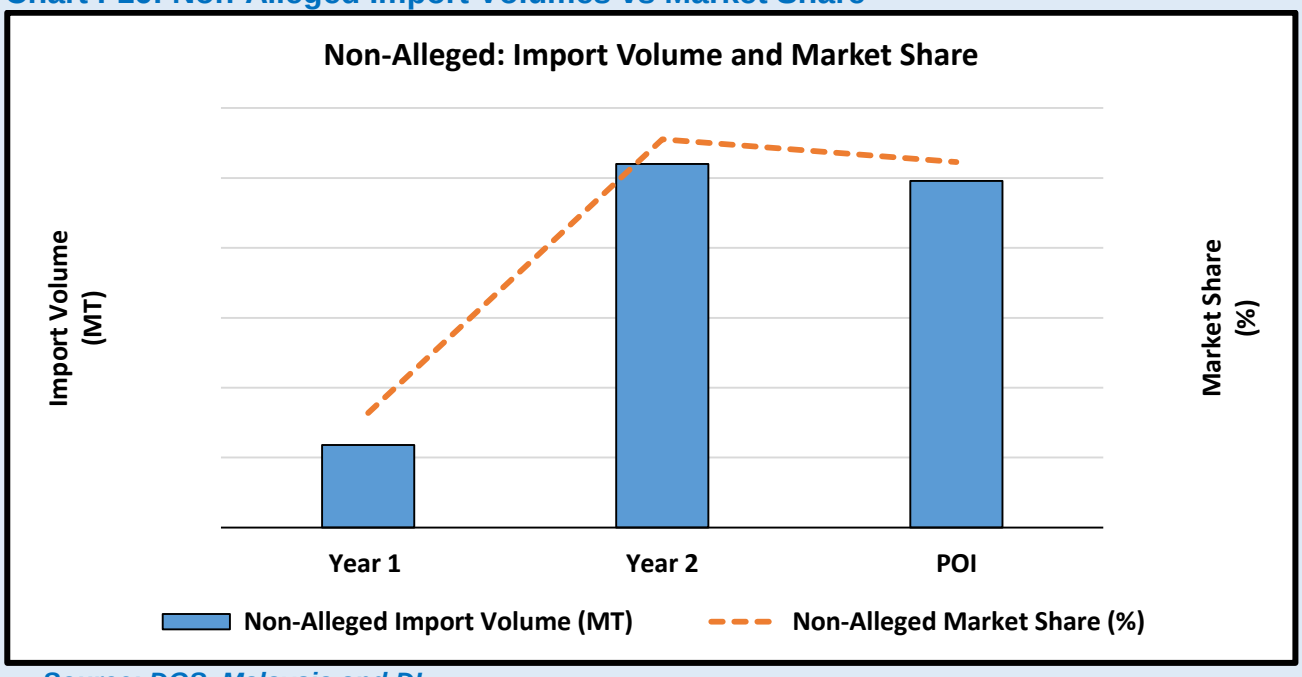
Source: Recron

The export volume decreased from Year 1 to Year 2 from ***MT to ***MT (decreased by *%) but increased to ***MT (increased by ***%during POI). Based on this, non-export performance by Recron cannot be a cause to the material injury suffered by Recron.**

Non-Alleged Countries Imports

The non-alleged countries' import volume and market share increased from Year 1 to Year 2 but decreased during POI as shown below:

Chart I-16: Non-Alleged Import Volumes vs Market Share



Source: DOS, Malaysia and DI

Based on the foregoing decreasing import volume and market share of the non-alleged countries during POI could not be a cause of the material injury suffered by Recron during POI.

Technology

In terms of technology as shown in Section D-1, the manufacturing of PUI by Recron is no different from the production process and equipment use by foreign producers and the material injury suffered by Recron cannot therefore be attributed to technology. In fact, Recron has invested to improve its productivity during POI.

