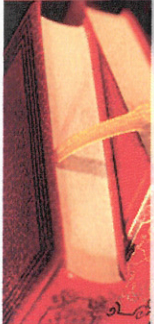




Telecommunications •



•



Litigation •



Finance •



Environment •



Energy

Economic Exhibits
in the matter of
Narrow Woven Ribbons With Woven
Selvedge From China And Taiwan

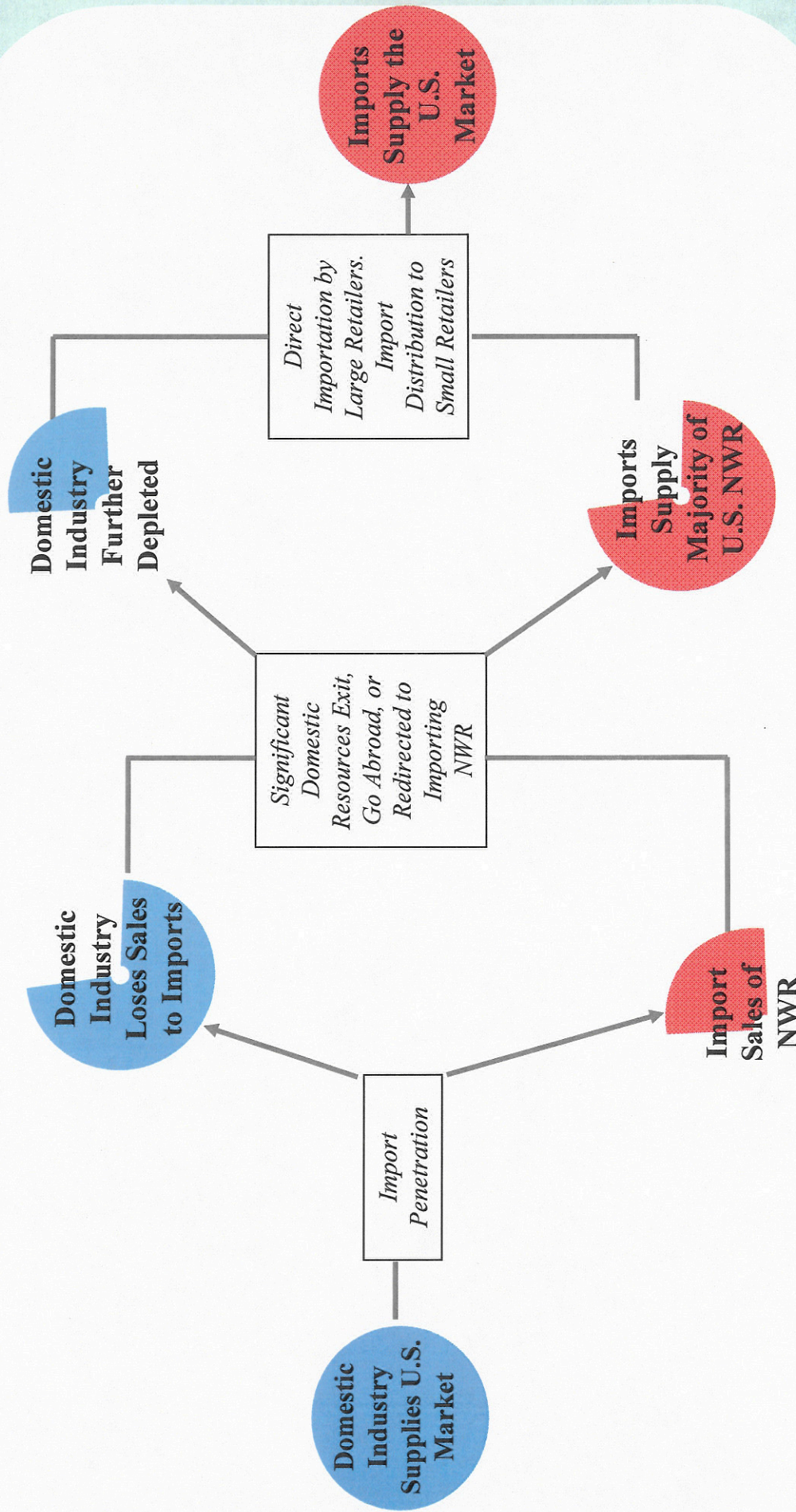
Dr. Seth Kaplan
The Brattle Group
1850 M Street, NW
Suite 1200
Washington, DC 20036-5823
202.955.5050

