

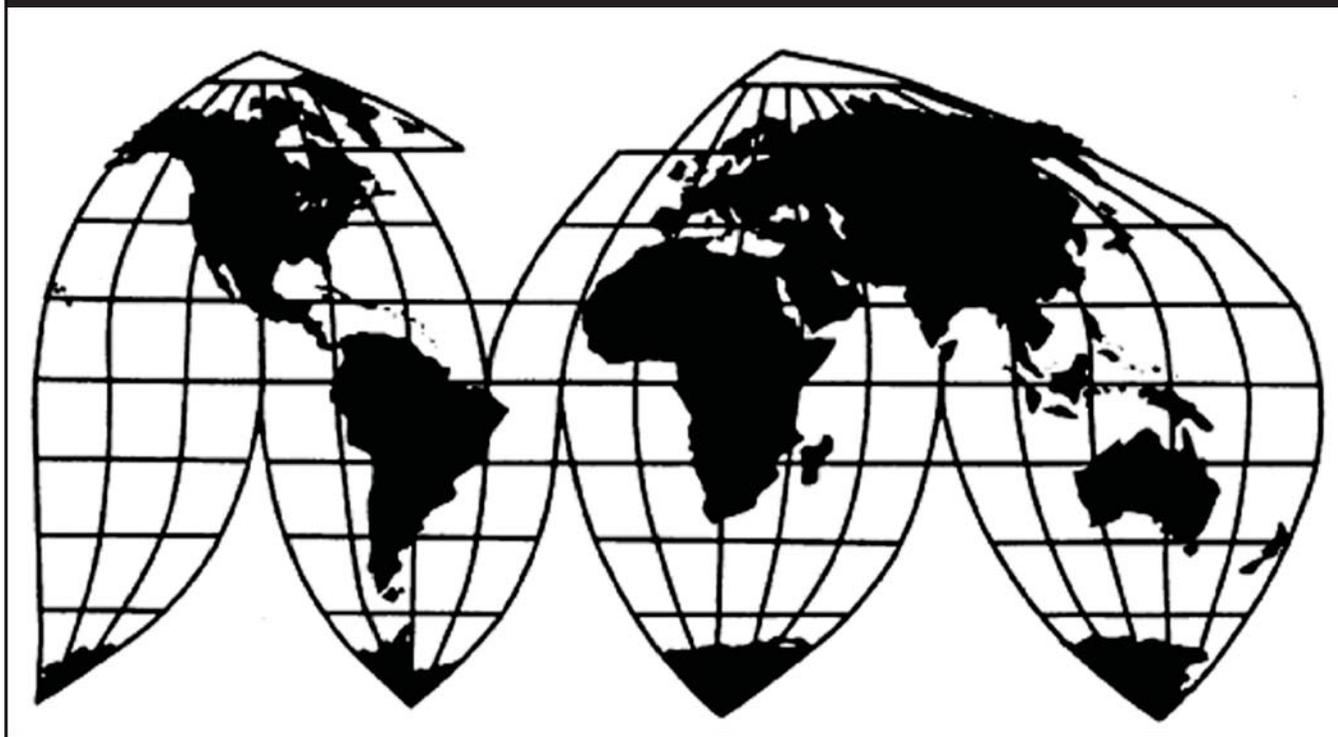
Laminated Woven Sacks from Vietnam

Investigation Nos. 701-TA-601 and 731-TA-1411 (Preliminary)

Publication 4779

April 2018

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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Note.—Information that would reveal confidential operations of individual concerns may not be published. Such information is identified by brackets or by parallel lines in confidential reports and is deleted and replaced with asterisks in public reports.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-601 and 731-TA-1411 (Preliminary)

Laminated Woven Sacks from Vietnam

DETERMINATIONS

On the basis of the record¹ developed in the subject investigations, the United States International Trade Commission (“Commission”) determines, pursuant to the Tariff Act of 1930 (“the Act”), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of laminated woven sacks from Vietnam that are alleged to be sold in the United States at less than fair value (“LTFV”) and to be subsidized by the government of Vietnam.²

COMMENCEMENT OF FINAL PHASE INVESTIGATIONS

Pursuant to section 207.18 of the Commission’s rules, the Commission also gives notice of the commencement of the final phase of its investigations. The Commission will issue a final phase notice of scheduling, which will be published in the *Federal Register* as provided in section 207.21 of the Commission’s rules, upon notice from the U.S. Department of Commerce (“Commerce”) of affirmative preliminary determinations in the investigations under sections 703(b) or 733(b) of the Act, or, if the preliminary determinations are negative, upon notice of affirmative final determinations in those investigations under sections 705(a) or 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigations need not enter a separate appearance for the final phase of the investigations. Industrial users, and, if the merchandise under investigation is sold at the retail level, representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations.

BACKGROUND

On March 7, 2018, the Laminated Woven Sacks Fair Trade Coalition, which is comprised of Polytex Fibers Corporation (Houston, Texas) and ProAmpac, LLC (Cincinnati, Ohio), filed a petition with the Commission and Commerce, alleging that an industry in the United States is

¹ The record is defined in sec. 207.2(f) of the Commission’s Rules of Practice and Procedure (19 CFR 207.2(f)).

² *Laminated Woven Sacks From the Socialist Republic of Vietnam: Initiation of Countervailing Duty Investigation*, 83 FR 14253, April 3, 2018; *Laminated Woven Sacks From the Socialist Republic of Vietnam: Initiation of Less-Than-Fair-Value Investigation*, 83 FR 14257, April 3, 2018.

materially injured or threatened with material injury by reason of LTFV and subsidized imports of laminated woven sacks from Vietnam. Accordingly, effective March 7, 2018, the Commission, pursuant to sections 703(a) and 733(a) of the Act (19 U.S.C. 1671b(a) and 1673b(a)), instituted countervailing duty investigation No. 701-TA-601 and antidumping duty investigation No. 731-TA-1411 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of March 13, 2018 (83 FR 10875). The conference was held in Washington, DC, on March 28, 2018, and all persons who requested the opportunity were permitted to appear in person or by counsel.

Views of the Commission

Based on the record in the preliminary phase of these investigations, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of laminated woven sacks from Vietnam that are allegedly sold in the United States at less than fair value and allegedly subsidized by the government of Vietnam.

I. The Legal Standard for Preliminary Determinations

The legal standard for preliminary antidumping and countervailing duty determinations requires the Commission to determine, based upon the information available at the time of the preliminary determinations, whether there is a reasonable indication that a domestic industry is materially injured or threatened with material injury, or that the establishment of an industry is materially retarded, by reason of the allegedly unfairly traded imports.¹ In applying this standard, the Commission weighs the evidence before it and determines whether “(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation.”²

II. Background

The Laminated Woven Sacks Fair Trade Coalition and its individual members Polytex Fibers Corporation and ProAmpac Holdings, Inc., which are domestic producers of laminated woven sacks (collectively, “petitioners”), filed the petitions in these investigations on March 7, 2018. Petitioners appeared at the staff conference and submitted a postconference brief.

Several respondent entities participated in these investigations. C.P. Packaging (Vietnam) Industry Co., Ltd., CPPC Marketing Inc., CPC Vietnam, Kim Duc Co. Ltd.,³ Tan Dai Hung Plastic Joint Stock Company, TKMB Joint Stock Company, and Trung Dong Corporation, which are producers and exporters of laminated woven sacks in Vietnam (collectively, “respondent producers and exporters”), jointly appeared at the staff conference and submitted a postconference brief. Commercial Bag Company (dba Commercial Packaging), an importer of laminated woven sacks from Vietnam (“Commercial Packaging”), also appeared at the staff conference and submitted a postconference brief.

¹ 19 U.S.C. §§ 1671b(a), 1673b(a); *see also American Lamb Co. v. United States*, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); *Aristech Chem. Corp. v. United States*, 20 CIT 353, 354-55 (1996). No party argues that the establishment of an industry in the United States is materially retarded by the allegedly unfairly traded imports.

² *American Lamb Co.*, 785 F.2d at 1001; *see also Texas Crushed Stone Co. v. United States*, 35 F.3d 1535, 1543 (Fed. Cir. 1994).

³ After a review of Kim Duc Co. Ltd.’s questionnaire response ***, staff determined that the company is not a producer of laminated woven sacks in Vietnam. Confidential Report (“CR”) at VII-3, n. 5; Public Report (“PR”) at VII-3 n.5.

In addition, the Textile Bag and Packaging Association (“TBPA”), a trade organization consisting of domestic producers, importers, and a Vietnamese producer of laminated woven sacks, among other members, submitted a non-party statement.⁴ TBPA claims to be “neutral,” neither supporting nor opposing the petitions.⁵

U.S. industry data are based on the questionnaire responses of nine firms that accounted for the vast majority of U.S. production of laminated woven sacks in 2017.⁶ U.S. import data are based on the questionnaire responses of 26 firms that accounted for the vast majority of imports from Vietnam and from nonsubject countries.⁷ The Commission received responses to its questionnaires from six producers of subject merchandise in Vietnam, whose reported exports to the United States were equivalent to 53.7 percent of imports of laminated woven sacks from Vietnam in 2017.⁸

III. Domestic Like Product

In determining whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the “domestic like product” and the “industry.”⁹ Section 771(4)(A) of the Tariff Act of 1930, as amended (“the Tariff Act”), defines the relevant domestic industry as the “producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”¹⁰ In turn, 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.”¹¹

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of “like” or “most similar in characteristics and uses” on a case-by-case basis.¹² No single factor is

⁴ See Conference Tr. at 124-25 (Corman).

⁵ See Conference Tr. at 125 (Corman); TBPA Statement at 1.

⁶ CR at I-5; PR at I-4.

⁷ CR at I-5; PR at I-4.

⁸ CR at I-5; PR at I-4. The production of laminated woven sacks reported by responding foreign producers accounted for approximately eight percent of the overall production of laminated woven sacks in Vietnam (with overall production based on the response of the only responding foreign producer that provided a usable estimate of its share of overall production). CR/PR at VII-3 & n.6.

⁹ 19 U.S.C. § 1677(4)(A).

¹⁰ 19 U.S.C. § 1677(4)(A).

¹¹ 19 U.S.C. § 1677(10).

¹² 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); *Torrington Co. v. United States*, 747 F. Supp. 744, 749 n.3 (Ct. Int’l Trade 1990), *aff’d*, 938 F.2d 1278 (Fed. Cir. 1991) (“every like product determination ‘must be made on the particular record at issue’ and the ‘unique facts of each case’”). The Commission generally considers a number of factors including the following: (1) physical characteristics and uses; (2) interchangeability; (Continued...)

dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.¹³ The Commission looks for clear dividing lines among possible like products and disregards minor variations.¹⁴ Although the Commission must accept Commerce's determination as to the scope of the imported merchandise that is subsidized and/or sold at less than fair value,¹⁵ the Commission determines what domestic product is like the imported articles Commerce has identified.¹⁶ The Commission may, where appropriate, include domestic articles in the domestic like product in addition to those described in the scope.¹⁷

A. Scope Definition

In its notices of initiation, Commerce defined the imported merchandise within the scope of these investigations as follows:

Laminated woven sacks are bags 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), polyester (PET),

(...Continued)

(3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes, and production employees; and, where appropriate, (6) price. *See Nippon*, 19 CIT at 455 n.4; *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

¹³ *See, e.g.*, S. Rep. No. 96-249 at 90-91 (1979).

¹⁴ *See, e.g.*, *Nippon*, 19 CIT at 455; *Torrington*, 747 F. Supp. at 748-49; *see also* S. Rep. No. 96-249 at 90-91 (Congress has indicated that the like product standard should not be interpreted in "such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not 'like' each other, nor should the definition of 'like product' be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.").

¹⁵ *See, e.g.*, *USEC, Inc. v. United States*, 34 Fed. App'x 725, 730 (Fed. Cir. 2002) ("The ITC may not modify the class or kind of imported merchandise examined by Commerce."); *Algoma Steel Corp. v. United States*, 688 F. Supp. 639, 644 (Ct. Int'l Trade 1988), *aff'd*, 865 F.3d 240 (Fed. Cir.), *cert. denied*, 492 U.S. 919 (1989).

¹⁶ *Hosiden Corp. v. Advanced Display Mfrs.*, 85 F.3d 1561, 1568 (Fed. Cir. 1996) (the Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); *Cleo*, 501 F.3d at 1298 n.1 ("Commerce's {scope} finding does not control the Commission's {like product} determination."); *Torrington*, 747 F. Supp. at 748-52 (affirming the Commission's determination defining six like products in investigations where Commerce found five classes or kinds).

¹⁷ *See, e.g.*, *Pure Magnesium from China and Israel*, Inv. Nos. 701-TA-403 and 731-TA-895-96 (Final), USITC Pub. 3467 at 8 n.34 (Nov. 2001); *Torrington*, 747 F. Supp. at 748-49 (holding that the Commission is not legally required to limit the domestic like product to the product advocated by the petitioner, co-extensive with the scope).

polyethylene (PE), nylon, or any film suitable for printing, or to an exterior ply of paper; printed; displaying, containing, or comprising three or more visible colors (*e.g.*, laminated woven sacks printed with three different shades of blue would be covered by the scope), not including the color of the woven fabric; regardless of the type of printing process used; with or without lining; with or without handles; with or without special closing features (including, but not limited to, closures that are sewn, glued, easy-open (*e.g.*, tape or thread), re-closable (*e.g.*, slider, hook and loop, zipper), hot-welded, adhesive-welded, or press- to-close); whether finished or unfinished (*e.g.*, whether or not closed on one end and whether or not in roll form, including, but not limited to, sheets, lay-flat, or formed in tubes); not exceeding one kilogram in actual weight. Laminated woven sacks produced in the Socialist Republic of Vietnam are subject to the scope regardless of the country of origin of the fabric used to make the sack.¹⁸

Laminated woven sacks consist of one or more plies of fabric, at least one consisting of woven polypropylene or polyethylene strip, laminated to an exterior ply of plastic film, such as biaxially oriented polypropylene (“BOPP”), polyester (“PET”), polyethylene (“PE”), nylon, or any film suitable for printing, or to an exterior ply of paper, and converted into sacks through sewing, gluing, and/or heat sealing.¹⁹ Sacks assembled through gluing or heat sealing, known as pinch bottom stepped end bags, have the advantage of being hermetically sealed against moisture, insects, and leakage.²⁰ All laminated woven sacks are covered in high quality graphics printed in three or more colors that serve as point of sale advertising directed to the consumers of goods packaged in such sacks, including pet food, animal feed, bird seed, and agricultural products.²¹ They are made to order in a wide variety of dimensions and resistance capabilities, including resistance to the moisture, grease, and oil present in certain pet foods and animal feed.²² Since their introduction to the U.S. market in 2003, laminated woven sacks

¹⁸ *Laminated Woven Sacks from the Socialist Republic of Vietnam: Initiation of Countervailing Duty Investigation*, 83 Fed. Reg. 14253, 14257 (Apr. 3, 2018); *Laminated Woven Sacks from the Socialist Republic of Vietnam: Initiation of Less-Than-Fair-Value Investigation*, 83 Fed. Reg. 14257, 14262 (Apr. 3, 2018). Subject laminated woven sacks are currently classifiable under Harmonized Tariff Schedule of the United States (HTSUS) subheading 6305.33.0040. 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, but not limited to, 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 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 is dispositive.

¹⁹ Petitioners’ Postconference Brief at 4; TBPA Statement at 3-4; CR at I-9-10; PR at I-8.

²⁰ TBPA Statement at 4-5.

²¹ Petition at 4; Conference Tr. at 105 (Little); CR at I-10-11; PR at I-8.

²² Petition at 4; Petitioners’ Postconference Brief at 4-5; CR at I-10-11; PR at I-8.

have increasingly replaced multi-wall paper sacks in the pet food and animal feed markets, as a stronger, more durable, and more aesthetically appealing alternative to paper sacks.²³

The production of laminated woven sacks entails several production steps. First, polypropylene or polyethylene pellets and pigments are melted, extruded into sheets, cut into strips, and then woven into fabric.²⁴ The fabric may subsequently be coated with one or more additional layers of polypropylene or a polypropylene-polyethylene mix. Second, the fabric is laminated to either a reverse-printed plastic film, typically BOPP, or paper printed with high quality graphics.²⁵ Finally, the fabric is converted into sacks by being sent to a tuber, where it is formed into a continuous tube; cut into individual pieces; and then finished by sewing, heat sealing, and/or gluing the bottom of the bag.²⁶ Polytex, which was *** domestic producer in 2017 (accounting for *** percent of domestic production), is the only vertically integrated domestic producer, performing all production steps internally.²⁷ All other domestic producers purchase woven polypropylene or polyethylene fabric from outside suppliers, with ***.²⁸

B. Arguments of the Parties

Petitioners argue that the Commission should define a single domestic like product coextensive with the scope, as it did in prior investigations and reviews of laminated woven sacks from China,²⁹ because there are no clear dividing lines separating some types of laminated sack products from others under the Commission's six domestic like product factors.³⁰ Respondent producers and exporters argue that if Commerce defines the scope of the investigations to include polypropylene shopping bags, the Commission should define a separate domestic like product corresponding to such bags because they differ from laminated woven sacks in terms of the Commission's domestic like product factors.³¹ Commercial Packaging does not challenge petitioners' proposed domestic like product definition for purposes of the preliminary phase, but reserves the right to do so in any final phase of the investigations.³²

²³ Conference Tr. at 18 (Bazbaz), 28 (Mueller); Petitioners' Postconference Brief at 7.

²⁴ CR at I-11-12; PR at I-9-10.

²⁵ CR at I-13-14; PR at I-11-12.

²⁶ CR at I-14-15; PR at I-12-14.

²⁷ Conference Tr. at 59 (Jones); CR/PR at V-1 and Table III-1.

²⁸ Petitioners' Postconference Brief, Exhibit 1 at 12.

²⁹ *Laminated Woven Sacks from China*, Inv. Nos. 701-TA-450 and 731-TA-1122 (Review), USITC Pub. 4457 (March 2014) at 4-5; *Laminated Woven Sacks from China*, Inv. Nos. 701-TA-450 and 731-TA-1122 (Final), USITC Pub. 4025 (August 2008) at 5; *Laminated Woven Sacks from China*, Inv. Nos. 701-TA-450 and 731-TA-1122 (Preliminary), USITC Pub. 3942 (Aug. 2007) at 6-10.

³⁰ See Petitioners' Postconference Brief at 4-8. Petitioners contended, and no party argued otherwise, that the Commission should not define the domestic like product to include paper sacks or non-laminated woven sacks because a clear dividing line separates such products from laminated woven sacks under the Commission's six domestic like product factors. See Petition at 9-14.

³¹ Respondent Producer and Exporters' Postconference Brief at 7-9.

³² Commercial Packaging's Postconference Brief at 3.

C. Analysis

Based on the record, we define a single domestic like product consisting of all laminated woven sacks coextensive with the scope of the investigations set forth in the notice of initiation.³³ The scope of these investigations is substantially similar to the scope of the Commission's prior investigations and reviews of laminated woven sacks from China. In those investigations and reviews, the Commission defined a single domestic like product coextensive with the scope of the investigations and reviews.³⁴ No party has contested petitioners' position that the Commission should define a domestic like product to encompass all laminated woven sacks corresponding to the scope of the investigations. Nor is there any evidence on the record suggesting that the Commission should define the domestic like product differently from the prior investigations and reviews of laminated woven sacks.³⁵ Accordingly, we define the domestic like product to include all laminated woven sacks coextensive with the scope of the investigations.

IV. Domestic Industry

The domestic industry is defined as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."³⁶ In defining the domestic

³³ Petitioners have categorically stated that "grocery bags made with laminated woven fabric are not covered by the scope of these investigations." Petitioners' Postconference Brief at 4; *see also id.*, Exhibit 1 at 23. Even if polyethylene grocery bags were within the scope of the investigations, the absence of any known domestic production of such bags, as acknowledged by respondents, would preclude the Commission from defining a separate domestic like product corresponding to them. *See, e.g., Large Residential Washers from China*, Inv. No. 731-TA-1306 (Preliminary), USITC Pub. 4591 (Feb. 2017) at 10. Furthermore, the reported absence of any domestic production of polyethylene grocery bags, as well as the absence of any information concerning domestic grocery bag production on the record of these investigations, means that their inclusion or exclusion from the domestic like product could have no impact on our determinations in the preliminary phase of these investigations.

³⁴ *Laminated Woven Sacks from China*, USITC Pub. 4457 at 5; *Laminated Woven Sacks from China*, USITC Pub. 4025 at 6.

³⁵ In the preliminary phase investigations of laminated woven sacks from China, the Commission rejected respondent's argument that the domestic like product should include out-of-scope multi-walled paper sacks and non-laminated woven sacks, finding that a clear dividing line separated each product from laminated woven sacks. *See Laminated Woven Sacks from China*, USITC Pub. 3942 at 6-10. In these investigations, the Commission requested information from domestic producers and importers on the degree of comparability between laminated woven sacks, on the one hand, and both multi-walled, paper sacks and non-laminated sacks, on the other, under the Commission's six domestic like product factors. With the exception of channels of distribution, nearly all responding domestic producers and importers reported that laminated woven sacks were either somewhat or not at all comparable to multi-walled paper sacks and non-laminated woven sacks with respect to the like product factors. *See CR/PR at Table D-1.*

³⁶ 19 U.S.C. § 1677(4)(A).

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.

We must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to Section 771(4)(B) of the Tariff Act. This provision allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.³⁷ Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.³⁸

Two domestic producers – *** – meet the statutory definition of a related party because each domestic producer imported subject merchandise from Vietnam during the period of investigation.³⁹ We discuss below whether appropriate circumstances exist to exclude either from the domestic industry.

A. Arguments of the Parties

Commercial Packaging argues that the Commission should find that appropriate circumstances exist to exclude *** from the domestic industry as a related party because it was the *** largest importer of subject merchandise, with a ratio of subject imports to domestic production during the period of investigation that in its view indicates that *** primary interest is in importation.⁴⁰ Petitioners do not address the issue of related parties, but argue that the Commission should define the domestic industry to include all domestic producers of laminated woven sacks.⁴¹

³⁷ See *Torrington Co. v. United States*, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992), *aff'd without opinion*, 991 F.2d 809 (Fed. Cir. 1993); *Sandvik AB v. United States*, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), *aff'd mem.*, 904 F.2d 46 (Fed. Cir. 1990); *Empire Plow Co. v. United States*, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987).

³⁸ The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include the following:

(1) the percentage of domestic production attributable to the importing producer;
(2) the reason the U.S. producer has decided to import the product subject to investigation (whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market);

(3) whether inclusion or exclusion of the related party will skew the data for the rest of the industry;

(4) the ratio of import shipments to U.S. production for the imported product; and

(5) whether the primary interest of the importing producer lies in domestic production or importation. *Changzhou Trina Solar Energy Co. v. USITC*, 100 F. Supp.3d 1314, 1326-31 (Ct. Int'l. Trade 2015); see also *Torrington Co. v. United States*, 790 F. Supp. at 1168.

³⁹ CR/PR at Table III-8.

⁴⁰ Commercial Packaging's Postconference Brief at 4-5.

⁴¹ Petitioners' Postconference Brief at 9.

B. Analysis

Based on our definition of the domestic like product, we define the domestic industry as all domestic producers of laminated woven sacks, including ***. For purposes of the preliminary phase of the investigations, we do not find that appropriate circumstances exist to exclude *** from the domestic industry based on the following analysis.

. *** was the *** domestic producer in 2017, accounting for *** percent of domestic industry production.⁴² It is a related party because it imported subject merchandise during the period of investigation. *** imported *** sacks from Vietnam (the equivalent of *** percent of its domestic production) in 2015, *** sacks (the equivalent of *** percent of its domestic production) in 2016, and *** sacks (the equivalent of *** percent of its domestic production) in 2017.⁴³ *** stated that it imported “*.”⁴⁴ *** the petition.⁴⁵

We recognize that *** subject imports relative to domestic production have been *** during the period of investigation. However, *** its domestic production of laminated woven sacks from *** sacks in 2015 to *** sacks in 2017, and the ratio of its subject imports to its domestic production *** from *** percent in 2015 to *** percent in 2017.⁴⁶ Consistent with its *** domestic production, *** reported the *** level of capital expenditures during the period of investigation (\$***) out of eight responding domestic producers, ***.⁴⁷ Thus, the record suggests that the producer’s primary interest is shifting to domestic production rather than the importation of subject merchandise. While it *** the petition, no party has argued that *** should be excluded from the definition of the domestic industry.

For all of these reasons, we find that appropriate circumstances do not exist to exclude *** from the domestic industry as a related party for purposes of the preliminary investigations.

. *** was the *** domestic producer in 2017, accounting for *** percent of domestic industry production.⁴⁸ It is a related party because it imported subject merchandise during the period of investigation. *** imported *** sacks from Vietnam (the equivalent of *** percent of its domestic production) in 2015, *** sacks (the equivalent of *** percent of its domestic production) in 2016, and *** sacks (the equivalent of *** percent of its domestic production) in 2017.⁴⁹ *** stated that it imported to meet “*.”⁵⁰ *** the petition.⁵¹

⁴² CR/PR at Table III-1.

⁴³ CR/PR at Table III-8.

⁴⁴ CR/PR at Table III-8. *** operating income to net sales ratio was *** than the industry average in 2016 and 2017; it was *** percent in 2015, *** percent in 2016, and *** percent in 2017. *Id.* at Table VI-3.

⁴⁵ CR/PR at Table III-1.

⁴⁶ CR/PR at Table III-8.

⁴⁷ CR/PR at Table VI-5. *** also reported the “****.” *Id.* at Table III-3.

⁴⁸ CR/PR at Table III-1.

⁴⁹ CR/PR at Table III-8.