Quality

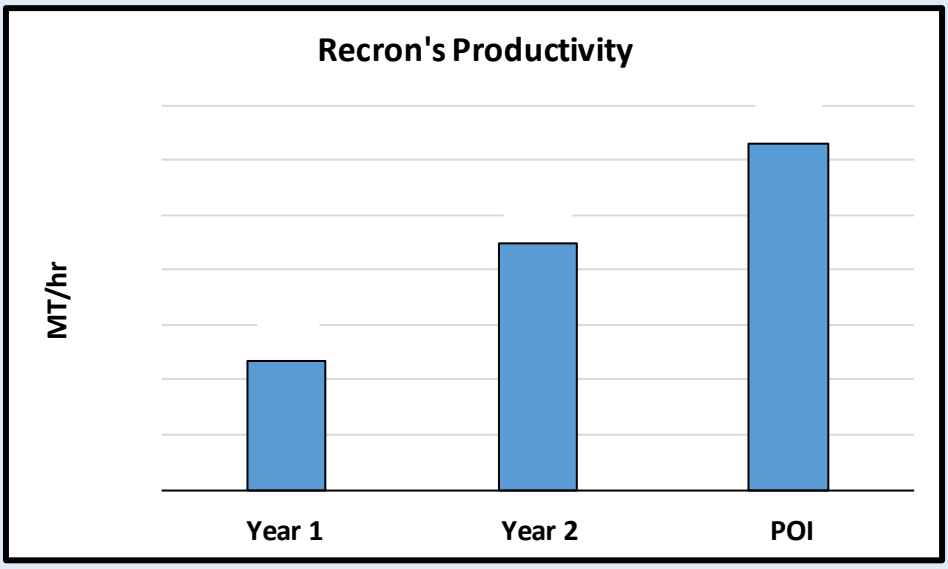
Recron's PUI produced has no quality issue with Recron's clients and therefore quality could not be a cause to the material injury suffered by Recron. The few complaints from customers is attached in the confidential version. As can be seen, all complaints are related to packaging (pellets and bags) and none on PUI itself.

Productivity

As demonstrated earlier, throughout POID, Recron had continually improved its productivity in terms of output per machine hour. Recron has also improved its CTMS during POI.

Recron's productivity is provided in the chart below:

Chart I-17: Recron's Productivity



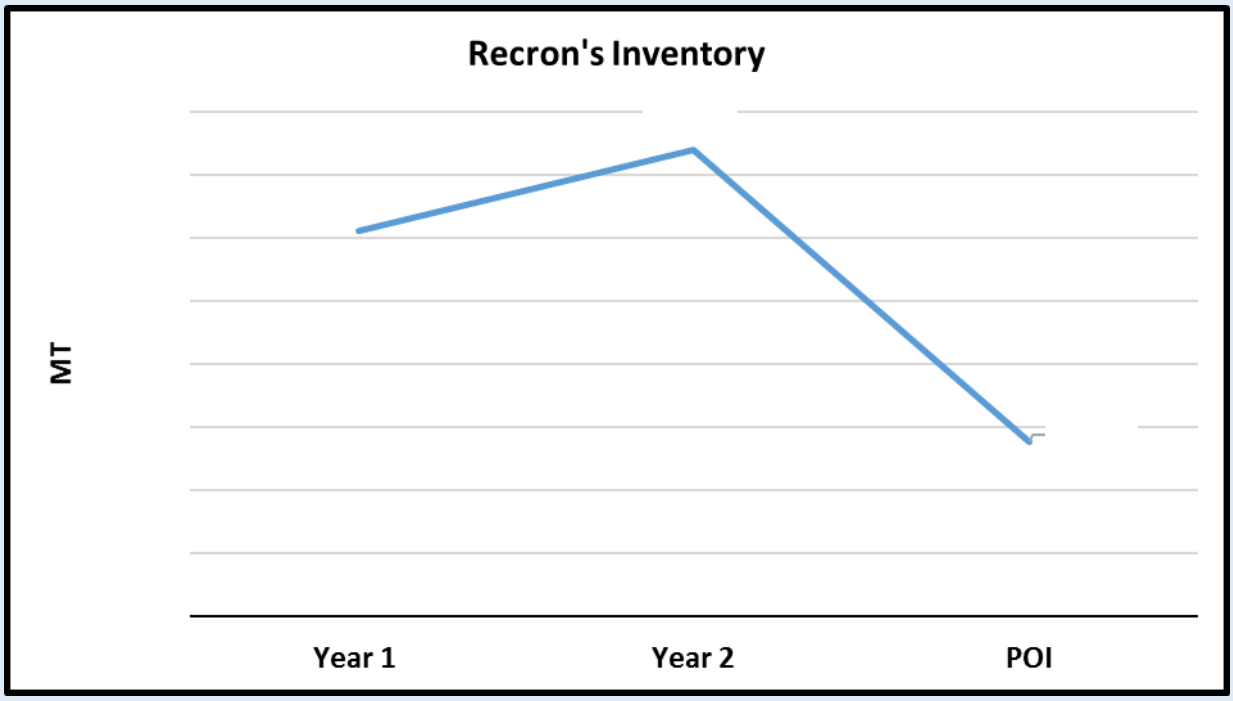
Source: Recron

Based on the above, productivity could not be a cause of the material injury suffered by Recron.

Inventory

Recron's inventory is shown below:

Chart I-18: Recron's Inventory



Source: Recron

Recron's inventory levels have generally been at low levels, recording at ****MT in Year 1. It increased by ***MT to ****MT in Year 2 but decreased to ****MT in POI.

Based on the foregoing, the material injury suffered by Recron cannot be attributed to its inventory.

CAUSAL LINK: SUMMARY OF MATERIAL INJURY FACTORS SUFFERED BY RECRON

Recron claims that Recron suffered material injury during POI, where *prima facie* dumping margins have been established, in the following areas due to the presence of the dumped imports from the alleged countries and the causal link clearly established:

***Volume Effects*: Decrease in production, sales volume and market share;**

Price Effects: Price Undercutting, Price Depression, Price Suppression;

***Operational Factors*: Decrease in capacity utilisation and decreased employees. during POI;**

***Economic Factors (Financial Factors)*: Profitability, Sales Turnover, Return on Assets (ROA), Return on Investment (ROI); cash flow (operating profits) and ability to raise capital to implement planned investments in future.**

***Other Factors not a course to material injury suffered by Recron*: Export performance, imports of non-alleged countries, technology, quality of Recron's PUI, productivity and inventory.**

CONCLUSION ON CAUSAL LINK OF MATERIAL INJURY SUFFERED BY RECRON

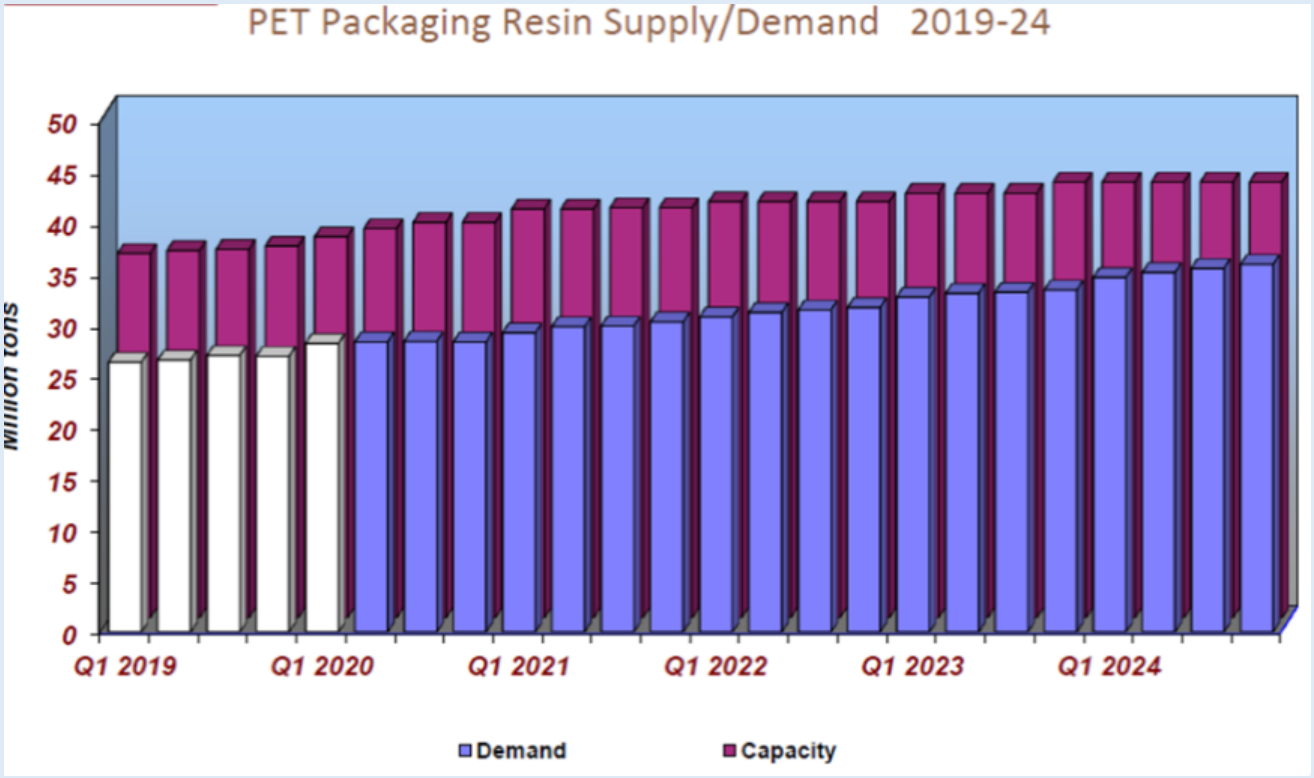
It is firmly established that the causal link of the material injury factors suffered by Recron are due to the presence of the dumped imports from the alleged countries. Further, "other factors" were examined and it is also firmly established that "other factors" are not a cause to the material injury suffered by Recron.

