

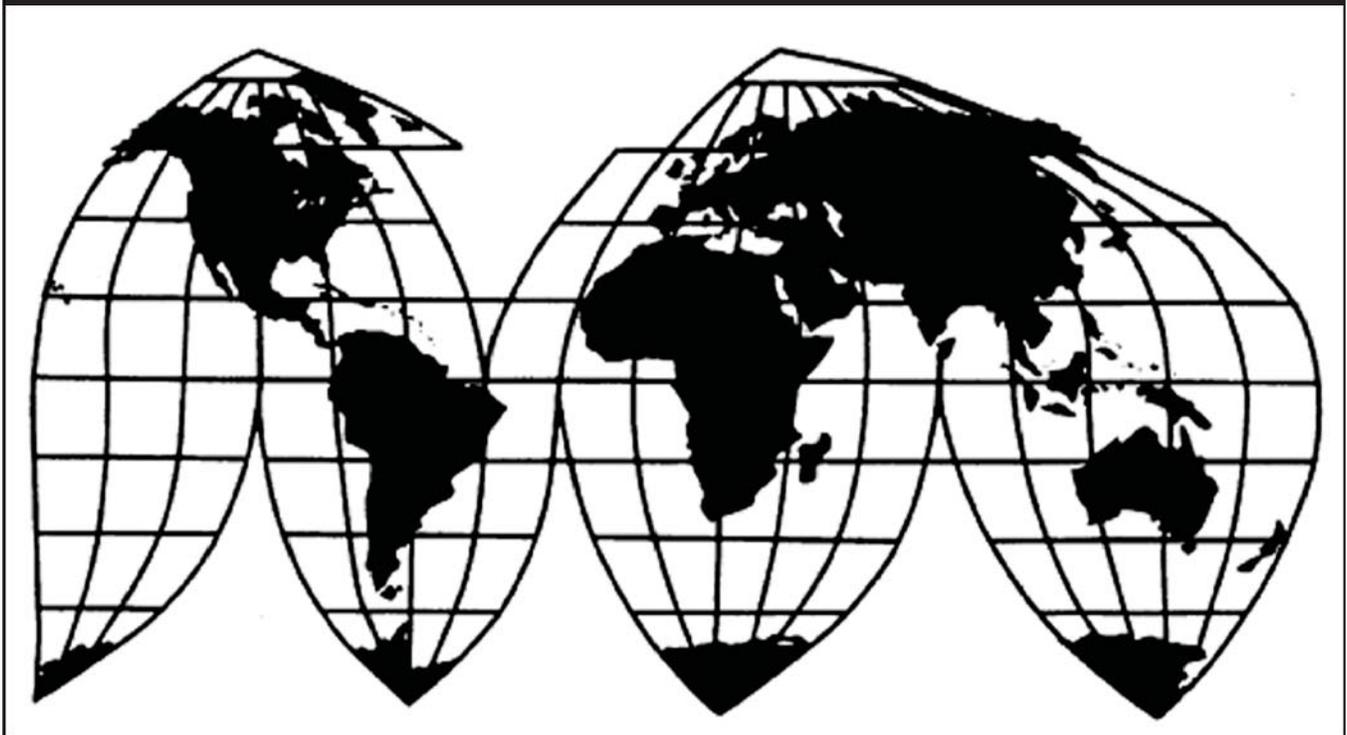
# Laminated Woven Sacks From China

Investigation Nos. 701-TA-450 and 731-TA-1122 (Review)

Publication 4457

March 2014

**U.S. International Trade Commission**



Washington, DC 20436

# U.S. International Trade Commission

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## **UNITED STATES INTERNATIONAL TRADE COMMISSION**

Investigation Nos. 701-TA-450 and 731-TA-1122 (Review)

LAMINATED WOVEN SACKS FROM CHINA

### **DETERMINATION**

On the basis of the record<sup>1</sup> developed in the subject five-year reviews, the United States International Trade Commission (Commission) determines, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)), that revocation of the antidumping duty and countervailing duty orders on laminated woven sacks from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>2</sup>

### **BACKGROUND**

The Commission instituted these reviews on July 1, 2013 (78 F.R. 39319) and determined on October 21, 2013, that it would conduct expedited reviews (78 F.R. 68473, November 14, 2013).

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<sup>1</sup> The record is defined in sec. 207.2(f) of the Commission's Rules of Practice and Procedure (19 CFR § 207.2(f)).

<sup>2</sup> Commissioner Kieff did not participate in these determinations.



## Views of the Commission

Based on the record in these five-year reviews, we determine under section 751(c) of the Tariff Act of 1930, as amended (“the Tariff Act”), that revocation of the antidumping duty and countervailing duty orders on laminated woven sacks from China would likely lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>1</sup>

### I. Background

*Original Investigations.* The original investigations of laminated woven sacks from China were instituted in response to a petition that the Laminated Woven Sacks Committee (“the Committee” or “domestic producers”) filed on June 28, 2007.<sup>2</sup> At that time the Committee’s membership consisted of five domestic producers of laminated woven sacks: Bancroft Bag, Inc.; Coating Excellence International, LLC (“Coating Excellence”); Hood Packaging Corp. (“Hood”); Mid-America Packaging, LLC; and Polytex Fibers Corp. (“Polytex”).<sup>3</sup>

In July 2008, the Commission determined that an industry in the United States was materially injured by reason of imports of laminated woven sacks from China that the United States Department of Commerce (“Commerce”) found were subsidized and sold at less than fair value.<sup>4</sup> Commerce issued antidumping duty and countervailing duty orders on imports of laminated woven sacks from China on August 7, 2008.<sup>5</sup>

*Current Reviews.* The Commission instituted these reviews on July 1, 2013.<sup>6</sup> The Commission received one substantive response to the notice of institution from the Committee.<sup>7</sup> It did not receive a response from any respondent interested party. On October 21, 2013, the Commission found the Committee’s response to the notice of institution individually adequate, the domestic interested party group response adequate, and the respondent interested party group response inadequate.<sup>8</sup> The Commission did not find any circumstances that would warrant conducting full reviews and determined that it would

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<sup>1</sup> Commissioner Kieff did not participate in these reviews.

<sup>2</sup> Confidential Report (“CR”) at I-3, Public Report (“PR”) at I-3.

<sup>3</sup> CR at I-3, PR at I-3.

<sup>4</sup> *Laminated Woven Sacks from China*, Inv. Nos. 701-TA-450 and 731-TA-1122 (Final), USITC Pub. 4025 at 1 (Aug. 2008) (“*Original Determination*”).

<sup>5</sup> Notice of Antidumping Duty Order: *Laminated Woven Sacks from China*, 73 Fed. Reg. 45941 (Aug. 7, 2008); *Laminated Woven Sacks from the People’s Republic of China*, 73 Fed. Reg. 45955 (Aug. 7, 2008) (countervailing duty order).

<sup>6</sup> *Laminated Woven Sacks from China*, 78 Fed. Reg. 39319 (July 1, 2013) (institution of five-year reviews) (“*Notice of Institution*”).

<sup>7</sup> Substantive Response to the Commission’s Notice of Institution, July 30, 2013 (“*Response*”). The Committee in these reviews consists of Coating Excellence, Exopack Holding Corp., Graphic Packaging International, Inc., Hood, Polytex, and SeaTac Packaging Manufacturing Corp.

<sup>8</sup> Summary Voting Sheet, INV-13-531, EDIS Doc. 520120 (Oct. 21, 2013).

conduct expedited reviews pursuant to section 751(c)(3) of the Tariff Act.<sup>9</sup> On February 12, 2014, the Committee filed comments with the Commission.<sup>10</sup>

## II. Domestic Like Product and Industry

### A. Domestic Like Product

In making its determination under section 751(c) of the Tariff Act, the Commission defines the “domestic like product” and the “industry.”<sup>11</sup> The Tariff Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle.”<sup>12</sup> The Commission’s practice in five-year reviews is to examine the domestic like product definition from the original investigation and consider whether the record indicates any reason to revisit the prior findings.<sup>13</sup>

Commerce has defined the imported merchandise within the scope of the orders under review as follows:

Laminated woven sacks are bags or sacks consisting of one or more plies of fabric consisting of woven polypropylene strip and/or woven polyethylene strip, regardless of the width of the strip; with or without an extrusion coating of polypropylene and/or polyethylene on one or both sides of the fabric; laminated by any method either to an exterior ply of plastic film such as biaxially-oriented polypropylene (“BOPP”) or to an exterior ply of paper that is suitable for high quality print graphics; printed with three colors or more in register; with or without lining; whether or not closed on one end; whether or not in roll form (including sheets, lay-flat tubing, and sleeves); with or without handles;

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<sup>9</sup> See Explanation of Commission Determination on Adequacy, EDIS Doc. 520864 (Oct. 30, 2013).

<sup>10</sup> Laminated Woven Sacks from China: Petitioners’ Comments on the Record (Feb. 12, 2014) (“Comments”).

<sup>11</sup> 19 U.S.C. § 1677(4)(A).

<sup>12</sup> 19 U.S.C. § 1677(10); see, e.g., *Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Department of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int’l Trade 1998); *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996); *Torrington Co. v. United States*, 747 F. Supp. 744, 748-49 (Ct. Int’l Trade 1990), *aff’d*, 938 F.2d 1278 (Fed. Cir. 1991); see also S. Rep. No. 249, 96<sup>th</sup> Cong., 1<sup>st</sup> Sess. 90-91 (1979).

<sup>13</sup> See, e.g., *Internal Combustion Industrial Forklift Trucks from Japan*, Inv. No. 731-TA-377 (Second Review), USITC Pub. 3831 at 8-9 (Dec. 2005); *Crawfish Tail Meat from China*, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 at 4 (July 2003); *Steel Concrete Reinforcing Bar from Turkey*, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 at 4 (Feb. 2003).

with or without special closing features; not exceeding one kilogram in weight.<sup>14</sup>

The scope definition set out above is unchanged from Commerce’s scope definition in the original investigations.

