Statement of Essential Facts

INVESTIGATION No. TS0060

Subsidy investigation into Polyethylene terephthalate having a viscosity number of 78ml/g or higher, according to ISO standard number 1628-5. (PET) imported into the United Kingdom from India.

29 May 2025

Contents

Section A: Introduction

1. This section briefly summarises the legal framework for this Statement of Essential Facts (SEF) and the Trade Remedies Authority (TRA)'s main findings. The background to the review (see also Section C: Background) and further detail on all aspects are explained more fully in the remaining sections.

2. Pursuant to regulation 62(1) of The Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019[1] ('the Regulations'), this SEF sets out the essential facts on which we will base our intended final recommendation. It should be read in conjunction with other public documents available for this case on the public file.

3. Interested parties, contributors and any other person who has supplied information to the TRA are invited to make submissions within 15 calendar days of the publication date of this SEF, i.e. before 23:59 UK (United Kingdom) time on 13 June 2025, in accordance with regulation 62(2) of the Regulations.

4. We are not obliged to consider submissions made after this date if we believe it would cause an unnecessary delay in preparing the final recommendation. Where we reject information, we will publish our reasons for the rejection in the final recommendation.

5. Registered interested parties to the case can make submissions on the Trade Remedies Service (TRS) online platform.[2] All submissions must be accompanied by a non-confidential version for the public file. Those not registered on the TRS may send submissions by email to TS0060@traderemedies.gov.uk.

6. In exceptional circumstances it may not be possible to summarise confidential information. If this is the case, the party must provide a 'statement of reasons', as defined under regulation 45(6)(b) of the Regulations, setting out why the TRA

[1] Statutory Instrument 2019/450, as amended.
[2] **Trade Remedies Service.**

should treat the information as confidential and why summarising the information is not possible.

7. For further guidance and information regarding transition reviews, please see our public guidance.[3]

A1. Legal Framework

8. This SEF is made pursuant to regulation 62 of the Regulations. It includes:

- the recommendation that the TRA intends to make;
- a summary of the facts considered during the transition review;
- those facts referred to in the summary which formed the basis of our intended final recommendation;
- details of the analysis forming the basis of the intended final recommendation; and
- details of how we have used the information supplied by interested parties in making the intended final recommendation.

A2. About the Review

9. This is a transition review of a UK trade remedies measure under regulation 97(2)(b) of the Regulations. The Taxation notice 2020/32 gives effect to the European Union (EU) Trade Remedies measure specified in the Notice of Determination 2020/32. The relevant EU measure is the Commission Implementing Regulation (EU) 2019/1286 of 30 July 2019, as amended by Commission Implementing Regulation (EU) 2020/738 of 2 June 2020.

[3] **Public guidance**

10. This review concerns the countervailing measure applying to Polyethylene terephthalate having a viscosity number of 78ml/g or higher, according to ISO standard number 1628-5 (PET) imported into the United Kingdom (UK) from India. A full description of the goods concerned can be found in Section D: the goods concerned and like goods.

11. The Period of Investigation (POI) for the review is 1 January 2023 to 31 December 2023. To assess injury, we examined the period 1 January 2020 to 31 December 2023 (the Injury Period.)

Section B: Summary and findings

B1. Interested parties and contributors

12. Two parties registered to the review:

- ALPEK Polyester UK (APUK) – UK Producer of PET
- Esterform Packaging Ltd – Downstream user of PET

B2. Likelihood of Subsidised imports assessment

13. In accordance with regulation 99A(1)(a) of the Regulations, we assessed whether importation of the subsidised goods subject to review would be likely to continue or recur if the countervailing amounts were no longer applied to those goods (the likelihood of subsidised imports assessment). We determined that it is likely, on the balance of probabilities, that importation of the subsidised goods subject to review from India would recur if the anti-subsidy measure under review was no longer applied to those goods.

B3. Likelihood of Injury assessment

14. In accordance with regulation 99A(1)(b) of the Regulations, we considered whether injury to the UK industry in the like goods would be likely to continue or recur if the measure was no longer applied to the goods subject to review (the likelihood of injury assessment). We determined that it is likely, on the balance of probabilities, that injury to UK industry in the like goods would recur if the anti-subsidy measure under review was no longer applied to the goods subject to review.

B4. Economic interest test (EIT)

15. Having considered all evidence gathered, including that presented by interested parties and contributors, and all factors listed in the legislation (see paragraph 25 of Schedule 4 to the Taxation (Cross-border Trade) Act 2018 (the Act)), we have concluded that varying the measure as proposed is unlikely to cause any disproportionate negative effects as compared to the benefits of removing injury. Therefore, we advise the Secretary of State that we consider that the proposed variation of the measure in accordance with our intended final recommendation meets the Economic Interest Test, in accordance with regulation 100(1E) of the Regulations.

B5. Intended final recommendation

16. In accordance with regulation 100(1) of the Regulations, the TRA must make a recommendation following a transition review to vary or revoke the application of the countervailing amount to the relevant goods.

17. Our intended final recommendation is to vary the application of the countervailing amounts pursuant to regulations 100(1), (2)(a)(i) and 100A of the Regulations, so that it applies to the goods subject to review imported from India into the UK until 1 August 2029 – five years subsequent to the date when the measure would have otherwise expired 1 August 2024 had no transition review been initiated.[4] We did not receive any compelling reasons to consider whether it was appropriate to recalculate the countervailing amounts. Further, without data from overseas producers submitted in this review, as well as no or minimal imports of goods subject to review during the POI and injury period, it has not been possible to recalculate the countervailing amounts. We intend to recommend maintaining the

[4] See regulation 97C. See also Taxation Notice 2020/32.

countervailing amounts applicable to the goods subject to review set out in Taxation notice 2020/32, under regulation 100A(4)(b) of the Regulations.[5]

18. We found no evidence suggesting that a form of measure, other than the variation we intend to propose, would be more appropriate.

19. In reaching this intended final recommendation, we also considered the current and prospective impact of the countervailing measure, pursuant to Regulation 100A(2)(b) of the Regulations.

[5] **Notice 2020/32**

Section C: Background

C1. Initiation

20. The UK chose to maintain certain trade remedy measures outside the EU's common external tariff. The Department for International Trade (DIT) (now the Department for Business and Trade (DBT)) identified which measures were of interest to the UK following a call for evidence.

21. For each of these measures, the Secretary of State for International Trade (now the Secretary of State for Business and Trade) (the Secretary of State) published a Notice of Determination, under regulation 96(1) of the Regulations setting out the decision to transition the corresponding EU trade remedies measure, and a Taxation Notice on replacement of the EU trade duty to give effect to the trade remedies measure specified in a Notice of Determination, pursuant to regulation 96A(1) of the Regulations. The TRA conducts transition reviews to determine if the measure should be varied or revoked in the UK.

22. On 31 December 2020, the Secretary of State published such a Notice of Determination 2020/32 and corresponding Taxation notice 2020/32 regarding the countervailing duty on certain polyethylene terephthalate (PET) originating in India, noting the decision to transition the corresponding EU measure.

23. On 10 July 2024, the TRA published a Notice of Initiation to initiate a transition review of the UK countervailing measure.

C2. Participation in the investigation

24. The TRA invited interested parties and contributors to register in order to participate in the review.

25. Two parties registered; the table below provides a summary of the information provided:

Table 1: Summary of Contributors

Interested party/Contributor	Information received	Status
ALPEK polyester UK (APUK)	Registration of interest Producer Questionnaire	UK Producer
Esterform Packaging Ltd	Registration of Interest.	Down-stream contributor

26. The TRA granted an extension request from APUK, until 7 October 2024 for the completion of a full questionnaire response. The submission was published to the public file on 18 November 2024.

C2.1. UK producers

27. APUK were the sole UK producer to register to the case and provide a completed questionnaire. They produce Virgin PET, (vPET) which is produced from raw materials, and it appears to be the sole producer in the UK.

28. The TRA identified a number of possible UK producers of recycled PET, (rPET,) though none registered to the case.

C2.2. Exporters/Producers from India

29. No exporters or producers from India registered to the case.

C2.3. Importers

30. No Importers registered to the case.

C2.4. Foreign government

31. The Government of India didn't register to the case.

C2.5. Contributors

32. Esterform Packaging Ltd, as a downstream producer of packaging using PET, was the sole contributor to register.

C3. Verification of data

33. The TRA undertook verification activities in relation to the information provided by the cooperating interested party - APUK, during which the completeness, relevance, and accuracy of that information was assessed. The TRA has had regard to the information supplied by APUK on the basis that it:

- complied with the TRA's statutory obligations and public guidance;
- was verifiable;
- could be used without undue difficulty; and
- was supplied within any applicable time limits and in a form that the TRA requested.

34. On 12 November 2024, the TRA conducted a virtual accounting system walkthrough to understand APUK's systems from which the financial data provided to the TRA was produced. This allowed us to plan appropriate procedures to verify the accuracy of the data and to assess how much reliance we can place on the information. This was followed by a virtual verification meeting from 19 November 2024 to 21 November 2024. During the verification meeting, we checked the completeness, relevance and accuracy of APUK's data by cross-checking it against relevant evidence and source documents.

35. A verification report was produced to summarise the verification work completed, and a non-confidential version of the report is available on the public file.

36. Secondary source information was used in accordance with the Regulations. This information was treated with special circumspection and, where practicable,

verified using independent sources. This included, but was not limited to, official import statistics and data pertaining to relevant markets.

37. Where data were not considered to be verifiable, the areas have been highlighted and the TRA has drawn conclusions where possible.

C3.1 Analysis of trade data

38. In this review, PET is identified by reference to commodity codes. We have used 6-digit data from Global Trade Tracker and retrieved 8-digit data from HMRC Import data. Both include only products in scope. HMRC at 8-digit level identifies the port of origin. Additionally, we have analysed 10-digit data from HMRC which includes country of origin data, and observed that there is negligible impact on the outcome of the analysis carried out when comparing 10-digit and 8-digit data. As 10-digit data is confidential, and has minimal impact on the analysis, we have not referenced it in detail throughout this report.

39. Trade data has been obtained using both Cost, Insurance and Freight (CIF) import data, and Free on Board (FOB) export data. Use of these International Commercial terms (Incoterms) means the import/export values are not directly comparable to an Ex-works (EXW) price.

40. We acknowledge there may be limitations in our analysis, but assess these are not significant enough to undermine our overall conclusions.

Section D: The goods subject to review and the like goods

D1. Description of the goods subject to review

41. The goods subject to review is Polyethylene terephthalate originating in India and exported to the UK, as described in the NOI as:

> "Having a viscosity number of 78ml/g or higher, according to ISO standard number 1628-5."

42. The 10 digit commodity code under which these goods are categorised is:

- 39 07 61 00 00

43. No distinction is made in the description between 'virgin,' and 'recycled,' PET.

44. All forms of the like goods/goods subject to review are broadly but not completely interchangeable. Its uses include:

- fibre for carpet, fleece jackets, comforter fill, and tote bags;
- containers for food, beverages (bottles), and non-food items;
- automotive parts (carpets, sound insulation, boot linings, seat covers);
- film and sheet;
- Strapping, and Industrial end-use items (geotextiles and roof insulation).

45. Currently the largest use case is food packaging.

D2. Like goods

46. Like goods are defined for the purposes of this transition review as goods which are like the goods subject to review in all respects or, if there are no such goods,

goods which, although not alike in all respects, have characteristics closely resembling the goods subject to review (see paragraph 7(1) of Schedule 4 to the Act).

47. In identifying like goods, the TRA has considered:

- Physical likeness, such as physical characteristics;
- Commercial likeness, including competition and distribution channels;
- Functional likeness, such as end-use or interchangeability;
- Similarities in production, such as method and inputs; and
- Other relevant characteristics.

D4. Comparison of goods subject to review and the like goods

48. No submissions were received that the goods manufactured in the UK were not like the goods subject to review.

49. Analysis of questionnaire responses and sales data demonstrated that the UK-produced like goods have characteristics closely resembling or identical to the goods subject to review.

50. The TRA has found that both the goods subject to review, and the like goods conform to the same technical standards and are used interchangeably by downstream producers.

51. The TRA has determined that the like goods are like the goods subject to review in all respects or with characteristics closely resembling them.

D5. Product control numbers (PCNs)

52. The TRA uses product control numbers (PCNs) to define and group different types of products that fall under the goods description above.

53. PCNs are created on the basis of the main physical characteristics differentiating the types of products, providing that those characteristics have an impact on price.

54. As only one UK Producer completed a questionnaire no comparison between UK and Indian production could be evaluated and the TRA is unable to calculate margins.

55. Therefore, no PCNs were utilised.

Section E: The UK industry and market

E1. UK industry Overview

56. In accordance with paragraph 6(1) of Schedule 4 of the Act, the UK industry is defined as:

    a) all the producers in the UK of like goods, or

    b) those of them whose collective output of like goods constitutes a major proportion of the total production of those goods in the UK.

57. The TRA estimates that during the POI the consumption of PET in the UK was 370,000-420,000 tonnes. According to our estimates APUK was responsible for producing more than half of UK produced PET. It is reasonable to conclude with the data available to us that APUK holds the largest individual production share in the UK and a substantial share of the UK market.

58. We have calculated an estimate of APUK's market share as 20%-36% of the UK PET (rPET and vPET) market. We have relied on APUK's evidence and data, alongside publicly available articles and data.

59. Additionally, we estimate that the UK industry of PET is composed as follows: ~58% is vPET, and ~42% rPET. However, due to a lack of engagement it has not been possible to accurately determine volumes of production or sales of rPET. So, although we have considered the whole of the UK market, our analysis is largely limited to the evidence available from APUK.

60. It is difficult therefore to determine how conditions may affect the producers differently. For example, vPET is more likely to be affected by oil prices, and the requirement for 30% use of recycled material in plastic packaging products to avoid the packaging tax may shield rPET producers from some market conditions.

61. With the above consideration, we have defined the UK industry as all producers in the UK of PET (both vPET and rPET). This includes APUK that have been referenced above, and those not identified or engaged with.

