

**POLYETHYLENE RETAIL CARRIER BAGS
FROM CHINA, MALAYSIA, AND THAILAND**

INVESTIGATION NOS. 731-TA-1043-1045 (REVIEW)

HEARING BEFORE THE INTERNATIONAL TRADE COMMISSION

APRIL 27, 2010

STATEMENT OF ANTHONY RIZZO

Good morning. My name is Anthony Rizzo. I am Vice President of Sales for Hilex Poly Co. LLC. Including my tenure with Hilex Poly, I have 14 combined years of experience with plastic film and flexible packaging. In my current role with Hilex, I am responsible for Hilex's sales program and overseeing all pricing decisions. I personally manage several strategic account relationships, and I am often directly involved in sales negotiations with some of our major customers.

As I explained to you at the hearing in March, price is overwhelmingly the most important factor in PRCB purchasing decisions. Retailers see the product as providing little or no added value. This makes them very sensitive to the cost of the product. Because the product is given away, retailers would prefer that the cost of the product be as close to zero as possible.

In addition, it is important for me to repeat that the domestic product and imports are fully interchangeable and sold through the same channels of distribution. That is just as true for imports from China, Malaysia, and Thailand as for imports from Indonesia, Taiwan, and Vietnam. In fact, our product sits side-

by-side with imports in the same distribution warehouses across the country. This is true even for products that we sell to large retailers. When we make these sales, we negotiate the price with the retailer but, more often than not, we actually ship the product to a distributor. There are several very large distributors, such as Bunzl, that ship a bundle of different products to the retailer that includes PRCBs and other items like register tape. A high percentage of imported PRCBs are sold in exactly the same way. That is, even when the sale is to the end user, the product is sent to a distributor, where it is warehoused and then packaged in a bundle with other products for shipment to the retailer.

It is also important to repeat that we frequently compete against imports in internet bid competitions. These include reverse internet auctions and other internet bids that are managed by a company that specializes in conducting these bid events. Internet bids account for a large share of U.S. consumption of PRCBs. Walmart, for example, which represents about 20 percent of the U.S. market, only purchases through internet bids. Overall, we estimate that approximately 75 percent of U.S. consumption of PRCBs is supplied through internet bid events. These events are designed to maximize competition among as many suppliers as possible. Their prevalence offers producers in China, Malaysia, and Thailand easy access to the U.S. market.

The Prehearing Report notes at page V-4 that the supplier country of the lowest bidder won the bid in 23 of the 28 bidding events reported by purchasers responding to your questionnaire. It also notes that 15 of the winning bids were won at least partially by imports from China, Malaysia, and/or Thailand, and that 12 of the winning bids were won at least partially by U.S. producers. This demonstrates the fact that we compete head to head on the basis of price with imports from the three countries at issue in this sunset review.

As more unfairly priced imports from more countries compete in these bidding events, the prices of the winning bids will necessarily go down. We know that imports from China, Malaysia, and Thailand were priced lower than the domestic product during 2001 to 2003, before the duties were imposed. Your Prehearing Report indicates that imports from China and Thailand have continued to undersell domestic products, even with the pricing discipline of the orders. But whether or not there is underselling measured by using the Commission's quarterly shipment methodology, more unfairly priced imports will push down price in bidding events.

Revoking the antidumping orders on China, Malaysia, and Thailand would cause more unfairly priced imports from more countries to compete, which would necessarily have an adverse impact on our prices. While there may be only one winner of the bid, the greater the number of credible bidders, the lower will be the

final price. If prices were pushed lower, we would be compelled to lower our prices as a defensive measure, because we would need to maintain key accounts to keep our plants running 24/7. In some instances, we might decide that we could not afford to match the import price -- so we would lose that business. In any event, what I want to emphasize is that if you revoke the orders against China, Malaysia, and Thailand, more imports from more countries will participate in these important bidding events. That would be certain to have an adverse price impact and also cause us to lose sales and market share.

As I explained in March, we have lost numerous sales to an importer called Spectrum. Headquartered in Cerritos, California, Spectrum has three warehouse/distribution centers in the United States. They are located in Cerritos, CA; Edison, NJ; and Southaven, MS.

We compete against Spectrum in all areas, including supermarket and grocery, retail, mass merchants, and home goods. We compete head-to-head with Spectrum for all of our larger accounts, and many of the intermediate and smaller accounts. Spectrum is clearly a major downward price leader in the U.S. market. Its sales strategy is to offer the lowest price -- end of story. We have lost many sales to Spectrum. We have also had to lower our prices many times to compete with Spectrum.

Prior to the imposition of the antidumping orders in 2004, Spectrum used to import largely from China, Malaysia, and Thailand. When duties were imposed against those countries, it shifted a large share of its sourcing to Indonesia, Taiwan, and Vietnam. But with high duties now in place against Indonesia, Taiwan, and Vietnam, Spectrum would switch back to China, Malaysia, and Thailand if the orders are revoked.

Hilex has clearly benefited from the filing of our new antidumping petition in March of 2009. For example, we have regained the ability to compete at certain customers where we previously could not compete. In mid-2009, we won a substantial order that had previously been supplied by Spectrum. The buyer told us that it moved a significant amount of sourcing to the United States because the impact of antidumping investigations limited the amount of available supply that is not subject to duties.

We know from market intelligence that Sido Bangun Indonesia has been an important supplier to Spectrum. But imports from Sido Bangun Indonesia now face an antidumping duty cash deposit rate of 85 percent. Thus, if the orders are revoked, Spectrum will likely shift sourcing to Sido Bangun's sister plant in Malaysia.

In conclusion, I join Isaac and Mark in thanking you for your affirmative vote on Indonesia, Taiwan, and Vietnam. For the sake of Hilex and our over 1,200 associates, I hope that you will also vote affirmatively in these sunset reviews.