Laminated woven sacks are used as packaging by manufacturers of pet food, bird seed, grass seed, fertilizer, and other consumer goods. The filled sacks typically weigh between 17 and 55 pounds.<sup>15</sup> They are made primarily from polypropylene woven fabric that is laminated either with plastic or paper.<sup>16</sup> Laminated woven sacks are manufactured in several distinct stages, allowing producers to enter the production process at a number of different steps.<sup>17</sup>

Laminated woven sacks are made from plastic pellets that are melted, extruded into a sheet, and then cut into strips or tape.<sup>18</sup> These strips are then woven into fabric, either in a tubular form, or as a flat woven sheet.<sup>19</sup> Regardless of its shape, the sack fabric is next printed with graphics, laminated, and then cut into individual sizes.<sup>20</sup> The sacks are finished by sewing the bottom and applying closure tape.<sup>21</sup>

In the original investigations, the Commission found a single domestic like product consisting of laminated woven sacks coextensive with the scope of the investigations.<sup>22</sup> There is no new information obtained during these reviews that would suggest any reason to revisit the domestic like product definition and the responding domestic producers have requested that the Commission use the same domestic like product definition in these reviews that it did in the original investigations.<sup>23</sup> Accordingly, we define the domestic like product in accordance with Commerce’s scope description as laminated woven sacks.

## **B. Domestic Industry**

Section 771(4)(A) of the Tariff Act defines the relevant industry as the domestic “producers as a whole of a domestic like product, or those producers whose collective output

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<sup>14</sup> Laminated Woven Sacks from the People’s Republic of China: Final Results of Expedited First Sunset Review of the Antidumping Duty Order, 78 Fed. Reg. 64472 (Oct. 29, 2013) (“Commerce Expedited AD Review”) and accompanying Issues and Decision Memorandum; Laminated Woven Sacks from the People’s Republic of China: Final Results of Expedited First Sunset Review of the Countervailing Duty Order, 78 Fed. Reg. 69369 (Nov. 19, 2013) (“Commerce Expedited CVD Review”) and accompanying Issues and Decision Memorandum.

<sup>15</sup> CR at I-8, PR at I-7.

<sup>16</sup> CR at I-8-10, PR at I-8-11.

<sup>17</sup> CR at I-9, PR at I-8-11.

<sup>18</sup> CR at I-9-10, PR at I-8.

<sup>19</sup> CR at I-10-11, PR at I-8-10.

<sup>20</sup> CR at I-9-12, PR at I-10-11.

<sup>21</sup> CR at I-13, PR at I-11.

<sup>22</sup> Original Determination, USITC Pub. 4025 at 6.

<sup>23</sup> See generally CR at I-8-12, PR at I-12-13; Response at 30.

of a domestic like product constitutes a major proportion of the total domestic production of the product.”<sup>24</sup> In defining the domestic industry, the Commission’s general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

In its original investigations, the Commission defined the domestic industry as consisting of all responding domestic producers of the domestic like product.<sup>25</sup> In these reviews, domestic producers have stated that they agree with this definition of the domestic industry.<sup>26</sup> There is no information on the record showing that any of the domestic producers imported subject merchandise from China during the review period or that otherwise presents domestic industry issues. Accordingly, in light of the definition of the domestic like product, we define the domestic industry as all U.S. producers of laminated woven sacks.

### **III. Revocation of the Antidumping and Countervailing Duty Orders Would Likely Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time**

#### **A. Legal Standards**

In a five-year review conducted under section 751(c) of the Tariff Act, Commerce will revoke an antidumping or countervailing duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur and (2) the Commission makes a determination that revocation of the antidumping or countervailing duty order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”<sup>27</sup> The Uruguay Round Agreements Act Statement of Administrative Action (“SAA”) states that “under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”<sup>28</sup> Thus, the likelihood standard is prospective in nature.<sup>29</sup> The U.S. Court of International Trade has found that “likely,” as used in the five-year

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<sup>24</sup> 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 are applicable to the entire subtitle containing the antidumping and countervailing duty laws, including 19 U.S.C. §§ 1675 and 1675a. See 19 U.S.C. § 1677.

<sup>25</sup> Original Determination, USITC Pub. 4025 at 13.

<sup>26</sup> Response at 23.

<sup>27</sup> 19 U.S.C. § 1675a(a).

<sup>28</sup> SAA, H.R. Rep. 103-316, vol. I at 883-84 (1994). The SAA states that “{t}he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed.” *Id.* at 883.

<sup>29</sup> While the SAA states that “a separate determination regarding current material injury is not necessary,” it indicates that “the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued {sic} prices for the domestic like (Continued...)

review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.<sup>30</sup>

The statute states that “the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time.”<sup>31</sup> According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but normally will exceed the ‘imminent’ timeframe applicable in a threat of injury analysis in original investigations.”<sup>32</sup>

Although the standard in a five-year review is not the same as the standard applied in an original investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated.”<sup>33</sup> It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if the orders are revoked or a suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).<sup>34</sup> The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission’s determination.<sup>35</sup>

In evaluating the likely volume of imports of subject merchandise if the orders under review are revoked and/or a suspended investigation is terminated, the Commission is directed

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(...Continued)

product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked.” SAA at 884.

<sup>30</sup> See *NMB Singapore Ltd. v. United States*, 288 F. Supp. 2d 1306, 1352 (Ct. Int’l Trade 2003) (“‘likely’ means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)”), *aff’d mem.*, 140 Fed. Appx. 268 (Fed. Cir. 2005); *Nippon Steel Corp. v. United States*, 26 CIT 1416, 1419 (2002) (same); *Usinor Industeel, S.A. v. United States*, 26 CIT 1402, 1404 nn.3, 6 (2002) (“more likely than not” standard is “consistent with the court’s opinion;” “the court has not interpreted ‘likely’ to imply any particular degree of ‘certainty’”); *Indorama Chemicals (Thailand) Ltd. v. United States*, 26 CIT 1059, 1070 (2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); *Usinor v. United States*, 26 CIT 767, 794 (2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

<sup>31</sup> 19 U.S.C. § 1675a(a)(5).

<sup>32</sup> SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” *Id.*

<sup>33</sup> 19 U.S.C. § 1675a(a)(1).

<sup>34</sup> 19 U.S.C. § 1675a(a)(1). Commerce has not made any duty absorption findings with respect to the orders currently under review. CR at I-4, PR at I-4.

<sup>35</sup> 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.<sup>36</sup> In doing so, the Commission must consider “all relevant economic factors,” including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.<sup>37</sup>

In evaluating the likely price effects of subject imports if the orders under review are revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.<sup>38</sup>

In evaluating the likely impact of imports of subject merchandise if the orders under review are revoked and/or a suspended investigation is terminated, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.<sup>39</sup> All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the orders under review and whether the industry is vulnerable to material injury upon revocation.<sup>40</sup>

No respondent interested party participated in these expedited reviews. The record, therefore, contains limited new information with respect to the laminated woven sack industry

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<sup>36</sup> 19 U.S.C. § 1675a(a)(2).

<sup>37</sup> 19 U.S.C. § 1675a(a)(2)(A-D).

<sup>38</sup> See 19 U.S.C. § 1675a(a)(3). The SAA states that “[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices.” SAA at 886.

<sup>39</sup> 19 U.S.C. § 1675a(a)(4).

<sup>40</sup> The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission “considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.” SAA at 885.

in China. There also is limited information on the laminated woven sack market in the United States during the period of review. Accordingly, for our determination, we rely as appropriate on the facts available from the original investigations, data submitted in the response to the notice of institution, and other public data.

## **B. Conditions of Competition and the Business Cycle**

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, the statute directs the Commission to consider all relevant economic factors “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”<sup>41</sup> The following conditions of competition inform our determinations.

**Demand Conditions.** In the original investigations, the Commission found that demand for laminated woven sacks was derived from demand for the consumer products packaged in such sacks, such as pet food, bird seed, animal feed, and grass seed.<sup>42</sup> It observed that producers from Thailand and China began introducing laminated woven sacks to domestic packagers around 2003 as an alternative to multi-wall paper sacks.<sup>43</sup> From 2003 to 2008, demand for laminated woven sacks grew as domestic packagers increasingly used them. Furthermore, mass-merchant retailers such as Wal-Mart, Dollar General, Petco, and PetSmart began to use laminated woven sacks because they were sturdier and cheaper to produce than multi-wall paper bags. The Commission found that laminated woven sacks were used primarily for pet food and bird seed, and also by other manufacturers of consumer goods such as pet litter, animal feed products, grass seed, and fertilizer.<sup>44</sup>

In these reviews, the information available indicates that the conditions of competition that influence demand for laminated woven sacks have not changed significantly since the original investigations. Apparent U.S. consumption of laminated woven sacks in 2012, based on data from responding domestic producers, was \*\*\* sacks, which is higher than any level during the original January 2005-December 2007 period of investigation (“POI”).<sup>45</sup> In the original investigations, apparent U.S. consumption of laminated woven sacks increased from \*\*\* sacks in 2005 to \*\*\* sacks in 2006 and then to \*\*\* sacks in 2007.<sup>46</sup>

**Supply Conditions.** In the original investigations, the Commission found that domestic producers, which were relatively new to the market, began production operations with differing production experiences and at different stages of production.<sup>47</sup> Domestic production of laminated woven sacks grew over the POI. The quantity of nonsubject imports grew during the POI, but remained \*\*\* smaller than the quantity of subject imports.<sup>48</sup>

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<sup>41</sup> 19 U.S.C. § 1675a(a)(4).

<sup>42</sup> Original Determination, USITC Pub. 4025 at 32.

<sup>43</sup> Original Determination, USITC Pub. 4025 at 32.

<sup>44</sup> Original Determination, USITC Pub. 4025 at 32.

<sup>45</sup> CR/PR at Table I-6.

<sup>46</sup> Confidential Original Determination, EDIS Doc. 516687 at 55.

<sup>47</sup> Original Determination, USITC Pub. 4025 at 34.

<sup>48</sup> Confidential Original Determination, EDIS Doc. 516687 at 57.

