

**NON-CONFIDENTIAL SUMMARY OF
APPLICATION FOR THE EXTENSION
OF SAFE GUARD MEASURE BEING
APPLIED ON PET IMPORTS**

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CHAPTER 1

1 INFORMATION ABOUT APPLICATION

1.1 Applicant

It is being applied by Artenius Turkpct Kimyevi Maddeler ve Pet Amb. Mlz. San. A.Ş. (Artenius), Köksan Pet Plastik Ambalaj San. ve Tic. A.Ş.(Köksan) and Meltem Kimya Tekstil San. İth. İhr. ve Tic. Ltd. Şti. (Meltem) companies for the extension of Safeguard measures that is being applied to PET Resin (Polyethylene Terephthalate) imports. Applicants represent whole domestic production.

CHAPTER 2

2 INFORMATION ABOUT THE PRODUCT SUBJECT TO APPLICATION

Information about description, fields of use and production process of the product subject to application are given below.

2.1 Customs Commodity Code (HS Code)

Product subject to application is classified under 3907.60.20.00.00 HS Code

2.2 Description and Field Of Use

PET Resin is the main raw material of PET Preform. PET Preform is a draft bottle which can be shaped as required by blowing pressured air in it.

PET Resin is classified as having low and high viscosity. PET Resin having low viscosity is especially used in; packaging industry for food and beverages (PET bottle, jar, flagon etc.), cosmetics, detergents and packaging of various chemicals, production of photographic and X-Ray films, polyester based fibers and yarns, plastic sheet production. PET Resin having high viscosity which is also called as Industrial or Heavy Denier PET Resin is used to produce cables, safety belts, plates etc.

2.3 Production Process

Polyethylene Terephthalate is a thermoplastic polyester resin and shortly called PET Resin. PET Resin is produced by processing emulsified PTA (Pure Terephthalic Acid), MEG (Monethylene Glycol) and IPA (Isophthalic Acid) under heat and pressure. All these procedures are realized in different phases. Molecular weight of polymer (PET) is increased in every phase. Molecule weight is increased by binding repeating atoms of polymer to polymer chain. Long chains obtained by binding repeating atoms to polymer chain improves physical characteristics of polymeric material.

PET Resin Production Technology:

PET Resin is being produced at Artenius TurkPET in two steps process which are;

- Continuous Polymerisation (CP)
- Solid State Polymerisation (SSP)

Continuous polymerization is performed in fluid phase. PTA and IPA emulsion is prepared by using MEG in the first stage of this process are fed to Esterification Reactor and oligomer is formed by heat effect. Oligomer is PET resin molecules forming a short chain and a state with low molecule weight. This process occurring in esterification reactor is called esterification reaction. As the result of such reaction, water molecules are released along with oligomer. Such water molecules released are removed from the environment using release arm included in the process.

To increase molecule weight of oligomeric material produced during the first stage of continuous polymerization and ensure physical characteristics required, some catalyses and additives are added to oligomer following esterification reaction. Resistance of material to oxidation is also increased by such additives and color quality is fixed. Antimony Trioxide (Sb₂O₃) is added as catalysis and Phosphoric Acid (H₃PO₄), Dye and Diethylene Glycol (DEG) as additives.

In the stage following addition of catalysis and additives, molecule weights are increased by linking repeating atoms to polymer chain. In this stage called polycondensation, oligomeric material to which catalysis and additives are added is heated and processed in reactors (UFPP and Finisher) under vacuum.

Melt material formed by polycondensation stage is pressurized using a pump and passed through polymer filter. Material filtered is forced under pressure to pass through plates on which there is a certain number of circular holes and thus shaped. Cylindrical macaroni form obtained is cooled by water and cut into the form of chips using a cutter. Material in this stage is called PET chips and is in amorphous form.

Continuous polymerization step of polymerization process of which main purpose is to add repeating atoms to polymeric chains is performed in melt phase while the next stage is carried out in solid phase. PET chips in amorphous form put under solid state polymerization (SSP) process are passed through fluidized bed and agitated crystallizers in nitrogenous environment and thus crystallized. Polymeric molecules looking like cooked macaroni before crystallizing are made arranged like cooked spaghetti after crystallization. Such polymer molecules crystallized are kept in reactor equipment under nitrogen and heat for a long period of time and thus polycondensation reaction is enabled to continue in solid state. Chips kept in reactor reach to target molecule weight by polycondensation reaction. In this stage, material achieves the definition of PET resin. In the last stage, chips cooled down are packed and sorted by their quality.

CHAPTER 3

3 IMPORT OF PRODUCT SUBJECT TO APPLICATION

3.1 Absolute Import Per Year

Import data of the product subject to application from 2010 is given below on yearly and quarterly basis.