62. We note that this means there is reduced accuracy in our analysis, however, in the absence of more accurate information, this assessment represents our use of best facts available.

63. APUK is the only domestic producer of vPET and the only producer that registered or provided a questionnaire response. The case team does not hold an exhaustive list of rPET producers however four producers of rPET were identified:

- Clean Tech U.K. Limited
- Biffa Limited
- Viridor Limited
- J & A Young Group Limited

64. Although identified these companies did not register with the case as domestic producers of PET. Data obtained from Companies House for these was used in the construction of UK production estimates.

E2. Production Process

65. This section sets out the production process of vPET and rPET. The two products practical uses are interchangeable as both can be used in food packaging, and due to regulations, both are needed by the downstream producers of said packaging products.

66. vPET is a semi-crystalline aliphatic polyester that is obtained from polycondensation reaction of the monomers obtained either by one of two reactions. Either esterification reaction between terephthalic acid and ethylene

glycol, or a trans-esterification reaction between ethylene glycol and dimethyl terephthalate.

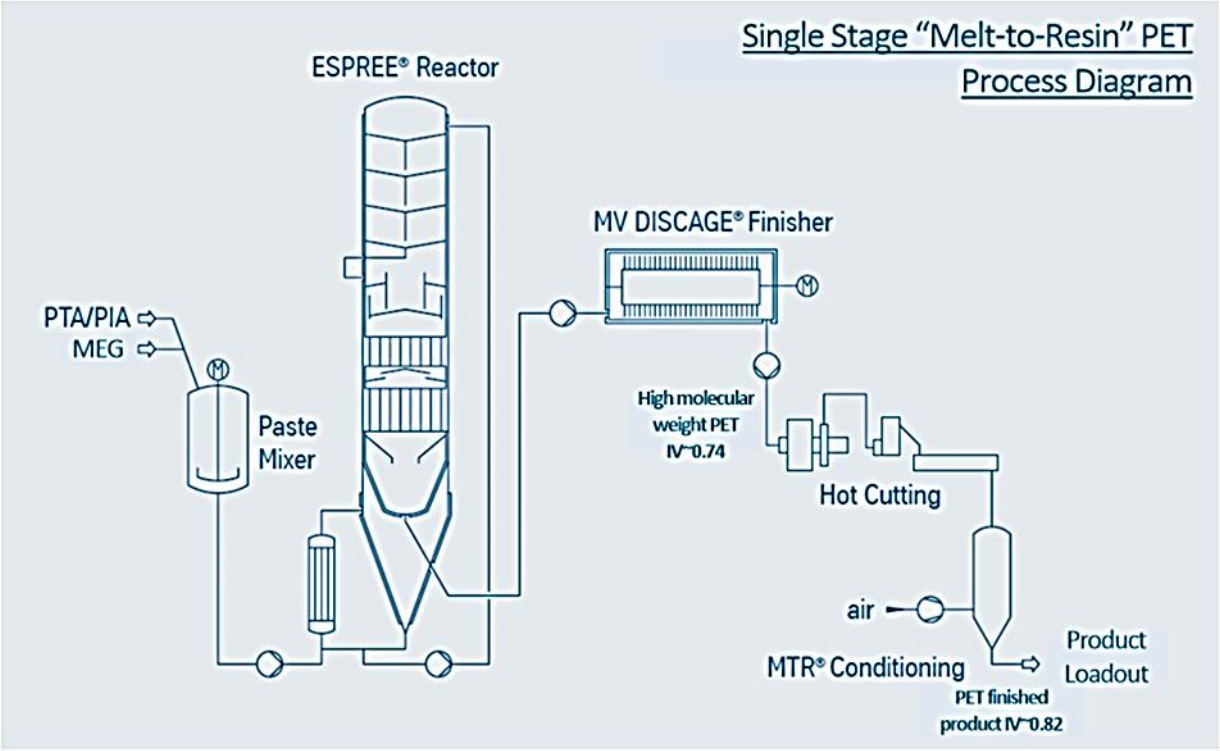
67. The reactions produce PET in the form of a molten and viscous mass. This can be directly spun into fibres or extruded or moulded into almost any shape. The vPET can be easily processed in multiple ways including, blow moulding, injection moulding, and extrusion methods, which is why PET has such a wide range of applications. Applications outside of the most common food packaging include, textiles, fibres, film and in some cases 3D printing and automotive parts.

68. APUK's production process specifically starts with the mixing of monoethylene glycol (MEG) and purified terephthalic acid (PTA) at ambient temperatures to form a paste and the monomer (2-BHET).

69. Once the monomer is formed, it will react repetitively with molecules of the same monomer, as well as with molecules of the comonomers. The result of this process will be high molecular weight PET. Natural gas is used for heating the paste, equipment and lines. Then steam and electricity is used for the operation of the engines, as well as nitrogen (N_2) as an inerting gas.

70. Next, the high molecular weight PET is pelletised and partially quenched in water, the PET pellet then crystallises and self-heats whilst being fluidised in a conditioning silo for 12-18 hours with dry air to remove volatiles. Finally, the PET pellet is cooled to ambient temperature. This process requires steam for supplementary heating, electricity for driving equipment and air for fluidisation and transportation of the pellets.

71. Below is a diagram of APUK's PET production process submitted to the TRA in its questionnaire response.



vPET Production Process image from APUK Non-Confidential Questionnaire Response p.11

72. rPET on the other hand is recycled polyethylene terephthalate, and is a plastic made from recovered post-consumer PET waste as PET is 100% recyclable.

73. rPET is produced from gathered post-consumer PET bottles and processed through a series of special washing processes or by chemical treatment. This breaks down PET into its raw materials or intermediates. They are further used to produce recycled PET (rPET) flakes.

74. There are two common methods for PET recycling, one method involves chemical recycling by hydrolysis which involves the production of terephthalic acid (TPA) and ethylene glycol (EG). Reutilising them for making other synthetic chemicals.

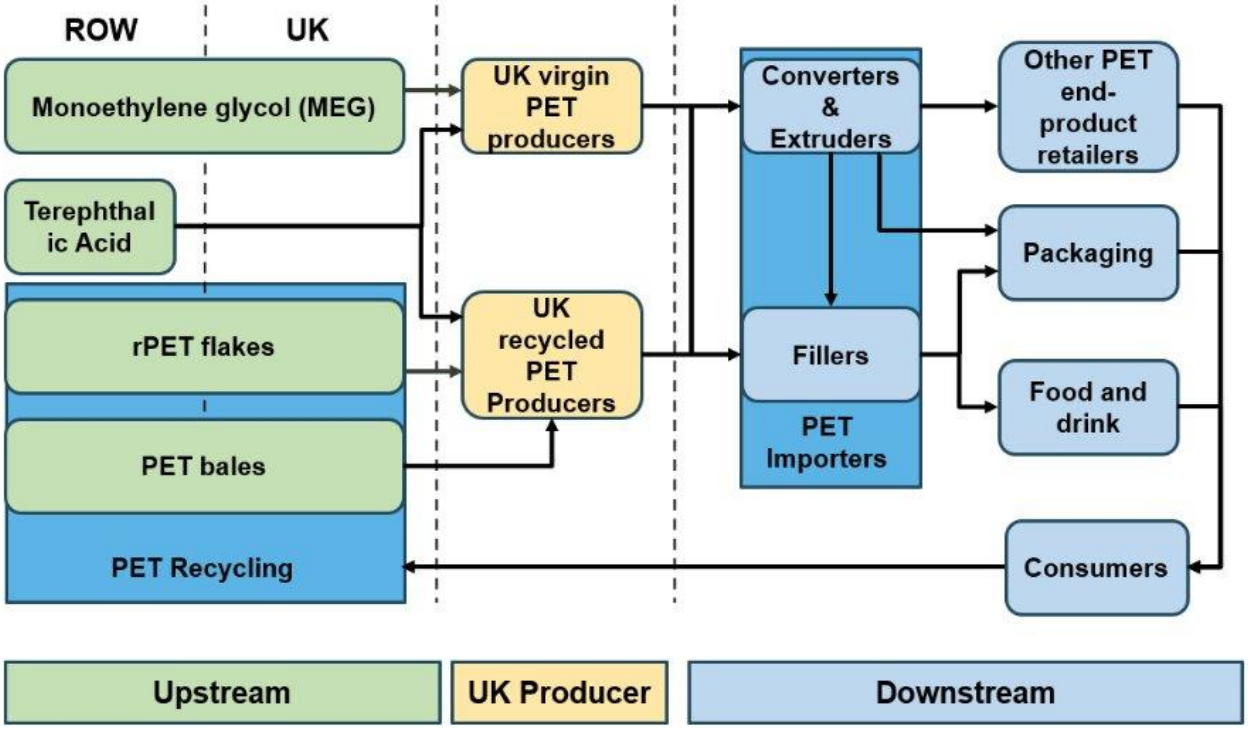
75. The second method involves mechanical recycling which is a cost-effective and environmentally friendly method making mechanical recycling the most common PET recovery method.

E3. UK market

76. Gross Value Added (GVA) from the production of the like goods in the UK for APUK and Clean Tech UK has been estimated as £13m per year. (We are unable to make this analysis for other companies due to limits of information available via companies house.) The significance of this is explored further in the H3.2 section later.

77. Figure 1 shows the structure of the supply chain for the like goods.

Figure 1: supply chain for the like goods



Source: APUK Supply Chain designed by the TRA based on questionnaire response

78. APUK have stated that the downstream supply chain for like goods primarily consists of companies involved in the production of food packaging, particularly in industries where safety and durability of packaging is essential.

79. APUK indicated that price is a key factor for downstream industries that purchase PET and the like goods.

80. This consists of:

- Food Packaging Producers – primarily those that use PET in producing bottles, containers, and thermoformed sheets.
- Fillers – once the food packaging products are manufactured, they are sold to fillers. Fillers are companies that fill these containers and packaging products with food or beverages, preparing them for distribution.
- Retailers – the final stage of the supply chain involves retailers, who sell the filled packaging products to consumers.

81. Table 2 shows the volume of PET imports into the UK from the 5 largest exporters by volume over the injury period, as well as showing the volume of imports from India.

Table 2:Volume of PET imports into the UK in metric tonnes

Country	2020	2021	2022	POI	Total (injury period)	Percentage of Imports (injury period)
Netherlands	45,925	62,763	75,506	46,776	230,970	40.6%
Lithuania	23,192	5,116	18,459	36,003	82,770	~15%
Belgium	4,187	4,401	22,761	17,844	49,193	~9%
France	7,690	9,005	10,323	11,424	38,442	~7%
China	7,207	9,265	3,628	4,670	24,770	~4%
India*	6,076	106	3,036	24	9,242	~2%

Sources: HMRC, Overseas Trade in Goods Statistics (*12th most Imports during injury period)

82. Over the injury period PET was mainly imported from the Netherlands, Lithuania, Belgium and France. The Netherlands was responsible for the largest individual share. India represented around ~2% of the imports of PET into the UK.

Moreover, India exported 24 tonnes of PET to the UK during the POI representing 0.01%.

83. The significance of imports of PET into the UK is explored further in section F2 for imports from the India, and in section F5.1 for imports from other countries.

Section F: Likelihood of subsidy assessment

84. In accordance with regulation 99A(1)(a) of the Regulations, we have considered whether the importation of subsidised goods subject to review would be likely to continue or recur if the countervailing amounts were no longer applied to those goods.

85. We have considered the likelihood assessment on a countrywide basis rather than an exporter-by-exporter basis as no cooperating exporters registered in this transition review, which additionally means no suitable data was available to the TRA on individual exporters.

86. This section will outline:

- continued importation of subsidised goods (subsidised imports);
- subsidy programmes in the exporting country;
- exports to third countries;
- attractiveness of the UK market to exporters;
- UK Market size and consumption;
- whether exporters have previously or habitually circumvented trade remedy measures;
- any other relevant factor.

F1. Background

F 1.1 The European Union Commission (EU) Measure

87. On 30 July 2019, following an expiry review (EU No 2019/1286), the countervailing duty on imports of PET originating in India was extended for five

years.[6] This measure consisted of fixed duties by weight. This was a decision grounded in the fact that the most beneficial subsidies at the time didn't give an automatic right to a refund based on the export value.

88. The measure was adjusted to an ad valorem duty to reflect the nature of the main subsidies shifting toward export value-based refunds, on 2 June 2020 (EU 2020/738) (Section 3.3)[7]

89. The EU measure was transitioned to the UK via the Notice of Determination 2020/32.[8]

90. Some companies received an individual rate, these were transitioned alongside the countrywide duty, and can be seen in Table 2:

[6] (EU No 2019/1286)
[7] (EU No 2020/738)
[8] Notice of determination

Table 3:Ad valorem duty rate imposed by EU

Company	Countervailing duty (%)
Futura Polyesters Ltd	0
IVL Dhunseri Petrochem Industries Private Limited	2.3
Pearl Engineering Polymers Ltd	13.8
Reliance Industries Limited	4.0
Senpet Ltd	4.43
All other companies	13.8

Source: EU No. 2020/738

F2. Continuation of subsidised imports whilst measure has been in place

91. We assessed whether imports of the goods subject to review continued during the injury period and POI. A lack of imports may indicate that the measure has been successful. If imports have continued, then it may indicate that the UK market remains attractive and would be vulnerable to greater importation if the measure were revoked.

92. We assessed import data of the goods subject to review from India and the world during the injury period. The import data is based on commodity code 39-07-61

93. Table 4 below shows the total imports of PET into the UK over the injury period from India, and the world.

Table 4: Imports of PET from World and India into the UK in tonnes

Year	2020	2021	2022	2023
World	116,327	109,383	174,900	168,233
World Index	100	94	150	145
India	6,076	106	3,036	24
India Index	100	2	50	0
Indian Import %	5.22%	0.10%	1.74%	0.01%
	COVID 19 Lock downs			

Source 1: HMRC Overseas Trade in Goods Statistics (OTS)

94. The data indicates that total imports of PET by volume into the UK increased by 45% over the injury period. India was also able to continue exporting under the application of countervailing measures during the injury period, with a volume of 6,076 tonnes during 2020, a decrease in 2021 to 106 tonnes, a subsequent increase to 3,036 in 2022, with a decrease to 24 tonnes during the POI.