⁵⁰ CR/PR at Table III-8. *** operating income to net sales ratio was *** the industry average during the period of investigation; it was *** percent in 2015, *** percent in 2016, and *** percent in 2017. *Id.* at Table VI-3.

While *** level of subject imports during the period of investigation may suggest that its interest lies in importation rather than domestic production, we recognize that *** its domestic production from *** bags in 2015 to *** bags in 2017, and its ratio of subject imports to domestic production *** by *** from 2015 to 2017.⁵² *** domestic production of laminated woven sacks coincided with a *** of its production capacity during the period of investigation as it reportedly “***.”⁵³ *** reported the *** level of capital expenditures during the period of investigation of any domestic producer (\$***), ***.⁵⁴

On balance, and taking into account its *** U.S. production operations and its capital expenditures, we find that appropriate circumstances do not exist to exclude *** from the domestic industry as a related party for purposes of the preliminary investigations.

In sum, for purposes of these preliminary determinations, we define the domestic industry to include all domestic producers of laminated woven sacks, including ***. We intend to investigate further whether appropriate circumstances exist to exclude *** as related parties in any final phase of the investigations.

V. Reasonable Indication of Material Injury by Reason of Subject Imports⁵⁵

A. Legal Standard

In the preliminary phase of antidumping and countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.⁵⁶ In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production

(...Continued)

⁵¹ CR/PR at Table III-1.

⁵² CR/PR at Table III-8.

⁵³ CR/PR at Tables III-3-4.

⁵⁴ CR/PR at Table VI-5.

⁵⁵ Pursuant to Section 771(24) of the Tariff Act, imports from a subject country of merchandise corresponding to a domestic like product that account for less than 3 percent of all such merchandise imported into the United States during the most recent 12 months for which data are available preceding the filing of the petition shall be deemed negligible. 19 U.S.C. §§ 1671b(a), 1673b(a), 1677(24)(A)(i), 1677(24)(B).

Negligibility is not an issue in these investigations. Subject imports from Vietnam during the most recent 12-month period (March 2017 to February 2018) accounted for 71.4 percent of total imports. CR/PR at IV-7.

⁵⁶ 19 U.S.C. §§ 1671b(a), 1673b(a). The Trade Preferences Extension Act of 2015, Pub. L. 114-27, amended the provisions of the Tariff Act pertaining to Commission determinations of reasonable indication of material injury and threat of material injury by reason of subject imports in certain respects.

operations.⁵⁷ The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.”⁵⁸ In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.⁵⁹ No single factor is dispositive, and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”⁶⁰

Although the statute requires the Commission to determine whether there is a reasonable indication that the domestic industry is “materially injured by reason of” unfairly traded imports,⁶¹ it does not define the phrase “by reason of,” indicating that this aspect of the injury analysis is left to the Commission’s reasonable exercise of its discretion.⁶² In identifying a causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price effects of the subject imports and any impact of those imports on the condition of the domestic industry. This evaluation under the “by reason of” standard must ensure that subject imports are more than a minimal or tangential cause of injury and that there is a sufficient causal, not merely a temporal, nexus between subject imports and material injury.⁶³

In many investigations, there are other economic factors at work, some or all of which may also be having adverse effects on the domestic industry. Such economic factors might include nonsubject imports; changes in technology, demand, or consumer tastes; competition among domestic producers; or management decisions by domestic producers. The legislative history explains that the Commission must examine factors other than subject imports to ensure that it is not attributing injury from other factors to the subject imports, thereby inflating an otherwise tangential cause of injury into one that satisfies the statutory material

⁵⁷ 19 U.S.C. § 1677(7)(B). The Commission “may consider such other economic factors as are relevant to the determination” but shall “identify each {such} factor ... {a}nd explain in full its relevance to the determination.” 19 U.S.C. § 1677(7)(B).

⁵⁸ 19 U.S.C. § 1677(7)(A).

⁵⁹ 19 U.S.C. § 1677(7)(C)(iii).

⁶⁰ 19 U.S.C. § 1677(7)(C)(iii).

⁶¹ 19 U.S.C. §§ 1671b(a), 1673b(a).

⁶² *Angus Chemical Co. v. United States*, 140 F.3d 1478, 1484-85 (Fed. Cir. 1998) (“{T}he statute does not ‘compel the commissioners’ to employ {a particular methodology}.”), *aff’g* 944 F. Supp. 943, 951 (Ct. Int’l Trade 1996).

⁶³ The Federal Circuit, in addressing the causation standard of the statute, has observed that “{a}s long as its effects are not merely incidental, tangential, or trivial, the foreign product sold at less than fair value meets the causation requirement.” *Nippon Steel Corp. v. USITC*, 345 F.3d 1379, 1384 (Fed. Cir. 2003). This was re-affirmed in *Mittal Steel Point Lisas Ltd. v. United States*, 542 F.3d 867, 873 (Fed. Cir. 2008), in which the Federal Circuit, quoting *Gerald Metals, Inc. v. United States*, 132 F.3d 716, 722 (Fed. Cir. 1997), stated that “this court requires evidence in the record ‘to show that the harm occurred “by reason of” the LTFV imports, not by reason of a minimal or tangential contribution to material harm caused by LTFV goods.’” See also *Nippon Steel Corp. v. United States*, 458 F.3d 1345, 1357 (Fed. Cir. 2006); *Taiwan Semiconductor Industry Ass’n v. USITC*, 266 F.3d 1339, 1345 (Fed. Cir. 2001).

injury threshold.⁶⁴ In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.⁶⁵ Nor does the “by reason of” standard require that unfairly traded imports be the “principal” cause of injury or contemplate that injury from unfairly traded imports be weighed against other factors, such as nonsubject imports, which may be contributing to overall injury to an industry.⁶⁶ It is clear that the existence of injury caused by other factors does not compel a negative determination.⁶⁷

Assessment of whether material injury to the domestic industry is “by reason of” subject imports “does not require the Commission to address the causation issue in any particular way” as long as “the injury to the domestic industry can reasonably be attributed to the subject imports” and the Commission “ensure{s} that it is not attributing injury from other sources to

⁶⁴ SAA, H.R. Rep. 103-316, Vol. I at 851-52 (1994) (“{T}he Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports.”); S. Rep. 96-249 at 75 (1979) (the Commission “will consider information which indicates that harm is caused by factors other than less-than-fair-value imports.”); H.R. Rep. 96-317 at 47 (1979) (“in examining the overall injury being experienced by a domestic industry, the ITC will take into account evidence presented to it which demonstrates that the harm attributed by the petitioner to the subsidized or dumped imports is attributable to such other factors;” those factors include “the volume and prices of nonsubsidized imports or imports sold at fair value, contraction in demand or changes in patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry”); *accord Mittal Steel*, 542 F.3d at 877.

⁶⁵ SAA at 851-52 (“{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports.”); *Taiwan Semiconductor Industry Ass’n*, 266 F.3d at 1345. (“{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports Rather, the Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports.” (emphasis in original)); *Asociacion de Productores de Salmon y Trucha de Chile AG v. United States*, 180 F. Supp. 2d 1360, 1375 (Ct. Int’l Trade 2002) (“{t}he Commission is not required to isolate the effects of subject imports from other factors contributing to injury” or make “bright-line distinctions” between the effects of subject imports and other causes.); *see also Softwood Lumber from Canada*, Inv. Nos. 701-TA-414 and 731-TA-928 (Remand), USITC Pub. 3658 at 100-01 (Dec. 2003) (Commission recognized that “{i}f an alleged other factor is found not to have or threaten to have injurious effects to the domestic industry, *i.e.*, it is not an ‘other causal factor,’ then there is nothing to further examine regarding attribution to injury”), *citing Gerald Metals*, 132 F.3d at 722 (the statute “does not suggest that an importer of LTFV goods can escape countervailing duties by finding some tangential or minor cause unrelated to the LTFV goods that contributed to the harmful effects on domestic market prices.”).

⁶⁶ S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

⁶⁷ *See Nippon*, 345 F.3d at 1381 (“an affirmative material-injury determination under the statute requires no more than a substantial-factor showing. That is, the ‘dumping’ need not be the sole or principal cause of injury.”).

the subject imports.”⁶⁸ Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed “rigid adherence to a specific formula.”⁶⁹

The Federal Circuit’s decisions in *Gerald Metals*, *Bratsk*, and *Mittal Steel* all involved cases in which the relevant “other factor” was the presence in the market of significant volumes of price-competitive nonsubject imports. The Commission interpreted the Federal Circuit’s guidance in *Bratsk* as requiring it to apply a particular additional methodology following its finding of material injury in cases involving commodity products and a significant market presence of price-competitive nonsubject imports.⁷⁰ The additional “replacement/benefit” test looked at whether nonsubject imports might have replaced subject imports without any benefit to the U.S. industry. The Commission applied that specific additional test in subsequent cases, including the *Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago* determination that underlies the *Mittal Steel* litigation.

Mittal Steel clarifies that the Commission’s interpretation of *Bratsk* was too rigid and makes clear that the Federal Circuit does not require the Commission to apply an additional test nor any one specific methodology; instead, the court requires the Commission to have “evidence in the record ‘to show that the harm occurred ‘by reason of’ the LTFV imports,’” and requires that the Commission not attribute injury from nonsubject imports or other factors to subject imports.⁷¹ Accordingly, we do not consider ourselves required to apply the replacement/benefit test that was included in Commission opinions subsequent to *Bratsk*.

The progression of *Gerald Metals*, *Bratsk*, and *Mittal Steel* clarifies that, in cases involving commodity products where price-competitive nonsubject imports are a significant factor in the U.S. market, the Court will require the Commission to give full consideration, with adequate explanation, to non-attribution issues when it performs its causation analysis.⁷²

⁶⁸ *Mittal Steel*, 542 F.3d at 877-78; see also *id.* at 873 (“While the Commission may not enter an affirmative determination unless it finds that a domestic industry is materially injured ‘by reason of’ subject imports, the Commission is not required to follow a single methodology for making that determination ... {and has} broad discretion with respect to its choice of methodology.”) citing *United States Steel Group v. United States*, 96 F.3d 1352, 1362 (Fed. Cir. 1996) and S. Rep. 96-249 at 75. In its decision in *Swiff-Train v. United States*, 793 F.3d 1355 (Fed. Cir. 2015), the Federal Circuit affirmed the Commission’s causation analysis as comports with the Court’s guidance in *Mittal*.

⁶⁹ *Nucor Corp. v. United States*, 414 F.3d 1331, 1336, 1341 (Fed. Cir. 2005); see also *Mittal Steel*, 542 F.3d at 879 (“*Bratsk* did not read into the antidumping statute a Procrustean formula for determining whether a domestic injury was ‘by reason’ of subject imports.”).

⁷⁰ *Mittal Steel*, 542 F.3d at 875-79.

⁷¹ *Mittal Steel*, 542 F.3d at 873 (quoting from *Gerald Metals*, 132 F.3d at 722), 875-79 & n.2 (recognizing the Commission’s alternative interpretation of *Bratsk* as a reminder to conduct a non-attribution analysis).

⁷² To that end, after the Federal Circuit issued its decision in *Bratsk*, the Commission began to present published information or send out information requests in the final phase of investigations to producers in nonsubject countries that accounted for substantial shares of U.S. imports of subject merchandise (if, in fact, there were large nonsubject import suppliers). In order to provide a more complete record for the Commission’s causation analysis, these requests typically seek information on capacity, production, and shipments of the product under investigation in the major source countries that export to the United States. The Commission plans to continue utilizing published or requested (Continued...)

The question of whether the material injury threshold for subject imports is satisfied notwithstanding any injury from other factors is factual, subject to review under the substantial evidence standard.⁷³ Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.⁷⁴

B. Conditions of Competition and the Business Cycle

The following conditions of competition inform our analysis of whether there is a reasonable indication of material injury by reason of subject imports.

1. Demand Conditions

Demand for laminated woven sacks is derived from demand for the consumer products packaged in laminated woven sacks, such as pet food, animal feed, and bird seed.⁷⁵ During the period of investigation, apparent U.S. consumption of laminated woven sacks increased from 573.9 million sacks in 2015 to 638.7 million sacks in 2016 and 699.2 million sacks in 2017, a level 21.8 percent higher than in 2015.⁷⁶ The increase in apparent U.S. consumption of laminated woven sacks during the period was driven in part by the 15.9 percent increase in domestic production of animal food, including pet food and animal feed, between 2015 and 2017.⁷⁷

2. Supply Conditions

The U.S. market for laminated woven sacks is currently served by domestic producers, which accounted for 44.6 percent of apparent U.S. consumption in 2017, subject imports, which accounted for 34.8 percent of apparent U.S. consumption in 2017, and nonsubject imports, which accounted for 20.6 percent of apparent U.S. consumption in 2017.⁷⁸

The domestic industry is dominated by petitioners Polytex and ProAmpac, which together accounted for *** percent of domestic production in 2017.⁷⁹ During the period of investigation, the domestic industry consolidated, with ProAmpac acquiring Coating Excellence

(...Continued)

information in the final phase of investigations in which there are substantial levels of nonsubject imports.

⁷³ We provide in our discussion below a full analysis of other factors alleged to have caused any material injury experienced by the domestic industry.

⁷⁴ *Mittal Steel*, 542 F.3d at 873; *Nippon Steel Corp.*, 458 F.3d at 1350, citing *U.S. Steel Group*, 96 F.3d at 1357; S. Rep. 96-249 at 75 (“The determination of the ITC with respect to causation is ... complex and difficult, and is a matter for the judgment of the ITC.”).

⁷⁵ CR/PR at II-1; Petitioners’ Postconference Brief at 15.

⁷⁶ CR/PR at Tables IV-5, C-1.

⁷⁷ CR at II-6; PR at II-3; CR/PR at Figure II-1.

⁷⁸ CR/PR at Table IV-5.

⁷⁹ CR/PR at Table III-1.

International in January 2016, and increased its capacity by 11.3 percent, with *** reporting capacity expansions.⁸⁰

Subject foreign producers in Vietnam differ from domestic producers in a number of respects. Most subject foreign producers are vertically integrated, producing their own woven fabric for conversion into laminated woven sacks, whereas the only vertically-integrated domestic producer is Polytex.⁸¹ Subject foreign producers also differ in that they utilize roto-gravure printing instead of the flexographic printing utilized by domestic producers.⁸²

According to official import statistics for HTS statistical reporting number 6305.33.0040, the largest sources of nonsubject imports during the period of investigation were Honduras, Korea, India, and Cambodia.⁸³ Combined, these countries accounted for 79.0 percent of nonsubject imports in 2017.⁸⁴

3. Substitutability and Other Conditions

We find that there is a high degree of substitutability between subject imports and domestically produced laminated woven sacks.⁸⁵ We further find that price is an important factor in purchasing decisions for laminated woven sacks, although non-price factors are also important.⁸⁶

Although laminated woven sacks are primarily produced to order, the record indicates that laminated woven sacks produced to the same specifications with the same graphics are substitutable, irrespective of the country source.⁸⁷ All responding domestic producers and a majority of responding importers reported that subject imports are always or frequently interchangeable with domestically produced laminated woven sacks.⁸⁸ Similarly, two-thirds of responding domestic producers and a majority of responding importers reported that differences other than prices are only sometimes or never significant in their sales of laminated woven sacks.⁸⁹

Responding purchasers were asked to rank the top three factors that influence their decisions to purchase laminated woven sacks from a particular source; they identified price (eight firms), quality (seven firms), and availability of supply (four firms) more than any other factors.⁹⁰ Quality was ranked most often as the most important purchasing factor (six firms)

⁸⁰ CR/PR at Tables III-3-4, C-1.

⁸¹ Conference Tr. at 165 (Little), 165-66 (Shuler), 166 (Corman); CR/PR at V-1.

⁸² CR at I-13 n.22; PR at I-11 n.22.

⁸³ CR at II-5; PR at II-3. Laminated woven sacks imported from China have been subject to antidumping and countervailing duty orders since 2008. CR at I-6; PR at I-4-5.

⁸⁴ CR at II-5; PR at II-3.

⁸⁵ CR at II-10; PR at II-6.

⁸⁶ See CR/PR at II-1 and Tables II-5, 7.

⁸⁷ CR at II-11; PR at II-7; Conference Tr. at 34 (Bucci), 56 (Bazbaz).

⁸⁸ CR/PR at Table II-6.

⁸⁹ CR/PR at Table II-6.

⁹⁰ CR/PR at Table II-5.

with a majority of responding purchasers (five firms) ranking price as their third most important purchasing factor.⁹¹

Parties disagree about whether domestic product and subject imports primarily serve different market segments. Respondents argue that competition between subject imports and the domestic like product is attenuated because subject imports primarily serve the animal feed segment while domestic producers primarily serve the pet food segment.⁹² For example, Commercial Packaging, which accounted for *** percent of reported subject import volume in 2017, sold *** percent of its subject imports to animal feed customers and only *** percent to pet food customers that year.⁹³ Moreover, respondents noted that domestic producers testified at the hearing that the pet food segment was their “bread and butter” and their “core” market, while the animal feed segment was “not a great market for us.”⁹⁴

Respondents further argue that non-price factors limit the ability of domestic producers to compete in the animal feed segment and the ability of subject imports to compete in the pet food segment.⁹⁵ In this regard, respondents argue that the extremely varied nature of animal feed products dictates a wider array of bag specifications than domestic producers can supply, including bags for high fat/molasses products with breathability and pest control features and heavier weight bags.⁹⁶ Commercial Packaging also claims that domestic producers cannot economically supply the orders typically placed by animal feed customers for small volumes of laminated woven sacks produced to a large number of specifications because their high fixed costs compel them to focus on orders for large volumes of sacks produced to a small number of specifications, which are primarily found in the pet food segment.⁹⁷ On the other hand, Commercial Packaging argues subject imports cannot satisfy the demands of pet food customers for short lead times, expensive product features such as heat-sealed pinch bottom bags, and products made in the United States, which are only available from domestic producers.⁹⁸

Petitioners dispute that competition is attenuated. They point out that numerous responding domestic producers reported serving the animal feed segment, numerous responding importers reported serving the pet food segment, and numerous responding

⁹¹ CR/PR at Table II-5. Three of the four responding purchasers that identified availability of supply as among their top three purchasing factors ranked it as their second most important purchasing factor. *Id.*

⁹² Commercial Packaging’s Postconference Brief at 17, 21; *see also* Respondent Producers and Exporters’ Postconference Brief at 3.

⁹³ Commercial Packaging’s Postconference Brief at 14; CR/PR at Table IV-1.

⁹⁴ Commercial Packaging’s Postconference Brief at 14 (quoting Conference Tr. at 30-31 (Mueller), 33 (Bucci)); Respondent Producers and Exporters’ Postconference Brief at 1; *see also* CR at II-7; PR at II-4.

⁹⁵ *See* Commercial Packaging’s Postconference Brief at 13-22; Respondent Producers and Exporters’ Postconference Brief at 1-3.

⁹⁶ *See* Commercial Packaging’s Postconference Brief at 15-16; Respondent Producers and Exporters’ Postconference Brief at 2.

⁹⁷ Commercial Packaging’s Postconference Brief at 16-17, 20; Conference Tr. at 34 (Bucci).

⁹⁸ Commercial Packaging’s Postconference Brief at 18-19.

purchasers reported purchasing both subject imports and the domestic like product.⁹⁹ At the conference, three importers acknowledged that subject imports compete with the domestic like product in both the animal feed and pet food segments of the market.¹⁰⁰ Petitioners also dispute respondents' claim that subject imports serve smaller customers in the animal feed segment while domestic producers serve larger customers in the pet food segment.¹⁰¹ They argue that laminated woven sacks sold to customers in the pet food and animal feed segments are "extremely similar," differentiated only by their printed designs, and that many customers in the animal feed segment also serve the pet food segment and are just as large as customers in the pet food segment.¹⁰² In any final phase of these investigations, we intend to investigate further the extent to which market segmentation affects competition between subject imports and the domestic like product.

Another condition of competition that informs our analysis is the capital intensity of domestic production, which requires domestic producers to operate their production facilities at a high level of capacity utilization in order to minimize fixed costs per unit and generate profits.¹⁰³ Petitioners argue that demand for laminated woven sacks is concentrated at a small number of high-volume customers, with *** accounting for approximately *** percent of laminated woven sack purchases in 2017.¹⁰⁴ According to petitioners, domestic producers rely on high-volume sales to such purchasers to operate their production facilities at the high rates of capacity utilization necessary to cover their high fixed costs and generate profits.¹⁰⁵ They contend that this renders domestic producers vulnerable to low-priced subject import competition by creating a strong incentive for domestic producers to match low subject import prices to defend high-volume customers and by amplifying the damage caused by lost sales.¹⁰⁶

The primary raw material used in the production of laminated woven sacks is polypropylene resin, and raw material costs accounted for *** of the domestic industry's total

⁹⁹ Petitioners' Postconference Brief at 14.

¹⁰⁰ Petitioners' Postconference Brief at 13; Conference Tr. at 105 (Little), 120 (Schneider), 122 (Snyder), 172 (Little), 175 (Jones).

¹⁰¹ Petitioners' Postconference Brief at 12.

¹⁰² Petitioners' Postconference Brief at 12-13; Conference Tr. at 30-31, 87 (Bucci), 85-86 (Bucci), 86-88 (Bazbaz).

¹⁰³ Conference Tr. at 30 (Meuller), 42 (Szamosszegi), 109 (Little); Petitioners' Postconference Brief at 18.

¹⁰⁴ Petitioners' Postconference Brief at 20. The Commission issued lost sales and lost revenue surveys to nine purchasers identified by domestic producers as purchasers with whom they had experienced instances of lost sales or revenue due to competition from subject imports. CR at V-15; PR at V-7. Of the nine purchasers that responded to the survey, *** accounted for *** percent of reported laminated woven sack purchases during the overall period of investigation. CR at I-4, V-15; PR at I-3, V-7; CR/PR at Table V-9.

¹⁰⁵ Petitioners' Postconference Brief at 20.

¹⁰⁶ Petitioners' Postconference Brief at 19. Respondents argue that domestic producers have chosen to focus on serving high-volume orders in the pet food segment to more readily cover their high fixed costs. Commercial Packaging's Postconference Brief at 17; Respondent Producers and Exporters' Postconference Brief at 2-3.

cost of goods sold.¹⁰⁷ The price of polypropylene declined 25 percent between January 2015 and December 2017.¹⁰⁸ Both domestic producers and subject producers in Vietnam offer laminated woven sacks that are food safety certified.¹⁰⁹

C. Volume of Subject Imports

Section 771(7)(C)(i) of the Tariff Act provides that the “Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant.”¹¹⁰

We find that the volume and increase in volume of subject imports from Vietnam is significant, both absolutely and relative to apparent U.S. consumption and production, over the period of investigation.¹¹¹ Subject import volume increased 66.5 percent between 2015 and 2017, from 178.0 million sacks in 2015 to 214.3 million sacks in 2016 and 296.4 million sacks in 2017.¹¹² U.S. shipments of subject imports as a share of apparent U.S. consumption were 27.8 percent in 2015, 35.2 percent in 2016, and 34.8 percent in 2017.¹¹³ Similarly, the ratio of subject imports to domestic industry production increased from 51.0 percent in 2015 to 63.6 percent in 2016 and 93.2 percent in 2017.¹¹⁴

We conclude that the volume of subject imports and the increase in that volume are significant both in absolute terms and relative to consumption and production in the United States.

D. Price Effects of the Subject Imports

Section 771(7)(C)(ii) of the Tariff Act provides that, in evaluating the price effects of subject imports, the Commission shall consider whether –

(I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and

¹⁰⁷ CR/PR at V-1.

¹⁰⁸ CR/PR at V-1, Figure V-1.

¹⁰⁹ Conference Tr. at 108 (Little), 145 (Corman).

¹¹⁰ 19 U.S.C. § 1677(7)(C)(i).

¹¹¹ Commercial Packaging argues that the increase in subject import volume was not significant because domestic producers themselves were responsible for a portion of the increase. See Commercial Packaging’s Postconference Brief at 29-33. However, none of the increase in subject import volume and market share was driven by domestic producers; they reduced their imports of subject merchandise during the period of investigation from *** sacks in 2015 to *** sacks in 2016 and *** sacks in 2017. CR/PR at Table III-8.

¹¹² CR/PR at Table IV-2.

¹¹³ CR/PR at Table IV-5.

¹¹⁴ CR/PR at Table IV-2.

(II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.¹¹⁵

As addressed in section VI.B.3 above, the record indicates that there is a high degree of substitutability between subject imports and the domestic like product and that price is an important consideration in purchasing decisions.

Seven domestic producers and 15 importers provided usable quarterly net U.S. f.o.b. selling price data for four laminated woven sack products, although not all firms reported pricing for all products for all quarters.¹¹⁶ Reported pricing data accounted for *** percent of domestic producers' shipments of laminated woven sacks and *** percent of U.S. shipments of subject imports from Vietnam.¹¹⁷

Subject imports undersold the domestic like product in all 48 quarterly comparisons at margins ranging from 9.3 to 54.1 percent.¹¹⁸ The volume of subject imports that undersold the domestic like product was 217.3 million sacks.¹¹⁹ We therefore find price underselling by subject imports to be significant.¹²⁰

We are unpersuaded by respondents' argument that the Commission's pricing comparisons are unreliable because the pricing products for which data were collected are defined too broadly.¹²¹ The four pricing products are specifically defined to account for numerous key characteristics of laminated woven sacks, including dimensions, fabric weights, coating weights, and film weights, and the pricing data collected for the products accounts for a substantial share of the U.S. shipments of both domestic producers and importers.¹²² These data show pervasive underselling by subject imports.¹²³ Furthermore, three of the four pricing product definitions, products 1-3, were the same as used in prior laminated woven sacks from China proceedings, in which parties had the opportunity to comment on the definitions and the Commission found pricing product data reliable.¹²⁴ However, in any final phase of the

¹¹⁵ 19 U.S.C. § 1677(7)(C)(ii).