Period	Value (USD)	Quantity (Ton)	Unit Price (USD/Ton)	Quantity variation.(%)
2010	201.828.828	156.405	1.290	-
2011	305.648.500	174.682	1.750	12
2012	260.630.674	173.385	1.500	-1
2013	314.099.485	208.505	1.510	20

Period	Value (USD)	Quantity (Ton)	Unit Price (USD/Ton)	Quantity variation.(%)
2010(1-3)	43.489.852	35.141	1.240	-
2011(1-3)	65.518.327	41.600	1.570	18
2012(1-3)	62.072.121	39.818	1.560	-4
2013(1-3)	60.656.902	39.520	1.530	-1
2014(1-3)	33.566.443	24.534	1.370	-38

When checking the imports on quantity basis since 2010, it's seen that there has been an increase despite safeguard measure. Imports have been in a volatile move according to first three months data, and in the first three months of 2014 imports have been decreased by 38%. It is also seen that unit prices have been increased in 2011 when compared to 2010 but decreased from 2011 to 2014 first quarter.

3.2 Relative Import Per Year

Relative movement of product subject to application against domestic production is given below.

Relative Import (%)	2010	2011	2012	2013	2010(1-3)	2011(1-3)	2012(1-3)	2013(1-3)	2014(1-3)
Index	100	135	120	122	100	137	144	120	42
Variaton (%)	-	35	-11	1	-	37	5	-17	-65

Ratio of imports to domestic production has been decreased in 2012 but increased by 1% in 2013. According to periodical data, relative imports have been increased in first quarter of 2012 and decreased in the same period of following 2 years.

3.3 Market Share

Below shows the market share of imported and domestically produced product subject to application.

Market Share (%)	2010	2011	2012	2013	2010(1-3)	2011(1-3)	2012(1-3)	2013(1-3)	2014(1-3)
Domestic Market Share	100	83	93	84	100	85	93	90	134
Variation (%)	-	-17	12	-9	-	-15	9	-2	49
Import Market Share	100	117	107	115	100	117	108	111	61
Variation (%)	-	17	-8	8	-	17	-7	2	-45

Market share of domestic product has been volatile. It is also volatile according to periodical data and has been increased by 49% in the first quarter of 2014 when compared to previous year's.

3.4 Imports Per Country

Country	2010		2011		2012		2013		2014(1-3)	
	Quantity (Kg)	Share (Quantity)	Quantity (Kg)	Share (Quantity)	Quantity (Kg)	Share (Quantity)	Quantity (Kg)	Share (Quantity)	Quantity (Kg)	Share (Quantity)
Grand Total	156.405.201	100%	174.682.271	100%	173.384.755	100%	208.505.070	100%	24.534.185	100%
PAKISTAN	55.311.100	35%	45.813.620	26%	60.754.775	35%	40.431.700	19%	14.536.000	59%
S. KOREA	2.145.250	1%	2.268.850	1%	1.775	0%	13.728.328	7%	5.178.050	21%
INDIA	5.277.171	3%	3.908.310	2%	980.000	1%	5.908.200	3%	3.565.000	15%
INDONESIA		0%	1.197.000	1%	12.480.000	7%	15.732.200	8%	349.800	1%
CHINA	6.342.075	4%	13.990.600	8%	8.450.001	5%	73.361.100	35%	321.200	1%
MALAYSIA	7.744.000	5%	7.524.000	4%	6.834.600	4%	4.062.760	2%	308.000	1%
EGYPT		0%		0%	57.000	0%	531.000	0%	192.000	1%
TAIWAN	1.518.000	1%		0%	12.430.000	7%	23.586.200	11%	200	0%
U.A.E	11.307.000	7%	18.480.000	11%	6.798.000	4%	10.428.000	5%		
IRAN	44.811.985	29%	60.168.000	34%	47.388.000	27%	7.991.000	4%		
THAILAND	110.000	0%	660.000	0%	8.184.000	5%	7.370.000	4%		
OMAN	11.160.000	7%	7.260.000	4%	5.936.000	3%	3.478.500	2%		
SPAIN	3.301.200	2%	4.340.100	2%		0%	140.000	0%		

First 13 countries are mentioned in above table for the imports of product subject to application. Composition of countries has varied per year with the increase in total imports. Pakistan, Iran and China have been the market leader for 2010-2013, and Pakistan has hold more than half of the market in the first quarter of 2014.

CHAPTER 4

4 DOMESTIC PRODUCTION DATA FOR THE PRODUCT SUBJECT TO APPLICATION

Statistics have been given for the domestic production.