95. Whilst we have identified exports of PET from India to the UK during the injury period, the volume of these imports during the POI represented 0.01% of all imports. It has not been possible to determine whether the exports come from companies subject to UK countervailing measures. Therefore, we conclude that it is unlikely that the importation of subsidised goods subject to review originating in Indiahas continued whilst measure has been in place.

F3. Subsidy programmes still in place or likely to be put in place in the exporting country

96. This factor is an assessment of the likelihood that the subsidy programmes identified in the EU measure remain active and available to the PET producers and exporters in India.

97. Under EU Implementing Regulation EU 2019/1286[9] the following subsidy schemes were found to be countervailable:

- Advance Authorisation Scheme (AAS)
- 'Duty Drawback Scheme' under Rule 3(2) (DDS)
- Export Promotion Capital Goods Scheme (EPCGS)
- Merchandise Exports from India Scheme (MEIS)
- Regional subsidy programmes: Gujarat Electricity Duty Exemption Scheme (GEDES)

98. The legislative foundation in India for all the identified subsidies is the Foreign Trade (Development & Regulation) Act, 1992 (FTDR Act) which empowers the central government to formulate trade policies (Section 5).

99. For the EU's 2019 review, the foreign trade policy (FTP) 2015-2020 was in force. This policy was extended due to COVID 19 until 31 March 2023, when the FTP 2023 replaced it.

100. Regarding GEDES, the EU found that only one company benefited and that the effect was negligible. They did not investigate further as they were satisfied the scheme had continued and did not need to recalculate. Whilst we were unable to access the Gujarati government website to confirm its continued existence there are references to it via third parties.[10] Therefore we are satisfied the scheme continues. Given the decision not to recalculate and the EU's conclusion that the scheme had negligible effect, we have not investigated further.

[9] EU 2019/1286
[10] Vardhmaan Automotive

F3.1 Advance Authorisation Scheme (AAS)

101. The EU Expiry review, (EU) No 2019/1286[11] determined (Section 3.1.6) that one exporter in India benefited from the AAS. They found the exemption from import duties constituted a financial contribution of the Government of India (GOI) since it forewent duty revenue which would otherwise have been due and conferred a benefit upon the investigated exporter. In addition, AAS physical exports were contingent upon export performance, and therefore deemed to be specific and countervailable.

102. The AAS is a scheme where the import of inputs (i.e. raw materials required for their products sold overseas) are allowed to be made duty-free if they are physically incorporated in a product which is going to be exported. This results in lower cost of production. An export obligation is set as a condition for issuing Advance Authorisation. The AAS is based on the Foreign Trade (Development and Regulation) Act 1992 (No. 22 of 1992) which entered into force on 7 August 1992 ('Foreign Trade Act'). The Foreign Trade Act authorises the GOI to issue notifications regarding the export and import policy. These are summarised in 'Foreign Trade Policy' documents (FTP)[12], section 4, which are issued by the Ministry of Commerce every five years and updated regularly.

103. The following websites provide evidence of the scheme's continued existence:

- Advance Authorization Scheme - Comprehensive Guide | India Filings;[13]
- India's Foreign Trade Policy 2024 | Article – HSBC Business Go.[14]

104. The following documents from the Indian Government provide the basis for AAS:

[11] EU Expiry review (EU) No 2019/1286
[12] Foreign Trade Policy 2023
[13] Advance Authorization Scheme - Comprehensive Guide | India Filings
[14] India's Foreign Trade Policy 2024 | Article – HSBC Business Go

- Handbook of procedures 2023 – Chapter 4; [15]
- Foreign Trade Policy 2023 – Chapter 4.[16]

105. PET is not included in the list of exclusions from the scheme found at Section 4.06 (vi) and (vii) of the Foreign Trade Policy.

106. GOI's Trade policy and procedures are renewed every five years, the EU relied on documents covering 2015-2020. The current scheme runs to 2025 and was updated in 2023. No material changes to AAS were found between the iterations of FTP.

107. Given no evidence that suggests the subsidy program has been altered since the original investigation, it is reasonable to assume on a balance of probabilities that the subsidy still exists, and there is no indication that it will not continue.

108. We have no evidence to suggest that overseas exporters or producers from India have not continued to benefit from the AAS and we have assumed on balance that overseas exporters of the goods subject to review are likely to continue to take advantage of it.

F3.2 Duty Drawback Scheme (DDS)

109. The EU determined in its 2019 review, that the duty drawback scheme is a tool used by the GOI to support the PET producers in India.

110. It found the legal basis was the Custom & Central Excise Duties Drawback Rules 1995[17] ('the 1995 DDS Rules'), as amended in 2006 and then amended by

[15] Handbook of procedures 2023
[16] Foreign Trade Policy 2023
[17] 1995 DDS Rules

Customs and Central Excise Duties Drawback Rules, 2017 ('the 2017 Rules') which entered into force on 1 October 2017[18].

111. The DDS is a rebate on duty or tax chargeable on any imported / excisable materials and input services used in the manufacture of export goods. Any manufacturer-exporter or merchant-exporter is eligible for this scheme.

112. The latest amendment within the POI set the DDS rates, on 20 October 2023[19]. This indicates the ongoing availability of the scheme. We found no evidence of it ending after that date, or plans for it to end. In addition, we found no substantive changes to the eligibility of the scheme, beyond an update of the levels of duty drawback.

113. There are a number of references to the scheme online, for example we used numerous organisations for a breadth of references, from official GOI sites [20], tax advisors [21] [22], industry, and educational [23]. These indicate the continuance of the scheme.

114. We have no evidence to suggest that overseas exporters or producers from India have not continued to benefit from the DDS and we have assumed on balance that overseas exporters of the goods subject to review are likely to continue to take advantage of it.

F3.3 Merchandise Exports from India Scheme (MEIS)

115. The EU found in the 2019 review that any manufacturer-exporter or merchant-exporter was eligible for this scheme. The benefit took the form of a duty credit equivalent to a percentage of the FOB value of the export. These duty credits can

[18] Duty Drawback rates, on 20 October 2023
[19] Duty Drawback rates, on 20 October 2023
[20] mumbaicustomszoneDuty-Drawback
[21] Tax Management India
[22] India Filings
[23] Vajiram and Ravi

be used for: (i) payment of custom duties on imports of inputs or goods including capital goods, (ii) payment of excise duties on domestic procurement of inputs or goods including capital goods and payment, (iii) payment of service tax on procurement of services.

116. The MEIS duty credit was considered by the EU to be a financial contribution by the GOI, since the credit would eventually be used to offset import duties, thereby decreasing the GOI's duty revenue which would be otherwise due. In addition, MEIS duty credit confers a benefit upon the exporter who is not subject to the payment of those import duties. MEIS was also contingent in law upon export performance, and therefore deemed by the EU to be specific.

117. The scheme was withdrawn in 31 December 2020[24] in response to the US challenging the Indian export subsidies under the MEIS at the WTO.[25] It was replaced by the scheme for Remission of Duties and Taxes on Exported Goods (RoDTEP) on 01 January 2021 which India claims is WTO compliant.

F3.4 Scheme for Remission of Duties and Taxes on Export Products (RoDTEP)

118. The GOI references RoDTEP as a replacement for MEIS in Chapter 3 of Handbook on Foreign Trade Policy 2015-2020[26].

119. The scheme is explained in India's Foreign Trade Policy (2023) Chapter 4, Section 4.54. The Scheme's objective is to refund, currently unrefunded:

    i. duties / taxes / levies, at the Central State, and local level, borne on the exported product, including prior stage cumulative indirect taxes on goods and services used in the production of the exported product, and

[24] Indian Trade Portal
[25] MEIS challenge at WTO
[26] Handbook 2020

ii. such indirect duties / taxes / levies in respect of distribution of exported product.

120. In addition to the above, an article in the Economic Times,[27] confirms the conclusion along with numerous other articles that RoDTEP replaces the MEIS scheme.

121. The scheme appears to operate in a similar fashion to MEIS:

- All exporters of goods can apply.
- Exporters must file shipping bills with customs, declaring intent to claim RoDTEP.
- Post-export, apply for rebates via the DGFT (Directorate General of Foreign Trade) portal by submitting shipping bill details, goods service tax invoices (GST), and other required documents.
- Rebates are processed after verification of export realisation (payment received).
- They are issued electronically as transferable duty credit scrips, calculated as a percentage of the free on board (FOB) value.
- Rates vary by product category.
- The scrips can be used to pay basic customs duties on imports, and reimburse embedded taxes not refunded under GST. (e.g., local levies, power duties, fuel for transport of goods.)
- The scrips are valid for 18 months and can be sold through transfer to other companies.

[27] Economic Times India - RoDTEP

122. We created the table below to highlight the main similarities and differences between the RoDTEP and MEIS schemes.

Table 5: Comparison between RoDTEP and MEIS schemes

Aspect	RODTEP	MEIS
Eligibility	Only goods exporters: services excluded (covered under Service exports from India scheme SEIS).	Covered both goods and services (broader coverage).
Rebate Rates	Lower rates: 0.5% to 4.3% (varies by product).0.8% for PET, p.122[28]	Higher rates: 2% to 7% (product-specific).
Rebate Form	Duty credit scrips (electronic, transferable). Can be traded.	Digital Paper scrips, can be traded
WTO Compliance	Claimed WTO compliant (refunds only non-general sales taxes.)	Non-compliant (treated as prohibited export subsidy; led to WTO disputes).
Budget Cap	Subject to annual budget ceilings (limited funds per sector).	No explicit budget cap (led to fiscal strain and WTO challenges).
Validity of Scrips	18 months from issuance (Foreign Trade Policy 2023) Footnote 12	24 months
Legal Basis	Governed by RODTEP Guidelines 2021[29] and FTP 2023. Though also described in 2015-2020 handbook.[30]	Governed by FTP 2015-2020 (ended in 2020 due to WTO ruling).
Tax Coverage	Reimburses embedded taxes (e.g., electricity duties, local levies, fuel taxes for transport).	General export incentive, not tied to specific taxes.
Application Process	Requires proof of export realisation.	Simpler process; no strict export realisation linkage.

123. Although the scheme is not an exact replica of the MEIS, it operates in terms of a claim process, and reward method very similarly. This scheme provides a financial benefit, including to the PET industry.

124. We have no evidence to suggest that overseas exporters or producers from India have not benefited from this scheme in the absence of MEIS, and we have assumed on balance that overseas exporters of the goods subject to review are likely to continue to take advantage of it.

F3.5 Export Promotion Capital Goods Scheme (EPCGS)

125. The EU[31] found (section 3.3) the EPCGS provided a benefit to PET producers in India in the form of an import duty rate reduction on capital goods imported under the scheme. The concession decreased duty revenue which would have been otherwise due and conferred a benefit upon the exporter equal to the amount of the duty reduction. The EPCGS was also contingent upon export performance. Therefore, it was deemed to be specific and countervailable.

126. The EPCGS, introduced in 1992, allows import of capital goods for pre-production, production, and post-production at zero customs duty. Imports under the scheme are subject to an export obligation equivalent to 6 times the duties saved, to be fulfilled in 6 years.

127. The FTP in force during the EU's review was replaced by India's FTP 2023[32].

128. We found minor changes as shown in the table below:

[28] Appendix 4RE
[29] RodTEP guidelines 2021
[30] Foreign Trade Policy 2015-2020
[31] EU findings
[32] Foreign Trade Policy 2023

Table 6: A comparison of changes to the EPCG scheme, via FTP and handbook of Procedures (HBP)

Aspect	2015–2020 FTP/HBP	2023 FTP/HBP
Duty Coverage	Exempts only basic customs duty (Para 5.04 FTP)	Full Exemption Integrated Goods and Services Tax and compensation cess. (Para 5.02 FTP)
Digitisation	Manual processes (HBP)	Online portal for applications and tracking (Para 5.31)

Source: FTP and HBP (2015/2023)

129. We found that despite minor changes in the subsidies approach to procedure, and inclusion of the service sector, any changes did not affect the application of the subsidy to the PET industry in India. Therefore, we determine that the subsidy continues.

130. We have no evidence to suggest that overseas exporters or producers from India have not continued to benefit from EPCGS and we have assumed on balance that overseas exporters of the goods subject to review are likely to continue to take advantage of it.

F4. Exports to third countries from India

131. Assessing this factor allows us to ascertain whether there are countervailing measures in place in third countries and whether exporters in India are currently exporting subsidised goods to those third countries. It also helps us determine the willingness and flexibility to export. This gives us an indication of whether subsidised imports of the goods subject to review into the UK may continue or recur if the measure is no longer applied.

132. PET originating in India is currently subject to countervailing duties in the EU and the UK, as per the WTO.[33]

133. Data from Global Trade Tracker (GTT) was used to establish total exports from India to the UK, EU, and total exports to all countries.

134. The table below shows exports of PET from India to third countries.

Table 7: Indian exports by location in tonnes, like goods.

Exports Tonnes	2020	2021	2022	2023
EU	132,759	137,004	109,659	3,399
EU Index	100	103	83	3
World	752,289	665,854	542,216	327,477
World Index	100	89	72	44

Source: ***Global Trade Tracker***

135. Exports of like goods from India to the EU decreased in 2022 and sharply in 2023, with the greatest decrease being during the POI, where exports from India to the EU fell to 3,399 tonnes.