On Behalf Of:
Berwick Offray LLC

Introduction

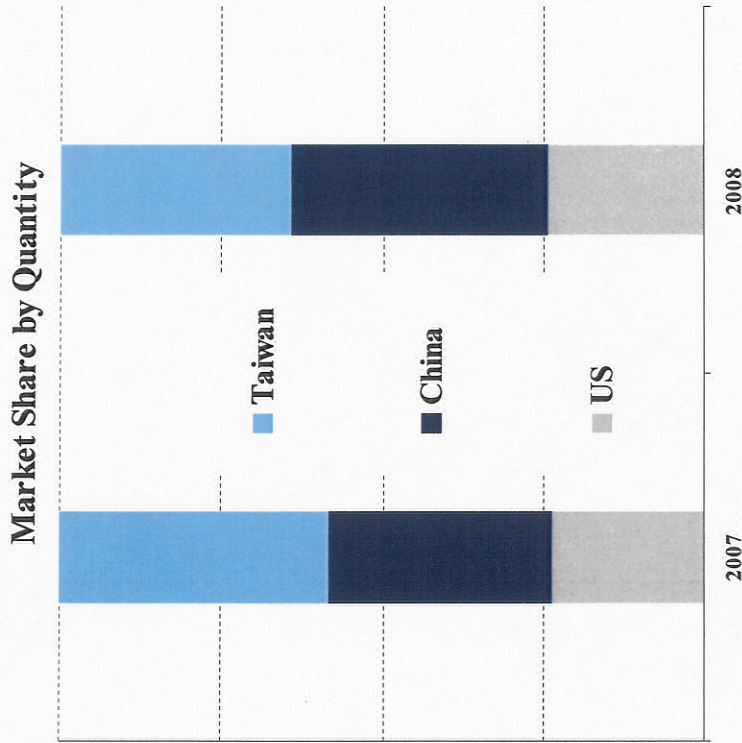
- Economic Overview
- Conditions of Competition
- Injury By Subject Imports
- Threat of Material Injury

The Hollowing Out of U.S. Manufacturing

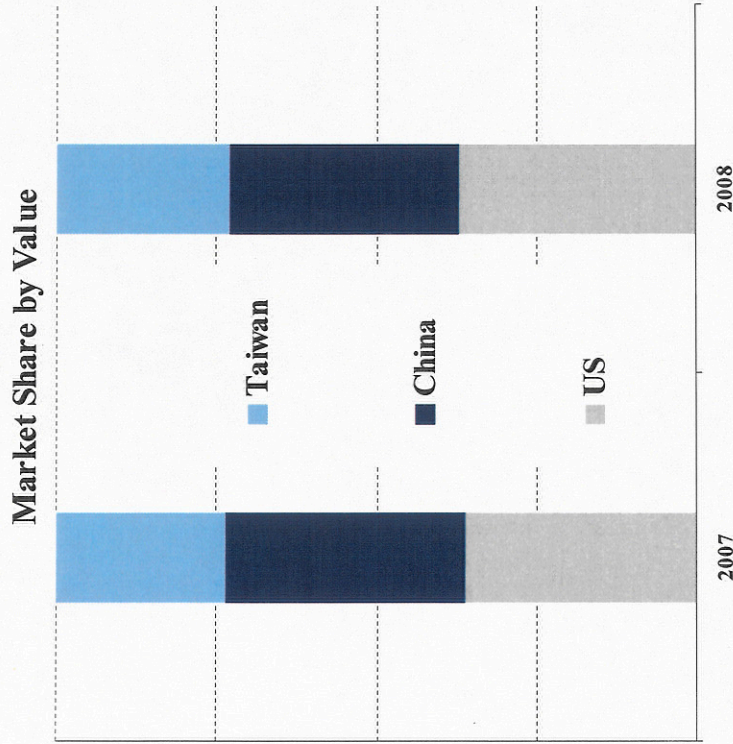


- Conditions of Competition
 - ▶ Price is the key factor in retailer purchasing decisions
 - ▶ Subject and domestic products are strong substitutes
 - ▶ Importers include retailers, distributors and domestic producers
 - ▶ Filing of petition caused imports to fall

“In absolute terms, imports of NWR from China and Taiwan are significant.”
(p. 15, Prehearing Brief of Essential Ribbons Inc. et al).



Note: Figures are for illustrative purposes only.



