**MINISTRY OF THE ECONOMY (ME)**

**SECRETARIAT OF FOREIGN TRADE AND INTERNATIONAL AFFAIRS (SECINT)**

**SECRETARIAT OF FOREIGN TRADE (SECEX)**

**SUBSECRETARIAT OF TRADE REMEDIES AND PUBLIC INTEREST (SDCOM)**

Esplanada dos Ministérios, Bloco J, Sala 408, Brasília – DF, Brasil, CEP 70.053-900

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**PRODUCER/EXPORTER QUESTIONNAIRE**

Investigation of bilateral safeguard due to serious injury to the domestic industry resulting from exports to Brazil of nonwovens for application in personal hygiene products, commonly classified in items 5603.11.30; 5603.12.30; 5603.91.20 and 5603.92.20 of the Common Mercosur Nomenclature - NCM, originating in Israel

Administrative Process SECEX 52272.003700/2019-778

Contact: (+55 61) 2027-7770 or naotecidos@mdic.gov.br

**GENERAL INSTRUCTIONS**

1. This questionnaire aims to gather information necessary for the investigation of preferential safeguard due to serious injury to the domestic industry resulting from exports to Brazil of nonwovens for application in personal hygiene products, normally classified in items 5603.11.30, 5603.12.30 , 5603.91.20, and 5603.92.20 of the Common Mercosur Nomenclature - NCM, originating in Israel.
2. The Free Trade Agreement between Mercosur and the State of Israel (ALC Mercosul-Israel) was signed in Montevideo, on December 18, 2007. The National Congress approved it, through Legislative Decree No. 936, of 17 December 2009, and the Brazilian Government notified the Government of the Republic of Paraguay, depositary of the said Agreement, of the said approval, on March 4, 2010. Chapter V of the LAC regulates the safeguards mechanism between the Parties or Signatory Parties, providing two distinct mechanisms, namely, bilateral safeguard measures, regulated in Article 1 of Chapter V; and global emergency measures, regulated in Article 2 of Chapter V.
3. Bilateral safeguard measures refer to the rights and obligations arising from the FTA Mercosur-Israel, while global emergency measures refer to rights and obligations under Article XIX of GATT 1994, the World Trade Organization Safeguards Agreement (WTO).
4. In accordance with the provisions of Article 1.11 of Chapter V of the LAC, the investigation related to bilateral safeguards will have the purpose of evaluating: (i) the quantities and conditions under which the goods under investigation are being imported; (ii) the existence of serious injury or threat of serious injury to the domestic industry; and (iii) the causal link between the increase in imports of the goods in question and the serious injury or threat of serious injury to the domestic industry.

1. In addition to the instructions in this questionnaire, the remarks contained in the notification related to the initiation of the investigation must be observed.
2. The cover page of your response to the questionnaire should be the document signed by the person who possesses power to act on behalf of the company, pursuant to the model in Appendix I.

1. All documentation to be presented must always refer to the product under investigation and to the number assigned to the process designated on the cover page of this questionnaire.
2. The responses must be clear and precise, indicating the provided information sources. Any information considered relevant or relatable to the process, even if not requested, can be presented.
3. Responses to the questionnaire should reflect exclusively the company’s sales transactions, even if the company controls or is controlled by another, or if it is associated or related to a Brazilian importer.
4. Under no circumstances will responses from producer/exporter along with those from Brazilian importers be accepted.