Subject imports increased during the POI, from 112.3 million sacks in 2005 to 153.2 million sacks in 2006 and then to 234.4 million sacks in 2007.<sup>49</sup> However, because apparent U.S. consumption increased during the same time period, subject imports' share of the U.S. market decreased from \*\*\* percent in 2005 to \*\*\* percent in 2006 and \*\*\* percent in 2007.<sup>50</sup> Nonsubject imports' share of the U.S. market increased from \*\*\* percent in 2005 to \*\*\* percent in 2006 and then to \*\*\* percent in 2007.<sup>51</sup>

The Committee reported that there were ten domestic producers of laminated woven sacks in 2012, as opposed to the seven domestic producers identified in the original investigations.<sup>52</sup> The capacity of reporting domestic producers in 2012, \*\*\* sacks, was higher and \*\*\* reported capacity in 2007.<sup>53</sup> The record further shows that the domestic industry held a \*\*\* share of apparent U.S. consumption in 2012 than during the original investigations, and is now the largest supplier of laminated woven sacks to the U.S. market. U.S. producers held \*\*\* percent of apparent U.S. consumption in 2012, compared with \*\*\* percent in 2005, \*\*\* percent in 2006, and \*\*\* percent in 2007.<sup>54</sup>

By contrast, in 2012, subject imports held \*\*\* percent of apparent U.S. consumption, a much smaller share than during the original investigations.<sup>55</sup> Nonsubject imports continue to be in the U.S. market, and they have increased since the original investigations, both in absolute volume and market share; they held \*\*\* percent of apparent U.S. consumption in 2012.<sup>56</sup>

**Substitutability.** The Commission found in the original investigations that domestic and subject laminated woven sacks were highly substitutable when made with the same print design and to the same specifications.<sup>57</sup> Laminated woven sacks were generally sold on a spot basis, with pricing determined on a transaction-by-transaction basis, rather than based on price lists.<sup>58</sup> Domestic producers and U.S. importers sold primarily to end users.<sup>59</sup> In the original investigations, the parties agreed that laminated woven sacks were not a commodity product because they were always made to customer order with regard to criteria such as dimension, strength, closure, color, design, and handles.<sup>60</sup> Many purchasers reported purchasing laminated woven sacks from one source although a comparable product was available from

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<sup>49</sup> Original Determination, USITC Pub. 4025 at 37.

<sup>50</sup> Confidential Original Determination, EDIS Doc. 516687 at 63.

<sup>51</sup> Confidential Original Determination, EDIS Doc. 516687 at 57.

<sup>52</sup> CR at I-16-17, PR at I-12-13.

<sup>53</sup> CR/PR, Table I-2.

<sup>54</sup> CR/PR at Table I-6.

<sup>55</sup> CR/PR at Table I-6.

<sup>56</sup> CR/PR at Tables I-3 and I-5-6.

<sup>57</sup> Original Determination, USITC Pub. 4025 at 36.

<sup>58</sup> Original Determination, USITC Pub. 4025 at 34-35.

<sup>59</sup> Original Determination, USITC Pub. 4025 at 35.

<sup>60</sup> Original Determination, USITC Pub. 4025 at 35.

another source for a lower price due to reasons other than price. Purchasers as a group, however, agreed that price was an important factor in purchasing decisions.<sup>61</sup>

In these reviews, there is no new information on the record to suggest that the substitutability of laminated woven sacks from domestic and subject sources has changed since the original investigations. The domestic producers assert that price continues to play an important role in purchasing decisions.<sup>62</sup> Accordingly, we again find that the domestic like product and subject laminated woven sacks are highly substitutable and that price continues to be an important factor in purchasing decisions.

### C. Likely Volume of Subject Imports

**Original Investigations.** In the original investigations, the Commission found that subject import volume increased from 112.3 million sacks in 2005 to 153.2 million sacks in 2006 and then to 234.4 million sacks in 2007.<sup>63</sup> Subject imports lost market share during the POI, decreasing from \*\*\* percent of U.S. apparent consumption in 2005 to \*\*\* percent in 2006 and then to \*\*\* percent in 2007.<sup>64</sup> The Commission did not put great weight on the decrease in market share held by subject imports because it found that the domestic industry was very young at the beginning of the POI with a correspondingly low baseline of operations and that apparent U.S. consumption showed strong increases over the POI.<sup>65</sup> Accordingly, the Commission found the volume of subject imports to be significant, both in absolute terms and relative to consumption and production in the United States.<sup>66</sup>

**Current Reviews.** The information available in these reviews shows that subject imports have declined since the imposition of the orders but remain in the U.S. market in appreciable quantities. The quantity of subject imports was 234.4 million sacks in 2007.<sup>67</sup> It declined to 51.6 million sacks in 2008 and fluctuated at lower levels thereafter. In 2012, subject import volume was at a period low of 30.6 million sacks and subject imports accounted for \*\*\* percent of apparent U.S. consumption.<sup>68</sup>

The record does not contain any current data specific to laminated woven sack production or capacity in China because subject producers declined to participate or furnish information in these reviews.<sup>69</sup> Nonetheless, the information available in these reviews, which

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<sup>61</sup> Original Determination, USITC Pub. 4025 at 36.

<sup>62</sup> Comments at 3.

<sup>63</sup> Original Determination, USITC Pub. 4025 at 37.

<sup>64</sup> Confidential Original Determination, EDIS Doc. 516687 at 63.

<sup>65</sup> Original Determination, USITC Pub. 4025 at 37-38.

<sup>66</sup> Original Determination, USITC Pub. 4025 at 38.

<sup>67</sup> CR/PR, Table I-5.

<sup>68</sup> CR/PR, Tables I-3 and I-6.

<sup>69</sup> The record also does not contain any current information about inventories of the subject merchandise or subject producers' ability to shift production between products. The record does indicate that there are no outstanding antidumping or countervailing duty orders in other markets (Continued...)

the domestic industry has provided, indicates that both capacity and production of the laminated woven sacks industry in China are large and increasing. The available evidence suggests that Chinese producers of laminated woven sacks have increased their capacity by approximately 3.9 billion sacks per year since the original investigations.<sup>70</sup> The available data further indicate that Chinese producers increased production by 19.3 percent between 2010 and 2011, and 12.1 percent between 2011 and 2012.<sup>71</sup> These data indicate that the Chinese industry has the ability to significantly increase its exports of subject imports absent the discipline of the orders.

The record also contains global data for exports of sacks and bags.<sup>72</sup> The data on record show that China has been the largest global exporter of sacks and bags from 2008 to 2012 and has increased its exports every year since 2009.<sup>73</sup> Exports of Chinese sacks were valued at \$804 million in 2008, \$712 million in 2009, \$818 million in 2010, \$970 million in 2011, and \$988 million in 2012.<sup>74</sup> Furthermore, notwithstanding the declines in the volume of subject merchandise since imposition of the orders, the U.S. market was the second largest market for exports of sacks and bags from China.<sup>75</sup> China exported \$104 million worth of sacks to the United States in 2012.<sup>76</sup> These data indicate that the industry in China is export oriented and views the U.S. market as attractive – a proposition confirmed by the continued presence of subject imports in the U.S. market even after imposition of the orders.

We therefore find that, in light of the increasing amounts of exports from China and the United States's position as a leading importer of sacks and bags, the laminated woven sack industry in China is likely to use its increased capacity and production to increase exports of subject merchandise to the United States to significant levels upon revocation of the orders, as it did during the original investigations.<sup>77</sup> We consequently find that the likely volume of subject imports, both in absolute terms and relative to consumption in the United States, would be significant if the orders were revoked.

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(...Continued)

concerning laminated woven sacks from China other than the ones subject to these reviews. CR at I-25, PR at I-19.

<sup>70</sup> Comments at 7; see CR/PR, Table I-6.

<sup>71</sup> Response at 15.

<sup>72</sup> See CR/PR at Tables I-7-9. The data available in these reviews cover a broader scope of sacks and bags than those in the scope of the antidumping and countervailing duty orders.

<sup>73</sup> CR/PR at Table I-8.

<sup>74</sup> CR/PR at Table I-8. The second largest exporter of sacks, Turkey, exported \$101 million worth of sacks and bags in 2012. *Id.*

<sup>75</sup> CR/PR at Table I-7.

<sup>76</sup> CR/PR at Table I-7.

<sup>77</sup> There are no antidumping or countervailing duty orders on subject imports in effect in any third countries.

#### D. Likely Price Effects

**Original Investigations.** In the original investigations, the Commission found that subject laminated woven sacks significantly undersold the domestic like product and suppressed prices of the domestic like product. Because laminated woven sacks were sold on a spot basis, with pricing determined on a transaction-by-transaction basis, the Commission found that price was an important factor in purchasing decisions. The subject imports undersold the domestic product in each of the 31 quarterly comparisons, involving three pricing products, by margins ranging from 18.9 percent to 57.9 percent.<sup>78</sup> Furthermore, the record in the original investigations showed that the domestic industry's costs increased over the POI, but that the domestic industry was unable to raise its prices to compensate due to persistent underselling by the subject merchandise. The Commission concluded that consistent and significant price underselling of the domestic like product by subject imports led to significant price suppression of the domestic product.<sup>79</sup>

**Current Reviews.** There is no new product-specific pricing information on the record of these expedited reviews. As noted above, we find that the domestic like product and the subject imports are highly substitutable and that price continues to be an important factor in purchasing decisions. Because price is an important factor in purchasing decisions, subject imports would likely increase their sales in the U.S. market by underselling the domestic like product at high margins, as they did in the in the original investigations. We consequently find that if the antidumping and countervailing duty orders were revoked, there is likely to be significant price underselling by imports of the subject merchandise as compared to the domestic like product. This in turn would likely cause the domestic producers to cut prices or restrain price increases to avoid losing sales.

Accordingly, given the likely significant volume of subject imports, we conclude that significant underselling of the domestic like product by subject imports to gain market share is likely and that the significant volume of low-priced subject imports would likely have significant depressing or suppressing effects on the price of the domestic like product if the antidumping and countervailing duty orders were revoked.

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<sup>78</sup> Original Determination, USITC Pub. 4025 at 39.

<sup>79</sup> Original Determination, USITC Pub. 4025 at 41.