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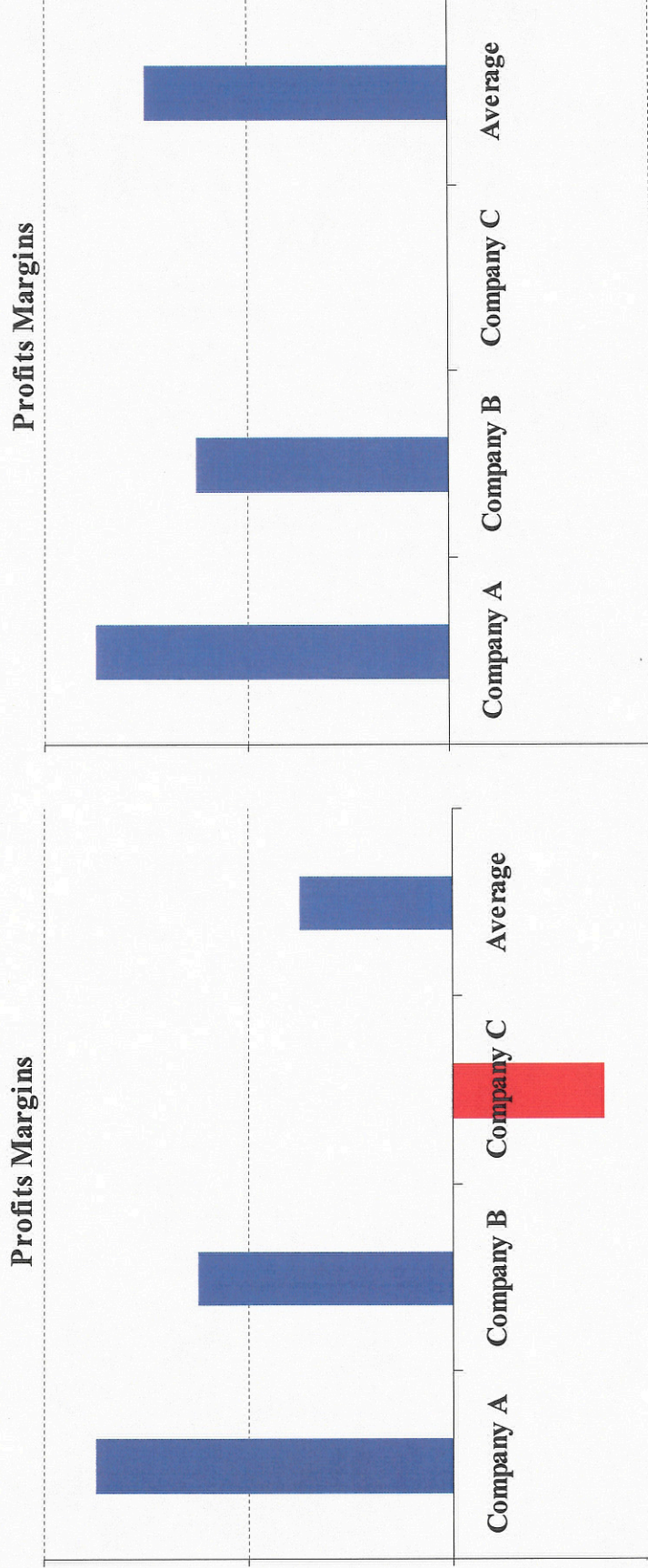
Increasing Underselling Margins Across Products Over POI



- **Injury Indicia**

Trade		Finance		Employment	
Production	↓	Gross Profits	↓	PRWs	↓
Shipments	↓	Operating Income	↓	Hours	↓
Capacity	↓	Cash Flow	↓	Hours Per Worker	↓
Capacity Utilization	↓	Operating Margin	↓	Wages	↓
		Investment	↓		