¹¹⁶ CR at V-5-6; PR at V-4-5.

¹¹⁷ CR at V-6; PR at V-5.

¹¹⁸ CR/PR at Table V-8.

¹¹⁹ CR/PR at Table V-8.

¹²⁰ Of nine responding purchasers, seven reported that they had purchased subject imports instead of the domestic like product since 2015, and two reported that price was the primary reason for purchasing subject imports instead of the domestic like product. CR at V-16; PR at V-8. All seven responding purchasers reported that subject import prices were lower than prices for the domestic like product. *Id.*

¹²¹ See Commercial Packaging's Postconference Brief at 36-38; Respondent Producers and Exporter's Postconference Brief at 16-18.

¹²² CR at V-6; PR at V-4-5.

¹²³ CR/PR at Table V-8.

¹²⁴ *Laminated Woven Sacks from China*, USITC Pub. 4025 at 39 & n.293.

investigations, we invite parties to provide comments on the draft questionnaires regarding the appropriate pricing product definitions on which to collect sales price data.¹²⁵

We further find, for purposes of the preliminary determinations, that the pervasive underselling by a significant and growing volume of subject imports led to declining prices for the domestic like product. Between January 2015 and December 2017, responding domestic producers reported sales price declines of *** percent for product 1, *** percent for product 2, *** percent for product 3, and *** percent for product 4.¹²⁶ Demand trends cannot explain the domestic industry's declining prices because apparent U.S. consumption increased 21.8 percent during the period of investigation.¹²⁷ Consequently, for purposes of these preliminary determinations, we find that subject imports have depressed prices to a significant degree.

We are unpersuaded by respondents' argument that declining prices for domestically-produced laminated woven sacks resulted from the declining price of polypropylene resin rather than from subject import competition.¹²⁸ We recognize that, as the price of polypropylene declined 25 percent between January 2015 and December 2017, the domestic industry's unit average raw material costs declined 10.3 percent.¹²⁹ However, while the domestic industry's unit average cost of goods sold declined 5.5 percent between 2015 and 2017, the industry's unit value of net sales declined 8.5 percent over the same period, consistent with its declining sales prices, resulting in an increase in the industry's ratio of cost of goods sold to net sales from 87.9 percent in 2015 to 91.3 percent in 2017.¹³⁰ The fact that the domestic industry's unit sales values declined faster than its costs during a period of strong demand growth is further evidence that subject imports adversely affected prices for the domestic like product.¹³¹

We consequently find, based on the record of the preliminary phase of these investigations, that subject imports had significant adverse price effects.

E. Impact of the Subject Imports¹³²

Section 771(7)(C)(iii) of the Tariff Act provides that the Commission, in examining the impact of the subject imports on the domestic industry, "shall evaluate all relevant economic

¹²⁵ We note that in any final phase of the investigations, parties wishing to request the collection of new information should do so in their comments on the draft questionnaires. 19 C.F.R. § 207.20(b).

¹²⁶ CR/PR at Table V-7.

¹²⁷ CR/PR at Tables IV-5, C-1.

¹²⁸ Commercial Packaging's Postconference Brief at 34-35; Respondent Producers and Exporters' Postconference Brief at 21-22; CR/PR at V-1, Figure V-1.

¹²⁹ CR/PR at V-1, Table VI-1.

¹³⁰ CR/PR at Table VI-1.

¹³¹ In any final phase of the investigations, we intend to investigate further the influence of raw material prices on the price of laminated woven sacks.

¹³² Commerce initiated the less-than-fair-value investigation based on estimated antidumping duty margins of 101.73 to 292.61 percent for imports from Vietnam. *Laminated Woven Sacks from the Socialist Republic of Vietnam: Initiation of Less-Than-Fair-Value Investigation*, 83 Fed. Reg. 14257 (Apr. 3, 2018).

factors which have a bearing on the state of the industry.” These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, gross profits, net profits, operating profits, cash flow, return on investment, return on capital, ability to raise capital, ability to service debt, research and development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”¹³³

The domestic industry’s performance declined according to most measures during the period of investigation, even as apparent U.S. consumption of laminated woven sacks increased 21.8 percent. Although the domestic industry’s capacity increased 11.3 percent during the period, from 477.2 million sacks in 2015 to 500.8 million sacks in 2016 and 531.3 million sacks in 2017, the industry’s production declined 9.1 percent, from 349.0 million sacks in 2015 to 335.9 million sacks in 2016 and 317.1 million sacks in 2017.¹³⁴ Consequently, the domestic industry’s rate of capacity utilization declined from 73.1 percent in 2015 to 67.1 percent in 2016 and 59.7 percent in 2017.¹³⁵ Over the same period, the domestic industry’s number of production related workers (“PRWs”) and wages paid increased irregularly by 2.9 percent and 1.5 percent, respectively, but hours worked declined irregularly by 9.1 percent.¹³⁶

The domestic industry’s declining production directly resulted from its declining sales volume and market share. The industry’s U.S. shipments declined from 325.5 million sacks in 2015 to 318.3 million sacks in 2016 and 312.1 million sacks in 2017, a level 4.1 percent lower than in 2015. The industry’s U.S. shipments as a share of apparent U.S. consumption declined from 56.7 percent in 2015 to 49.8 percent in 2016 and 44.6 percent in 2017.¹³⁷

The domestic industry’s end-of-period inventories fluctuated over the period of investigation, increasing from 35.8 million sacks in 2015 to 39.6 million sacks in 2016 before declining to 31.5 million sacks in 2017, a level 12.1 percent lower than in 2015.¹³⁸ The industry’s end-of-period inventories as a share of total shipments increased from *** percent in 2015 to *** percent in 2016 before declining to *** percent in 2017.¹³⁹

The domestic industry’s declining sales volume, coupled with declining prices for the domestic like product, resulted in a substantial deterioration in the industry’s financial performance during the period of investigation. The domestic industry’s net sales value declined from \$203.2 million in 2015 to \$188.7 million in 2016 and \$178.9 million in 2017, a level 12.0 percent lower than in 2015.¹⁴⁰ As the domestic industry’s net sales value declined by more than its total cost of goods sold over the period of investigation, the industry’s operating income declined from \$3.1 million in 2015 to a loss of \$3.7 million in 2016 and a loss of \$2.7

¹³³ 19 U.S.C. § 1677(7)(C)(iii). This provision was amended by the Trade Preferences Extension Act of 2015, Pub. L. 114-27.

¹³⁴ CR/PR at Tables III-4, C-1.

¹³⁵ CR/PR at Tables III-4, C-1.

¹³⁶ CR/PR at Tables III-9, C-1.

¹³⁷ CP/PR at Tables III-6, IV-5.

¹³⁸ CR/PR at Tables III-7. C-1.

¹³⁹ CR/PR at Table III-7.

¹⁴⁰ CR/PR at Tables VI-1, C-1.

million in 2017.¹⁴¹ Similarly, the domestic industry's operating income margin of 1.5 percent in 2015 turned into an operating loss of negative 2.0 percent in 2016 and negative 1.5 percent in 2017.¹⁴² The industry's average operating return on assets declined from 2.3 percent in 2015 to negative 2.8 percent in 2016 and negative 2.1 percent in 2017.¹⁴³

The domestic industry's capital expenditures and research and development ("R&D") expenses also fluctuated during the period of investigation, but ended the period lower. The industry's capital expenditures increased from \$6.8 million in 2015 to \$10.4 million in 2016 before declining to \$2.9 million in 2017, a level 56.9 percent lower than in 2015.¹⁴⁴ The industry's R&D expenses declined from \$*** in 2015 to \$*** in 2016 before increasing to \$*** in 2017, a level *** percent lower than in 2015.¹⁴⁵

The record of the preliminary phase investigation indicates that there is a causal nexus between subject imports and the domestic industry's declining performance during the period of investigation. Subject import volume and market share increased significantly during the period at the expense of the domestic industry. Subject import underselling was significant and low-priced subject imports depressed prices for the domestic like product to a significant degree.

We also find, based on the record of these preliminary phase investigations, that domestic producers were not significantly insulated from subject import competition by market segmentation, as respondents contend.¹⁴⁶ We recognize that in 2017, Commercial Packaging, the largest importer of subject merchandise, made *** percent of its sales to animal feed customers, while Polytex and ProAmpac made *** percent and *** percent of their sales, respectively, to pet food customers.¹⁴⁷ Nevertheless, the volume of Commercial Packaging's sales to pet food customers, equivalent to *** percent of its sales in 2017, and of ProAmpac's sales to animal feed customers, equivalent to *** percent of its sales in 2017, was

¹⁴¹ CR/PR at Tables VI-1, C-1.

¹⁴² CR/PR at Tables VI-1, C-1.

¹⁴³ CR/PR at Table VI-6. The domestic industry's gross profit and net income exhibited similar declining trends. The industry's gross profit declined from \$24.5 million in 2015 to \$14.9 million in 2016 before increasing to \$15.5 million in 2017, a level still 36.9 percent lower than in 2015. *Id.* The industry's net loss worsened from negative \$662,000 in 2015 to negative \$6.0 million in 2016 before narrowing to negative \$5.4 million in 2017. *Id.* The industry's cash flow declined from \$*** in 2015 to negative \$*** in 2016 before increasing to \$*** in 2017, a level *** percent lower than in 2015. *Id.* at Table VI-1. Four responding domestic producers reported that subject imports had negative effects on their investment and two responding domestic producers reported that subject imports had negative effects on their growth and development. *Id.* at Table VI-7.

¹⁴⁴ CR/PR at Tables VI-5, C-1.

¹⁴⁵ CR/PR at Table VI-5.

¹⁴⁶ See Respondent Producers and Exporters' Postconference Brief at 18, 22; Commercial Packaging's Postconference Brief at 39.

¹⁴⁷ CR at II-7; PR at II-4; CR/PR at Table IV-1; *see also* Conference Tr. at 30-31 (Mueller), 33 (Bucci).

substantial.¹⁴⁸ Furthermore, many other responding domestic producers and importers reported serving both pet food and animal feed customers. Of nine responding domestic producers, five reported serving the animal feed segment, four reported serving the pet food segment, and three reported serving both segments.¹⁴⁹ Of 26 responding importers, six reported serving the animal feed segment, five reported serving the pet food segment, and three reported serving both segments.¹⁵⁰ Large animal feed suppliers *** were reportedly served by both subject imports and domestic producers, as were large pet food suppliers ***.¹⁵¹ Six of nine responding purchasers reported purchasing both subject imports and the domestic like product.¹⁵² Thus, the record of the preliminary phase investigations indicates that domestic producers competed with subject imports for sales to both pet food and animal feed customers.¹⁵³ In any final phase of the investigations, we intend to investigate further the extent to which domestic producers and subject imports compete for sales to the same market segments in the U.S. market.¹⁵⁴

We have also considered whether there are other factors that may have had an adverse impact on the domestic industry during the period of investigation to ensure that we are not attributing injury from such other factors to the subject imports. Nonsubject imports increased their share of apparent U.S. consumption from 15.4 percent in 2015 and 15.0 percent in 2016 to 20.6 percent in 2017.¹⁵⁵ However, subject imports commanded a much higher and increasing share of apparent U.S. consumption than nonsubject imports, ranging from 27.8 to 35.2 percent, and captured more market share from the domestic industry (6.9 percentage points) than nonsubject imports (5.2 percentage points).¹⁵⁶ We therefore find that nonsubject imports do not break the causal nexus between subject imports and material injury to the domestic industry. In any final phase of the investigations, we intend to investigate further the impact of nonsubject imports on the domestic industry.

¹⁴⁸ Commercial Packaging made sales of approximately *** sacks to pet food customers, while ProAmpac made sales of approximately *** sacks to animal feed customers. CR at II-7; PR at II-4; Importers' Questionnaire Response of Commercial Packaging at Question II-6a.

¹⁴⁹ Domestic Producers' Questionnaire Responses of *** at question IV-11.

¹⁵⁰ Importers' Questionnaire Responses of *** at Question III-11.

¹⁵¹ Domestic Producers' Questionnaire Responses of *** at question IV-20; Importers' Questionnaire Responses of *** at question III-20.

¹⁵² CR/PR at Table V-9.

¹⁵³ Petitioners contended that they would sell more laminated woven sacks to animal feed customers but have been prevented from doing so by low-priced subject imports competition. See Conference Tr. at 85-86 (Bucci); Petitioners' Postconference Brief, Exhibit 1 at 24; Petition, Volume I, Exhibit I-9 (***).

¹⁵⁴ We note again that, in any final phase of the investigations, parties wishing to request the collection of new information should do so in their comments on the draft questionnaires. 19 C.F.R. § 207.20(b).

¹⁵⁵ CR/PR at Table IV-5.

¹⁵⁶ CR/PR at Table IV-5. We note that the record in these preliminary investigations does not contain pricing data for nonsubject imports. Consistent with our practice, we will seek to obtain such data in any final phase investigations.

We also find that competition from quad seal bags does not break the causal nexus between subject imports and material injury to the domestic industry. Respondents argue that domestically-produced quad seal bags, consisting of a flexible laminated structure laminated with a reverse-printed polyester sheet, have rapidly taken market share from laminated woven sacks in the pet food market segment due to their superior “shelf appeal.”¹⁵⁷ Although the record contains little information on quad seal bags, sales of such bags did not prevent apparent U.S. consumption of laminated woven sacks from increasing 21.8 percent over the period of investigation.¹⁵⁸ Furthermore, ***.¹⁵⁹ In any final phase of the investigations, we intend to investigate further the impact of quad seal bags on the domestic industry.

We are also unpersuaded by Commercial Packaging’s argument that the domestic industry’s “business model,” characterized as the industry’s need to operate at an unrealistically high rate of capacity utilization to cover its high fixed costs and to rely on high volume, long run orders, accounted for the industry’s declining performance.¹⁶⁰ With the exception of ***, the domestic industry generated a comparatively healthy operating income margin of *** percent in 2015.¹⁶¹ Consequently, the domestic industry’s declining financial performance over the subsequent two years, coinciding with a substantial increase in low-priced subject imports, cannot be explained by the industry’s capital intensity, which remained fairly constant over the period.¹⁶²

For the foregoing reasons, we find that the record of the preliminary phase of these investigations supports a determination that there is a reasonable indication of material injury by reason of subject imports.

VI. Conclusion

For the reasons stated above, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of subject imports of laminated woven sacks from Vietnam that are allegedly subsidized and sold in the United States at less than fair value.

¹⁵⁷ Respondent Producers and Exporters’ Postconference Brief at 3-4 (quoting Conference Tr. at 110-11 (Little)); Commercial Packaging’s Postconference Brief at 26.

¹⁵⁸ CR/PR at Tables IV-5, C-1.

¹⁵⁹ Importers’ Questionnaire Response of *** at Question III-12.

¹⁶⁰ See Commercial Packaging’s Postconference Brief at 20-22

¹⁶¹ CR/PR at Table C-2. The domestic industry as a whole (including ***) generated an operating income margin of 1.5 percent in 2015. CR/PR at Table VI-1.

¹⁶² See CR/PR at Tables VI-1, C-2. We also note that the 11.3 percent increase in the industry’s capacity was substantially less than the 21.8 percent increase in apparent U.S. consumption. *Id.* at Tables III-4, IV-5, C-1.

PART I: INTRODUCTION

BACKGROUND

These investigations result from petitions filed with the U.S. Department of Commerce (“Commerce”) and the U.S. International Trade Commission (“USITC” or “Commission”) by the Laminated Woven Sacks Fair Trade Coalition,¹ on March 7, 2018, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized and less-than-fair-value (“LTFV”) imports of laminated woven sacks (“LW sacks”)² from Vietnam. The following tabulation provides information relating to the background of these investigations.^{3 4}

Effective date	Action
March 7, 2018	Petitions filed with Commerce and the Commission; institution of Commission investigations (83 FR 10875, March 13, 2018)
March 28, 2018	Commission’s conference
April 3, 2018	Commerce’s countervailing duty notice of initiation (83 FR 14253)
March 27, 2018	Commerce’s LTFV notice of initiation (83 FR 14257, April 3, 2018)
April 20, 2018	Commission’s vote
April 23, 2018	Commission’s determinations
April 30, 2018	Commission’s views

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory criteria

Section 771(7)(B) of the Tariff Act of 1930 (the “Act”) (19 U.S.C. § 1677(7)(B)) provides that in making its determinations of injury to an industry in the United States, the Commission—

¹ The Laminated Woven Sacks Fair Trade Coalition consists of Polytex Fibers Corporation (Houston, Texas) and ProAmpac, LLC (Cincinnati, Ohio).

² Laminated woven sacks may also be referred to as laminated woven polypropylene (“WPP”) sacks or laminated woven polyethylene sacks (“WPE”). They may also be referred to as bags instead of sacks. Petitioners’ postconference brief, p. 5. See the section entitled “The Subject Merchandise” in *Part I* of this report for a complete description of the merchandise subject in this proceeding.

³ Pertinent *Federal Register* notices are referenced in appendix A, and may be found at the Commission’s website (www.usitc.gov).

⁴ A list of witnesses appearing at the staff conference is presented in appendix B of this report.

shall consider (I) the volume of imports of the subject merchandise, (II) the effect of imports of that merchandise on prices in the United States for domestic like products, and (III) the impact of imports of such merchandise on domestic producers of domestic like products, but only in the context of production operations within the United States; and. . . may consider such other economic factors as are relevant to the determination regarding whether there is material injury by reason of imports.

Section 771(7)(C) of the Act (19 U.S.C. § 1677(7)(C)) further provides that--⁵

In evaluating the volume of imports of merchandise, the Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States is significant.. . .In evaluating the effect of imports of such merchandise on prices, the Commission shall consider whether. . .(I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.. . . In examining the impact required to be considered under subparagraph (B)(i)(III), the Commission shall evaluate (within the context of the business cycle and conditions of competition that are distinctive to the affected industry) all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to. . . (I) actual and potential decline in output, sales, market share, gross profits, operating profits, net profits, ability to service debt, productivity, return on investments, return on assets, and utilization of capacity, (II) factors affecting domestic prices, (III) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, (IV) actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and (V) in {an antidumping investigation}, the magnitude of the margin of dumping.

In addition, Section 771(7)(J) of the Act (19 U.S.C. § 1677(7)(J)) provides that—⁶

⁵ Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

⁶ Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

(J) EFFECT OF PROFITABILITY.—The Commission may not determine that there is no material injury or threat of material injury to an industry in the United States merely because that industry is profitable or because the performance of that industry has recently improved.

Organization of report

Part I of this report presents information on the subject merchandise, alleged subsidy and dumping margins, and the domestic like product. *Part II* of this report presents information on conditions of competition and other relevant economic factors. *Part III* presents information on the condition of the U.S. industry, including data on capacity, production, shipments, inventories, and employment. *Parts IV* and *V* present the volume of subject imports and pricing of domestic and imported products, respectively. *Part VI* presents information on the financial experience of U.S. producers. *Part VII* presents the statutory requirements and information obtained for use in the Commission's consideration of the question of threat of material injury as well as information regarding nonsubject countries.

MARKET SUMMARY

LW sacks generally are used in the packaging of consumer goods such as pet food, animal feed, and bird seed. The leading U.S. producers of LW sacks are petitioners Polytex and ProAmpac, while leading producers of LW sacks in Vietnam include Trung Dong and Xinsheng Plastic. The leading U.S. importers of LW sacks from Vietnam are Commercial Bag, Flair Flexible, and Mondi. Leading importers of LW sacks from nonsubject countries (primarily China, Thailand, and Honduras) include ***. The leading purchasers of LW sacks include ***.

Apparent U.S. consumption of LW sacks totaled approximately 700 million sacks (\$321 million) in 2017. Currently, nine firms are known to produce LW sacks in the United States.⁷ U.S. producers' U.S. shipments of LW sacks totaled 312 million sacks (\$172 million) in 2017, and accounted for 44.6 percent of apparent U.S. consumption by quantity and 53.8 percent by value. U.S. shipments of U.S. imports from Vietnam totaled 243 million sacks (\$94 million) in 2017 and accounted for 34.8 percent of apparent U.S. consumption by quantity and 29.4 percent by value. U.S. imports from nonsubject sources totaled 144 million sacks (\$54 million) in 2017 and accounted for 20.6 percent of apparent U.S. consumption by quantity and 16.9 percent by value.

⁷ A tenth firm, ***, is a likely producer of LW sacks but did not submit a questionnaire response. See ***.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in these investigations is presented in appendix C, table C-1. Except as noted, U.S. industry data are based on questionnaire responses of nine firms that accounted for the vast majority of U.S. production of LW sacks during 2017.⁸ U.S. imports are based on the questionnaire responses of 26 firms that accounted for the vast majority of U.S. imports from Vietnam and from nonsubject countries.⁹ Vietnamese industry data are based on the questionnaire responses of six firms that accounted for approximately eight percent of the overall production of LW sacks in Vietnam during 2017,¹⁰ and whose exports to the United States were equivalent to 53.7 percent of U.S. imports of LW sacks from Vietnam during 2017. All conversions from units of weight to units of individual sacks were calculated using the *** estimate of one short ton (907 kilograms) being equivalent to 8,000 sacks.

PREVIOUS AND RELATED INVESTIGATIONS

LW sacks have been the subject of two prior Commission proceedings. In 2008, the Commission conducted antidumping and countervailing duty investigations on *Laminated Woven Sacks from China* (Inv. Nos. 701-TA-450 and 731-TA-1122). In these original investigations, the Commission determined that an industry in the United States was materially injured by reason of imports from China.¹¹ In 2014, the Commission conducted expedited first reviews of the antidumping and countervailing duty orders stemming from the 2008

⁸ Based on data provided through the ***, petitioners estimate that they accounted for *** percent of total U.S. production of LW sacks in 2017. Based on U.S. producer questionnaire responses received by the Commission, petitioners accounted for *** percent of total reported U.S. production in 2017. Furthermore, the *** estimates that U.S. producers' shipments of LW sacks totaled *** sacks in 2017, compared to 313 million sacks as reported in questionnaire responses. Therefore, U.S. industry data collected via questionnaire responses are believed to account for the vast majority of U.S. production of LW sacks, although totals may be slightly understated. Petition, Vol. 1, p. 3 and ex. I-3.

⁹ Because LW sacks may be imported under a variety of HTS statistical reporting numbers, including various "basket categories," there exists no representative estimate of the total U.S. import volume of LW sacks. For example, according to official import statistics for HTS statistical reporting number 6305.33.0040 (the predominant statistical reporting number under which LW sacks enter the United States), U.S. imports of LW sacks totaled 99 million sacks in 2017. This can be compared to 208 million sacks reported by responding U.S. importers under that same statistical reporting number, and 460 million sacks reported by responding U.S. importers under all statistical reporting numbers. Based on ***, questionnaire responses were received from all firms that accounted for greater than 1.0 percent of imports under HTS statistical reporting numbers 6305.33.0040 from 2015 to 2017. Considering the number of responses as compared to information contained in ***, U.S. import data collected via questionnaire responses are believed to account for the vast majority of U.S. imports of LW sacks from all sources, although totals may be slightly understated.

¹⁰ ***'s foreign producer questionnaire response, section II-8.

¹¹ *Laminated Woven Sacks from China, Inv. Nos. 701-TA-450 and 731-TA-1122 (Final)*, USITC Publication 4025, July 2008, p. 1.

investigations into laminated woven sacks from China. In these reviews, the Commission determined that that revocation of the antidumping 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.¹²

NATURE AND EXTENT OF ALLEGED SUBSIDIES AND SALES AT LTFV

Alleged subsidies

On April 3, 2018, Commerce published a notice in the *Federal Register* of the initiation of its countervailing duty investigation on LW sacks from Vietnam.¹³ Commerce identified the following 19 government programs in Vietnam:¹⁴

- Preferential Lending and Export Credits from the Vietnam Development Bank
 1. Export credit program
- Programs Administered by Vietnamese State-Owned Commercial Banks
 2. Preferential lending to exporters
 3. Interest rate support program
 4. Export factoring
 5. Financial guarantees for export activities
- Land Rent and Utility Exemptions/ Reductions
 6. Land rent reductions or exemptions for plastic producers
 7. Land rent exemptions for exporters
 8. Land rent exemptions for foreign-invested enterprises
 9. Land rent exemptions for enterprises located in special zones
 10. Provision of utilities for less than adequate remuneration (“LTAR”) in industrial zones
- Income Tax Programs
 11. Income tax preferences for exporters
 12. Income tax preferences for companies in special zones
 13. Income tax preferences for small and medium sized enterprises
 14. Income tax exemptions and reductions for business expansion and intensive investment
 15. Preferential income tax programs for foreign invested entities

¹² *Laminated Woven Sacks from China, Inv. Nos. 701-TA-450 and 731-TA-1122 (Review)*, USITC Publication 4457, March 2014, p. 1.

¹³ *Laminated Woven Sacks From the Socialist Republic of Vietnam: Initiation of Countervailing Duty Investigation*, 83 FR 14253, April 3, 2018.

¹⁴ *Laminated Woven Sacks from the Socialist Republic of Vietnam: Countervailing Duty Investigation Initiation Checklist*, Office of AD/CVD Operations, Enforcement and Compliance, March 27, 2018.

- Import Duty Exemptions
 16. Import duty exemptions on imports of raw materials for exporting goods
 17. Import duty exemptions on imports of spare parts and accessories for companies in industrial zones
 18. Import duty exemptions for foreign invested entities
- Export Promotion Program
 19. National trade promotion program

Alleged sales at LTFV

On April 3, 2018, Commerce published a notice in the *Federal Register* of the initiation of its antidumping duty investigation on product from Vietnam.¹⁵ Commerce has initiated its antidumping duty investigation based on estimated dumping margins ranging from 101.73 percent to 292.61 percent for product from Vietnam.