## E. Likely Impact<sup>80</sup>

**Original Investigations.** In its original investigations, the Commission acknowledged that the record showed apparent improvements in the domestic industry's production, shipments, and market share, but concluded that these improvements were offset by the domestic industry's low level of capacity utilization.<sup>81</sup> The Commission found that the levels of capacity utilization, despite increasing from 2005 to 2007, continued to be low throughout the POI notwithstanding significant increases in demand.<sup>82</sup> Additionally, the Commission found that even though the parties reported that laminated woven sacks were produced to order, the domestic industry's inventories increased over the POI.<sup>83</sup>

The Commission found that the average number of production-related workers, hours worked, wages paid, and hourly wages were all higher in 2007 than in 2005.<sup>84</sup> Unit labor costs and productivity were mixed, largely due to the addition of new domestic producers during the POI.<sup>85</sup>

The record in the original investigations showed that although net sales measured by quantity and net sales values increased over the POI, net sales unit values did not keep pace with increasing costs.<sup>86</sup> The Commission observed that the cost of goods sold ("COGS") was 89.7 percent of sales in 2005, 102.1 percent of sales in 2006, and 94.4 percent of sales in 2007.<sup>87</sup> This led to operating losses in each year of the POI.<sup>88</sup> Operating losses increased from

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<sup>80</sup> Under the statute, "the Commission may consider the magnitude of the margin of dumping" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the "magnitude of the margin of dumping" to be used by the Commission in five-year reviews as "the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv); *see also* SAA at 887.

Commerce expedited its antidumping duty review determination and found that revocation of the antidumping duty order would likely lead to continuation or recurrence of dumping at the following margins: 47.64 percent as the China-wide rate and 20.19 percent for the individually investigated exporters and producers. *Laminated Woven Sacks From the People's Republic of China: Final Results of Expedited First Sunset Review of the Antidumping Duty Order*, 78 Fed. Reg. 64472 (Oct, 29, 2013) (listing each individually investigated exporter and/or producer).

Commerce also expedited its countervailing duty review determination and found that revocation of the order would likely lead to continuation or recurrence of a countervailable subsidy at rates between 83.34 and 406.62 percent for individually investigated exporters and producers, and 280.65 percent as the China-wide rate. *Laminated Woven Sacks From the People's Republic of China: Final Results of the Expedited Sunset Review of the Countervailing Duty Order*, 78 Fed. Reg. 69369 (Nov. 19, 2013).

<sup>81</sup> Original Determination, USITC Pub. 4025 at 43-44.

<sup>82</sup> Original Determination, USITC Pub. 4025 at 43.

<sup>83</sup> Original Determination, USITC Pub. 4025 at 43.

<sup>84</sup> Original Determination, USITC Pub. 4025 at 44.

<sup>85</sup> Original Determination, USITC Pub. 4025 at 44.

<sup>86</sup> Original Determination, USITC Pub. 4025 at 44.

<sup>87</sup> Original Determination, USITC Pub. 4025 at 44.

2005 to 2006, but improved in 2007.<sup>89</sup> Capital expenditures fluctuated over the POI, and research and development expenditures increased each year of the POI.<sup>90</sup>

The Commission concluded that subject imports had an adverse impact on the condition of the domestic industry during the POI. It found that the absolute and relative volumes of subject imports were significant, and that the large and increasing volume of subject imports dominated the U.S. market. The subject imports suppressed prices to a significant degree, and caused a young domestic industry to operate at very low levels of capacity utilization, which resulted in the inability of the domestic industry to cover its costs and expenses during a period of increased demand.<sup>91</sup>

**Current Reviews.** The information available concerning the domestic industry's condition in these reviews consists of the data that the domestic producers provided in response to the notice of institution. The limited record is insufficient for us to make a finding on whether the domestic industry is vulnerable to the continuation or recurrence of material injury in the event of revocation of the orders.<sup>92</sup>

In 2012, the capacity of the reporting domestic producers of laminated woven sacks was \*\*\* sacks, production was \*\*\* sacks, and capacity utilization was \*\*\* percent.<sup>93</sup> U.S. shipments were \*\*\* sacks, and domestic producers reported an operating income of \$\*\*\* from sales of \$\*\*\*, resulting in an operating income margin of \*\*\* percent in 2012.<sup>94</sup>

Based on the information on the record, we find that should the orders be revoked, the likely significant volume and adverse price effects of the subject imports would likely have a significant adverse impact on the production, shipments, sales, market share, and revenues of the domestic industry. This impact would likely cause declines in the domestic industry's financial performance.

We have also considered the role of factors other than subject imports, including the presence of nonsubject imports, so as not to attribute injury from other factors to the subject imports. Nonsubject imports have been present in the U.S. market since the original orders were imposed in 2008,<sup>95</sup> but the condition of the domestic industry has improved during this period. We find that the presence of nonsubject imports is not likely to sever the causal nexus

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(...Continued)

<sup>88</sup> Original Determination, USITC Pub. 4025 at 44.

<sup>89</sup> Original Determination, USITC Pub. 4025 at 44.

<sup>90</sup> Original Determination, USITC Pub. 4025 at 45.

<sup>91</sup> Original Determination, USITC Pub. 4025 at 45.

<sup>92</sup> Based on the limited record of this review, Commissioner Pinkert finds the evidence mixed with respect to vulnerability. The domestic industry has substantial unused capacity, with a capacity utilization rate of only \*\*\* percent in 2012. Although the industry's production, shipments, and aggregate net sales value improved from 2007 to 2012, the industry enjoyed an operating margin of only \*\*\* percent in 2012. Finally, apparent U.S. consumption rose from 2007 to 2012. CR/PR at Table I-2 and Table I-6.

<sup>93</sup> CR/PR at Table I-2.

<sup>94</sup> CR/PR at Table I-2.

<sup>95</sup> CR/PR at Tables I-4-6. Nonsubject imports as a share of the U.S. market were \*\*\* percent in 2012.

between subject imports and their likely significant adverse impact on the domestic industry if the orders were revoked.

Accordingly, we conclude that if the orders were revoked, subject imports would likely have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

#### **IV. Conclusion**

For the above reasons, we determine that revocation of the antidumping and countervailing duty orders on laminated woven sacks from China would likely lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

# INFORMATION OBTAINED IN THE REVIEW

## INTRODUCTION

### Background

Effective July 1, 2013, the U.S. International Trade Commission (“Commission” or “USITC”) gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”),<sup>1</sup> that it had instituted reviews to determine whether revocation of the antidumping and countervailing duty orders on laminated woven sacks from China would be likely to lead to the continuation or recurrence of material injury to a domestic industry within a reasonably foreseeable time.<sup>2 3</sup> On October 21, 2013, the Commission determined that it would conduct expedited reviews pursuant to section 751(c)(3) of the Act.<sup>4</sup> The following tabulation presents information relating to the background and schedule of this proceeding:

Effective date	Action
August 7, 2008	Commerce’s antidumping and countervailing duty orders on laminated woven sacks from China <a href="#">73 FR 45941</a> and <a href="#">73 FR 45955</a>
July 1, 2013	Commission’s institution of first five-year reviews <a href="#">78 FR 39319</a>
July 1, 2013	Commerce’s initiation of first five-year reviews <a href="#">78 FR 39256</a>
October 21, 2013	Commission’s scheduling of expedited five-year reviews ( <a href="#">78 FR 68473</a> , November 14, 2013)

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<sup>1</sup> 19 U.S.C. 1675(c).

<sup>2</sup> *Laminated Woven Sacks From China; Institution of Five-Year Reviews*, 78 FR 39319, July 1, 2013. All interested parties were requested to respond to this notice by submitting the information requested by the Commission.

<sup>3</sup> In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of five-year reviews of the subject antidumping and countervailing duty orders concurrently with the Commission’s notice of institution. *Initiation of Five-Year (“Sunset”) Review*, 78 FR 39256, July 1, 2013.

<sup>4</sup> *Laminated Woven Sacks From China; Scheduling of Five-Year Reviews Concerning the Countervailing Duty and Antidumping Duty Orders on Laminated Woven Sacks From China*, 78 FR 68473, November 14, 2013. The Commission received one response to its notice of institution filed by the Laminated Woven Sacks Committee, whose members account for substantially all domestic production of laminated woven sacks. The Commission did not receive any responses from producers in China or U.S. importers of the subject merchandise from China. The Commission determined that the domestic interested party group response to its notice of institution was adequate and that the respondent interested party group response was inadequate. In the absence of respondent interested party responses and any other circumstances that would warrant the conduct of full reviews, the Commission determined to conduct expedited reviews.

Effective date	Action
	The press release announcing the Commission's determination concerning adequacy and the conduct of expedited reviews can be found at <a href="http://usitc.gov/press_room/news_release/2013/er102114.htm">http://usitc.gov/press_room/news_release/2013/er102114.htm</a>
October 29, 2013	Commerce's final results of expedited five-year reviews of the antidumping duty orders ( <a href="#">78 FR 64472</a> )
November 19, 2013	Commerce's final results of expedited five-year reviews of the countervailing duty orders ( <a href="#">78 FR 69369</a> )
February 28, 2014	Commission's vote
March 11, 2014	Commission's determinations and views to Commerce

### The original investigations

The original investigations resulted from petitions filed on June 28, 2007, by the Laminated Woven Sacks Committee (“the Committee”)<sup>5</sup>, alleging that an industry in the United States was materially injured and threatened with material injury by reason of subsidized and less-than-fair-value (“LTFV”) imports of laminated woven sacks from China. On June 24, 2008, Commerce determined that imports of laminated woven sacks from China were being subsidized<sup>6</sup> and sold at LTFV.<sup>7</sup> On July 30, 2008, the Commission determined that an industry in the United States was materially injured by reason of subsidized and LTFV imports of laminated woven sacks from China.<sup>8</sup> Commerce issued antidumping and countervailing duty orders on laminated woven sacks from China on August 7, 2008.<sup>9</sup>

### Commerce's final results of expedited first five-year reviews

On October 29, 2013, Commerce determined that revocation of the antidumping duty order on laminated woven sacks from China would likely lead to continuation or recurrence of dumping at the weighted-average margins of 20.19 percent for individually listed

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<sup>5</sup> The Committee consisted of individual members: Bancroft Bag, Inc.; Coating Excellence International, LLC; Hood Packaging Corp.; Mid-America Packaging, LLC; and Polytex Fibers Corp.