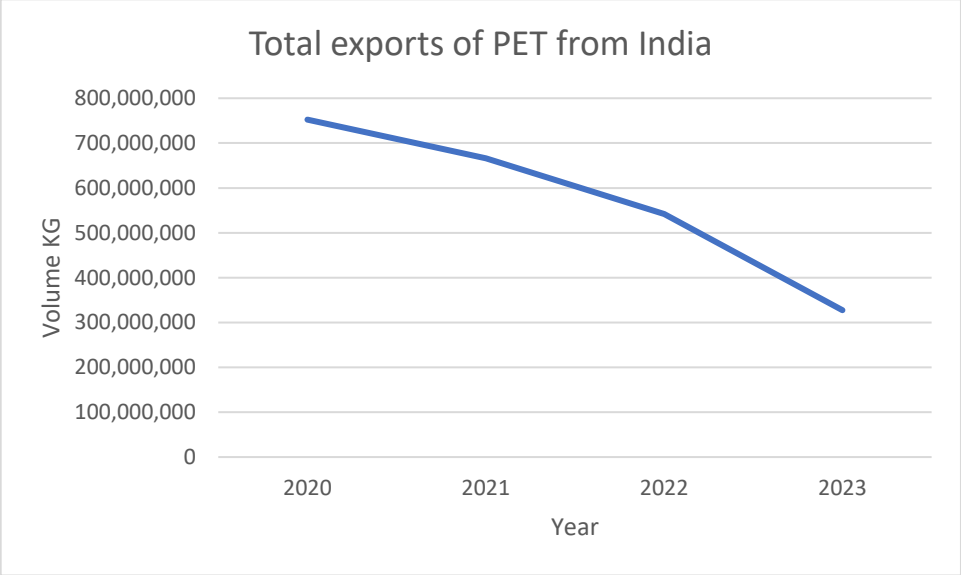
136. As the chart below shows, exports of PET from India have trailed off during the injury period. Analysis by the Plastics Export Promotion Council states the following:[34] "Plastics raw materials exports nosedived by 4.3% in April 2024 due to a decline in shipment of Polyethylene terephthalate (390761, 390769). India's exports of Polyethylene terephthalate have been on a decline since 2021-22 primarily due to robust growth in the domestic market."

137. Confidential research provided by APUK, the UK producer of vPET indicates an underutilisation of capacity in India, at around 36% as of 2023.

[33] WTO
[34] Plastics Export Promotions Council

138. The accuracy of the data above has not been verified, however, in the absence of any other data, represents the best information available. It indicates that should the measure be revoked; India would likely have the capacity to increase exports to the UK.

Figure 2: Total world PET exports from India



Source: Global Trade Tracker 1

139. Below is a table indicating the volume of exports of PET from India to the top 10 individual export destinations: showing data from 2020, and 2023: representing the first and final years of the injury period.

Table 8: **Top 10 Export countries by tonnes of PET, from India in 2020 and 2023**

Export Destination	2020
Italy	72,861
United Arab Emirates	53,673
Bangladesh	52,449
Japan	44,398
Israel	33,584
Saudi Arabia	29,443
Ecuador	26,486
Nigeria	25,798
Iraq	25,714
Spain	23,555

Export destination	2023
Saudi Arabia	26,943
United Arab Emirates	25,052
Japan	23,646
Algeria	20,863
Yemen	20,016
Nepal	19,886
Israel	19,434
Morocco	15,018
Haiti	14,630
Iraq	14,143

Source: Global Trade Tracker

140. Only half of the countries that were in the top 10 in 2020 remained in the top 10 in 2023 as export destinations for PET during the injury period. This implies that the market is not particularly sensitive to location and can be switched easily to areas of demand. Therefore, if the UK market were to become more attractive it is reasonable to assume that exporters of PET in India would be able to quickly switch sales export into the UK.

141. The UK market is open to changes in supply, so should price and availability allow, exports of PET from India could easily switch to the UK. Although there are reports of increased domestic demand of like goods from India, there is also evidence of under-utilisation of capacity in the industry, which indicates a capability of overseas exporters in India to increase production to facilitate exportation of goods subject to review to the UK.

142. Additionally, as the closest geographical market to the UK, the EU, already has measures imposed on the like goods, it is likely that if the UK measure were to be revoked, trade could be diverted from the EU to the UK.

143. Therefore, we conclude that exports to third countries indicates that if the measure were to be revoked, it is likely that exports of subsidised goods subject to review to the UK would recur.

F5. Attractiveness of the UK market to exporters

144. In assessing the likelihood that subsidised imports of the goods subject to review would continue or recur if the measure is revoked, we have considered whether the UK market would be an attractive export destination for overseas exporters from India.

F5.1 UK market size and consumption

145. We have examined 8-digit import data into the UK from HMRC OTS, and the data received from APUK who only manufacture vPET. It is difficult to gauge accurately the size of the UK market due to a lack of data from UK producers of rPET. While it limits accuracy the HMRC OTS data represents the only available data.

146. The table below shows indexed total imports of the goods subject to review into the UK, APUK's domestic sales, and the sum of these indexed figures, which we will denote as consumption.

Table 9: Imports by volume into the UK, & APUK's Domestic Sales
Source: HMRC Overseas Trade in Goods Statistics (OTS), APUK UK Questionnaire Response

Year	2020	2021	2022	2023
UK Imports (Index)	100	94	150	145
APUK Domestic Sales (Index)	100	91	87	75
Consumption (Index)	100	92	111	102

Source: HMRC Import data, and APUK questionnaire

147. The table above shows an increase in demand for imports over recent years growing 45% between 2020 and 2023. Whilst at the start of the injury period APUK's UK sales outstripped total import volumes, this was not the case by 2022 as APUK's domestic sales decreased by 13% in 2022, and by 25% in 2023 when compared to 2020.

148. Available market forecasting seems to conclude that growth in the market should continue steadily until 2030.[35] This is also true for world demand.[36]

149. The growth in imports and consumption of PET in the UK demonstrates that the UK is an attractive market for overseas exporters, and that this would likely be the case for exporters of the goods subject to review from India.

F5.2 Environment and trends in the industry

150. Here we examine current trends relating to factors that fuel demand within the UK industry of the like goods such as environmental factors and meeting government regulation and mandates.

151. Currently there is a tax on any plastic packaging that is not comprised of at least 30% recycled material in the UK.[37] This amounts to £210.82/tonne during the POI[38]. The sales price of PET in the UK averages nearly £900/tonne as per HMRC Import data. The tax is administered by default and removed if the producer of packaging can prove that its product contains the requisite rPET content. Whilst the tax is applied downstream of PET producers, it may skew demand toward rPET.

[35] UK Polyethylene Terephthalate Market Size & Outlook
[36] Persistence market research
[37] Plastic packaging Tax UK
[38] Plastic packaging tax rates

152. The tax is independent of where the packaging, or raw materials are sourced, and therefore does not convey an advantage to foreign exporters of PET, therefore although it may impact the attractiveness of vPET versus rPET, it does not appear to affect the overall attractiveness of the UK market.

153. Therefore, we conclude that this factor is seen as neutral in this assessment.

F5.3 Production

154. Production capacity can indicate whether the UK producers are able to meet UK demand. If they cannot then it would increase the attractiveness of the UK market to exporters, as there would be a demand unmet domestically for them to exploit.

155. The table below examines production and capacity of PET for APUK, as the sole UK producer that responded to the review.

Table 10 Capacity utilisation of UK Producer, (APUK UK)

UK production, capacity, and capacity utilisation vPET (Index)				
Period	**2020**	**2021**	**2022**	**POI**
APUK PET production	100	82	73	59
PET Production Capacity	100	100	100	100
Utilisation of capacity (Index)	100	86	76	58

Source: APUK UK Questionnaire Response

156. APUK would be able to meet current demand in the UK if all imports ceased, according to confidential production data, when set against our estimates of UK demand.

157. This does not take into account specific demand and supply of rPET.

158. Whilst the UK Industry looks capable of meeting current vPET demands, we have been unable to ascertain the level of capacity in the rPET market due to the lack of engagement.

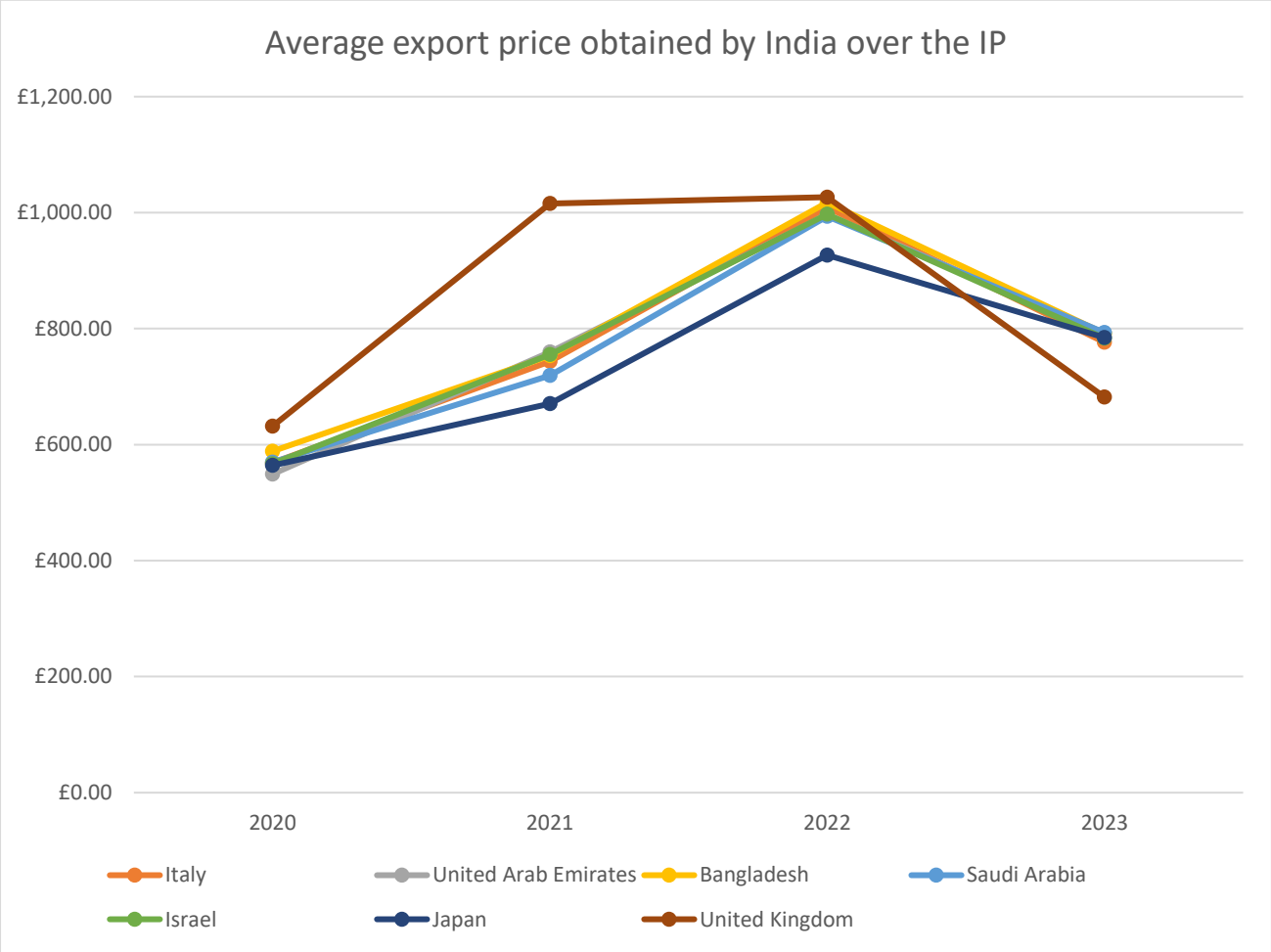
159. APUK's excess capacity does not appear to deter imports in general as observed by their increase. Therefore, there is no reason to believe that UK capacity is a strong deterrent to overseas exporters of goods subject to review from India.

F5.4 Pricing (current and trends)

160. Pricing looks into the market prices obtained in the UK during the injury period, and whether the producers of the goods subject to review from India could obtain a reasonable return. We are unable to compare pricing to costs, due to a lack of cooperation. The price of goods subject to review from India to the UK relative to exports to other countries was obtained through GTT data. There are limits to the analysis as we cannot discern between different grades of product, or whether India's exports were rPET or vPET.

161. Below is a chart that outlines the average price obtained by the overseas exporters of PET from India in each of the top six export destinations by volume over the injury period.

Figure 34: Average export price per tonne obtained by India over the injury period.



Source: Global Trade Tracker.

162. As can be seen in the data above, the price increased in all markets until 2022, though the UK experienced a stronger increase in 2021, and levelled off. Whilst in 2023 the price obtained in the UK was lower than the rest of the world, the volume of imports in that year were such that it cannot be considered representative. This contributes to the assessment that the UK is an attractive market.

163. The table below shows the average price of PET before any duties, obtained from the cumulative volume of the top six destinations of exports from India over the injury period.

Table 11: Comparison of average price obtained for exports from India

Export Destination	Weighted Average (£/Tonne)	Simple Average (£/Tonne)	Indexed to World average (Weighted)	Indexed to World average. (Simple)
Italy	£750	£780	99	96
United Arab Emirates	£760	£760	101	93
Bangladesh	£790	£780	105	96
Saudi Arabia	£810	£740	106	91
Israel	£770	£780	102	95
Japan	£690	£730	91	90
United Kingdom	£790	£850	105	104
World Price	£760	£820	100	100

Sourc : Global Trade Tracker

164. The table above compares data from GTT to estimate an average price per tonne obtained from different export destinations. It covers the injury period for comparison. The data indicates that overseas exporters of PET from India have, when exporting to the UK, obtained a price above that obtained for the rest of the world. It also shows that they were able to obtain a higher price in the UK than any of their top six countries of export using a simple average, and all but Bangladesh and Saudi Arabia using an average weighted against volume over the Injury Period.

165. As the UK often offers a higher price as an export destination, it leans toward the conclusion that the UK is likely to be an attractive market.

166. The table below shows the price per tonne obtained in the UK from Indian exporters of the goods subject to review versus the average price for imports from the rest of the world.

Table 12: Average Price/Tonne attained in the UK

PET imported into the UK from:	2020	2021	2022	2023
Indian Import Price per Tonne	£681	£1,200	£1,219	£760
World Import Price per Tonne	£786	£988	£1,603	£1,192

Source: Overseas Trade in Goods Statistics (OTS), and GTT

167. The table shows that exporters of the goods subject to review from India were able to export PET at a lower average price per tonne in three of the four years of the injury period. The data implies that exporters from India would likely have further competitive market advantage if the measure were revoked.