THE SUBJECT MERCHANDISE

Commerce's scope

In the current proceeding, Commerce has defined the scope as follows:

The merchandise covered by these investigations is laminated woven sacks. Laminated woven sacks are bags 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), polyester (PET), polyethylene (PE), nylon, or any film suitable for printing, or to an exterior ply of paper; printed; displaying, containing, or comprising three or more visible colors (e.g., laminated woven sacks printed with three different shades of blue would be covered by the scope), not including the color of the woven fabric; regardless of the type of printing process used; with or without lining; with or without handles; with or without special closing features (including, but not limited to, closures that are sewn, glued, easy-open (e.g., tape or thread), re-closable (e.g., slider, hook and loop, zipper), hot-welded, adhesive-welded, or press-to-close); whether finished or unfinished (e.g., whether or not closed on one end and whether or not in roll form, including, but not limited to, sheets, lay-flat, or formed in tubes); not exceeding one kilogram in actual weight. Laminated woven sacks produced in

¹⁵ *Laminated Woven Sacks From the Socialist Republic of Vietnam: Initiation of Less-Than-Fair-Value Investigation*, 83 FR 14257, April 3, 2018.

the Socialist Republic of Vietnam are subject to the scope regardless of the country of origin of the fabric used to make the sack.

Subject laminated woven sacks are currently classifiable under Harmonized Tariff Schedule of the United States (HTSUS) subheading 6305.33.0040. 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, but not limited to, 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 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 is dispositive.¹⁶

Tariff treatment

Based upon the scope set forth by Commerce, information available to the Commission indicates that the merchandise subject to these investigations is provided for in subheading 6305.33.00 (statistical reporting numbers 6305.33.0040 and 6305.33.0080) of the Harmonized Tariff Schedule of the United States (“HTS”).¹⁷ Laminated woven sacks that are produced in Vietnam are assessed a column 1-general duty rate of 8.4 percent *ad valorem* under this subheading. Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection.

¹⁶ *Laminated Woven Sacks From the Socialist Republic of Vietnam: Initiation of Countervailing Duty Investigation*, 83 FR 14253, April 3, 2018; *Laminated Woven Sacks From the Socialist Republic of Vietnam: Initiation of Less-Than-Fair-Value Investigation*, 83 FR 14257, April 3, 2018.

¹⁷ As noted in the scope set forth by Commerce, variations introduced at various steps of the manufacturing process may result in the classification of the LWS under other HTS headings (subheadings are noted in the above scope definition): 3719 or 3921, if entered in rolls or tubes; 3923, if the fabric is coated with plastic on both sides prior to lamination to the BOPP or paper; 4601 and 4602, if the fabric is made of polypropylene or polyethylene strips that measure more than 5 mm in width; or 5903, if entered as rolls of coated fabric.

THE PRODUCT

Description and applications

The merchandise covered by these investigations are LW sacks, which are bags consisting of one or more plies of fabric of woven polypropylene strip and/or polyethylene strip that are laminated¹⁸ or bonded to an exterior ply of plastic film such as biaxially-oriented polypropylene (“BOPP”)¹⁹, polyester (PET), polyethylene (PE), nylon, or any film suitable for printing, or to an exterior ply of paper.²⁰ The exterior ply is printed in three or more colors; it is usually aligned and printed at three or more separate print stations, each containing a different color, creating multicolor, high-quality print graphics. The printed outer ply serves as the point of sale advertising for packaged consumer goods. LW sacks are commonly referred to as laminated woven polypropylene bags or sacks, laminated woven polyethylene bags or sacks, or laminated woven bags or sacks.

LW sacks come in various sizes and have resistance capabilities that make them suitable for various types and quantities of packaged products. Their dimensions, size, strength, closure, color, coating, and printing are specified by manufacturers of packaged consumer goods as needed to serve their retail customers. LW sacks may be lined or unlined. LW sacks may or may not have a thin layer of plastic film over the print medium. The bottom of the finished LW sacks is either folder over and stitched, or a separate polypropylene strip is folded over one end of the fabric and sewn to create a closure at the bottom. The bottom of certain finished LW sacks are folded over and glued or heat sealed to provide a more hermetic seal without sew holes, known as a pinch bottom stepped end style of closure. LW sacks resist puncture and tearing and are resistant to moisture, grease, and oil. The subject LW sacks are sold and used primarily as packaging for retail products such as pet food, bird seed, rice, and other dry or semi-dry food items.

¹⁸ “Laminated fabric” is two or more layers of cloth joined together with rubber, resin, adhesive plastic, etc. to form one ply; or a fabric backed and bonded to a plastic sheet. The subject LWS are made from a man-made fiber woven fabric joined by a layer of adhesive plastic to an outer layer of either plastic film, or paper, to form one ply of “laminated fabric.”

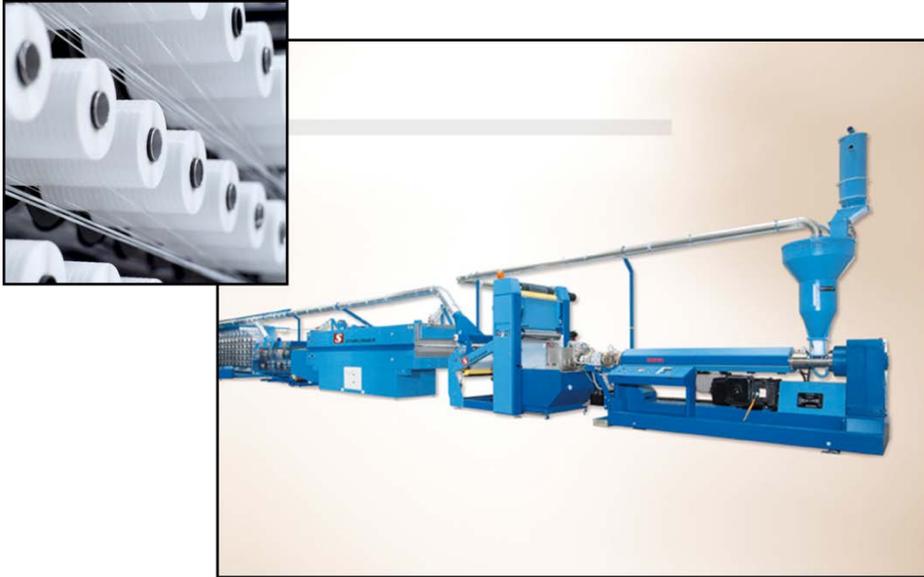
¹⁹ BOPP is a film that is made of polypropylene that has been “biaxially oriented” meaning that the film has been stretched in two different directions. The film is usually a multilayer film that relates to three-layer structures: One thick layer of polypropylene sandwiched between two thin layers of polypropylene. BOPP films have become more popular in the world market because of their unusual combination of properties: better shrinkage, seals well, twist retention and barrier, transparency, and stiffness. Plastic Recyclers Southeast Inc. website: <http://www.prsei.com/recycling/material/17-bopp-film> (accessed April 5, 2018).

²⁰ For sacks and bags where the woven fabric of polypropylene and/or polyethylene strip is laminated to an outer ply of paper (in the place of an outer ply of plastics sheeting), then the LW sacks would be classified under HTSUS 6305.33.0080.

Manufacturing processes

The production of LW 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. For vertically integrated producers²¹ the first step is to melt polypropylene pellets and extrude a plastic sheet of a specific thickness (see figure I-1).

Figure I-1
LW sacks: Extrusion and slitting process

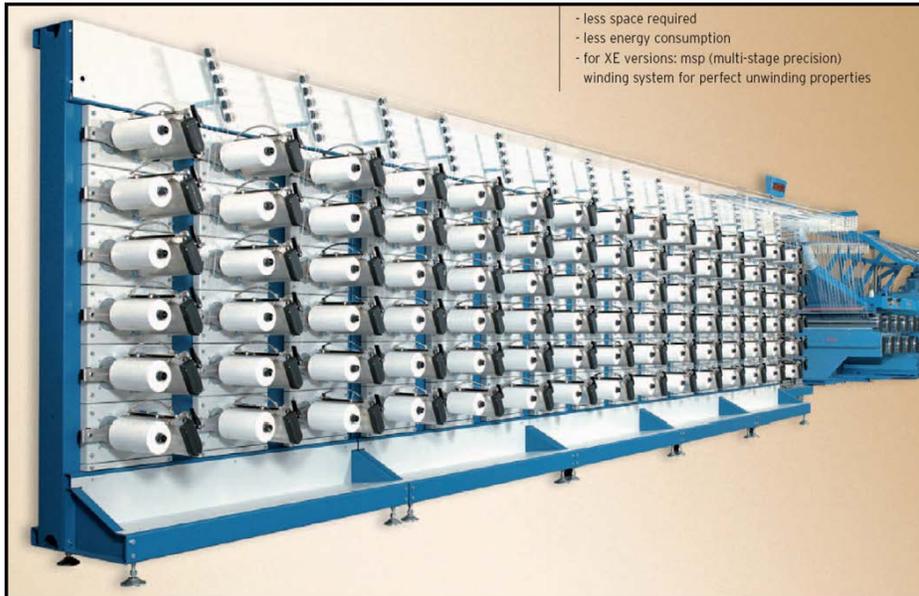


Source: Conference transcript, petitioners' presentation attachment.

The plastic sheets are then cut into thin flat strips that are spooled onto a bobbin for weaving into fabric (see figures I-2 and I-3).

²¹ Polytex and, reportedly, all of the Vietnamese producers. Conference transcript, p. 165 (Little, Schneider, and Schuler), p. 166 (Corman and Lowe).

Figure I-2
LW sacks: Spooling of yarn



Source: Conference transcript, petitioners' presentation attachment.

Figure I-3
LW sacks: Weaving process



Source: Conference transcript, petitioners' presentation attachment.

Non-integrated producers may purchase or import the fabric used to make LW sacks. Regardless of the origin of the fabric, all LW sacks manufacturers use a printing press²² to print graphics onto the outer layer or laminate, whether that is reverse-printing to BOPP film (so that the graphic will be protected once the film and the fabric are bonded together), or to a paper sheet (see figure I-4).

Figure I-4
LW sacks: Printing press

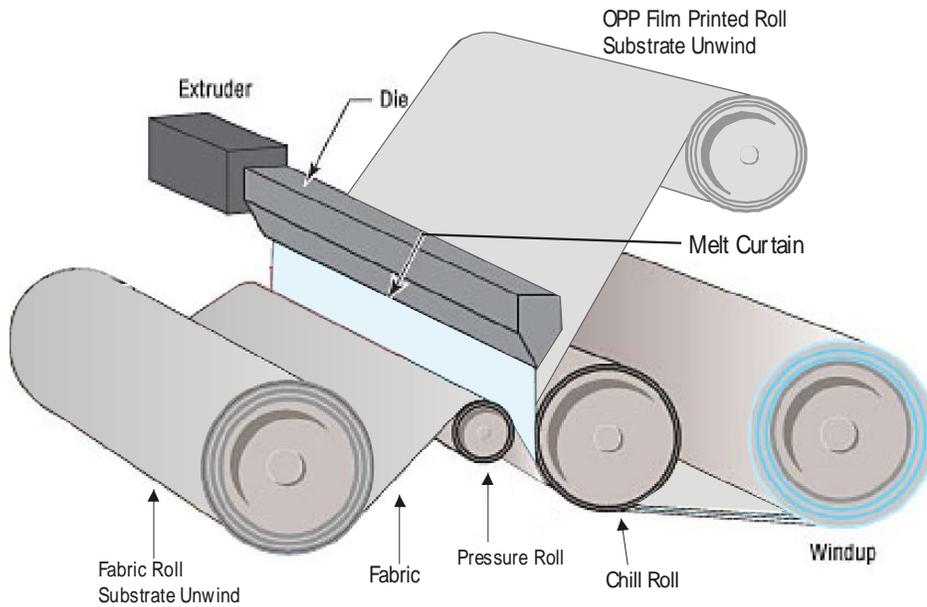


Source: Conference transcript, petitioners' presentation attachment.

²² LW sacks produced in the United States typically use a flexographic printing process, while LW sacks produced in Vietnam typically use a roto-gravure printing process. Conference transcript, pp. 93-94 (Bazbaz), p. 123 (Snyder), and p. 176 (Jones); petitioners' postconference brief, p. 9; Commercial Packaging's postconference brief, pp. 8-9. Flexographic printing is a relief printing technique, similar to letterpress, in which ink is transferred from a raised printing plate using fast drying inks that are water-based. Rotogravure printing is an engraved printing process that uses rotary printing and solvent based ink. Each color requires its own plate or cylinder, and the individual colors can be combined to create many more colors through process printing. Commercial Packaging's postconference brief, p. 9; respondent producers and exporters' postconference brief, pp. 7-8.

Once printed, the roll of film or paper is laminated to the fabric with a layer of liquid polypropylene (see figure I-5).

Figure I-5
LW sacks: Lamination process



Source: Conference transcript, petitioners' presentation attachment.

The roll of laminated fabric is next sent to a tuber where it is formed into a continuous tube and cut into individual pieces (see figure I-6).²³

²³ Tubing equipment may vary depending on the style of closure, uses and purposes of the bag. TBPA preconference brief, p. 4.

Figure I-6
LW sacks: Tubing process

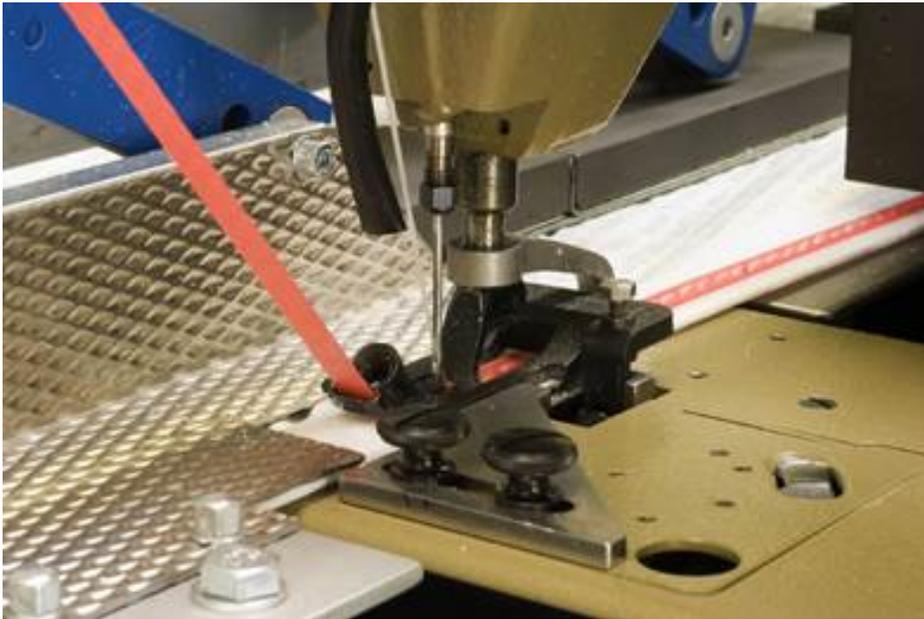


Source: Conference transcript, petitioners' presentation attachment.

Each tube is finished by sewing the bottom and applying closure tape and the pull tape for easy opening (see figure I-7).²⁴

²⁴ Certain LW sacks are folded over and glued or heat sealed instead of sewn, to provide a more hermetic seal without sew holes. As with the tubing equipment, the converting equipment (for closing the bottom of the bag) may vary depending on the style of closure, uses and purposes of the bag. TBPA preconference brief, p. 5.

Figure I-7
LW sacks: Sewn end closure



Note.--Not all LW sacks have sewn closures.

Source: Conference transcript, petitioners' presentation attachment.

DOMESTIC LIKE PRODUCT ISSUES

The Commission's decision regarding the appropriate domestic product(s) that are "like" the subject imported product is based on a number of factors including: (1) physical characteristics and uses; (2) common manufacturing facilities and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and (6) price.

Based on the Commission's 2008 investigations on imports of LW sacks from China, in these current investigations the Commission collected information regarding the comparability of LW sacks to both non-laminated woven sacks and multi-walled paper sacks.²⁵ This information is presented in Appendix D. No party has argued that the Commission should

²⁵ In its 2008 investigations on imports of LW sacks from China, the Commission declined to broaden its definition of the domestic like product beyond the scope to include either non-woven laminated woven sacks or multi-walled paper sacks, as argued by respondents. *Laminated Woven Sacks from China, Inv. Nos. 701-TA-450 and 731-TA-1122 (Final)*, USITC Publication 4025, July 2008, p. 6. In its 2014 expedited first five-year reviews of imports of LW sacks from China, the Commission defined the domestic like product as being coextensive with Commerce's scope description. *Laminated Woven Sacks from China, Inv. Nos. 701-TA-450 and 731-TA-1122 (Review)*, USITC Publication 4457, March 2014, p. 5.

include either non-woven laminated woven sacks or multi-walled paper sacks in its definition of the domestic like product.

Petitioners argue that the Commission should find a single domestic like product, co-extensive with the scope of these investigations.²⁶ Respondent Commercial Packaging does not challenge the petitioners' proposed definition of the domestic like product in the preliminary phase of these investigations, but reserves the right to raise like product issues should the investigations proceed to a final phase.²⁷ Respondent producers and exporters' argue that to the extent that polypropylene shopping bags ("shopping bags") are within the scope of these investigations, the Commission should find shopping bags to be a separate like product from LW sacks.²⁸ Respondent producers and exporters offered no evidence that shopping bags are produced in the United States, stating that they are not aware of any domestic production of such merchandise.²⁹ Respondent producers and exporters also stated that to the best of their knowledge, shopping bags *** are not within the scope of these investigations.³⁰ However, they argue that even if Commerce were to determine shopping bags to be outside the scope, the Commission should nevertheless determine shopping bags to be a separate domestic like product.³¹ Petitioners stated that shopping bags are not covered by the scope of these investigations.³² Commercial Packaging provided no comments with regards to shopping bags as a domestic like product, other than to note that it ***.³³

²⁶ Petitioners' postconference brief, p. 8.

²⁷ Commercial Packaging's postconference brief, p. 3.

²⁸ Respondent producers and exporters' postconference brief, p. 14.

²⁹ Ibid., p. 9 and exh. 4. Respondent producers and exporters argued that such production may exist, however, and urged the Commission to inquire further.

³⁰ Ibid. and Staff telephone interview with ***, April 5, 2018. ***. Ibid.

³¹ Respondent producers and exporters' postconference brief, p. 9.

³² Petitioners' postconference brief, p. 4 and exh. 1, p. 23.

³³ Commercial Packaging's postconference brief, exh. 1, p. 1.

PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET

U.S. MARKET CHARACTERISTICS

LW sacks include bags consisting of woven polypropylene strip and/or polyethylene strip that are laminated to an exterior ply of plastic film such as BOPP. LW sacks are commonly used in the packaging of consumer goods such as pet food, animal feed, and bird seed.¹ The U.S. market is served by approximately 9 producers, and imports primarily from Vietnam, Honduras, India, Korea, and Thailand.

Apparent U.S. consumption of LW sacks by quantity increased during 2015-17. Overall, apparent U.S. consumption in 2017 was 21.8 percent higher than in 2015.

CHANNELS OF DISTRIBUTION

U.S. producers sold mainly to consumer goods end users. Imports of LW sacks from Vietnam and nonsubject countries were *** sold to consumer goods end users during 2015-17 (table II-1), although subject imports were also sold to distributors.

Table II-1
LW sacks: U.S. producers' and importers' U.S. commercial shipments, by sources and channels of distribution, 2015-17

* * * * *

GEOGRAPHIC DISTRIBUTION

Most U.S. producers and importers reported selling to all regions of the contiguous United States (table II-2). For U.S. producers, *** percent of sales were within 100 miles of their production facility, *** percent were between 101 and 1,000 miles, and *** percent were over 1,000 miles. Importers sold *** percent within 100 miles of their U.S. point of shipment, *** percent between 101 and 1,000 miles, and *** percent over 1,000 miles.

Table II-2
LW sacks: Geographic market areas in the United States served by U.S. producers and importers

Region	U.S. producers	Subject U.S. importers
Northeast	7	6
Midwest	8	13
Southeast	8	9
Central Southwest	7	13
Mountains	7	10
Pacific Coast	7	8
Other ¹	1	2
All regions (except Other)	6	4
Reporting firms	8	23

¹ All other U.S. markets, including AK, HI, PR, and VI.

Source: Compiled from data submitted in response to Commission questionnaires.

¹ Petition, vol. 1, p. 6.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. supply

Nine U.S. producers and importers of LW sacks from Vietnam and nonsubject countries supply the U.S. market. Table II-3 provides a summary of the supply factors for U.S. producers and Vietnamese producers.

Table II-3
LW sacks: Supply factors that affect the ability to increase shipments to the U.S. market

Item	2015	2017	2015	2017	2015	2017	Shipments by market in 2017 (percent)		Able to shift to alternate products
	Capacity (1,000 sacks)		Capacity utilization (percent)		Inventories as a ratio to total shipments (percent)		Home market shipments	Exports to non-U.S. markets	No. of firms reporting "yes"
United States	***	***	***	***	***	***	***	***	3 of 9
Vietnam	***	***	***	***	***	***	***	***	1 of 6

Note.—Responding U.S. producers accounted for the vast majority of U.S. production of LW sacks in 2017. Responding foreign producer/exporter firms' exports to the United States were equivalent to slightly more than half of U.S. imports of LW sacks from Vietnam during 2017. For additional data on the number of responding firms and their share of U.S. production and of U.S. imports from Vietnam, please refer to Part I, "Summary Data and Data Sources."

Source: Compiled from data submitted in response to Commission questionnaires.

Domestic production

Based on available information, U.S. producers of LW sacks have the ability to respond to changes in demand with moderately large changes in the quantity of shipments of U.S.-produced LW sacks to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity and the ability to shift production to or from alternate products. Factors mitigating responsiveness of supply include limited ability to shift from alternate markets and inventories.

Domestic capacity utilization decreased by 13.4 percentage points from 73.1 percent in 2015 to 59.7 percent in 2017, as a result of increased capacity and reduced production. This relatively low level of capacity utilization suggests that U.S. producers may have substantial ability to increase production of LW sacks in response to an increase in prices. U.S. producers' inventories as a ratio to shipments declined. U.S. producers' exports, as a percentage of total shipments, remained steady during 2015-17. ***.

U.S. producers reported that the majority of their commercial shipments were produced-to-order. Three of nine responding U.S. producers stated that they could switch production from LW sacks to other products. Other products that producers reportedly can produce on the same equipment as LW sacks are non-laminated woven sacks, printed paper for small paper bags, and multilayered laminated structures. Factors affecting U.S. producers' ability to shift production include limited capability of machinery, the cost of machinery

designed solely to produce LW sacks, and the time required to set up equipment, as well as the cost of changing raw materials.

Subject imports from Vietnam

Based on available information, producers of LW sacks from Vietnam have the ability to respond to changes in demand with moderately large changes in the quantity of shipments of LW sacks to the U.S. market. The main contributing factors to this degree of responsiveness of supply are ability to shift shipments from alternate markets and some unused capacity. Factors mitigating responsiveness of supply include limited inventories and limited ability to shift production to or from alternate products. Of the six responding Vietnamese producers, one stated that it could switch production from LW sacks to other products. Vietnamese producer *** reported that it could produce woven polypropylene cement bags laminated with kraft paper. Vietnamese producer *** reported producing other products on the same machinery, but stated it could not switch production between products because its BOPP film printer could only be used for LW sacks. Other Vietnamese producers also reported an inability to shift production because of specialized machinery and equipment designed for the production of LW sacks.

Imports from nonsubject sources

Nonsubject imports accounted for 35.6 percent of total U.S. imports in 2017. According to official import statistics for HTS statistical reporting number 6305.33.0040, the largest sources of nonsubject imports during 2015-17 were Honduras, Korea, India, and Cambodia. Combined, these countries accounted for 79.0 percent of nonsubject imports in 2017.

Supply constraints

Most U.S. producers reported no supply constraints since January 2015. However, U.S. producer *** reported that *** at its firm temporarily constrained its available supply. Importer *** reported that on several occasions ***.

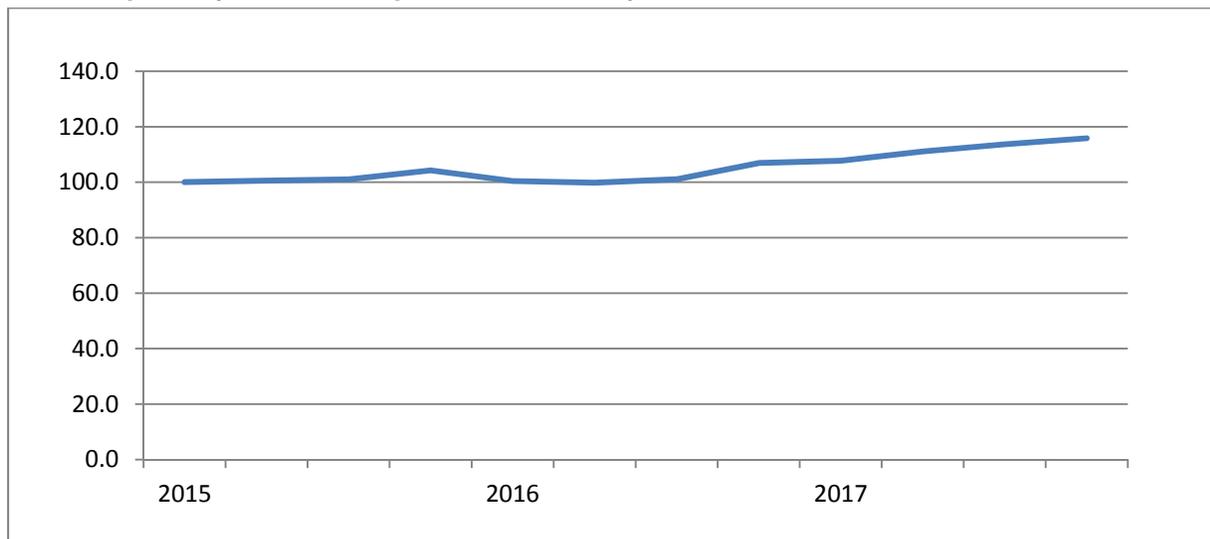
U.S. demand

Based on available information, the overall demand for LW sacks is likely to experience small-to-moderate changes in response to changes in price. The main contributing factors are the somewhat limited range of substitute products and the small cost share of LW sacks in most of its end-use products.