Exit of Unprofitable Firm Improves Average Industry Profit Margins

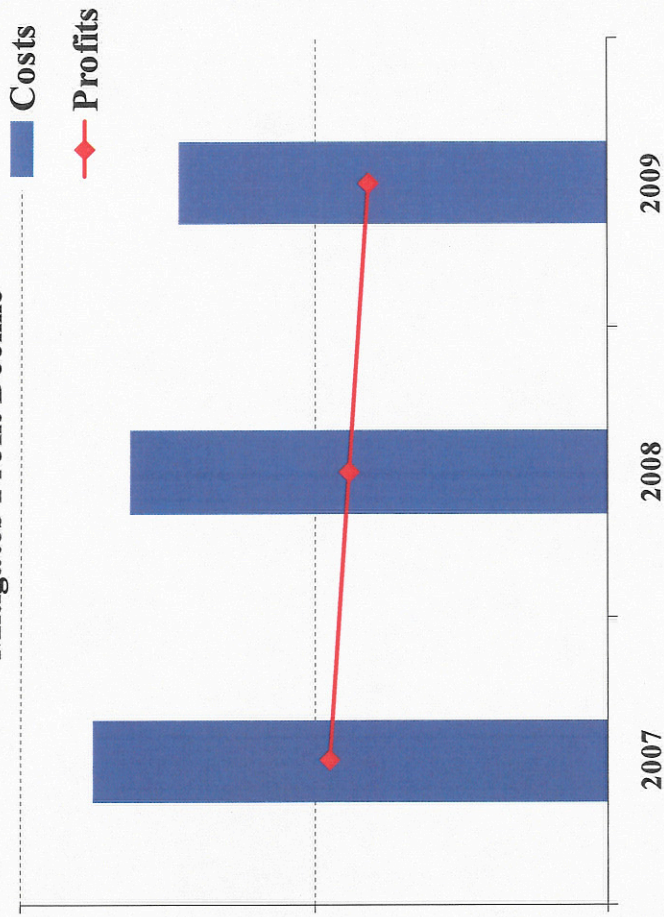


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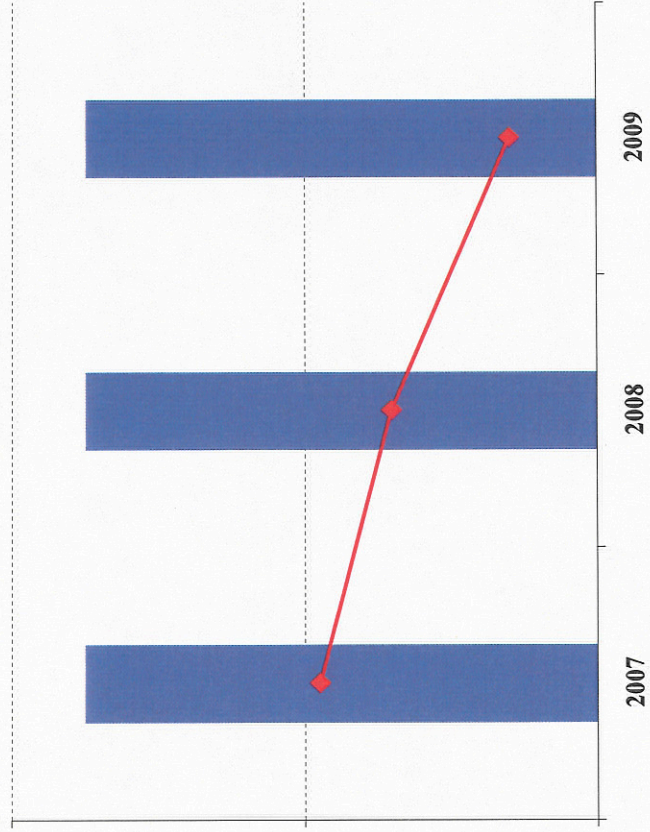
Investments Decrease Costs and Mitigate Profit Decline

Investments to Reduce Costs Mitigates Profit Decline



Note: Figures are for illustrative purposes only.

In the Absence of Investments Profit Decline is Not Mitigated



Note: Figures are for illustrative purposes only.

- US producers partially replace domestic production with imports due to dumped pricing
- US retailers begin replacing domestic production by directly importing dumped imports
- US retailers completely replace domestic production with direct imports

- Former employees & distributors of domestic producers become importers and replace formerly supplied products with imports
 - ▶ Scott Smith left Wm. E. Wright for Reliant Ribbon
 - ▶ Papillon Ribbon stopped distributing Offray ribbons and became a distributor of imported NWR
- Former domestic producers become import firms under the same name and substitute dumped imports for their former domestic production
 - ▶ Wm. E. Wright
 - ▶ Trimtex
 - ▶ McGinley Mills
 - ▶ Venus Trim

- No significant remaining cost-saving investments available
- Low levels of profitability
- Wm. E. Wright and Trimtex exited the industry
- Product sold on price