<sup>6</sup> *Laminated Woven Sacks From the People's Republic of China: Final Affirmative Countervailing Duty Determination and Final Affirmative Determination, in Part, of Critical Circumstances*, 73 FR 35639, June 24, 2008.

<sup>7</sup> *Laminated Woven Sacks From the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances*, 73 FR 35646, June 24, 2008.

<sup>8</sup> *Laminated Woven Sacks From China; Determinations*, 73 FR 45473, August 5, 2008.

<sup>9</sup> *Laminated Woven Sacks From China: Countervailing Duty Order*, 73 FR 45955, August 7, 2008; and *Notice of Antidumping Duty Order: Laminated Sacks From the People's Republic of China*, 73 FR 45941, August 7, 2008.

exporters/producers and 47.64 percent for the all other rate.<sup>10</sup> On November 19, 2013, Commerce determined that revocation of the countervailing duty order on laminated sacks from China would likely lead to continuation or recurrence of net countervailable subsidies at rates between 83.34 and 406.62 percent for individually listed exporters/producers, and 280.65 percent for all others.<sup>11</sup>

### Commerce’s administrative reviews

Commerce has completed three administrative reviews of the antidumping duty order on laminated woven sacks from China. The results of the administrative reviews are shown in Table I-1. Commerce conducted one anti-circumvention inquiry, in which it found that laminated woven sacks produced with two ink colors printed in register and a screening process (“screening-process sacks”) were not circumventing the antidumping and countervailing duty orders on laminated woven sacks.<sup>12</sup>

**Table I-1**  
**LW Sacks: Administrative reviews of the antidumping duty order**

<b>Date results published</b>	<b>Period of review</b>	<b>Producer or exporter</b>	<b>Weighted-average margin (percent)</b>
March 18, 2011 (76 FR 14906)	01/31/08 – 07/31/09	PRC-Wide (including Zibo Aifudi Plastic Packaging Co., Ltd.)	91.73
April 15, 2011 (76 FR 21333)	08/01/09 – 07/31/10	PRC-Wide (including Zibo Aifudi Plastic Packaging Co., Ltd.)	91.73
March 29, 2013 (78 FR 19209)	08/01/11 – 07/31/12	PRC-Wide (including Zibo Aifudi Plastic Packaging Co., Ltd.)	91.73

Source: Cited *Federal Register* notices.

### Previous and related title VII investigations

Other than the original investigations, laminated woven sacks have not been the subject of antidumping or countervailing duty investigations in the United States.

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<sup>10</sup> *Laminated Woven Sacks From the People’s Republic of China: Final Results of Expedited First Sunset Review of the Antidumping Duty Order*, 78 FR 64472, October 29, 2013.

<sup>11</sup> *Laminated Woven Sacks From the People’s Republic of China: Final Results of the Expedited Sunset Review of the Countervailing Duty Order*, 78 FR 69369, November 19, 2013.

<sup>12</sup> *Laminated Woven Sacks From the People’s Republic of China: Negative Final Determination of Circumvention*, 78 FR 12716, February 25, 2013.

## THE PRODUCT

### Commerce's scope

In its final results of the expedited first five-year reviews of the antidumping and countervailing duty orders, Commerce defined the subject merchandise as:<sup>13</sup>

The merchandise covered by the order is laminated woven sacks. Laminated woven sacks are bags or sacks consisting of one or more plies of fabric consisting of woven polypropylene strip and/or woven polyethylene strip, regardless of the width of the strip; with or without an extrusion coating of polypropylene and/or polyethylene on one or both sides of the fabric; laminated by any method either to an exterior ply of plastic film such as biaxially-oriented polypropylene ("BOPP") or to an exterior ply of paper that is suitable for high quality print graphics;<sup>14</sup> printed with three colors or more in register; with or without lining; whether or not closed on one end; whether or not in roll form (including sheets, lay-flat tubing, and sleeves); with or without handles; with or without special closing features; not exceeding one kilogram in weight. Laminated woven sacks are typically used for retail packaging of consumer goods such as pet foods and bird seed.

Effective July 1, 2007, laminated woven sacks are classifiable under Harmonized Tariff Schedule of the United States ("HTSUS") subheadings 6305.33.0050 and 6305.33.0080. Laminated woven sacks were previously classifiable under HTSUS subheading 6305.33.0020. If entered with plastic coating on both sides of the fabric consisting of woven polypropylene strip and/or woven polyethylene strip, laminated woven sacks may be classifiable under HTSUS subheadings 3923.21.0080, 3923.21.0095, and 3923.29.0000. If entered not closed on one end or in roll form (including sheets, lay-flat tubing, and sleeves), laminated woven sacks may be classifiable under other HTSUS subheadings including 3917.39.0050, 3921.90.1100, 3921.90.1500, and 5903.90.2500. If the polypropylene strips and/or polyethylene strips making up the fabric measure more than 5 millimeters in width, laminated woven sacks

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<sup>13</sup> *Issues and Decision Memorandum for the Final Results of Expedited First Sunset Review of the Antidumping Duty Order on Laminated Woven Sacks from the People's Republic of China, from Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Paul Piquado, Assistant Secretary for Enforcement and Compliance, October 23, 2013.*

<sup>14</sup> "Paper suitable for high quality print graphics," as used herein, means paper having an ISO brightness of 82 or higher and a Sheffield Smoothness of 250 or less. Coated free sheet is an example of a paper suitable for high quality print graphics.

may be classifiable under other HTSUS subheadings including 4601.99.0500, 4601.99.9000, and 4602.90.0000. Although HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of the order is dispositive.

Commerce has made several scope rulings since the original investigation. On August 27, 2009, Commerce found Products A and Product B described as: (1) Made of a single ply of woven polypropylene strip; (2) laminated with biaxially-oriented polypropylene (“BOPP”) are within the scope of the antidumping and countervailing duty orders; (3) printed in three colors; and (4) of less than one kilogram in weight are within the scope of the antidumping duty order; Products C, D and F described as each having no lamination or coating of BOPP are outside the scope of the antidumping and countervailing duty orders; and Product E described as: (1) Made of a single ply of woven polypropylene strip; (2) laminated with BOPP; (3) printed in two colors; and (4) less than one kilogram in weight is outside the scope of the antidumping and countervailing duty orders.

On March 24, 2010, Commerce determined that Shapiro Packaging’s three imported sacks are not merchandise covered by the scope of the orders.

On February 21, 2012, Commerce found that the laminated woven sacks produced by The Super Poly Partnership from imported woven fabric are not within the scope of the antidumping duty and countervailing duty orders.

### **U.S. tariff treatment**

During the original investigations, laminated woven sacks of polyethylene or polypropylene strip or the like, which are treated for tariff purposes as being “of textile materials,” were classified in the HTS under subheading 6305.33.00 (with initial import reporting under statistical reporting number 6305.33.0020), while subject goods not of textile materials were classified in other HTS chapters. Effective July 1, 2007, new statistical reporting provisions were established to cover such laminated woven sacks, with those weighing less than 1 kilogram and having outer laminated ply of plastics sheeting in statistical reporting number 6305.0050<sup>15</sup> and other such sacks reported under 6305.33.0080.<sup>16 17</sup>

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<sup>15</sup> This statistical reporting number would include laminated woven sacks laminated with BOPP film, but not laminated woven sacks laminated with paper, and therefore, would not contain all types of products within the scope of these investigations.

<sup>16</sup> This HTS statistical reporting number, 6305.33.0080, is a residual or “basket” category for goods of polyethylene or polypropylene strip or the like that each weigh less than one kilogram.

<sup>17</sup> Effective as of July 1, 2013, statistical reporting number 6305.33.0050 was subdivided to allow the gathering of data on goods printed with three or more colors (6305.33.0040) and other sacks weighing less than 1 kilogram (6305.33.0060). The column 1-general duty rate under subheading 6305.33.00 is 8.4 percent ad valorem.

## Domestic like product and domestic industry

In the final phase of the original investigations, the Commission found a single domestic like product comprised of all laminated woven sacks, regardless of their dimension, strength, closure, or design that corresponded to the scope of the investigations. No party advocated defining the domestic like product differently.<sup>18</sup> The Commission defined a single domestic industry producing the domestic like product.<sup>19</sup>

In its notice of institution for these reviews, the Commission solicited comments from interested parties regarding the appropriate domestic like product and domestic industry. In the Committee's response to the Commission's notice of institution, it indicated that it agrees with the Commission's definition of the domestic like product and domestic industry as defined by the Commission in the original investigations.<sup>20</sup> The Commission did not receive any other responses to the notice of institution.

## Description and uses<sup>21</sup>

Laminated woven sacks are primarily made from polypropylene woven fabric. Laminated woven sacks have improved physical properties compared with multi-wall paper sacks because they weigh less, occupy less storage space, are more tear-resistant, and have greater tensile strength leading to less breakage. Compared to multi-wall paper sacks, laminated woven sacks are resistant to water, oil, and grease, resulting in less material breakdown and leakage and leading to cost savings for the consuming industry. The pet supply industry values the high quality print graphics on the laminated woven sacks, particularly those laminated with BOPP film, because the lamination helps to maintain the integrity of the graphics. Laminated woven sacks are generally used by pet food, bird seed, grass seed, fertilizer, and other manufacturers as flexible packaging for their consumer goods that typically weigh between 17 and 55 pounds.

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<sup>18</sup> *Laminated Woven Sacks from China, Investigation Nos. 701-TA-450 and 731-TA-1122 (Final)*, USITC Publication 4025, July 2008, p. 6.

<sup>19</sup> *Laminated Woven Sacks from China, Investigation Nos. 701-TA-450 and 731-TA-1122 (Final)*, USITC Publication 4025, July 2008, p. 13.