LW sacks are generally used in consumer goods, and demand for LW sacks is primarily derived from the demand of pet food and industrial animal feed.² The industrial production of animal food, including dog food, cat food, and livestock feed, increased by 15.9 percent during 2015-17 (figure II-1).

² Conference transcript, p. 39 (Szamosszegi); p. 68 (Jones); p. 149 (Corman).

Figure II-1
Index of quarterly animal food production January 2015 - December 2017



Source: Federal Reserve Board, <https://www.federalreserve.gov/data.htm>, G. 17 - Industrial Production and Capacity Utilization, Animal Food (NAICS = 3111), seasonally adjusted, retrieved April 5, 2018.

Petitioners stated that the LW sacks market is characterized by a small number of high volume customers which includes only a few large customer product groups and co-packers.³ U.S. producer *** reported that *** and U.S. producer *** reported that in 2017, ***.⁴ Respondent Commercial Bag stated that the LW sacks market is generally divided into the animal feed and pet food sectors.⁵ U.S. importer *** reported that in 2017, ***.⁶ U.S. importer *** reported that ***.⁷ Importer *** reported that *** in 2017.⁸ Vietnamese producer *** reported that in 2017, ***.⁹

End uses and cost share

U.S. demand for LW sacks depends on the demand for U.S.-produced downstream products. Reported end uses include consumer packaged goods such as pet food, animal feed, seed, rice, fertilizer, cat litter, and fire wood.

LW sacks accounts for a small share of the cost of the end-use products in which it is used. Most U.S. producers and importers reported cost shares ranging from *** percent to *** percent.

³ Conference transcript, p. 39 (Szamosszegi).

⁴ Petitioners' postconference brief, exh. 1, p. 24.

⁵ Conference transcript, p. 105 (Little).

⁶ Respondent Central Bag postconference brief, exh. 1, p. 2.

⁷ C.P. Packaging Industry Co., Ltd. CPCC Marketing, Inc., CPC Vietnam, Kim Duc Co., Ltd., Tan Dai Hung Plastic Joint Stock Company, TKMB Joint Stock Company and Trung Dong Corporation postconference brief, exh. 4.

⁸ Ibid.

⁹ Ibid.

Business cycles

Three of eight responding U.S. producers and 7 of 22 responding importers indicated that the market was subject to business cycles or conditions of competition. Specifically, U.S. producers *** stated production must be run continuously to maximize utilization and minimize per-unit fixed cost. They added that domestically produced LW sacks and LW sacks produced in Vietnam are completely substitutable and compete primarily on price.¹⁰ Importers *** stated that they source from suppliers that maintain high quality facilities and adhere to Food Safety Modernization Act¹¹ standards and/or maintain Global Food Safety Initiative¹² certifications. Several importers cited raw materials prices as a condition of competition. *** stated that polypropylene resin prices have been at record lows since 2015 and resulted in an overall global decrease in the price of LW sacks. Importers *** stated that exchange rates, non-material costs in the domestic market (such as investment in new bag closing technology and imported fabric), agricultural cycles and feed season, and customers shifting from paper sacks to woven sacks affect conditions of competition.

Demand trends

Most firms reported an increase in U.S. demand for LW sacks since January 1, 2015 (table II-4).

Table II-4

LW sacks: Firms' responses regarding U.S. demand and demand outside the United States

Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
Demand inside the United States:				
U.S. producers	7	---	1	---
Importers	13	4	3	3
Demand outside the United States:				
U.S. producers	2	1	---	1
Importers	5	6	---	1

Source: Compiled from data submitted in response to Commission questionnaires.

Substitute products

Most U.S. producers and roughly half of importers reported that there were no substitutes. Those identifying substitutes for LW sacks listed multi-walled paper sacks, quad sealed sacks, laminated plastic sacks, woven polypropylene sacks, co-extruded single layer

¹⁰ Conference transcript, p. 33 (Bucci).

¹¹ The FDA Food Safety Modernization Act (FSMA) is a food safety regulatory framework signed into law by President Obama on January 4, 2011. The FSMA was designed to better protect the public health by strengthening the food safety system.

<https://www.fda.gov/NewsEvents/PublicHealthFocus/ucm239907.htm>, accessed April 9, 2018.

¹² The Global Food Safety Initiative (GFSI) is an international organization that sets standards in food safety manufacturing. Respondent Central Bag postconference brief, exh.1, p. 3.

<https://www.mygfsi.com/about-us/about-gfsi/what-is-gfsi.html>, accessed April 9, 2018.

polyethylene bags, high density polyethylene sacks, and monofilm. Of those reporting substitutes, U.S. producers and U.S. importers reported that multi-walled paper bags can be substituted for LW sacks in animal feed, bird seed, pet food, and cat litter packaging. U.S. producer *** also stated that plastic packaging can be used as a substitute for LW sacks in pet food, seed, and animal feed packaging.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported LW sacks depends upon such factors as relative prices, quality (e.g., grade standards, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, reliability of supply, product services, etc.). Based on available data, staff believes that there is high degree of substitutability between domestically produced LW sacks and LW sacks imported from subject sources.

Lead times

LW sacks are primarily produced-to-order. U.S. producers reported that 81 percent of their commercial shipments were produced-to-order, with lead times averaging 38 days. The remaining 19 percent of their commercial shipments came from U.S. inventories, with lead times averaging 10 days. Importers reported that 75 percent of their commercial shipments were produced-to-order, with lead times averaging 83 days. The remaining 18 percent of their commercial shipments came from foreign inventories, with lead times averaging 110 days, and 7 percent of commercial shipments came from U.S. inventories, with lead times averaging 4 days.

Factors affecting purchasing decisions

Purchasers responding to lost sales lost revenue allegations¹³ were asked to identify the main factors their firm considered in purchasing LW sacks. The most often cited top-three factors firms consider in their purchasing decisions for LW sacks were price (8 firms), quality (7 firms), and availability of supply (4 firms) as shown in table II-5. Quality was the most frequently cited first-most important factor (cited by 6 firms); availability/supply was the most frequently reported second-most important factor (3 firms); and price was the most frequently reported third-most important factor (5 firms). Purchasers also cited reliability/dependability of vendors, customer service and technical support, total cost of ownership, and food safety standards as additional factors that affect their purchasing decisions.

¹³ This information is compiled from responses by purchasers identified by Petitioners to the lost sales lost revenue allegations. See Part V for additional information.

Table II-5**LW sacks: Ranking of factors used in purchasing decisions as reported by U.S. purchasers, by factor¹**

Item	1st	2nd	3rd	Total
	Number of firms (number)			
Price / Cost	1	2	5	8
Quality	6	1	---	7
Availability / Supply	1	3	---	4
All other factors	9	3	4	NA

¹ Some purchasers listed more than three factors in their response.

Source: Compiled from data submitted in response to Commission questionnaires.

Purchasers responding to lost sales lost revenue allegations were asked to identify their firms' method of purchase for LW sacks. Almost half of responding purchasers (4 of 9) reported that they use bids for their LW sacks purchases. Purchaser *** reported that supplier selection is initiated with a bid process and purchases are subsequently made through blanket purchase order contracts. Purchaser *** reported that it uses a competitive request for proposal process that allows a single bid entry for each potential supplier, while purchaser *** reported it also uses a competitive request for proposal process to initiate purchases and then establishes multi-year contracts taking into account quality, cost, and service as factors. Purchaser *** reported that it typically uses a competitive bidding process, but occasionally places individual orders in emergencies. Purchasers *** reported that their firms purchase LW sacks through individual transactions.

Comparison of U.S.-produced and imported LW sacks

In order to determine whether U.S.-produced LW sacks can generally be used in the same applications as imports from Vietnam, U.S. producers and importers were asked whether the products can always, frequently, sometimes, or never be used interchangeably. As shown in table II-6, the majority of U.S. producers reported that domestic product and LW sacks from Vietnam were always interchangeable.

A plurality of U.S. importers reported that domestic product and LW sacks from Vietnam were sometimes interchangeable, although a majority of responding U.S. importers reported that they were either always or frequently interchangeable. U.S. importer *** reported that resin properties can dramatically alter how LW sacks perform in various applications and that domestically manufactured LW sacks have to be manufactured with a heavier denier fabric to perform at the same standard as LW sacks manufactured elsewhere. U.S. importer *** stated that U.S.-produced LW sacks are limited in the number of pantone spot colors and specifications, such as fabric width, and GSM (thickness of woven polypropylene strands) that are available. U.S. importer *** reported that LW sacks may or may not be interchangeable based on the type of closure used. U.S. importer *** stated that imported LW sacks importation lead times are longer and there is less flexibility for small order shipments when purchasing from Vietnamese producers.

Table II-6**LW sacks: Interchangeability between LW sacks produced in the United States and in other countries, by country pair**

Country pair	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
United States vs. Vietnam	4	2	---	---	5	6	9	1
United States vs. Other	4	2	---	---	6	6	6	---
Vietnam vs. Other	3	1	---	---	7	8	2	---

Note.--A=Always, F=Frequently, S=Sometimes, N=Never.

Source: Compiled from data submitted in response to Commission questionnaires.

In addition, producers and importers were asked to assess how often differences other than price were significant in sales of LW sacks from the United States, Vietnam, or nonsubject countries. As seen in table II-7, an equal number of U.S. producers reported that differences other than price were frequently, sometimes, or never a factor in their firms' sales of LW sacks. A plurality of importers reported that differences other than price were sometimes a factor in their firms' sales of LW sacks from Vietnam. Differences other than price cited by importers include product range, quality, strength, durability, and recyclability. U.S. importers *** stated that the quality of LW sacks produced domestically is not the same as LW sacks produced in Vietnam. U.S. importer *** reported that its customers require the highest food packaging and food grade materials certifications. Respondent Commercial Packaging described problems with the quality of domestically produced LW sacks that include sewing seam failure, wrinkled bags, delamination, and back seam failure.¹⁴

Table II-7**LW sacks: Significance of differences other than price between LW sacks produced in the United States and in other countries, by country pair**

Country pair	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
United States vs. Vietnam	---	2	2	2	4	6	8	3
United States vs. Other	---	2	2	2	3	6	6	2
Vietnam vs. Other	---	---	2	2	1	4	6	4

Note.--A = Always, F = Frequently, S = Sometimes, N = Never.

Source: Compiled from data submitted in response to Commission questionnaires.

¹⁴ Respondent Commercial Packaging's postconference brief, exh. 10.

PART III: U.S. PRODUCERS' PRODUCTION, SHIPMENTS, AND EMPLOYMENT

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the alleged subsidies and dumping margins was presented in *Part I* of this report and information on the volume and pricing of imports of the subject merchandise is presented in *Part IV* and *Part V*. Information on the other factors specified is presented in this section and/or *Part VI* and (except as noted) is based on the questionnaire responses of nine firms that accounted for the vast majority of U.S. production of LW sacks during 2017.

U.S. PRODUCERS

The Commission issued a U.S. producer questionnaire to 14 firms based on information contained in the petition, research, and prior related investigations. Nine firms provided usable data on their productive operations.^{1 2} Staff believes that these responses represent the vast majority of U.S. production of LW sacks.

Table III-1 lists U.S. producers of LW sacks, their production locations, positions on the petition, and shares of total production.

¹ One firm, ***, was identified as a potential producer of LW sacks after the questionnaires had been transmitted. As a result, *** was unable to provide a complete questionnaire response in time for this report. Instead, ***. Another company, ***, is a likely U.S. producer of LW sacks but did not submit a questionnaire response. See ***.

² One firm, *** certified that it has not produced LW sacks in the United States since January 1, 2015. ***.

Table III-1

LW sacks: U.S. producers of LW sacks, their positions on the petition, production locations, and shares of reported production, 2017

Firm	Position on petition	Production location(s)	Share of production (percent)
Cady Bag	***	Pearson, GA	***
Central Bag	***	Leavenworth KS	***
Coveris	***	Spartanburg, SC	***
Hood Packaging	***	Goose Creek, SC Anniston, AL	***
LaPac	***	Crowley, LA	***
Mondi	***	Louisville, KY	***
Polytex	Support	Houston, TX	***
ProAmpac	Support	Wrightstown, WI	***
Robinette	***	Bristol, TN	***
Total			100.0

Source: Compiled from data submitted in response to Commission questionnaires.

Table III-2 presents information on U.S. producers' ownership, related and/or affiliated firms of LW sacks.

Table III-2

LW sacks: U.S. producers' ownership, related and/or affiliated firms, 2015-17

* * * * *

As indicated in table III-2, no U.S. producers are related to foreign producers of the subject merchandise or to U.S. importers of the subject merchandise. In addition, as discussed in greater detail below, three U.S. producers (***) directly import LW sacks, while no U.S. producers purchase imports of LW sacks from U.S. importers.

Table III-3 presents U.S. producers' reported changes in operations since January 1, 2015. Three firms (***) reported expansions, two (***) reported consolidations, three (***) reported prolonged shutdowns or curtailments, and four (***) reported other types of changes in operations, ***.

**Table III-3
LW sacks: U.S. producers' reported changes in operations, since January 1, 2015**

Item / firm	Reported changed in operations
Expansions:	
***	***
***	***
***	***
Acquisition:	
ProAmpac	Completed acquisition of Coating Excellence International in January 2016.
Consolidations:	
***	***
***	***
Prolonged shutdowns or curtailments:	
***	***
***	***
***	***
Other:	
***	***
***	***
***	***
***	***

Source: Compiled from data submitted in response to Commission questionnaires and ProAmpac Completes Acquisition of Coating Excellence International, Brand Packaging, <https://www.brandpackaging.com/articles/85219-proampac-completes-acquisition-of-coating-excellence-international>, accessed March 9, 2018.

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-4 and figure III-1 present U.S. producers' production, capacity, and capacity utilization. Petitioners accounted for approximately *** percent of reported capacity and *** percent of reported production of LW sacks in each year from 2015 to 2017. All but one responding U.S. producer reported that capacity either increased or remained constant from 2015 to 2017. **. Overall, total capacity of LW sacks increased by 11.3 percent from 2015 to 2017. Over that same period, reported production increased for one firm, decreased for two firms, and fluctuated for the remaining six. Overall, total production of LW sacks decreased by 9.1 percent from 2015 to 2017. Firm-by-firm capacity utilization rates ranged from a low of *** percent in 2017 by ***³ to a high of *** percent in 2016 by **. The overall capacity utilization rate decreased by 13.4 percentage points from 2015 to 2017.

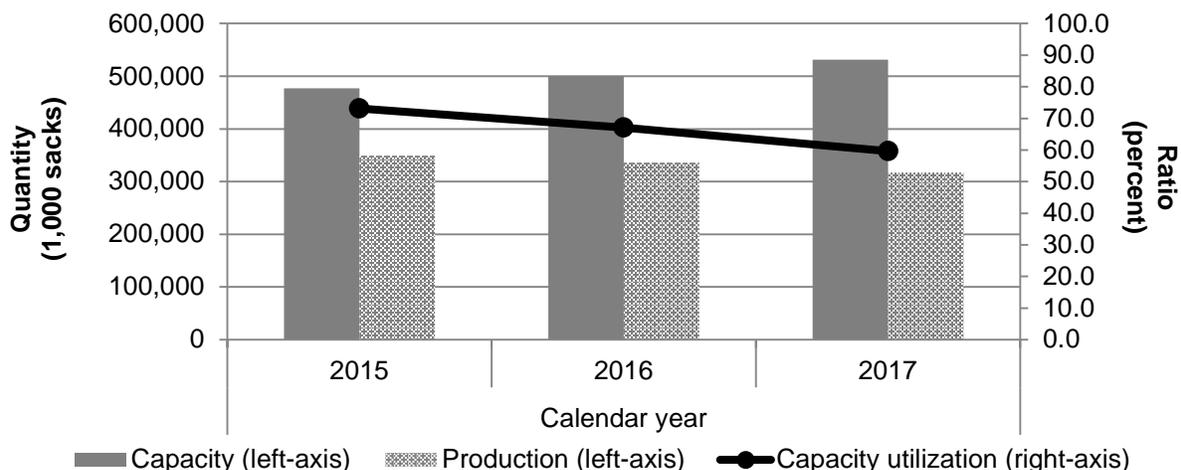
³ ***

Table III-4
LW sacks: U.S. producers' production, capacity, and capacity utilization, 2015-17

Item	Calendar year		
	2015	2016	2017
	Capacity (1,000 sacks)		
Cady Bag	***	***	***
Central Bag	***	***	***
Coveris	***	***	***
Hood Packaging	***	***	***
LaPac	***	***	***
Mondi	***	***	***
Polytex	***	***	***
ProAmpac	***	***	***
Robinette	***	***	***
Total capacity	477,205	500,826	531,250
	Production (1,000 sacks)		
Cady Bag	***	***	***
Central Bag	***	***	***
Coveris	***	***	***
Hood Packaging	***	***	***
LaPac	***	***	***
Mondi	***	***	***
Polytex	***	***	***
ProAmpac	***	***	***
Robinette	***	***	***
Total production	348,960	335,925	317,081
	Capacity utilization (percent)		
Cady Bag	***	***	***
Central Bag	***	***	***
Coveris	***	***	***
Hood Packaging	***	***	***
LaPac	***	***	***
Mondi	***	***	***
Polytex	***	***	***
ProAmpac	***	***	***
Robinette	***	***	***
Average capacity utilization	73.1	67.1	59.7

Source: Compiled from data submitted in response to Commission questionnaires.

Figure III-1
LW sacks: U.S. producers' production, capacity, and capacity utilization, 2015-17



Source: Compiled from data submitted in response to Commission questionnaires.

Firms reported operating between 48 and 52 weeks per year, with the majority operating for 50 weeks per year. The reported hours worked per week varied from 24 for *** to 168 hours per week for ***. Producers calculated production capacities based on equipment capabilities (both average and actual) multiplied by operating time. Producers were also asked to report constraints on their capacity to produce LW sacks. Reported constraints include bag finishing capacity (***), extrusion laminator capacity (***), process inefficiencies (***), and available human capital and customer demand (***).

Alternative products

As shown in table III-5, more than 97 percent of the product produced during 2015-17 by U.S. producers was LW sacks. *** reported producing non-laminated woven sacks on the same equipment and machinery as LW sacks. *** reported producing *** on the same equipment and machinery as LW sacks. No responding U.S. producers reported producing multi-layered paper sacks on the same equipment and machinery as LW sacks.

Table III-5**LW sacks: U.S. producers' overall plant capacity and production on the same equipment as subject production, 2015-17**

Item	Calendar year		
	2015	2016	2017
	Quantity (1,000 sacks)		
Overall capacity	500,245	523,866	554,290
Production:			
LW sacks	348,960	335,925	317,081
Non-laminated woven sacks	***	***	***
Other products	***	***	***
Out-of-scope production	10,256	9,193	8,667
Total production on same machinery	359,216	345,118	325,748
	Ratios and shares (percent)		
Overall capacity utilization	71.8	65.9	58.8
Share of production:			
LW sacks	97.1	97.3	97.3
Non-laminated woven sacks	***	***	***
Other products	***	***	***
Out-of-scope production	2.9	2.7	2.7
Total production on same machinery	100.0	100.0	100.0

Source: Compiled from data submitted in response to Commission questionnaires.

Three of the nine responding U.S. producers (***) reported being able to switch production from LW sacks to other types of product. These other products include non-laminated woven sacks, multilayered laminated structures, and paper sacks. Reported factors impacting producers' ability to switch production include costs associated with changing machinery and raw materials (***) and machine capabilities (***)

U.S. PRODUCERS' U.S. SHIPMENTS AND EXPORTS

Table III-6 presents U.S. producers' U.S. shipments, export shipments, and total shipments. Reported U.S. shipments, *** of which were commercial U.S. shipments, decreased 4.1 percent by quantity and 11.9 percent by value from 2015 to 2017. Reported export shipments, which accounted for *** percent of total shipments by quantity and approximately *** percent by value in 2017, decreased *** percent by quantity and *** percent by value over the same period. Average unit values for U.S. and export shipments declined in each year from 2015 to 2017. Reported total shipments decreased *** percent by quantity and *** percent by value from 2015 to 2017.

Table III-6
LW sacks: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2015-17

Item	Calendar year		
	2015	2016	2017
	Quantity (1,000 sacks)		
Commercial U.S. shipments	***	***	***
Internal consumption	***	***	***
U.S. shipments	325,533	318,255	312,083
Export shipments	***	***	***
Total shipments	***	***	***
	Value (1,000 dollars)		
Commercial U.S. shipments	***	***	***
Internal consumption	***	***	***
U.S. shipments	195,822	181,506	172,460
Export shipments	***	***	***
Total shipments	***	***	***
	Unit value (dollars per sack)		
Commercial U.S. shipments	***	***	***
Internal consumption	***	***	***
U.S. shipments	0.60	0.57	0.55
Export shipments	***	***	***
Total shipments	***	***	***
	Share of quantity (percent)		
Commercial U.S. shipments	***	***	***
Internal consumption	***	***	***
U.S. shipments	***	***	***
Export shipments	***	***	***
Total shipments	***	***	***
	Share of value (percent)		
Commercial U.S. shipments	***	***	***
Internal consumption	***	***	***
U.S. shipments	***	***	***
Export shipments	***	***	***
Total shipments	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. PRODUCERS' INVENTORIES

Table III-7 presents U.S. producers' end-of-period inventories and the ratio of these inventories to U.S. producers' production, U.S. shipments, and total shipments. Reported end-of-period inventories increased by 10.8 percent from 2015 to 2016 before decreasing by 20.6 percent from 2016 to 2017, for an overall decrease of 12.1 percent from 2015 to 2017. Inventories as a ratio to production, U.S. shipments, and total shipments fluctuated from 2015 to 2017 ***.

Table III-7
LW sacks: U.S. producers' inventories, 2015-17

Item	Calendar year		
	2015	2016	2017
	Quantity (1,000 sacks)		
U.S. producers' end-of-period inventories	35,791	39,640	31,470
	Ratio (percent)		
Ratio of inventories to-- U.S. production	10.3	11.8	9.9
U.S. shipments	11.0	12.5	10.1
Total shipments	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. PRODUCERS' IMPORTS AND PURCHASES

U.S. producers' imports of LW sacks are presented in table III-8. Two U.S. producers (***) reported importing LW sacks from Vietnam, and two U.S. producers (***) reported importing LW sacks from nonsubject countries. The reason cited for importing was to meet customer demand, especially at requested volume and prices. No responding U.S. producer reported purchasing imported LW sacks from U.S. importers.

Table III-8
LW sacks: U.S. producers' U.S. production and direct imports, 2015-17

* * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-9 shows U.S. producers' employment-related data. Production and related workers ("PRWs"), total hours worked, and total wages all fluctuated over the period, with PRWs increasing by 2.9 percent, total hours worked decreasing by 9.1 percent, and total wages increasing by 1.5 percent from 2015 to 2017. Hours worked per PRW also fluctuated, while productivity increased by 18.6 percent from 2015 to 2016 before returning to 2015 levels in 2017. Hourly wages steadily increased by a total of \$1.58 per hour from 2015 to 2017, while unit labor costs remained at slightly below \$0.10 per sack over that same period.

Table III-9**LW sacks: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2015-17**

Item	Calendar year		
	2015	2016	2017
Production and related workers (PRWs) (number)	790	762	813
Total hours worked (1,000 hours)	2,117	1,719	1,925
Hours worked per PRW (hours)	2,680	2,256	2,368
Wages paid (\$1,000)	28,751	25,661	29,183
Hourly wages (dollars per hour)	\$13.58	\$14.93	\$15.16
Productivity (sacks per hour)	164.8	195.4	164.7
Unit labor costs (dollars per sacks)	\$0.08	\$0.08	\$0.09

Source: Compiled from data submitted in response to Commission questionnaires.

PART IV: U.S. IMPORTS, APPARENT U.S. CONSUMPTION, AND MARKET SHARES

U.S. IMPORTERS

The Commission issued importer questionnaires to 53 firms believed to be importers of LW sacks, as well as to all U.S. producers of LW sacks.¹ Usable questionnaire responses were received from 26 companies, representing the vast majority of U.S. imports from Vietnam and from all other sources between 2015 and 2017.^{2,3} Table IV-1 lists all responding U.S. importers of LW sacks from Vietnam and other sources, their locations, and their shares of U.S. imports, in 2017.

¹ The Commission issued questionnaires to those firms identified in the petition, along with firms that, based on a review of ***, may have accounted for more than 0.05 percent of total imports from Vietnam and from all other sources under HTS statistical reporting number 6305.33.0040 between 2015 and 2017.

² One company, ***, was unable to provide a complete questionnaire response in time for this report. Instead, ***.

³ Eight firms certified that they had not imported LW sacks since January 1, 2015.