1. SDCOM may conduct on-the-spot verification to examine the company’s records and confirm the reported information. Worksheets and auxiliary documents used on the elaboration of the questionnaire response must be preserved, in case of an eventual on-the-spot verification.
2. Information presented under confidential terms must be accompanied by suitable justification to the confidentiality request and by a non-confidential summary of the information judged as confidential. The impossibility of presenting a non-confidential summary must be duly justified.
3. Both justification as the non-confidential summary must appear in the restricted version of the questionnaire response.
4. The confidential version of the questionnaire response, as well as other confidential information, must contain the CONFIDENTIAL expression in all its pages, centralized at the top and at the bottom of each page, in red.
5. The restricted version of the questionnaire response must contain the RESTRICTED expression in all its pages, centralized at the top and at the bottom of each page, in blue.
6. Public information treatment will be applied to all information that is not clearly identified as confidential or restricted.
7. A confidential version and a restricted version of the questionnaire response must be simultaneously protocolled through Decom Digital System.
8. Electronic files must have the “.pdf” or “.xlsx” extensions.
9. When processing the data, particularly in “.xlsx” formatted tables, the alphabetic fields must be entered left-justified and the numeric fields right-justified.
10. The dates must be formatted as date fields, and not as alphabetic fields, in the 12/34/5678 format, in which: positions 1 and 2 are equal to (=) day, positions 3 and 4 equal to (=) month, positions 5 to 8 equal to (=) year.
11. Data correspondent to monetary values must be filled separating the thousands by dots and the cents by commas. For example: 2.2550,30.
12. All fields must be filled. In case which there is no response to numeric fields, type number zero; in case there is no response to alphanumeric fields, type the words “none”, “does not apply”, “not available”, according to each case, explaining the reason.
13. All worksheets must contain the calculation memory and all formulas used.
14. Pursuant to Ordinance SECEX No. 30, dated June 8th, 2018, the response to the questionnaire must be lodged through Decom Digital System.
15. The term to respond the questionnaire initiates on the first working day following the date of the correspondence that covers this questionnaire.

**I – INFORMATION ABOUT THE COMPANY**

*The purpose of this section is to gather information that will allow the drafting of a general view of the company. Below you will find questions about the company’s operational, legal and accounting structure, as well as about its relationship with affiliated parties.*

1. **General Information**

Company name, as presented on the company’s acts of incorporation:

Address:

Telephone number:

Website:

1. **Authorized Representative at SDCOM**

Provide data of only one addressee and the address to which the documents sent by SDCOM must be forwarded.

Name:

Job position:

Address:

Telephone number:

Electronic address (e-mail):

1. **Corporate structure and Affiliations**
   1. Provide an organizational chart of your company’s operational structure and a description of each of its units’ functioning. It is particularly important that the description of those units involved in the development, manufacturing, sale and/or distribution of the product under investigation be sufficiently detailed in order to provide SDCOM with a perfect understanding of the described activities.
   2. Provide a list of all the production facilities, sales and/or administrative offices and research and development facilities related to the product under investigation operated by your company and its affiliates in your country and abroad, as well as their respective locations.
   3. Provide an organizational chart of your company’s legal structure, including all affiliated parties. Parties will be considered affiliated if:
      1. One of them occupies a responsibility or a direction position in another party’s company;
      2. The parties are legally recognized as business associates;
      3. The parties are employer and employee;
      4. Any person, directly or indirectly, owns, controls or holds with power to vote five percent or more of the voting stock or shares of any organization and such organization;
      5. One of the parties, directly or indirectly, controls another party;
      6. The parties are, directly or indirectly, controlled by a third party;
      7. Together, both parties control, directly or indirectly, a third party;
      8. The parties are members of the same family; or
      9. There is a relationship of economic, financial or technological dependence with customers, suppliers or lenders.
   4. State whether the companies classified as affiliated parties act in the manufacturing, raw material supply, service rendering or commercialization of the subject product. Describe in details the activities executed by each affiliated party.
   5. List all stockholders that directly or indirectly hold more than five percent of your company’s capital, your controller’s capital and/or your controller’s subsidiaries’ capital.
   6. The company may present a public bulletin that provides the requested information in details.
   7. State the existence of any specific sector policy that interferes with the company’s economic activities.
   8. Describe, if applicable, any kind of direct or indirect governmental incentives granted to the manufacturing, commercialization and/or exporting of the subject product.
2. **Accounting and Financial Practices** 
   1. Describe, in details, your company’s accounting and financial practices, that is, how the respective records are kept and what the period of time used by the company’s accounting is.
   2. Indicate how the data of your company’s financial accounting are summarized in the financial statements.
   3. Explain, in details, how your company’s sales are recorded, stating all account books used for this purpose.
   4. Provide a flowchart illustrating the system used by your company and its respective account books.
   5. Explain how your company classifies in its records sales in the domestic market, exports to a third-country market, exports to Brazil and, when existent, sales intended for Free Zones and Export Processing Zones.
   6. Describe your company’s cost accounting system and how it is used to record, classify, aggregate and allocate the costs incurred in the production of the product under investigation in the normal course of business. The description must be presented in a narrative form and followed by a flowchart.
   7. Describe how the costs incurred throughout the whole manufacturing process are recorded, discriminating all the several auxiliary cost ledgers kept by your company. Explain in which way your company’s cost accounting system reconciles to the financial accounting system.
   8. State the accounting software used by your company (Examples: SAP, Oracle, etc.)
   9. Provide the following financial documents for the period of January to December of 2019. In case your company’s fiscal year does not match that of the investigation, it will be requested that you attach trial balances, profit and loss reports and any other documents issued in a monthly, quarterly or semiannual basis that cover the period of investigation.
      * 1. Complete chart of accounts;
        2. Consolidated and audited financial statements, including all explanation notes to the accounts and auditor’s opinion;
        3. Internal balances and profit and loss reports prepared or kept by the company for the subject product.
        4. Income statements or any other type of financial records presented to local or national governments of the country in which the company is located.
   10. If the product is exported to Brazil by an affiliated party, provide, for the same period, the documents described in item 4.9 relative to this affiliated party.
   11. SDCOM may request, in addition to the documents described under item 4.9, other documents related to other affiliated parties involved in the production or sale of the investigated product in the domestic and foreign markets.