168. Therefore, we conclude that pricing indicates that if the UK countervailing measure were to be revoked, it is likely the UK would be an attractive market on the basis of price, and that subsidised imports of goods subject to review from India would recur.

F5.5 Opportunity to differentiate products or services

169. AIn order for food packaging to avoid the UK packaging tax requirement it must contain at least 30% rPET. Though rPET can be considered less attractive due to the colouration of the final product.

170. No evidence was found other than the difference between vPET and rPET, for differentiation in the product.

171. The choice of which type of PET to purchase is hard to determine with the lack of evidence. There may be a number of factors: for example, as rPET has recently increased in price vPET has been substituted in, as noted in a publication in

ChemOrbis.[39] This indicates that price is a strong factor. However, as already mentioned, the packaging tax for the primary down-stream use case, is around 20% of the cost of PET, if the 30% rPET constitution isn't met.

172. Although there appears to be different grades of PET, and the different types in the form of vPET and rPET, there is no evidence to suggest there is any product differentiation which could segment the market and reduce the attractiveness of the UK market.

F6 Whether exporters have previously or habitually circumvented trade remedy measures

173. In 2006 the EU conducted a circumvention review and determined that Indian exporters of PET had circumvented an anti-dumping duty by changing the pattern of trade stemming from India, routing through Brazil and Israel.[40] It concluded that there was a change in the pattern of trade for which there was insufficient economic justification other than the avoidance of the anti-dumping duty.

174. This highlights that overseas exporters from India have been willing to circumvent in order to reach an attractive market where duties are present, and is an indicator that should the measure in the UK be revoked, there may be an incentive for Indian exporters of the goods subject to review to export more. There is no specific evidence that circumvention into the UK occurred.

F7. Any other relevant factors

175. No other relevant factors were identified.

[39] buyers switch to virgin PET
[40] **Commission Regulation (EC) No 284/2004**

F8. Conclusions

176. We found evidence that four of five subsidy schemes remained in place since the EC's expiry review in 2019. The MEIS scheme, which ended in 2021, appears to have been replaced by a similar scheme for refunding duties, RoDTEP. There is sufficient evidence the remaining subsidies exist, and no evidence they will not continue. Therefore, we conclude that, on the balance of probabilities, it is likely that overseas exporters of the goods subject to review from India continue to take advantage of subsidies.

177. Due to the factors indicated in F.5, we consider the UK an attractive market, with little barrier to re-entry to market and probable spare capacity in India.

178. Having considered all relevant factors assessed, we have determined that, on the balance of probabilities (more likely than not), subsidised imports of the goods subject to review originating in India would be likely to recur if the countervailing measure was no longer applied.

Section G: Likelihood of injury assessment

179. In accordance with regulation 99A(1)(b) of the Regulations, we have considered whether injury to the UK industry in the like goods would be likely to continue or recur if the countervailing amounts were no longer applied to imports of goods subject to review from India.

180. Where primary data was not available, information obtained from secondary sources was used in accordance with the Regulations.

181. To conduct the injury likelihood assessment, we considered:

- the current state of the UK industry;
- domestic and international market conditions;
- other causes of injury;
- undercutting of the UK industry; and
- historic injury.

182. We conducted this assessment to inform our determination as to whether the measure should be varied or revoked. The assessment of the likelihood of injury was concluded on the balance of probabilities.

183. The original EU measure has been in place since the provisional measure 4 August 2000.[41]

184. The following analysis is conducted within the context of a UK market that has been protected by the measure during the injury period. We will analyse what has happened with the injury factors during this time and consider what would happen if the measure were to be revoked.

[41] Regulation - 1741/2000 - EN - EUR-Lex

185. There were low levels of imports of goods subject to review from the India during the injury period, as seen in table 14. The following analysis has been conducted in the context of a UK market that was being protected by the measure across the injury period. We have analysed the injury factors during this time and consider what would happen if the measure were revoked.

G1. Current State of the UK Industry

186. We considered changes to the following injury indicators:

- Actual and potential decline in:
    - Sales volumes, market share and consumption
    - Profits
    - Capacity and Utilisation
    - Production output, Productivity, Employment and Wages
- Actual and potential negative effects on:
    - Cash Flow
    - Inventories
    - Ability to raise capital and investments
- Factors affecting domestic prices of the like goods

187. We have considered each factor individually to get an understanding of the current state of the UK industry, but our overall conclusion is based on a holistic assessment of all relevant economic factors.

188. APUK is the largest producer of the like goods and the only producer of vPET in the UK industry. The case team are aware of four rPET producers through open-

source research mentioned under section E, as well as one downstream party, Esterform.

G1.2 Actual and potential decline in:

G1.2.1 Sales Volumes

189. Sales is an injury indicator that measures the volumes of like goods sold.

Table 13: Sales by volume APUK: Index 2020 = 100

Year	2020	2021	2022	2023
Domestic Sales Index	100	91	87	75

Source: APUK Questionnaire Response

190. We observe a decrease in sales volume by 9% in 2021, 13% in 2022, and during the injury period APUK's domestic sales volume dropped by 25% overall, remaining below the initial period.

191. Sales value is analysed in the 'factors affecting domestic prices' section (G1.3).

G1.2.2 Market Share and Consumption

192. Market share (domestic sales / domestic sales plus imports) considers how much of the UK consumption is met by the domestic industry versus imports.

193. The table below collates HMRC import data into the UK, for both vPET and rPET, and the UK sales recorded by APUK, which is vPET only. These two factors have been added together to find an estimated figure for market share. It does not include any data for sales from other UK producers of rPET and so under-represents the entire market.

Table 14: Imports by volume into the UK in Tonnes, & APUK UK Sales. Index 2020 = 100

Year	2020	2021	2022	2023
Total UK Imports (Tonnes)	116,327	109,383	174,900	168,233
UK Imports (Tonnes) Index	100	94	150	144
Imports from India (Tonnes)	6,076	105	3,036	23.5
UK Consumption Index	100	92	111	102
UK Sales ALPEK (UK) Index	100	90	86	75
APUK Share of Consumption (%) Index	100	100	79	74

Source: APUK UK Questionnaire Response, HMRC Overseas Trade in Goods Statistics (OTS)

194. This table highlights an increase in total imports of 44% over the injury period. It also shows that APUK's sales and market share have declined with market share decreasing by 26%.

195. Our analysis of the above indicates that whilst the UK market appears healthy, a significant amount of sales and market share from the UK industry has been absorbed and shifted to the import market during the injury period.

196. The figures show a 2% increase in consumption over the injury period, which indicates growth, though figures do not include data from rPET manufacturers in the UK.

197. There are industry articles that indicate a gradual increase in the PET market in value.[42] For example, there is evidence of one UK manufacturer of rPET, BIFFA, showing market confidence by the acquisition of North Yorkshire-based Esterpet Ltd, a recycler of PET.[43]

[42] https://www.grandviewresearch.com/horizon/outlook/polyethylene-terephthalate-market/uk
[43] https://www.biffa.co.uk/biffa-insights/biffa-polymers-esterpet-acquisition

198. Observing an increase in imports over the injury period, whilst a decrease in the sales made by APUK over the same period, indicates that the UK industry may be currently vulnerable to challenges such as an increase in subsidised imports of goods subject to review entering the UK market from India. Thus, if the measure were to be revoked, it is likely that this vulnerability leaves the UK industry susceptible to the recurrence of injury.

G1.2.3 Profits

199. Table 15 displays the net operating profit after tax, both as a total figure and a percentage of turnover, for each year of the injury period. We note this is total profit for both domestic and export sales and we cannot separate this figure by market segments, therefore, we have reduced accuracy in our analysis of this indicator.

Table 15: APUK Net Operating Profit after Tax (NOPAT) Injury Period, All Goods. Index 2020 =0, 2021 = 100

Year	Total net operating profit after tax (NOPAT) for whole company (£) Index	Net operating profit after tax (NOPAT) from like goods (£) Index
2020	100	100
2021	2,196	2130
2022	2,779	2700
2023	-1,532	-1619

Source: APUK Questionnaire Response

200. Relative to 2020, NOPAT from the like goods increased by 2030% in 2021 , this increased further in 2022 rising to an increase of 2600%, with a decrease during the POI of 1719%. With NOPAT from the like goods during the POI being below the initial period and turning negative, indicating losses.

201. The decreasing trend in profits indicates that the UK industry is in a vulnerable state and thus, if the measure were to be revoked, it is likely that this vulnerability leaves the UK industry susceptible to the recurrence of injury.

G1.2.4 Capacity and utilisation of capacity

202. Production capacity is a measure of the maximum theoretical volume that could be produced over a respective period. Production capacity utilisation contrasts production and production capacity to illustrate how much of an industry's capacity is being used over a set period.

203. We note that this table represents total figures that cannot be separated by market segments such as like goods destined for domestic or export consumption, therefore, we have reduced accuracy in our analysis of this indicator.

Table 16: Capacity utilisation for APUK. Index 2020 = 100

Year	Production capacity for like goods (t) Index	Production capacity utilisation for like goods (%) Index
2020	100	100
2021	100	83
2022	100	73
2023	100	59

Source: APUK Questionnaire Response

204. The table above shows a decrease in utilisation, with a decrease of 17% in 2021, 27% in 2022, and 41% in 2023, with the figure during the POI being below the initial period.

205. This indicator shows a potential to increase production for the domestic market, the decrease of utilisation alongside the decrease of market share shown in G1.2.2 provides us with additional assurance of our findings under that indicator.

206. Therefore, this indicator increases the weighting of our analysis that indicates increased vulnerability of the UK industry to challenges such as potential increases in imports of subsidised goods subject to review.

G1.2.5 Production output

207. Production is a measure of the volume of goods manufactured by an industry in any given period. Table 17 shows the production volumes by APUK. We note this table represents total figures that cannot be separated by market segments such as like goods destined for domestic or export consumption, therefore, we have reduced accuracy in our analysis of this indicator.

Table 17: Production output by volume for APUK (t). Index 2020 = 100

Year	Output/quantity of like goods by volume (t) Index	Cost of production for like goods (£) Index	Cost (£/t) Index
2020	100	100	100
2021	83	103	124
2022	73	129	178
2023	59	96	163

Source: APUK Questionnaire Response

208. This shows decreasing volume of output, with output having decreased 41% over the injury period. There is also an increase in the unit cost of production between 2020 and 2023 of 63%, this is assessed further under ‘factors affecting domestic prices’.

209. The total cost of production for the like goods has increased in 2021 by 3%, increased by 29% in 2022, and decreased by 4% in 2023 when compared with 2020. This figure represents the total sum of the cost of production, therefore, whilst there is a decrease over the injury period of 4%, we would expect a greater decrease when given a decrease of 41% in production/output over the same period.

210. As a result, this indicator gives us additional assurances and adds weight to the assessment that costs of production has trended such that the UK industry is vulnerable and susceptible to challenges such as increases in subsidised imports.

G 1.2.6 Productivity, Employment and Wages

211. Productivity refers to the volume of like goods produced per employee, while employment figures and wages are in respect of those involved in the production of the like goods.

212. Table 18 displays the productivity of APUK employees.

Table 18: Productivity and Wages of APUK employees. Index 2020 = 100

Year	Total number of employees (FTE) Index	Number of employees for like goods (FTE) Index	Median Wages Index	Average output in volume per employee for like goods (FTE) Index
2020	100	100	100	100
2021	88	88	101	94
2022	89	89	106	82
2023	88	88	115	67

Source: APUK Questionnaire Response

213. The table above shows a decline in output volume per employee over the injury period. This decline is expected when observing the reduction in capacity utilisation discussed above (G1.2.4). Other than an initial decrease in 2021, employment has since remained steady. Additionally, wages have increased throughout the injury period by 15%.

214. These figures are consistent with trends identified in other indicators such as the decreases in production/output, and the smaller decrease in cost of production total, and the increase in unit cost of production. This gives us additional

assurance that the UK industry is currently vulnerable to challenges such as subsidised imports.

G1.3 Actual and potential negative effects on:

G1.3.1 Cash Flows

215. Cash flow is the balance of cash moving into and out of a business at a specific point in time.

Table 19: Net cashflow for APUK (£). Index 2020 = 100

Year	Net Cash Flow for all goods (£) Index	Net Cash Flow for Like Goods (£) Index
2020	100	100
2021	96	94
2022	-2	-3
2023	-11	-16

Source2: APUK Questionnaire Response

216. Cashflow for the like goods has decreased over the injury period by 116%. This decrease represents a switch from positive cash flow to negative cash flow, showing a reduction in available cash, which may impact cash reserves.

217. These figures are consistent with trends identified in other indicators such as the decreases in sales volume/profitability.

G1.3.2 Inventories

218. Stock levels are an injury indicator that measure the amount of finished stock currently held in inventories. This indicator assesses whether the PET produced is being sold or retained as excess stock.

219. We note this table represents total figures that cannot be separated by market segments such as like goods destined for domestic or export consumption, therefore, we have reduced accuracy in our analysis of this indicator.

Table 20: APUK stocks at year end. Index 2020 = 100

Year	Stocks at year end, total volume (t) Index
2020	100
2021	64
2022	86
2023	77

Response

220. The table above shows the level of stock held by APUK at year end. The stock held at year end drops overall throughout the injury period by 23%, with 2021 having the least stock at year end being at 64% of the initial period, 2022 having 86% and finally dropping to 77% during 2023.

221. If we link this drop to the much more significant drop in the utilisation of production capacity, we see that although the production has reduced by 41%, stock at year end has only reduced by 23% over the injury period. This suggests that APUK is holding a higher proportion of stock produced, reflected in its declining sales.

222. We consider that this indicates an increase in the vulnerability of the UK industry which makes it susceptible to challenges such as increases in subsidised imports.

G1.3.3 Ability to Raise Capital or Investments

223. We have received limited information regarding ability to raise capital or investments. This means we do not have evidence for this indicator that would contribute to an assessment of the current state of the UK industry. Therefore, we consider this a neutral factor.