<sup>20</sup> *The Committee's Response to the Commission's Notice of Institution*, July 30, 2013, p. 26.

<sup>21</sup> Unless otherwise noted this information is based on the following publication: *Laminated Woven Sacks from China, Inv. Nos. 701-TA-450 and 731-TA-1122 (Final)*, USITC Publication 4025, July 2008. The Committee reported that there have been no significant changes in uses and applications of laminated woven sacks since the original investigations and no other substitutes have entered the market. *The Committee's Response to the Notice of Institution*, July 30, 2013, p. 26.

## Production process<sup>22</sup>

The production of laminated woven sacks involves several separate staged operations, which allow for a producer to enter into the production scheme at a number of different steps, resulting in a variation of starting materials. The initial step for the most vertically integrated of the domestic producers (i.e., Polytex) involves the melting of PP (or PE) pellets and extrusion into a sheet of a specific thickness. The sheets are then cut into thin flat strips that are spooled onto a bobbin for weaving into the necessary fabric. Figure I-1 shows a schematic of the extrusion equipment used to produce the required polyethylene or polypropylene sheet for the laminated woven sacks. The dry PP pellets are loaded into a receptacle (hopper), and then fed into a grating chamber through the action of a revolving screw. At the end of the heating chamber, the molten plastic material is forced through a small opening, shaped in the form of the desired product, and is subsequently fed onto a conveyor belt on which it is cooled either by air blowers or by water.

Once sheets have been cut into strips (or tapes), the strips are fed through a hot air stretching oven and to a stretching unit to add strength and stability before being wound onto the bobbins.

The second discrete step in laminated sacks production involves the weaving of the spooled PP strip into fabric (see figure I-2). Although eventually the laminated woven sacks can be made using either a tubular woven form or from a flat woven sheet, both are made from the same weaving process that initially produces the tubular woven form. The tubular woven material is used directly to produce the seamless laminated woven sacks; however, the tubular woven material is slit to produce the flat sheet form (which requires a heat-sealing step at a later stage of production) to produce “back seam LW sacks.” The equipment used in the weaving process can produce various widths of fabric for different size laminated woven sacks, by variation of the weaving ring.

The differences between the laminated woven sacks produced from the tubular woven material (“tubular sacks”) and that produced from a flat material (“vertical back seam sacks”), both in terms of the costs involved in the slightly different processes and the differences in functionality, were cited repeatedly by parties testifying at the conference during the preliminary phase of the investigations. Consequently, the domestic producers indicated in their responses to the questionnaire that in 2007, five of the six responding domestic producers of laminated woven sacks produced only vertical back seam sacks and only one producer produced the tubular sacks.

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<sup>22</sup> Unless otherwise noted this information is based on the following publication: *Laminated Woven Sacks from China, Investigation Nos. 701-TA-450 and 731-TA-1122 (Final)*, Staff Report, INV-FF-075, July 2, 2008. The Committee reported that no major changes in production methods, development efforts, ability to increase production, or factors related to the ability to shift supply among different national markets; however, lamination technology used to produce laminated woven sacks has mature allowing Chinese producers to more easily and quickly establish operations than they could during the POI. The Committee’s Response to the Notice of Institution, July 30, 2013, p. 25.

**Figure I-1**  
**LW sacks: Extrusion line and slitter for producing polypropylene strips**



Source: *Laminated Woven Sacks from China, Inv. No. 701-TA-450 and 731-TA-1122 (Final)*, USITC Publication 4025, July 2008, p. I-11.

**Figure I-2**  
**LW sacks: Weaving process**



Source: *Laminated Woven Sacks from China, Inv. No. 701-TA-450 and 731-TA-1122 (Final)*, USITC Publication 4025, July 2008, p. I-12.

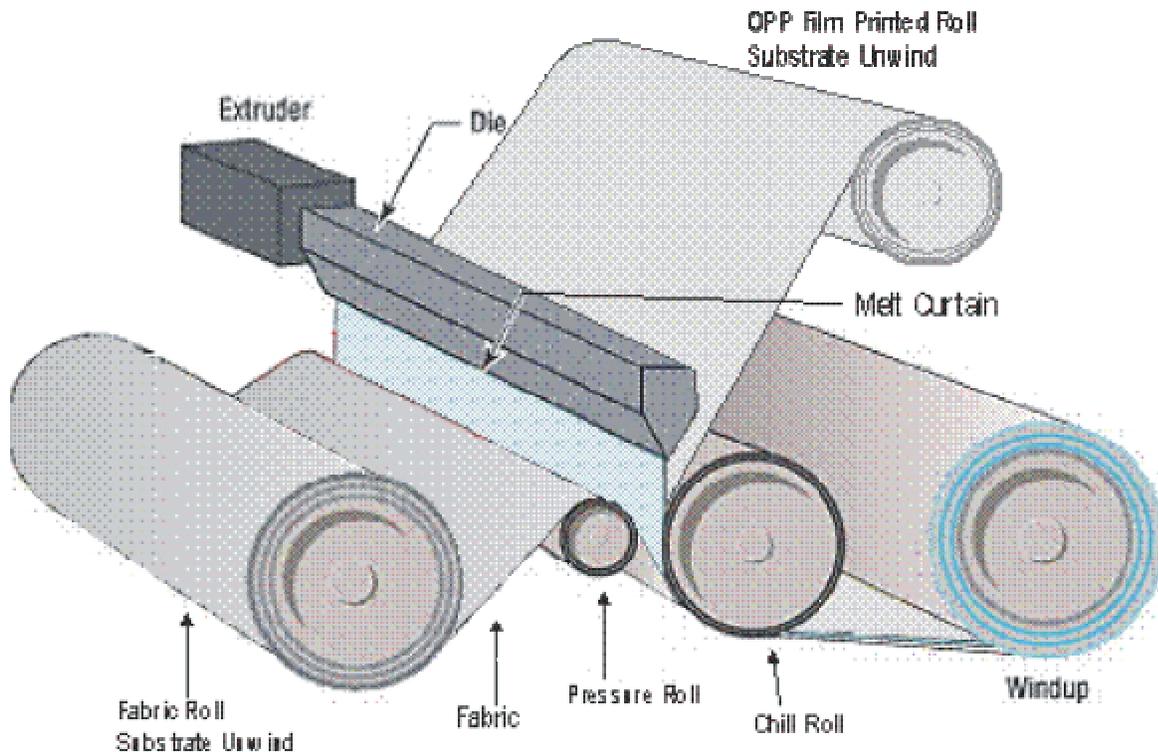
Also, the domestic producers responded to a question on the material that was being used to laminate the laminated woven sacks, indicating that in 2007 two producers laminated

sacks exclusively with paper, three producers laminated exclusively with BOPP-film, and one U.S. producer reported that it produced sacks with both paper and BOPP-film.

Printing onto the laminate prior to the lamination process provides another of the features that gives laminated woven sacks an advantage over previous packaging alternatives. Producers of laminated woven sacks reverse print onto the laminate material, a plastic film such as BOPP (or directly print onto an exterior ply of laminating paper). Both of these laminates are suitable for high quality print graphics, allowing for the application of high quality print graphics in multiple colors that serve as point-of-sale advertising for packaged consumer goods.

Once printed, the lamination step (see figure I-3) bonds the laminate material directly to the woven sack material. The process involves a “curtain of liquid PP” that is allowed to “flow between the film and the fabric, immediately forming a bonding center layer.” When bonding the laminate to the flat woven sheet format, only one side of the material is laminated. However, when bonding the laminate to the woven tube formatted material, the laminate is bonded to two sides (at the same time). The dual-sided process often results in the extra laminate extending along two sides of the resulting laminated woven sacks, referred to by the respondents as “fins.”

**Figure I-3**  
**LW sacks: Lamination process**



Source: *Laminated Woven Sacks from China, Inv. No. 701-TA-450 and 731-TA-1122 (Final)*, USITC Publication 4025, July 2008, p. I-13.

After lamination, in the case of the flat sheet laminated material, the rolls are sent to a tuber, where the fabric is formed into a continuous tube, gusseted, and cut into individual pieces. The individual tubes are then transferred to a sewing line where they are sewn and formed into individual sacks of the required dimensions. In the case of the already tubular formed laminate, there is no tubing or gusseting; the laminated tubular form is cut and sewn into the individual sacks. In both cases, the bags are finished by sewing the bottom and applying closure tape and the pull tape for easy opening. The bags are then inspected and packaged for shipment.

### **Interchangeability and customer and producer perceptions**

In the original investigations, both petitioners and respondents believed that laminated woven sacks were not a commodity product. A strong majority of questionnaire respondents (5 of 5 U.S. producers, 7 of 13 importers, and 23 of 28 purchasers) stated that domestically produced laminated woven sacks and subject imports from China were either “always” or “frequently” interchangeable. The majority or a plurality of responding purchasers indicated that laminated woven sacks produced in the United States and those imported from China were comparable for all of the different purchasing factors polled except for lower price. For lower price, a majority of purchasers indicated that the domestically produced laminated woven sacks were higher priced than the Chinese product.<sup>23</sup>

### **Channels of distribution**

U.S. producers and U.S. importers of laminated woven sacks sell primarily to end users. Typical end users include manufacturers of consumer goods such as pet foods, grass seed, and some other feed products. All U.S. producers of laminated woven sacks reported shipping at least 25 percent of their shipments over 100 miles from their storage or production facilities. Six U.S. importers reported selling at least one-half of their shipments within 100 miles of their storage facilities; five U.S. importers reported making at least one-half of their shipments between 101 and 1,000 miles of their storage facilities; and the remaining six U.S. importers reported making at least one-half of their shipments over 1,000 miles from their storage facilities.<sup>24</sup>

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<sup>23</sup> *Laminated Woven Sacks from China, Investigation Nos. 701-TA-450 and 731-TA-1122 (Final)*, Staff Report, INV-FF-075, July 2, 2008, p. II-10.

<sup>24</sup> *Laminated Woven Sacks from China, Investigation Nos. 701-TA-450 and 731-TA-1122 (Final)*, Staff Report, INV-FF-075, July 2, 2008, p. II-1.