Based on the foregoing, causal link has been established between material injury suffered by Recron and the presence of dumped imports. Recron respectfully requests that an anti-dumping investigation be initiated against the alleged countries and appropriate anti-dumping duties be imposed to stop the unfair trade practice of dumping.

SECTION J
PUBLIC INTEREST

J-1 Global Overview of PET Resin

PET resin demand worldwide is close to 29 million MT by 2019 (pre COVID-19) and nameplate capacity is close to 38 million MT. There already exists overcapacity globally. Post COVID-19, the demand is likely to be FLATOUT. Trade diversion to open markets like Malaysia will likely occur moving forward. The manufacturers in the alleged countries have large capacities. In order to achieve economies of scale, they are going to continue to manufacture at high volumes, and subsequently off-loading the excess production to other open economies like Malaysia.



As can be seen from the above, the global capacity for PET Resin is projected to increase over the years and the demand continuously falling short of the capacity under normal situation. However, with the COVID-19 pandemic, international trade is already failing and will further exacerbate the oversupply situation. With the COVID-19 pandemic, the IMF in its 14 April 2020 World Economic Outlook predicted that a global recession will occur. This is caused by the lockdown measures undertaken by many economies. Further, it will take a long time for international trade to recover.

By looking solely at PRC's excess and newly planned capacities, it is one of the biggest contenders in every field due to its involvement in various industries across the globe. The supply-demand gap in PRC is shown in the below chart:

As of 2020, PRC has a total capacity of 11 million MT per annum to produce PET resin. However, the demand is only close to 6 million MT per annum which is just over half of its production capacity. Further, additional capacities are coming up in in PRC and Viet Nam:

Producer	Capacity	Location	Timeline
Yeisheng	500 KTA	Dalian, PRC	April' 2020
Wankai	600 KTA	Chongqin, PRC	300 KTA in March 2020 + 300 KTA in June 2020
Fujian Billion	350 KTA	HCMC, Viet Nam	JUNE 2020

These figures clearly show large excess capacity in PRC and imminent threat in the future, especially as the anti-dumping measure in place has ended in March 2020. Looking at the future with the COVID-19 pandemic, where among the alleged countries, PRC, Korea, Japan and Viet Nam have been able to keep their production/business activities going on despite the pandemic, they will be a force to reckon with as they try to deposit their extra production into open economies, especially like Malaysia. As for PRC, with the COVID-19 pandemic that countries are struggling to contain, anti-Chinese sentiments are spreading and the Chinese exports may face restrictions with their exports and with the additional excess capacity, one can expect this excess production to land in Malaysia, unless anti-dumping measure is put in place.

J-2 Malaysian Market and Outlook

The current Malaysian market size is around 150,000 MT per annum. Water bottle manufacturers dominate it, which is about 35% of the market share. Although there are manufacturers from other applications like pharmaceuticals, thermoforming sheets and master-batches, it is mainly attracted by food and beverage (including water) segments.