G1.4 Factors affecting domestic prices of the like goods

224. This indicator captures the market value of PET consumption (UK industry domestic sales plus imports) in the UK market, and compares the trend of those values, with that of the UK industry's prices, therefore providing insight into the economic value and health of said UK industry. We have additionally analysed the UK industry's trend of cost of production, to determine whether it has trended positively or in contrast with the UK industry's sales prices.

225. The table below breaks down imports into the UK, and domestic sales by APUK. Combining these gives us the consumption in the UK market and allows us to determine the market value. We note however, we do not have figures representing the rPET sales by UK producers, which reduces the reliability of these figures.

Table 21: Breakdown of imports, APUK domestic sales, and consumption in the UK. (POI)

World Imports	2020	2021	2022	2023
Volume (Tonnes)	116,327	109,383	174,900	168,233
Value (£)	£91,448,891	£108,034,285	£280,407,496	£200,566,901
Price/Tonne	£786	£988	£1,603	£1,192
Index Price/Tonne	100	126	204	152
APUK Domestic Sales	**2020**	**2021**	**2022**	**2023**
Volume (Tonnes) Index	100	91	87	75
Value (£) Index	100	110	165	112
Price (£/tonne) Index	100	121	189	150
UK Market Consumption	**2020**	**2021**	**2022**	**2023**
Volume Index	100	92	111	102
Value Index	100	113	224	157
Price (£/tonne) Index	100	123	201	155

Source: APUK UK Questionnaire Response, HMRC Overseas Trade in Goods Statistics (OTS)

226. The table below displays the average cost of production and sales price per tonne

Table 22: Profitability per tonne for Like Goods (APUK) Index 2020 = 100.for the like goods for APUK.

Year	UK Industry Sales price (£/t) Index	Cost (£/t) Index	Profitability (£/t) Index	Market Price (£/ t) Index
2020	100	100	100	100
2021	121	124	88	123
2022	189	178	294	201
2023	150	163	30	155

Source: APUK UK Questionnaire Response

227. 80% of costs of producing vPET are dictated by raw materials, PTA, MEG, IPA. Table 22 shows that costs increased by 63% over the injury period, and whilst the UK industry sales price increased over the injury period, the increase was 50%, which is lower than the increase in costs.

228. As identified in G.1.2.1, sales volumes have reduced, and from the above we can confirm that this has not been offset by an increase in profitability, which highlights a decline in total profitability, this is consistent with our findings under G1.2.3 where profits decreased during the POI.

229. Industry articles indicate that the market is expected to continue to grow, despite cost increases.[44] These increases in cost, and the subsequent decrease in profitability, indicate that the UK industry may be vulnerable, and that if the measure were to be revoked, injury to the UK industry would be likely to recur.

[44] UK Polyethylene Terephthalate Market Size & Outlook, 2030

G1.5 Conclusion on state of the UK industry:

230. APUK represents the whole of UK vPET production, and its data shows a decline in sales and profitability.

231. As vPET represents ~58% of the total UK industry in the like goods, as the sole producer of vPET, would place APUK as representing the largest share of the UK industry. Although the accuracy of our conclusions is reduced as they are based only on APUK's data, this still represents the largest share of the UK industry, and our use of best facts available.

232. The data shows, as seen in Table 21, that the volume of all imports into the UK of PET products have increased 44% over the injury period while the UK industry's domestic sales volumes have dropped 25% over the same period and its NOPAT from like goods has decreased by 1719% during the POI when compared with 2020. The market as a whole appears robust and growing whilst APUK hasn't been able to take advantage of this, further losing sales to imports.

233. We conclude that, contrasting trends in factors such as: sales, profits, productivity, market share, capacity and cash-flow, when set against an increase in imports of PET into the UK market indicate that the UK industry is currently vulnerable, which shows that it is likely, on the balance of probabilities, if the measure were to be revoked, injury to the UK industry in the like goods would recur.

G2. Domestic and International market conditions

234. Both the domestic and international demand for PET appears robust and set for continued growth according to industry analysis.[45] In the UK "a compound annual growth rate of 3.3% is expected of UK polyethylene terephthalate market from

[45] UK Polyethylene Terephthalate Market Size & Outlook, 2030 & World Polyethylene Terephthalate Market Size & Outlook, 2030

2023 to 2030".[46] This projection is supported by the UK plastic bottle industry projecting growth of 2.89% annually within the same time frame which uses PET as a raw material input.[47]

235. Internationally the market for PET is projected to grow 3% a year within the same time frame.[48] This is attributed to the increasing global population and the growing emphasis on recyclable packaging.

236. Table 23 shows the price and volume of PET imports to the UK.

Table 22: Imports by price and volume into the UK in tonnes and pounds

Price and Volume of PET Imports to the UK				
Year	**2020**	**2021**	**2022**	**2023**
Indian Import Price per Tonne	£681	£1,200	£1,219	£760
Indian Import Price per Tonne Minus Tariff (13.8%)	£592	£1,044	£1,061	£661
World Import Price per Tonne	£786	£988	£1,603	£1,192
Indian Import Volume (Tonne)	6,076	106	3,036	24
World Imports Volume (Tonne)	116,327	109,383	174,900	168,233

Source: HMRC Overseas Trade in Goods Statistics (OTS), Global Trade Tracker

237. Whilst steady growth should bode well for UK industry, import figures show that the UK vPET producer is unable to take advantage of this demand increase (Table 13).

238. Whilst APUK has encountered increased competition from imports from around the world, it is unclear which type of PET these imports are comprised of. It may be possible that the primary driver of this competition is rPET as a competitor rather than cheaper imports.

[46] UK Polyethylene Terephthalate Market Size & Outlook, 2030
[47] United Kingdom Plastic Bottles Market Size & Share Analysis - Industry Research Report - Growth Trends
[48] World Polyethylene Terephthalate Market Size & Outlook, 2030

239. The price of PET has been identified as a possible factor in purchasing decisions.[49] For example, in 2020 Indian exporters exported the highest volume of the goods subject to review to the UK (6,076 tonnes) , the price of which was £681 per tonne – the lowest export price of the goods subject to review during the injury period, undercutting the world average price by 13%.

240. Although price does not seem to always be the main factor for purchasing decisions, it seems likely that if the measure were to be revoked this could become more of a trend moving forward, leading to more competition for an already vulnerable industry.

G3. Other causes of injury (non-attribution)

241. The TRA has considered whether any other factors have caused, or are likely to cause injury to UK industry, such that the subsidised imports of the goods subject to review from India may not be the cause of injury if the measure no longer applied. We have examined the following:

- dumped or subsidised imports from other countries;
- environmental factors;
- inflation;
- non-domestic customer trends and the world market.

G3.1 Imports of PET from the PRC

242. From our analysis, see **Error! Reference source not found.**13, an increase in the volume of all imports of PET into the UK is seen across the injury period in conjunction with a decrease in APUK domestic sales of like goods. This suggests

[49] European buyers switch to virgin PET as R-PET Flakes prices soar.

that the UK industry is experiencing negative impacts due to foreign imports of PET. This is backed by APUK's own statement, "As a domestic producer, we already face strong competition from imported products, and without the countervailing measures in place, we would struggle to compete on price, with imports that are not fairly competing on the UK market, leading to a substantial loss of market share."[50]

243. No other measures are in place in the UK against PET from other countries.

244. On November 27, 2023, the EU decided to provisionally apply anti-dumping duties on PET imports from the People's Republic of China (PRC), ranging from 6.6% to 24.2% depending on the exporting producer. On April 3, 2024, these measures were confirmed and made definitive for the next five years.[51]

245. The table below shows the level of imports of PET into the UK from the PRC and their proportion of all imports of PET into the UK as a percentage.

Table 23: Imports of PET from PRC in tonnes

	2020	2021	2022	2023
PRC (t)	7,207	9,264	3,628	4,670
% of total imports to UK	6.20%	8.47%	2.07%	2.78%

Source: HMRC Overseas Trade in Goods Statistics (OTS)

246. The table above shows an increase in imports into the UK from the PRC, with imports increasing from 7,207t in 2020, to 9,264t in 2021. Imports decreased in 2022 to 3,628t, with a subsequent increase in 2023 to 4,670t, remaining below initial volumes from 2020.

[50] Alpek UK Non-Confidential Questionnaire Response p.32
[51] (EU) 2024/1040 **Implementing regulation - EU - 2024/1040 - EN - EUR-Lex**

247. Although the EU have put an anti-dumping measure in place, the UK has not imposed trade remedies measures on PET from the PRC. The PRC is responsible for less than 3% of all PET imports during the POI in the UK.

248. We have looked at the EU's case concerning PET from the PRC due its close geography this may be an indicator of the PRC's possible appetite to export to the UK at a dumped price, however, we have no evidence to suggest that this is currently occurring or causing injury to the UK industry in the like goods.

G.3.2 Environmental regulation factors

249. In this section we examine current environmental regulations and governmental regulations and mandates that might relate to factors that affect demand within the UK market.

250. Under section F5.2 we assessed environment and trends in the industry relating to the attractiveness of the UK market, where we identified a plastics packaging tax.

251. The tax itself doesn't affect the vPET or rPET producers directly but affects downstream packaging producers as it applies to their products.

252. As the tax doesn't affect the PET producers and doesn't give an advantage to foreign or Indian exporters of PET, we determine it is unlikely that this is a factor that would affect the likelihood of injury assessment.

G.3.3 Inflation

253. Between September 2022 and March 2023, the UK experienced seven months of double-digit inflation, which peaked at 11.1% in October 2022.[52]

[52] UK inflation rate 2024 | Statista

254. High inflation in the UK and worldwide has been caused by a number of economic factors, such as;

- a shortage of products and services during the COVID-19 pandemic, followed by a sudden increase in demand as restrictions eased;
- Russia's invasion of Ukraine; leading to a sharp increase in oil prices, the key input for vPET.[53]
- work shortages following the pandemic, driving up wages.

255. High levels of inflation impact the affordability of consumer goods. Higher prices in PET specifically increase the costs of packaging for foods.

256. We have no evidence to identify the factors causing this effect. As other PET producers would also have to deal with the global inflation event, it is unlikely that this is a factor that would affect the likelihood of injury assessment.

G.3.4 Global PET Trends

257. In this section we analyse if there has been any change to the global PET market and whether this would increase the likelihood of recurrence of injury to the UK industry in the like goods.

258. We have identified that the world market for PET is growing and expected to keep growing moving forward by 3% in the next 5 years.[54]

259. This growth in the global market of PET as well as the increased imports of PET from the entire world to the UK, as identified in **Error! Reference source not found.**23 suggests that the supply chain is robust and on a balance of

[53] Crude rates
[54] World Polyethylene Terephthalate Market Size & Outlook, 2030

probabilities it is unlikely that this is a factor that would affect the likelihood of injury assessment.

G.3.5 Non-Attribution Factors Conclusion

260. On balance of probabilities, we consider that the evidence available on global PET market trends, inflation, environmental factors, and imports of PET from countries outside of India does not indicate that these factors are contributing to the vulnerability of the UK industry in the like goods.

261. The evidence analysed in previous factors described in sections G.3.1 - G.3.4, show that the UK Industry is being negatively affected from imports, and due to this appears to be in a vulnerable state.

G4. Undercutting of the UK industry

262. According to regulation 2 of the Regulations, price undercutting occurs when the price of the goods subject to review is lower than the price of the like goods in the UK. In the event of undercutting, the UK industry may be forced to reduce its prices to compete against lower priced imports, or risk losing market share. This may also prevent prices of like goods in the UK from rising to a level that the UK industry would otherwise achieve and injure UK industry's ability to maintain profitability.

263. A thorough analysis of price undercutting requires a comparison of the landed import price of the goods subject to review from India with the like goods sold in the UK. The only data on imports available to the TRA is HMRC's import data.

264. Imports from India represent 0.01% of imports into the UK during the POI (as seen in Table 1), which is too low to facilitate an accurate assessment of undercutting.

265. No Indian exporters or UK importers registered onto the case, and so the case team were unable to base any undercutting analysis on company level import or export data.

266. Due to the incomplete nature of the data, and inability to accurately calculate a landed price, the case team consider this to be a neutral factor.

G5. Historic injury data

267. This section considers whether the UK industry has suffered material injury in the past as a result of subsidised imports of the goods subject to review from India, and if/when this changed. This would usually be assessed by examining the original EU investigation to determine if a UK producer was sampled in the investigation.

268. We are unable to determine what proportion of injury identified by the EU investigation was suffered specifically by the UK industry in the like goods as the EU investigation did not examine injury to individual member states. However, we have identified two UK producers that were part of the sample of the original EU investigation[55]. Those two producers were:

- Du Pont Polyesters Ltd.[56]
- Shell Chemicals Ltd.[57]

269. However, we note that both companies have not engaged with us in this review, and from open-source research, have determined they no longer produce PET.

270. The involvement of two producers from the UK in the original EU investigation indicates that the UK industry has historically suffered material injury because of

[55] eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32000R1741&from=EN
[56] https://www.dupont.com/
[57] https://www.shell.com/business-customers/chemicals/our-products.html

the goods subject to review from India. Therefore, we conclude that the existence of this historic pattern of behaviour contributes to an assessment that if the measure were to be revoked, it is likely that it would result in a recurrence of injury to the UK industry.

G6. Conclusion on injury

271. To determine whether injury would be likely to continue or recur if the countervailing measure no longer applied to the goods subject to review, we have conducted a holistic assessment of:

- Domestic and international market conditions
- Current state of the UK industry
- Other causes of injury
- Undercutting of the UK industry
- Historic injury data

272. We have identified through the injury indicators analysed that the UK industry is in a vulnerable position, and that if the countervailing measure no longer applied to the goods subject to review from India then it is likely that injury to the UK industry in the like goods, would recur.

273. We have assessed domestic and international market conditions and found that the PET market is forecast to grow, and has grown over the injury period – however, the UK industry has not been able to take advantage of this growth, and lost market share during the same period. This trend in a growing market contributes to the assessment that the UK industry in a vulnerable position to challenges such as increases of subsidised imports of the goods subject to review from India.