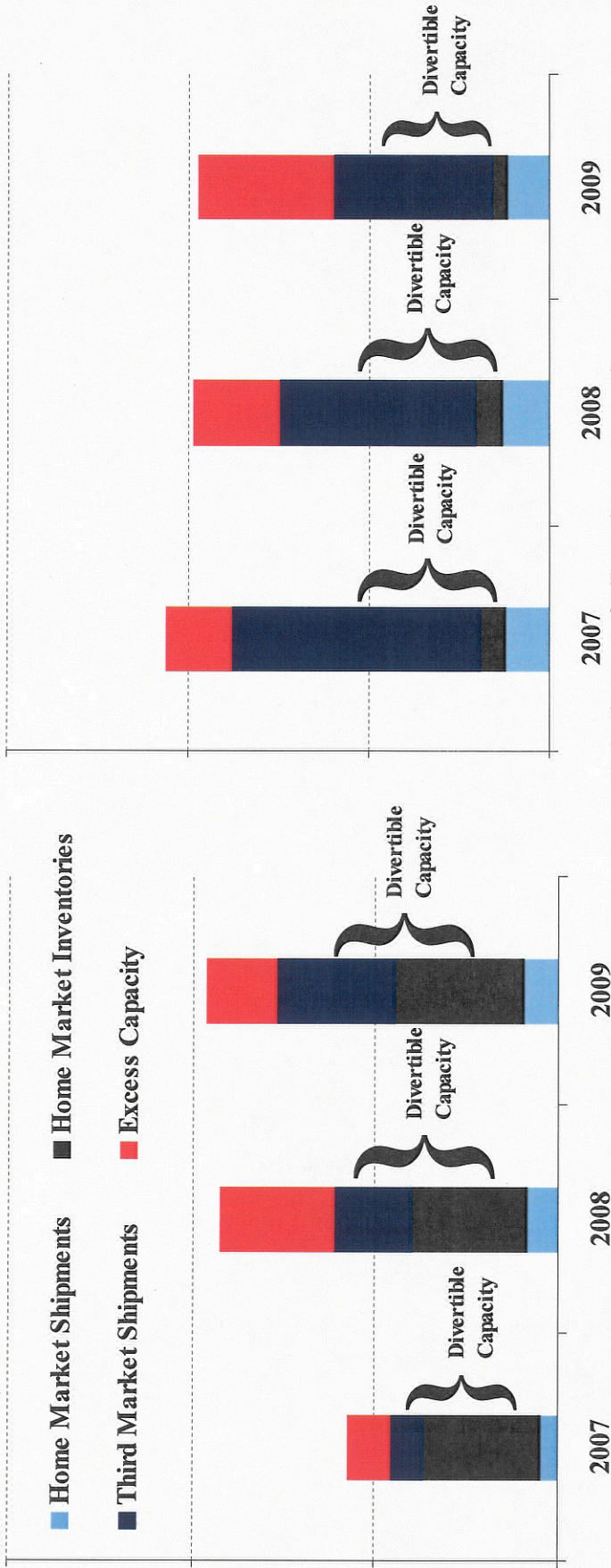
- Threat Factors
 - ▶ Subject capacity, excess capacity, divertible capacity
 - ▶ Import volume
 - ▶ Import pricing
 - ▶ Inventories
 - ▶ Potential for product shifting
 - ▶ Other negative effects
 - Harm to labor
 - Harm to potential investment in new product development

Ample Excess and Divertible Capacity

CHINA

TAIWAN

- Home Market Shipments
- Home Market Inventories
- Third Market Shipments
- Excess Capacity