Three of the major players (users of PET resins) in the market, Golden Pet Industries (Subsidiary of Spritzer), PET Far Eastern (Far Eastern Group) and Taiwan

Hon Chuan Group that constitute 32% of the current market share, have been sourcing their raw material through imports. Recron proposes that when the IA is investigating the prices of the alleged countries, there could be the element of unreliable pricing as these are related companies and the IA should consider excluding such related export prices in determining the export prices and to base on final independent sales prices or construct the export price.

The users of PET resins in the Malaysian:

- **Golden PET Industries (GPI): As a part of a major brand owner like Spritzer, GPI is one of the largest players in the market. With a consumption of close to 12KT per annum, it plays a crucial role in being the only company producing preforms for its mother company in Perak. Currently, it is being served with quarterly contracts through Sanfangxiang Group Co. Ltd directly.**

- **PET Far Eastern: Established in 1995 to expand in the overseas market, PET Far Eastern founded by Far Eastern Group (Taiwan) focused on serving the local market and Singapore. PET Far Eastern is currently sourcing its raw material (volume close to 22KT per annum) from its mother company in Taiwan / PRC for producing PET preforms and bottles. Links are attached under Section E.**

- **Taiwan Hon Chuan (THC): With an annual consumption of 11KT per annum, THC is also one of the largest players in the market with an annual consumption of 11KT per annum. THC, a subsidiary of Taiwan Hon Chuan Enterprise Co Ltd, has signed an MOU with Far Eastern Group to source its raw material requirement.**

J-3 Malaysian PET Resin Market Growth Prospects

Currently, the market is seen to be picking up and in anticipation, PET resin user capacities have also increased. Brand owners play a vital role in increasing the volume share. Westone has installed two new machines from Demark, PRC and is expected to increase its consumption by 500 MT on monthly basis. Lee Soon Seng Plastic Industries, subsidiary of SCGM group has recently developed face shields amid Covid-19 pandemic. Currently due to high demand of face shields, their monthly consumption of using PET resin has increased by 100-150 MT per month. Asal Nature Manufacturing, a PET bottle supplier recently procured an injection-moulding machine (Chinese-make) to enter into preform manufacturing to pack their in-house brand Nature H20 with a monthly consumption of 20 MT per month. Conclusively, we can observe a growth rate of 5-6% in water and beverages industry and a potential growth of more than 15% in thermoforming sheet industry.

End-use Applications
Below is the list of the major customers currently operating in Malaysia operating across different segments:

No	Name of Customer	Monthly Consumption (MT)	Segment
1	PET Far Eastern Sdn Bhd	2000	Water and Beverages
2	Westone Sdn Bhd	1200	Water
3	Golden Pet Industries Sdn Bhd	1000	Water

4	Taiwan Hon Chuan Sdn Bhd	900	Water and Beverages
5	Ma Sin PET Industries Sdn Bhd	600	Water
6	Lee Soon Seng Sdn Bhd	400	Thermoforming Sheets
7	Macro Plastic Sdn Bhd	200	Thermoforming Sheets
8	Asiatic Plastic Packaging Industries	100	Thermoforming Sheets
9	Sukano Sdn Bhd	200	Masterbatches
10	Labplas Sdn Bhd	90	Beverages
11	Can-one Sdn Bhd	200	Beverages
12	Ennai Plastic Trading Sdn Bhd	200	Food and Beverages
13	Today's Plastic industries Sdn Bhd	200	Food and Beverages
14	Plastictecnic Sdn Bhd	100	Dishwashing liquid
15	Sri Poma Industries Sdn Bhd	90	Edible oil

J-4 Importance of PET industry to Malaysia

The PET industry has been confirmed as an essential industry in Malaysia. The PET resin production has been allowed to operate from day one, 18 March 2020, during the imposition of Movement Control Order (MCO) in Malaysia to address COVID-19 pandemic.

The number of essential products are not limited to just hand-sanitizers, hand-wash, disinfectants, dishwashing liquid, fruits, eggs etc. In the backdrop, PET resin materials are equally important as these products are packed in PET material. Based on the foregoing, MITI has allowed the PET resin industry and our customers using PET resins, to work during MCO – not all industries are accorded such importance. Thus, PET business is critical to Malaysia and is strategically important and essential to the Malaysian economic development and sustenance, particularly with no sign of immediate solution to end COVID-19 pandemic crisis until the vaccine is developed which is not expected anytime now.