274. We assessed in G3.1 whether there were other causes of injury to the UK industry, and analysed imports of PET from the PRC, environmental regulation, and inflation – we found that it is likely these did not cause injury to the UK industry, however, that imports of PET from third countries does contribute to the vulnerability of the UK industry.

275. Due to a lack of data, we were unable to carry out an undercutting assessment.

276. We identified that two UK producers were part of the sample in the original EU investigation and concluded there to be a historic pattern of behaviour of subsidised imports into the UK of the goods subject to review from India. . [58]

277. Considering the evidence and facts available we conclude, on the balance of probabilities that injury to the UK industry in the like goods would be likely to recur if the countervailing measure were no longer applied to the goods subject to review. This injury would recur as a result from a likely increase in the volume of subsidised imports of the goods subject to review, originating in India.

[58] eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32000R1741&from=EN

Section H: Economic interest test

H1. Economic interest overview

H1.1. Legislative framework

278. In accordance with regulation 100(1E) of the Regulations, the TRA must advise the Secretary of State whether and why it considers that varying a countervailing amount in accordance with its proposed recommendation would meet the economic interest test.

279. In accordance with paragraph 25 of Schedule 4 to the Act, the EIT is met in relation to the application of a countervailing measure if the variation of the measure is in the economic interest of the UK. The EIT is presumed to be met unless we are satisfied that the application of the remedy is not in the economic interest of the UK.

280. In line with paragraph 25 of Schedule 4 to the Act, the TRA has taken account of the following in conducting the EIT:

a) the injury caused by subsidised imports of the goods subject to review to a UK industry in the like goods and the benefits to that UK industry in removing that injury;

b) the economic significance of affected industries and consumers in the UK;

c) the likely impact on affected industries and consumers in the UK;

d) the likely impact on particular geographic areas, or particular groups, in the UK;

e) the likely consequences for the competitive environment, and for the structure of market for goods, in the UK; and

f) such other matters as the TRA considers relevant.

H1.2. Evidence base

281. In addition to the evidence submitted as set out in Section G, we also conducted a survey for upstream and downstream businesses and consumers. Once we had conducted checks to remove ineligible responses, the remaining responses were from:

- 1 upstream producer
- 4 downstream producers

282. The sections that follow assess each of the factors of the EIT in turn.

H2. Injury caused by subsidised imports and benefits to UK industry in removing injury

283. Section G sets out the injury likelihood assessment. This concluded that, if the countervailing measure was revoked, injury to the UK industry in the like goods would likely recur due to increased competition from lower-priced imports of goods subject to review from India. It established that UK industry was already in an economically vulnerable position due to: falling sales and profitability, domestic and international market conditions and historic injury.

284. The variation of the measure will prevent that injury to UK industry from subsidised imports of goods subject to review from India.

H3. The economic significance of affected industries and consumers in the UK

285. We have identified the following groups as potentially being affected by the measure:

- **Upstream businesses:** suppliers of raw materials and inputs used to manufacture PET;

- **UK producers of PET:** including producers of vPET and rPET;
- **Importers and downstream businesses:** manufacturers/retailers of goods made from PET or goods containing PET parts (e.g. packaging).

286. There is some overlap between importers and downstream businesses (for instance, some PET importers are also downstream businesses who buy PET to manufacture other goods), but we have attributed all known businesses to one group based on their main activity to avoid double counting. We have combined importers and downstream businesses due to the substantial overlap between these groups.

287. We have identified businesses in each of these groups and looked at a selection of them because it was not feasible to fully investigate all known businesses given case time constraints. For each selected business, the TRA looked at the five most recent published accounts.

H3.1. Upstream businesses

288. From APUK's response to the questionnaire, we identified three UK upstream businesses. Of which, we selected one business - an importer of an ingredient into the production of PET. The business accounted for 1.5% of the value of APUK's global purchases of raw materials and other inputs.

289. Purchases by APUK equate to around 2.3% of turnover for the selected upstream company for which data was available so PET is likely to be somewhat important to the selected upstream business.

290. From the five most recent published accounts, the selected business employed around 20 persons. The business had an annual turnover of £96m and annual EBITDA[59] of £1.6m. We estimate that the GVA[60] was £3m per year.

291. The EBITDA margin[61] for the upstream business declined over the past five years of accounts and turned negative in the most recent year. Turnover has also declined. This suggests the business is vulnerable to economic shocks.

H3.2. UK producers

292. Through research and submitted evidence, we have identified five UK producers of PET. APUK is the only UK producer of vPET, we estimate APUK has approximately a 59% market share of vPET sales by volume in the UK. We also looked at a rPET producer to give a wider range of product coverage because APUK only produces vPET. vPET is very important to APUK, as it accounts for most of its turnover.

293. According to the five most recently published accounts, the two producers employed approximately 287 persons with a combined annual turnover of £248m. We estimate their combined GVA was £13m per year.

294. Both businesses are likely to be vulnerable to economic shocks because of negative profits.

H3.3. Importers and downstream businesses

295. From evidence submitted and our own research, we are aware of around 131 businesses which import and/or are downstream businesses which use PET to

[59] Earnings Before Interest, Tax, Depreciation and Amortisation – a measure of profits
[60] Gross Value Added – a measure of the value of the total contribution to the economy
[61] EBITDA to Turnover ratio

manufacture goods. Based on turnover and headcount, three of the selected businesses are small businesses.

296. Given the number of known importers and downstream businesses, it is not possible to look at a representative selection. We selected eleven importers and downstream businesses. Downstream businesses accounted for 86% of APUK's domestic UK sales. Based on HMRC data on importer transactions,16% of known importers and 26% of known high transaction importers were sampled.

297. We estimate PET is likely to be somewhat important for most of the selected businesses and important for one business. According to the five most recently published accounts, the 11 selected businesses employed over 5,000 persons, had a combined annual turnover of £2bn and a combined GVA of £627m. Most selected businesses appeared not to be vulnerable to negative economic shocks but three businesses are more vulnerable, with declining EBITDA margins and GVA.

H3.4. Consumers

298. PET is not an end-consumer good. It is a key input into the manufacture of goods that are eventually purchased by consumers. Final consumers of products made from PET have not been included in our economic significance or impacts analysis.

H3.5. Summary table

299. Table 26 summarises the economic significance metrics for the affected industries. We estimate PET is somewhat important to upstream businesses. For importers and downstream businesses, we estimate PET is somewhat important. PET is very important for UK producers. Importers and downstream businesses have healthy average profit margins (EBITDA), but upstream businesses have less healthy financial data suggesting these groups may be more vulnerable to

economic shocks. UK producers have negative average profit margins. This indicates that their operational earnings are insufficient to cover their operating expenses, and they are therefore more vulnerable to economic shocks.

Table 26: Significance metrics for affected industries

	Upstream businesses	UK producers	Importers and downstream
Total known businesses	3	5	131
Total selected	1	2	11
Estimated importance of PET to this group	Somewhat important ***(sales to ALPEK versus turnover)***	Very important ***(sales of PET to turnover)***	Somewhat important ***(% of import transactions from relevant commodity codes)***
Total employment of selected businesses	20	265	5,780
Total turnover of selected businesses (£m)	96.2	247.7	2,166.4
Total GVA of selected businesses (£m)	3.4	13.2	626.9
Average EBITDA margin for selected businesses (%)	1.6	-0.4	14.9
Vulnerability to economic shocks	*Medium to high vulnerability* ***(declining profitability and growth)***	*Medium to high vulnerability (negative profits and low growth)*	*Mostly low vulnerability*

Sources: Questionnaire responses submitted by interested parties to TRA; Dun & Bradstreet; HMRC, trader data. Methodology: The importance of PET to each of the groups was estimated using the comparison metrics set out in brackets for each group. The assessment of vulnerability to negative economic shocks was made by looking at the significance metrics from the most recent five years of available data. GVA was estimated by adding operating profits, employment costs, depreciation, and amortisation. EBITDA margin was estimated by dividing the sum of operating profit, depreciation, and amortisation by the turnover.

H4. Likely impact on affected industries and consumers

300. In this section, we assess the overall impact that the extension of the proposed measure might have on the affected groups identified. We do this by looking at how prices and quantities of goods in the supply chain might change if the measure were to be extended, and if it were revoked.

301. The likely impact of the measure is the difference between these two states. We assessed a range of scenarios due to the uncertainty around the effects of the measure.

H4.1. Evidence and key assumptions

302. Costs and sales of vPET for the domestic producer sector came from APUK's questionnaire response. Due to a lack of evidence for producers engaged in rPET production, we estimated sales by finding companies whose stated principal activity is that of rPET production in published accounts, which we believe is roughly half of total UK rPET production. The unknown portion of the sector is obfuscated by other business activities such as waste management. The total UK producer market estimates reached by the TRA are similar to independent information on the UK market provided by APUK. Based on this approach we estimate total UK production of PET to be approximately 240,000 tonnes.

303. In the absence of information to the contrary we assume that production costs for rPET are the same as those of vPET production, as such, the TRA has used cost data from APUK's questionnaire response for all UK producers.

304. We estimated the price of UK PET from the approximated total volumes and values identified in the paragraph above. We assume that PET prices of third country producers are sold at the average price of imports to the UK market from high volume importing countries to the UK up to a cumulative volume of 95%. The TRA assumed that the price of Indian producers is a volume weighted average of

exports to all partners using data from Global Trade Tracker (GTT). All prices used in the quantification of impacts by the TRA are representative of aggregate prices of PET including both rPET and vPET.

305. The TRA estimates the price elasticity of demand to be between (-0.25 and -1) in our calculations. We believe PET to be inelastic in the short to medium term as it makes up a low proportion of the final cost of end use products such as food and beverage products

306. We assume that a high proportion of the duty is passed onto downstream companies (between 75% and 100%). This is because of the competitive nature of the PET market and low profit margins in the UK producer sector.

307. We reviewed APUK's marginal costs and made a judgement on which were fixed and which were variable. We then assumed its variable costs were equivalent to its marginal costs. Given a lack of participation from other UK producers, we assume marginal costs per unit for APUK are the same for all UK producers.

H4.2. Estimated impacts if measure is extended

308. Following the injury and subsidy likelihood assessments, the existing countervailing duties of between 0% and 13.8% could be extended. We expect that prices and quantities for the goods subject to review from India sold in the UK would remain similar to their current levels if the measure were to be extended.

H4.3. Estimated impacts if the measure is revoked

309. Due to the uncertainty around what would happen if a measure were to be revoked, we looked at three scenarios representing a range of realistic impacts. It is unlikely that any of these scenarios represents the true impact of revoking the measure but the impacts are likely to fall somewhere between them. With the measure in place imports of the goods subject to review from India are low,

therefore our evidence on the price they would charge is limited. However, we believe the three scenarios represent a realistic range of impacts.

Scenario A: Prices of PET fall by the level of the measure.

310. In this scenario we assume that if the measure were to be revoked, prices for PET would fall and producers' market shares would stay the same. Revoking the measure would mean that prices of the goods subject to review from India would fall by up to the level of the measure. Under this scenario, UK producers and third country producers also reduce their prices by the same amount.

Scenario B: UK producers exit the market

311. In this scenario we assume that if the measure were to be revoked, UK producers would be forced to exit the market with their market shares going to Indian producers. We assume third country producers maintain their current market share over the duration of the measure at current prices as it is unlikely Indian producers will have the capacity to fulfil all UK demand for PET.

Scenario C: Some UK producers exit the market.

312. The TRA considers this scenario to represent the most likely outcome should the measure be revoked. In this scenario the UK vPET producer is forced to exit the market and roughly half of the UK rPET market can no longer compete due to the lower price of imports of goods subject to review from India. We assume that approximately half of the UK rPET manufacturers are protected by other businesses activities such as waste management services. These account for a substantial proportion of their turnover allowing them to compete for a reduced portion of UK market share at current prices.

313. The TRA conducted illustrative analysis on UK producers of like goods to evaluate their likelihood of bankruptcy within two years. This was done by calculating

Altman Z'-Scores[62] for each of the sampled UK producers. The analysis concluded that certain UK producers are at risk of market exit when subjected to a negative economic shock such as revoking the current measure.

314. Scenario C considers that producers from India assume the market share vacated by UK producers because they sell at lower prices than third country producers and the remaining UK producer sector. Third country producers maintain their current market share over the duration of the measure at current prices as it is unlikely that Indian producers will have the capacity to fulfil all UK demand for PET.

Table 27: Summary of scenarios used in the impacts analysis if the measure were revoked

Scenarios considered	
Scenario A	Prices of PET fall by the level of the measure.
Scenario B	All UK Producers exit the market.
Scenario C	Some UK producers exit the market.

H4.4. Estimated welfare impacts of extending the measure on affected UK businesses and consumers

315. We estimated welfare impacts for each scenario by looking at the change in producer and consumer surplus. Consumer surplus is the welfare a consumer or downstream business gets from buying a product. Producer surplus is the welfare a producer gets from selling a product.

316. Surplus was estimated using the following formulas:

$$\boldsymbol{Producer\ Surplus} = (\boldsymbol{Price\ per\ unit} - \boldsymbol{Marginal\ Cost}) * \boldsymbol{Quantity\ sold}$$

[62] Altman Z'-score for private U.S. manufacturing companies

$$\Delta \boldsymbol{Consumer\ Surplus} = \left(\frac{\boldsymbol{Quantity_{tariff}} + \boldsymbol{Quantity_{tariff\_revoked}}}{\mathbf{2}}\right) * \Delta \boldsymbol{Price}$$

Where:

$\boldsymbol{Quantity_{tariff}}$ is the quantity of PET consumed with a duty

$\boldsymbol{Quantity_{tariff\_revoked}}$ is the quantity of PET consumed without a duty

317. Table 28 shows the welfare impacts for each of the modelled scenarios. The impacts on different groups are explained in the following sections.