Table IV-1
LW sacks: U.S. importers, headquarters, and shares of reported imports by source, 2017

Firm	Headquarters	Share of imports by source (percent)		
		Vietnam	Nonsubject sources	All import sources
101 Global ¹	Fremont, CA	***	***	***
ABC Packaging	Cleveland, OH	***	***	***
Ace	Hatfield, PA	***	***	***
AnduroPack	Atlanta, GA	***	***	***
Central Bag	Leavenworth, KS	***	***	***
Ciplas	Bogota, Colombia,	***	***	***
Commercial Packaging	Normal, IL	***	***	***
Corman	Chelsea, MA	***	***	***
CPPC	Florence, KY	***	***	***
Flair Flexible	Appleton, WI	***	***	***
Fritz	Mississauga, ON	***	***	***
Fulton-Denver	Vacaville, CA	***	***	***
Fusion	Irvine, CA	***	***	***
Innpack	Olive Branch, MS	***	***	***
Justus	Spokane Valley, WA	***	***	***
LaPac	Crowley, LA	***	***	***
Lov'Em	Wylie, TX	***	***	***
Material Motion	Decatur, GA	***	***	***
Mondi	Louisville, KY	***	***	***
Multinet	St. Louis, MO	***	***	***
Pacific Rim	Florence, KY	***	***	***
Poly Sac	Houston, TX	***	***	***
Sun Coast	Sodus, MI	***	***	***
Sunrise	Bellevue, WA	***	***	***
Well Luck ²	Jersey City, NJ	***	***	***
White Bag	North Little Rock, AR	***	***	***
Total		100.0	100.0	100.0

¹ 101 Global ***.

² Well Luck ***.

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. IMPORTS

Table IV-2 and figure IV-1 present data for U.S. imports of LW sacks from Vietnam and all other sources. Reported imports from Vietnam accounted for approximately two-thirds of total imports of LW sacks by quantity and a slightly smaller share of total imports by value from 2015 to 2017. Nonsubject sources of imports included Cambodia, China, Colombia, Honduras, India, Korea, and Thailand. Responding U.S. importers reported that during 2015-17, 54.5 percent of imports from Vietnam, 24.3 percent of imports from nonsubject sources, and 44.2 percent of reported imports from all sources were entered into the United States under HTS statistical reporting number 6305.33.0040.⁴

During 2015-17, by quantity, imports from Vietnam increased by 66.5 percent, imports from nonsubject sources increased by 81.7 percent, and imports from all sources increased by 73.6 percent. The value of imports from Vietnam and imports from all sources fluctuated, while the value of imports from nonsubject sources steadily increased. During 2015-17, by value, imports from Vietnam increased by 41.3 percent, imports from nonsubject sources increased by 60.8 percent, and imports from all sources increased by 48.8 percent from 2015 to 2017.

The unit value of imports from Vietnam decreased by 20.0 percent during 2015-16 before increasing by 7.1 percent during 2016-17, for an overall decrease of 14.3 percent. The decrease and subsequent increase in the value and unit value of imports from Vietnam was experienced by a number of responding importers including ***, which together accounted for *** percent of subject imports in 2017. The unit value of imports from nonsubject sources decreased by 11.1 percent during 2015-17. The unit value of imports from all sources followed a similar trend as the unit value of imports from Vietnam and decreased by 11.4 percent during 2015-17. The ratios of imports from Vietnam, nonsubject sources, and all sources to U.S. production nearly doubled during 2015-17.

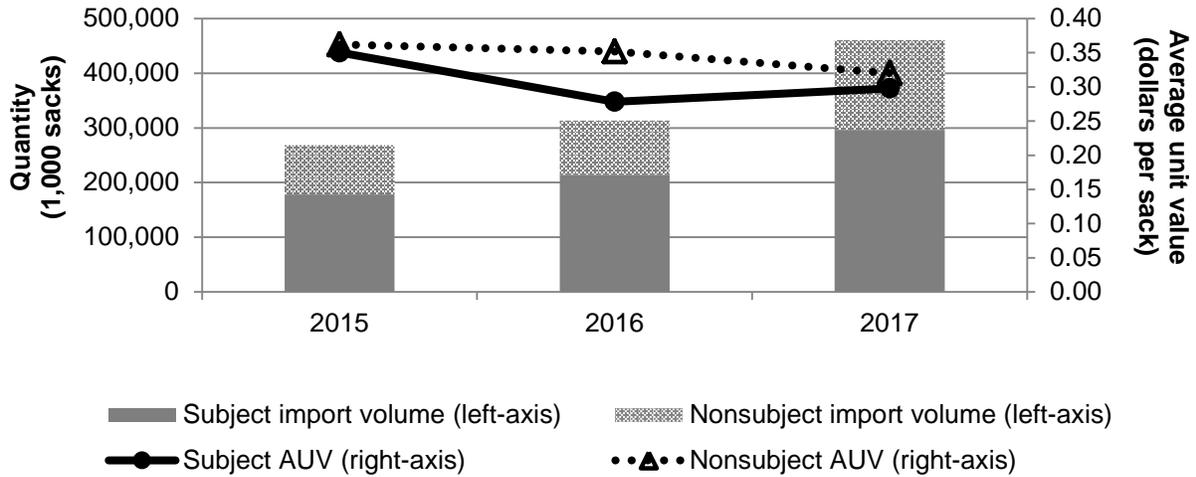
⁴ Six responding U.S. importers reported entering imports of LW sacks into the United States under HTS statistical reporting numbers other than 6305.33.0040. These other statistical reporting numbers were: 3923.90.0000, 4602.90.0000, and 6305.33.0080.

Table IV-2
LW sacks: U.S. imports, by source, 2015-17

Item	Calendar year		
	2015	2016	2017
	Quantity (1,000 sacks)		
U.S. imports from.-- Vietnam	178,054	214,260	296,362
Nonsubject sources	90,024	99,095	163,721
All import sources	268,078	313,355	460,083
	Value (1,000 dollars)		
U.S. imports from.-- Vietnam	62,393	59,593	88,186
Nonsubject sources	32,606	34,840	52,422
All import sources	94,999	94,433	140,608
	Unit value (dollars per sack)		
U.S. imports from.-- Vietnam	0.35	0.28	0.30
Nonsubject sources	0.36	0.35	0.32
All import sources	0.35	0.30	0.31
	Share of quantity (percent)		
U.S. imports from.-- Vietnam	66.4	68.4	64.4
Nonsubject sources	33.6	31.6	35.6
All import sources	100.0	100.0	100.0
	Share of value (percent)		
U.S. imports from.-- Vietnam	65.7	63.1	62.7
Nonsubject sources	34.3	36.9	37.3
All import sources	100.0	100.0	100.0
	Ratio to U.S. production		
U.S. imports from.-- Vietnam	51.0	63.6	93.2
Nonsubject sources	25.8	29.4	51.5
All import sources	76.7	93.1	144.6

Source: Compiled from data submitted in response to Commission questionnaires.

Figure IV-1
LW sacks: U.S. imports, by source, 2015-17



Source: Compiled from data submitted in response to Commission questionnaires.

Table IV-3 presents data for U.S. imports of LW sacks from nonsubject sources, according to official import statistics under HTS statistical reporting number 6305.33.0040. According to these data, the leading source of nonsubject imports of LW sacks in 2017 was Honduras, followed by Korea, Colombia, Cambodia, and India. Because imports of LW sacks may also enter the United States under other HTS statistical reporting numbers, these data are understated.

Table IV-3
LW sacks: Nonsubject U.S. imports, by source, 2015-17

Item	Calendar year		
	2015	2016	2017
	Quantity (1,000 sacks)		
U.S. imports from.--			
Honduras	---	6,073	11,276
Korea	2,330	2,743	3,065
Colombia	724	2,306	2,566
Cambodia	4,212	7,549	1,957
India	6,371	3,211	1,365
Hong Kong	---	---	931
China ¹	355	840	668
Turkey	2,064	324	411
Thailand	---	---	3
New Zealand	---	---	1
Pakistan	---	1	---
Indonesia	---	14	---
El Salvador	---	159	---
Mexico	---	79	---
Nonsubject sources	16,056	23,299	22,244
	Share of total U.S. imports (percent)		
U.S. imports from.--			
Honduras	---	7.3	11.3
Korea	2.7	3.3	3.1
Colombia	0.8	2.8	2.6
Cambodia	4.9	9.1	2.0
India	7.4	3.9	1.4
Hong Kong	---	---	0.9
China ¹	0.4	1.0	0.7
Turkey	2.4	0.4	0.4
Thailand	---	---	0.0
New Zealand	---	---	0.0
Pakistan	---	0.0	---
Indonesia	---	0.0	---
El Salvador	---	0.2	---
Mexico	---	0.1	---
Nonsubject sources	18.5	28.2	22.4

¹ Imports of LW sacks from China have been subject to antidumping and countervailing duty orders in the United States since 2008. Notice of Antidumping Duty Order: Laminated Woven Sacks From the People's Republic of China, 73 FR 45941, August 7, 2008; Laminated Woven Sacks From the People's Republic of China: Countervailing Duty Order, 73 FR 45955, August 7, 2008.

Note.—These data were converted from kilograms to individual sacks using a conversion factor of 907 kilograms being equivalent to 8,000 sacks. In addition, these data do not represent the entire universe of imports of LW sacks from nonsubject sources and thus are understated.

Source: Compiled from official U.S. import statistics under HTS statistical reporting number 6305.33.0040, accessed March 19, 2018.

NEGLIGENCE

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.⁵ Negligible imports are generally defined in the Act, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation. However, if there are imports of such merchandise from a number of countries subject to investigations initiated on the same day that individually account for less than 3 percent of the total volume of the subject merchandise, and if the imports from those countries collectively account for more than 7 percent of the volume of all such merchandise imported into the United States during the applicable 12-month period, then imports from such countries are deemed not to be negligible.⁶

Table IV-4 presents imports of LW sacks by source as a share of total imports. According to importer questionnaire responses, the quantity of U.S. imports of LW sacks from Vietnam accounted for 71.4 percent of total reported U.S. imports of LW sacks from March 2017 to February 2018. Based on official Commerce statistics under HTS statistical reporting number 6305.33.0040,⁷ the quantity of U.S. imports of LW sacks from Vietnam accounted for 76.5 percent of total U.S. imports of LW sacks over the same period.

Table IV-4
LW sacks: U.S. imports, by source, March 2017 through February 2018

Item	March 2017 through February 2018		March 2017 through February 2018	
	Questionnaire data		Official stats	
	Quantity (1,000 sacks)	Share of quantity (percent)	Quantity (1,000 sacks)	Share of quantity (percent)
U.S. imports from.-- Vietnam	241,493	71.4	74,238	76.5
Nonsubject sources	96,629	28.6	22,859	23.5
All import sources	338,122	100.0	97,097	100.0

Source: Compiled from data submitted in response to Commission questionnaires and official U.S. import statistics under HTS statistical reporting number 6305.33.0040, accessed April 6, 2018.

⁵ Sections 703(a)(1), 705(b)(1), 733(a)(1), and 735(b)(1) of the Act (19 U.S.C. §§ 1671b(a)(1), 1671d(b)(1), 1673b(a)(1), and 1673d(b)(1)).

⁶ Section 771 (24) of the Act (19 U.S.C § 1677(24)).

⁷ HTS statistical reporting number 6305.33.0040 is believed to be exclusively comprised of merchandise matching Commerce's scope and is believed to be the HTS statistical reporting number containing the largest quantity of LW sacks. However, LW sacks may also be imported under other "basket category" HTS statistical reporting numbers that contain both in-scope and out-of-scope merchandise. Therefore, the official import statistics presented in table IV-3 are understated.

APPARENT U.S. CONSUMPTION AND U.S. MARKET SHARES

Table IV-5 and figure IV-2 present data on apparent U.S. consumption and U.S. market shares for LW sacks. Apparent U.S. consumption increased 21.8 percent by quantity and 4.6 percent by value from 2015 to 2017. As a share of apparent U.S. consumption, U.S. producers' U.S. shipment decreased 12.1 percentage points by quantity and 10.1 percentage points by value from 2015 to 2017. Over that same period, U.S. shipments of imports from Vietnam irregularly increased 7.0 percentage points by quantity and 6.7 percentage points by value, while U.S. shipments of imports from nonsubject sources irregularly increased 5.2 percentage points by quantity and 3.5 percentage points by value.

Table IV-5

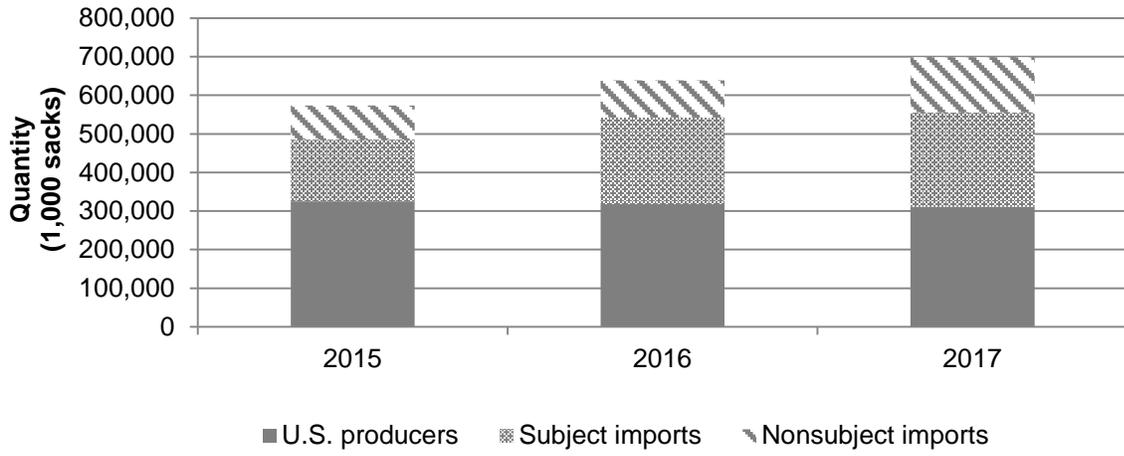
LW sacks: U.S. shipments of domestic product, U.S. shipments of imports, apparent U.S. consumption and market shares, 2015-17

Item	Calendar year		
	2015	2016	2017
	Quantity (1,000 sacks)		
U.S. producers' U.S. shipments	325,533	318,255	312,083
U.S. shipments of imports from.-- Vietnam	159,801	224,522	243,262
Nonsubject sources	88,526	95,885	143,893
All import sources	248,327	320,407	387,155
Apparent U.S. consumption	573,860	638,662	699,238
	Value (1,000 dollars)		
U.S. producers' U.S. shipments	195,822	181,506	172,460
U.S. shipments of imports from.-- Vietnam	69,631	92,298	94,160
Nonsubject sources	41,228	42,564	54,135
All import sources	110,859	134,862	148,295
Apparent U.S. consumption	306,681	316,368	320,755
	Share of quantity (percent)		
U.S. producers' U.S. shipments	56.7	49.8	44.6
U.S. shipments of imports from.-- Vietnam	27.8	35.2	34.8
Nonsubject sources	15.4	15.0	20.6
All import sources	43.3	50.2	55.4
	Share of value (percent)		
U.S. producers' U.S. shipments	63.9	57.4	53.8
U.S. shipments of imports from.-- Vietnam	22.7	29.2	29.4
Nonsubject sources	13.4	13.5	16.9
All import sources	36.1	42.6	46.2

Source: Compiled from data submitted in response to Commission questionnaires.

Figure IV-2

LW sacks: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, 2015-17



Source: Compiled from data submitted in response to Commission questionnaires.

PART V: PRICING DATA FACTORS AFFECTING PRICES

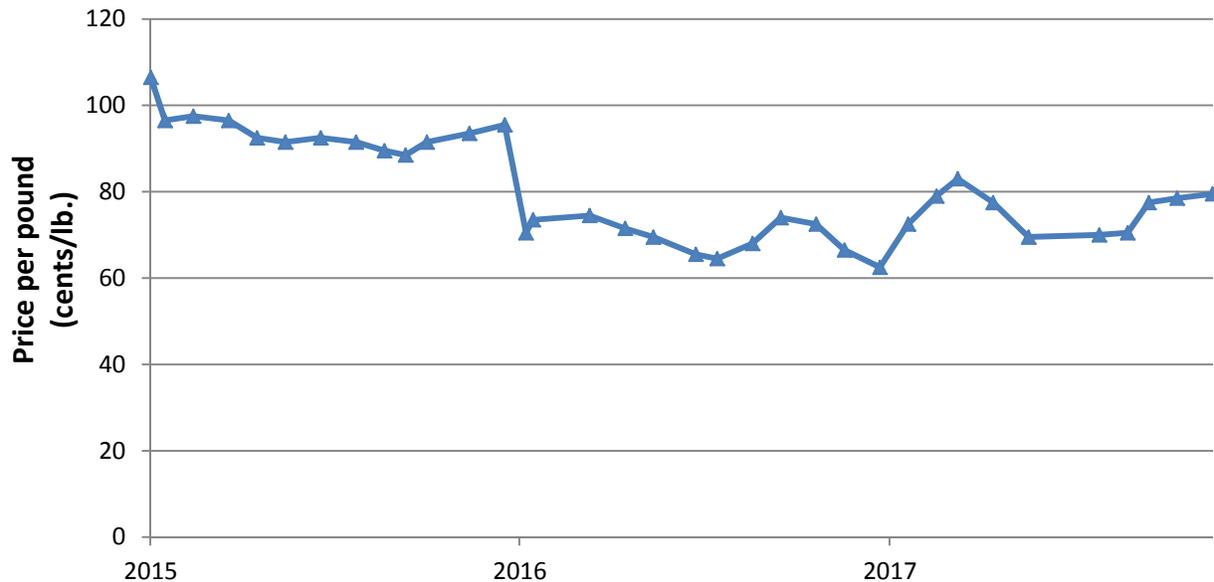
Raw material costs

The primary raw material used in the production of LW sacks is polypropylene resin.¹ Raw material costs, as a share of U.S. producers' total cost of goods sold (COGS), was relatively stable throughout the period, but overall declined from *** percent in 2015 to *** percent in 2017.

U.S. producers' raw material differs based on the firm's level of integration. Only U.S. producer Polytex is vertically integrated and manufactures polypropylene fabric from resin, which it then weaves into LW sacks.² All other U.S. producers are non-integrated and purchase woven polypropylene fabric to convert into LW sacks.³ However, non-integrated U.S. producers use polypropylene during the lamination process to create a bonding layer between the woven polypropylene fabric and the laminated film.⁴

As shown in figures V-1 and V-2, throughout the period, prices for polypropylene declined overall by 25 percent between January 2015 and December 2017.

Figure V-1
Polypropylene prices: Homopolymer Injection GP, by change date, January 19, 2015-December 4, 2017



Source: Plastics News, <http://www.plasticsnews.com>, accessed April 6, 2018.

¹ Petitioner's postconference brief, exh. 1, p. 12.

² Conference transcript, p. 19 (Bazbaz), p. 59 (Jones), p. 127 (Corman).

³ Conference transcript, p. 19 (Bazbaz), p. 59 (Jones), p. 127 (Corman).

⁴ Conference transcript, p. 22 (Bazbaz).

Figure V-2
Polypropylene prices: Injection and raffia, monthly, January 2015-December 2017

* * * * *

Petitioners asserted that while the price of polypropylene resin, the primary raw material of LW sacks, has some effect on the price of LW sacks, it is not the primary driver.⁵ However, respondents argued that raw material costs are the most significant driver of LW sacks price. They make up a large percentage of Vietnamese producers' cost and fluctuations in raw materials impact the cost of production in Vietnam more than in the United States.⁶ Respondent Commercial Packaging stated that while the price of polypropylene resin fluctuated during 2015-17, the U.S. price of polypropylene resin has been \$400 per metric ton higher than the price of polypropylene resin available to Vietnamese producers.⁷

Six responding U.S. producers reported that raw material costs had increased since 2015 and 11 responding importers reported that raw material costs had fluctuated, while 9 reported that raw material costs had increased since 2015.

U.S. inland transportation costs

Five responding U.S. producers and 17 responding U.S. importers reported that they typically arrange transportation to their customers. Most U.S. producers reported that their U.S. inland transportation costs ranged from less than 1 to 5 percent while most importers reported costs of less than 1 to 15 percent.

PRICING PRACTICES

Pricing methods

While most responding U.S. producers and importers reported using transaction-by-transaction negotiations, they also sold LW sacks through contracts, price lists, and other methods (e.g. quarterly orders) (table V-1).

⁵ Conference transcript, p. 73 (Bazbaz), and Petitioners' postconference brief, p. 32.

⁶ Respondent Commercial Packaging's postconference brief, p. 24, and 118. Conference transcript, p. 127 (Corman).

⁷ Conference transcript, p. 112 (Little), p. 127 (Corman), and p. 136 (Corman).

Table V-1

LW sacks: U.S. producers' and importers' reported price setting methods, by number of responding firms¹

Method	U.S. producers	U.S. importers
Transaction-by-transaction	6	20
Contract	4	6
Set price list	4	4
Other	---	2
Responding firms	8	25

¹ The sum of responses down may not add up to the total number of responding firms as each firm was instructed to check all applicable price setting methods employed.

Source: Compiled from data submitted in response to Commission questionnaires.

As shown in table V-2, U.S. producers reported selling most of their LW sacks through either short-term contracts or spot sales while importers reported selling most of their LW sacks through spot sales or under long-term contracts.

Table V-2

LW sacks: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2017

* * * * *

Sales terms and discounts

Seven of 9 U.S. producers and half of reporting importers typically quote prices on an f.o.b. basis. The majority of both U.S. producers and importers reported that they did not offer discounts. The majority of responding U.S. producers and importers reported sales terms of net 30 days.

PRICE DATA⁸

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and f.o.b. value of the following LW sacks shipped to unrelated U.S. customers during January 2015-December 2017.

Product 1.-- Woven polypropylene fabric laminated to biaxially-oriented polypropylene ("BOPP") reverse printed film, ink coverage 200%, measuring 15" x 3.5" x 27" (plus or minus 1 inch in any or all directions), fabric 70 g/m² (plus or minus 6 g/m²), coating 20 g/m², (plus or minus 5 g/m²), film 22 g/m² (plus or minus 6 g/m²).

Product 2.-- Woven polypropylene fabric laminated to biaxially-oriented polypropylene ("BOPP") reverse printed film, ink coverage 200%, measuring 16" x 6" x 39" (plus or minus 1 inch in any or all directions), fabric 80 g/m² (plus or minus 8 g/m²), coating 20 g/m² (plus or minus 5 g/m²), film 22 g/m² (plus or minus 6 g/m²).

Product 3.-- Woven polypropylene fabric laminated to biaxially-oriented polypropylene ("BOPP") reverse printed film, ink coverage 200%, measuring 13" x 2" x 24" (plus or minus 1 inch in any or all directions), fabric 75 g/m² (plus or minus 6 g/m²), coating 20 g/m² (plus or minus 5 g/m²), film 25 g/m² (plus or minus 6 g/m²).

Product 4.-- Woven polypropylene fabric laminated to biaxially-oriented polypropylene ("BOPP") reverse printed film, ink coverage 200%, measuring 15" x 5" x 32" (plus or minus 1 inch in any or all directions), fabric 70 g/m² (plus or minus 6 g/m²), coating 20 g/m², (plus or minus 5 g/m²), film 12 g/m² (plus or minus 6 g/m²).

Seven U.S. producers⁹ and 15 importers¹⁰ provided usable pricing data for sales of the requested products,¹¹ although not all firms reported pricing for all products for all quarters.¹²

⁸ Products 1, 2, and 3 are the same products 1, 2, and 3 used in the final phase of the investigations on LW sacks from China. *Laminated Woven Sacks from China, Invs. Nos. 701-TA-450 and 731-TA-1122 (Final)*, USITC Publication 4025, July 2008, pp. V-3-4.

⁹ U.S. producer ***. See staff telephone interview with ***, April 5, 2018. This producer accounted for *** of production in 2017 and *** percent of commercial U.S. shipments in 2017. U.S. producer ***. See staff email to ***, March 23, 2018. This producer accounted for *** of production in 2017 and *** percent of commercial U.S. shipments in 2017.

¹⁰ U.S. importer ***. See staff email to ***, March 22, 2018. This importer accounted for *** percent of subject imports.

¹¹ Per-unit pricing data are calculated from total quantity and total value data provided by U.S. producers and importers. The precision and variation of these figures may be affected by rounding, limited quantities, and producer or importer estimates.

¹² U.S. producer *** provided price data for products 1 and 3, accounting for *** percent of domestic price data in 2017. These data have higher than average unit values. *** reported that variations in color
(continued...)

Pricing data reported by these firms accounted for *** percent of U.S. producers' shipments of product and *** percent of U.S. shipments of subject imports from Vietnam in 2017. Price data for products 1-4 are presented in tables V-3 to V-6 and figures V-3 to V-6.

Respondents stated that LW sacks vary in price based on a number of specifications, including the type of bag closure, number of plies, coatings, and the number of colors used in printing, which can result in price differences of up to 20 percent for different products falling within the same pricing definition.¹³ Additionally, respondents stated that none of their reported LW sacks have 200 percent ink coverage as specified in the four pricing products.¹⁴

Table V-3

LW sacks: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarters, 2015-17

* * * * *

Table V-4

LW sacks: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarters, 2015-17

* * * * *

Table V-5

LW sacks: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarters, 2015-17

* * * * *

Table V-6

LW sacks: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by quarters, 2015-17

* * * * *

(...continued)

and volume contributed to the higher pricing in those products because bags printed with more colors or sold in smaller volumes are typically priced higher. Staff telephone interview with ***. U.S. importer *** provided price data for imports from Vietnam for product 2 accounting for *** percent of importers' reported price data from Vietnam in 2017. These data have lower than average unit values. *** reported that sacks can vary in price due to weight, layering, printing and other specifications and these sacks were less sophisticated products. Staff telephone interview with ***. Importer *** provided aberrant price data for imports from Vietnam for product 1 accounted for *** percent of importers' reported price data from Vietnam in 2017. These data were not included in the pricing analysis.

¹³ Conference transcript, pp. 15-16 (Quaia), p. 106 (Little), p. 113 (Little), p. 126 (Corman), and pp. 146-147 (Corman).

¹⁴ Conference transcript, p. 113 (Little). *** See email from ***, March 19, 2018. Respondent Textile Bag and Packaging Association states that 200 percent coverage can be interpreted either as full coverage on both sides or a flood coat of white ink layered on the substrate with colors printed on top of the white layer. Respondent Textile Bag and Packaging Association Statement, p. 13.