**Report data concerning the employee responsible for answering the “Information about the Company” section above.**

Name:

Job Position:

Telephone Number:

Electronic address (e-mail):

**II – PRODUCT UNDER INVESTIGATION**

**Product under investigation:**

1. Nonwovens for application in personal hygiene products, normally classified under items 5603.11.30, 5603.12.30, 5603.91.20, and 5603.92.20 of the Common Mercosur Nomenclature - NCM, originating in Israel.

a) Nonwovens are also called nonwovens, such as nonwoven (English), notejido (Spanish), tessuto nontessuto (Italian), nontissé (French) and vliesstoffe (German).

b) The main personal hygiene products produced from nonwovens are feminine pads, diapers and baby wipes.

c) For a better understanding of what a nonwoven is, it is important to know what a fabric is technically. According to ABNT / TB-392, fabric is a structure produced by the intertwining of a set of warp threads and another set of weft threads, forming an angle of (or close to) 90 °:

d) Warp - Set of threads arranged in the longitudinal direction (length) of the fabric.

e) Weft - Set of threads arranged in the transverse direction (width) of the fabric.

f) According to the NBR-13370 standard, nonwovens are flat, flexible and porous structures, constituted by a fiber or filament blanket, directionally or randomly, consolidated by mechanical (friction), chemical (adhesion) or thermal (cohesion) process or the combination of these methods.

g) The blankets consist of structures not yet consolidated, formed by one or more layers of fibers or filaments, which constitute the main raw material in the manufacture of nonwovens. The proportion of fibers or filaments in the final products varies from 30% to 100% and other products can be added for the consolidation, finishing and transformation of the fibers or filaments. The proportion between the fibers or filaments that constitute the main raw material of nonwovens and other products that can be added to nonwovens define the final products.

h) Nonwovens for application in personal hygiene products normally use the following raw materials: polypropylene (PP), polyester (PES) or mixed PP, PES and other raw materials, such as polyethylene and viscose.

i) In addition, nonwovens can be classified as to (i) weight, which is the weight per unit area, as light (less than 25 g / m²), medium (between 26 and 70 g / m²), heavy (between 71 and 150 g / m²) and very heavy (above 150 g / m²); (ii) the formation of the blanket (dry, wet or fused); (iii) consolidation of the blanket (mechanical, chemical or thermal means); (iv) the raw materials used (artificial, natural or synthetic fibers or filaments, in addition to binders); and (v) the properties of the fibers and filaments (length, type of cross section, title, raw material, softening and melting point, dye affinity, crimping, finishing and others).

j) Nonwovens for application in other sectors, including automotive, civil construction, packaging, filtration, medical-hospital, coatings and clothing are outside the scope of this petition. These products have raw materials, weights and characteristics that are different from those of the object product and, therefore, are not to be confused with it.