## Pricing and related information

In the original investigations, the Commission collected price data for three products. In all 31 quarterly price comparisons between U.S. produced and imported Chinese products, prices for the Chinese products were lower than those for their U.S. counterparts. The margins of underselling ranged from 18.9 percent to 57.9 percent.<sup>25</sup> Respondents claimed these comparisons are not evidence of price differences because U.S. producers earn a premium for their lead time advantage and that U.S. producers sell a significantly greater share of tubular sacks than Chinese importers' vertical back seam laminated woven sacks which packagers do not regard as fully interchangeable with vertical back seam laminated woven sacks on their equipment. Respondents also indicate that the tubular laminated woven sacks are sold to different customers than vertical-back seam laminated woven sacks.<sup>26</sup>

Raw materials costs as a share of COGS increased from 55.2 percent in 2005 to 62.0 percent in 2007. The primary raw material used in the production of laminated woven sacks is polypropylene (or polypropylene resin), making up approximately 60 to 70 percent of the cost of production according to respondents.<sup>27</sup>

During the original investigations, demand for laminated woven sacks increased as customers began to switch from multi-wall paper sacks because of greater durability, improved print graphics, and price competitiveness. Demand was expected to increase as pet food producers, the largest section of the U.S. market, make the change to laminated woven sacks.<sup>28</sup> The Committee reported that there have been no significant changes to demand conditions since 2008 and that none of these demand conditions are likely to change within a reasonably foreseeable time.<sup>29</sup>

## THE INDUSTRY IN THE UNITED STATES

### U.S. producers

In the original investigations, the Commission issued questionnaires to seven producers and received questionnaire responses with usable data from six firms accounting for virtually all

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<sup>25</sup> *Laminated Woven Sacks from China, Investigation Nos. 701-TA-450 and 731-TA-1122 (Final)*, Staff Report, INV-FF-075, July 2, 2008, pp. V-2.

<sup>26</sup> *Laminated Woven Sacks from China, Investigation Nos. 701-TA-450 and 731-TA-1122 (Final)*, Staff Report, INV-FF-075, July 2, 2008, p. V-11.

<sup>27</sup> *Laminated Woven Sacks from China, Investigation Nos. 701-TA-450 and 731-TA-1122 (Final)*, Staff Report, INV-FF-075, July 2, 2008, p. V-1.

<sup>28</sup> *Laminated Woven Sacks from China, Investigation Nos. 701-TA-450 and 731-TA-1122 (Final)*, Commission Views, pp. 54-56.

<sup>29</sup> The Committee's Response to the Notice of Institution, July 30, 2013, p. 26.

of U.S. production of the domestic like product in 2007.<sup>30</sup> The producers' share of 2007 U.S. production for each firm were as follows: (1) Polytex (\*\*\*)percent), (2) Coating Excellence (\*\*\*) percent), (3) SeaTac (\*\*\*) percent), (4) Hood (\*\*\*) percent), (5) Mid-America (\*\*\*) percent), and (6) Bancroft (\*\*\*) percent).<sup>31</sup>

In its response to the Commission's notice of institution, the Committee identified the following ten laminated woven sacks producers: Coating Excellence International, LLC; Exopack Holding Corporation; Graphic Packaging International, Inc.; Hood Packaging Corporation; Polytex Fibers Corporation; SeaTac Packaging Manufacturing Corporation; JohnPac, Inc.; Central Bag Company; Cady Bag Company, LLC; and Grief, Inc.<sup>32</sup> The Committee estimates that its share of domestic production in 2012 will exceed \*\*\*)percent.<sup>33</sup>

### **Related party issues**

During the original investigation, four U.S. producers of laminated woven sacks (Coating Excellence, Hood, Mid-America, and Polytex) imported subject merchandise and qualified as "related parties" under 19 U.S.C. § 1677(4)(B). However, the Commission found that "appropriate circumstances" did not exist to exclude these firms from the domestic industry mostly due to \*\*\*) and because of the \*\*\*)<sup>34</sup> The Committee reported in its response to the notice of institution in these first five-year reviews that it did not import laminated woven sacks from China and are not affiliated with any Chinese producers or exporters of laminated woven sacks.<sup>35</sup>

### **U.S. producers' trade and financial data**

The Commission requested that domestic interested parties provide trade and financial data in their response to the notice of institution of these five-year reviews of the subject orders. Table I-2 presents the data reported by responding U.S. producers from both the original investigation (2005-07) and the responses to the notice of institution (2012).

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<sup>30</sup> The Commission did not receive a final questionnaire response from U.S. producer La Pac. In the preliminary phase of the original investigations, La Pac reported that it accounted for \*\*\*) percent of 2006 U.S. production of laminated woven sacks.

<sup>31</sup> *Laminated Woven Sacks from China, Investigation Nos. 701-TA-450 and 731-TA-1122 (Final)*, Staff Report, INV-FF-075, July 2, 2008, p. III-4, table III-3.

<sup>32</sup> The Committee's Response to the Notice of Institution, July 30, 2013, exh. 7.

<sup>33</sup> The Committee's Response to the Notice of Institution, July 30, 2013, p. 25.

<sup>34</sup> *Laminated Woven Sacks from China, Investigation Nos. 701-TA-450 and 731-TA-1122 (Final)*, USITC Publication 4025, July 2008, Views of the Commission, pp. 13-21

<sup>35</sup> The Committee's Response to the Notice of Institution, July 30, 2013, p. 25.

**Table I-2**  
**LW Sacks: U.S. producers' trade and financial data, 2005-07 and 2012**

Item	2005	2006	2007	2012
Capacity (1,000 sacks)	111,301	172,783	232,953	***
Production (1,000 sacks)	15,240	28,287	52,231	***
Capacity utilization (percent)	13.7	16.4	22.4	***
U.S. shipments				
Quantity (1,000 sacks)	14,190	26,075	51,411	***
Value (\$1,000)	7,682	15,692	30,656	***
Unit value (dollars per sack)	\$0.54	\$0.60	\$0.60	***
Net sales value (\$1,000)	7,681	15,581	31,312	***
Cost of goods sold (COGS) (\$1,000)	6,889	15,915	29,559	***
Gross profit or (loss) (\$1,000)	792	(333)	1,753	***
SG&A (\$1,000)	1,093	2,560	3,357	***
Operating income or (loss) (\$1,000)	(301)	(2,893)	(1,604)	*** <sup>1</sup>
COGS/sales (percent)	89.7	102.1	94.4	***
Operating income or (loss)/sales (percent)	(3.9)	(18.6)	(5.1)	***

<sup>1</sup> Staff calculates operating profit as \*\*\*. The difference between reported and calculated operating profit is due to the numbers reported by \*\*\*.

Source: *Laminated Woven Sacks from China, Inv. No. 701-TA-450 and 731-TA-1122 (Final)*, USITC Publication 4025, July 2008, Tables III-3, III-6 and VI-1. The Committee's Response to the Notice of Institution, July 30, 2013, exh. 4.

## U.S. IMPORTS AND APPARENT CONSUMPTION

### U.S. imports

In the original investigations, the Commission received usable U.S. importer questionnaires from 21 firms that imported laminated woven sacks from China and other nonsubject countries. In 2007, \*\*\* was the largest importer of laminated woven sacks, accounting for \*\*\* percent of reported U.S imports from China in 2007.<sup>36</sup>

In its response to the Commission's notice of institution in these reviews, the Committee identified 21 current operating U.S. importers of laminated woven sacks.<sup>37</sup>

Table I-3 presents U.S. import data by source, from 2008 to 2012. According to official Commerce import data, China was the second largest source of imported laminated woven sacks in 2012, representing 16.7 percent of U.S. imports, by quantity. The largest source of imported laminated woven sacks was Vietnam, representing 56.2 percent of total imports.

<sup>36</sup> *Laminated Woven Sacks from China, Inv. No. 701-TA-450 and 731-TA-1122 (Final)*, USITC Publication 4025, July 2008, p. IV-2 and table IV-1.

<sup>37</sup> The Committee's Response to the Notice of Institution, July 30, 2013, exh 8.

**Table I-3**  
**LW Sacks: U.S. import data, by source, 2008-12**

Item	Calendar year				
	2008	2009	2010	2011	2012
	<b>Quantity (1,000 sacks)</b>				
China	51,597	36,946	46,718	38,694	30,580
All other sources	97,836	151,971	154,147	137,390	153,055
Total imports	149,433	188,917	200,866	176,085	183,636
	<b>Value (\$1,000)</b>				
China	15,972	9,848	13,933	13,284	10,196
All other sources	41,810	60,441	59,422	55,286	59,500
Total imports	57,782	70,289	73,355	68,570	69,696
	<b>Unit value (dollars per sack)</b>				
China	0.31	0.27	0.30	0.34	0.33
All other sources	0.43	0.40	0.39	0.40	0.39
Average	0.39	0.37	0.37	0.39	0.38
	<b>Share of quantity (percent)</b>				
China	34.5	19.6	23.3	22.0	16.7
All other sources	65.5	80.4	76.7	78.0	83.3
Total imports	100.0	100.0	100.0	100.0	100.0
	<b>Share of value (percent)</b>				
China	27.6	14.0	19.0	19.4	14.6
All other sources	72.4	86.0	81.0	80.6	85.4
Total imports	100.0	100.0	100.0	100.0	100.0

Source: Data compiled from official Commerce statistics, HTS number 6305.33.0050, using the weight-to-number of sacks conversion rate of 8,000 sacks to 1 short ton to 907 kilograms.

### Ratio of imports to U.S. production

The ratios of imports from China and nonsubject countries during 2005-07 and 2012 are shown in table I-4 below.

**Table I-4**  
**LW Sacks: Ratio of U.S. imports to U.S. production, 2005-07 and 2012**

Item	Calendar year			
	2005	2006	2007	2012
	<b>Ratio of imports to U.S. production (percent)</b>			
China	736.6	541.5	448.7	***
All other countries	***	***	***	***
Total imports	***	***	***	***

Source: *Laminated Woven Sacks from China, Investigation Nos. 701-TA-450 and 731-TA-1122 (Final)*, Staff Report, INV-FF-075, July 2, 2008, Table IV-7 and compiled from official Commerce statistics, HTSUS subheading 6305.33.0050 for 2012.