Figure V-3

LW sacks: Weighted-average prices and quantities of domestic and imported product 1, by quarters, January 2015 through December 2017

* * * * *

Figure V-4

LW sacks: Weighted-average prices and quantities of domestic and imported product 2, by quarters, January 2015 through December 2017

* * * * *

Figure V-5

LW sacks: Weighted-average prices and quantities of domestic and imported product 3, by quarters, January 2015 through December 2017

* * * * *

Figure V-6

LW sacks: Weighted-average prices and quantities of domestic and imported product 4, by quarters, January 2015 through December 2017

* * * * *

Price trends

In general, prices decreased during January 2015-December 2017. Table V-7 summarizes the price trends, by country and by product. As shown in the table, domestic price decreases ranged from *** percent during January 2015-December 2017 while import price decreases ranged from *** percent.

Table V-7

LW sacks: Summary of weighted-average f.o.b. prices for products 1-4 from the United States and Vietnam

* * * * *

Price comparisons

As shown in table V-8, prices for product imported from Vietnam were below those for U.S.-produced product in 48 of 48 instances (217 million sacks); margins of underselling ranged from 9.3 to 54.1 percent.

Table V-8
LW sacks: Instances of underselling/overselling and the range and average of margins, by country, 2015-17

Source	Underselling				
	Number of quarters	Quantity (1,000 sacks)	Average margin (percent)	Margin range (percent)	
				Min	Max
Product 1	12	***	***	***	***
Product 2	12	***	***	***	***
Product 3	12	***	***	***	***
Product 4	12	***	***	***	***
Total, underselling	48	217,331	24.9	9.3	54.1

Source: Compiled from data submitted in response to Commission questionnaires.

LOST SALES AND LOST REVENUE¹⁵

The Commission requested that U.S. producers of LW sacks report purchasers with whom they experienced instances of lost sales or revenue due to competition from imports of LW sacks from Vietnam during January 2015-December 2017. Of the responding U.S. producers, 5 reported that they had to reduce prices, 4 reported that they had to roll back announced price increases, and 5 firms reported that they had lost sales. Petitioners submitted lost sales and lost revenue allegations. They identified 9 firms with whom they lost sales or revenue (6 consisting of lost sales allegations and 3 consisting of both types of allegations). Allegations occurred throughout 2015-17, with the greater number of allegations occurring in 2017.

Staff contacted the 9 purchasers identified by U.S. producers and received responses from all 9. Responding purchasers reported purchasing 1.2 billion sacks during 2015-17 (table V-9).

During 2017, responding purchasers purchased 46.7 percent of their LW sacks from U.S. producers, 40.1 percent from Vietnam, 12.7 percent from nonsubject countries, and 0.5 percent from “unknown source” countries. Of the responding purchasers, 1 reported decreasing purchases from domestic producers, 3 reported increasing purchases, 1 reported no change, and 3 reported fluctuating purchases.¹⁶ Explanations for increasing purchases of domestic product included transitioning from multi-walled paper sacks to woven sacks and capacity constraints in the international market, especially in Vietnam. Explanations for decreasing purchases of domestic product included ensuring a reliable supply source. Explanations for increasing purchases of Vietnamese product included moving from paper packaging to woven sacks, durability, and quality.¹⁷

¹⁵ Purchaser ***.

¹⁶ Of the 9 responding purchasers, 2 purchasers indicated that they did not know the source of the LW sacks they purchased.

¹⁷ Purchaser *** reported that ***.

Of the 9 responding purchasers, 7 reported that, since 2015, they had purchased imported LW sacks from Vietnam instead of U.S.-produced product. All seven reported that subject import prices were lower than U.S.-produced product, and two purchasers reported that price as a primary reason for the decision to purchase imported product rather than U.S.-produced product. Two purchasers estimated the quantity of LW sacks from Vietnam purchased instead of domestic product; quantities ranged from *** sacks to *** sacks (table V-10). Purchasers identified quality, reliability of supply, and consistent lead time as non-price reasons for purchasing imported rather than U.S.-produced product.

Of the 9 responding purchasers, none reported that U.S. producers had reduced prices in order to compete with lower-priced imports from Vietnam (table V-11; 3 reported that they did not know). No purchasers reported estimated price reductions.

**Table V-9
LW sacks: Purchasers' responses to purchasing patterns**

* * * * *

**Table V-10
LW sacks: Purchasers' responses to purchasing subject imports instead of domestic product**

* * * * *

**Table V-11
LW sacks: Purchasers' responses to U.S. producer price reductions**

* * * * *

In responding to the lost sales lost revenue survey, some purchasers provided additional information on purchases and market dynamics.

*** stated that, ***.

*** stated that, ***.

*** stated that ***.

*** stated that, ***.

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

INTRODUCTION

Eight U.S. producers (***) provided usable financial data on their operations on LW sacks. These data are believed to account for the vast majority of U.S. production of LW sacks during 2017.¹ *** accounted for the majority of total net sales value in 2017 (**% percent), followed by *** (**% percent). The remaining U.S. producers ranged from **% percent (**%) to **% percent (**%) of total sales value. Net sales consisted primarily of commercial sales; however, one firm (***) reported internal consumption which accounted for **% percent of total net sales value in 2017. Internal consumption is included, but not shown separately in this section of the report.² Six firms reported financial data on a calendar year basis and all firms reported their financial results based on generally accepted accounting principles.³

With respect to their U.S. operations, *** is the only producer which reported it purchases inputs (***) from a related party.⁴

OPERATIONS ON LAMINATED WOVEN SACKS

Table VI-1 presents aggregated data on U.S. producers' operations in relation to LW sacks. Table VI-2 shows the changes in average unit values of select financial indicators. Table VI-3 presents selected company-specific financial data.

¹ *** did not provide any financial data for these investigations. Based on reported shipment data, the firm would represent approximately **% percent of total net sales quantity in 2017.

² *** reported internal consumption reflects fair market value. Emails from ***, March 26, 2018.

³ The firms with fiscal year ends other than December 31 are ***.

⁴ *** reported valuing the purchases from a related party at **%. The inputs from the related party reflect **% percent of its total COGS in 2017. U.S. producer's questionnaire response of ***, question III-7.

Table VI-1
LW sacks: Results of operations of U.S. producers, 2015-17

Item	Fiscal year		
	2015	2016	2017
	Quantity (1,000 sacks)		
Net sales	323,877	319,245	311,552
	Value (1,000 dollars)		
Net sales	203,226	188,730	178,858
Cost of goods sold.--			
Raw materials	94,299	87,715	80,767
Direct labor	***	***	***
Other factory costs	***	***	***
Total COGS	178,687	173,796	163,371
Gross profit	24,539	14,934	15,487
SG&A expense	21,446	18,616	18,171
Operating income or (loss)	3,093	(3,682)	(2,684)
Interest expense	***	***	***
All other expenses	***	***	***
All other income	***	***	***
Net income or (loss)	***	***	***
Depreciation/amortization	3,912	5,238	5,776
Cash flow	***	***	***
	Ratio to net sales (percent)		
Cost of goods sold.--			
Raw materials	46.4	46.5	45.2
Direct labor	***	***	***
Other factory costs	***	***	***
Average COGS	87.9	92.1	91.3
Gross profit	12.1	7.9	8.7
SG&A expense	10.6	9.9	10.2
Operating income or (loss)	1.5	(2.0)	(1.5)
Net income or (loss)	***	***	***

Table continued on the next page.

Table VI-1 – Continued

LW sacks: Results of operations of U.S. producers, 2015-17

Item	Fiscal year		
	2015	2016	2017
	Ratio to total COGS (percent)		
Cost of goods sold.--			
Raw materials	52.8	50.5	49.4
Direct labor	***	***	***
Other factory costs	***	***	***
Average COGS	100.0	100.0	100.0
	Unit value (dollars per sack)		
Net sales	0.63	0.59	0.57
Cost of goods sold.--			
Raw materials	0.29	0.27	0.26
Direct labor	***	***	***
Other factory costs	***	***	***
Average COGS	0.55	0.54	0.52
Gross profit	0.08	0.05	0.05
SG&A expense	0.07	0.06	0.06
Operating income or (loss)	0.01	(0.01)	(0.01)
Net income or (loss)	***	***	***
	Number of firms reporting		
Operating losses	3	4	4
Net losses	3	3	4
Data	8	8	8

Source: Compiled from data submitted in response to Commission questionnaires

Table VI-2

LW sacks: Changes in AUVs, between fiscal years

Item	Between fiscal years		
	2015-17	2015-16	2016-17
	Change in AUVs (dollars per sack)		
Net sales	(0.05)	(0.04)	(0.02)
Cost of goods sold.--			
Raw materials	(0.03)	(0.02)	(0.02)
Direct labor	***	***	***
Other factory costs	***	***	***
Average COGS	(0.03)	(0.01)	(0.02)
Gross profit	(0.03)	(0.03)	0.003
SG&A expense	(0.01)	(0.01)	0.00001
Operating income or (loss)	(0.02)	(0.02)	0.003
Net income or (loss)	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

Table VI-3

LW sacks: Select results of operations of U.S. producers, by company, 2015-17

* * * * *

Net sales

Based on table VI-1, the quantity and value of net sales decreased from 2015 to 2017. The reported aggregate net sales quantity declined by *** percent from 2015 to 2017, while aggregate net sales value declined by *** percent during this time. ***. The net sales trend for the aggregated U.S. industry during 2015-17 primarily reflects the data of ***. Per-sack revenue decreased by *** percent from \$*** per sack in 2015 to \$*** in 2017. While five firms reported declining per-sack revenue from 2015 to 2017(see table VI-3), three firms *** reported increases in per-sack revenue.⁵

Cost of goods sold and gross profit or (loss)

As shown in table VI-1, the average COGS to net sales ratio irregularly increased from 2015 to 2017. Three firms *** reported decreasing COGS to net sales ratios from 2015 to 2017. ***.⁶

Raw material costs represent the single largest component of total COGS, at *** percent in 2015, *** percent in 2016, and *** percent in 2017. As shown in table VI-3, the average unit raw material cost decreased by *** percent from \$*** in 2015 to \$*** in 2017. *** reported decreasing unit raw material costs from 2015 to 2017 except ***.⁷ ***.^{8 9 10}

Other factory costs (“OFC”) were the second largest component of COGS, accounting for between *** percent (in 2015) and *** percent (in 2017) of total COGS, while direct labor accounted for between *** percent (in 2015) and *** percent (in 2017) of total COGS. As shown in table VI-3, the average unit OFC stayed unchanged from 2015 in 2017 at \$***. ***.¹¹ ***.¹²

⁵ ***. Email from ***, April 10, 2018. ***. Email from ***, April 10, 2018. ***. Emails from ***, April 4, 2018.

⁶ Email from ***, April 10, 2018.

⁷ ***. Email from ***, April 4, 2018.

⁸ ***. Email from ***, April 4, 2018.

⁹ ***. U.S. producer’s questionnaire response of ***, question III-9b.

¹⁰ ***. U.S. producers’ questionnaire responses, question III-9a. Emails from ***, March 29, 2018; ***, April 3, 2018; ***, March 29, 2018; ***, April 4, 2018; and ***, March 29, 2018. Conference transcript (Bazbaz), p. 59.

¹¹ ***. Email from ***, April 2, 2018. ***. Email from ***, March 27, 2018.

¹² Petitioners’ postconference brief, exh. 1, pp. 16 and 17. Email from ***, April 10, 2018.

The average unit direct labor costs increased from \$*** (in 2015) to \$*** (in 2017).¹³
***.¹⁴

The industry's gross profit decreased from \$*** in 2015 to \$*** in 2016 and increased to \$*** in 2017. On a company-specific basis, ***.¹⁵

SG&A expenses and operating income or (loss)

As shown in table VI-1, the industry's SG&A expense ratio (i.e., total SG&A expenses divided by total net sales value) ranged from *** percent in 2016 to *** percent in 2015. As shown in table VI-3, the average unit SG&A expenses decreased from \$*** (in 2015) to \$*** (in 2016 and 2017).¹⁶ ***.¹⁷

The industry's operating income decreased from \$*** in 2015 to losses of \$*** in 2016 and \$*** in 2017. On a company-specific basis, ***.

Other expenses and net income or (loss)

Classified below the operating income levels are interest expense, other expense, and other income, which are usually allocated to the product line from high levels in the corporation. Interest expenses decreased from \$*** in 2015 to \$*** in 2016, before increasing to \$*** in 2017.¹⁸ Other expenses decreased from \$*** in 2015 to \$*** in 2017.¹⁹ Other income increased from \$*** in 2015 to \$*** in 2016, before decreasing to \$*** in 2017. ***.²⁰

By definition, items classified at this level in the income statement only affect net income or (loss). Net losses occurred throughout the period for which data were requested, and increased from \$*** in 2015 to \$*** in 2016 before decreasing to a net loss of \$*** in 2017. On a company-specific basis, ***. The trend in net income or (loss) for the aggregated U.S. industry from 2015 to 2017 primarily reflects the data of ***.

¹³ ***. Email from ***, March 26, 2018.

¹⁴ Emails from ***, April 10, 2018.

¹⁵ ***. Email from ***, April 5, 2018.

¹⁶ ***. Email from ***, March 26, 2018.

¹⁷ Email from ***, April 10, 2018.

¹⁸ ***. Email from ***, March 27, 2018.

¹⁹ ***. Email from ***, April 4, 2018.

²⁰ U.S. producer's questionnaire response of ***, question III-10.

Variance analysis

The variance analysis presented in table VI-4 is based on the data in table VI-1.²¹ The analysis shows that the decline in operating income from 2015 to 2017 is primarily attributable to ***.

Table VI-4
LW sacks: Variance analysis for U.S. producers, between fiscal years

Item	Between fiscal years		
	2015-17	2015-16	2016-17
	Value (1,000 dollars)		
Net sales:			
Price variance	(16,634)	(11,590)	(5,324)
Volume variance	(7,734)	(2,906)	(4,548)
Net sales variance	(24,368)	(14,496)	(9,872)
COGS:			
Cost variance	8,516	2,335	6,237
Volume variance	6,800	2,556	4,188
COGS variance	15,316	4,891	10,425
Gross profit variance	(9,052)	(9,605)	553
SG&A expenses:			
Cost/expense variance	2,459	2,523	(4)
Volume variance	816	307	449
Total SG&A expense variance	3,275	2,830	445
Operating income variance	(5,777)	(6,775)	998
Summarized (at the operating income level) as:			
Price variance	(16,634)	(11,590)	(5,324)
Net cost/expense variance	10,975	4,859	6,233
Net volume variance	(118)	(44)	89

Note.--Unfavorable variances are shown in parenthesis; all others are favorable.

Source: Compiled from data submitted in response to Commission questionnaires.

²¹ The Commission's variance analysis is calculated in three parts: sales variance, cost of sales variance (COGS variance), and SG&A expense variance. Each part consists of a price variance (in the case of the sales variance) or a cost variance (in the case of the COGS and SG&A expense variance), and a volume variance. The sales or cost variance is calculated as the change in unit price or unit cost/expense times the new volume, while the volume variance is calculated as the change in volume times the old unit price or unit cost. Summarized at the bottom of the table, the price variance is from sales; the cost/expense variance is the sum of those items from COGS and SG&A variances, respectively, and the volume variance is the sum of the volume components of the net sales, COGS, and SG&A expense variances.

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

Table VI-5 presents capital expenditures and research and development (“R&D”) expenses by firm. Capital expenditures increased from \$6.8 million in 2015 to \$10.4 million in 2016 before decreasing to \$2.9 million in 2017. ***.²² ***.²³

R&D expenses decreased from \$*** in 2015 to \$*** in 2016 before increasing to \$*** in 2017. Two firms (***) reported R&D expenses as shown in table VI-5. ***.²⁴

Table VI-5
LW sacks: Capital expenditures and R&D expenses of U.S. producers, by firm, 2015-17

Item	Fiscal year		
	2015	2016	2017
	Capital expenditures (1,000 dollars)		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Total capital expenditures	6,786	10,438	2,925
	R&D expenses (1,000 dollars)		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Total research and development expenses	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

²² Email from ***, March 27, 2018.

²³ Email from ***, March 26, 2018.

²⁴ Email from ***, March 27, 2018, U.S. producer’s questionnaire response of ***, question III-13a.

ASSETS AND RETURN ON ASSETS

Table VI-6 presents data on the U.S. producers' total assets and their operating return on assets.²⁵ Total assets decreased from \$133.9 million in 2015 to \$126.3 million in 2017. The return on assets also decreased irregularly from *** percent in 2015 to *** percent in 2017.²⁶

Table VI-6
LW sacks: Value of assets used in production, warehousing, and sales, and return on assets for U.S. producers by firm, 2015-17

Firm	Fiscal years		
	2015	2016	2017
	Total net assets (1,000 dollars)		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Total net assets	133,851	129,211	126,314
	Operating return on assets (percent)		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Average operating return on assets	2.3	(2.8)	(2.1)

Source: Compiled from data submitted in response to Commission questionnaires.

²⁵ With respect to a company's overall operations, staff notes that a total asset value (i.e., the bottom line number on the asset side of a company's balance sheet) reflects an aggregation of a number of assets which are generally not product specific. Accordingly, high-level allocation factors may have been required in order to report a total asset value for LW sacks.

²⁶ ***. Email from ***, March 27, 2018.

CAPITAL AND INVESTMENT

The Commission requested U.S. producers of LW sacks to describe actual or potential negative effects of imports of LW sacks from the subject countries on their firms' growth, investment, ability to raise capital, development and production efforts, or on the scale of capital investments. Table VI-7 presents U.S. producers' responses in a tabulated format and table VI-8 provides the narrative responses.

Table VI-7

LW sacks: Actual and anticipated negative effects of imports on investment and growth and development

Item	No	Yes
Negative effects on investment	4	4
Cancellation, postponement, or rejection of expansion projects		1
Denial or rejection of investment proposal		1
Reduction in the size of capital investments		1
Return on specific investments negatively impacted		1
Other		1
Negative effects on growth and development	6	2
Rejection of bank loans		0
Lowering of credit rating		0
Problem related to the issue of stocks or bonds		0
Ability to service debt		0
Other		1
Anticipated negative effects of imports	4	4

Source: Compiled from data submitted in response to Commission questionnaires.

Table VI-8

LW sacks: Narratives relating to actual and anticipated negative effects of imports on investment and growth and development, since January 1, 2015

* * * * *

PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

Section 771(7)(F)(i) of the Act (19 U.S.C. § 1677(7)(F)(i)) provides that—

In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the subject merchandise, the Commission shall consider, among other relevant economic factors¹--

- (I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement), and whether imports of the subject merchandise are likely to increase,*
- (II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,*
- (III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,*
- (IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices, and are likely to increase demand for further imports,*
- (V) inventories of the subject merchandise,*

¹ Section 771(7)(F)(ii) of the Act (19 U.S.C. § 1677(7)(F)(ii)) provides that “The Commission shall consider {these factors} . . . as a whole in making a determination of whether further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted under this title. The presence or absence of any factor which the Commission is required to consider . . . shall not necessarily give decisive guidance with respect to the determination. Such a determination may not be made on the basis of mere conjecture or supposition.”

- (VI) *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,*
- (VII) *in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both),*
- (VIII) *the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and*
- (IX) *any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).²*

Information on the nature of the alleged subsidies was presented earlier in this report; information on the volume and pricing of imports of the subject merchandise is presented in *Parts IV* and *V*; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in *Part VI*. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows. Also presented in this section of the report is information obtained for consideration by the Commission on nonsubject countries.

² Section 771(7)(F)(iii) of the Act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, ". . . the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other WTO member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry."

THE INDUSTRY IN VIETNAM

The Commission issued foreign producers' or exporters' questionnaires to 27 firms believed to produce and/or export LW sacks from Vietnam.³ Usable responses to the Commission's questionnaire were received from six firms.^{4 5} These firms' exports to the United States were equivalent to 53.7 percent of U.S. imports of LW sacks from Vietnam in 2017. According to estimates requested of the responding Vietnamese producers, the production of LW sacks in Vietnam reported in questionnaires accounts for approximately eight percent of the overall production of LW sacks in Vietnam.⁶ Table VII-1 presents information on the LW sacks operations of the responding producers and exporters in Vietnam.

Table VII-1
LW sacks: Summary data for producers in Vietnam, 2017

Firm	Production (1,000 sacks)	Share of reported production (percent)	Exports to the United States (1,000 sacks)	Share of reported exports to the United States (percent)	Total shipments (1,000 sacks)	Share of firm's total shipments exported to the United States (percent)
CP Packaging	***	***	***	***	***	***
Nhon Trach	***	***	***	***	***	***
TKMB	***	***	***	***	***	***
Trung Dong	***	***	***	***	***	***
Trung Kien	***	***	***	***	***	***
Xinsheng Plastic	***	***	***	***	***	***
Total	310,072	100.0	139,872	100.0	310,422	45.1

Source: Compiled from data submitted in response to Commission questionnaires.

³ These firms were identified through a review of information submitted in the petition and contained in *** records under HTS statistical reporting number 6305.33.0040.

⁴ All six responding firms reported producing LW sacks in Vietnam, and all but *** reported exporting LW sacks to the United States between 2015 and 2017.

⁵ A seventh producer in Vietnam, Kim Duc, submitted a questionnaire response, but its data ***. Therefore, its data was not included in the dataset. See Staff telephone interview with ***, April 5, 2018.

⁶ *** foreign producer questionnaire response, section II-8. *** was the only responding producer in Vietnam to provide a usable estimate of its share of total production of LW sacks in Vietnam. The other five responding producers either did not provide an estimate, or their estimate amounted to an industry-wide production total equivalent to less than total reported imports of LW sacks from Vietnam.

Changes in operations

As presented in table VII-2 producers in Vietnam reported several operational and organizational changes since January 1, 2015. Two firms (***) reported plant openings, five firms (***) reported expansions, and two firms (***) reported other types of changes in operations, ***.

Table VII-2

LW sacks: Vietnamese producers' reported changes in operations, since January 1, 2015

* * * * *

Operations on laminated woven sacks

Table VII-3 presents information on the LW sacks operations of the responding producers and exporters in Vietnam. From 2015 to 2017, capacity increased by 50.7 percent and production increased by 60.2 percent. Responding producers in Vietnam project that by 2019, capacity will increase by 25.7 percent and production will increase by 33.7 percent over 2017 totals. During 2015-17, capacity utilization increased by 4.4 percentage points to 74.8 percent, and it is projected to increase by an additional 7.1 percentage points to 81.9 percent between 2017 and 2019. From 2015 to 2017, commercial home market shipments increased by ***, export shipments to the United States increased by *** percent, export shipments to all other markets increased by 282.0 percent, and total shipments increased by *** percent. From 2017 to 2019, commercial home market shipments, export shipments to the United States, export shipments to all other markets, and total shipments are projected to increase by *** percent, 45.0 percent, 105.1 percent, and *** percent, respectively. As a share of total shipments during 2015-17, commercial home market shipments decreased by *** percentage points and are projected to decrease by an additional *** percentage points by 2019. As a share of total shipments, exports to the United States decreased by *** percentage points and exports to all other markets increased by *** percentage points from 2015 to 2017 and are projected to increase by an additional *** percentage points and *** percentage points, respectively, by 2019.

Table VII-3
LW sacks: Data for producers in Vietnam, 2015-17

Item	Actual experience			Projections	
	Calendar year				
	2015	2016	2017	2018	2019
	Quantity (1,000 sacks)				
Capacity	275,049	377,204	414,388	459,772	521,027
Production	193,503	251,542	310,072	365,066	426,979
End-of-period inventories	4,620	6,074	5,724	6,241	5,779
Shipments:					
Home market shipments:					
Commercial home market shipments	***	***	***	***	***
Export shipments to:					
United States	***	120,302	139,872	171,542	202,843
All other markets	7,174	13,886	27,408	38,267	56,220
Total exports	***	134,188	167,280	209,809	259,063
Total shipments	***	***	***	***	***
	Ratios and shares (percent)				
Capacity utilization	70.4	66.7	74.8	79.4	81.9
Inventories/production	2.4	2.4	1.8	1.7	1.4
Inventories/total shipments	***	***	***	***	***
Share of shipments:					
Home market shipments:					
Commercial home market shipments	***	***	***	***	***
Export shipments to:					
United States	***	***	***	***	***
All other markets	***	***	***	***	***
Total exports	***	***	***	***	***
Total shipments	100.0	100.0	100.0	100.0	100.0

Source: Compiled from data submitted in response to Commission questionnaires.

Firms in Vietnam reported operating between 43 and 50 weeks per year. The hours worked per week varied from 48 to 144 hours per week, with the majority of firms reporting 144 hours per week. Producers in Vietnam calculated production capacities based on equipment capabilities (both average and actual) multiplied by operating time. Producers in Vietnam were also asked to report constraints on their capacity to produce LW sacks. Reported constraints include sewing capacity (***), tubing capacity (***), laminating capacity (***), printing press capacity (***), raw materials, (***), available human capital (***), and market demand (***) .

Alternative products

As shown in table VII-4, responding Vietnamese firms produced other products on the same equipment and machinery used to produce LW sacks. Approximately *** of the overall capacity of this equipment and machinery was used to produce LW sacks. *** reported producing *** on the same equipment and machinery as LW sacks.

Table VII-4
LW sacks: Vietnamese producers' overall capacity and production on the same equipment as subject production, 2015-17

Item	Calendar year		
	2015	2016	2017
	Quantity (1,000 sacks)		
Overall capacity	427,645	603,044	688,389
Production:			
Laminated woven sacks	193,503	251,542	310,072
Out-of-scope production	***	***	***
Total production on same machinery	***	***	***
	Ratios and shares (percent)		
Overall capacity utilization	***	***	***
Share of production:			
Laminated woven sacks	***	***	***
Out-of-scope production	***	***	***
Total production on same machinery	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

One of the six responding producers in Vietnam (***) reported being able to switch production from LW sacks to **. Reported factors impacting producers' ability to switch production include costs associated with changing machinery (***) and printing technology (***)).