1. Period of investigation of serious injury

P1 = January to December 2017;

P2 = January to December 2018; and

P3 = January to December 2019;

**III – PRODUCT AND PRODUCTION PROCESS**

*The purpose of this section is to gather information about the foreign company’s product, in a way to allow a fair comparison to the aforementioned product under investigation. In addition, this section aims to learn about the manufacturing process used by the foreign company in the production of its product.*

**5. Company Product**

5.1 Describe, in details, the product produced for consumption in your domestic market, that exported to third countries and that exported to Brazil, specifying, as applicable: raw material; chemical composition; model; size; capacity; power; form of presentation, uses and applications and channels of distribution. State any other characteristics considered relevant to the identification of the product.

5.2 Present, if available, literature, catalogue, marketing material or another document that provides technical information about the product.

5.3 Clarify differences, when existent, between the product sold in the domestic market, the one exported to third-country markets and the one exported to Brazil.

5.4 Describe, in details, the product codification system (CODPROD) used by your company in the normal course of business, including the full range of prefixes, suffixes and other notations that identify the different types/models of the product. Present a full list of codes, accompanied by the description of the elements that compose them and by their respective commercial names.

5.5 State the existence of a specific CODPROD used to classify products according to the market for which the product will be intended.

**6. Production Process**

**6.1 General Production Process**

6.1.1 Describe, in details, your company’s production process, specifying, among other items: raw materials, subsidiary materials, utilities and the production unit of volume (i.e. units, kilograms, tons). Specify, when existent, differences in the production process according to the destination of the product (domestic market, exports to third-country markets and exports to Brazil).

6.1.2 Provide a flowchart that describes the technological course used, the main steps of the process and the main equipment used. Clarify whether there are any alternative production courses. If there are, please state the main differences between these production courses.

6.1.3 If production of the product takes place at more than one facility or affiliate, identify each one of them and describe, in details, the production activities conducted by each one.

6.1.4 State whether any services part of the production process are outsourced, such as maintenance and tooling, utilities supply, etc.

6.1.5 State whether your company offers tolling services. Tolling services is understood as an activity by which a company provides raw material to your company that, after processed, is returned to such company with the charging of general costs incurred in the production process.

6.1.6 List all byproducts, co-products and scrap that result from producing the product under investigation. Indicate whether this material is reintroduced in the production cycle or reused in any way, sold or thrown away for being devoid of any economic value.

6.1.7 State your company’s usual production regime (i.e. continuous or batch production) and the number of shifts.

6.1.8 State if there are any other products manufactured by your company.

6.1.9 Clarify whether the production line of the product under investigation is also used for the manufacturing of other products.

**7 Production Capacity**

**7.1 Cpacity of production and production**

7.1.1 State the nominal and effective installed capacity of the product production line and its respective production, discriminating the unit of measurement used, pursuant to the model provided in Appendix II. If the product is manufactured in more than one production line or facility, please provide such information separately.

7.1.2 If the installed capacity is used for the manufacturing of other products, pursuant to 6.8 and 6.9, state, also in Appendix II, their production, by listing them separately in the column “others”.

7.1.3 If the installed capacity has changed over the period considered, explain what the change consisted of.

7.1.4 Clarify in detail how the effective capacity was calculated.

7.1.5 Inform the occurrence of eventual stops in production, indicating the period, duration and motivation.

**7.2 Stocks**

7.2.1. Inform stocks, according to the model in Appendix III, in units of weight (kg or t) and another in units of sale (units, parts, liters). Marketing unit means the unit by which the product is normally marketed. This unit must match the one used by the company in its accounting (units, liters, meters, parts, pairs, box, etc.).

7.2.2 Inform if there is production for stock or if only on request. If there is production to stock, inform the stock level considered ideal.