## Apparent U.S. consumption and market shares

Table I-5 shows U.S. shipments of domestic product, U.S. imports and apparent U.S. consumption in 2005-07 and 2012. Table I-6 shows U.S. market shares during 2005-07 and 2012.

**Table I-5**

**LW Sacks: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 2005-07 and 2012**

Item	Calendar Year			
	2005	2006	2007	2012
	Quantity (1,000 sacks)			
U.S. producers' U.S. shipments	14,190	26,075	51,411	***
U.S. imports from--				
China	112,262	153,182	234,368	30,580
All other sources	***	***	***	153,055
Total imports	***	***	***	183,636
Apparent U.S. consumption	***	***	***	***
Value (1,000 dollars)				
U.S. producers' U.S. shipments	7,682	15,692	30,656	***
U.S. imports from--				
China	26,746	39,025	58,147	10,196
All other sources	***	***	***	59,500
Total imports	***	***	***	69,696
Apparent U.S. consumption	***	***	***	***

Source: *Laminated Woven Sacks from China, Investigation Nos. 701-TA-450 and 731-TA-1122 (Final)*, Staff Report, INV-FF-075, July 2, 2008, Table IV-5 and compiled from official Commerce statistics, HTSUS subheading 6305.33.0050 for 2012.

**Table I-6**  
**LW Sacks: U.S. market shares, 2005-07 and 2012**

Item	Calendar Year			
	2005	2006	2007	2012
	<b>Quantity (1,000 sacks)</b>			
Apparent U.S. consumption	***	***	***	***
	<b>Value (1,000 dollars)</b>			
Apparent U.S. consumption	***	***	***	***
	<b>Share of quantity (percent)</b>			
U.S. producers' U.S. shipments	***	***	***	***
U.S. imports from--				
China	***	***	***	***
All other sources	***	***	***	***
Total imports	***	***	***	***
	<b>Share of value (percent)</b>			
U.S. producers' U.S. shipments	***	***	***	***
U.S. imports from—				
China	***	***	***	***
All other sources	***	***	***	***
Total imports	***	***	***	***

Source: *Laminated Woven Sacks from China, Investigation Nos. 701-TA-450 and 731-TA-1122 (Final)*, Staff Report, INV-FF-075, July 2, 2008, Table IV-6 and compiled from official Commerce statistics, HTSUS subheading 6305.33.0050 for 2012.

## THE INDUSTRY IN CHINA

### Background

During the original investigations, the Commission requested data from 40 Chinese firms which were listed in the petition and believed to produce laminated woven sacks during the period of investigation. The Commission sent questionnaires to these firms and received one response, from Shandong Shouguang Jianyuanchun Co., Ltd. (“Shandong”), which claimed to account for approximately \*\*\* percent of Chinese production of laminated woven sacks and \*\*\* percent of exports to the United States in 2007.<sup>38</sup>

In its response to the notice of institution in the first five-year reviews, the Committee identified 87 firms as producers/exporters of laminated woven sacks in China.<sup>39</sup>

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<sup>38</sup> *Laminated Woven Sacks from China, Investigation Nos. 701-TA-450 and 731-TA-1122 (Final)*, Staff Report, INV-FF-075, July 2, 2008, pp. VII-2, 3.

<sup>39</sup> *The Committee’s Response to the Commission’s Notice of Institution*, July 30, 2013, exh. 9.

## Capacity and production

During the original investigations, the Commission received only one response to its request for data from firms believed to produce laminated woven sacks in China during the period of investigation.<sup>40</sup> The response, submitted by Shangdong, reported an increase in capacity from \*\*\* sacks in 2005 to \*\*\* sacks in 2006, but then a decrease to \*\*\* sacks in 2007. In 2007, \*\*\* percent of Shandong's total shipments of laminated woven sacks were exported to the United States.<sup>41</sup>

The Committee reported that China's laminated woven sacks production capacity has expanded in recent years. Shandong Shouguang Jianyuanchun Co., Ltd./Shandong Longxing Plastic Products Co., Ltd. increased its capacity of plastic woven sacks from 38 million pieces annually in 2009 to 80 million pieces annually in 2012. WhoKing Group Ltd. increased its annual production capacity for plastic woven sacks by approximately 2.8 billion pieces from 2008 to 2013. Guangyuan Chengda Plastic Weaving Co., Ltd. began production in December 2012 of a laminated woven sack facility with annual capacity of 800 million pieces. Heilongjiang Province Nanyang Plastic Products Co., Ltd. began production in 2009 and expanded its annual capacity to 180 million pieces of plastic woven sacks (including laminated woven sacks). Baotoou Qiselu Packaging Co., Ltd. began high-strength production of laminated plastic woven sacks in April 2013 with a capacity of 50 million pieces. Hubei Ruixiang Plastic Industry Co., Ltd., established in January 2010, began production of color-printed laminated woven sacks in June 2013 with an annual capacity of 50 million pieces. Zhejiang Huatai Plastic Group began construction of a medium and high-grade plastic woven sacks project in 2012.<sup>42</sup>

## Exports

Table I-7 presents data for the top ten markets for Chinese exports of laminated woven sacks from 2008 to 2012. Except for 2010, when the United States was China's largest market, Japan was China's largest market. Total Chinese exports of laminated woven sacks increased from 2008 to 2012, by 22.9 percent.

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<sup>40</sup> During the preliminary phase of these investigations, a witness testified at the staff conference that there may be 300 to 400 producers of laminated woven sacks in China, 95 percent of which he believed to be small private-owned businesses concentrated on the Chinese home market and not export-oriented. Conference transcript, pp. 207-208 (Zhu).

<sup>41</sup> *Laminated Woven Sacks from China, Investigation Nos. 701-TA-450 and 731-TA-1122 (Final)*, Staff Report, INV-FF-075, July 2, 2008, pp. VII-2 through VII -4 & table VII-1.

<sup>42</sup> *The Committee's Response to the Commission's Notice of Institution*, July 30, 2013, pp. 15-17.

**Table I-7****LW Sacks: Chinese exports, by country, 2008-12**

Country	Calendar Year				
	2008	2009	2010	2011	2012
	Value (\$1,000)				
United States	116,530	98,737	104,092	105,552	104,345
Russia	51,819	43,440	54,513	77,521	101,553
Japan	151,381	103,284	94,714	117,883	109,982
South Korea	69,357	49,080	43,562	56,361	51,534
Philippines	15,968	19,218	28,826	42,476	42,324
Kazakhstan	31,212	25,546	34,106	43,769	67,185
Hong Kong	6,123	10,746	18,054	23,404	41,483
Canada	25,988	29,961	21,448	22,165	21,497
Australia	23,584	18,579	21,258	26,217	25,965
Ukraine	18,388	12,390	20,618	28,262	22,830
All others	293,845	301,394	377,058	426,205	400,002
World	804,193	712,375	818,249	969,814	988,701

Source: Global Trade Information Service ("Global Trade Atlas"), HTS code 630533, sacks and bags, of a kind used for the packing of goods: Other of polyethylene or polypropylene strip of the like. This HTS code is over inclusive and contains sacks and bags outside of the scope of the subject laminated woven sacks.

**Tariff or non-tariff barriers to trade**

There are no outstanding antidumping and/or countervailing duty measures against laminated woven sacks produced in China in third country markets.

**THE GLOBAL MARKET**

Table I-8 shows the ten largest exporting countries of laminated woven sacks. Total world exports increased by 20.5 percent from 2008 to 2012.

**Table I-8****LW Sacks: Exports by reporting country, 2008-12**

Country	Calendar Year				
	2008	2009	2010	2011	2012
	Value (\$1,000)				
China	804,193	712,375	818,249	969,814	988,701
Turkey	57,321	56,452	72,135	102,649	100,597
Thailand	79,357	70,174	79,099	79,856	83,107
Indonesia	62,400	48,165	69,929	85,812	67,601
Mexico	23,604	20,288	28,939	38,028	39,943
Ecuador	14,901	13,100	19,351	31,422	26,718
USA	26,826	20,863	26,497	25,368	25,267
Cote d'Ivoire	15,246	13,121	19,198	21,664	25,201
Azerbaijan	11,779	8,914	12,465	19,825	16,476
Brazil	12,238	8,422	11,349	15,566	15,023
All others	211,452	154,654	228,998	264,132	200,586
World	1,319,317	1,126,529	1,386,207	1,654,137	1,589,220

Source: Global Trade Information Service ("Global Trade Atlas"), HTS code 630533, sacks and bags, of a kind used for the packing of goods: Other of polyethylene or polypropylene strip of the like. This HTS code is over inclusive and contains sacks and bags outside of the scope of the subject laminated woven sacks.

Table I-9 shows the ten largest importing countries of laminated woven sacks. Total world imports increased by 14.8 percent from 2008 to 2012.

**Table I-9****LW Sacks: Imports by reporting country, 2008-12**

Country	Calendar Year				
	2008	2009	2010	2011	2012
	Value (\$1,000)				
United States	194,325	162,194	189,098	201,961	196,156
Russia	64,400	49,596	60,888	64,822	90,457
Japan	47,906	41,461	45,237	61,187	54,621
South Korea	33,676	31,204	34,913	40,399	40,375
Australia	28,904	25,955	30,933	34,303	36,902
Italy	38,228	27,801	31,419	41,284	31,022
Colombia	16,096	12,955	20,562	33,606	30,703
Belgium	19,753	17,182	21,524	30,035	27,516
Canada	23,968	19,143	25,468	26,878	26,513
Kazakhstan	18,071	9,644	11,280	13,342	25,627
All others	525,300	411,000	533,690	628,938	600,017
World	1,010,627	808,136	1,005,012	1,176,755	1,159,909

Source: Global Trade Information Service ("Global Trade Atlas"), HTS code 630533, sacks and bags, of a kind used for the packing of goods: Other of polyethylene or polypropylene strip of the like. This HTS code is over inclusive and contains sacks and bags outside of the scope of the subject laminated woven sacks.