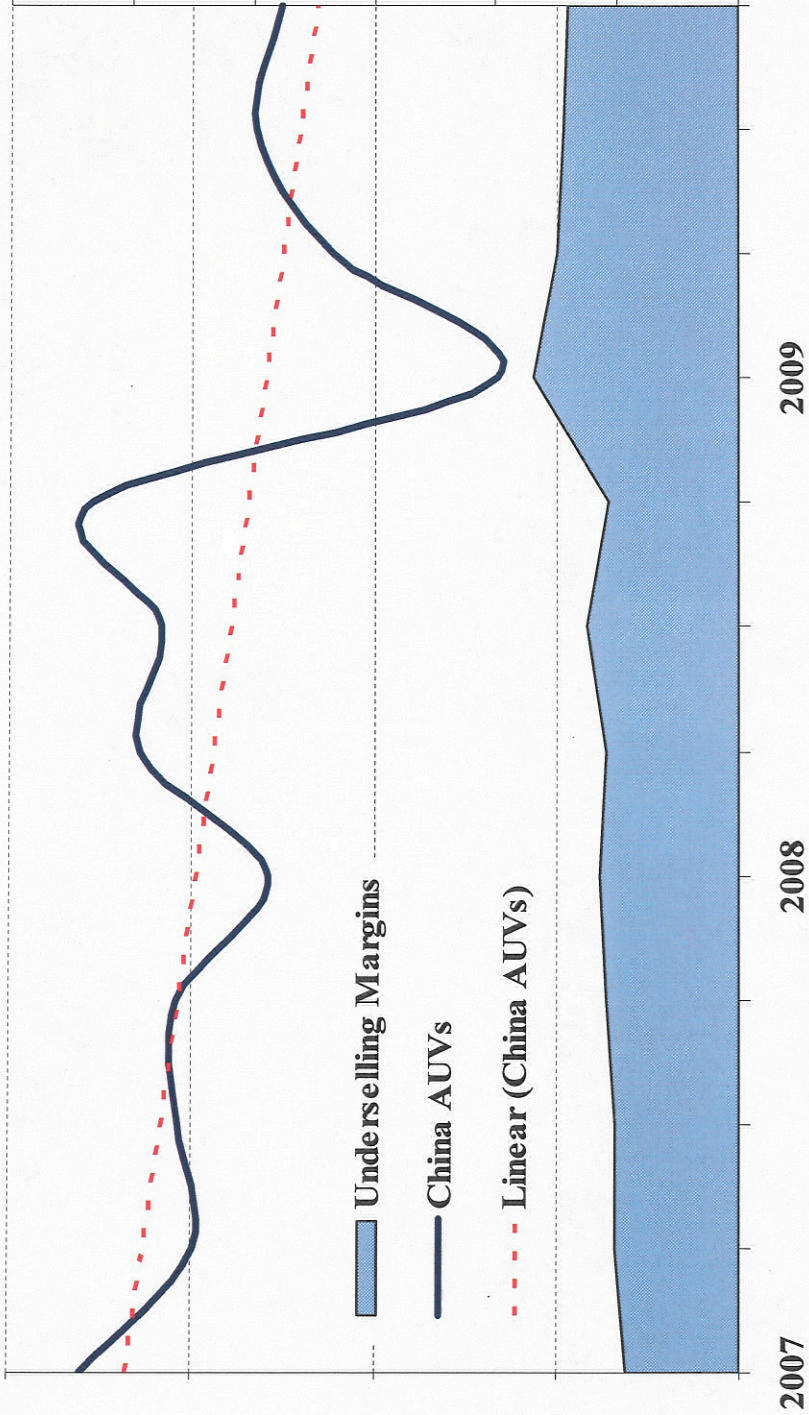


Note: Figures are for illustrative purposes only.

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- Certain retailers will switch to 100% Chinese and Taiwanese imports in the next 12 months
- Certain retailers will increase subject import share
- Certain U.S. producers will be forced to increase subject imports to supplement domestic production