**Report data concerning the employee responsible for answering the “Product and Production Process” section above.**

Name:

Job Position:

Telephone Number:

Electronic address (e-mail):

**IV – DISTRIBUTION AND SALES PROCESSES**

*The purpose of this section is to gather information about distribution and sales processes. This information will be used to assess the data provided by the company, allowing for SDCOM to make appropriate comparisons at the same level of trade. This way, the information provided by the company will allow, if necessary, the fulfillment of adjustments during the investigation*.

**8. Distribution Process**

8.1 Provide a flowchart and a description of each of your company’s channels of distribution used for:

(i) Sales in the domestic market;

(ii) Exports to a third-country market; and

(iii) Exports to Brazil.

8.2 Describe functions performed and services offered by intermediaries in the channel(s) of distribution used by your company in (i), (ii) and (iii).

8.3 Specify services related to the distribution process that are paid by your company and those paid by intermediaries or by affiliated companies.

8.4 Provide a list of the categories of customers (e.g., local distributor, end-user, trading companies, etc) in (i), (ii) and (iii), specifying in each case the channels of distribution used.

**9. Sales Process**

**9.1 General Sales**

9.1.1 Describe, in details, the sales process for each method and channel of distribution reported under item 7.

9.1.2 Describe, in details, your terms of payment used in (i), (ii) and (iii) (e.g., on the spot payments, early payments, discounts, rebates, etc.).

9.1.3 Provide a price list of the subject product sold in the domestic market, in third-country markets and in Brazil, discriminating the information according to your terms of payment reported under item 8.1.2.

8.1.4 Report whether there are any restrictions to direct sales and to sales performed by intermediaries in (i), (ii) and (iii), especially concerning volume, geographical scope and other conditioning factors.

9.1.5 In case of sales to distributors, report if your company sells only to authorized distributors.

9.1.6 Explain whether your company provides a list of clients to the reseller, performs joint sales with the reseller or provides after-sale assistance or any other type of service that distinguishes the client from the reseller. Please attach a copy of the contracts or sales terms signed between your company and the resellers.

9.1.7 Report your sales terms (e.g., spot, contract, etc.). In case of sales by contract, list the clients.

9.1.8 Report if your company performs swap contracts.

9.1.9 Report if your company has performed sales of the like product from other brands that not your own.

9.1.10 Report if your company has performed sales of other products also manufactured by your company, according to the information reported under item 6.1.9, or resales of other products purchased in the domestic market or imported.

9.1.11 Indicate the existence of different types of packaging (e.g., in bulk, cylinder/drum, big bag, pallet, etc.) for the product, as well as the volume usually transported by each type of packaging in (i), (ii) and (iii).

9.1.12 Describe at which terms of commerce the delivery of the product takes place in (i), (ii) and (iii) (e.g., CIF, FOB, ex works, etc.).

9.1.13 Describe services occasionally performed by the company and by intermediaries, such as activities related to sales support, stock maintenance, after-sale and advertising.

**9.2 Sales to Affiliated Parties (“Affiliates”)**

9.2.1 Provide a list of all affiliated parties, pursuant to item 3.3, that purchased your company’s product in the domestic market, in a third-country market used for comparison or in Brazil, indicating whether the product was intended for personal consumption or for resale.

9.2.2 Explain the price policy for affiliated parties. Indicate the percentage of your company’s sales that correspond to each affiliated party, in terms of volume and revenue.

9.2.3 Describe, based on the sales process designated under item 8.1.1, which functions under responsibility of affiliated parties differ from those of other companies with which your company interacts.

9.2.4 Describe services occasionally performed by affiliates (e.g., activities related to sales support, stock maintenance, technical assistance, after-sales and advertising).

**9.3 Sales in the Domestic Market and Exports to Third-Country Markets**

9.3.1 Justify, when existent, the reasons that lead your company to judge the data related to sales in your domestic market as inadequate for the calculation of the normal value.