Exports

Table VII-5 presents the leading export markets for polyethylene and polypropylene bags and sacks from Vietnam during 2015-17 according to the Global Trade Atlas ("GTA").⁷ The United States accounted for the largest destination market of exports of polyethylene and polypropylene bags and sacks from Vietnam in 2017 (27.4 percent), followed by Canada (9.0 percent), Malaysia (8.6 percent), Korea (6.4 percent) and the Philippines (5.5 percent). These data further show that exports from Vietnam increased by 35.9 percent from 2015 to 2017.

⁷ The category polyethylene and polypropylene bags and sacks includes out-of-scope merchandise such as laminated woven sacks weighing more than one kilogram and laminated woven sacks printed with less than three colors.

Table VII-5
Polyethylene and polypropylene bags and sacks: Exports from Vietnam, 2015-17

Destination market	Calendar year		
	2015	2016	2017
	Quantity (1,000 sacks)		
Vietnam exports to the United States	97,666	95,838	110,191
Vietnam exports to other major destination markets.--			
Canada	26,206	30,159	36,129
Malaysia	18,942	20,884	34,433
Korea	16,711	144,268	25,625
Philippines	9,214	15,787	22,200
Japan	3,207	76,691	14,953
Cambodia	13,154	9,925	14,836
Norway	12,723	11,915	13,563
Australia	3,528	5,091	12,289
All other destination markets	94,751	93,333	118,166
Total Vietnam exports	296,103	503,891	402,386
	Value (1,000 dollars)		
Vietnam exports to the United States	38,573	38,522	38,832
Vietnam exports to other major destination markets.--			
Canada	10,350	12,123	12,732
Malaysia	7,481	8,394	12,134
Korea	6,600	57,988	9,030
Philippines	3,639	6,346	7,823
Japan	1,266	30,826	5,270
Cambodia	5,195	3,989	5,228
Norway	5,025	4,789	4,780
Australia	1,393	2,046	4,331
All other destination markets	37,421	37,515	41,642
Total Vietnam exports	116,943	202,538	141,802

Table continued on next page.

Table VII-5--Continued
Polyethylene and polypropylene bags and sacks: Exports from Vietnam, 2015-17

Destination market	Calendar year		
	2015	2016	2017
	Unit value (dollars per sack)		
Vietnam exports to the United States	0.39	0.40	0.35
Vietnam exports to other major destination markets.--			
Canada	0.39	0.40	0.35
Malaysia	0.39	0.40	0.35
Korea	0.39	0.40	0.35
Philippines	0.39	0.40	0.35
Japan	0.39	0.40	0.35
Cambodia	0.39	0.40	0.35
Norway	0.39	0.40	0.35
Australia	0.39	0.40	0.35
All other destination markets	0.39	0.40	0.35
Total Vietnam exports	0.39	0.40	0.35
	Share of quantity (percent)		
Vietnam exports to the United States	33.0	19.0	27.4
Vietnam exports to other major destination markets.--			
Canada	8.9	6.0	9.0
Malaysia	6.4	4.1	8.6
Korea	5.6	28.6	6.4
Philippines	3.1	3.1	5.5
Japan	1.1	15.2	3.7
Cambodia	4.4	2.0	3.7
Norway	4.3	2.4	3.4
Australia	1.2	1.0	3.1
All other destination markets	32.0	18.5	29.4
Total Vietnam exports	100.0	100.0	100.0

Note.--The category polyethylene and polypropylene bags and sacks includes out-of-scope merchandise such as laminated woven sacks weighing more than one kilogram and laminated woven sacks printed with less than three colors.

Source: Official exports statistics under HS subheading 6305.33 as reported by Vietnam U.N Comtrade in the IHS/GTA database, accessed March 27, 2018

U.S. INVENTORIES OF IMPORTED MERCHANDISE

Table VII-6 presents data on U.S. importers' reported inventories of LW sacks. With respect to imports from Vietnam, reported end-of-period inventories in the United States decreased by 22.6 percent from 2015 to 2016 before increasing by 148.6 percent from 2016 to 2017. The ratio of these inventories to U.S. imports, U.S. shipments of imports, and total shipments of imports each fluctuated ***. With respect to imports from nonsubject sources, inventories increased by 7.7 percent from 2015 to 2016 before further increasing by 93.3 percent from 2016 to 2017. The ratio of these inventories to U.S. imports, U.S. shipments of imports, and total shipments of imports each increased ***.

Table VII-6
LW sacks: U.S. importers' inventories, 2015-17

Item	Calendar year		
	2015	2016	2017 ¹
	Inventories (1,000 sacks); Ratios (percent)		
Imports from Vietnam Inventories	45,745	35,421	88,073
Ratio to U.S. imports	25.7	16.5	29.7
Ratio to U.S. shipments of imports	28.6	15.8	36.2
Ratio to total shipments of imports	***	***	***
Imports from nonsubject sources: Inventories	14,059	15,143	29,267
Ratio to U.S. imports	15.6	15.3	17.9
Ratio to U.S. shipments of imports	15.9	15.8	20.3
Ratio to total shipments of imports	***	***	***
Imports from all import sources: Inventories	59,804	50,564	117,340
Ratio to U.S. imports	22.3	16.1	25.5
Ratio to U.S. shipments of imports	24.1	15.8	30.3
Ratio to total shipments of imports	***	***	***

¹ 2017 inventory data from Vietnam and nonsubject sources may be overstated due to ***. See ***, ***.

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. IMPORTERS' OUTSTANDING ORDERS

The Commission requested importers to indicate whether they imported or arranged for the importation of LW sacks from Vietnam after December 31, 2017. Table VII-7 presents data on U.S. importers' arranged imports of LW sacks in 2018.

Table VII-7
LW sacks: U.S. importers' inventories, 2018

Item	Period				
	Jan-Mar 2018	Apr-Jun 2018	Jul-Sept 2018	Oct-Dec 2018	Total
	Quantity (short tons)				
Arranged U.S. imports from.--					
Vietnam	57,127	49,101	***	***	176,692
All other sources	26,194	26,506	29,400	29,400	111,500
All import sources	83,321	75,607	***	***	288,192

Source: Compiled from data submitted in response to Commission questionnaires.

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

There are no known trade remedy actions on LW sacks in third-country markets.

INFORMATION ON NONSUBJECT COUNTRIES

Table VII-8 presents the largest global export sources of polyethylene and polypropylene bags and sacks during 2015-17 according to GTA data.⁸ China accounted for the largest share of global exports of polyethylene and polypropylene bags and sacks in 2017 (54.8 percent),⁹ followed by Vietnam (8.2 percent), Turkey (6.6 percent), Thailand (5.8 percent) and Indonesia (2.5 percent). These data further show that global exports irregularly decreased by 9.0 percent from 2015 to 2017. During this period, Vietnam share of global exports irregularly increased by 2.1 percentage points.

⁸ The category polyethylene and polypropylene bags and sacks includes out-of-scope merchandise such as laminated woven sacks weighing more than one kilogram and laminated woven sacks printed with less than three colors.

⁹ Imports of LW sacks from China have been subject to antidumping and countervailing duty orders in the United States since 2008. Notice of Antidumping Duty Order: Laminated Woven Sacks From the People's Republic of China, 73 FR 45941, August 7, 2008; Laminated Woven Sacks From the People's Republic of China: Countervailing Duty Order, 73 FR 45955, August 7, 2008.

Table VII-8
Polyethylene and polypropylene bags and sacks: Global exports, 2015-17

Exporter	Calendar year		
	2015	2016	2017
	Value (1,000 dollars)		
United States	27,728	26,138	20,250
Vietnam	116,943	202,538	141,802
All other major reporting exporters.-- China	1,022,992	1,062,745	951,732
Turkey	113,193	108,188	113,827
Thailand	97,302	94,140	100,178
Indonesia	70,623	55,078	44,294
Mexico	40,882	29,197	30,277
Belgium	21,140	17,303	22,381
Tanzania	21,805	18,543	20,386
Egypt	21,901	18,778	18,105
Philippines	19,016	17,914	17,486
Nigeria	2,311	---	16,018
All other exporters	334,065	549,317	402,522
Total global exports	1,909,900	1,971,201	1,737,206
	Share of value (percent)		
United States	1.5	1.3	1.2
Vietnam	6.1	10.3	8.2
All other major reporting exporters.-- China	53.6	53.9	54.8
Turkey	5.9	5.5	6.6
Thailand	5.1	4.8	5.8
Indonesia	3.7	2.8	2.5
Mexico	2.1	1.5	1.7
Belgium	1.1	0.9	1.3
Tanzania	1.1	0.9	1.2
Egypt	1.1	1.0	1.0
Philippines	1.0	0.9	1.0
Nigeria	0.1	---	0.9
All other exporters	17.5	27.9	23.2
Total global exports	100.0	100.0	100.0

Note.--The category polyethylene and polypropylene bags and sacks includes out-of-scope merchandise such as laminated woven sacks weighing more than one kilogram and laminated woven sacks printed with less than three colors.

Source: Official exports statistics under HS subheading 6305.33 as reported by various national statistical authorities in the IHS/GTA database, accessed March 27, 2018.

APPENDIX A

FEDERAL REGISTER NOTICES

The Commission makes available notices relevant to its investigations and reviews on its website, www.usitc.gov. In addition, the following tabulation presents, in chronological order, *Federal Register* notices issued by the Commission and Commerce during the current proceeding.

Citation	Title	Link
83 FR 10875 March 13, 2018	<i>Laminated Woven Sacks From Vietnam; Institution of Anti-Dumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations</i>	https://www.federalregister.gov/d/2018-04973
83 FR 14253 April 3, 2018	<i>Laminated Woven Sacks From the Socialist Republic of Vietnam: Initiation of Countervailing Duty Investigation</i>	https://www.federalregister.gov/d/2018-06728
83 FR 14257 April 3, 2018	<i>Laminated Woven Sacks From the Socialist Republic of Vietnam: Initiation of Less-Than-Fair-Value Investigation</i>	https://www.federalregister.gov/d/2018-06727

APPENDIX B

LIST OF STAFF CONFERENCE WITNESSES

CALENDAR OF PUBLIC PRELIMINARY CONFERENCE

Those listed below appeared as witnesses at the United States International Trade Commission’s preliminary conference:

Subject: Laminated Woven Sacks from Vietnam
Inv. Nos.: 701-TA-601 and 731-TA-1411 (Preliminary)
Date and Time: March 28, 2018 - 9:30 a.m.

Sessions were held in connection with these preliminary phase investigations in the Main Hearing Room (Room 101), 500 E Street, SW., Washington, DC.

OPENING REMARKS:

In Support of Imposition (**Stephen A. Jones**, King and Spalding, LLP)
In Opposition to Imposition (**Diana D. Quaia**, Arent Fox LLP)

**In Support of the Imposition of
Antidumping and Countervailing Duty Orders:**

King and Spalding
Washington, DC
on behalf of

Laminated Woven Sacks Fair Trade Coalition
Polytex Fibers Corporation and
ProAmpac Holdings Inc.

Isaac Bazbaz, President, Polytex Fibers Corporation

Louann Mueller, Vice President of Product Development,
Extrusion Technology Division, ProAmpac Holdings, Inc.

Arthur Bucci, Executive Vice President of Sales,
U.S. Flexibles, ProAmpac Holdings, Inc.

Andrew Szamosszegi, Principal, Capital Trade, Inc.

Stephen A. Jones)
) – OF COUNSEL
Patrick J. Togni)

**In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders:**

Arent Fox LLP
Washington, DC
on behalf of

Commercial Packaging

John C. Little, Woven Division Manager,
Commercial Packaging

Kevin Greene, International Supply Chain Manager,
Commercial Packaging

Diana D. Quaia)
) – OF COUNSEL
Leah N. Scarpelli)

Mayer Brown LLP
Washington, DC
on behalf of

C.P. Packaging (Vietnam) Industry Co., Ltd.
CPPC Marketing Inc.
CPC Vietnam
Kim Duc Co., Ltd.
Tan Dai Hung Plastic Joint Stock Company
TKMB Joint Stock Company
Trung Dong Corporation
Fulton Denver Company

Chaipong Chainapaporn, C.P. Packaging (Vietnam), Industry Co., Ltd.

Doug Snyder, CPPC Marketing, Inc.

Rett Schuler, President, Fulton Denver Company

Jeffery C. Lowe)
) – OF COUNSEL
Jing Zhang)

**In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders (continued):**

Fox Rothschild LLP
Washington, DC
on behalf of

Material Motion, Inc.

Steve Schneider, President, Material Motion, Inc.

Lizbeth Levinson) – OF COUNSEL

INTERESTED PARTY:

Textile Bag and Packaging Association
Milton, MA

Barry Corman, President, Textile Bag and Packaging Association

REBUTTAL/CLOSING REMARKS:

In Support of Imposition (**Stephen A. Jones**, King and Spalding, LLP)
In Opposition to Imposition (**Jeffery C. Lowe**, Mayer Brown LLP)

-END-

APPENDIX C
SUMMARY DATA

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All U.S. producers

Table C-1

LW sacks: Summary data concerning the U.S. market, 2015-17

(Quantity=1,000 sacks; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per sack; Period changes=percent--exceptions noted)

	Reported data			Period changes		
	Calendar year			Calendar year		
	2015	2016	2017	2015-17	2015-16	2016-17
U.S. consumption quantity:						
Amount.....	573,860	638,662	699,238	21.8	11.3	9.5
Producers' share (fn1).....	56.7	49.8	44.6	(12.1)	(6.9)	(5.2)
Importers' share (fn1):						
Vietnam.....	27.8	35.2	34.8	6.9	7.3	(0.4)
Nonsubject sources.....	15.4	15.0	20.6	5.2	(0.4)	5.6
All import sources.....	43.3	50.2	55.4	12.1	6.9	5.2
U.S. consumption value:						
Amount.....	306,681	316,368	320,755	4.6	3.2	1.4
Producers' share (fn1).....	63.9	57.4	53.8	(10.1)	(6.5)	(3.6)
Importers' share (fn1):						
Vietnam.....	22.7	29.2	29.4	6.7	6.5	0.2
Nonsubject sources.....	13.4	13.5	16.9	3.4	0.0	3.4
All import sources.....	36.1	42.6	46.2	10.1	6.5	3.6
U.S. importers' U.S. shipments of imports from:						
Vietnam:						
Quantity.....	159,801	224,522	243,262	52.2	40.5	8.3
Value.....	69,631	92,298	94,160	35.2	32.6	2.0
Unit value.....	\$0.44	\$0.41	\$0.39	(11.2)	(5.7)	(5.8)
Ending inventory quantity.....	45,745	35,421	88,073	92.5	(22.6)	148.6
Nonsubject sources:						
Quantity.....	88,526	95,885	143,893	62.5	8.3	50.1
Value.....	41,228	42,564	54,135	31.3	3.2	27.2
Unit value.....	\$0.47	\$0.44	\$0.38	(19.2)	(4.7)	(15.2)
Ending inventory quantity.....	14,059	15,143	29,267	108.2	7.7	93.3
All import sources:						
Quantity.....	248,327	320,407	387,155	55.9	29.0	20.8
Value.....	110,859	134,862	148,295	33.8	21.7	10.0
Unit value.....	\$0.45	\$0.42	\$0.38	(14.2)	(5.7)	(9.0)
Ending inventory quantity.....	59,804	50,564	117,340	96.2	(15.5)	132.1
U.S. producers':						
Average capacity quantity.....	477,205	500,826	531,250	11.3	4.9	6.1
Production quantity.....	348,960	335,925	317,081	(9.1)	(3.7)	(5.6)
Capacity utilization (fn1).....	73.1	67.1	59.7	(13.4)	(6.1)	(7.4)
U.S. shipments:						
Quantity.....	325,533	318,255	312,083	(4.1)	(2.2)	(1.9)
Value.....	195,822	181,506	172,460	(11.9)	(7.3)	(5.0)
Unit value.....	\$0.60	\$0.57	\$0.55	(8.1)	(5.2)	(3.1)
Export shipments:						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Ending inventory quantity.....	35,791	39,640	31,470	(12.1)	10.8	(20.6)
Inventories/total shipments (fn1).....	***	***	***	***	***	***
Production workers.....	790	762	813	2.9	(3.5)	6.7
Hours worked (1,000s).....	2,117	1,719	1,925	(9.1)	(18.8)	12.0
Wages paid (\$1,000).....	28,751	25,661	29,183	1.5	(10.7)	13.7
Hourly wages (dollars per hour).....	\$13.58	\$14.93	\$15.16	11.6	9.9	1.6
Productivity (sacks per hour).....	164.8	195.4	164.7	(0.1)	18.6	(15.7)
Unit labor costs.....	\$0.08	\$0.08	\$0.09	11.7	(7.3)	20.5

Table continued on next page.

Table C-1--Continued

LW sacks: Summary data concerning the U.S. market, 2015-17

(Quantity=1,000 sacks; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per sack; Period changes=percent--exceptions noted)

	Reported data			Period changes		
	Calendar year			Calendar year		
	2015	2016	2017	2015-17	2015-16	2016-17
U.S. producers':						
Net sales:						
Quantity.....	323,877	319,245	311,552	(3.8)	(1.4)	(2.4)
Value.....	203,226	188,730	178,858	(12.0)	(7.1)	(5.2)
Unit value.....	\$0.63	\$0.59	\$0.57	(8.5)	(5.8)	(2.9)
Cost of goods sold (COGS).....	178,687	173,796	163,371	(8.6)	(2.7)	(6.0)
Gross profit or (loss).....	24,539	14,934	15,487	(36.9)	(39.1)	3.7
SG&A expenses.....	21,446	18,616	18,171	(15.3)	(13.2)	(2.4)
Operating income or (loss).....	3,093	(3,682)	(2,684)	fn2	fn2	(27.1)
Net income or (loss).....	***	***	***	***	***	***
Capital expenditures.....	6,786	10,438	2,925	(56.9)	53.8	(72.0)
Unit COGS.....	\$0.55	\$0.54	\$0.52	(5.0)	(1.3)	(3.7)
Unit SG&A expenses.....	\$0.07	\$0.06	\$0.06	(11.9)	(11.9)	0.0
Unit operating income or (loss).....	\$0.01	(\$0.01)	(\$0.01)	fn2	fn2	(25.3)
Unit net income or (loss).....	***	***	***	***	***	***
COGS/sales (fn1).....	87.9	92.1	91.3	3.4	4.2	(0.7)
Operating income or (loss)/sales (fn1).....	1.5	(2.0)	(1.5)	(3.0)	(3.5)	0.5
Net income or (loss)/sales (fn1).....	***	***	***	***	***	***

Note:

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

fn1.--Reported data are in percent and period changes are in percentage points.

fn2.--Undefined.

Source: Compiled from data submitted in response to Commission questionnaires.

Related party exclusion

Table C-2

LW sacks: Summary data concerning the U.S. market excluding U.S. producer *, 2015-17**

(Quantity=1,000 sacks; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per sack; Period changes=percent--exceptions noted)

	Reported data			Period changes		
	Calendar year			Calendar year		
	2015	2016	2017	2015-17	2015-16	2016-17
U.S. consumption quantity:						
Amount.....	573,860	638,662	699,238	21.8	11.3	9.5
Producers' share (fn1):						
Included U.S. producers.....	***	***	***	***	***	***
Excluded U.S. producer.....	***	***	***	***	***	***
All U.S. producers.....	56.7	49.8	44.6	(12.1)	(6.9)	(5.2)
Importers' share (fn1):						
Vietnam.....	27.8	35.2	34.8	6.9	7.3	(0.4)
Nonsubject sources.....	15.4	15.0	20.6	5.2	(0.4)	5.6
All import sources.....	43.3	50.2	55.4	12.1	6.9	5.2
U.S. consumption value:						
Amount.....	306,681	316,368	320,755	4.6	3.2	1.4
Producers' share (fn1):						
Included U.S. producers.....	***	***	***	***	***	***
Excluded U.S. producer.....	***	***	***	***	***	***
All U.S. producers.....	63.9	57.4	53.8	(10.1)	(6.5)	(3.6)
Importers' share (fn1):						
Vietnam.....	22.7	29.2	29.4	6.7	6.5	0.2
Nonsubject sources.....	13.4	13.5	16.9	3.4	0.0	3.4
All import sources.....	36.1	42.6	46.2	10.1	6.5	3.6
U.S. importers' U.S. shipments of imports from:						
Vietnam:						
Quantity.....	159,801	224,522	243,262	52.2	40.5	8.3
Value.....	69,631	92,298	94,160	35.2	32.6	2.0
Unit value.....	\$0.44	\$0.41	\$0.39	(11.2)	(5.7)	(5.8)
Ending inventory quantity.....	45,745	35,421	88,073	92.5	(22.6)	148.6
Nonsubject sources:						
Quantity.....	88,526	95,885	143,893	62.5	8.3	50.1
Value.....	41,228	42,564	54,135	31.3	3.2	27.2
Unit value.....	\$0.47	\$0.44	\$0.38	(19.2)	(4.7)	(15.2)
Ending inventory quantity.....	14,059	15,143	29,267	108.2	7.7	93.3
All import sources:						
Quantity.....	248,327	320,407	387,155	55.9	29.0	20.8
Value.....	110,859	134,862	148,295	33.8	21.7	10.0
Unit value.....	\$0.45	\$0.42	\$0.38	(14.2)	(5.7)	(9.0)
Ending inventory quantity.....	59,804	50,564	117,340	96.2	(15.5)	132.1
Included U.S. producers':						
Average capacity quantity.....	***	***	***	***	***	***
Production quantity.....	***	***	***	***	***	***
Capacity utilization (fn1).....	***	***	***	***	***	***
U.S. shipments:						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Export shipments:						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***
Inventories/total shipments (fn1).....	***	***	***	***	***	***
Production workers.....						
Hours worked (1,000s).....	***	***	***	***	***	***
Wages paid (\$1,000).....	***	***	***	***	***	***
Hourly wages (dollars per hour).....	***	***	***	***	***	***
Productivity (sacks per hour).....	***	***	***	***	***	***
Unit labor costs.....	***	***	***	***	***	***

Table continued on next page.

Table C-2--Continued

LW sacks: Summary data concerning the U.S. market excluding U.S. producer *, 2015-17**

(Quantity=1,000 sacks; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per sack; Period changes=percent--exceptions noted)

	Reported data			Period changes		
	Calendar year			Calendar year		
	2015	2016	2017	2015-17	2015-16	2016-17
Included U.S. producers':						
Net sales:						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Cost of goods sold (COGS).....	***	***	***	***	***	***
Gross profit or (loss).....	***	***	***	***	***	***
SG&A expenses.....	***	***	***	***	***	***
Operating income or (loss).....	***	***	***	***	***	***
Net income or (loss).....	***	***	***	***	***	***
Capital expenditures.....	***	***	***	***	***	***
Unit COGS.....	***	***	***	***	***	***
Unit SG&A expenses.....	***	***	***	***	***	***
Unit operating income or (loss).....	***	***	***	***	***	***
Unit net income or (loss).....	***	***	***	***	***	***
COGS/sales (fn1).....	***	***	***	***	***	***
Operating income or (loss)/sales (fn1).....	***	***	***	***	***	***
Net income or (loss)/sales (fn1).....	***	***	***	***	***	***

Note:

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

fn1.--Reported data are in percent and period changes are in percentage points.

fn2.--Undefined.

Source: Compiled from data submitted in response to Commission questionnaires.

APPENDIX D

**U.S. PRODUCERS' AND IMPORTERS' RESPONSES REGARDING THE
COMPARABILITY OF LAMINATED WOVEN SACKS TO
NON-LAMINATED WOVEN SACKS AND MULTI-WALLED PAPER SACKS**

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The Commission requested that U.S. producers and imports to compare LW sacks to out-of-scope non-woven laminated woven sacks and out-of-scope multi-walled paper sacks for each of the six like product factors described in *Part I*. Their responses to these six factors described in are presented in table D-1. Tables D-2 though D-5 present U.S. producers' and importers' narrative responses regarding each of the factors.

Table D-1

LW sacks: Domestic like product comparisons, degree of comparability

Comparison	U.S. producers				U.S. importers			
	Fully	Mostly	Somewhat	Not at all	Fully	Mostly	Somewhat	Not at all
Laminated woven sacks vs non-laminated woven sacks.-- Physical characteristics and uses	---	---	4	2	---	---	10	10
Interchangeability	---	---	3	3	2	---	6	12
Common manufacturing facilities and production employees	---	1	1	3	1	7	6	3
Channels of distribution	3	---	---	2	9	4	4	1
Customer and producer perceptions	---	---	---	5	1	2	3	12
Price	1	---	1	4	---	2	5	10
	U.S. producers				U.S. importers			
Laminated woven sacks vs multi-walled paper sacks.-- Physical characteristics and uses	---	1	3	2	---	4	9	5
Interchangeability	---	1	3	2	2	5	7	5
Common manufacturing facilities and production employees	---	---	1	5	1	---	3	10
Channels of distribution	2	3	---	1	8	5	2	1
Customer and producer perceptions	---	---	2	4	2	6	1	7
Price	---	---	3	3	---	6	4	6

Source: Compiled from data submitted in response to Commission questionnaires.

Table D-2

LW sacks: U.S. producers' Non-laminated woven sacks comparison narrative responses

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Table D-3

LW sacks: U.S. importers' non-laminated woven sacks comparison narrative responses

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Table D-4

LW sacks: U.S. producers' multi-walled paper sacks comparison narrative responses

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Table D-5

LW sacks: U.S. importers' multi-walled paper sacks comparison narrative responses

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