Decreasing Chinese Import AUVs Result in Increased Underselling Margins



2007

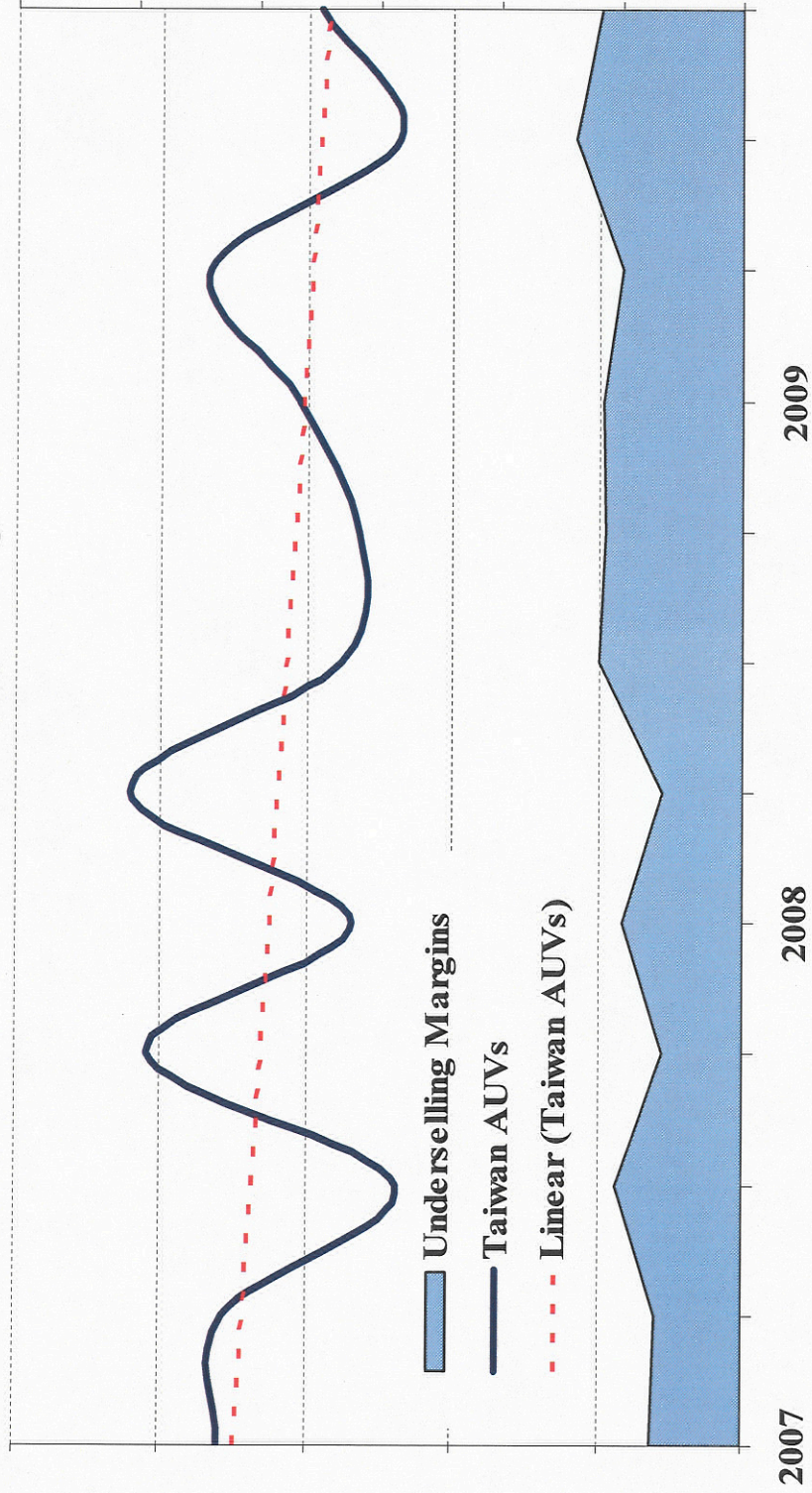
2008

2009

Note: Figures are for illustrative purposes only.