Table 28: Estimated annual welfare impact of extending the existing measure (as compared to revoking it) on affected UK businesses

Scenario	PET producers (£m)	Importers and downstream businesses (£m)	Total change in welfare (£m)
Scenario A	22.0 – 30.9	-61.3 – -44.3	-30.6 – -21.5
Scenario B	32.2	-70.9 – -59.1	-38.7 – -26.9
Scenario C	23.9 – 24.7	-55.2 – -46.9	-31.3 – -22.2

PED = Price elasticity of demand, assumed value is -1 for high scenarios and -0.25 for low scenarios.

PT = Tariff cost pass through to importers and downstream businesses, assumed value is 100% for high scenarios and 75% for low scenarios.

Ranges represent all possible combinations of high and low PED and PT. E.g. Scenario A: PET producers: 22.0 represents High PED & Low PT, 30.9 represents Low PED & High PT

H4.4.1. UK producers

318. We estimate that varying the measure could lead to UK producers benefitting by between £22.0m and £32.2m per year. The lowest producer surplus increase from varying the measure (£22.0m) occurs relative to Scenario A where UK producers cut their price in response to the measure being revoked. Given that the TRA's central, and most likely, scenario anticipates market exit for some but not all UK producers if the measure is revoked, the expected benefit of varying the measure for UK producers is between £23.9m and £24.7m.

H4.4.2. UK importers and downstream businesses

319. Our analysis suggests that varying the measure could lead to costs of between £44.3m and £70.9m per year. Costs will be highest in scenarios where all UK companies exit the market (Scenario B) as we assume Indian companies will fill their market share at a lower price, benefitting importers and downstream businesses. Costs are lower in scenarios (Scenario A) where some UK companies continue trading and the average price of PET doesn't decrease as much for importers and downstream businesses. In the TRA's central and most likely scenario (Scenario C) we expect costs of varying the measure to range between £46.9m and £55.2m.

H4.4.3. UK consumers

320. Impacts on consumers have not been modelled as the cost of PET is a small share of the final cost for consumer goods produced with PET, for example the cost of food and drink containers are proportionately small in comparison with the product as a whole. Additionally, these consumer goods, are subject sticky price levels which we believe will limit impacts of a measure to companies in the downstream sector.

H4.4.4 Overall welfare impacts

321. Overall, varying the existing measure is likely to lead to a significant net welfare loss of between £21.5m to £38.7m per year, with the most likely scenario showing a net welfare loss of £22.2m and £31.3m. The highest benefits for UK producers fall in the scenarios with the highest costs to importers/retailers and consumers, and there are no scenarios in which varying the measure would have a net positive impact on overall welfare changes to the UK economy.

H5. Likely impact on particular geographic areas or particular groups in the UK

322. This section explores how impacts of the proposed measure are likely to be geographically distributed and whether any particular groups might be disproportionately impacted. The spatial units of analysis are Travel to Work Areas (TTWAs).

H5.1. Likely impact on particular areas

323. This section considers those companies for which the evidence suggests that PET is a significant product: The sectors covered are, UK producers, the upstream sector and the downstream sector.

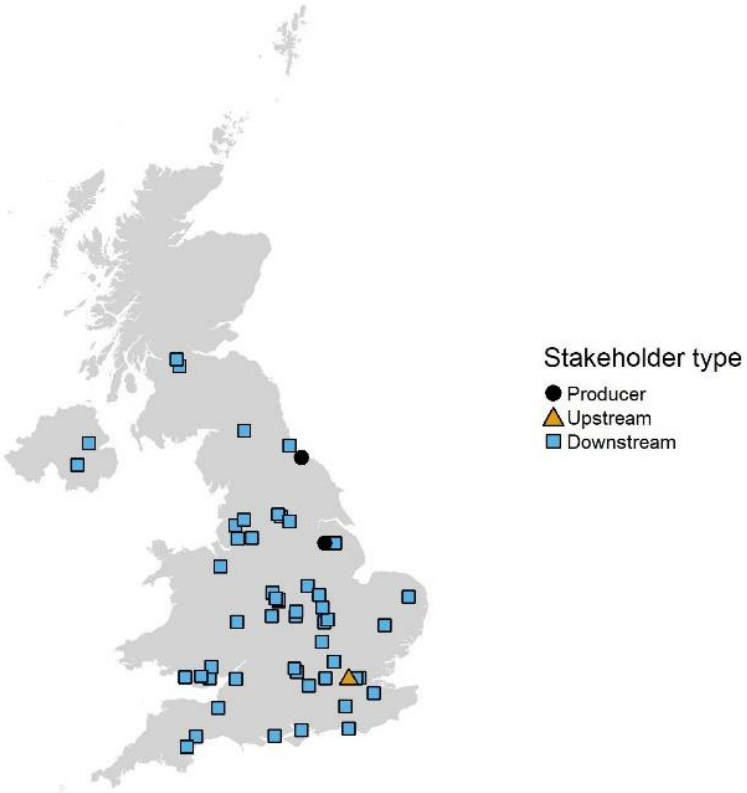
324. The TRA used three sources of evidence for its employment analysis:

- Questionnaire responses: these provided employment by site and employment;
- Dun and Bradstreet business directory: this provides the location of known sites and estimates of employment by site; and
- ONS estimates of working age population by Travel To Work Area (TTWA).

325. To estimate employment by site, the TRA identified all known immediate subsidiaries of the companies selected in its analysis alongside their registered office address and known employment. Where sites were listed without employment figures, we assumed total employees were distributed equally between all sites.

326. Figure 4 shows the geographic distribution of businesses locations that are part of PET supply chain in the UK. The TRA has not identified any areas that indicate there would be significant proportion of the working age population impacted by either revoking or reinstating the measure.

Figure 4: Locations of selected UK businesses that are part of UK supply chain for PET



327. The TRA did not find any areas where the estimated employment from UK producers, upstream industries, and retailers and importers constituted a significant proportion of the working age population of any TTWA. This was still true when we considered only the working age population with an education level comparable to that of the participating PET producer.

H5.2. Likely impact on particular groups

328. The TRA considered the likely impact on particular groups including those with protected characteristics as defined by the Equality Act 2010.

329. No party provided any evidence with respect to potential impacts on any particular groups, either as workers or consumers. There is no evidence to suggest there will be disproportionate impacts on particular groups.

H6. Likely consequences for the competitive environment and for the structure of markets for goods in the UK

330. The assessment of likely consequences for the competitive environment and structure of the market for goods in UK market considers four areas:

- The impact on the number or range of suppliers;
- The impact on the ability of suppliers to compete;
- The impact on the incentives to compete vigorously;
- The impact on the choices and information available to consumers.

H6.1. Background

331. The UK market for PET is composed of two distinct segments: vPET and rPET. vPET offers higher quality due to clarity, strength & purity than rPET. Both can be

substituted for each other to a certain extent dependent on the quality required for the end-product application.

332. The number of suppliers on the whole PET market is unknown. The vPET segment of the market is composed of one UK producer. vPET appears to be very competitive with a large range of suppliers, high start-up costs, and competition from other suppliers. The number of suppliers on the rPET segment is unknown due a lack of engagement in the TRA transition review process.

333. vPET has higher barriers to entry than rPET. vPET is more reliant on substantial investment in heavy machinery plants than rPET. The TRA estimates that UK producers have a market share of around 59% in volume terms for the whole PET market.

H6.2. The impact on the number or range of suppliers

334. If the measure were varied, it may help the UK vPET producer to compete and remain on the market, but it would also make it harder for producers of the goods subject to review from India to compete. The impact on UK rPET producers is not known because of a lack of engagement. The net impact on the whole PET market is not clear, but is unlikely to significantly alter the number or range of suppliers on the market.

H6.3. The impact on the ability of suppliers to compete

335. Interested parties have stated that the UK vPET segment of the market is competitive. PET is a homogenous product with limited opportunities for differentiation through service or quality beyond the distinction between vPET and rPET.

336. We found no evidence to suggest that if the measure were varied as proposed it would impact the ability of suppliers to compete compared to the current competitive environment.

H6.4. The impact on the incentives to compete vigorously

337. The TRA has received no evidence that varying the measure would impact on suppliers' incentives to compete vigorously. The producer stated within its submission to the TRA that the UK vPET segment of the market is highly competitive and is not allowed to set prices due to being a member of PET Europe[63].

H6.5. The impact on the choices and information available to consumers

338. PET is not directly supplied to final consumers. There is no evidence to suggest that varying the measure would negatively impact consumer choice or the availability of information.

H7. Such other matters as the TRA considers relevant

339. Within the EIT, we consider any other factors additional to those set out in the legislation which have implications in concluding whether the variation of the measure is in the economic interest of the UK.

340. APUK stated in its submission that its plant generates low carbon emissions. The environmental practices undertaken by exporters of the goods subject to review in India is not known due to a lack of engagement.

[63] PET EUROPE is a non-profit trade association that represents all the European PET resin producers.

H8. Form of measure

341. The current measure is an ad valorem tariff of 0% to 13.8% covering the goods subject to review imported from India under the commodity code set out in Section D.

342. In the EIT we consider the most appropriate form of measure to recommend, in particular whether any changes to the length or coverage of the measure would minimise the negative impacts of the measure on some parties while retaining the overall benefits.

343. We found no evidence suggesting that a different form of measure than the variation we intend to propose would be more appropriate. The recommended form of measure remains an ad valorem tariff with a duration of five years.

H9. Conclusion

344. In accordance with paragraph 25 of Schedule 4 to the Act, the EIT is met in relation to the application of a countervailing remedy, if the application of the remedy is in the economic interest of the UK. This test is presumed to be met unless we are satisfied that the application of the remedy is not in the economic interest of the UK. In the injury section we concluded that if the measure were to be revoked, there would be a likelihood of injury.

345. Our assessment of economic significance found PET is very important to UK producers and somewhat important to upstream businesses, retailers and importers. Downstream businesses and importers are more economically significant in terms of all metrics considered. UK producers and upstream businesses were found to be vulnerable to economic shocks but UK downstream businesses and importers were not.

346. When considering the impacts on affected businesses and consumers we found varying the measure would benefit UK producers by £22.0m to £32.2m per year.

Downstream industries could experience costs of £44.3m to £70.9m per year compared to a scenario of revocation, where no countervailing duties are in place. We expect that in the short-term consumers would be insulated from the effects of the measure because of the low cost of PET in final products and sticky prices. We estimate that varying the measure would cause welfare losses to the UK of £21.5m to £38.7m per year.

347. In assessing the likely impacts on particular areas and groups, we found no evidence of disproportionate impacts on any area or group.

348. In the competition assessment, we found no evidence that the measure significantly affects competition in the PET market.

349. We have identified the following key positive impacts of varying the measure:

- UK Producers of PET are likely to continue UK operations as the measure will help prevent a recurrence of injury to the domestic industry. We have found UK Producers of PET are vulnerable to economic shocks, therefore varying the measure is important to their viability.
- Upstream UK businesses are likely to benefit from UK producers continuing the production of PET domestically. We have found upstream UK businesses are vulnerable to economic shocks, therefore varying the measure is important to their viability.

350. We have identified the following key negative impacts of varying the measure:

- Downstream businesses and importers will pay higher prices for PET because of the measure compared to a scenario of revocation, where no countervailing duties are in place. This will reduce their profitability as we assume they are not able to pass the full cost onto consumers.

351. In conclusion, varying the measure on the goods subject to review imported from India as proposed will not have disproportionately negative economic impacts on

the UK economy, including industries, consumers, particular groups and the wider geographic and competitive environment impacts.

352. Based on the evidence available and having considered all of the factors listed in the legislation, pursuant to regulation 100(1E) of the Regulations, we advise the Secretary of State that we consider that the variation of the measure in accordance with our intended final recommendation meets the Economic Interest Test.

Section J: Intended final determination and recommendations

353. The TRA has found that it is likely, on the balance of probabilities, that the importation of the subsidised goods subject to review from India would recur if the measure were no longer applied to those goods.

354. It is likely, on the balance of probabilities, that injury to the UK industry in the like goods would also recur if the measure were no longer applied to the goods subject to review.

355. The TRA considers that the proposed variation of the measure in accordance with our intended final recommendation meets the Economic Interest Test (regulation 100(1E) of the Regulations).

356. The TRA's intended final recommendation to the Secretary of State is to vary the application of the countervailing amounts pursuant to regulations 100(1), (2)(a)(i) and 100A of the Regulations. No compelling reasons were received to consider whether it was appropriate to recalculate the countervailing amounts. Further, without data from overseas producers, it would not have been possible to recalculate. We intend to recommend maintaining the countervailing amounts applicable to the goods subject to review, pursuant to regulation 100A(4)(b) of the Regulations, for a period of five years from 01 August 2024, the date the measure would have otherwise expired had no transition review been initiated (see Taxation notice 2020/32; see also regulation 97C of the Regulations).

357. No evidence was found that any alternate form of measure, would be more appropriate.

358. The table below specifies the countervailing duties to be maintained and applied to the goods described or imported under the UK customs codes detailed therein. We have maintained the form and levels of the transitioned UK measure.

Table 24: Recommended ad-valorem duty rates

Company	Countervailing duty
Futura Polyesters Ltd	0
IVL Dhunseri Petrochem Industries Private Limited	2.3%
Pearl Engineering Polymers Ltd	13.8%
Reliance Industries Limited	4.0%
Senpet Ltd	4.43%
All other companies	13.8%

Annex A: Interested parties and contributors

Summary of information received from interested parties and contributors

Interested party/Contributor	Information received	Status
ALPEK polyester UK (APUK)	Registration of interest Producer Questionnaire	UK Producer/Sampled
Esterform Packaging Ltd	Registration of Interest.	Down-stream contributor

Annex B: Duty amount and additional TAP codes

Overseas exporter	Duty amount	Additional TAP code
Futura Polyesters Ltd	Nil	A184
IVL Dhunseri Petrochem Industries Private Limited	2.3%	C380
Pearl Engineering Polymers Ltd.	13.8%	A182
Reliance Industries Ltd	4%	A181
Senpet Ltd	4.43%	A183
All other overseas exporters (residual amount)	13.8%	A999