J-5 Malaysian PET Resin Industry and Public Interest

As informed earlier, there are two (2) PET resin producers in Malaysia, Recron (Malaysia) Sdn. Bhd. and MPI Polyester Industries Sdn. Bhd. * MT and ***MT per annum respectively. The apparent consumption estimated from 2017 to 2019 has been on the upward trend, recording 123,412MT, 160,415MT and 162,519MT respectively for the three (3) years.**

Despite there being more than enough domestic capacity to meet the total Malaysian domestic demand, imports increased from 44,144 MT in 2017 to 75,268MT in 2018 to 87,823MT during POI,. It is also to be noted that the number of countries exporting PET resins into Malaysia have also increased, especially in 2019 (POI):

- **The total number of countries that exported PET resins into Malaysia:**
  - ✓ **2017: 18 countries exported to Malaysia;**
  - ✓ **2018: 19 countries exported to Malaysia with eleven (11) countries being the same countries that had exported in both 2017 and 2018; and**
  - ✓ **2019 (POI): 31 countries exported to Malaysia (an increase by 63.2% compared to 2018) with 21 countries having exported before (either in 2017 or 2018 or both 2017 and 2018) and in 2019; five (5) new countries recorded exports into Malaysia.**

This led to fierce price competition among the imports coming into the Malaysian market, not forgetting, as mentioned earlier, possible compensatory arrangements in pricing of certain local users of PET resins purchasing PET resins from their related foreign companies to capture market share.

Recron believes that these companies buying PET resins from their related foreign companies, have maintained higher declared prices captured officially in the DOS values (but still dropping prices overall) than the actual transaction prices – PET Far in Malaysia importing from Far Eastern (PRC & Chinese Taipei) and Pen Fibre (Malaysia) importing from Toray (Japan). The Investigating Authority needs to look into these possible compensatory pricing arrangements, where PET resins are purchased from related companies, when conducting the investigation. This could be a reason for the downward pressure on prices in the Malaysian market, achieved through price compensatory arrangements, where the actual selling price in the Malaysian market being lower than the declared prices at entry. Such arrangements can lead to decrease in PET resin prices in the Malaysian market – with the DI at the receiving end and becoming a victim.

In the process of price competition among imported PUI, the alleged countries, Recron believes, had to resort to dumping prices to make their sales in the Malaysian market after having probably enjoyed higher prices in their own market and throwing their additional capacity (production) into the Malaysian market. Recron has provided *prima facie* dumping evidence of the alleged countries.

Additionally, Malaysia has signed various FTAs either bilaterally or through regional ASEAN FTAs to allow for competition at bilateral and regional level before meeting competition at multilateral level. The World Trade Organisation (WTO) sanctions such FTAs. The countries through the FTAs enjoy better market access due to lower duties or nil duty compared to non-FTA partners under MFN duty rates. Nevertheless, WTO also provides for trade remedial actions when:

- **Individual companies unfairly trade their goods, either by dumping; or**
- **Through government subsidisation of its exports; or**
- **In the case when there is a surge in imports and the domestic industry is unable to cope with the large import surge and can request for time out to re-build itself to meet competition by applying for safeguard action through increased tariffs.**

As for anti-dumping measure to be imposed, the process is lengthy, procedure is tedious, and evidence based, need to fulfil various legal requirements and only if supported with positive evidence of dumping and causal link between dumping and the material injury suffered by the DI, can relief be attained. Until such time the domestic industry has to bear with the continued negative impact of dumping by producers/exporters from the alleged countries. .

Recron welcomes competition through the various FTAs signed by Malaysia with the lowered or nil duty rates. What Recron is not in favour is when individual companies from the various alleged countries turn to dumping to gain market access in Malaysia. Historically, PET resins in the Malaysian market has faced unfair trade practice of dumping, positive evidence found to exist on all producers and remedial anti-dumping actions taken against imports from PRC, Indonesia, Korea and Thailand. These alleged countries have also been found to be dumping by other countries globally and the evidence of dumping by producers/exporters by other countries, and a sample is provided in the confidential submission

In Malaysia currently, as at the time of petition submission, there is no AD measure in place. As this petition shows with evidence, the number of countries that are dumping and gaining market share in Malaysia have increased from those targeted earlier. Thailand's import volume has become negligible and excluded in this petition. However, some of the same countries that have historically been proven to be dumping, based on *prima facie* evidence are continuing to dump in the Malaysian market. In addition, this time around other countries have also resorted to dumping to gain Malaysian market share and these counties included in this petition.