4.1 Consumption

Consumption	2010	2011	2012	2013	2010(1-3)	2011(1-3)	2012(1-3)	2013(1-3)	2014(1-3)
Quantity (Ton)	308.675	295.205	319.975	357.023	75.453	76.252	78.849	76.402	86.698
Variation (%)	-	-4	8	12	-	1	3	-3	13

Consumption per year has been increased constantly. Same trend have been seen periodically, but only decreased by 3% in the first quarter of 2013.

4.2 Production

Production	2010	2011	2012	2013	2010(1-3)	2011(1-3)	2012(1-3)	2013(1-3)	2014(1-3)
Quantity (Ton)	118.024	97.819	108.653	137.755	29.766	25.683	23.347	27.893	57.933
Variation (%)	-	-17	11	27	-	-14	-9	19	108

Production has generally been increased since 2011. According to periodic data, it is seen that upward trend has started and continued by the first quarter of 2012.

4.3 Domestic Sales

Domestic Sales	2010	2011	2012	2013	2010(1-3)	2011(1-3)	2012(1-3)	2013(1-3)	2014(1-3)
Quantity (Ton)	81.231	69.780	86.260	108.279	22.036	18.930	23.400	28.399	38.684
Variation (%)	-	-14	24	26	-	-14	24	21	36

Starting by 2011 it's seen that domestic sales are in an upward trend. 36% increase has been realized in the first quarter of 2014 when compared to the same period of previous year.

4.4 Capacity and Capacity Utilisation Rate

Capacity	2010	2011	2012	2013	2010(1-3)	2011(1-3)	2012(1-3)	2013(1-3)	2014(1-3)
Quantity (Ton)	129.600	129.600	129.600	345.508	31.956	31.956	31.956	31.956	85.956
Variation (%)	-	0	0	167	-	0	0	0	169

Utilisation Rate	2010	2011	2012	2013	2010(1-3)	2011(1-3)	2012(1-3)	2013(1-3)	2014(1-3)
Utilisation Rate (%)	91	75	84	40	93	80	73	87	67
Variation (%)	-	-17	11	-52	-	-14	-9	19	-23

Capacities and utilization rates of domestic producers have been shown above. It's seen an increase in domestic production capacity in 2013. A decrease in utilization rates has been seen as of 2013.

4.5 Employment

İstihdam	2010	2011	2012	2013	2010(1-3)	2011(1-3)	2012(1-3)	2013(1-3)	2014(1-3)
Quantity (Person)	112	105	94	351	112	105	94	95	354
Variation (%)	-	-6	-10	273	-	-6	-10	1	273

Employment in domestic companies have been decreased starting by 2010, and started to increase by 2013 in parallel to capacity increase.

4.6 Productivity

Productivity	2010	2011	2012	2013	2010(1-3)	2011(1-3)	2012(1-3)	2013(1-3)	2014(1-3)
Quantity (Ton/person)	1.054	932	1.156	392	266	245	248	294	164
Variation (%)	-	-12	24	-66	-	-8	2	18	-44

Productivity figures show an increase by 24% in 2012 and starting with 2013 there is a decrease due to low utilization rates.

4.7 Period End Stocks

Stocks	2010	2011	2012	2013	2010(1-3)	2011(1-3)	2012(1-3)	2013(1-3)	2014(1-3)
Quantity (Ton)	2.781	7.452	2.683	16.237	826	1.614	479	1.345	13.449
Variation (%)	-	168	-64	505	-	95	-70	181	900

Period end stocks have been volatile per years, periodical data started to increase starting by first quarter of 2013.

4.8 Profitability

Profitability	2010	2011	2012	2013	2010(1-3)	2011(1-3)	2012(1-3)	2013(1-3)	2014(1-3)
Profitability (%)	-4	-2	-20	-12	-2	-2	-9	-2	-4

Profitability of domestic producers are shown above.

CHAPTER 5

5 CONCLUSION

Import quantity which decreased slightly after safeguard measure has increased in 2013. According to periodical import data, imports have been decreased after safeguard measure and finally decreased in the first quarter of 2014 due to the decreases in imports that are subject to incentives. Consumption per year has been increased after safeguard measure and been volatile on first quarter basis. And again it's seen that ratio of imports against domestic production have been decreased on yearly basis but increased on quarterly basis right after safeguard measure and then went in a downward trend. Market share of domestic producers have been volatile according to annual and periodical data and increased in the first quarter of 2014 when compared to same period of previous year.

Domestic producers' economic indicators, production, domestic sales, capacity, and employment have been positive after the safeguard measure application from 2012 but period end stocks, utilization rate, productivity, and profitability indicators have been negative.

Finally, considering that domestic producers are still in adjustment process to the market conditions, it's been requested to review the safeguard measure to determine if it is necessary or not to prevent threat of serious injury and to examine the domestic producers' adjustment to competition conditions.