Decreasing Taiwanese Import AUVs Result in Increased Underselling Margins

Underselling Margins



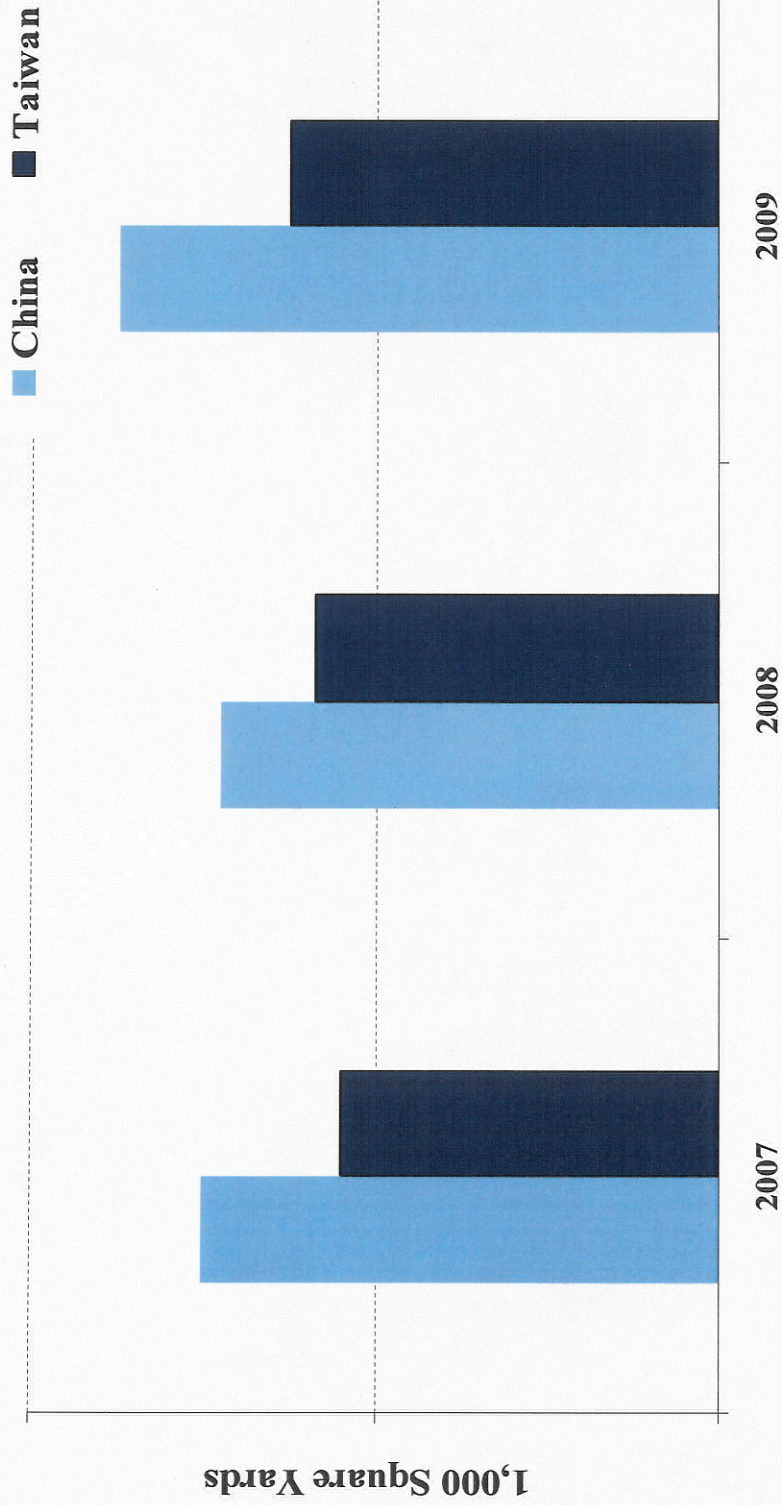
2007

2008

2009

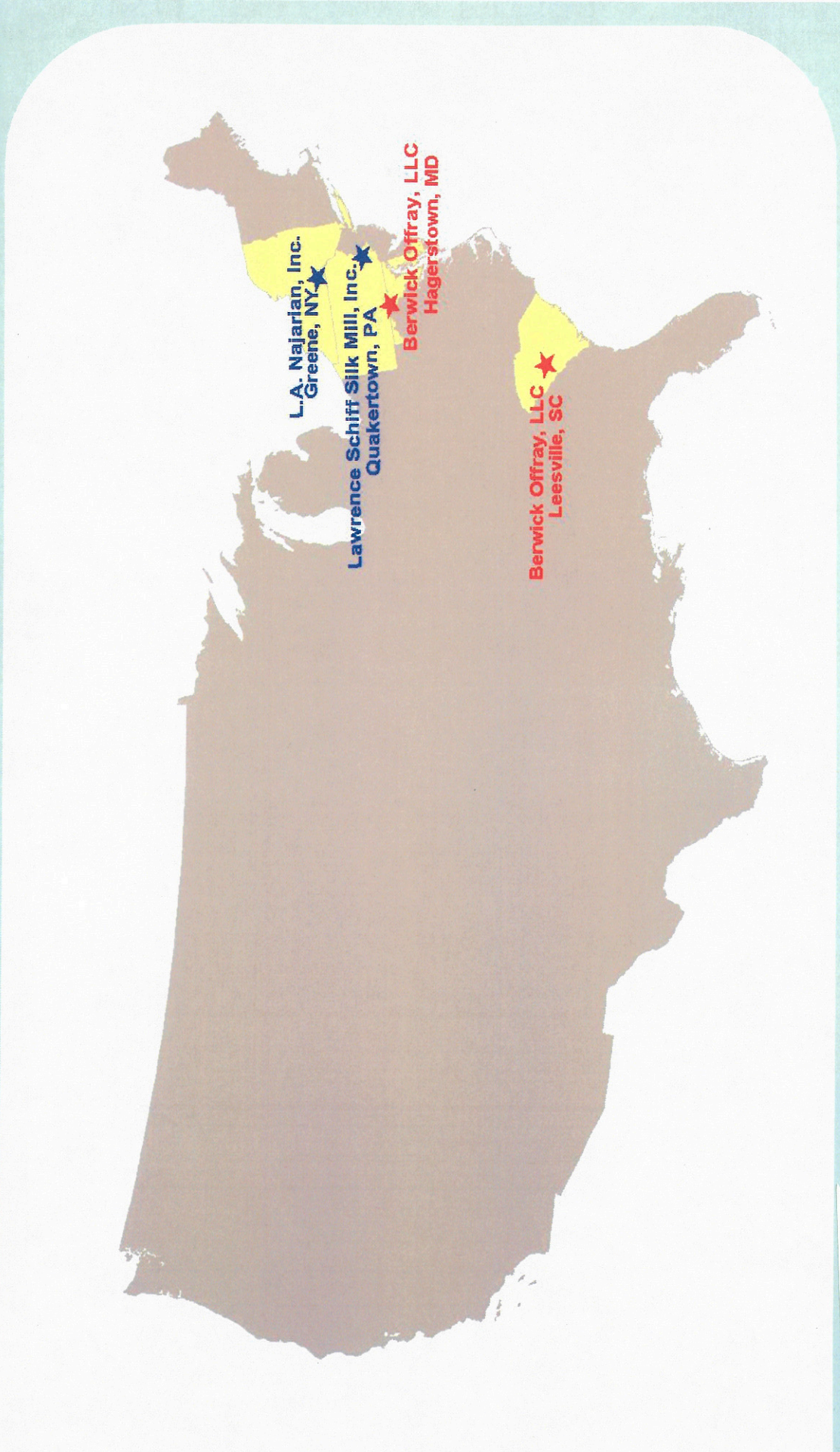
Note: Figures are for illustrative purposes only.

Subject Producers' U.S. Inventories are Increasing



Note: Figures are for illustrative purposes only.

Facility Locations



- Other Negative Effects
 - ▶ Harm to labor
 - ▶ Harm to potential investment in new product development