With this background of increased dumping by countries, Recron is left with no choice but to invoke the right to seek remedial action against unfairly traded PET resin imports. This is the state of conditions of the Malaysian PET resin market, where the DI in Malaysia is continually faced with the onslaught of dumped imports and the DI prevented from enjoying the profits under fair competition that is rightly due to it from the investments made in Malaysia.

This, in summary is the state of affairs of the PET resin market in Malaysia. It has to be emphasized that all this petition is seeking is for a level playing field by just ensuring that those companies that are dumping in the Malaysian market, through the imposition of AD duties, will help to raise their prices to the same level as the prices sold in their own country. It has to be reiterated that the application does not seek punitive AD duties, just AD duties to raise their prices in Malaysia market to the same level as in their own market. i.e. to impose a dumping duty that is at non-injurious price level – to create a level playing field for the DI in Malaysia to compete fairly with foreign imports that are being dumped.

It has been clearly established without doubt in Section I, that the material injury suffered by Recron, and Recron believes strongly that the situation is the same for MPI (both making up the Domestic Industry as a whole), it is the existence of dumping by imports from the alleged countries is the cause of the material injury suffered by Recron. The evidences as substantiated in Sections F, G and H also clearly shows the deteriorating situation of the health of Recron. The increasing import volume from the alleged countries coupled with continued sharp drop in prices leading to unsustainable prices, which if not checked with trade remedial action by imposing AD measure, the health of the DI will be affected and the DI ending up with losses. Finally, if this situation is allowed to continue, it will undermine the presence of a viable PET resin DI in Malaysia.

Here it has to be also emphasized and as explained earlier, that this industry is classified as an essential industry by the Malaysian Government when imposing the Movement Control Order under the threat of COVID-19 virus pandemic in Malaysia.

It is therefore as good as given, and there is neither the need for further emphasis nor arguments put forward otherwise, that this industry is indeed an important industry for Malaysia and we cannot see an unviable PET resin industry, especially when the industry is faced with unfair trade practice of dumping. It is therefore a foregone conclusion, that, the viability and sustenance of this industry would be of public interest and therefore there should be no question, especially in taking the WTO sanctioned anti-dumping measure against unfair practice of dumping.

Based on the foregoing, the imposition of AD duties will not be against public interest.

SUMMARY OF MATERIAL INJURY FACTORS

Injury Factors	Year 1	Year 2	POI	Comments on Material Injury to Recron During POI
Increase in Alleged countries Imports/Recron's Market Share (MT)	100	155	186	Suffered
Recron's Production (MT)	100	101	97	Suffered
Recron's Capacity Utilization	100	96	92	Suffered
Recron's Domestic Sales (MT)	100	106	92	Suffered
Recron's Profitability (RM)	100	433	140	Suffered
CTMS (RM/MT) with Selling Price Narrowed	100	110	95	Suffered
Recron's Productivity (MT/Hr)	100	102	105	
Recron's Employment for PET	100	112	105	Suffered
Recron's Total Wages (RM)	100	116	118	
Recron's Inventory (MT)	100	121	45	
Recron's Cash Flow (RM)	100	606	328	Suffered
Recron's ROA (%)	100	118	341	Suffered
Recron's ROI (%)	100	130	306	Suffered
Recron's ability to raise capital	-	-	-	Suffered

NON-CONFIDENTIAL VERSION

CHECKLIST

The purpose of the following checklist is to ensure that you have answered all questions in section A to section J and to permit a quick survey on information, which may be missing. Tick the box where complete information is submitted or where information has not sufficiently been provided:

Section	***Tick if complete information is provided***	***Tick if information is not provided or insufficiently provided***
Section A: Company Structure and Operations	√	
Section B: Accounting System	√	
Section C: Domestic Industry	√	
Section D: Product Description	√	
Section E: Dumping	√	
Section F: Operation	√	
Section G: Sales	√	
Section H: Profitability, Return And Cash Flow	√	
Section I: Causal Link	√	
Section J: Public Interest	√	