9.3.2 Report the three largest markets to which your company exports for determination of normal value. If you choose to provide data concerning exports to other countries that are not among the top three largest exporting markets, indicate your choice and justify it in details.

|  |  |  |
| --- | --- | --- |
|  | **Valor (unidade de medida)** | **Volume (unidade de medida)** |
| Sales in the Domestic Market |  |  |
| Exports to third countries |  |  |
| Exports to Brazil |  |  |

**Report data concerning the employee responsible for answering the “Distribution and Sales Processes” section above.**

Name:

Job Position:

Telephone Number:

Electronic address (e-mail):

# VII – TOTAL SALES

*This section provides information on how to fill out Appendix VIII, which refers to data about your company’s Total Sales.*

# ITEM D – TOTAL SALES RECORDS

*The purpose of the information to be provided in this Appendix is to aggregate your company’s data and allow the fulfillment of the totality test. Therefore, the aim of this section is to analyze the consistency of all information provided in the questionnaire response.*

**D.1. GENERAL INSTRUCTIONS**

D.1.1. The requested information on prices and quantities must be reported taking into account the indicated period.

D.1.2. It must be emphasized that all totals reported in this section must be necessarily equal to the totals previously reported in Appendixes V and VII. In Appendix VIII, however, there will be the need to complement the information provided in the Appendixes before it.

D.1.3. All information provided must coincide with the documental evidence of your company’s accounting which shall be analyzed in the event of a possible on-the-spot verification.

D.1.4. If there are no sales in the requested modality, fill out the field with the number “0”.

D.1.5. The recording of data in Appendix VIII must take into consideration the answer provided under item 8.4 which refers to your company’s treatment for sales returns. The maintenance of parallelism in the reporting of data is requested, which means that, if the data previously reported was net of sales returns, the data in Appendix VIII must also be recorded excluding sales returns.

**D.2. RECORDS OF SALES IN THE DOMESTIC MARKET (A):**

D.2.1. The information under field A must take into account the total of:

(a.1) Sales of the product manufactured by your own company, which must coincide with the data reported in Appendix V. In addition, specify sales made to affiliated and non-affiliated parties, according to the definition presented under item 3.3.

(a.2) Resales of the imported like product, if reported under item 8.1.7.

(a.3) Resales of the like product purchased in the domestic market of your’s company’s country, if reported under item 8.1.7.

(a.4) Sales or resales of other products imported or purchased in the domestic market by your company, if reported under item 8.1.8.

**D.3. RECORDS OF EXPORTS TO THIRD-COUNTRY MARKETS (B):**

D.3.1. The information under field B must take into account the total of:

(a.1) Exports of the product manufactured by your own company: add to the data on exports to third-country markets reported in Appendix V all the exports made during the indicated period to ALL other destinations, excluding Brazil. In addition, specify sales made to affiliated and non-affiliated parties, according to the definition presented under item 3.3.

(a.2) Exports of the like product imported.

(a.3) Exports of the like product purchased in the domestic market of your company’s country.

(a.4) Exports of other products imported or purchased in the domestic market by your company.

**D.4. RECORDS OF EXPORTS TO BRAZIL (C):**

D.4.1. The information under field C must take into account the total of:

(a.1) Exports of the product manufactured by your own company, which must coincide with the data reported in Appendix VII. In addition, specify sales made to affiliated and non-affiliated parties, according to the definition presented under item 3.3.

(a.2) Exports of the like product imported.

(a.3) Exports of the like product purchased in the domestic market of your company’s country.

(a.4) Exports of other products imported or purchased in the domestic market by your company.

**APPENDIX I**

LIABILITY COMMITMENT

INTERESTED PARTY:

LEGAL REPRESENTATIVE:

LEGAL REPRESENTATIVE JOB POSITION:

TELEPHONE NUMBER:

ADDRESS:

ELETRONIC ADDRESS:

I hereby certify the veracity of the information contained in this questionnaire and I am aware that this information is subject to on-the-spot verification.

I authorize the Subsecretariat of Trade Remedies and Public Interest (SDCOM) to use the information contained in this questionnaire.

I am aware that the information presented as confidential,provided that this classification is justified, will be treated as such and will not be revealed without the express consent of the party I represent, pursuant to the legal provisions applicable.

Place and date

Legal representative’s signature

Legal representative’s legible name

Legal representative’s position